

RESOLUTION 2017- 1

The Board of Directors of the Morrison Creek Metropolitan Water and Sanitation District (the "District") hereby states, finds, and resolves as follows:

Recitals

A. Routt County, by its Board of Commissioners (the "County"), and the District are the parties to a County-District Agreement dated September 21, 1982, and recorded in the Official Records of the Routt County Clerk and Recorder at Book 572, Page 222 and following.

B. The said Agreement establishes the terms and conditions under which owners of certain lots within the boundary area of the District platted in the early 1970's are able to obtain a building permit for a single family dwelling building to be served by a "Sealed Sanitary System," as defined in the Agreement, rather than by a system providing central sewage collection and secondary sewage treatment.

C. The said Agreement has been amended twice by the District and the County, the first such Amendment being recorded in the Records of Routt County at Reception No. 597729, and the second such Amendment being recorded in the Records of Routt County at Reception No. 724146, Routt County records. Such original 1982 Agreement, as twice amended as aforesaid, is hereinafter referred to as the "Agreement" or the "County-District Agreement."

D. The Agreement also establishes a procedure by which such owners of such certain lots will apply for a residential exempt well permit from the State Engineer of the State of Colorado (the "SEO"), through the office of the General Manager of the District, and such well permit shall be applied for and issued in the name of the District, though all costs for completion of such application are to be borne by such lot owners and all procedures, contracting, construction, maintenance, operation, and repair of such exempt wells are the sole responsibility of such applying lot owners.

E. The Agreement also specifies that the District does not represent or warrant that the State Engineer will issue the well permit. Nevertheless, up to the present time, the State Engineer on the advice of the Division Engineer for Water Division No. 6 (the "DEO") has almost always issued such exempt residential well permits within the boundary of the District.

F. The DEO has now advised the District that the SEO intends on a going forward basis to deny exempt well permit applications within a number of platted subdivisions within the boundary of the District pursuant to provisions of CRS Section 37-92-602, unless the depletions from such exempt wells are covered under a judicially-approved water augmentation plan (hereinafter referred to as the "SEO-DEO Exempt Well Mandate"). Some portion of the District's land area is covered under the basin-wide water augmentation plan of the Upper Yampa Water Conservancy District ("UYWCD"), but much of the District's lands and early 1970's platted subdivisions are not covered under or protected by such UYWCD plan. The District has no water augmentation plan applied for or approved by the Water Court for exempt wells within the District boundary. The District owns no alternative water storage source or other water source which could be useful in the adoption of a water augmentation plan within the District boundary for the benefit of lot owners who may be affected by the SEO-DEO Exempt Well Mandate.

G. Therefore, the District cannot on a going forward basis continue to implement the Agreement and continue to sign and execute Land Owner Agreements pursuant to such Agreement, since to do so would commit the District to obtain for a lot owner an exempt water well permit which the

District now knows may not ever be issued and which the District has no power to obtain. The Board of the District therefore concludes that it cannot permit the District to continue to assume contractual obligations to apply for and obtain exempt residential well permits pursuant to the County-District Agreement until the implications and ramifications of the SEO-DEO Exempt Well Mandate can be assessed and any changes to the County-District Agreement can be considered or negotiated or executed and implemented.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS AND FINDINGS OF THE BOARD OF DIRECTORS OF THE DISTRICT, THE BOARD DOES HEREBY RESOLVE AS FOLLOWS:

1. An immediate moratorium is hereby placed on the vault program and exempt well permit program of the District under the County-District Agreement.
2. The General Manager of the District shall not execute any Land Owner Agreements tendered to the District pursuant to the County-District Agreement until adoption of a further resolution by the Board of Directors of the District specified otherwise. The General Manager shall advise Routt County of this Resolution.
3. The Board and the General Manager and the District Counsel shall with due diligence and all deliberate speed meet and confer with the SEO, the DEO, Routt County representatives, and representatives of SPOA, regarding the implications and ramifications of the SEO-DEO Exempt Well Mandate, and the advisability and necessity of changes or modifications or elimination of the vault program and/or exempt well permit program of the District under the County-District Agreement.
4. This Resolution and the moratorium hereunder and the prohibition directive to the General Manager hereunder shall remain in full force and effect until rescinded or modified by a later Resolution duly and lawfully adopted by the Board of Directors of the District.

ADOPTED at the Regular Meeting of the Board of Directors of the District this 17th day of August, 2017.

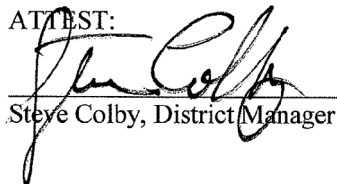
MORRISON CREEK METROPOLITAN WATER AND
SANITATION DISTRICT

By



Chairman of the Board

ATTEST:



Steve Colby, District Manager