UPPER BLUE SANITATION DISTRICT
RULES & REGULATIONS

April 2022

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APPENDICES

UPPER BLUE SANITATION DISTRICT
RULES AND REGULATIONS

CHAPTER I. AUTHORITY, POLICY AND PURPOSE

1.1 AUTHORITY

These Rules and Regulations are authorized by and are in compliance with Colorado's Special District Act, C.R.S. §§ 32-1-101 et seq. (as amended).

1.2 DECLARATION OF POLICY

The Board of Directors of the Upper Blue Sanitation District expressly finds and determines that the adoption of these Rules and Regulations is necessary for the health, welfare, security and public safety of the inhabitants of the District and for the orderly and uniform administration of the affairs of the District. It is intended that these Rules and Regulations shall be liberally construed to accomplish the general purposes set forth herein, and that each and every part hereof is separate, distinct and severable from all other parts. Omission from, and additional materials set forth in, these Rules and Regulations shall not be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility or limitation or restriction imposed or conferred upon the Board of Directors of the Upper Blue Sanitation District by virtue of the statutes as now existing or as may hereafter be amended. Nothing contained herein shall be so construed as to prejudice, limit or affect the right of the District to secure the full benefit and protection of any laws which are now or hereafter may be enacted by the Colorado state legislature pertaining to sanitation districts.

1.3 PURPOSES

These Rules and Regulations shall govern the operations and functions of the Upper Blue Sanitation District and shall supersede previous rules and regulations of the District.

The purpose of these Rules and Regulations is to provide for the control, management and operation of the wastewater collection and treatment systems of the Upper Blue Sanitation District, including additions, extensions and connections thereto.

CHAPTER II. DEFINITIONS

[NOTE : To the extent that there is a material difference between any of the following definitions and the statutory definitions at C.R.S. § 32-1-103, as amended, the statutory definition shall apply]

As used in these Rules and Regulations, unless the context otherwise requires:

2.1 "BOARD" means the Board of Directors of the Upper Blue Sanitation District.

2.2 "BUILDING" means any structure with Plumbing Facilities of any nature.

2.3 "COURT" means the district court in Summit County in the Fifth Judicial District or the district court to which the file pertaining to the Upper Blue Sanitation District (f/k/a Breckenridge Sanitation District) is transferred pursuant to state law.

2.4 "DIRECTOR" means a member of the Board.

2.5 "DISTRICT" means the Upper Blue Sanitation District (f/k/a Breckenridge Sanitation District).

2.6 "DISTRICT SPECIFICATIONS" means the specifications as adopted by the District for the design, installation, and construction of sewer pipe and appurtenances, as the same may be amended from time to time.

2.7 "DIVISION" means the division of local government in the department of local affairs, state of Colorado.

2.8 "ELIGIBLE ELECTOR" means a person who, at the designated time or event, meets the qualifications of an Eligible Elector as defined by Colorado's Special District Act at C.R.S. § 32-1-103(5), as amended.

2.9 "FACILITIES" means the District's sewer lines, treatment works and all easements and appurtenances thereto. The term does not include Service Lines.

2.10 "MANAGER" means the District's representative who shall have such powers and duties as may be specifically assigned by the Board.

2.11 "OWNER" means the record owner of any property receiving; required to receive; or that will, upon some action (*e.g.*, connection), receive sewer collection, treatment, or related service from the District. Although others may act on the Owner's behalf (*e.g.*, apply for connection approval, use Owner's property), the Owner is the Person that is ultimately responsible for compliance with the District's Rules and Regulations, including payment of all fees and charges.

2.12 "PERSON" means any individual, firm, company, association, society, corporation, group, or governmental authority or agency.

2.13 "PLUMBING FACILITY" means any device directly or indirectly connected to the District's Facilities including, but not limited to, toilets, showers, sinks, dishwashers, clothes washers, grease traps, and disposals.

2.14 "PUBLICATION" means printing one time, in one newspaper of general circulation in the District if there is such a newspaper, and, if not, then in a newspaper in Summit County.

2.15 "QUORUM" means more than one-half of the number of Directors serving on the Board of the District.

2.16 "REGULAR ELECTION" means the election on the Tuesday succeeding the first Monday of May in every even-numbered year, held for the purpose of electing members to the Board of the District and for submission of other public questions, if any.

2.17 "RULES AND REGULATIONS" means the provisions of these Rules and Regulations as the same may be amended from time to time. The phrase "as provided herein," used throughout these Rules and Regulations, means as the provisions of these Rules and Regulations provide as the same may be amended from time to time.

2.18 "SERVICE LINE" means the sewer line from the Building being served by the District to the Sewer Main.

2.19 "SEWER MAIN" means any pipe or conduit for carrying sewage as so designated by the District to which the District may allow the connection of Service Lines.

2.20 "SINGLE-FAMILY EQUIVALENT UNIT (SFE UNIT)" means a building unit that possesses the average characteristics of a home of a single family in a permanent residence in the District. One SFE Unit contributes a maximum of 300 gallons per day, 0.63 pounds of biological oxygen demand per day, and 0.63 pounds of total suspended solids per day to the District's Facilities. For the purpose of these Rules and Regulations, all Buildings and uses shall be converted to the number of SFE Units associated therewith. At this time, the District has converted a number of Buildings and uses into SFE Units as shown in Appendix A. The conversion values in Appendix A are generally applicable. Different conversion values may be used in converting Buildings and uses into SFE Units if the District determines that the conversion values in Appendix A are not appropriate. In addition, the conversion values in Appendix A are subject to change from time to time as more information becomes available to the District.

2.21 "SPECIAL ELECTION" means any election called by the Board for submission of public questions and other matters. Such election shall be held as provided by Colorado's Special District Act at C.R.S. § 32-1-103(21), as amended.

2.22 "TAXABLE PROPERTY" means real or personal property subject to general ad valorem taxes. Taxable Property does not include the ownership of property on which a specific ownership tax is paid pursuant to law.

2.23 "TAXPAYING ELECTOR" means an Eligible Elector of the District who, or whose spouse, meets the qualifications of a Taxpaying Elector as defined by Colorado's Special District Act at C.R.S. § 32-1-103(23), as amended.

2.24 "USER" means any Person to whom any sewer collection, treatment or related service is furnished.

CHAPTER III. DISTRICT ORGANIZATION

3.1 CORPORATE SEAL

The seal of the District shall be a circle containing the name of the District and shall be used in all places and in such manner as public and private corporations generally use seals. The Secretary shall have custody of the seal and shall be responsible for its safekeeping and care. (C.R.S. § 32-1-902(1)).

3.2 OFFICE

The principal office of the District shall be at 1605 Airport Road, Breckenridge, Colorado but the Board may designate and locate and relocate the District's principal office as in its judgment is needed to conduct the business of the District. (C.R.S. § 32-1-904).

3.3 MEETINGS

3.3.1 Regular Meetings. Regular meetings of the Board shall be held on the second Thursday of each month at 5:30 p.m. at such place designated by the Board. (C.R.S. § 32-1-903(1)).

3.3.2 Notice. Notice of the time and place designated for all regular meetings shall be posted in at least three public places within the limits of the District, and, in addition, one such notice shall be posted in the office of the clerk and recorder of Summit County. Such notices shall remain posted and shall be changed in the event that the time or place of such regular meetings is changed. (C.R.S. § 32-1-903(2)).

3.3.3 Special Notice. The District shall maintain a list of Persons who, within the previous two years, have requested notification of all meetings or of meetings when certain specified policies will be discussed and shall provide reasonable advance notification of such meetings; provided, however, that unintentional failure to provide such advance notice will not nullify actions taken at an otherwise properly published meeting. (C.R.S. § 24-6-402(7)).

3.3.4 Special Meetings. Special meetings of the Board may be held as often as the needs of the District require. Special meetings may be called by any Director by informing the other Directors of the date, time, and place of such special meeting, and the purpose for which it is called, and by posting notice as provided in section 3.3.2 at least seventy-two hours prior to said meeting. (C.R.S. § 32-1-903).

3.3.5 Public Meetings. All regular and special meetings shall be open to the public and subject to Colorado's Open Meetings Law at C.R.S. §§ 24-6-401, *et seq.*, as amended.

3.3.6 Executive Sessions.

A. An executive session may be held only at a regular or special meeting after the Board has publicly announced the topic(s) that will be discussed in the executive session and has obtained the affirmative vote of two-thirds of the quorum present on a motion to enter into executive session. In announcing the topic for discussion, the Board must include the specific citation to the statute authorizing the Board to meet in an executive session, and must identify the particular matter to be discussed in as much detail as possible without compromising the purpose for which the executive session is authorized. If the Board plans to discuss more than one of the authorized topics in the executive session, each should be announced, cited and described. (C.R.S. § 24-6-402(4)).

B. An executive session may be held only for the purpose of considering the topics listed in Colorado's Open Meetings Law applicable to special districts at C.R.S. § 24-6-402(4), as amended.

C. No adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall occur at any executive session that is not open to the public. (C.R.S. § 24-6-402(4)).

D. Recording the Executive Session

1. Discussions that occur in the executive sessions will be recorded electronically. (C.R.S. § 24-6-402(2)(d.5)(II)(A)).

2. The record of the executive session must include a statement identifying the specific topic(s) to be discussed in the executive session and the specific citation to the statute authorizing the Board to meet in an executive session on those topic(s). (C.R.S. § 24-6-402(2)(d.5)(II)(A)).

3. The Board need not record any portion of a discussion that constitutes a privileged attorney-client communication pursuant to the opinion of the District's attorney who is in attendance at the executive session. The record must state that no further record of the discussion was kept based on the opinion of the District's counsel that the discussion

constitutes a privileged attorney-client communication. (C.R.S. § 24-6-402(2)(d.5)(II)(B)).

4. The Board shall retain the record of an executive session for a minimum of ninety (90) days after the date of such executive session. (C.R.S. § 24-6-402(2)(d.5)(II)(E)).

3.4 CONDUCT OF BUSINESS

3.4.1 Board of Directors.

A. Authority. The business and affairs of the District shall be managed by the Board in accordance with Colorado's Special District Act. All powers, privileges and duties vested in or imposed upon the District by law shall be exercised and performed by and through the Board, whether set forth specifically or implied in these Rules and Regulations. The Board may delegate to officers and employees of the District any or all executive, administrative, and managerial powers.

B. Number. There shall be five members of the Board.

C. Qualifications and Oath of Office. The members of the Board shall be Eligible Electors of the District. (C.R.S. § 1-4-501(1)). Each Board member, within thirty (30) days after his election except for good cause shown and before assuming the responsibilities of his office, shall take and subscribe an oath of office. The oath may be administered by the clerk and recorder of Summit County, by the clerk of the Court, by any person authorized to administer oaths in Colorado, or by the chairman of the Board and shall be filed with the clerk of the Court and with the Division. (C.R.S. § 32-1-901(1)).

D. Faithful Performance Bond. At the time of filing said oath, there shall also be filed for each Board member an individual, schedule, or blanket surety bond at the expense of the District, in an amount determined by the Board of not less than $1,000 each, conditioned upon the faithful performance of each Board member's duties as a Director. (C.R.S. § 32-1-901(2)).

E. Compensation. Each member of the Board may receive as compensation for his service a sum not to exceed that allowed by Colorado's Special District Act. No member of the Board shall receive any compensation as an employee of the District or otherwise, other than that

provided in this subsection. Reimbursement of actual expenses for Directors shall not be considered compensation. (C.R.S. § 32-1-902(3)).

F. Term. Except as provided in subsection G of this section 3.4.1, the term of office for Directors shall be four (4) years. (C.R.S. § 32-1-305.5(3)).

G. Vacancies.

1. A Director's office shall be deemed to be vacant upon the occurrence of any one of the following events prior to the expiration of the term of office:

   a. If for any reason a properly qualified person is not elected to a Director's office by the Eligible Electors as required at a Regular Election;

   b. If the person who was duly elected or appointed fails, neglects, or refuses to subscribe to an oath of office or to furnish the bond in accordance with the provisions of subsections C and D of this section 3.4.1;

   c. If the person who was duly elected or appointed submits a written resignation to the Board;

   d. If the person who was duly elected or appointed ceases to be qualified for the office to which he was elected;

   e. If the person who was duly elected or appointed is convicted of a felony;

   f. If a court of competent jurisdiction voids the election or appointment or removes the person duly elected or appointed for any cause whatsoever, but only after his right to appeal has been waived or otherwise exhausted;

   g. If the person who was duly elected or appointed fails to attend three consecutive regular meetings of the Board without the Board having entered upon its minutes an approval for an additional absence or absences; except that such additional absence or absences shall be excused for temporary mental or physical disability or illness; or

   h. If the person who was duly elected or appointed dies during his term of office. (C.R.S. § 32-1-905(1)).

2. Any vacancy on the Board shall be filled within sixty (60) days by appointment by the remaining Director or Directors, the appointee to serve until the next Regular Election at which time the vacancy shall be filled by election for any remaining un-expired portion of the term. (C.R.S. § 32-1-905(2)).

3. All vacancy appointments shall be evidenced by an appropriate entry in the minutes of the meeting, and the Board shall cause a notice of appointment to be delivered to the person(s) so appointed. A duplicate of each notice of appointment, together with the mailing address of the person(s) so appointed, shall be forwarded to the Division. (C.R.S. § 32-1-905(3)).

3.4.2 Notifications. No more than sixty days prior to and not later than January 15 of each year, the District shall provide an annual notice to the Eligible Electors of the District containing the information specified in C.R.S. § 32-1-809, as amended, with said notice being provided in the manner set forth therein. On or before January 15 of each year, the District shall provide a copy of the above-described annual notice to the board of county commissioners, the county assessor, the county treasurer, and the county clerk and recorder of Summit County; the governing body of the Town of Breckenridge, and the Town of Blue River; and the Division. (C.R.S. § 32-1-104(2)).

3.4.3 District Business. All official business of the Board shall be conducted only during a regular or a special meeting at which a Quorum is present. All meetings shall be open to the public. (C.R.S. § 32-1-903(2)).

3.4.4 Vote Requirements. Unless otherwise provided in these Rules and Regulations, any action of the Board shall require the affirmative vote of the majority of the Directors present and voting when a Quorum is present.

3.4.5 Order of Business. Unless otherwise agreed by the Board, the business of all regular meetings of the Board shall be transacted as far as practicable in the following order:

A. Roll Call
B. Consideration and Approval of the Minutes of the Previous Meeting
C. Public Hearings
D. Public Comment
E. Consideration and Approval of Bills
F. Financial Report

G. Monthly Reports
H. Old Business
I. New Business
J. Correspondence
K. Other Business
L. Adjourn

The Manager of the District shall prepare an agenda for each Board meeting and all Persons desiring to appear before the Board for any purpose at a regular meeting shall make known such desire to the Manager in writing at least ten (10) days prior to such regular meeting.

3.4.6 Minute Book. All resolutions, motions and minutes of each Board meeting shall, within a reasonable time after their passage, be recorded in a book kept for that purpose and shall be signed by the President and Secretary of the Board. (C.R.S. § 32-1-902(1)).

3.5 OFFICERS

3.5.1 Election of Officers. The Board shall elect from its membership a President (who shall also serve as chairman of the Board), a Vice-President, a Secretary and a Treasurer who shall be the officers of the Board and of the District. The Secretary and Treasurer may be one person. The election of officers shall be held every other year at the first regular meeting of the Board after a Regular Election. Each officer so elected shall serve for his specified term of office until such term shall expire upon the election of his successor.

3.5.2 President. The President shall preside at all meetings, and shall be the chief executive officer of the District. Except as otherwise authorized, the President shall sign all contracts, deeds, notes and debentures on behalf of the District.

3.5.3 Vice-President. The Vice-President shall be the officer next in authority after the President. The Vice-President shall perform such duties and exercise such powers as are appropriate and as are prescribed by the Board or the President. Upon the death, absence or disability of the President, the Vice-President shall perform the duties and exercise the powers of the President.

3.5.4 Secretary. The Secretary shall keep the records of the District; shall act as Secretary at the meetings of the Board and record all votes and compose a record of the proceedings of the Board in a minute book kept for that purpose, which shall be an official record of the Board; and shall perform

all duties incident to that office. The Secretary shall be custodian of the corporate seal of the District and shall have the power to affix such seal to all contracts and instruments authorized to be executed by the District. (C.R.S. § 32-1-902(1)). The Secretary shall preside at all meetings in the absence of the President and the Vice-President.

3.5.5 Treasurer. The Treasurer shall keep strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records. The Treasurer shall file with the clerk of the Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than $5,000, conditioned on the faithful performance of the duties of his office. (C.R.S. § 32-1-902(2)).

3.5.6 Additional Duties. The officers of the Board shall perform such other duties and functions as may be required from time to time by the Board, by the Rules and Regulations of the District, or by special exigencies, which shall later be ratified by the Board.

3.5.7 Vacancies. Any vacancy occurring in any office shall be filled for the un-expired term by appointment through action of the Board.

3.6 OTHER PERSONNEL

3.6.1 Manager. The Board may appoint a Manager who shall serve for such term and upon such conditions, including salary, as the Board may establish. The Manager shall have such powers and duties as may be specifically assigned to such person from time to time by the Board, including those powers and duties assigned to the Manager herein.

3.6.2 Other. The Board or Manager may retain such other agents, employees, engineers, attorneys and consultants, as the Board deems necessary. The selection of such agents, employees, engineers, attorneys, and consultants by the Board or Manager shall be based upon their relative qualifications and capabilities, and shall not be based on political services, affiliations or associations with the District. Agents and employees shall hold their offices at the pleasure of the Board and/or the Manager. Contracts for professional services of engineers, attorneys, and consultants may be entered into on such terms and conditions as may seem reasonable and proper to the Manager and/or the Board.

3.7 INDEMNIFICATION

Any person who at any time shall serve, or shall have served, as Director, officer, or employee of the District, and the heirs, executors, and administrators of such person, shall be indemnified by the District against all costs and expenses (including but not limited to attorney fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which he or they may be involved by virtue of such person's being or having been such Director, officer, or employee; provided, however, that such indemnity shall only apply to such person's acts occurring during the performance and within the scope of his duties as a Director, officer, or employee, and such indemnity shall not be operative with respect to: (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of his duties as such Director, officer, or employee; or (b) any matter settled or compromised, unless, in the opinion of the Directors, there is no reasonable ground for such person being adjudged liable for negligence or misconduct in the performance of his duties as Director, officer, or employee; or (c) any amount paid or payable to the District by other enterprises. The foregoing indemnification shall be deemed exclusive of any other rights to which those indemnified may be entitled under any law, agreement or otherwise.

3.8 CONFLICT OF INTEREST

Any Director shall disqualify himself from voting on any issue in which he has a potential conflicting interest unless such Director has given seventy-two hours' actual advance written notice to the secretary of state and to the Board of the existence of a known potential conflicting interest of said Director in the transaction with reference to which he is about to act as a Director. For the purposes of this section, a "potential conflicting interest" exists when said Director is a director, president, general manager, or similar executive officer or owns or controls directly or indirectly a substantial interest in any non-governmental entity participating in the transaction. Such disqualified Director shall not be counted for purposes of constituting a Quorum or for purposes of the vote. (C.R.S. §§ 18-8-308, 32-1-902(3)(b)). Directors shall also comply with the applicable provisions of the State's Code of Ethics at C.R.S. §§ 24-18-101 et seq. (as amended).

CHAPTER IV. DISTRICT BUDGETING

The fiscal year of the District shall commence on January 1 of each year and end on December 31. Budgeting for the District shall comply with the Local Government Budget Law of Colorado, C.R.S. §§ 29-1-101 et seq. (as amended), the Special District Act, C.R.S. §§ 32-1-101 et seq. (as amended), and other applicable laws. Annual auditing of the District's financial statements shall be performed in accordance with the Colorado Local Government Audit Law, C.R.S. §§ 29-1-601 et seq. (as amended).

CHAPTER V. ELECTIONS

Elections of the District will be held in accordance with applicable state election laws.

CHAPTER VI. INCLUSIONS

6.1 100 PERCENT OWNER PETITION

6.1.1 The boundaries of the District may be altered by the inclusion of additional real property by the fee owner or owners of one hundred percent of any real property capable of being served with Facilities of the District filing with the Board a petition in writing (in a form substantially as shown in Appendix B) requesting that such property be included in the District. The petition shall set forth a legal description of the property, shall state that assent to the inclusion of such property in the District is given by the fee owner or owners thereof, and shall be acknowledged by the fee owner or owners in the same manner as required for the conveyance of land. The petition shall be accompanied by an Inclusion Fee as provided in Appendix G.

6.1.2 The Board shall hear the petition at a public meeting after Publication of notice of the filing of such petition, the place, time, and date of such meeting, the names and addresses of the petitioners, and notice that all Persons interested, including municipalities or counties which may be able to provide service to the real property described in the notice, shall appear at such time and place and show cause in writing why the petition should not be granted. The Manager may initiate the Publication upon receipt of a complete written petition under section 6.1.1 without any Board action, but the public meeting shall be held no sooner than fourteen (14) days after the date of Publication. The Board may continue such hearing to a subsequent meeting. There shall be no withdrawal from a petition after Publication of notice by the Board without the consent of the Board. The failure of any municipality or county which may be able to provide service to the real property described in the notice or of any Person in the existing District to file a written objection shall be taken as an assent to the inclusion of the area described in the notice.

6.1.3 The Board shall grant or deny the petition, in whole or in part, with or without conditions. If a petition is granted as to all or any of the real property therein described, the Board shall make an order to that effect and file the same with the clerk of the Court, and the Court shall thereupon order the property to be included in the District.

6.1.4 If a municipality or county has filed a written objection to such inclusion, the Board shall not grant the petition as to any of the real property to which adequate service is, or will be, available from such municipality or county within a reasonable time and on a comparable basis.

(C.R.S. §§ 32-1-401(1)).

6.2 20 PERCENT TAXPAYING ELECTOR PETITION

The boundaries of the District may also be altered by the inclusion of additional real property by not less than twenty percent or two hundred, whichever number is smaller, of the Taxpaying Electors of an area which contains twenty-five thousand or more square feet of land filing a petition with the Board in writing (in a form substantially as shown in Appendix C) requesting that such area be included within the District; but no single tract or parcel of property constituting more than fifty percent of the total area to be included may be included in the District without the consent of the fee owner or owners thereof. The petition shall set forth a legal and a general description of the area to be included and shall be acknowledged in the same manner as required for the conveyance of land. The petition shall be accompanied by an Inclusion Fee as provided in Appendix G. (C.R.S. § 32-1-401(2)(a)(I)).

6.3 BOARD RESOLUTION

The boundaries of the District may also be altered by the inclusion of additional real property by the Board adopting a resolution proposing the inclusion of a specifically described area; but no single tract or parcel of property constituting more than fifty percent of the total area to be included may be included in the District without the consent of the fee owner or owners thereof. (C.R.S. § 32-1-401(2)(a)(II)).

6.4 ELECTION PROCEDURES

Upon the filing of an inclusion petition pursuant to section 6.2 or upon the adoption of an inclusion resolution pursuant to section 6.3, the following procedures shall apply:

A. The Board shall hear the petition or resolution at a public meeting after Publication of notice of the filing of such petition or adoption of such resolution, the place, time, and date of such meeting, the names and addresses of the petitioners, if applicable, the description of the area proposed for inclusion, and notice that all Persons interested, including municipalities or counties which may be able to provide service to the real property described in the notice, shall appear at the time and place stated and show cause in writing why the petition should not be granted or the resolution not finally adopted. The Manager may initiate the Publication upon receipt of a complete written petition under section 6.2 and upon adoption of a Board resolution under section 6.3 without any further Board action, but the public meeting shall be held no sooner than thirty (30) days

after the date of Publication. In addition, not more than thirty (30) days nor less than twenty (20) days prior to such public meeting, the Secretary of the District shall send postcard notification of said meeting to the property owners within the area proposed to be included within the District as listed on the records of the county assessor on the date requested. The postcard notification shall indicate that it is a notice of a meeting for consideration of the inclusion of real property within the District and shall indicate the date, time, location, and purpose of the meeting, a reference to the District, and the maximum mill levy, if any, or stating that there is no maximum which may be imposed if the proposed area is included within the District, and procedures for the filing of a petition for exclusion pursuant to state law. (C.R.S. § 32-1-401(2)(b) and (3))

B. The Board may continue such hearing to a subsequent meeting. There shall be no withdrawal from a petition after Publication of notice by the Board, without the consent of the Board. The failure of any municipality or county which may be able to provide service to the real property described in the notice or of any Person in the existing District to file a written objection shall be taken as an assent to the inclusion of the area described in the notice. (C.R.S. § 32-1-401(2)(b)).

C. The Board shall grant or deny the petition or finally adopt the resolution, in whole or in part, with or without conditions. If a municipality or county has filed a written objection to such inclusion, the Board shall not grant the petition or finally adopt the resolution as to any of the real property to which adequate service is, or will be, available from such municipality or county within a reasonable time and on a comparable basis. In addition, the Board shall not grant the petition or finally adopt the resolution if a petition objecting to the inclusion and signed by the owners of taxable real and personal property, which property equals more than fifty percent of the total valuation for assessment of all taxable real and personal property to be included, is filed with the Board no later than ten (10) days prior to the public meeting described in subsection A of this section 6.4. (C.R.S. § 32-1-401(2)(c) and (g)).

D. If the petition is granted or the resolution finally adopted, the Board shall make an order to that effect and file the same with the clerk of the Court. If the Court directs that the question of inclusion of the area be submitted to the Eligible Electors of the area to be included it will order the Secretary to give published notice, as required by law, of the time and place of the election and of the question to be submitted together with a summary of any conditions attached to the proposed inclusion. Such election shall be held within the area sought to be included and shall be held and conducted, and the results thereof determined, in the manner provided by law. The

ballot shall be prepared by the designated election official and shall contain the following words:

"Shall the following described area become a part of the Upper Blue Sanitation District upon the following conditions, if any?

(Insert description of area)
(Insert accurate summary of conditions)
For inclusion.....
Against inclusion....."

(C.R.S. § 32-1-401(2)(d)).

E. If a majority of the votes cast at such election are in favor of inclusion and the Court determines the election was held in accordance with law, the Court shall enter an order including any conditions so prescribed and making such area a part of the District. (C.R.S. § 32-1-401(2)(e)).

6.5 RECORDING THE COURT ORDER

The Court order of an inclusion, together with a description of the area concerned, shall be filed and recorded with the county clerk and recorder of Summit County. The county clerk and recorder of Summit County shall then notify the county assessor of such inclusion and shall file a certified copy of such notice with the Division. (C.R.S. §§ 32-1-402(1)(e), 32-1-105).

6.6 INCLUSION PROCEDURES

A list of the more significant aspects of District inclusions is included in Appendix D for the convenience of the District and the petitioners.

6.7 WATER RIGHTS

The District may deny any inclusion based on the District's determination that delivery of wastewater from the property proposed for inclusion to the District's Facilities would be inconsistent with the water rights associated with that property, or may adversely impact the District's operations. However, neither the District's past or future decisions to grant an inclusion shall be construed as a District determination that the delivery of wastewater from the included property to the District's Facilities is consistent with the water rights associated with that property or that the delivery would not adversely impact the District's operations. In all inclusions, it shall be the sole responsibility of the owners of the property to be included to secure and maintain the authorization under Colorado water rights law to deliver wastewater from the property to be included to the District's

Facilities as the District may designate at the time of inclusion in the District's sole and absolute discretion.

CHAPTER VII. EXCLUSIONS

The boundaries of the District may be altered by the exclusion of real property from the District as provided in the Special District Act at C.R.S. §§ 32-1-501 et seq. (as amended).

CHAPTER VIII. CONSOLIDATIONS

The District and one or more other special districts may be consolidated into a single consolidated district as provided in the Special District Act at C.R.S. §§ 32-1-601 et seq. (as amended).

CHAPTER IX. CONNECTIONS

9.1 NEW BUILDINGS

9.1.1 All new Buildings constructed within the District shall be connected to the District's Facilities, except that the Board at its discretion may authorize an Owner to install temporary individual disposal facilities. The conditions that the Board may consider in authorizing a temporary individual disposal facility include, but are not limited to, the following:

A. Extension to the District's Facilities would create an unreasonable financial burden on the Owner;

B. An individual disposal facility is constructed to meet all state and county health department requirements; and

C. The Owner agrees in writing to connect to the District's Facilities when a Sewer Main is constructed to within 400 feet of his property and to pay all costs and fees required by the District's then current Rules and Regulations for such connection, such agreement to be a covenant running with the Owner's property.

9.1.2 If a new Building within the District is to be connected to the District's Facilities, the Owner of such Building must obtain "connection approval" and must pay, in full, the "initially calculated plant investment fee" before the District will sign-off on the Owner's foundation permit or building permit, whichever permit is first obtained.

A. Connection Approval

1. Upon request for connection approval, the Manager of the District shall: (i) approve the connection subject to the conditions provided herein, the conditions imposed by District Specifications, and any District policy or resolution; or (ii) the Manager shall deny the connection.

2. The District reserves the right to deny the connection request on the following grounds:

a. that the connection and subsequent use of the District's Facilities would create an excessive seasonal, or other, demand upon the District's Facilities, and/or adverse financial impact on the District;

b. that the connection is contrary to any formally adopted service allocation policy;

c. that the connection should be denied under the District's water rights limitations set out in section 9.8; or

d. that the connection is not in the best interests of the District.

3. Connection approval shall be conditioned on the Owner's agreement to comply with the District's Rules and Regulations and on the Owner's execution of a sewer connection agreement in a form substantially as shown in Appendix E.

B. Initially Calculated Plant Investment Fee

1. The Manager shall determine the initially calculated plant investment fee by converting the planned Building that is to be connected to the District's Facilities into Single-Family Equivalent Units (SFE Units) as provided in section 2.20 and multiplying such SFE Units by the Unit PIF Rate as provided in Appendix G. The Owner must submit plans for the planned Building from which the initially calculated plant investment fee will be determined. In determining the initially calculated plant investment fee the Manager shall review and evaluate the drawings for the planned Building and shall use the SFE Unit Conversion Schedule and the Unit PIF Rate in effect at the time the foundation permit or building permit for such Building is issued, whichever permit is issued first.

2. The initially calculated plant investment fee is a charge against a particular Building on a particular lot or parcel of land. The initially calculated plant investment fee may, upon approval by the District, be transferred to a different Building on the same lot or parcel of land but it shall not be transferred to a different lot or parcel of land except as provided in section 9.1.3.E.

3. The Owner may appeal the Manager's determination to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

C. Duration of Connection Approval

1. Except as provided in subsection 3 of this section 9.1.2.C., the District will not commit to service availability until the Owner obtains connection approval and pays the initially calculated plant investment fee.

2. Except as provided in subsection 3 of this section 9.1.2.C., connection approval will be valid for a limited time after the Owner pays the initially calculated plant investment fee. If after a twelve (12) month period, substantial construction of the Building is not in progress, the connection approval will be revoked and the initially calculated plant investment fee will be refunded with no interest. Substantial construction for the purpose of this subsection shall mean all foundations in place with additional construction proceeding in a timely manner. Except for good cause shown, if construction of the Building is not complete and the respective certificate of occupancy not issued within eighteen (18) months for single family homes or duplexes and twenty-four (24) months for all other structures, the connection approval will be revoked and the initially calculated plant investment feewill be refunded with no interest. If the connection approval is revoked, the District shall notify the Building Permit issuing authority that the District has revoked the connection approval and that the District no longer approves the building permit for the building. The SFE Units associated with the refunded initially calculated plant investment fee will be available for resale by the District. The owner may, at a later time, purchase a new initially calculated plant investment fee for the Building at the then current cost and receive a new connection approval. For the purpose of this paragraph, "good cause" shall include a demonstration to the District that the Owner is making substantial progress and the Building is likely to be completed within six (6) months of the above-described completion date. Upon such demonstration, the District will extend the connection approval for six (6) additional months subject to the Owner's agreement to pay monthly service fees as if the Building was complete. If the Building is not complete within the additional six (6) months, the connection approval will be revoked, the initially calculated plant investment fee will be refunded with no interest, and the District will retain any monthly service fees that have been paid.

3. Prior to August 12, 1982, the District accepted the payment of plant investment fees without imposing a requirement that the Persons purchasing such plant investment fees connect to the District's Facilities within a certain period of time. The District will recognize the continued validity of those prepaid plant investment fees but only to the extent of the number of SFE Units that were used to determine them, and such recognition will not affect the District's determination of the initially calculated plant investment fee for a new Building as described in section 9.1.2.B or the District's determination of the plant investment fee for a new Building as described in section 9.1.3. The transferability policies expressed in sections 9.1.3.D. and 9.1.3.E. shall be applicable to prepaid plant investment fees.

9.1.3 Prior to the District's sign off on the certificate of occupancy (CO) for a new Building, or any part thereof, the Owner must pay, in full, the "plant investment fee" ("PIF").

A. The Manager shall determine the PIF by converting the Building that has been constructed into SFE Units as provided in section 2.20 and multiplying such SFE Units by the Unit PIF Rate as provided in Appendix G. If the PIF is greater than the initially calculated plant investment fee, the Owner must pay the difference before the District will sign off on the CO for the Building, or any part thereof. If the PIF is less than the initially calculated plant investment fee, the District will refund the difference with no interest or penalty. In determining the PIF, the Manager shall use the SFE Unit Conversion Schedule and the Unit PIF Rate in effect at the time the foundation permit or building permit for the Building was issued, whichever permit is issued first.

B. If the Manager is unable to convert a new Building into an applicable number of SFE Units, he may establish an "estimated" number of SFE Units for PIF purposes (to be based on the best available information), and/or he may require metering of either the Building's water use or wastewater discharge or both, which metering will then be used, pursuant to the criteria of section 2.20, to determine the applicable number of SFE Units for the Building for PIF purposes.

C. The Owner may appeal the Manager's determination or estimation to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

D. The PIF is a charge against a particular Building on a particular lot or parcel of land. The PIF may, upon approval by the District, be transferred to a different Building on the same lot or parcel of land but it shall not be transferred to a different lot or parcel of land except as provided in subsection E of this section 9.1.3.

E. A "surplus plant investment fee" is any part of an initially calculated plant investment fee or a PIF, including a prepaid plant investment fee as described in section 9.1.2.C(3), where the District determines that said fee, or any part of it, can no longer be feasibly utilized on the lot or parcel of land to which it was originally assigned ("Old Parcel") due to changes in development plans, due to changes in town or county zoning or development regulations, due to a change in the District's SFE Unit Conversion Schedule, or due to the fact that the property owner has no future development plans which would require the use of said fee, or any part of it. The District, in its sole discretion, shall determine if said fee, or any part of it, is surplus. Such surplus plant investment fee may be transferred from the Old Parcel to another lot or parcel of land ("New Building Parcel") subject to conditions (1) through (7) listed below, and the transfer of said surplus plant investment fee will enable the Owner of the New Building Parcel to which the surplus plant investment fee is transferred to connect to the District's Facilities the number of SFE Units associated with the surplus plant investment fee:

1. The surplus plant investment fee must be for one or more whole SFE Units. The transfer of a surplus plant investment fee for fractional SFE Units will not be allowed.

2. The number of SFE Units purchased for the New Building Parcel must be equal to or greater than the number of SFE Units associated with the surplus plant investment fee to be transferred from the Old Parcel.

3. The New Building Parcel must be within the boundaries of the District.

4. When the surplus plant investment fee is transferred from an Old Parcel to a New Building Parcel, the transferred surplus plant investment fee will be immediately subject to the District's then current Rules and Regulations; provided, however, that the Owner of the New Building Parcel shall have five (5) years from the date the surplus plant investment fee is transferred to complete construction of the new building for

which the surplus plant investment fee is being used and obtain a certificate of occupancy. If such building is not completed and the respective certificate of occupancy not issued within this five (5) year period, the transferred surplus plant investment fee will be void and forfeited at no charge to the District.

5. Transfer of a surplus plant investment fee will be allowed only one time. If a surplus plant investment fee is transferred from an Old Parcel to a New Building Parcel, neither the transferred surplus plant investment fee, nor any other PIF assigned to the New Building Parcel may be assigned or reassigned to any other lot or parcel of land.

6. The transfer of a surplus plant investment fee must be approved and acknowledged by the District and the District reserves the right to deny the transfer at any time for any reason including, without limitation:

   a. The proposed transfer exceeds the number of transfers the District is willing to approve in any one year for financial or other reasons; or

   b. The District's Facilities (*e.g.*, plant, sewer pipe) are not capable of handling the wastewater load associated with the transfer, together with the existing and reasonably anticipated future wastewater load for those Facilities.

7. The current holder of the surplus plant investment fee, as reflected in the District's records, executes and delivers to the District a certification of transfer acceptable to the District naming the transferee of the surplus plant investment fee and identifying the property to which the surplus plant investment fee is being transferred, and pays to the District a transfer fee equal to 25% of the then current Unit PIF Rate (per SFE Unit) times the number of SFE Units associated with the surplus plant investment fee being transferred.

9.1.4 Prior to connection of a new Building to the District's Facilities, the Owner shall pay a "connection inspection fee" to the District as provided in Appendix G for the physical connection and/or inspection of the connection.

9.1.5 Prior to connection of a new Building to the District's Facilities, the Owner shall construct the required Service Line and/or individual lift system from the Building to the District's Facilities in accordance with District Specifications (*see* sections 9.3 and 9.4).

9.1.6 The District specifically reserves the right to re-determine the number of SFE Units for any Building at any time after the District has signed off on the certificate of occupancy for that Building to correct any errors that might have been made in converting that Building into SFE Units, and to assess an additional PIF, if such re-determination or correction results in a higher number of SFE Units. In making such re-determinations and corrections, the Manager shall use the SFE Unit Conversion Schedule and the Unit PIF Rate in effect at the time the foundation permit or building permit for the Building was issued, whichever permit was issued first. If the re-determination results in a finding by the Manager that the number of SFE Units for the Building is less than the number of SFE Units previously determined by the District for that Building, the District will refund, with no interest or penalty, the PIF associated with the difference between the number of SFE Units previously determined by the District for that Building and the number of SFE Units for the Building as re-determined pursuant to this section 9.1.6. These re-determination rights are in addition to those provided in sections 9.6 and 9.7. The Owner may appeal the Manager's re-determinations or corrections to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

9.2 EXISTING BUILDINGS

9.2.1 All existing Buildings within the District shall connect to the District's Facilities when such Facilities are capable of furnishing service and when a Sewer Main is available within 400 feet of the property upon which the Building is situated; unless such Building is connected to an individual disposal facility that is operating in compliance with all state and county health department requirements and the property upon which the Building is situated is not encumbered with a connection agreement executed pursuant to section 9.1.1.C. Upon failure of an individual disposal facility as determined by the state and/or county health departments, the Building must connect to the District's Facilities in accordance with these Rules and Regulations including, without limitation, the payment of all applicable District costs and fees. For purposes of these Rules and Regulations, the state's and/or county's determination of compliance with their respective health department requirements and their determinations of an individual disposal system failure shall be conclusive.

9.2.2 If the District determines that an existing Building is not connected to the District's Facilities as required by section 9.2.1, and that the District is capable of serving such Building, then the District shall give written connection notice by certified mail to the Owner of the property affected that such Owner shall connect such Building to the District's Facilities within sixty (60) days from receipt of such written notice, or such other shorter or longer time specified in the notice in recognition of the winter season. Prior to any such connection, however, the Owner shall obtain "connection approval," pay the required "plant investment fee," pay the required "connection inspection fee," and construct the required Service Line and/or individual lift system from the Building to the District's Facilities in accordance with District Specifications (*see* sections 9.3 and 9.4).

A. Connection Approval

1. If a request for connection approval is made within the time period set for making the connection, the Manager of the District shall approve the connection subject to the conditions provided herein, the conditions imposed by District Specifications, and any District policy or resolution; provided, however, that the District reserves the right to deny the connection request on the following grounds:

   a. that the connection and subsequent use of the District's Facilities would create an excessive seasonal, or other, demand upon the District's Facilities, and/or adverse financial impact on the District;

   b. that the connection is contrary to any formally adopted service allocation policy;

   c. that the connection should be denied under the District's water rights limitations set out in section 9.8; or

   d. that the connection is not in the best interests of the District.

2. Connection approval shall be conditioned on the Owner's agreement to comply with the District's Rules and Regulations and on the Owner's execution of a sewer connection agreement in a form substantially as shown in Appendix E.

B. Plant Investment Fee

1. The Manager shall determine the "plant investment fee" ("PIF") by converting the existing Building into SFE Units as provided in section 2.20 and multiplying such SFE Units by the Unit PIF Rate as provided in Appendix G. In determining the PIF for such Building, the Manager shall use the SFE Unit Conversion Schedule and the Unit PIF Rate in effect at the time connection approval is granted pursuant to section 9.2.2.A.

2. If the Manager is unable to convert an existing Building into an applicable number of SFE Units, he may establish an "estimated" number of SFE Units for PIF purposes (to be based on the best available information), and/or he may require metering of either the Building's water use or wastewater discharge or both, which metering will then be used, pursuant to the criteria of section 2.20, to determine the applicable number of SFE Units for the Building for PIF purposes.

3. The Owner may appeal the Manager's determination or estimation to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

4. The PIF is a charge against a particular Building on a particular lot or parcel of land. The PIF may, upon approval by the District, be transferred to a different Building on the same lot or parcel of land but it shall not be transferred to a different lot or parcel of land except as provided in section 9.1.3.E.

5. The District specifically reserves the right to re-determine the number of SFE Units for any Building at any time after connection approval has been granted pursuant to section 9.2.2.A to correct any errors that might have been made in converting that Building into SFE Units, and to assess an additional PIF if such re-determination or correction results in a higher number of SFE Units. In making such re-determinations and corrections, the Manager shall use the SFE Unit Conversion Schedule and the Unit PIF Rate in effect at the time connection approval was granted pursuant to section 9.2.2.A. If the re-determination results in a finding by the Manager that the number of SFE Units for the Building is less than the number of SFE Units previously determined by the District for that Building, the District will refund, without interest or penalty, the PIF associated with the difference

between the number of SFE Units previously determined by the District for that Building and the number of SFE Units for the Building as re-determined pursuant to this subsection of section 9.2.2.B. These re-determination rights are in addition to those provided in sections 9.6 and 9.7. The Owner may appeal the Manager's re-determinations or corrections to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

C. Connection Inspection Fee

Prior to connection to the District's Facilities, the Owner shall pay a "connection inspection fee" to the District as provided in Appendix G for the physical connection and/or inspection of the connection.

9.2.3 If the Owner shall fail or refuse to connect such Building within the time period specified in the written connection notice referred to in section 9.2.2, the District shall cause such connection to be made subject to the requirements of this section 9.2. The Owner will be deemed to have executed a sewer connection agreement in a form substantially as shown in Appendix E, and will be deemed to have assented to the payment of all fees and costs, including the applicable "plant investment fee," "connection fee," and service line/individual lift system costs, associated with such connection, which fees and costs will be billed and collected as provided in Chapter XIII except that the bill will be due at the time the District makes the connection and the bill will be considered past due if not paid within ten (10) days.

9.3 SERVICE LINES

9.3.1 The Owner shall be responsible for constructing the entire length of his Service Line from the Building to the point of connection with the District's Sewer Main (including making the tap into the sewer main), said point of connection to be specified by the District. The Owner shall submit plans for the design, construction and location of his Service Line and have them approved by the District before installing same. Plans shall be in accordance with District Specifications. The Owner shall notify the District prior to the commencement of construction of the Service Line, and all construction shall be open to inspection by the District at all reasonable times. The Owner shall also provide the District with as-built drawings of the Service Line.

9.3.2 Every Service Line connected to the District's Facilities shall have constructed in the line, at the sole expense of the Owner, one or more

clean-outs of the same diameter as the Service Line and such clean-outs shall be constructed in accordance with District Specifications.

9.4 LIFT SYSTEMS

Owners whose improvements cannot readily be served by a gravity flow Service Line must make a special request to the District for approval of an individual lift system (ILS). Such request must include supporting documentation as to any economical, physical, technological, or ecological barriers to an all-gravity system. In considering the request for an ILS, economic differences in capital cost must be "substantial" unless other compelling barriers exist. If approved in concept, the District shall have the absolute right of approval of the design and installation of the ILS. The District assumes no liability for malfunctions of such systems, and the District assumes no responsibility for the maintenance, replacement, or utilities necessary for any ILS unless a written agreement providing for such responsibility is accepted by the District. If approved, the Owner shall be responsible for all the costs of constructing such ILS, including labor and material. The Owner shall notify the District prior to the commencement of construction of the ILS, and all construction shall be open to inspection by the District at all reasonable times.

9.5 DISTRICT SUPERVISION

All physical connections to the District's Facilities shall be constructed in accordance with District Specifications and shall be made under the direct supervision of an authorized employee of the District. Such connections shall not be made until all District requirements as specified herein, including approval of Service Line construction and receipt by the District of as-built drawings for said Service Line, are fulfilled.

9.6 ALTERATIONS

9.6.1 For the purpose of this section 9.6 and section 9.7, "alterations" shall include a change in the use of a Building or any part thereof (including a change from undesignated commercial use to a designated commercial use), a change in the number of Plumbing Facilities associated with a Building, or a change in any of the criteria listed in Appendix A which the District uses to convert a Building to SFE Units (*e.g.*, number of bedrooms and bathrooms, area).

9.6.2 An Owner is required to notify the Manager in writing of any alterations that are proposed to his Building that is connected or is to be connected to the District's Facilities and shall submit plans of such proposed alterations.

9.6.3 Upon such notification, the Manager shall first determine if the alteration is "substantial" using the criteria of Appendix F. If the alteration is substantial, the Manager shall re-evaluate the SFE Units associated with the entire Building, as proposed to be altered. If the alteration is not substantial, the Manager shall re-evaluate the SFE Units associated only with that part of the Building being altered. The re-evaluation in either case shall be made using the SFE Unit Conversion Schedule in effect at the time of the re-evaluation.

9.6.4 If the re-evaluation results in a finding by the Manager that the number of SFE Units for the Building, as proposed to be altered, is greater than the number of SFE Units assigned to that Building based on previously paid plant investment fee(s), then the Owner shall be required to pay an "additional plant investment fee" ("additional PIF"). The additional PIF shall be determined by multiplying the Unit PIF Rate in effect at the time of re-evaluation by the difference between the number of SFE Units for the Building, as proposed to be altered, and the number of SFE units assigned to that Building based on previously paid plant investment fee(s). The additional PIF shall be paid prior to the time of making the proposed alteration.

9.6.5 If the re-evaluation results in a finding by the Manager that the number of SFE Units for the Building, as proposed to be altered, is equal to or less than the number of SFE Units assigned to that Building based on previously paid plant investment fee(s), then no additional PIF will be required for the Owner to implement the alteration. The District will not be obligated to reimburse the Owner for the PIF associated with the difference between the number of SFE Units assigned to that Building based on previously paid plant investment fee(s) and the number of SFE Units for the Building, as proposed to be altered. The number of SFE Units assigned to that Building based on previously paid plant investment fee(s) and the previously paid plant investment fee(s) associated with those SFE units shall remain with the lot or parcel on which the Building is located. The transferability policies expressed in sections 9.1.3.D. and 9.1.3.E, shall be applicable to that portion of the previously paid plant investment fee(s), if any, that is/are determined to be a surplus plant investment fee.

9.6.6 All determinations necessary under this section 9.6 shall be made by the Manager. The determinations made by the Manager may be appealed to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

9.7 CONNECTION APPROVAL LIMITATION

9.7.1 The District's approval of a connection to its Facilities and the District's determination of the number of SFE Units associated with the connected or to be connected Building are conditioned on the continued validity of the plans furnished the District, the representations made to the District, and/or the inspections made by the District upon which such connection approval and SFE Units determination were made.

9.7.2 If, subsequent to an SFE Units determination upon which a Building connection approval is based, the Owner of such Building, or his representative or successor in interest, makes alterations to the Building without complying with the provisions of section 9.6, which alterations result in a "subsequent SFE Units determination" (as described below) that is greater than the District's prior SFE Units determination for that Building, then, except as provided in section 9.7.5, the District connection approval shall terminate, such termination to commence on the first day that any part of such altered Building is utilized (hereinafter "Termination Date"). The continued use of the District's Facilities by such Building shall constitute a violation of the District's Rules and Regulations and the Owner of such Building shall be subject to:

A. discontinuance of service;

B. the unpaid PIF and "monthly service fees" attributable to the difference between the subsequent SFE Units determination and the prior SFE Units determination; and

C. a penalty for each day of such continued use after the Termination Date in an amount not to exceed $500 per day.

9.7.3 The subsequent SFE Units determination shall be made as follows:

A. If the alteration is "substantial" as determined using the criteria of Appendix F, the subsequent SFE Units determination shall be the number of SFE Units associated with the entire Building, as altered, using the SFE Unit Conversion Schedule in effect on the Termination Date.

B. If the alteration is not "substantial" as determined using the criteria of Appendix F, the subsequent SFE Units determination shall be the number of SFE Units associated with the unaltered part of the Building, as previously calculated in the prior SFE Units determination, plus the number of SFE Units associated with the part of the Building that has been altered using the SFE Unit Conversion Schedule in effect on the Termination Date.

9.7.4 Application for, and the determination on, reinstating connection approval of a Building whose connection approval has been terminated pursuant to section 9.7.2 shall be made as provided in section 9.1. Prior to any connection approval reinstatement, the Owner shall pay all applicable discontinuance charges, the unpaid PIF and unpaid monthly service fees, and all penalty assessments.

A. The unpaid PIF shall be the greater of:

1. the Unit PIF Rate in effect on the Termination Date times the difference between the subsequent SFE Units determination and the prior SFE Units determination, plus simple interest on that amount at the rate of twelve (12) percent per year from the Termination Date to the date of unpaid PIF payment; or

2. the Unit PIF Rate in effect on the date of unpaid PIF payment times the difference between the subsequent SFE Units determination and the prior SFE Units determination.

B. The unpaid monthly service fees shall be the sum of all the monthly service fees from the Termination Date to the date of unpaid monthly service fees payment that would have been assessed against the Building if the District had known about the alterations less the monthly service fees for the Building actually received by the District since the Termination Date, plus simple interest on that amount at the rate of twelve (12) percent per year from the Termination Date to the date of unpaid monthly service fees payment.

9.7.5 The provisions of sections 9.7.2 through 9.7.4 shall not apply in situations where: (a) the District discovers that an alteration or alterations to a Building has/have been made subsequent to an SFE Units determination upon which that Building connection approval is based without complying with the provisions of section 9.6, and such alteration(s) results in an "new SFE Units determination" (as described below) that is greater than the District's prior SFE Units determination for that Building; but (b) the current Owner demonstrates to the District through a sworn affidavit or other evidence that the alteration or alterations in question did not occur during the time of his/her/its ownership of the Building. Instead, the following will apply:

A. The new monthly service fee for the Building, based on the new SFE Units determination, will be charged and due beginning on the date of the District's discovery of the alteration(s) ("Discovery Date").

B. The additional PIF attributable to the new SFE Units determination shall be calculated by multiplying the difference between the new SFE Units determination and the prior SFE Units determination for the Building times the Unit PIF Rate in effect on the Discovery Date; and that additional PIF is currently owed against the Building but will not be due until such time as any future alteration (as defined in section 9.6.1) is made to the Building.

C. The new SFE Units determination shall be made as follows:

1. If the alteration or alterations in question is/are "substantial" as determined using the criteria of Appendix F, the new SFE Units determination shall be the number of SFE Units associated with the entire Building, as altered, using the SFE Unit Conversion Schedule in effect on the Discovery Date.

2. If the alteration or alterations in question is not "substantial" as determined using the criteria of Appendix F, the new SFE Units determination shall be the number of SFE Units associated with the unaltered part of the Building, as previously calculated in the prior SFE Units determination, plus the number of SFE Units associated with the part of the Building that has been altered using the SFE Unit Conversion Schedule in effect on the Discovery Date.

9.7.6 All determinations necessary under this section 9.7 shall be made by the Manager. The Manager's determinations may be appealed to the Board at its next regular meeting by filing a written appeal request prior to such meeting as provided in section 3.4.5.

9.8 WATER RIGHTS LIMITATIONS ON CONNECTION APPROVALS

Subject to the Board's review, the Manager shall deny all new requests for connection approval for any Building, or portion thereof, whether new, existing, altered, non-conforming, or non-complying, that is located downgradient of the District's Upper Blue River Plant and supplied by or will be supplied by a ground water well or wells where there is or will be a "new water use" within said Building, or a portion thereof, unless the new water use is augmented by an approved water augmentation plan that provides for the replacement of any depletions at or upstream of the location of said depletions. For the purpose of this section, a new water use is defined to be:

A. any withdrawal and/or use of ground water that is not authorized by a well permit issued by the State Engineer's Office ("SEO") before February 28, 1996 (*e.g.*, use of water withdrawn pursuant to an in-house use only well permit for an accessory unit); and

B. any other withdrawal and/or use of ground water, authorized or not, other than the withdrawal and/or use of ground water that is authorized by an in-house use only well permit issued by the SEO for use by a single residence located on or that could be located on a legal lot in existence on February 28, 1996 where "legal lot" is defined as a parcel of land recognized by the local planning jurisdiction (*e.g.*, Summit County, Town of Breckenridge) to be a single parcel for residential building purposes; unless said withdrawal and/or use of ground water is limited to outdoor uses that are not connected to the District's Facilities (*e.g.*, stock ponds, lawn irrigation).

In reviewing the Manager's denial of a connection approval request under this section, the Board may consider all relevant factors including, without limitation, the District's policies of protecting public health and safety; whether the depletions to the river from the proposed connection approval request are materially different from the pre-February 28, 1996 depletions attributable to the Building, or portion thereof, requesting connection approval; and whether there are prior connection approvals attributable to the Building, or portion thereof, requesting connection approval.

CHAPTER X. USE OF DISTRICT FACILITIES

10.1 GENERAL

The District is responsible for the collection and treatment of wastewater from Users within the District and the operation, maintenance, repair and replacement of all Facilities owned by the District; but it shall not be liable or responsible for interruption of service necessary for the operation, maintenance, repair, and replacement of District Facilities, or brought about by circumstances beyond the District's reasonable control.

10.2 UNLAWFUL CONSTRUCTION AND CONNECTIONS

It shall be unlawful for any Person to construct a Sewer Main or Service Line to be connected to the District's Facilities or to connect to the District's Facilities without: (1) having made application to the District for approval of such construction or connection; (2) having complied with all requirements and regulations of the District; and (3) having received written authorization from the District.

10.3 UNLAWFUL DISCHARGE

Without special written permission from the District, no Person shall discharge or cause to be discharged any storm water, surface water, ground water, roof runoff, hot tub or pool overflow or drainage, sub-surface drainage or cooling water to any of the District's Facilities. No Person shall discharge or cause to be discharged into any of the District's Facilities any harmful water or wastes, whether liquid, solid or gas, capable by itself or in combination with other wastes discharged into the District's Facilities of causing obstruction to the flow in such Facilities, damage or hazard to structures, equipment or personnel of the District, damage or hazard to the District's wastewater treatment processes, or other interference with the proper operation of the District's Facilities. No industrial waste including, without limitation, industrial process waters, brewery wastes, and distillery wastes shall be discharged into the District's Facilities without prior treatment to a strength of toxicity amenable to treatment with domestic waste as determined by the District in its sole discretion.

10.4 GREASE TRAPS

10.4.1 All restaurants, cafeterias, and other Buildings or parts thereof with commercial cooking facilities or commercial food preparation shall install, use, and maintain grease traps in accordance with District Specifications before connecting to the District's Facilities.

10.4.2 A monthly surcharge, which shall be four times the regular "monthly service fee," will be assessed against restaurants, cafeterias, and other

Buildings or parts thereof with commercial cooking facilities or commercial food preparation that do not, during any part of that month, install, use or properly maintain a grease trap in accordance with the District's Rules and Regulations and Specifications. In addition, continued violations of the District's grease trap regulation may result in discontinuance of sewer service at the discretion of the Manager.

10.4.3 For purposes of this section 10.4, "commercial cooking or commercial food preparation facility" shall include, but not be limited to, restaurants, lounges, snack bars, delicatessens, cafeterias and other Buildings or parts thereof intended for use as a commercial food preparing establishment.

10.5 SERVICE LINES

10.5.1 It shall be the responsibility of the Owner to maintain the Service Line in good repair at all times and to preserve the proper connection of the Service Line to the District's Facilities. If the Owner fails to properly maintain his Service Line or if the Owner requests the District to maintain his Service Line, the District may maintain it after written notification for a specified charge. Such charge shall be in addition to all other fees, rates, penalties and charges and shall be billed and collected as provided in Chapter XIII.

10.5.2 Any Service Line which serves more than one ownership unit must be owned and maintained by a homeowners association or similar organization with the authority, resources, and responsibility to maintain the Service Line. A written agreement between the District and the responsible organization must be completed and approved prior to approval by the District of a Service Line which will serve more than one ownership unit and prior to approval by the District of a building permit for the Building.

10.5.3 Leaks and/or breaks in a Service Line shall be repaired by the Owner as soon as possible but in no event later than seventy-two (72) hours from the time actual notice of the leak or break is given the Owner or User of the Service Line. The District shall have authority to repair or have repaired the Service Line if satisfactory progress toward repairing the Service Line is not achieved, or if the District is unable, after reasonable efforts, to notify the Owner or User of the Service Line of the leak or break, or if an immediate repair is required because the leak and/or break presents a threat to public health or the environment as determined by the District in its sole discretion. The District shall bill the Owner for such repair and collect all resulting costs thereof, including inspection fees, as provided in Chapter XIII except that the bill

will be due at the time the Service Line is repaired and the bill will be considered past due if not paid within ten (10) days.

10.5.4 The Manager and any other duly authorized employee of the District bearing proper credentials and identification shall be permitted, upon due notice, to enter upon all properties for the purpose of maintaining and repairing faulty Service Lines as provided herein.

10.5.5 The Owner shall indemnify the District for any loss or damage caused by improper maintenance or installation of the Service Line.

10.6 USE RESTRICTIONS

All sewer service to Users within the District shall be subject to pro-ration and/or curtailment as necessitated by the capacity of the District's Facilities. All Persons shall regularly observe the most reasonable conservation practices so that water is not wasted.

10.7 SERVICE LIMITATIONS

Prohibitions and limitations, which may be contained within any contractual agreement between the District and any other governmental body, shall also constitute prohibitions and limitations by any User of the District's Facilities, except as may be provided by special permit.

10.8 UNAUTHORIZED ACTS

No unauthorized Person shall uncover, make any connection with or opening into, use, alter or disturb any of the District's Facilities without first obtaining written approval from the District. No unauthorized Person shall remove or tamper with any plug installed by the District. The District will impose a penalty assessment for such unauthorized acts in an amount sufficient to cover any damages suffered by the District as a result of such unauthorized act plus an appropriate punitive charge.

10.9 INSPECTION OF PROPERTY

The Manager and any other duly authorized employee of the District bearing proper credentials and identification shall be permitted, upon due notice, to enter upon all properties for the purpose of inspecting the properties for compliance with the District's Rules and Regulations and for the purpose of inspecting, observing, measuring, sampling and testing the User's water use and wastewater discharge.

10.10 AUTHORITY TO DISCONTINUE SERVICE

The Manager and any other duly authorized employee of the District or other governmental body shall be permitted, upon due notice, to enter upon all properties for the purpose of discontinuing water and/or sewer service if such discontinuance is allowed under the District's Rules and Regulations and/or any contractual agreement between the District and any other governmental body.

10.11 RIGHT TO REVIEW

The District reserves the right to review each request for use of District Facilities individually and to modify these Rules and Regulations for specific projects if it is in the best interest of the District.

10.12 PENALTY

In addition to any and all other rights and remedies the District may have, the District may impose a penalty assessment for each day of unauthorized use of the District's Facilities in an amount not to exceed $500 per day, except in the case of unlawful discharges from hot tubs or pools in which case the District may impose a penalty assessment for each day of unauthorized use of the District's Facilities in an amount not to exceed $1,500 per day.

CHAPTER XI. MONTHLY SERVICE FEE AND OTHER CHARGES

11.1 MONTHLY SERVICE FEE

11.1.1 Except as provided herein, and except as provided in any contractual arrangement between the District and the Owner/User of any Building, the Owner of any Building that is connected to the District's Facilities shall be responsible for a monthly service fee which is intended to cover said Owner's equitable share of the costs to operate, maintain, repair, replace, and upgrade the District Facilities and the costs to manage the District. In computing the Owner's monthly service fee, the Manager shall multiply the Unit Service Fee Rate as provided in Appendix G by the number of SFE Units determined by the District to be associated with the Owner's Building, said number of SFE Units to be calculated using the SFE Unit Conversion Schedule in effect at the time the particular monthly service fee is being computed. Accordingly, the monthly service fee may change from time to time as the Board amends the SFE Unit Conversion Schedule and the Unit Service Fee Rate. If the Manager is unable to convert the Building to an applicable number of SFE Units using the SFE Unit Conversion Schedule, he may establish an "estimated" number of SFE Units for monthly service fee purposes (to be based on the best available information), and/or he may require metering of either the Building's water use or wastewater discharge or both, which metering will then be used, pursuant to the criteria of section 2.20, to determine the applicable number of SFE Units for the Building for monthly service fee purposes. Notwithstanding anything to the contrary in this section 11.1, no less than 1.0 SFE Unit will be assigned for monthly service fee purposes to any Building or portion thereof that has a separate Service Line and/or that is to be billed individually for sewer service. The monthly service fee shall be billed and collected as provided in Chapter XIII.

11.1.2 Except as provided in section 9.1.2.C.2, a monthly service fee shall not be assessed against a new Building under construction until the District approves the issuance of a certificate of occupancy for that Building, or any part thereof; provided, however, that a monthly service fee will be assessed if occupancy occurs prior to the District's approval of the issuance of said certificate of occupancy and assessment of said monthly service fee shall commence at the time said occupancy begins.

11.1.3 A monthly service fee shall not be assessed against a Building that is permanently vacated. To obtain permanent vacation status, the Owner of such Building shall notify the District in writing of his intent to permanently vacate the Building and request a permanent

discontinuance of service to that Building. If this permanent vacation is in the best interests of the District, the District will grant such request upon the payment of a permanent vacation/disconnection fee as provided in Appendix G. A permanent vacation request shall only be granted if the Owner has concurrently discontinued water service. The plant investment fee associated with that Building shall remain with the particular lot or parcel on which the Building is located. The District will not be obligated to buy back said plant investment fee. The transferability policies expressed in sections 9.1.3.D. and 9.1.3.E shall be applicable to said plant investment fee.

11.1.4 A monthly service fee shall not be assessed against a Building to which the District has discontinued service for any reason, but this waiver of the monthly service fee shall only be applicable during the discontinuance period. The monthly service fee shall not be waived during any period of interrupted service.

11.1.5 A temporary waiver of the monthly service fee for a Building may be available from the District if the Building is catastrophically destroyed (*e.g.*, by fire, flood or other disaster) and, as a result of such destruction, the Building cannot be occupied. The decision to grant such a temporary waiver and the terms and conditions of such waiver shall be established by the Board.

11.2 CHARGES FOR EXCESS FLOW OR LOADING

11.2.1 The Manager is authorized to identify those Users who contribute excess flow or loading to the District's Facilities. Excess flow shall mean flow greater than 300 gallons per day per SFE Unit, and/or containing substantial continual flow of water. Excess loading shall mean discharges with greater than 0.63 lbs BOD per day per SFE Unit or with greater than 0.63 lbs TSS per day per SFE unit.

11.2.2 Causes of excess flow may include but are not limited to the following:

A. cross-connections
B. bleeders
C. faulty valves
D. faulty appliances
E. faulty Service Lines
F. high water usage

11.2.3 The Manager may calculate such flow/loading by metering total water usage, by installing a V-notch weir and measuring wastewater flow rates,

by sampling the wastewater, by measuring wastewater flow and/or loading using any other generally acceptable means of measurement, or by estimating such flow and/or loading if measurement by the above-listed methods is impracticable.

11.2.4 Upon identification of excess flow or excess loading, the District shall send written notice to the Owner of the Building contributing the excess flow or loading. Ten (10) days after mailing of such notice, assessment of a monthly excess flow/loading charge against the Building shall commence according to the following computation:

Monthly Excess Flow/Load Charge = 2 x Unit Service Fee Rate x [Excess Flow/300] or [Excess Loading/0.63]

Where:

A. Unit Service Fee Rate is specified in the then current Appendix G

B. Excess Flow = Calculated Maximum Daily Wastewater Flow (gals./day) - [(300 gals/day) x (No. of SFE Units associated with the Building)]

C. Excess Loading = Calculated Maximum Daily Wastewater Loading(lbs BOD or TSS) - [(0.63 lbs/day) x (Number of SFE Units associated with the Building)]

11.2.5 The monthly excess flow/loading charge shall be in addition to all other fees, rates, penalties and charges and the District shall bill and collect such charge as provided in Chapter XIII. The District will continue to assess the excess flow/loading charge until such time as the Owner shall correct the cause of the excess flow or excess loading to the satisfaction of the District. If the excess flow/loading is not corrected within ninety (90) days after mailing of the original notice, the District will re-determine the number of SFE Units for the entire Building using the calculated maximum daily wastewater flow and loading and the criteria of section 2.20, and assess an additional PIF for the SFE Units associated with the excess flow/loading. The District shall bill the Owner for such additional PIF as provided for in Chapter XIII, except that the bill will be due as soon as the additional PIF is determined and the bill will be considered past due if not paid within ten (10) days.

11.3 TOXICS

The Owner of any Building which discharges any toxic pollutants which cause an increase in the cost of managing the effluent or the sludge from the District's Facilities, or which discharges any substance which singly or by interaction with other substances causes identifiable increases in the cost of operation, maintenance, repair, or replacement of the District's Facilities, shall pay for such increased costs. These increased costs will be billed and collected as provided in Chapter XIII.

11.4 SURCHARGE AREAS

11.4.1 Silver Shekel

The Board granted a petition to include the Silver Shekel Subdivision Filings 1, 2, and 3 (hereinafter "Silver Shekel Area") on the understanding of both the Silver Shekel Owners Association and the District that the Owners within the Silver Shekel Area would be solely responsible for the costs of designing and constructing the facilities necessary to provide sewer service to the Silver Shekel Area. An election on the question of inclusion of the Silver Shekel Area into the District was held at which election a majority of the votes cast were in favor of the inclusion of the Silver Shekel Area and thereafter the Court ordered the Silver Shekel Area into the District.

As a condition of that inclusion, the Board fixed a "sewer line extension construction fee" on all properties within the Silver Shekel Area in an amount as described below:

A. LUMP SUM PAYMENT

PER LOT COST	IF PAID IN FULL
$3,425.00	on or before May 25, 1982
$4,175.00	on or between May 26 and Oct. 31, 1982
$4,925.00	on or between Nov. 1, 1982 and Dec. 31, 1983

$4,925.00 plus $500.00 for each total or partial year after Dec. 31, 1983 to Dec. 31, 1987 plus $100 for each year or partial year after Dec. 31, 1987		after Dec. 31, 1983

B. TIME PAYMENT

INITIAL PER LOT COST	MONTHLY CHARGE FOR 10 YEARS FROM THE DATE OF INITIAL PER LOT COST PAYMENT	IF INITIAL PER LOT COST PAID
$1,625.00	$42.00	on or before May 25, 1982
$2,375.00	$42.00	on or between May 26 and Oct. 31, 1982
$3,125.00	$42.00	on or between Nov. 1, 1982 and Dec. 31, 1983
$3,125.00 plus $500.00 for each total or partial year after Dec. 31, 1983 to Dec. 31, 1987 plus $100 for each year or Partial year after Dec. 31, 1987	$42.00	after Dec. 31, 1983

C. DESIGN FUND CREDIT

Pursuant to the September, 1981 Summit County Engineering Department letter, each property owner who paid $350.00 into the September, 1981 County "Design Fund" shall receive a $525.00 credit against the payments prescribed herein.

This "sewer line extension construction fee" shall be in addition to all other fees, rates, penalties and charges lawfully fixed and assessed by the District against Owners in

the Silver Shekel Area including but not limited to, the applicable monthly service fee. The entire "sewer line extension construction fee," or the "initial per lot cost" if the time payment option is exercised, shall be paid prior to connection to the District's Facilities. The $42.00 monthly charge, if the time payment option is exercised, shall be billed and collected as provided in Chapter XIII.

11.4.2 Peak Seven

The District is authorized to collect the Peak 7 Tap Fee of $2,000 from the Owner of each of the "Unpaid Lots" at the time of application for a building permit for such Unpaid Lot pursuant to the Peak 7 Tap Fee Agreement between the Board of County Commissioners of Summit County and the Breckenridge Sanitation District (n/k/a Upper Blue Sanitation District) dated May 11, 1995.

11.4.3 Breckenridge Heights

The Board proposed to include the Breckenridge Heights Area and upon a favorable inclusion election the Court ordered the Breckenridge Heights Area into the District.

As a condition of that inclusion, the Board fixed a "sewer line extension construction fee" on certain properties in the Breckenridge Heights Area in an amount as described below:

A. Total payment due on or before January 15, 1993 -- $6,650.00.

B. Down payment of $1,000.00 and payments of $120.05 per month for five years (10% interest) with down payment and 1st payment due by January 15, 1993. Additional payments are due by the 15th of each month. A penalty will be assessed for late or non-payments.

C. At the time of connection or transfer of the property, whichever occurs first, pay $6,650.00 plus 12% simple interest per year ($798.00 per year) from January 1, 1993, until the time of said connection or transfer.

11.5 OTHER CHARGES

The District may impose such other charges as may be contractually agreed to by the District and the Owner/User of any Building.

11.6 CONNECTION FINANCING FOR RETIRING SEPTIC SYSTEMS

The District may offer to finance the costs of connecting to the District's Facilities (*e.g.*, inclusion fee, plant investment fee, line extension fee) when the Owner of property that is serviced by an existing septic system elects to or is required to retire that system and connect to the District's Facilities subject to the following limitations:

11.6.1 The District will only offer such financing if the District has money in savings that is not earmarked for spending during the term of the offered financing and repayment of the offered financing is secured by the District's statutory lien.

11.6.2 The repayment obligations of the offered financing shall be prime plus 2% amortized over 8 year duration, with principal and interest payments due quarterly. The entire principal and interest of the offered financing shall be due and payable during the term of the offered financing if the Owner of the property upon which the septic system was situated sells said property, or any portion thereof; or constructs additional Buildings on said property or alters any existing Building(s) on said property in a manner that would constitute a "substantial alteration" as defined by Appendix F.

11.7 REFUND OF MONTHLY SERVICE FEE OVERCHARGES

As soon as the District discovers that the monthly service fee for a particular Building is either more or less than the District intends as a result of an incorrect conversion of that Building to SFE Units, the District corrects the SFE conversion, and computes a new monthly service fee for that Building that is then assessed prospectively only. However, the District will refund to the Owner of a Building any monthly service fee that has been paid for that Building that is in excess of the monthly service fee that should have been assessed against that Building pursuant to the District's Rules and Regulations, without interest and subject to the following conditions and limitations:

11.7.1 The Owner shall bear the burden of demonstrating and proving that the monthly service fee that was paid was in excess of the monthly service fee that should have been assessed against that Building pursuant to the District's Rules and Regulations.

11.7.2 The period for which the Owner shall be entitled to a refund shall end on the date the District receives a written refund claim from the Owner, and shall commence on the earlier of the following: (1) the last date that the Owner is able to demonstrate and prove that the monthly service fee that was paid was in excess of the monthly service fee that should have been assessed against that Building pursuant to the District's Rules and Regulations; or (2) twenty-seven (27) months before the District receives the written refund claim from the Owner.

11.8 FEE SYSTEM REVIEW

The District will review its fee and charge system at least every three (3) years and revise the system as necessary to ensure that it generates adequate annual revenues in an equitable manner.

CHAPTER XII. OUT-OF-DISTRICT USERS

12.1 GENERAL

The Board may, if it appears advantageous to and in the best interests of the District, furnish sewer service to properties located outside the boundaries of the District, but under no circumstances shall the District construct any facilities at the District's expense to service properties located outside the District boundaries. The District may also consider furnishing sewer service to those out-of-District areas deemed by the state and/or county health departments to pose an actual or potential health threat.

12.2 AGREEMENT REQUIRED

No connections to the District's Facilities shall be permitted until the Owner of the out-of-District land desiring service and the District have entered into a written agreement setting forth the terms and conditions of service. Such agreement shall provide, among other things, that the District's Rules and Regulations shall be applicable to said Owner, his successors and assigns; and may provide a requirement that the Owner of the out-of-District land file a petition for inclusion within the District.

12.3 CHARGES

Prior to connection to the District's Facilities, the out-of-District user shall comply with the connection approval requirements of Chapter IX and such other connection requirements as the Board may deem appropriate. Fees and charges for sewer service shall be assessed as provided in Chapter XI and all fees, rates, penalties and charges shall be billed and collected as provided in Chapter XIII.

12.4 REVOCABLE LICENSE

In every case where the District furnishes sewer service to properties outside of the District, the District reserves the right to discontinue such service, when in the judgment of the Board, it is in the best interests of the District to do so, and such service shall constitute a revocable license.

CHAPTER XIII. BILLING, PAYMENT, AND COLLECTION

13.1 BILLING

Statements for all fees, rates, penalties and charges shall be sent at least quarterly to the Owner unless such Owner requests that such statements be sent to some other party. Notwithstanding the Owner's request to send statements to another party, the Owner shall ultimately be responsible for any and all fees, rates, penalties and charges against his Building. Quarterly statements will be issued during the first week of January, April, July, and October and these statements shall be due upon issuance by the District and shall become "past due" on the first day of February, May, August, and November, respectively. Any other statement issued by the District shall be due upon issuance by the District and shall become "past due" on the thirtieth (30th) day after issuance by the District or such other time as the statement may provide.

13.2 PERPETUAL LIEN

Until paid, all billed fees, rates, penalties and charges shall constitute a perpetual and priority lien on and against the property charged, and any such lien may be foreclosed in the manner provided by law. The District may, in addition to collecting such fees, rates, penalties and charges through lien foreclosure, discontinue service if same remains unpaid.

13.3 COLLECTION OF PAST DUE ACCOUNTS

13.3.1 As soon as an account is past due, the District will notify the Owner and/or User that his account is past due and that: (a) if the balance is not paid within fifteen (15) days then the District will begin charging interest on the principal amount past due at the rate of 1% per month; and (b) if the balance is not paid with forty-five (45) days then the District will, in addition to charging interest, add a one time delinquency charge of 10% of the principal amount past due. As soon as an account is fifteen (15) days past due, the District will charge interest on the principal amount past due at the rate of 1% per month.

13.3.2 As soon as the account is thirty (30) days past due, the District will notify the Owner and/or User that: (a) his account is thirty (30) days past due; (b) the District is charging interest on the principal amount past due at the rate of 1% per month; and (c) if the balance is not paid within fifteen (15) days then the District will, in addition to charging interest, add a one time delinquency charge of 10% of the principal amount. As soon as an account is forty-five (45) days past due, the District will add to the account a delinquency charge of 10% of the principal amount past due.

13.3.3 As soon as the account is sixty (60) days past due, the District will notify the Owner and/or User (by certified mail to his last billing address and by notice affixed to the using property in the form substantially as provided in Appendix H) that: (a) his account is sixty (60) days past due; (b) the District is charging interest on the principal amount past due at the rate of 1% per month; (c) the District has added a one time delinquency charge of 10% of the principal amount past due; and (d) if the balance is not paid within fifteen (15) days then the District will file a lien against the using property and/or discontinue sewer service or arrange for the discontinuation of water service to the using property.

13.3.4 As soon as the account is seventy-five (75) days past due, the District may:

A. file a lien against the property associated with the past due account with the clerk and recorder of Summit County, and foreclose that lien;

B. discontinue sewer service and, if a satisfactory cleanout is not available to enable the District to discontinue sewer service, the District may construct the necessary cleanout at the Owner's expense and all the costs associated with such construction shall be a charge added to the account; and/or

C. notify the water supplier of the property associated with the past due account of the delinquency and request such water supplier to discontinue water service to said property.

13.3.5 In addition to the interest, delinquency, and administrative charges, the Owner shall be responsible for all costs of collecting unpaid fees, rates, penalties and charges, including lien filing and foreclosing costs, lien release fees, costs of discontinuing and reinstating sewer and/or water service, and attorneys' fees.

13.3.6 In addition to any other means of collecting delinquent fees, rates, penalties and charges, the District may, in accordance with and subject to the conditions of C.R.S. § 32-1-1101(1)(e), as amended, certify the delinquent amounts to the Summit County Treasurer for collection in the same manner as property taxes. The District shall charge a fee for the administrative costs of this collection method as set out in Appendix G, which fee shall be added to the delinquent amount before certification.

13.3.7 The provisions of this section 13.3 are included herein as guidance for the efficient collection of past due accounts. Compliance with the procedures outlined herein shall not be interpreted as a condition precedent to the collection of past due accounts or as a waiver of the District's right and intent to collect past due accounts through penalty, service discontinuance, foreclosure, and/or other mechanisms.

13.4 RELEASE OF LIEN

The District will file a lien release only when the delinquent account is made current by the payment (in cash or certified funds) of all current and past due fees, rates, penalties and charges.

13.5 ON/OFF FEE

Whenever the District has discontinued sewer or water service for non-payment of any fees, rates, penalties or charges, the service may be reinstated only when the delinquent account is made current by the payment (in cash or certified funds) of all current and past due fees, rates, penalties and charges and when an on/off fee as provided in Appendix G is paid (in cash or certified funds) to the District.

13.6 JOINT AND SEVERAL LIABILITY

13.6.1 The Owner and the User of the Building are jointly and severally liable for fees, rates, penalties and charges of the District. The District assumes no responsibility for any agreements between Owners and Users, regardless of how made, or whether the District was notified of such agreements. The District will hold the Owner and the User jointly and severally liable for all charges appurtenant to sewer service at the location where the service is provided.

13.6.2 The District assumes no responsibility for agreements between vendors and vendees. It shall be the responsibility of the vendee to ascertain whether all fees, rates, penalties and charges have been paid by the vendor. Regardless of ownership, or of the failure of the District to collect all outstanding fees, rates, penalties and charges, or of any other act or omission of the District, unpaid fees, rates, penalties and charges shall constitute a perpetual and priority lien on and against the property, which lien may be foreclosed.

13.7 BANKRUPTCIES

If either the Owner or User of a Building being served by the District files for bankruptcy the District may, upon notification of such filing, proceed as follows:

13.7.1 No Past Due Amounts

In those situations where the Owners' or Users' account is not past due on the bankruptcy petition filing date, the District may proceed to collect subsequent past due amounts in accordance with section 13.3.

13.7.2 Past Due Amounts

In those situations where the Owners' or Users' account is past due on the bankruptcy petition filing date, the Manager will consult with the District's counsel about how to proceed.

13.8 FEE FOR RETURNED CHECKS

When fees, rates, penalties or charges are paid by check the District will charge a returned check fee as provided in Appendix G for each check that is finally returned to the District as unpaid by the bank. This returned check fee will be charged in addition to all other fees, rates, penalties and charges assessed against the account. Payment of this returned check fee together with the fees, rates, penalties or charges that were intended to be paid with the returned check shall be made in cash or certified funds.

CHAPTER XIV. VIOLATIONS

14.1 NOTICE

Except as otherwise provided herein, any Person found to be violating any of the provisions of the District's Rules and Regulations will be served with written notice stating the nature of the violation and providing a reasonable time limit for satisfactory correction thereof.

14.2 LIABILITY

Any Person violating any of the provisions of the District's Rules and Regulations shall be liable to the District for any and all expense, loss, or damage occasioned by reason of such violation including attorneys' fees. The District may bring an action in any court of competent jurisdiction to enjoin, abate or seek damages for violations of the District's Rules and Regulations.

14.3 SERVICE DISCONTINUANCE

14.3.1 The District may discontinue service for delinquencies in the payment of any fees, rates, penalties or charges after giving notice to the Owner and/or User of the property serviced by certified mail to the Owner's and/or User's last billing address and by notice affixed to the using property. Discontinuance of service may also be made by the District after giving notice as provided herein for any of the following reasons:

A. misrepresentations made in the application for sewer service as to the Plumbing Facilities to be installed, the criteria listed in Appendix A which the District uses to convert a Building to SFE Units (*e.g.*, number of bedrooms and bathrooms, area), or the use to be made of the Building;

B. making alterations (as defined in section 9.6) to the Building without notice to and consent of the District;

C. willful waste of water through improper or imperfect pipes, fixtures or otherwise, whether because of leaks, breaks or any other reason irrespective of fault or responsibility;

D. failure to protect the Service Line and the connection of the Service Line to the District's Facilities, or to maintain fixtures and Plumbing Facilities in good order;

E. abusing or damaging the District's Facilities; or

F. violation of any rules of the District.

14.3.2 If a satisfactory cleanout is not available to enable the District to discontinue service, the District may construct the necessary cleanout at the Owner's expense and all costs associated with such construction shall be a charge that is billed and collected as provided in Chapter XIII.

14.4 UNAUTHORIZED CONNECTIONS

Unauthorized connections to the District's Facilities may be summarily disconnected by the Manager or his designee at the cost of the Owner of the property served by such unauthorized connection. Additionally, the Owner of the property served by such unauthorized connection shall be subject to a penalty assessment for each day that the unauthorized connection existed in an amount not to exceed $500 per day. The disconnection costs and the penalty assessment shall be charges that are billed and collected as provided in Chapter XIII.

14.5 UNAUTHORIZED DISCONNECTIONS

14.5.1 No Service Line connected to the District's Facilities shall be disconnected therefrom without the prior approval of the District which shall specify how the disconnection shall be properly sealed.

14.5.2 The District shall inspect and repair any unauthorized disconnection from the District's Facilities and the costs of such inspection and repair shall be a charge that is billed and collected as provided in Chapter XIII.

CHAPTER XV. SEWER LINE EXTENSION

15.1 EXTENSION APPROVAL REQUIRED

No sewer line extension shall be made to the District's Facilities without the approval of the Board. Once Board approved, all sewer line extensions shall be governed by the sewer line extension agreement between the District and the Person installing the sewer line extension.

15.2 COST OF EXTENSIONS

Any Person requesting sewer service from the District may be required by the Board to pay the full cost of construction, including plan review, administration, legal, and inspection costs, of the sewer line extension that is required to provide service by the District to that Person.

15.3 EXTENSION PLANS

Prior to construction of a Board-approved sewer line extension, the Person proposing to install the sewer line extension ("Developer") shall submit construction plans and specifications to the District for review. Any cost of such review by the District or its engineer will be charged against the Developer. Such plans shall conform to District Specifications.

15.4 CONSTRUCTION OF LINE EXTENSION

15.4.1 If it is agreed to by the District and the Developer, the Developer may install, at his own expense, the approved sewer line extension by private contract, subject to District approval of the actual construction of the facilities. The District shall provide, at the Developer's expense, on-site construction inspection throughout the installation process. The District may also require the posting of a letter of credit in favor of the District guaranteeing completion of the approved sewer line extension together with a performance and labor and material bond covering the private contractor's faithful performance of the construction of the approved sewer line extension. The District shall also require a Letter of Credit (or other acceptable deposit of funds) in the amount of 25% of the actual cost of the sewer line extension guaranteeing the integrity of the sewer line extension project from the time it is completed and initially accepted by the District to the time the development served by the sewer line extension is complete. Once the development is complete the Letter of Credit (or equivalent) shall be released. Finally, the Developer shall warrant the sewer line extension for two (2) years from the date of acceptance of the sewer line extension by the District from all defects.

15.4.2 If it is agreed to by the District and the Developer, the Developer may deposit with the District the estimated cost of installing the approved sewer line extension, and the District may then proceed to make the installation with its own forces or by contract with a private contractor. In the event that the original deposit is insufficient, the Developer shall, upon notification, immediately deposit the balance required with the District to complete the work.

15.5 REIMBURSEMENT OF LINE EXTENSION COSTS

Unless approved in advance by the District, the Developer of a sewer line extension approved after April 7, 1988 shall not be eligible for reimbursement from subsequent connectors to that sewer line extension. Any Developer who has executed a sewer line extension agreement before such date will be eligible for reimbursement but only to the extent identified in the executed sewer line extension agreement.

15.6 DISTRICT OWNERSHIP

15.6.1 A Developer who has completed construction of a sewer line extension pursuant to section 15.4 shall, before such extension is accepted by the District for service, deed such extension, together with all appurtenances and all necessary easements, to the District free and clear of all liens and encumbrances, properly described by certified survey.

15.6.2 No sewer lines shall be accepted by the District or placed into operation unless they have been inspected and approved by the District, as-built drawings submitted, and it is determined that such lines meet in all respects the requirements of the District Specifications.

15.7 EXCAVATION PERMITS

No excavation shall be started until required federal, county, town, and state permits have been obtained.

15.8 WINTER CONSTRUCTION

No exterior sewer line construction or connections shall be permitted between November 15th of any year and May 1 of the year following (the winter season) except as may be provided by special agreement with the District. In case of a shorter or longer winter season, the District may in its discretion reduce or extend the seasonal restrictions on the construction or connection of exterior sewer lines. The Developer shall be responsible for any and all requirements

made by the District if construction is allowed outside the permitted time frame. These requirements shall include, but are not limited to, additional installation requirements and associated costs for additional engineering review and inspection.

CHAPTER XVI. DISTRICT CONTRACTS

16.1 CONTRACTS FOR WHICH BID IS REQUIRED

All work done by the District in the construction of works of public improvement of every kind, where the estimated cost for work, or material, or both is in excess of sixty thousand dollars ($60,000), shall be done by contract to the lowest responsible and capable bidder on open bid after sufficient advertisement. The District shall not be required to advertise for and receive bids for such technical, professional, or incidental assistance as it may deem wise to employ in guarding the interest of the District. (C.R.S. § 32-1-1001(1)(d)).

16.2 BIDDING PROCEDURE

Whenever it is required by law, or deemed desirable by the Board, that any contract of the District, including but not limited to construction work, services, equipment or supplies, be let upon bids, the procedure for obtaining such bids shall be as follows:

16.2.1 Notice to Bidders

At least fourteen (14) days before the scheduled bid opening, the District shall cause notice of the proposal for bids to be published at least once in a newspaper of general circulation within the District or to be posted in three conspicuous places within the District. Such notice may also be published in any other publication of limited circulation or trade journal designated by the Board. The District may mail copies of such notice to Persons or firms who could reasonably be expected to make a bid. Whenever a greater number of publications are required by state law, such requirements shall be followed. The notice shall describe the subject of the bids and the place where the specifications and conditions and terms of the proposed contract may be obtained or examined, the time when and the place where bids shall be received, and the time and place of the opening of bids. The notice shall also state that the District reserves the right to reject any and all bids. Bidders who have not previously had a contract with the District may be required to submit evidence of qualifications prior to obtaining bid documents.

16.2.2 Form of Bids

All bids shall be in writing and shall show the residence of the person or the principal place of business of the firm making the bid, together with the amount of the bid and any other information required by the plans and specifications and bidding documents. Such bids shall be signed by the bidder, sealed in an envelope and filed with the District within the required time. The bids shall also include any bid bond which may be required by the District and stated in the notice to bidders.

16.2.3 Opening of Bids

Bids filed with the District shall not be opened until the time for opening specified in the notice to bidders and at said time and place all bids shall be opened and examined. All bidders may be present at such time and place and may inspect the bids. The Board shall have the right to reject any and all bids submitted.

16.2.4 Acceptance of Bids

If any bid is accepted, the Board shall accept the bid of the lowest capable, responsive, and responsible bidder which in the judgment of the Board is the most advantageous to the District. Upon such acceptance, the Board shall award the contract to the successful bidder upon his furnishing any necessary performance bond(s) and complying with any other requirements which have been determined by the Board and set forth in the bid documents. When such an award has been made and accepted, the bid bonds of other bidders shall be returned.

(*See, e.g.*, C.R.S. §§ 24-92-101 et seq.)

16.3 CONTRACTOR'S BONDS

A bond for the proper performance of each contract may be required or waived at the discretion of the Board, unless specifically required by statute. If a bond is required, the form and legal sufficiency shall be subject to the approval of the District's counsel. *See, e.g.*, C.R.S. §§ 38-26-101 *et seq.*

16.3.1 Bid Bond

Any Person required in section 16.3.2 to submit a performance and/or labor and material bond shall also be required to submit a bid bond in an amount equal to five (5) percent of his bid, or as otherwise specified in the bid documents.

16.3.2 Performance, Labor and Material Bonds

Any Person entering into a contract with the District in an amount in excess of fifty thousand dollars ($50,000) shall be required, and any Person entering into a contract with the District in an amount equal to or less than fifty thousand dollars ($50,000) may be required, before the District executes an agreement, to deliver a performance, labor and material bond or bonds with good and sufficient surety or sureties, to be approved by the Board, conditioned upon such Person faithfully performing his contractual obligations and promptly making payments of all amounts lawfully due to all Persons supplying or furnishing him or his contractors or subcontractors with labor or materials used or performed in the prosecution of the work provided for in such contract, in an amount equal to one hundred percent of the contract; said bond or bonds also indemnifying the District to the extent of any and all payments in connection with the carrying out of such contract which the District may be required to make under the law. (C.R.S. § 38-26-105).

16.4 PROCEDURE UPON BIDDER DEFAULT

If the Person whose bid was accepted by the Board fails to enter into a contract within the time specified in the bid documents, such Person's bid bond shall be forfeited to the District and the Board may then accept the bid of the next lowest capable, responsive, and responsible bidder or reject all bids as in its judgment may be best for the interests of the District.

16.5 FINAL SETTLEMENT NOTICE

The District shall publish notice of any proposed final settlement to an awarded contract at least twice in a public newspaper of general circulation published in the counties wherein the contract was awarded and wherein such contract work was performed in order to provide any Persons an opportunity to present any claims of unpaid accounts. (C.R.S. § 38-26-107).

16.6 FINANCIAL INTEREST PROHIBITED

No member of the Board shall be interested in any contract or transaction with the District except in his official representative capacity. No employee of the District shall have any personal beneficial interest either directly or indirectly in any purchase made by the District or in any firm, corporation, or association furnishing or bidding on any such purchase, except upon full disclosure of said interest to the Board.

CHAPTER XVII. MISCELLANEOUS PROVISIONS

17.1 POLICY

The District is responsible for the collection and treatment of wastewater discharge from Users within the District. The District shall not be liable or responsible for interruption of service necessary for the operation, maintenance, repair, and replacement of the District's Facilities, or brought about by circumstances beyond the District's reasonable control. No rebate or billing adjustments will be made for such interrupted service.

17.2 LIABILITY

No claim for damage shall be made against the District by reason of the following: breaking of any Service Line by any employee of the District; making of connections or extensions; damage to personal property by reason of service being discontinued by the District's employees; burst Service Lines or other facilities not owned by the District; or doing anything to the District's Facilities deemed necessary by the Board or its agents. The District hereby reserves the right to discontinue services at any time, for any reason deemed appropriate.

17.3 CLAIMS AGAINST DISTRICT

Any Person claiming to have suffered an injury by the District or by an employee thereof while in the course of such employment shall proceed as provided in C.R.S. § 24-10-109 (as amended) including, without limitation, filing the requisite written notice with the District.

17.4 PROTECTION OF DISTRICT'S WATER RIGHTS

The Manager shall consult with the District's water attorney on new applications for water rights and/or well permits that might adversely affect the District's current water rights and, as appropriate, participate in the state engineer permit process and/or water court adjudications of such applications to reasonably protect those rights; and to review and object to well permit applications that might adversely affect the District's current water rights in accordance with any authorization the District may have under existing decrees including, without limitation, Case No. 97CW305 (In the Matter of the Application for Water Rights of Vidler Water Company, Inc.); with such consultation, participation, and review to take into consideration: (i) the overall water quality impacts in the basin including, without limitation, the impact on the additional flows for Farmers Korner and Iowa Hill, (ii) the overall protection of public health and safety, (iii) the equities related to the applications, and (iv) the Board's direction to retain maximum flexibility regarding where waste water is treated and released to the river system.

17.5 SEVERABILITY

If any provisions of these Rules and Regulations are held invalid, for whatever reason, by a court of competent jurisdiction, as part of a judgment, judicial decree or court order, or otherwise, such adjudication shall not affect in any manner any of the other provisions contained in these Rules and Regulations, and the remaining Rules and Regulations shall remain in full force and effect.

17.6 INTERPRETATION

Any dispute as to the interpretation of these Rules and Regulations, or as to their application in any given case, shall be submitted to the Board; their decision thereon shall be final and conclusive.

17.7 HEADINGS

Titles of sections, when and wherever the same may appear throughout these Rules and Regulations, are used for convenience only and shall have no relevancy or effect on the terms, provisions, and conditions hereof or on the construction or interpretation of same.

17.8 RESERVATION OF RIGHT TO CHANGE REGULATIONS

The Board reserves the right and authority to change these Rules and Regulations (including the Appendices) at any time and from time to time in the manner now or hereafter provided by law.

17.9 LIMITATION

These Rules and Regulations are an implementation, on the part of the Board, of some of the powers conferred upon the Board by statute. These Rules and Regulations are in no way to be construed as a limitation upon the powers of the Board, or as an expression of the Board on only so much of its powers as it intends to use.

APPENDIX A

SINGLE-FAMILY EQUIVALENT UNIT CONVERSION SCHEDULE
(To Be Used In Accordance With Section 2.20)

Use [1]	SFE Units
Single-Family Residences and Manufactured Homes[2,3]	
Three bedrooms or less	1.0
Each bedroom in excess of three	0.4
Each bath, or portion thereof, in excess of two	0.2
Apartments, Townhouses, Multiplexes, and Condominium Units[2,3]	
Two bedrooms or less	1.0
Each bedroom in excess of two	0.4
Each bath, or portion thereof, in excess of one	0.4
Studio Apartments/Condominiums (Single room less than 600 square feet with single bathroom and kitchen)	0.7
Accessory Units (Accessory units shall be equal to or less than one-third the total square footage of the attached or unattached residence on a single parcel. Total square footage of accessory unit shall not exceed 1,200 square feet.)	0.7
Lodges, Hotels, and Motels, per rental room[2]	0.6
Bed and Breakfast	
Three bedrooms or less	1.0
Each bedroom in excess of three	0.4
Each bath, or portion thereof, in excess of two	0.2
Dorms, per bed	0.25
Restaurants, Lounges, Snack Bars, and Delicatessens	
500 square feet or less[4]	1.0
Each square foot in excess of 500 square feet[4]	0.003

Movie Theater/Auditorium, per seat	0.02
Automobile Service Stations	
Four fuel nozzles[5] or less	1.5
Each fuel nozzle[5] in excess of four	0.2
Automobile Service Station/Retail Combinations	
Four fuel nozzles[5] or less	1.5
Each fuel nozzle[5] in excess of four	0.2
Retail space, per 1,000 sq. ft.[6]	0.5
Self-service Laundromat, per washing machine	1.0
Commercial Laundromat, per washing machine	2.0
Car Wash, per bay	2.0
Beauty Salon/Hairdresser, per station	0.35
Fire Stations, Maintenance Buildings, Warehouses and Public Libraries, per 1,000 sq. ft.	0.15
Offices and Office Buildings, per 1,000 sq. ft.	0.75
Retail Stores, per 1,000 sq. ft.	0.5
Ski Rental Shops, per 1,000 sq. ft.	0.75
Medical Center/Clinic, per 1,000 sq. ft.	1.5
Undesignated Commercial Space, per 1,000 sq. ft.	0.5
Schools	
Without cafeteria or showers, per student[7]	0.04
With cafeteria, gym, and/or swimming pool, per student[7]	0.06
Day Care Centers, per unit of child care capacity	0.04

Churches, Conference/Meeting/Banquet Rooms, and Similar Facilities without in-house food serving capabilities, per 1,000 sq. ft.	0.3
Churches, Conference/Meeting/Banquet Rooms, and Similar Facilities with in-house food serving capabilities, per 1,000 sq. ft.	0.4
Ski Areas, summation of SFE Units from other applicable use categories plus 85% of total hourly lift capacity times	0.001
Health Spas/Fitness Centers, per 1,000 sq. ft.	1.5
Travel Trailer Parks	
Without individual water and sewer hookups, per space	0.2
With individual water and sewer hookups, per space	0.25

FOOTNOTES TO APPENDIX A

1. If more than one use category is applicable to a particular Building, the Building will be divided into areas of similar use categories and the SFE Units for the Building will be computed by adding the SFE Units determinations for each use category area. For example, if a portion of a single-family home is used as an office, the single-family home will be divided into a single-family residence area and an office area and the SFE Units for the entire Building will be the sum of the SFE Units determined separately for the single-family residence area and the office area. For uses not specifically described in this Appendix, such as condominium recreational facilities, pools, etc., the number of SFE Units to be assigned shall be determined on a case-by-case basis by the Manager.

2. For the purpose of SFE Unit determinations, a loft area shall be equivalent to a minimum of one bedroom in apartments, townhouses, multiplexes, condominium units, lodge rooms, hotel rooms, and motel rooms. More than 1.0 SFE Unit per Building may be assigned if warranted by the size and characteristics of the loft area. For the purpose of SFE Unit determinations, an area designated as a den, library, study, sewing room or the like shall be equivalent to a minimum of one bedroom if such area has an accompanying closet. Lock-off units in condo-hotels will be assessed as a separate unit on a "per rental room" basis.

3. For the purpose of this Appendix, a "multiplex" is any Building in a duplex, triplex, fourplex, etc. configuration. Additionally, any residential building or unit which purports to be a single-family residence or a single residential unit will be considered a multiplex if it has more than one kitchen area, and any portion of said residential building or unit that can be used independently of the remainder of the residential building or unit (e.g., lock-off unit) shall be considered a separate residential unit for SFE Unit conversion purposes.

3a. The Single-Family Residences and Manufactured Homes conversion category shall not apply to single-family residences and manufactured homes that are rented out at any time for less than 30 consecutive days (herein "Short-Term Rental Use"), but such Short-Term Rental Use will instead be governed by the following:

(i) If a single-family residence or manufactured home is included on the list of units used for Short-Term Rental Use maintained by the Town of Breckenridge, the Town of Blue River, or Summit County on October 1 of any particular year, the District will treat that Building as if it will be used for Short-Term Rental Use from October 1 of that year to September 30 of the following year, and for that entire 12-month period, regardless of its actual use, that Building will be converted to SFE Units for monthly service fee purposes using the Apartments, Townhouses, Multiplexes, and Condominium Units conversion rates and the greater of: the number of marketed/advertised bedrooms and bathrooms, or the number of bedrooms and bathrooms listed in the District's records; and, in addition, that Building will be assessed a Monthly Capital Charge for each month during that entire 12-month period.

(ii) For the purpose of assessing the Monthly Capital Charge, the following definitions will apply:

- "STR SFE Units" are the Short Term Rental SFE Units that will be determined by subtracting the number of SFE Units purchased for, and allocated to, the Building from the number of SFE Units calculated for that Building using the Apartments, Townhouses, Multiplexes, and Condominium Units conversion rates and the greater of: the number of marketed/advertised bedrooms and bathrooms, or the number of bedrooms and bathrooms listed in the District's records. By way of example, if 1 SFE Unit was purchased for the Building and the number of SFE Units calculated for the Building using the Apartments, Townhouses, Multiplexes, and Condominium Units conversion rates and the greater of: the number of marketed/advertised bedrooms and bathrooms, or the number of bedrooms and bathrooms listed in the District's records is 3, then the STR SFE Units are 3 - 1 = 2.

- "Service Year" is the period from October 1 of one year through September 30 of the following year, and the designation for a particular

Service Year will be the year when that Service Year ends (*i.e.*, the period from October 1, 2019 through September 30, 2020 will be designated "Service Year 2020").

(iii) The Monthly Capital Charge per STR SFE Unit for each Service Year will be calculated as follows:

Service Year	Service Year Period	Monthly Capital Charge per STR SFE Unit
2020	1/1/20-9/30/20	**.2** x 1/300 x Unit PIF Rate in effect on **10/1/2019**
2021	10/1/20-9/30/21	**.4** x 1/300 x Unit PIF Rate in effect on **10/1/2020**
2022	10/1/21-9/30/22	**.6** x 1/300 x Unit PIF Rate in effect on **10/1/2021**
2023	10/1/22-9/30/23	**.8** x 1/300 x Unit PIF Rate in effect on **10/1/2022**
2024 and all subsequent Service Years	10/1/23-9/30/24 and all subsequent 12-month periods	**1.0** x 1/300 x Unit PIF Rate in effect on **October 1 of the applicable Service Year**

The Monthly Capital Charge for a particular Short-Term Rental Use Building will be equal to the Monthly Capital Charge per STR SFE Unit times the number of STR SFE Units for that Building.

By way of example, if the Unit PIF Rate in effect on October 1, 2019 is $11,584, then the Monthly Capital Charge per STR SFE Unit for Service Year 2020 (January 1, 2020 through September 30, 2020) would be .2 x 1/300 x $11,584 = $7.72; and the Monthly Capital Charge for a Building with 2 STR SFE Units would be 2 x $7.72 = $15.44. And, if the Unit PIF Rate in effect on October 1, 2020 is $12,000, then the Monthly Capital Charge per STR SFE Unit for Service Year 2021 (October 1, 2020 through September 30, 2021) would be .4 x 1/300 x $12,000 = $16.00; and the Monthly Capital Charge for a Building with 2 STR SFE Units would be 2 x $16.00 = $32.00

(iv) If a single-family residence or manufactured home is included on the Towns' or County's Short-Term Rental Use lists at any time **after** the start of a particular Service Year (*i.e.*, after October 1 of any particular year), the District will treat that Building as if it will be used for Short-Term Rental Use for the remainder of that Service Year (*i.e.*, from the date the Building is included on such list to the immediately following September 30), and for the remainder of that Service Year, regardless of its actual use, that Building will be converted to SFE Units for monthly service fee purposes using the Apartments, Townhouses, Multiplexes, and Condominium Units conversion rates and the

greater of: the number of marketed/advertised bedrooms and bathrooms, or the number of bedrooms and bathrooms listed in the District's records; and, in addition, that Building will be assessed a Monthly Capital Charge for each month during the remainder of that Service Year. The Monthly Capital Charge per STR SFE Unit for the remainder of that Service Year will be calculated as described in subsection (iii) above except that the Unit PIF Rate will be the rate in effect on the date the Building was included on the above-referenced Short Term Rental Use lists.

4. In computing area, the total usable area shall be used. Total usable area includes but is not limited to: kitchen areas, serving areas, washing areas, occupant areas, waiting rooms, restrooms, lunch rooms, halls, entryways, show rooms, and retail areas.

5. In computing the number of fuel nozzles, the District will only count the number of nozzles that can dispense fuel at the same time. For the purposes of this Appendix, fuel includes all types of gasoline and diesel fuel.

6. For the purposes of Automobile Service Station/Retail Combinations, the retail space assessed at the 0.5 SFE Units per 1000 sq. ft. rate shall be equal to the total retail space less 400 sq. ft. or zero, whichever is greater. This adjustment is to account for the estimated retail space of an automobile service station without any general retail space.

7. The number of SFE Units will be computed on the basis of the maximum student capacity of the school.

APPENDIX B

INCLUSION PETITION FORM -- 100% OWNERSHIP

STATE OF COLORADO)
) ss.
County of Summit)

PETITION FOR INCLUSION OF REAL PROPERTY INTO THE BOUNDARIES OF THE UPPER BLUE SANITATION DISTRICT

To the Board of Directors of the Upper Blue Sanitation District:

1. This Petition is filed this ___ day of _____, 20___.

2. The undersigned petitioner, in accordance with C.R.S. § 32-1-401(1)(a), hereby petitions the Upper Blue Sanitation District for inclusion into the Upper Blue Sanitation District of the _____
[name of property]
property as more particularly described in Exhibit A attached hereto.

3. The undersigned petitioner is the fee owner of 100% of the property described in paragraph 2.

4. The undersigned petitioner assents to inclusion into the Upper Blue Sanitation District of the property described in paragraph 2.

WHEREFORE, the undersigned petitioner respectfully requests that the Upper Blue Sanitation District include the property described in paragraph 2 in the Upper Blue Sanitation District.

_____
[Signature of Fee Owner]

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____.
[fee owner]

WITNESS my hand and official seal.
My commission expires:_____

_____
[Notary Public]

APPENDIX C

INCLUSION PETITION FORM--20% TAXPAYING ELECTORS

STATE OF COLORADO,)
) ss.
County of Summit)

PETITION FOR INCLUSION OF REAL PROPERTY INTO THE BOUNDARIES OF THE UPPER BLUE SANITATION DISTRICT

To the Board of Directors of the Upper Blue Sanitation District:

1. This Petition is filed this ___ day of _____, 20__.

2. The undersigned petitioners, in accordance with C.R.S. § 32-1-401(2)(a)(I), hereby petition the Upper Blue Sanitation District for inclusion into the Upper Blue Sanitation District of the _____
[name of property]
property as more particularly described in Exhibit A attached hereto, said property containing twenty-five thousand or more square feet of land.

3. The undersigned petitioners are not less than 20% or two hundred, whichever number is smaller, of the Taxpaying Electors of the property described in paragraph 2.

WHEREFORE, the undersigned petitioners respectfully request that the Upper Blue Sanitation District include the property described in paragraph 2 in the Upper Blue Sanitation District.

_____
[Signatures of Taxpaying Electors]

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____.
[Taxpaying Elector]

WITNESS my hand and official seal.
My commission expires:_____

_____
[Notary Public]

APPENDIX D

INCLUSION PROCEDURES

I. 100 PERCENT OWNER PETITION.

A. Petitioner files his inclusion petition with the District, together with title commitment, title opinion, or owners report identifying petitioner as 100% fee owner and Inclusion Fee (*see* Appendix G).

B. District provides notice of a hearing to be held on the petition by Publication.

C. District holds a hearing on the petition. If the petition is granted (with or without conditions):

1. District obtains petitioner's signature on inclusion resolution signifying petitioner's assent to the conditions of inclusion.

2. District files a motion with the clerk of the Court requesting an order of inclusion.

3. Court orders the property to be included, orders a certified copy of the Court's Order to be filed with the clerk and recorder of Summit County, orders the clerk and recorder of Summit County to notify the county assessor of Summit County of such inclusion and to file a certified copy of such notice with the Division.

II. 20% PERCENT TAXPAYING ELECTOR PETITION AND BOARD RESOLUTION.

A. Petitioners file their inclusion petition with the District, together with Inclusion Fee (*see* Appendix G); or the Board adopts a resolution proposing an inclusion.

B. District provides notice of a hearing to be held on the petition or on the resolution by Publication and by postcard notification.

C. District holds a hearing on the petition or on the resolution. If the petition is granted or the resolution finally adopted (with or without conditions):

1. District files a motion with the clerk of the Court requesting an election order.

2. Court directs the question of inclusion to be submitted to the Eligible Electors of the area to be included.

3. Secretary of the District gives notice of the election.

4. Election is held. If a majority of the votes cast at such election are in favor of inclusion:

   (a) District files motion with the clerk of the Court requesting an order of inclusion.

   (b) Court orders the property to be included, orders a certified copy of the Court's Order to be filed with the clerk and recorder of Summit County, orders the clerk and recorder of Summit County to notify the county assessor of Summit County of such inclusion and to file a certified copy of such notice with the Division.

Appendix E

UPPER BLUE SANITATION DISTRICT

SEWER CONNECTION & PIF PURCHASE AGREEMENT -- 2022

PROJECT NAME:_____

STREET ADDRESS:_____

LEGAL ADDRESS:_____

PROJECT IS: TOWN or COUNTY(CIRCLE ONE) PROJECT: sngfam condo rest comml Other_____ (CIRCLE ONE) WELL OR MUNICIPAL WATER

OWNER'S NAME:_____

MAILING ADDRESS:_____

PHONE NUMBER:_____

MAIN LINE/SERVICE LINE CONSTRUCTION AND PHYSICAL CONNECTIONS ALLOWED FROM MAY 1 TO NOVEMBER 1 ONLY. NO EXCEPTIONS.

CONTRACTOR OR REPRESENTATIVE:_____

RESIDENTIAL ASSESSMENT

PLANS RECEIVED_____ BEDROOMS_____ BATHROOMS_____ UNITS_____

AUXILLARY UNIT: WITH OR WITHOUT A KITCHEN?

COMMERCIAL ASSESSMENT

USE

_____ SQUARE FEET_____ SFE/1,000_____ = _____ SFE

_____ SQUARE FEET_____ SFE/1,000_____ = _____ SFE

_____ SQUARE FEET_____ SFE/1,000_____ = _____ SFE

Total number of SFE Units= _____ SFE

ASSESSMENT BY:_____

MISC:_____

AMOUNT _____ PER SFE UNIT $ _____

RECEIPT _____ _____ SFE UNITS _____

DATE _____ CONNECT FEE _____ _____

AMOUNT DUE $_____

A PHYSICAL INSPECTION IS *REQUIRED* BEFORE FINAL SIGN OFF ON CO

-- PLEASE GIVE AT LEAST 24 HOURS NOTICE --

DATE CALLED_____ CONTACT NAME & PHONE #_____

ACCESS_____

Owner acknowledges and agrees to the following:

(a) That the above information is correct to the best of his knowledge and that he will notify the District of any change in the above information;

(b) That the District does not warrant that the number of SFE Units purchased are sufficient for the Building and that the District specifically reserves the right to re-determine the number of SFE Units for the Building at any time and from time to time, and specifically reserves the right to correct any errors that might have been made in converting the Building into SFE units;

(c) That the Owner is subject to and will abide by the District's Rules and Regulations, as the same may be amended from time to time (copies of the District's Rules and Regulations are available for $5.00, or can be viewed on the District's web page);

(d) That the District is approving the connection of the above-described Building to the District's Facilities and will provide sewer service to that Building in accordance with this Agreement and the District's Rules and Regulations, as the same may be amended from time to time, on the basis of the Owner's representations herein;

(e) That service connections are to be excavated and tapped by a licensed and approved contractor. These contractors shall post a $2,000 cash bond or its equivalent, prior to excavation. Such bond or its equivalent will be refunded after successful connection of service line and backfill. This bond or its equivalent can be posted for one year if desired. If the sewer main is damaged in any manner in the process of excavation and tapping, the Owner/contractor shall ultimately be held responsible for any and all repair costs; and final sign-off for Certificate of Occupancy shall not be given until any repair costs incurred by the District are paid in full.
NO TAP INSPECTIONS AFTER 3:30 P.M. - TAP MUST BE INSPECTED BEFORE BACKFILLED OR WILL REQUIRE RE-EXCAVATION - NO EXCEPTIONS.

(f) That the "connection approval" will be valid for a limited time after the Owner pays the "initially calculated plant investment fee." Except for good cause shown, if after a twelve (12) month period, substantial construction of the Building is not in progress, the connection approval will be revoked and the initially calculated plant investment fee, less a ten percent (10%) service charge, will be refunded with no interest. Substantial construction for the purpose of this Agreement shall mean all foundations in place with additional construction proceeding in a timely manner. Except for good cause shown, if construction of the Building is not complete and the respective certificate of occupancy not issued within eighteen (18) months for single family homes or duplexes and twenty-four (24) months for all other structures, the connection approval will be revoked and the initially calculated plant investment fee, less a twenty-five percent (25%) service charge, will be refunded with no interest. If the connection approval is revoked, the District shall notify the building permit issuing authority that the District has revoked the connection approval and that the District no longer approves the building permit for the Building. The SFE Units associated with the refunded initially calculated plant investment fee will be available for resale by the District. The Owner may, at a later time, purchase a new initially calculated plant investment fee for the Building at the then current cost and receive a new connection approval.

(g) That the Owner or his representative has received Appendix A of the District Rules and Regulations.

SIGNED_____ DATE _____

PRINTED_____

CERTIFICATE OF OCCUPANCY

(District use only)

INSPECTED BY:_____ DATE:_____

COMMENTS:

APPENDIX F

SUBSTANTIAL ALTERATIONS

For the purposes of Sections 9.6 and 9.7 of the District's Rules and Regulations, a substantial alteration shall mean:

(a) any change in the use of a Building or any part thereof (including a change from undesignated commercial use to a designated commercial use); or

(b) a change equal to or greater than the additions listed below for the various use categories:

USE[1]	ADDITION[2,3]
Single-Family Residence and Manufactured Homes	a bedroom or a portion of a bathroom
Apartments, Townhouses, Multiplexes, and Condominium Units	a bedroom or a portion of a bathroom
Studio Apartments/Condominiums	30% increase in square feet of total usable area
Lodges, Hotels, and Motels	15% increase in the number of rental rooms
Bed and Breakfast	a bedroom or a portion of a bathroom
Restaurants, Lounges, Snack Bars, Delicatessens	30% increase in square feet of total usable area
Movie Theater	30% increase in seating capacity
Automobile Service Stations	any increase in the number of fuel nozzles
Automobile Service Station/Retail Combinations	any increase in the number of fuel nozzles, or 30% increase in square feet of total usable retail area
Self service Laundromat/Commercial Laundromat	any increase in the number of washing machines

Car Wash	any increase in the number of wash bays
Beauty Salon/Hairdresser	any increase in the number of stations
Fire Stations, Maintenance Buildings, Warehouses, and Public Libraries	30% increase in square feet of total useable area
Offices and Office Buildings	30% increase in square feet of total usable area
Retail Stores	30% increase in square feet of total usable area
Ski Rental Shops	30% increase in square feet of total usable area
Medical Center/Clinic	30% increase in square feet of total usable area
Undesignated Commercial Space	30% increase in square feet of total usable area
Schools	30% increase in maximum student capacity
Day Care Centers	30% increase in child care capacity
Churches, Conference/Meeting/Banquet Rooms, and Similar Facilities without in-house food service capabilities	30 % increase in square feet of total usable area
Churches, Conference/Meeting/Banquet Rooms, and Similar Facilities with in-house food service capabilities	30% increase in square feet of total useable area
Ski Areas	An addition listed herein for other applicable use categories associated with Ski Areas (*e.g.*, 30% increase in square feet of total usable area of Ski Rental Shops) or 30% increase in total hourly lift capacity

Health Spas/Fitness Centers	30% increase in square feet of total usable area
Travel Trailer Parks	30% increase in spaces

FOOTNOTES TO APPENDIX F:

1. See Appendix A of the District's Rules and Regulations for clarification of the use categories.

2. Additions will include all changes to a Building subsequent to the last SFE Units determination for the entire Building. For example, if the original SFE Units determination for a 2,000 square foot office building was 1.0, the addition of 20% more space (*i.e.*, 400 square feet) would be treated as a non-substantial alteration and, therefore, only the addition would be evaluated. Using the 2022 SFE Conversion Schedule, the SFE Units determination for the addition would be .3 (400 square feet/1,000 square feet x .75). The additional plant investment fee,@ using the Unit PIF Rate of $12,584.00 in effective as of January 2022, would be $3,775.20 (.3 x $12,584.00). Once the additional plant investment fee is paid, the total SFE Units associated with the Building would be 1.3. If the Building is later altered by the addition of 400 square feet more, the addition would then be considered a substantial alteration since the total addition since the last SFE Units determination for the entire Building is 800 square feet -- a 40% addition (800 square feet/2,000 square feet). The entire Building would then be re-evaluated. Using the 2009 SFE Unit Conversion Schedule the SFE Units determination for the entire Building would be 2.1 (2,800 square feet/1,000 square x .75). The additional plant investment fee, using the Unit PIF Rate of $12,584.00 in effective as of January 2022, would be $10,067.2 ((2.1 - 1.3) x $12,584.00).

3. The footnotes of Appendix A shall also apply for the purpose of addition determinations.

APPENDIX G

FEES AND RATES
(2022)

	Description	In District	Out of District
1.	Connection Inspection Fee (per connection)	100.00	100.00
2.	Unit PIF Rate (per SFE Unit)	12,584.00	18,876.00
3.	Unit Service Fee Rate (per SFE Unit)	27.00	40.50
4.	Permanent Vacation/Disconnection Fee (Board approval only)	150.00	150.00
5.	Returned Check Fee	25.00	25.00
6.	On/Off Fee	200.00	200.00

(Minimum Fee. If the on/off fee is not sufficient to pay the actual cost of shut off and turn on, then such actual costs shall be charged in lieu of the on/off fee.)

7. Inclusion Fee -- $400 for 100% Owner Petition Inclusions and $1000 for 20% Taxpaying Elector Petition Inclusions, or the actual costs to process the inclusion request, whichever is greater; plus the following:

a. For undeveloped property zoned for single-family residences and manufactured homes: 0.7 **times** the Unit PIF Rate at the time of inclusion per undeveloped lot.

b. For undeveloped property zoned for apartments, townhouses, multiplexes, condominium units, and bed and breakfast units: 0.9 **times** the Unit PIF Rate at the time of inclusion **times** the density authorized for the property by the applicable zoning regulations.

c. For undeveloped property zoned for uses other than those described in subparagraphs a and b above: 0.5 **times** the Unit PIF Rate at the time of inclusion **times** the Manager's best estimate of the number of SFE Units associated with the ultimate development of the property using the density authorized for the property by the applicable zoning regulations and the SFE Unit Conversion Schedule set out in Appendix A.

d. For property with existing structures: the greater of: (i) 0.5 **times** the Unit PIF Rate at the time of inclusion **times** the number of SFE Units of

the development existing at the time of the inclusion; or (ii) the fee calculated for undeveloped property in accordance with subparagraphs a, b, or c above, whichever is applicable.

e. A surcharge (in addition to the amounts due under subparagraphs a, b, c, or d above) against all properties included into the District which will be connected to either the Iowa Hill or the Farmers Korner Facilities that is equal to 30% of the amounts due under subparagraphs a, b, c, or d above; said surcharge being assessed to account for the lower available dilution flow at these Facilities.

The District may, in its discretion and from time to time, increase or decrease the fees and penalties as it deems necessary for the best interest of the District; provided that such fees shall be uniform for all properties within the same classification and that the Board may establish different fees for properties classified by type or use.

APPENDIX H

Past Due Account Letter (60 Day)

DATE

NAME
ADDRESS
CITY, STATE ZIP

RE: ACCOUNT NUMBER AND PROPERTY

AMOUNT DUE: $_____

Dear Upper Blue Sanitation District Customer:

The Upper Blue Sanitation District (hereinafter "District") has billed you for certain fees, rates and costs associated with the sewer services provided by the District to the above-referenced Property, which is now sixty (60) days past due.

Pursuant to Section 13.3 of the District's Rules and Regulations, the District is charging interest on the principal amount past due at the rate of 1% per month, and has added a one time delinquency charge of 10% of the principal amount past due.

If the total amount due is not paid within fifteen (15) days of the date of this letter, the District will file the enclosed Notice of Lien against the above-referenced Property with the Clerk and Recorder of Summit County; and/or discontinue sewer service to the Property. If a satisfactory cleanout is not available to enable the District to discontinue sewer service, the District may elect to construct the necessary cleanout at your expense. Alternatively, the District may notify your water supplier of the delinquency and request such water supplier to discontinue water service to the property. If the District takes these additional fee collection steps, you will then be responsible not only for the current charges but all of the District's additional fee collection costs including, without limitation, cleanout construction costs, foreclosing costs, cost of discontinuing and re-instating service, and attorney's fees. We urge you to contact us immediately to resolve the outstanding balance on your account and avoid these additional charges.

Additionally, we suggest that you to sign up for automatic payment of your quarterly bill in order to avoid late payment penalties in the future. There is no fee for this service; you only need to submit a signed authorization form

along with a voided check. If you sign up for automatic payment we will waive the $100 administration charge that has been added to your account. The automatic payment will be deducted from your checking account on the 15th day of the first month of each quarter. Please note, however, that if the automatic payment is returned to us as "insufficient funds" there will be a $25 returned check charge.

Please contact us if you have any questions.

Sincerely,

Upper Blue Sanitation District

_____

Accounts Receivable Clerk

APPENDIX I

DECLARATION OF RESTRICTIVE COVENANTS FORM
(Owner's Primary Residence)

KNOW ALL MEN BY THESE PRESENTS,

_____ and _____ ("Owner"),
[name of owner(s)]

whose legal street address is _____,
is(are) the owner(s) of record of the real property situated in the County of Summit and State of Colorado, more particularly described as:

_____
[legal description and property address]

(hereinafter "Property"), and by this Declaration of Restrictive Covenants Owner adopts and places the following restrictions upon the Property.

RECITALS

WHEREAS, the Property is within the Upper Blue Sanitation District ("District") and the District provides wastewater collection and treatment services to the Property; and

WHEREAS, the District assesses, *inter alia*, a monthly service fee for the wastewater collection and treatment services that it provides the Property and, given the configuration of the Property's connection to the District's facilities, the District is able to bill the Owner directly for such services; and

WHEREAS, the monthly service fee for the Property is based, in part, on the conversion of the Property into an appropriate number of single family equivalents ("SFEs"); and

WHEREAS, since the Property is within an apartment, townhouse, multiplex, or condominium project, the District has converted the Property using the "apartments, townhouses, multiplexes, and condominium units" category in the District's Single Family Equivalent Conversion Schedule which is generally applicable; and

WHEREAS, the District has determined that when a particular unit within the "apartments, townhouses, multiplexes, and condominium units" category is used as a primary residence, it may be more appropriate to convert that particular unit into SFEs (for monthly service fee purposes only) using the "single-family residences and manufactured homes" category; and

WHEREAS, the District has no way of controlling the use of a particular unit within an apartment, townhouse, multiplex, or condominium project, but is willing to convert such unit into SFEs (for monthly service fee purposes only and only for so long as the District is able to continue to bill that unit directly for the District's wastewater collection and treatment services) using the "single-family residences and manufactured homes" category if there is recorded

against that particular unit an enforceable covenant that restricts that particular unit to use as a primary residence; and

WHEREAS, in order to obtain the benefit of the "single-family residence and manufactured homes" category conversion for monthly service fee purposes, Owner is willing to restrict the Property to use as a primary residence and is hereby recording this Declaration of Restrictive Covenants against the Property as an enforceable covenant running with the Property with the intent that this Declaration of Restrictive Covenants will assure that the Property will be used in its entirety as a primary residence as described herein.

RESTRICTIONS

NOW, THEREFORE, in consideration of the above-recited premises, the Owner adopts and places the following restrictions upon the Property:

1. Occupancy Restriction. The Property shall only be used as a primary residence, and no other purpose. To demonstrate that the Property is used as a primary residence for the purposes of this Declaration of Restrictive Covenants, the Owner must provide the following documentation to the District at least annually:

(a) An affidavit certifying that the Owner has, during the prior twelve (12) months, occupied and resided at the Property (**or**, if the residence was constructed within the last twelve (12) months, certifying that the Owner has occupied and resided at the Property since construction was completed and that the Owner is the original Owner/occupant of the residence);

(b) An affidavit certifying that the Owner shall occupy and reside at the Property during the duration of this Declaration of Restrictive Covenants; and

(c) Proof of Owner's voter registration in Summit County, Colorado, or a municipal election held in Summit County, Colorado; or proof that Owner has a valid Colorado driver's license showing that the license holder resides at the Property address.

Without limiting the generality of the foregoing, the Property shall not be occupied by any person(s) who do not meet the requirements defined herein, excluding the Owner's spouse, Owner's minor children or other dependents.

2. Recording and Filing; Covenant Running with the Land.

A. This Declaration of Restrictive Covenants shall be placed of record in the real property records of Summit County, Colorado, and shall run with the Property; and the burdens shall bind and the benefits shall inure to, as applicable, the Owner and the Owner's heirs, successors, assigns, and legal representatives, and all entities and/or persons who subsequently acquire an ownership, leasehold, or other interest in the Property, and the District, its successors and assigns.

B. The Owner hereby agrees that any and all requirements of the laws of the State of Colorado to be satisfied in order for the provisions of this Declaration of Restrictive Covenants

to constitute a restrictive covenant running with the Property shall be deemed to be satisfied in full, and that any requirements of privity of estate are intended to be satisfied; or, in the alternative, that an equitable servitude has been created to ensure that the provisions of this Declaration of Restrictive Covenants run with the Property. During the term of this Declaration of Restrictive Covenants, each and every contract, deed or other instrument hereafter executed conveying the Property, or any portion thereof, shall expressly provide that such conveyance is subject to this Declaration of Restrictive Covenants; provided, however, that the restrictive covenants contained herein shall survive and be effective as to successors and/or assigns of all or any portion of the Property regardless of whether such contract, deed or other instrument hereafter executed conveying the Property, or any portion thereof, provides that such conveyance is subject to this Declaration of Restrictive Covenants.

3. Owner's Covenant of Title and Authority. Owner covenants, represents and warrants to the District that Owner has good and marketable title to the Property and full and complete legal authority to execute and record this Declaration of Restrictive Covenants against the Property.

4. No Conflicting Agreement. Owner covenants, represents and warrants to the District that the execution and recording of this Declaration of Restrictive Covenants will not violate any agreement or restriction now existing with respect to the Property. Owner shall not execute any other agreement with provisions contradictory to, or in opposition to, the provisions of this Declaration of Restrictive Covenants, and in any event, it is agreed that the provisions of this Declaration of Restrictive Covenants are paramount and controlling as to the rights, obligations and limitations herein set forth and shall supersede any other provision in conflict herewith.

5. Term of Covenant. **The term of this Declaration of Restrictive Covenants shall be for a period of two (2) years**, commencing on the day the Declaration of Restrictive Covenants is executed and recorded with the Clerk and Recorder of Summit County, Colorado; provided, however, that this Declaration of Restrictive Covenants shall automatically terminate upon the sale of the Property to a third party. Additionally, this Declaration of Restrictive Covenants may be sooner terminated in accordance with Paragraph 8.

6. Records; Inspection; Monitoring.

A. The Owner's records with respect to the use and occupancy of the Property shall be subject to examination, inspection and copying by the District or its authorized agent upon reasonable advance notice. The District or its authorized agent shall also have the right to enter the Property for the purpose of determining compliance with the provisions of this Declaration of Restrictive Covenants; provided, however, that the District or its agent shall first attempt to secure the permission of any occupants of the Property prior to making entry.

B. The Owner shall submit any information, documents or certificates requested from time to time by the District with respect to the occupancy and use of the Property which the District reasonably deems necessary to substantiate the Owner's continuing compliance with the provisions of this Declaration of Restrictive Covenants.

7. District Authority to Enforce. The restrictions, covenants and limitations created herein are for the benefit of the Owner and the District, and the District is given the sole power and authority to enforce this Declaration of Restrictive Covenants in the manner herein provided. In the event of any failure of the Owner to comply with the provisions of this Declaration of Restrictive Covenants, the District shall have the right, without notice, to declare a default under this Declaration of Restrictive Covenants effective on the date of such declaration of default; and the District shall then assess a monthly service fee against the Property on the basis of the then current generally applicable conversion factors for units like the Property. In addition, the District shall have the right to assess a penalty in the amount of $1,000 plus the difference between the monthly service fee that would have been assessed against the Property using the generally applicable conversion factors for units like the Property in effect on the date of declaration of default and the monthly service fee actually assessed against the Property from the date the District determines, in its sole discretion, that the Owner first failed to comply with the provisions of this Declaration of Restrictive Covenants. The penalty assessed hereunder shall constitute a perpetual and priority lien on and against the Property which the District may collect, together with any fees and costs incurred in such collection (including attorneys' and expert witness fees), through foreclosure proceedings. The District may, in addition to collecting said penalty, fees, and costs through lien foreclosure, discontinue service to the Property until the same are paid in full.

8. Waiver; Termination; Modification of Covenant. The restrictions, covenants and limitations created herein may be waived, terminated or modified with the written consent of both the Owner of the Property and the District. Except as provided in Paragraph 7, no such waiver, modification, or termination shall be effective until the proper instrument in writing shall be executed and recorded in the office of the Clerk and Recorder of Summit County, Colorado.

9. Notices. Except as otherwise provided, all notices provided for or required for under this Declaration of Restrictive Covenants shall be in writing, signed by the party giving the same and shall be deemed properly given when actually received or three (3) days after mailed, postage prepaid, certified, return receipt requested, addressed to the following:

If to the Owner:
[mailing address]

_____

_____

_____

_____

If to the District: Upper Blue Sanitation District
P.O. Box 1216
Breckenridge, Colorado 80424
Attention: District Manager

Each of the above, by written notice to the other may specify any other address for the receipt of such instruments or communications.

10. Applicable Law, Number, and Gender. This Declaration of Restrictive Covenants shall be interpreted in all respects in accordance with the laws of the State of Colorado. Whenever the singular or masculine or neuter is used in this Declaration of Restrictive Covenants, the same will be construed as meaning plural or feminine or corporate or vice versa, as the context so requires.

[signature page follows]

EXECUTED as of the _____ day of _____, 20_____

OWNER:

By_____

Title_____

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____as the owner of the property more particularly described on Page 1 of this document.

WITNESS my hand and official seal.

_____
Notary Public

EXECUTED as of the _____ day of _____, 20_____

OWNER:

By_____

Title_____

STATE OF _____)
)ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____as the owner of the property more particularly described on Page 1 of this document.

WITNESS my hand and official seal.

_____
Notary Public

AFFIDAVIT OF PRIMARY RESIDENCE

STATE OF COLORADO)
) ss.
County of Summit)

_____ _____
[Owner(s)]

being of lawful age and being first duly sworn according to law, depose(s) and say(s) that:

1. I/we are the owner(s) of record of the real property and improvements located at

_____
[Property Description/Street Address]

Town of_____, County of Summit, State of Colorado (hereinafter "Property") and I/we reside at the Property.

2. The Property is my/our primary residence and I/we have occupied and resided at the Property as my/our primary residence for a minimum of twelve (12) months (**or**, if the residence was constructed within the last twelve (12) months, I/we have occupied and resided at the Property as my/our primary residence since construction was completed and I am/we are the original Owner(s)/occupants).

3. I/we have recorded a Declaration of Restrictive Covenants against the Property which is intended to restrict the Property to use as my/our primary residence in order to obtain the benefit of a more favorable single-family equivalent conversion of the Property by the Upper Blue Sanitation District for monthly service fee purposes. I/we hereby certify that I/we shall occupy and reside at the Property as my/our primary residence during the duration of said Declaration, and that the Property shall only be used as the primary residence for me/us, my spouse, and my/our minor children or other dependents.

4. I/we acknowledge that the Upper Blue Sanitation District's willingness to use a more favorable single-family equivalent conversion of the Property for monthly service fee purposes is based, in large part, on the statements made in this Affidavit, and I/we acknowledge that the Property and I/we are subject to substantial penalties for any false or misleading statement in this Affidavit.

_____
(Owner)

SUBSCRIBED AND SWORN to before me on this _____ day of _____ 20_____, by _____the Owner.

_____
Notary Public

_____

(Owner)

SUBSCRIBED AND SWORN to before me on this _____ day of _____
20_____, by _____ the Owner.

_____

Notary Public

APPENDIX J

DECLARATION OF RESTRICTIVE COVENANTS FORM
(Tenant's Primary Residence)

KNOW ALL MEN BY THESE PRESENTS,

_____ and _____ ("Owner"),
[name of owner(s)]

whose legal street address is _____,
is(are) the owner(s) of record of the real property situated in the County of Summit and State of Colorado, more particularly described as:

_____
[legal description and property address]

(hereinafter "Property"), and by this Declaration of Restrictive Covenants Owner adopts and places the following restrictions upon the Property.

RECITALS

WHEREAS, the Property is within the Upper Blue Sanitation District ("District") and the District provides wastewater collection and treatment services to the Property; and

WHEREAS, the District assesses, *inter alia*, a monthly service fee for the wastewater collection and treatment services that it provides the Property and, given the configuration of the Property's connection to the District's facilities, the District is able to bill the Owner directly for such services; and

WHEREAS, the monthly service fee for the Property is based, in part, on the conversion of the Property into an appropriate number of single family equivalents ("SFEs"); and

WHEREAS, since the Property is within an apartment, townhouse, multiplex, or condominium project, the District has converted the Property using the "apartments, townhouses, multiplexes, and condominium units" category in the District's Single Family Equivalent Conversion Schedule which is generally applicable; and

WHEREAS, the District has determined that when a particular unit within the "apartments, townhouses, multiplexes, and condominium units" category is used as a primary residence, it may be more appropriate to convert that particular unit into SFEs (for monthly service fee purposes only) using the "single-family residences and manufactured homes" category; and

WHEREAS, the District has no way of controlling the use of a particular unit within an apartment, townhouse, multiplex, or condominium project, but is willing to convert such unit into SFEs (for monthly service fee purposes only and only for so long as the District is able to continue to bill that unit directly for the District's wastewater collection and treatment services) using the "single-family residences and manufactured homes" category if there is recorded against that particular unit an enforceable covenant that restricts that particular unit to use as a primary residence; and

WHEREAS, in order to obtain the benefit of the "single-family residence and manufactured homes" category conversion for monthly service fee purposes, Owner is willing to restrict the Property to use as a primary residence by a Tenant under a Lease Agreement whose term is a minimum of twelve (12) months in duration and is hereby recording this Declaration of Restrictive Covenants against the Property as an enforceable covenant running with the Property with the intent that this Declaration of Restrictive Covenants will assure that the Property will be used in its entirety as a primary residence as described herein.

RESTRICTIONS

NOW, THEREFORE, in consideration of the above-recited premises, the Owner adopts and places the following restrictions upon the Property:

1. Occupancy Restriction. The Property shall only be used as a primary residence, and no other purpose. To demonstrate that the Property is used as a primary residence for the purposes of this Declaration of Restrictive Covenants, the Owner must provide the following documentation to the District at least annually:

(a) An affidavit certifying that the Owner has, during the prior twelve (12) months, leased the Property to a resident of Summit County, Colorado pursuant to a Lease Agreement whose term is a minimum of twelve (12) months in duration;

(b) An affidavit certifying that the Owner shall, during the duration of the this Declaration of Restrictive Covenants, lease the Property to a resident of Summit County, Colorado pursuant to a Lease Agreement whose term is a minimum of twelve (12) months in duration; and

(c) An affidavit of the Tenant (who is, or will be, residing at the Property) certifying that the Tenant shall occupy and reside at the Property during the term of the Lease Agreement between the Tenant and the Owner, said Lease Agreement having a term that is a minimum of twelve (12) months in duration; and

(d) Proof that the Tenant is registered to vote in a municipal election held in Summit County, Colorado, or proof that the Tenant has a valid Colorado driver's license which shows that the Tenant resides (or will reside) at the Property address.

Without limiting the generality of the foregoing, the Property shall not be occupied by any person(s) who do not meet the requirements defined herein, excluding the Tenant's spouse, minor children or other dependents.

2. Recording and Filing: Covenant Running with the Land.

A. This Declaration of Restrictive Covenants shall be placed of record in the real property records of Summit County, Colorado, and shall run with the Property; and the burdens shall bind and the benefits shall inure to, as applicable, the Owner and the Owner's heirs, successors, assigns, and legal representatives, and all entities and/or persons who subsequently

acquire an ownership, leasehold, or other interest in the Property, and the District, its successors and assigns.

B. The Owner hereby agrees that any and all requirements of the laws of the State of Colorado to be satisfied in order for the provisions of this Declaration of Restrictive Covenants to constitute a restrictive covenant running with the Property shall be deemed to be satisfied in full, and that any requirements of privity of estate are intended to be satisfied; or, in the alternative, that an equitable servitude has been created to ensure that the provisions of this Declaration of Restrictive Covenants run with the Property. During the term of this Declaration of Restrictive Covenants, each and every contract, deed or other instrument hereafter executed conveying the Property, or any portion thereof, shall expressly provide that such conveyance is subject to this Declaration of Restrictive Covenants; provided, however, that the restrictive covenants contained herein shall survive and be effective as to successors and/or assigns of all or any portion of the Property regardless of whether such contract, deed or other instrument hereafter executed conveying the Property, or any portion thereof, provides that such conveyance is subject to this Declaration of Restrictive Covenants.

3. Owner's Covenant of Title and Authority. Owner covenants, represents and warrants to the District that Owner has good and marketable title to the Property and full and complete legal authority to execute and record this Declaration of Restrictive Covenants against the Property.

4. No Conflicting Agreement. Owner covenants, represents and warrants to the District that the execution and recording of this Declaration of Restrictive Covenants will not violate any agreement or restriction now existing with respect to the Property. Owner shall not execute any other agreement with provisions contradictory to, or in opposition to, the provisions of this Declaration of Restrictive Covenants, and in any event, it is agreed that the provisions of this Declaration of Restrictive Covenants are paramount and controlling as to the rights, obligations and limitations herein set forth and shall supersede any other provision in conflict herewith.

5. Term of Covenant. **The term of this Declaration of Restrictive Covenants shall be for a period of one (1) year**, commencing on the day the Declaration of Restrictive Covenants is executed and recorded with the Clerk and Recorder of Summit County, Colorado; provided, however, that this Declaration of Restrictive Covenants shall automatically terminate upon the sale of the Property to a third party. Additionally, this Declaration of Restrictive Covenants may be sooner terminated in accordance with Paragraph 8.

6. Records; Inspection; Monitoring.

A. The Owner's records with respect to the use and occupancy of the Property shall be subject to examination, inspection and copying by the District or its authorized agent upon reasonable advance notice. The District or its authorized agent shall also have the right to enter the Property for the purpose of determining compliance with the provisions of this Declaration of Restrictive Covenants; provided, however, that the District or its agent shall first attempt to secure the permission of any occupants of the Property prior to making entry.

B. The Owner shall submit any information, documents or certificates requested from time to time by the District with respect to the occupancy and use of the Property which the District reasonably deems necessary to substantiate the Owner's continuing compliance with the provisions of this Declaration of Restrictive Covenants.

7. District Authority to Enforce. The restrictions, covenants and limitations created herein are for the benefit of the Owner and the District, and the District is given the sole power and authority to enforce this Declaration of Restrictive Covenants in the manner herein provided. In the event of any failure of the Owner to comply with the provisions of this Declaration of Restrictive Covenants, the District shall have the right, without notice, to declare a default under this Declaration of Restrictive Covenants effective on the date of such declaration of default; and the District shall then assess a monthly service fee against the Property on the basis of the then current generally applicable conversion factors for units like the Property. In addition, the District shall have the right to assess a penalty in the amount of $1,000 plus the difference between the monthly service fee that would have been assessed against the Property using the generally applicable conversion factors for units like the Property in effect on the date of declaration of default and the monthly service fee actually assessed against the Property from the date the District determines, in its sole discretion, that the Owner first failed to comply with the provisions of this Declaration of Restrictive Covenants. The penalty assessed hereunder shall constitute a perpetual and priority lien on and against the Property which the District may collect, together with any fees and costs incurred in such collection (including attorneys' and expert witness fees), through foreclosure proceedings. The District may, in addition to collecting said penalty, fees, and costs through lien foreclosure, discontinue service to the Property until the same are paid in full.

8. Waiver; Termination; Modification of Covenant. The restrictions, covenants and limitations created herein may be waived, terminated or modified with the written consent of both the Owner of the Property and the District. Except as provided in Paragraph 7, no such waiver, modification, or termination shall be effective until the proper instrument in writing shall be executed and recorded in the office of the Clerk and Recorder of Summit County, Colorado.

9. Notices. Except as otherwise provided, all notices provided for or required for under this Declaration of Restrictive Covenants shall be in writing, signed by the party giving the same and shall be deemed properly given when actually received or three (3) days after mailed, postage prepaid, certified, return receipt requested, addressed to the following:

If to the Owner: _____
[mailing address]

_____

_____

_____

If to the District: Upper Blue Sanitation District
P.O. Box 1216

Breckenridge, Colorado 80424
Attention: District Manager

Each of the above, by written notice to the other may specify any other address for the receipt of such instruments or communications.

10. Applicable Law. This Declaration of Restrictive Covenants shall be interpreted in all respects in accordance with the laws of the State of Colorado. Whenever the singular or masculine or neuter is used in this Declaration of Restrictive Covenants, the same will be construed as meaning plural or feminine or corporate or vice versa, as the context so requires.

[signature page follows]

EXECUTED as of the _____ day of _____, 20_____

OWNER:

By_____

Title_____

STATE OF _____)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____as the owner of the property more particularly described on Page 1 of this document.

WITNESS my hand and official seal.

_____
Notary Public

EXECUTED as of the _____ day of _____, 20_____

OWNER:

By_____

Title_____

STATE OF _____)
)ss.
County of _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20_____, by _____as the owner of the property more particularly described on Page 1 of this document.

WITNESS my hand and official seal.

_____
Notary Public

OWNER'S AFFIDAVIT OF PRIMARY RESIDENCE

STATE OF COLORADO)
) ss.
County of_____)

_____ _____
[Owner(s)]

being of lawful age and being first duly sworn according to law, depose(s) and say(s) that:

1. I/we are the owner(s) of record of the real property and improvements located at

_____
[Property Description/Street Address]

Town of_____, County of Summit, State of Colorado (hereinafter "Property") and I/we have, during the prior twelve (12) months, leased the Property to a resident of Summit County, Colorado ("Tenant") pursuant to a Lease Agreement whose term is a minimum of twelve (12) months in duration; and that I/we shall, for at least the next twelve (12) months, lease the Property to a resident of Summit County, Colorado pursuant to a Lease Agreement whose term is a minimum of twelve (12) months in duration.

2. I/we have recorded a Declaration of Restrictive Covenants against the Property which is intended to restrict the Property to use as my/our Tenant's primary residence in order to obtain the benefit of a more favorable single-family equivalent conversion of the Property by the Upper Blue Sanitation District for monthly service fee purposes. I/we hereby certify that the Property shall only be used as the primary residence for my/our Tenant, and that Tenant's spouse, minor children or other dependents.

3. I/we acknowledge that the Upper Blue Sanitation District's willingness to use a more favorable single-family equivalent conversion of the Property for monthly service fee purposes is based, in large part, on the statements made in this Affidavit, and I/we acknowledge that I/we and the Property are subject to substantial penalties for any false or misleading statement in this Affidavit.

_____
(Owner)

SUBSCRIBED AND SWORN to before me on this _____ day of _____ 20_____, by _____the Owner.

_____
Notary Public

_____
(Owner)

SUBSCRIBED AND SWORN to before me on this _____ day of _____
20_____, by _____ the Owner.

_____
Notary Public