TOWN OF TIMNATH
RESOLUTION NO. 33, SERIES 2016

A RESOLUTION APPROVING THE AMENDED AND RESTATED SERVICE PLAN
FOR SERRATOGA FALLS METROPOLITAN DISTRICT NOS. 1 & 3

WHEREAS, the Town Council of the Town of Timnath (the “Town”), pursuant to the provisions of its Charter and the Colorado Revised Statutes, has the power to adopt resolutions and policies; and

WHEREAS, the Town Council desires to approve the Amended and Restated Service Plan for Serratoga Falls Metropolitan District Nos. 1 & 3 (the “Service Plan”) attached hereto as Exhibit A; and

WHEREAS, the Town Council is familiar with the Service Plan and finds its terms to be in the best interest of the Town, the residents within its boundaries, and the general public; and

WHEREAS, the boundaries of the Serratoga Falls Metropolitan District Nos. 1 & 3 (“Districts”) are wholly within the corporate limits of the Town; and

WHEREAS, the Town Council has conducted a public hearing on April 26, 2016, regarding the Service Plan; and

WHEREAS, the Special District Act requires that any service plan submitted to the District Court for the creation of a special district must first be approved by resolution of the governing body of the municipality within which the Districts lie; and

WHEREAS, an Intergovernmental Agreement between the Town and the Districts has been prepared in accordance with the terms, provisions, and limitations contained in the Service Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF TIMNATH, COLORADO as follows:

1. The Town Council determines that the Service Plan satisfies the requirements of §§ 32-1-201, 32-1-202(2), 32-1-203(2) and 32-1-204.5, C.R.S., as amended, relating to the filing of the Service Plan and that the notice of the hearing was given in the time and manner required by law.

2. The Town Council determines that the Town's notification requirements have been complied with regarding the public hearing on the Service Plan.

3. The Town Council determines that, based on representations by and on behalf of the Developer and the Districts, the Town Council has jurisdiction over the subject matter of the Service Plan pursuant to §§32-1-201, et seq., C.R.S., as amended.
4. In accordance with the requirements of §§ 32-1-202(2), 32-1-203(2) and 32-1-204.5, C.R.S, the Town Council hereby finds that:

a. There is sufficient existing and projected need for organized service in the area to be served by the Districts.
b. The existing service in the area to be serviced by the Districts is inadequate for present and projected needs.
c. The Districts are capable of providing economical and sufficient service to the area within their proposed boundaries.
d. The area included within the Districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

4. The Town Council’s findings are based solely upon the Service Plan and evidence presented at the public hearing and the Town has not conducted any independent investigation of the evidence. The Town makes no guarantee as to the financial viability of the Districts’ financial plan or the achievability of the results.

5. The Town of Timnath hereby conditionally approves the Service Plan subject to the condition that the Developer, Serratoga Falls, LLC, agrees that, within fifteen (15) days following presentment by the Town of an invoice, all fees and expenses that have been submitted to the Developer for payment by or on behalf of the Town or its attorneys or financial or other advisors shall be paid in full, and the Developer shall also promptly pay all such fees and expenses submitted thereafter.

6. The terms, provisions, and limitations of the Service Plan have been incorporated in the Intergovernmental Agreement attached to the Service Plan. The Intergovernmental Agreement is incorporated herein by this reference and is hereby approved, but shall not be effective until executed by the Town and the Districts. The Districts are not authorized to issue any debt, impose mill levies or fees until the time that the Intergovernmental Agreement is executed. The Town Mayor, or Town Manager in the alternative, is authorized to sign, and the Town Clerk to attest, the attached Intergovernmental Agreement once it has been executed by the Districts.

7. The Town Council's approval of the Service Plan and the Intergovernmental Agreement is not a waiver or a limitation upon any power, which the Town Council is legally permitted to exercise with respect to the property within the Districts. The Amended and Restated Service Plan is hereby approved in substantially the form as attached hereto, subject to technical or otherwise non-substantive modifications, as deemed necessary by the Town Manager in consultation with the Town Planner, Engineer, Legal Counsel, and other applicable staff or consultants.
INTRODUCED, MOVED, AND ADOPTED ON APRIL 26, 2016.

TOWN OF TIMNATH

Jill Grossman-Belisle, Mayor

ATTEST:

Milissa Peters, CMC
Town Clerk
EXHIBIT A
SERVICE PLAN
AMENDED AND RESTATED MODEL SERVICE PLAN
FOR
SERRATOGA FALLS METROPOLITAN DISTRICT NOS. 1 AND 3
TOWN OF TIMNATH, COLORADO

Prepared

by

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April 1, 2016
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I. INTRODUCTION

A. Purpose and Intent.

(i) Enabling Authority. It is the intention of the Town that this Service Plan grants authority to the Districts to construct some or all of the Public Improvements authorized herein. If the Districts elect not to provide certain of the Public Improvements, which may be provided in accordance with an Approved Development Plan or other agreement with the Town, the Districts shall notify the Town in writing of such election whereupon the Town shall have 30 days to provide a letter to the Districts advising the Districts of the obligation to seek a formal amendment to this Service Plan, or, in the alternative, advising that such election does not constitute a material modification hereof. If the Town determines that such election does not constitute a material modification hereof, the Districts shall submit a written modification of this Service Plan to the Town for administrative approval as a non-material modification whereupon the authority of the Districts to provide such Public Improvements shall be deemed stricken from this Service Plan. In all events, the Town and the Districts acknowledge that the Districts are independent units of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Service Plan, its activities are subject to review by the Town only insofar as they may deviate in a material manner from the requirements of the Service Plan.

(ii) General Purpose. It is intended that the Districts will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements and not to provide long term operations and maintenance of Public Improvements except as specifically authorized herein or in an intergovernmental agreement with the Town.

(iii) Amendment. It is intended that this Service Plan amend and restate, in part, the original Service Plan for Serratoga Falls Metropolitan District Nos. 1, 2 and 3. A separate amendment and restatement for District No. 2 is being presented on behalf of that District by others.

B. Background

Serratoga Falls Metropolitan District Nos. 1, 2 and 3 were organized by Order of the District Court in and for Larimer County after approval of a Service Plan by the Timnath Town Council on March 9, 2006. Almost immediately the developer that proposed the formation of the Districts fell into financial distress, and the property within the Districts was foreclosed upon and ultimately sold to Serratoga Falls LLC. As part of the foreclosure certain notes that had been issued to the prior developer, evidencing an obligation to reimburse that developer for in excess of $8 million spent on public infrastructure, came into the hands of NBH Capital Finance. Negotiations ensued with NBH, the final result being that District No. 3 has agreed to issue a new obligation to NBH in the total sum of $462,500. The prior notes will be voided.

Correspondence and a Term Sheet detailing the terms of the NBH financing are attached to this Service Plan as Exhibit F.
C. Objective of the Town Regarding Districts’ Service Plan.

The Town’s objective in approving the Service Plan for the Districts is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties, and at a maximum mill levy no higher than the Maximum Aggregate Mill Levy for commercial and residential properties, and/or repaid by Fees, as long as such Fees are not imposed upon or collected from Taxable Property owned or occupied by an End User for the purpose of creating a capital cost payment obligation as further described in Section V.A. 11. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of said Debt.

This Service Plan is intended to establish a limited purpose for the Districts and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs. Operational activities in connection with any trails and related amenities, or other Public Improvements not dedicated to another entity will be allowed subject to entering into an intergovernmental agreement with the Town.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt and for continuation of any operations approved in an intergovernmental agreement. The Districts may be allowed to continue certain limited operations and to retain those powers necessary to impose and collect taxes or fees to pay for costs and functions if permitted by intergovernmental agreement with the Town.

The Districts shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Fees or from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy and which shall not exceed the Maximum Debt Mill Levy Imposition Term. It is the intent of this Service Plan to assure to the extent possible that no property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy in amount and that no property bear an economic burden that is greater than that associated with the Maximum Debt Mill Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the Districts.

II. DEFINITIONS

In this Service Plan, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Approved Development Plan: means a Subdivision Improvement Agreement or other process established by the Town for identifying, among other things, Public Improvements necessary for facilitating development for property within the Service
Area as approved by the Town pursuant to the Town Code and as amended pursuant to the Town Code from time to time.

**Board:** means the board of directors of each District.

**Bond, Bonds or Debt:** means bonds or other obligations for the payment of which a District has promised to impose an *ad valorem* property tax mill levy, and/or collect Fee revenue.

**Covenant Enforcement and Design Review Services:** means those services authorized under Section 32-1-1004(8), C.R.S.

**District:** means any one of the Districts.

**Districts:** means Serratoga Falls Metropolitan District No. 1 or District No. 1 and Serratoga Falls Metropolitan District No. 3 or District No. 3, collectively.

**End User:** means any owner, or tenant of any owner, of any taxable improvement within the Districts who is intended to become burdened by the imposition of ad valorem property taxes subject to the Maximum Mill Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

**External Financial Advisor:** means a consultant approved by the Town that: (i) advises Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer’s Municipal Market Place; and (iii) is not an officer or employee of the Districts and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

**Fee(s):** means any fee imposed by the Districts for services, programs or facilities provided by the Districts, as described in Section V.A.11. below.

**Financial Plan:** means the Financial Plan described in Section VI, which describes (i) how the Public Improvements are to be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes. In addition to the information in Section VI the Town may require additional financial forecasts and feasibility reports to support the Financial Plan.

**Gallagher Adjustment:** means, if, on or after January 1, 2014, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the Maximum Aggregate Mill Levy may be increased or decreased to reflect such changes, such increases and decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the applicable mill levy, as adjusted for changes occurring after January 1, 2014, are neither diminished nor enhanced as a result of such changes.
For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

**Inclusion Area Boundaries:** means the boundaries of the area described in the Inclusion Area Boundary Map which depicts only property contained within the Project as outlined in the Approved Development Plan.

**Maximum Aggregate Mill Levy:** means the maximum mill levy the Districts are permitted to impose for payment of Debt, capital improvements administration, operations, and maintenance expenses as set forth in Section VI.C. below.

**Maximum Debt Mill Levy:** means the maximum mill levy the Districts are permitted to impose for payment of Debt as set forth in Section VI.C below.

**Maximum Debt Mill Levy Imposition Term:** means the maximum term for imposition of a mill levy on a particular property developed for residential uses as set forth in Section VI.D below.

**Maximum Operations and Maintenance Mill Levy:** means the maximum mill levy the Districts are permitted to impose for payment of operations as set forth in Section VI.C. below.

**New District Inclusion Area Boundary Map:** means the map attached hereto as Exhibit C, describing the property proposed for inclusion within one, but not any more than one, of the boundaries of the Districts.

**Project:** means the development or property commonly referred to as Serratoga Falls.

**Public Improvements:** means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act and listed on Exhibit E, except as specifically limited in Section V below, to serve the future taxpayers and inhabitants of the Service Area as determined by the Boards of the Districts.

**Service Area:** means the property within the New District and Inclusion Area Boundary Map.

**Service Plan:** means this service plan for the Districts approved by Town Council.

**Service Plan Amendment:** means an amendment to the Service Plan approved by Town Council in accordance with the Town’s ordinance and the applicable state law.

**Special District Act:** means Section 32-1-101, et seq., of the Colorado Revised Statutes, as amended from time to time.

**State:** means the State of Colorado.
**Taxable Property:** means real or personal property within the Service Area subject to ad valorem taxes imposed by the Districts.

**Town:** means the Town of Timnath, Colorado.

**Town Code:** means the Town Code of the Town of Timnath, Colorado.

**Town Council:** means the Town Council of the Town of Timnath, Colorado.

### III. BOUNDARIES

The area of the District 3 boundaries includes approximately three (3) acres and the total area proposed to be included in the New District Inclusion Area Boundaries is approximately three hundred and thirty one (331) acres. A legal description of the Initial District Boundaries and the Inclusion Area Boundaries is attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B. A map of the New District and Inclusion Area Boundaries is attached hereto as Exhibit C. It is anticipated that the Districts’ boundaries may change from time to time as they undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Section V below.

### IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately three hundred and thirty four (334) acres of residential and commercial land. The current assessed valuation of the Service Area is $0.00 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the Districts at build-out is estimated to be approximately one thousand five hundred (1500) people based on the proposed number of units in the Districts and 3 persons per unit.

Approval of this Service Plan by the Town does not imply approval of the development of a specific area within the Districts, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Service Plan or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

### V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

#### A. Powers of the Districts and Service Plan Amendment

The Districts shall have the power and authority to provide the Public Improvements and limited operation and maintenance services within and, if pursuant to an Approved Development Plan, without the boundaries of the Districts as such power and authority is described in the Special District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. **Operations and Maintenance Limitation.** The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public
Improvements. The Districts shall dedicate the Public Improvements to the Town or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall operate and maintain all trails and related amenities within the Districts and the Inclusion Area Boundary pursuant to an intergovernmental agreement with the Town, which shall be executed at the first meeting of the Districts after approval of this Service Plan. Operational activities for other Public Improvements not dedicated to another entity are allowed subject to entering into an intergovernmental agreement with the Town allowing the Town to set minimum standards for maintenance. All parks and trails shall be open to the general public, including Town residents who do not reside in the Districts, free of charge. Any Fee imposed by the Districts for access to recreation improvements owned by the Districts, other than parks and trails, shall not result in Town residents who reside outside the Districts paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative Fee as necessary to cover additional expenses associated with use of District recreational improvements, other than parks and trails, by Town residents who do not reside in the Districts to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed a reasonable annual market fee for users of such facilities. All operations and maintenance Fees and Fee increases shall be subject to review and approval by the Town.

2. **Fire Protection Limitation.** The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the Town. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. **Television Relay and Translation Limitation.** The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the Town.

4. **Construction Standards Limitation.** The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction. The Districts will obtain the Town's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

5. **Financial Advisor Certification.** Prior to the issuance of any privately placed Debt, the Districts shall obtain the certification of an External Financial Advisor approved by the Town, in form substantially as follows:

We are [I am] an External Financial Advisor within the meaning of the Districts’ Service Plan.
We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the Districts.

The Districts’ shall submit notice to the Town Manager of the proposed External Financial Advisor which shall either be approved or objected to within ten (10) days of the selection of an External Financial Advisor. If the Town Manager does not object to such selection within the ten (10) day period, the Town Manager’s approval shall be deemed to have been given.

6. **Inclusion Limitation.** The Districts shall not include within their boundaries any property outside the Inclusion Area Boundaries. The Districts shall not include within any of their boundaries any property inside the Inclusion Area Boundaries without advance notice to the Town. No property will be included within any district at any time unless such property has been annexed into the Town’s corporate limits.

7. **Exclusion Limitation.** The Districts shall include all property with the Inclusion Area by September 1, 2015 and shall not exclude from their boundaries thereafter any property within the Inclusion Area Boundaries which would result in the property not being within the boundaries of one of the Districts without the prior written consent of the Town. Unless consented to by the Town, The Districts shall follow the procedure for exclusion of property as provided in Section 32-1-502, C.R.S.

8. **Overlap Limitation.** The boundaries of the Districts shall not overlap unless the aggregate mill levies within the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy, the Maximum Operations and Maintenance Mill Levy, and the Maximum Aggregate Mill Levy, respectively. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for the districts will not at any time exceed the Maximum Debt Mill Levy, Maximum Operations and Maintenance Mill Levy, and the Maximum Aggregate Mill Levy, respectively.

9. **Initial Debt Limitation.** On or before the effective date of approval by the Town of an Approved Development Plan, the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Fees used for the purpose of repayment of Debt. This requirement may be waived by administrative action of the Town.

10. **Total Debt Issuance Limitation.** The Districts shall not issue Debt in excess of Sixteen Million Dollars ($16,000,000).

11. **Fee Limitation.** The Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. Any
operations and maintenance Fees and Fee Increases not specifically listed herein shall be subject to review and written approval by the Town, either administratively or by formal action of Town Council, at the discretion of the Town Manager. If the Town does not respond to a request for the imposition of an operations and maintenance Fee or Fee Increase within thirty (30) days of receipt of a written request, the Town shall be deemed to have waived its approval authority with respect to the requested operations and maintenance Fee or Fee Increase. Any operation and maintenance Fee imposed without approval as set forth herein shall constitute a material departure from the Service Plan. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from owners of Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a direct capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the restrictions in this section related to capital fees charged to End Users shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. **Monies from Other Governmental Sources.** The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the Town is eligible to apply for, except pursuant to an intergovernmental agreement with the Town. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

13. **Consolidation Limitation.** The Districts shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the Town, unless such consolidation is with themselves and/or District No. 2.

14. **Bankruptcy Limitation.** All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Operations Mill Levy, Maximum Aggregate Mill Levy, Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term, and the Fees have been established under the authority of the Town to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

   (a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

   (b) Are, together with all other requirements of Colorado law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

The filing of any bankruptcy petition by the Districts shall constitute, simultaneously with such filing, a material departure of the express terms of this Service Plan, and thus an express violation of the conditional approval of this Service Plan.
15. **Water Rights/Resources Limitation.** The Districts shall not acquire, own, manage, adjudicate or develop water rights or resources except as otherwise provided pursuant to an intergovernmental agreement with the Town. [add to IGA if applicable]

16. **Extraterritorial Service/Improvements Limitation.** The Districts shall not provide any extraterritorial service or public improvements without Town consent, which may be obtained administratively, in writing, from the Town Manager. [add to IGA if applicable]

17. **Eminent Domain Limitation.** The Districts shall be authorized to utilize the power of eminent domain after entering into a written agreement with the Town.

18. **Covenant Enforcement/Design Review.** The Districts shall provide all community functions authorized by covenants, conditions and restrictions including the Covenant Enforcement and Design Review Services for the Project, unless otherwise provided pursuant to an intergovernmental agreement with the Town. The Districts shall not impose assessments to fund Covenant Enforcement and Design Review Services, but the Districts shall be authorized to impose Fees to defray the costs of such Services. The Districts shall be authorized to contract among themselves to assign responsibility for Covenant Enforcement and Design Review Services.

19. **Financial Review.** The Town shall be permitted to conduct periodic reviews of the financial powers of the Districts in the service plan at its discretion, including more frequently than the so-called “quinquennial” review contemplated by CRS Section 32-1-1101.5. Within sixty days of receipt of notice of the Town’s intent to conduct such a financial review, the Districts shall submit to the Town an application for a finding of reasonable due diligence setting forth the amount of the Districts’ authorized but unissued general obligation debt, any current or anticipated plan to issue such debt, a copy of each District’s last audit or audit exemption, and any other information required by the Town relevant to making its determination of due diligence as provided below. The Town’s procedures for conducting a financial review under this Paragraph 19, and the remedies available to the Town as a result of such financial review shall be identical to those provided for in CRS Section 32-1-1101.5(2).

**B. Service Plan Amendment Requirement.**

This Service Plan has been designed with sufficient flexibility to enable the Districts to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the Districts which violate the limitations set forth in V.A above or in VI.A-I. shall be deemed to be material modifications to this Service Plan and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts, including the remedy of enjoining the issuance of additional authorized but unissued debt, until such material modification is remedied.

**C. Preliminary Engineering Survey.**

The Districts shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements within and without the boundaries of the Districts as set forth on Exhibit E, to be more specifically defined in an Approved Development Plan. An estimate of the costs of the Public
Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately Thirteen Million Dollars ($13,000,000).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town, or any other appropriate entity providing a service the Town does not provide, and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

D. Multiple District Structure.

It is anticipated that the Districts, collectively, will undertake the financing and construction of the improvements contemplated herein. Specifically, the Districts shall enter into an intergovernmental agreement which shall govern the relationships between and among the Districts with respect to the financing, construction and operation of the improvements contemplated herein. The Districts will establish a mechanism whereby any one or more of the Districts may separately or cooperatively fund, construct, install and operate the improvements.

VI. FINANCIAL PLAN

A. General.

The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the Districts. The Financial Plan for the Districts shall be to issue such Debt as the Districts can reasonably pay within the Maximum Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed Sixteen Million Dollars ($16,000,000) and shall be permitted to be issued on a schedule and in such year or years as the Districts determines shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. All Bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time, subject to the limits in this Service Plan. In addition to the information in this Section VI, the Town may require additional financial forecasts and feasibility reports.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. All debt-related election ballot questions shall provide that in the event of a default, the proposed maximum interest rate on any Debt shall not exceed eighteen percent (18%).
debt-related election ballot questions shall provide that the proposed maximum underwriting discount for Debt will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Service Plan, State law and Federal law as then applicable to the issuance of public securities. All debt-related election ballot questions shall be drafted so as to limit each District’s debt service mill levy to the Maximum Debt Mill Levy. Prior to any election to authorize the issuance of debt, each district shall cause a letter prepared by an attorney licensed in the State of Colorado to be provided to the Town opining that the requirements of this paragraph have been satisfied. Failure to observe the requirements established in this paragraph shall constitute a material modification under the Service Plan and shall entitle the Town to all remedies available at law and in equity, including the remedies provided for in Section V(19), herein.

C. Maximum Mill Levies.

1. The Maximum Debt Mill Levy shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be fifty (50) mills. If there are changes in the method of calculating assessed valuation or any constitutionally mandated or statutorily authorized tax credit, cut or abatement, the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2014, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

2. The Maximum Operations and Maintenance Mill Levy shall be the maximum mill levy the Districts are permitted to impose upon the taxable property within the Districts for payment of administration, operations, maintenance, and capital costs, and shall be fifty (50) mills. If there are changes in the method of calculating assessed valuation or any constitutionally mandated or statutorily authorized tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2014, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation.

3. The Maximum Aggregate Mill Levy shall be the maximum combined mill levy a District is permitted to impose upon the taxable property within the District for payment of all expense categories, including but not limited to: Debt, capital costs, and administration, operations, and maintenance costs, and shall be fifty (50) mills. However, if, on or after January 1, 2014, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the preceding mill levy limitations may be increased or decreased to reflect such changes, with such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the
actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2014, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. Except as provided in this paragraph, the provisions below, or pursuant to separate intergovernmental agreement entered into with the Town under extraordinary circumstances, the Maximum Aggregate Mill Levy shall not be exceeded under any circumstances. Imposition by a District of a mill levy in excess of this limitation shall constitute a material departure from this Service Plan.

4. If the total amount of aggregate Debt of a District exceeds fifty percent (50%) of that District's assessed valuation, the Maximum Debt Mill Levy shall be fifty (50) mills; provided that if the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement is changed by law; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2014, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation. If the total amount of aggregate Debt of a District is equal to or less than fifty percent (50%) of that District’s assessed valuation, either on the date of issuance or at any time thereafter, the Maximum Debt Mill Levy, the Maximum Operations and Maintenance Mill Levy, and the Maximum Aggregate Mill Levy will each be increased to sixty (60) mills.

5. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.4. above, so that the Districts are entitled to pledge to their debt service payments the increased Maximum Debt Mill Levy as described above, the Districts may provide that such Debt shall remain secured by the increased Maximum Debt Mill Levy as described above, notwithstanding any subsequent change in the Districts’ Debt to assessed ratio. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

6. To the extent that a District is composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term “District” as used herein shall be deemed to refer to each District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

7. Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Service Plan Amendment.
D. **Maximum Debt Mill Levy Imposition Term.**

No District shall have any authority to impose or collect any mill levy, fee, charge, rate, toll or any other financial burden on property or persons for repayment of any and all Debt (or use the proceeds hereof for repayment of Debt) on any single property developed for residential uses which exceeds forty (40) years after the year of the initial imposition of a debt service mill levy by the District in which such property is located, unless a majority of the Board are residents of the District and the Board shall have voted in favor of a refunding of a part or all of the Debt. At the end of the forty (40) year term any and all debt that has not been paid shall be forgiven. [may form multiple financing districts to address phasing issues].

E. **Debt Repayment Sources.**

The Districts may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service and for operations and maintenance. The Districts may also rely upon various other revenue sources authorized by law. At the Districts' discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(I), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the Districts exceed the Maximum Debt Mill Levy or, the Maximum Debt Mill Levy Imposition Term.

F. **Debt Instrument Disclosure Requirement.**

In the text of each Bond and any other instrument representing and constituting Debt, the Districts shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Service Plan for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the Districts.

G. **Security for Debt.**

The Districts shall not pledge any revenue or property of the Town as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the Town of payment of any of the Districts’ obligations; nor shall anything in the Service Plan be construed so as to create any responsibility or liability on the part of the Town in the event of default by the Districts in the payment of any such obligation.
H. **TABOR Compliance.**

The Districts will comply with the provisions of TABOR. In the discretion of the Board, of any one or all of the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by the Districts will remain under the control of the Districts’ Boards.

I. **District Operating Costs.**

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts’ organization and initial operations, are anticipated to be Two Million Five Hundred Thousand Dollars ($2,500,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year’s operating budget is estimated to be One Hundred Fifty Thousand Dollars ($150,000) which is anticipated to be derived from property taxes and other revenues.

**VII. ANNUAL REPORT**

A. **General.**

The Districts shall be responsible for submitting an annual report to the Town Manager’s Office no later than August 1st of each year following the year in which the Order and Decree creating the Districts has been issued.

B. **Reporting of Significant Events.**

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the Districts’ boundary as of December 31 of the prior year.

2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the prior year.

3. Copies of the Districts’ rules and regulations, if any as of December 31 of the prior year.

4. A summary of any litigation which involves the Public Improvements as of December 31 of the prior year.

5. Status of the Districts’ construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the Districts that have been dedicated to and accepted by the Town as of December 31 of the prior year.

7. The assessed valuation of the Districts for the current year.

8. Current year budget including a description of the Public Improvements to be constructed in such year.

9. Audit of the Districts', and any entity formed by one or more of the Districts, financial statements, for the year ending December 31 of the previous year, prepared in accordance with generally accepted accounting principles or audit exemption, if applicable.

10. Notice of any uncured events of default by any of the Districts, which continue beyond a ninety (90) day period, under any Debt instrument.

11. Any inability of a District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

In addition to the annual report, the Districts will be required to submit to a periodic review, unlimited in scope, as provided for in Section V(19) herein.

VIII. DISSOLUTION

Upon an independent determination by the Town Council that the purposes for which a District was created have been accomplished, all powers contained in the service plan will be suspended except as necessary to develop and propose a plan for dissolution and to conduct all proceedings required for the dissolution, including an election, if necessary. The Districts agree to file petitions and a plan for dissolution with the Town for review and approval before filing said documents in the appropriate district court in accordance with §32-1-701 et seq. C.R.S.

IX. DISCLOSURE TO PURCHASERS

The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Aggregate Mill Levy, as well as a general description of the Districts’ authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the Town prior to the initial issuance of the Debt of the District imposing the mill levy which is the subject of the Maximum Aggregate Mill Levy.

X. INTERGOVERNMENTAL AGREEMENTS

The form of the intergovernmental agreement, relating to the limitations imposed on the Districts’ activities, is attached hereto as Exhibit D. The Districts shall approve the intergovernmental agreement in the attached form at its first Board meeting after its organizational election. Failure of the Districts to execute the intergovernmental agreement as required herein shall constitute a material modification and shall require a Service Plan Amendment. The Town Council shall approve the intergovernmental agreement in the attached form at the public hearing approving the Service Plan. Any determination by a court of
competent jurisdiction that such intergovernmental agreement is invalid, nonbinding, or unenforceable in any material degree shall be deemed a material departure from the express terms of this Service Plan.

A form of intergovernmental agreement between the Districts and Serratoga Falls Metropolitan District No. 2 relating to the sharing of costs and coordination of services is attached hereto as Exhibit G.

A form of intergovernmental agreement between the District No. 1 and District No. 3 relating to the sharing of costs and coordination of services is attached hereto as Exhibit H.

All intergovernmental agreements must be submitted to the Town for review and approval by the Town before execution by the Districts.

XI. CONCLUSION

It is submitted that this Service Plan for the Districts, as required by Section 32-1-203(2), C.R.S., establishes that:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;

2. The existing service in the area to be served by the Districts is inadequate for present and projected needs;

3. The Districts is capable of providing economical and sufficient service to the area within its proposed boundaries; and

4. The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

5. Adequate service is not, and will not be, available to the area through the Town or county or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

6. The facility and service standards of the Districts are compatible with the facility and service standards of the Town within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.

7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the Town Code.

8. The proposal is in compliance with any duly adopted Town, regional or state long-range water quality management plan for the area.

9. The creation of the Districts is in the best interests of the area proposed to be served.
EXHIBIT A

Legal Descriptions
LEGAL DESCRIPTION--SERRATOGA METRO DISTRICT 1

A PARCEL OF LAND LOCATED IN SECTION 14, TOWNSHIP 7 NORTH, RANGE 26 WEST OF THE SIXTH PRINCIPAL MERIDIAN TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:


THENCE ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER, N08°40'41"W 1,584.49 FEET TO THE TRUE POINT OF BEGINNING.

THENCE N88°03'06"W, 264.17 FEET; THENCE S31°20'12"E, 160.00 FEET; THENCE N28°49'26"E, 120.00 FEET; THENCE S77°30'03"E, 133.00 FEET; THENCE S08°39'15"E, 369.27 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 1.53 ACRES (6,310 SQUARE FEET) MORE OR LESS AND IS SUBJECT TO ALL RIGHTS-O-F-WAY, EASEMENTS, AND RESTRICTIONS OF RECORD, OR THAT NOW EXIST ON THE GROUND.
LEGAL DESCRIPTION-SERRATOGA METRO DISTRICT 3

A PARCEL OF LAND LOCATED IN SECTION 14, TOWNSHIP 7 NORTH, RANGE 86 WEST OF THE 86TH PRINCIPAL MERIDIAN; TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 14 AND CONSIDERING THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 14 TO HAVE A BEARING OF N60°46'34"W, SAID BEARING BEING A GRID BEARING OF THE COLORADO STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NORTH AMERICAN DATUM 1983, WITH ALL OTHER BEARINGS CONTAINED HEREBIN RELATIVE THERETO. SAID POINT BEING THE TRUE POINT OF BEGINNING.

THENCE ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER, N00°47'15"W 22.11 FEET TO A POINT ON THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED OCTOBER 25, 1960 IN BOOK 28 ON PAGE 624 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER;
THENCE N59°46'17"E, 203.65 FEET; THENCE N60°11'36"E, 64.00 FEET; THENCE S60°46'17"E, 227.15 FEET; THENCE N60°08'14"W, 682.76 FEET; THENCE N69°07'36"E, 308.74 FEET; THENCE S69°33'34"E, 645.58 FEET; THENCE E00°49'34"E, 468.66 FEET; E00°11'36"W, 401.67 FEET; N60°46'34"W, 1,269.98 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 15.48 ACRES (672,927 SQUARE FEET) MORE OR LESS AND IS SUBJECT TO ALL RIGHTS-OF-WAY, EASEMENTS, AND RESTRICTIONS OF RECORD, OR THAT NOW EXIST ON THE GROUND.
DISTRICT NO. 3
(INCLUSION AREA)
TRACTS B, D, E, AND F
SERRATOGA FALLS FILING NO. 1
SECTION 14, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF TIMNATH, COLORADO
EXHIBIT B

Timnath Vicinity Map
EXHIBIT B

Tinmath Vicinity Map
EXHIBIT C

New District and Inclusion Area Boundary Map
EXHIBIT C
New District and Inclusion Area Boundary Map
EXHIBIT D

Intergovernmental Agreement between the Districts and Timnath
INTERGOVERNMENTAL AGREEMENT BETWEEN
THE TOWN OF TIMNATH, COLORADO
AND
SERRATOGA FALLS METROPOLITAN DISTRICT NOS. 1 AND 3

THIS AGREEMENT is made and entered into as of this ___ day of __________, 2016, by and between the TOWN OF TIMNATH, a home-rule municipal corporation of the State of Colorado ("Town"), and SERRATOGA FALLS METROPOLITAN DISTRICT NOS. 1 AND 3, quasi-municipal corporations and political subdivisions of the State of Colorado (the "Districts"). The Town and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts' Service Plan approved by the Town on ________________ ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the Town and the Districts, as required by the Timnath Town Code; and

WHEREAS, the Town and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the Town or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall operate and maintain all trails and related amenities pursuant to an intergovernmental agreement with the Town, which shall be executed at the first meeting of the Districts after approval of this service plan. Operational activities for other Public Improvements not dedicated to another entity are allowed subject to entering into an intergovernmental agreement with the Town allowing the Town to set minimum standards for maintenance. Any Fee imposed by the Districts for access to recreation improvements owned by the Districts shall not result in Town residents who reside outside the Districts paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an
administrative Fee as necessary to cover additional expenses associated with use of District park and recreational improvements by Town residents who do not reside in the Districts to ensure that such costs are not the responsibility of a District's residents, provided that such administrative Fee shall not result in Town residents who reside outside the Districts paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. All such Fees shall be based upon the District's determination that such Fees do not exceed a reasonable annual market fee for users of such facilities. All operations and maintenance Fees and Fee increases shall be subject to review and approval by the Town. Notwithstanding the foregoing, all parks and trails shall be open to the general public, including Town residents who do not reside in the Districts, free of charge.

2. **Service Plan.** The Districts shall not take any action, including without limitation the issuance of any obligations or the imposition of any tax or fee, which would constitute material modification of the Service Plan as set forth in Section 32-1-207(2), C.R.S. Actions of the Districts which violate any restriction set forth in the Service Plan constitute a material modification of the Service Plan that shall be a default under this Agreement, and shall entitle the Town to protect and enforce its rights under this Agreement by such suit, action, or special proceedings as the Town deems appropriate. It is intended that the contractual remedies herein shall be in addition to any remedies the Town may have or actions the Town may bring under Section 32-1-207, C.R.S., or any other applicable statute. The Town may impose any sanctions allowed by the Timnath Municipal Code or statute. Nothing herein is intended to modify or prevent the use of the provisions of Section 32-1-207(3)(b), C.R.S, however, the time limits of Section 32-1-207(3)(b), C.R.S., are expressly waived by the Districts.

The Service Plan grants authority to the Districts to construct some or all of the Public Improvements identified herein. If the Districts elect not to provide certain of the Public Improvements that are part of an Approved Development Plan, the Districts shall notify the Town in writing of such election whereupon the Town shall have 30 days to provide a letter to the Districts that such election does not constitute a material modification hereof or to otherwise advise the Districts of the obligation to seek a formal amendment to this Service Plan. If the Town determines that such election does not constitute a material modification hereof, the Districts shall submit a written modification of this Service Plan to the Town for administrative approval as a non-material modification whereupon the authority of the Districts to provide such Public Improvements shall be deemed stricken from the Service Plan.

3. **Water Rights.** District No. 1 will own and control raw water rights and will manage the non-potable water system which will provide irrigation water to the common areas of the community and to individual lot owners for the irrigation of their lawns and on-site landscaping.

4. **Intergovernmental and Interagency Agreements.**

   a. Cache La Poudre Ditch Company. The Districts, or either of them are permitted without further oversight by the Town to enter into an agreement with the Cache La Poudre Irrigating Company for mitigation of operations and maintenance costs potentially resulting from the Districts' relocation of the Cache La Poudre ditch to accommodate street construction.
b. Magellan Gas Line. The Districts, or either of them are permitted without further oversight by the Town to enter into an agreement with Magellan Midstream Partners for mitigation of operations and maintenance costs potentially resulting from the Districts’ burying a gas pipeline deeper than Magellan’s specified maximum cover to accommodate street and utility line construction.

5. Condemnation. In order to better serve the Serratoga Falls community, District No. 1 shall have the limited authority, after the necessary good faith negotiations as required by Colorado law:
   a. to condemn portions of the current Kiefer/Glover Ditch, East Ditch Lateral, Cache La Poudre Ditch and property located immediately adjacent to them, either in fee simple or easement, so long as such condemnation preserves the ditch owners’ rights to receive their pro rata portion of their decreed water rights that have been historically diverted through the lateral.
   b. for actions not described in 5.a., above, to exercise the District’s statutory powers of condemnation only after presentation to the Town Council of a request to do so which the Town Council may grant or deny in the exercise of its sole discretion.

6. HOA Duties. District No. 1 is charged in the applicable covenant, conditions and restrictions with the right and responsibility to act as the declarant’s representative in the matter of enforcing the same and administering design review services to the extent that the declarant does not and after the declarant’s departure.

7. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

   To the Districts: Serratoga Falls Metropolitan District Nos. 1 and 3
c/o Community Resource Services of Colorado, LLC
7995 E. Prentice Avenue, Suite 103 E
Greenwood Village, CO 80111
Attn: Kurt Schlegel
Phone: (303) 381-4968

   To the Town: Attn: Town Manager
Town of Timnath
4800 Goodman Street
Timnath, CO 80547
Phone: (970) 224-3211
All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

8. **Amendment.** This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

9. **Assignment.** Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

10. **Default/Remedies.** In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

11. **Governing Law and Venue.** This Agreement shall be governed and construed under the laws of the State of Colorado.

12. **Inurement.** Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

13. **Integration.** This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

14. **Parties Interested Herein.** Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the Town shall be for the sole and exclusive benefit of the Districts and the Town.

15. **Severability.** If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

503808-13
16. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

17. **Paragraph Headings.** Paragraph headings are inserted for convenience of reference only.

18. **Defined Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

SERRATOGA FALLS METROPOLITAN
DISTRICT NOS. 1 AND 3

By: ________________________________
President

Attest:

_______________________________
Secretary

TOWN OF TIMNATH, COLORADO

By: ________________________________
Mayor

Attest:

By: ________________________________
Its: ________________________________

APPROVED AS TO FORM: ________________________________
EXHIBIT E

PUBLIC IMPROVEMENTS
### On-Site Utilities

#### Water

<table>
<thead>
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<th>Quantity</th>
<th>Phase 1 Quantity</th>
<th>Phase 2 Quantity</th>
<th>Phase 3 Quantity</th>
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<tr>
<td>Water main (12&quot; pvc)</td>
<td>1,980</td>
<td>144,296</td>
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<td>Water main (8&quot; pvc)</td>
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<td>8&quot; Bends/Fittings</td>
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<td>12&quot; Valves</td>
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<td>8&quot; Valves</td>
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<td>1/2&quot; Service Connection</td>
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#### Sewer

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<td>Sewer Main (12&quot; PVC)</td>
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#### Subdrain

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<tbody>
<tr>
<td>8&quot; PVC (Joint Trench w/ Sewer)</td>
<td>4,046</td>
<td>196,772</td>
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<td>8&quot; PVC (Filing One)</td>
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#### Storm

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<td>Concrete Pond Outlet</td>
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#### Cost of Utilities, Inflation, etc.

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<th>Quantity</th>
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<th>Phase 3 Quantity</th>
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<th>Phase 5 Quantity</th>
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<tbody>
<tr>
<td>Total On-Site Utilities</td>
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<td>30&quot; Vertical Curb &amp; Gutter</td>
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<td>8&quot; Concrete Trail</td>
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<td>Asphalt (Collector)</td>
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#### Total On-Site Paving

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<th>Phase 3 Quantity</th>
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<th>Phase 5 Quantity</th>
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<tr>
<td>1,029,193</td>
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#### Total On-Site Improvements - Filing 2

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<th>Phase 3 Quantity</th>
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<tbody>
<tr>
<td>3,563,670</td>
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### Off-Site Utilities Schedule of Values

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<th>Off-Site Utilities</th>
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<th>Quantity</th>
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<th>Quantity</th>
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<th>Quantity</th>
<th>Phase 4</th>
<th>Quantity</th>
<th>Phase 5</th>
<th>Quantity</th>
<th>Project Total</th>
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<tbody>
<tr>
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<th>Quantity</th>
<th>Phase 4</th>
<th>Quantity</th>
<th>Phase 5</th>
<th>Quantity</th>
<th>Project Total</th>
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<tbody>
<tr>
<td><strong>Off-Site Paving</strong></td>
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<tr>
<td>Full Depth Asphalt (6&quot; Asph/8&quot; ABC)</td>
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<th>Unit Cost</th>
<th>Quantity</th>
<th>Phase 1</th>
<th>Quantity</th>
<th>Phase 2</th>
<th>Quantity</th>
<th>Phase 3</th>
<th>Quantity</th>
<th>Phase 4</th>
<th>Quantity</th>
<th>Phase 5</th>
<th>Quantity</th>
<th>Project Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Off-Site Improvements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,542,865</td>
</tr>
</tbody>
</table>

---

**Saratoga Falls - Filing 2**  
**Subdivision Improvement Agreement Exhibit C**  
**Off-Site Improvements Schedule of Values**  
**Based on Civil Design plans prepared by Northern Engineering dated March 15, 2016**
### Landscape Schedule of Values

Based on Landscape plans prepared by TB Group dated April 3, 2015

<table>
<thead>
<tr>
<th>Landscaping</th>
<th>Unit</th>
<th>Unit Cost</th>
<th>Quantity</th>
<th>PHASE 1 TOTAL COST</th>
<th>PHASE 2 TOTAL COST</th>
<th>PHASE 3 TOTAL COST</th>
<th>PHASE 4 TOTAL COST</th>
<th>PHASE 5 TOTAL COST</th>
<th>Project Total TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil Prep</td>
<td>SF</td>
<td>0.22</td>
<td>1,248,239</td>
<td>274,610.15</td>
<td>559,190</td>
<td>123,021.60</td>
<td>71,224.56</td>
<td>14,697.08</td>
<td>557,714</td>
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<tr>
<td>Irrigation System - Turf</td>
<td>SF</td>
<td>0.42</td>
<td>311,123</td>
<td>130,671.66</td>
<td>27,466</td>
<td>11,535.72</td>
<td>318,262</td>
<td>42,525</td>
<td>193,013</td>
</tr>
<tr>
<td>Irrigation System - Shrub Beds</td>
<td>SF</td>
<td>0.42</td>
<td>39,836</td>
<td>16,731.12</td>
<td>2,078</td>
<td>672.76</td>
<td>5,486</td>
<td>2,304.12</td>
<td>2,409</td>
</tr>
<tr>
<td>Trees (with prep)</td>
<td>EA</td>
<td>350.00</td>
<td>300</td>
<td>105,000.00</td>
<td>37</td>
<td>12,950.00</td>
<td>139</td>
<td>48,650.00</td>
<td>36</td>
</tr>
<tr>
<td>Shrub &amp; Ornamental Grasses (with prep)</td>
<td>EA</td>
<td>45.00</td>
<td>1,871</td>
<td>84,195.00</td>
<td>146</td>
<td>6,570.00</td>
<td>302</td>
<td>13,580.00</td>
<td>137</td>
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<tr>
<td>Rock Mulch (with prep)(washed river rock)</td>
<td>TON</td>
<td>100.00</td>
<td>497.95</td>
<td>49,795.00</td>
<td>25.98</td>
<td>2,937.50</td>
<td>68.58</td>
<td>6,857.50</td>
<td>50.11</td>
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<tr>
<td>Sod</td>
<td>SF</td>
<td>0.25</td>
<td>311,123</td>
<td>77,780.75</td>
<td>27,466</td>
<td>6,866.50</td>
<td>318,262</td>
<td>79,565.50</td>
<td>42,525</td>
</tr>
<tr>
<td>Native Seed</td>
<td>SF</td>
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<td>897,269</td>
<td>107,672.28</td>
<td>529,646</td>
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<td>Steel Edging</td>
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<td>3,686.00</td>
<td>181</td>
<td>271.5</td>
<td>378</td>
<td>567</td>
<td>173</td>
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<tr>
<td>Landscape Fabric</td>
<td>SF</td>
<td>0.17</td>
<td>39,836</td>
<td>6,772.12</td>
<td>2,078</td>
<td>363.26</td>
<td>5,486</td>
<td>932.62</td>
<td>2,409</td>
</tr>
</tbody>
</table>

**Total Landscaping**

$ 856,918.08 $ 228,596.56 $ 357,381.34 $ 61,424.76 $ 469,975.19 $ 1,974,275.94
EXHIBIT F

NBH Term Sheet
June 3, 2016

Saratoga Falls Metropolitan Districts Nos. 1 and 3
c/o David Grether
Collins Cockrell & Cole
380 Union Boulevard, Suite 400
Denver, Colorado 80226

Saratoga Falls Metropolitan District No. 2
c/o Deborah Early
Icencaga Seaver Pogue
4725 South Monaco Street, Suite 225
Denver, Colorado 80237

Dear Mr. Grether and Ms. Early,

On behalf of NBH Capital Finance ("NBHCF"), I am pleased to present you with the following Summary of Indicative Terms and Conditions. This Summary has been provided for the sole use of the Districts and Districts' paid advisors. The information contained in this document is confidential and proprietary to NBH N.A. and its affiliates, and cannot be disclosed to any third party without prior written consent of the Bank.

The terms and general conditions of the proposed facility are detailed below. Please note that this proposal is for discussion purposes and has not been formally approved nor is it intended to imply that a formal commitment will be approved. We look forward to discussing this proposal after you have had adequate time to review.

Please do not hesitate to contact us with any questions or comments about our proposal. We look forward to speaking with you soon.

Sincerely,

Jason Legg
(720) 529-3308
jlegg@nbhbank.com
Borrower: Serratoga Falls Metropolitan District Nos. 2 and 3 (individually, District No. 2 and District No. 3, and collectively, the "Borrowers").

Other: Serratoga Falls Metropolitan District No. 1 ("District No. 1," and together with District Nos. 2 and 3, the "Districts").

Lender: National Bank Holdings, N.A. (the "Bank" or "NBH").

Credit Facility: Series 2015A and Series 2015B tax-exempt, bank-qualified, limited tax general obligation bonds (the "Bonds").

Facility Amount: In the amount of $1,257,875, consisting of two bonds, in the approximate amounts of:

2. Series 2015B: $462,500 in limited tax general obligation bonds issued by District No. 3.

Purpose: The prior promissory notes (the "Notes") issued by the Districts and held by the Bank will be voided ab initio upon the Issuance of the Bonds.

Security: Senior pledge of revenues from the Borrowers' dedicated debt service mill levy of 25 mills (the "Debt Service Mill Levy"), which is senior to any other debt pledge of the Borrowers.

Maturity: 25 years from closing.

Amortization: Principal payments during the term of the Bonds will be paid annually on each December 1, subject to the Cash Flow Obligation described below, beginning on December 1, 2016. Any available revenues received under the Debt Service Mill Levy will be paid to the Bank on December 1 annually, and such revenues will be applied first to interest and then to principal.

Interest Rate: 4.5%

Interest shall be computed on the basis of a 360-day year and actual days elapsed. Interest shall be payable semi-annually in arrears on the first day of each June and December, beginning on June 1, 2016.

Cash Flow Obligation: The Borrowers will convey to the Bank all revenues received under the Debt Service Mill Levy, regardless of whether such revenues are greater than, less than, or equal to the debt service requirements.

Assignment: The Bonds will be freely assignable by the Bank without prior approval from the Borrowers, provided that notice of the assignment is given to the Borrowers.

Prepayment Option: Prepayable at any time without penalty at the option of the Borrowers.
Closing Fee: None.

Covenants:
1. The Borrowers shall impose the Debt Service Mill Levy to be used solely for the payment of the Bonds.
2. Revenues from the Debt Service Mill Levy may not be used to pay for operations and maintenance costs of the Districts, and any mill levy levied for payment of such costs must be separate from the Debt Service Mill Levy.

Additional debt: No additional debt secured by pledged revenue without Bank consent.

Reporting:
1. The Bank may, in its discretion, request audited financials for the Districts within the earlier of two weeks following completion or 210 days after fiscal year-end, where the costs associated with such audits will be payable from the Debt Service Mill Levy.
2. Annual budget financials for the Districts within 30 days of prior fiscal year-end.
3. Annual certification of assessed value and mill levies within 30 days of calendar year end.
4. Other financial information upon request.

Subject To:
2. Approval by the Town of Tinmith of an Amended and Restated Consolidated Service Plan for the Districts.

Fees, Expenses, & Indemnification: Bond counsel fees shall be split equally between the Bank and the Districts, provided that District No. 2 will capitalize its share of the bond counsel fees (approximately $7,875) into its Series 2015A Bond and District Nos. 1 and 3 will contribute approximately $4,625 in district funds towards its share of bond counsel fees at closing.
Exhibit G

Intergovernmental Agreement Between Serratoga Falls Metropolitan District No. 1, No. 3 and Serratoga Falls Metropolitan District No. 2
INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (the “IGA”) is made and entered into this __ day of __________, 2016, by and between SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1 (“District 1”) and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2 (“District 2”), quasi-municipal corporations of the State of Colorado (District 1 and District 2 collectively referred to herein as the “Districts”).

RECITALS

A. WHEREAS, the Districts were organized to provide public services and improvements pursuant to the Consolidated Service Plan of the Serratoga Falls Metropolitan District Nos. 1 - 3 dated March 9, 2006 (“Service Plan”); and

B. WHEREAS, the Districts and Serratoga Falls Metropolitan District No. 3 (“District 3”) are parties to an “Inter-District Intergovernmental Agreement” dated July 31, 2006 (the “Prior IGA”); and

C. WHEREAS, the development plans for property within District 2 and District 3 have changed and, with Town of Timnath approval, District 1 and District 3 have amended and restated, in part, the Service Plan, and, by separate document, District 2 has amended and restated in part the Service Plan (each amended Service Plan, the “Amended Service Plan”); and

D. WHEREAS, the terms of the Districts’ Amended Service Plans have made the Prior IGA obsolete as between District 1 and 2; and

E. WHEREAS, as between District 1 and District 2, the Districts wish to terminate the Prior IGA; and

F. WHEREAS, the Districts desire to set forth herein the terms and conditions upon which certain public improvements will be financed, funded, constructed, owned, operated and maintained; and

NOW, THEREFORE, in consideration of the foregoing recitals, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

TERMS AND CONDITIONS

1. Prior IGA Terminated. As related to District 2, the Prior IGA is terminated effective immediately (“Termination Date”). By limited joinder to this IGA, District 3 consents to the termination of the Prior IGA.

2. Transfer of Ownership of Improvements: On or before the execution of this IGA District 1 will:
a. Transfer to District 2 the ownership of Tracts A and C, Serratoga Falls First Filing, together with any associated personal property located thereon including without limitation shelters, playground equipment and landscaping improvements. The property shall be conveyed by a Bargain and Sale deed and Bill of Sale free and clear of all encumbrances. (Deed attached as Exhibit A-1; Bill of Sale attached as Exhibit A-2).

i. Following the transfer of Tract A, District 2 shall grant District 1 a perpetual access easement for the purpose of maintaining the "Entry Feature" as defined below. (Easement attached as Exhibit A-3).

b. Transfer to District 2 the entire non-potable irrigation system used to service Serratoga Falls First Filing except for those portions located upstream of the tee that diverts water to Filing 1 ("District 2 System") (District 2 System to be included in the Bill of Sale at Exhibit A-2).

c. District 1 will grant District 2 a perpetual easements for the operation and maintenance of the District 2 System, the Sidewalk and Open Space, perimeter split rail fence, and as otherwise needed (form of easement attached as Exhibit A-4).

d. Transfer to District 2 the ownership of the perimeter split rail fence adjacent to Serratoga Falls First Filing (split rail fence to be included in the Bill of Sale at Exhibit A-2).

3. Operation and Maintenance of Improvements. Except as provided herein, each District will operate and maintain all improvements owned by the District.

a. Entry Feature.

i. District 1 will operate and maintain the landscape improvements, medians, fountain and non-potable irrigation system located near the intersection of County Road 5 and Serratoga Falls Parkway (the "Entry Feature") as shown on the attached Exhibit B.

ii. District 2 will provide the water for the Entry Feature as part of its annual water use allocation.

b. Sidewalks and Open Space. District 2 will operate and maintain (including the irrigation of) the sidewalk, landscape and fencing (the "Sidewalks and Open Space") as shown on the attached Exhibit B.

4. Shared Costs

a. Pump House. District 2 shall pay a percentage of the Pump House Costs as follows:

1) "Pump House Costs" are the costs of the operation and maintenance, repair and replacement of the Pump House that provides non-potable water to the property within the Serratoga Falls Subdivision (Serratoga Falls Subdivision shown on the attached Exhibit C). Pump House Costs include the operation and maintenance costs of all
pumps in the Pump House and the Kitchell Reservoir agricultural pump and pipeline except for the initial costs related to the purchase and installation of a THIRD non-potable water pump expected to be installed in the future.

2) Calculation and Payment of Pump House Costs
   a) During any calendar year District 1 shall be responsible for advancing the Pump House Costs.
   
   b) Calculation of Percentage of Pump House Costs. The percentage of the Pump House Costs paid by District 2 shall be determined as follows: the volume of non-potable water used by the District 2 System divided by the total amount of non-potable water used by the Serratoga Falls Subdivision for a period beginning on January 1 and ending on December 31 of the same calendar year ("Allocation Percentage"). The Allocation Percentage shall be used to allocate the Pump House Costs for the following calendar year. All non-potable water use must be metered. District 1 shall track and record all water use.

3) Payment. District 1 shall invoice District 2 for the Pump House Costs advanced and paid by District 1 based on the applicable Allocation Percentage on March 31, June 30, September 30, and December 31, with payment due no later than 60 days from the date of the invoice.

4) The Pump House Costs is a calculation of a share of costs only, and shall not be construed or interpreted as a setting of water use rates by District 1. The calculation of Pump House Costs is solely a matter of contract and not an exercise by either Party of their legislative powers.
   
   b. Audit of Pump House Costs
      i. Either district may request an audit of the costs related to the Pump House Costs within 30 days of the date of the invoice for payment.

5. Additional Consideration. As additional consideration for this IGA, District 2 requires:

   a. Execution and recordation of the Transfer of Declarant Rights attached as Exhibit E.
   
   b. Execution and recordation of the Lease of Water Rights attached as Exhibit F.
   
   c. Payment to $15,000 to District 2 by Serratoga Falls, LLC no later than 30 days following the approval of the Districts’ amended service plans by the Town of Timnath.

6. Kitchell Recreation Agreement

   a. District 1 has entered into a Recreational Lease Agreement ("RLA") with Kitchell Reservoir Company ("Kitchell") pursuant to which District 1 is permitted to construct
and maintain certain recreational amenities at the Kitchell Reservoir for the benefit of the homeowners in the Serratoga Falls development. (RLA attached as Exhibit G).

b. District 2 may access the Kitchell Reservoir pursuant to the terms of the RLA upon payment to District 1 of 14.44% of the annual lease price. District 2 shall exercise its right to obtain access by providing notice to District 1 no later than November 15 for access the following calendar year (the "Access Year"). By exercising its right, District 2 also agrees that during the Access Year, it will:

i. maintain at its expense general liability insurance in an amount of at least One Million Dollars ($1,000,000.00) of coverage naming Kitchell as an additional member in the District 2's liability insurance pool.

c. Use of Kitchell Reservoir is subject to the Rules and Regulations on the use of Kitchell Reservoir and associated recreational facilities and subject to the terms of the RLA.

7. **Annual Appropriation.** District 1 and 2's obligations for payments under the IGA are subject to annual appropriation of funds and do not create a multi-fiscal year obligation.

8. **Assignment.** This IGA may not be assigned without the prior written consent of the parties.

9. **Termination.** This Agreement may be terminated at any time by mutual consent.

10. **Notices.** Any notices, demands, or other communications required or permitted to be given in writing hereunder shall be hand delivered, sent by facsimile, e-mail, or sent by First Class Mail, addressed to the Parties at the addresses set forth below, or at such other address as either party may hereafter designate by written notice to the other party given in accordance herewith.

To the District 2:

Serratoga Falls Metropolitan District No. 2  
c/o Seter & Vander Wall, P.C.  
7400 East Orchard Road, Suite 3300  
Greenwood Village, CO 80111  
Attn: Jeffrey E. Erb, Esq.  
T: (303) 770-2700  
F: (303) 770-2701  
e-mail: jerb@svwpc.com

To District 1:

c/o Spencer Fane LLP.  
1700 Lincoln Street, Suite 2000  
Denver, CO 80203  
Attn: Matt Dalton, Esq.
11. **Entire Agreement.** This IGA, including all Exhibits, constitutes the entire agreement between the Parties relating to the rights, duties, and obligations of each to the other as of the effective date of this IGA. Any prior agreements, promises, negotiations, or representations not expressly set forth in this IGA are of no force and effect. This IGA may not be modified except by a writing executed by both parties.

12. **Binding Agreement.** This Agreement shall inure to and be binding on the successors, and assigns of the Parties hereto.

13. **No Waiver.** No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any of the other provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

14. **Countersigns and Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

15. **Controlling Law and Venue.** This Agreement shall be governed by and construed in accordance with the law of the State of Colorado and any dispute shall be heard in the District Court for Larimer County, Colorado.

IN WITNESS WHEREOF, the Parties have executed this IGA effective the date first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.
SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1

Name: ____________________________
Title: ____________________________

Attest:

______________________________
Secretary/Assistant Secretary

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2

Name: ____________________________
Title: ____________________________

Attest:

______________________________
Secretary/Assistant Secretary

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Name: ____________________________
Title: ____________________________

Attest:

______________________________
Secretary/Assistant Secretary
EXHIBIT A-1

Bargain and Sale Deed for Transfer of Tracts A and C
QUIT CLAIM DEED

This DEED ("Deed") evidences a conveyance
by ___________________________ ("Grantor"), to Serratoga Falls Metropolitan
District No. 2, a quasi-municipal corporation and political subdivision of the State of
Colorado, whose address is c/o Seter & Vander Wall, P.C., 7400 East Orchard Road,
Suite 3300 Greenwood Village, CO 80111 ("Grantee").

Grantor, for a valuable consideration, the receipt and sufficiency of which is
hereby acknowledged, has remised, released, sold and QUITCLAIMED, and by these
presents does remise, release, sell and QUITCLAIM unto Grantee, its successors and
assigns forever, all the right, title, interest, claim and demand which Grantor has, if any,
in and to the real property, together with improvements thereof, located in Douglas
County, Colorado which is described as follows (the "Property");

Tracts A and C, Serratoga Fall First Filing, Town of Timnath, Colorado

TO HAVE AND TO HOLD the same, together with all and singular the
appurtenances and privileges thereunto belonging, or in anywise thereunto appertaining,
and all the estate, right, title, interest and claim whatsoever of Grantor, either in law or
equity, to the only proper use, benefit and behoof of Grantee, its successors and assigns
forever.

________________________

By: _______________________

Title: ______________________

STATE OF COLORADO )
COUNTY OF ___________ ) ss.

The foregoing instrument was acknowledged before me this ____ day of _____, 20___, by
_________________________ as ____________________ of,
_________________________ and Grantor.

Witness my hand and official seal.

My commission expires: __________________________

_________________________ Notary Public
ACKNOWLEDGMENT

Serratoga Falls Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado, hereby acknowledges the receipt of this QUIT CLAIM DEED, and the terms and conditions pursuant to which it has been delivered.

Serratoga Falls Metropolitan District No. 2
a quasi-municipal corporation and
political subdivision of the State of Colorado

By: ________________________________
Name: ________________________________
Title: ________________________________

STATE OF COLORADO  )
 ) ss.
COUNTY OF _______________  )

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by
____________________, known to me to be the duly authorized _______________ of the Serratoga
Falls Metropolitan District No. 2, a quasi-municipal corporation and political subdivision of the State of Colorado, and Grantee.

Witness my hand and official seal.

My commission expires: ________________________________

(SEAL) Notary Public
EXHIBIT A-2

Bill of Sale for Personal Property on Tracts A and C, District 2 System, and Perimeter Split-Rail Fence
BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS that SERRATOGA FALLS, LLC, a Colorado limited liability company whose address is 1530 16th Street, Suite 300, Denver, CO 80202, for good and valuable consideration paid at or before the delivery of these presents by the SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation of the State of Colorado whose address is c/o Seter & Vander Wall, P.C., 7400 E. Orchard Rd., Suite 3300, Greenwood Village, CO 80111 (the “Grantee”), the receipt and sufficiency of which is hereby acknowledged, has quitclaimed, and by these presents does grant and convey unto the Grantee, its successors and assigns, without warranty or representation, the public improvements (“Public Improvements”) installed by Serratoga Fall, LLC as follows:

1. Entire non-potable irrigation system downstream of the “Tee” identified in Exhibit A;

2. All other public improvements on Tract A and C of Serratoga Falls First Filing, including any playground equipment; and

3. The split-rail fence immediately adjacent to the east boundary of Serratoga Falls First Filing.

Such conveyance of Public Improvements does not include any private improvements, including, without limitation, any lots and the homes now or hereafter constructed thereon.

TO HAVE AND TO HOLD the same unto the Grantee, and the Grantee’s successors and assigns, forever.

IN WITNESS WHEREOF, the Grantor has executed this Bill of Sale this ___ day of ____________, 2016.

[SIGNATURE PAGE TO FOLLOW]
SERRATOGA FALLS, LLC

By: ________________________________
   Name: ________________________________
   Title: ________________________________

STATE OF COLORADO

COUNTY OF ____________________________

The foregoing instrument was acknowledged before me this _____ day of
_______, 20_____ by ________________________, as ______________________ of
Serratoga Falls, LLC.

WITNESS my hand and official seal.

My commission expires: ______________________

________________________________________
Notary Public

Accepted this ____ day of ________________________, 2016.

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2

________________________________________
President

Attest:

________________________________________
EXHIBIT A

The “Tee”
EXHIBIT A-3

Tract A Easement for District 1 Maintenance of Entry Feature
This Easement Deed ("Easement Deed") is made and entered into this _____ day of ____________, 2016, by and between SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2 ("Grantor"), a quasi-municipal corporation and political subdivision of the State of Colorado, who address is c/o Seter & Vander Wall, P.C., 7400 East Orchard Road, Suite 3300, Greenwood Village, CO 80111 and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1 ("Grantee"), a quasi-municipal corporation and political subdivision of the State of Colorado, who address is c/o Spencer Fane, LLP, 1700 Lincoln Street, Suite 2000, Denver, CO 80203.

Grantor, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants and conveys to Grantee and its successors and assigns, subject to the terms and conditions provided herein, a perpetual and non-exclusive easement in gross ("Easement") in, over, and under the real property located within Larimer County, Colorado and more particularly described below:

See Exhibit A attached hereto and incorporated herein by this reference.

As further consideration for the grant of this Easement, Grantee, by acceptance of this Easement Deed, agrees, for itself and its successors and assigns, as follows:

1. Non-Exclusive Rights. The Easement shall be for the non-exclusive use and benefit of Grantee and its successors and assigns. Grantor reserves the right to use the Easement for any lawful purpose and to grant to others the rights to use the Easement, so long as such uses are not inconsistent with, and do not unreasonably interfere with, the use of the Easement by Grantee for the purposes set forth herein.

2. Limitations on Use. Grantee’s use of the Easement shall be and hereby is limited to the following uses: maintenance, repair and replacement of ground, surface and underground landscaping improvements, retaining walls, water features, non-potable irrigation system and appurtenances thereto.

3. Subjacent and Lateral Support. The Grantee shall have and exercise the right of subjacent and lateral support as necessary for the operation and maintenance of the Improvements. Grantor shall not take any action which would impair the lateral or subjacent support for the Improvements.

4. Maintenance of Easement. The landscaping improvements, sidewalks, non-potable irrigation system and appurtenances thereto located in the Easement will be operated, repaired, replaced and maintained by or at the direction of Grantee, at Grantee’s sole cost and expense.

5. Exercise of Rights. Grantee and all others permitted to use the Easement hereunder shall
exercise the rights granted by this Easement Deed in a safe and orderly manner and in compliance with all applicable laws, ordinances, governmental regulations, covenants, conditions, and restrictions, and without unreasonably interfering with Grantor’s use of the Property.

6. **Attorneys’ Fees.** In the event that legal action is instituted to enforce any of the provisions of this Easement Deed, the prevailing party shall recover from the losing party its reasonable attorneys’ fees and court costs.

7. **Notices.** All notices, demands, or other communications required or permitted to be given by any provision of this Easement Deed shall be given in writing, delivered personally or sent by certified or registered mail, postage prepaid and return receipt requested, to the address set forth above, or at such other address as either party hereto may hereafter or from time to time designate by written notice to the other party given in accordance herewith. Notice shall be considered given when personally delivered or mailed, and shall be considered received on the earlier of the day on which such notice is actually received by the party to whom it is addressed or the third day after such notice is given.

8. **Binding Nature.** The easements, covenants, conditions and agreements contained in this Easement Deed shall run with the Property and the Easement and be binding upon and inure to the benefit of all parties having any right, title, or interest in the Property or any portion thereof, their heirs, successors and assigns, forever.

9. **Severability.** If any clause, provision, subparagraph, or paragraph set forth in this Easement Deed is illegal, invalid, or unenforceable under present or future applicable laws, then and in that event it is the intention of Grantor and Grantee hereto that the remainder of this Easement Deed shall not be affected thereby.

10. **Applicable Law.** The terms and provisions contained in this Easement Deed shall be governed and construed in accordance with the laws of the State of Colorado.

11. **Enforcement.** In addition to other rights and remedies afforded Grantor and Grantee herein, violation or breach of any covenant or agreement herein contained, or of the terms of any easement herein granted, by Grantor or Grantee, shall give to the nonbreaching Grantor or Grantee the right to enjoin or compel the cessation of such violation or breach, and to seek damages therefor. In addition, the violation of any covenant or agreement herein contained, or of the terms of any easement herein granted, is hereby acknowledged to constitute a nuisance, and every remedy allowed by law or equity shall be applicable against every such violation. All remedies provided herein at law and in equity shall be cumulative and nonexclusive.
12. **Modification and Termination.** Except as otherwise provided herein, this Easement Deed may be modified, altered, amended or terminated only by written agreement of all of the then owners of the Property and this Easement Deed.

13. **Merger.** This Easement Agreement constitutes the whole agreement between the parties and no additional or different oral representation, promise or agreement shall be binding on any of the parties hereto with respect to the subject matter of this Agreement.

14. **Authority.** The Grantor warrants that it has full right and lawful authority to make the grant herein above contained, and further agrees that Grantor shall and will WARRANT AND FOREVER DEFEND the Easement in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person lawfully claiming the whole or any part thereof.

15. **No Waiver of Governmental Immunity.** Nothing herein shall be deemed or construed to waive or otherwise impair any provision of the Colorado Governmental Immunity Act as applied to the District and its personnel.

GRANTOR: SERRATOGA FALLS
METROPOLITAN DISTRICT NO. 2

________________________
William Grush, President, Serratoga Falls
Metropolitan District No. 2

ATTEST

________________________
Secretary/Assistant Secretary, Serratoga Falls
Metropolitan District No. 2

STATE OF COLORADO  )
) ss.
COUNTY OF _______  )

The foregoing instrument was acknowledged before me this _____ day of ______________________, 2016, by _________________ and ______________________ as _________________ and ______________________ of Serratoga Falls Metropolitan District No. 2.

Witness my hand and official seal.
My commission expires: ______________________

________________________
Notary Public

-Page 3 of 5-
Accepted this ____ day of ___________________, 2016.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1.

____________________________________________________________________
Name: __________________________________
President, Serratoga Falls Metropolitan District No. 1 Board of Directors

Attest:

____________________________________________________________________
Name: _____________________________
Secretary/Assistant Secretary
EXHIBIT A
LEGAL DESCRIPTION OF EASEMENT

A portion of Tract C, Serratoga Falls First Filing, Town of Timnath, County of Larimer, State of Colorado, depicted as follows:
EXHIBIT A-4

Easement for District 2 Operation and Maintenance of District 2 System
This Easement Deed ("Easement Deed") is made and entered into this ____ day of __________________, 2016, by and between SERRATOGA FALLS, LLC ("Grantor"), a Colorado limited liability company, whose address is 1530 16th Street, Suite 300, Denver, CO 80202 and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2 ("Grantee"), a quasi-municipal corporation and political subdivision of the State of Colorado, who address is c/o Seter & Vander Wall, P.C., 7400 East Orchard Road, Suite 3300, Greenwood Village, CO 80111.

Grantor, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants and conveys to Grantee and its successors and assigns, subject to the terms and conditions provided herein, a perpetual and non-exclusive easement in gross ("Easement") in, over, and under the real property located within Larimer County, Colorado and more particularly described below:

See Exhibit A attached hereto and incorporated herein by this reference.

As further consideration for the grant of this Easement, Grantee, by acceptance of this Easement Deed, agrees, for itself and its successors and assigns, as follows:

1. Non-Exclusive Rights. The Easement shall be for the non-exclusive use and benefit of Grantee and its successors and assigns. Grantor reserves the right to use the Easement for any lawful purpose and to grant to others the rights to use the Easement, so long as such uses are not inconsistent with, and do not unreasonably interfere with, the use of the Easement by Grantee for the purposes set forth herein.

2. Limitations on Use. Grantee’s use of the Easement shall be and hereby is limited to the following uses: maintenance, repair and replacement of ground, surface and underground landscaping improvements, sidewalks, fence, non-potable irrigation system and appurtenances thereto.

3. Subjacent and Lateral Support. The Grantee shall have and exercise the right of subjacent and lateral support as necessary for the operation and maintenance of the Improvements. Grantor shall not take any action which would impair the lateral or subjacent support for the Improvements.

4. Maintenance of Easement. The landscaping improvements, sidewalks, non-potable irrigation system and appurtenances thereto located in the Easement will be operated, repaired, replaced and maintained by or at the direction of Grantee, at Grantee’s sole cost and expense.

5. Exercise of Rights. Grantee and all others permitted to use the Easement hereunder shall exercise the rights granted by this Easement Deed in a safe and orderly manner and in compliance
with all applicable laws, ordinances, governmental regulations, covenants, conditions, and restrictions, and without unreasonably interfering with Grantor’s use of the Property.

6. **Attorneys’ Fees.** In the event that legal action is instituted to enforce any of the provisions of this Easement Deed, the prevailing party shall recover from the losing party its reasonable attorneys’ fees and court costs.

7. **Notices.** All notices, demands, or other communications required or permitted to be given by any provision of this Easement Deed shall be given in writing, delivered personally or sent by certified or registered mail, postage prepaid and return receipt requested, to the address set forth above, or at such other address as either party hereto may hereafter or from time to time designate by written notice to the other party given in accordance herewith. Notice shall be considered given when personally delivered or mailed, and shall be considered received on the earlier of the day on which such notice is actually received by the party to whom it is addressed or the third day after such notice is given.

8. **Binding Nature.** The easements, covenants, conditions and agreements contained in this Easement Deed shall run with the Property and the Easement and be binding upon and inure to the benefit of all parties having any right, title, or interest in the Property or any portion thereof, their heirs, successors and assigns, forever.

9. **Severability.** If any clause, provision, subparagraph, or paragraph set forth in this Easement Deed is illegal, invalid, or unenforceable under present or future applicable laws, then and in that event it is the intention of Grantor and Grantee hereto that the remainder of this Easement Deed shall not be affected thereby.

10. **Applicable Law.** The terms and provisions contained in this Easement Deed shall be governed and construed in accordance with the laws of the State of Colorado.

11. **Enforcement.** In addition to other rights and remedies afforded Grantor and Grantee herein, violation or breach of any covenant or agreement herein contained, or of the terms of any easement herein granted, by Grantor or Grantee, shall give to the nonbreaching Grantor or Grantee the right to enjoin or compel the cessation of such violation or breach, and to seek damages therefor. In addition, the violation of any covenant or agreement herein contained, or of the terms of any easement herein granted, is hereby acknowledged to constitute a nuisance, and every remedy allowed by law or equity shall be applicable against every such violation. All remedies provided herein at law and in equity shall be cumulative and nonexclusive.

12. **Modification and Termination.** Except as otherwise provided herein, this Easement Deed may be modified, altered, amended or terminated only by written agreement of all of the then owners of the Property and this Easement Deed.
13. **Merger.** This Easement Agreement constitutes the whole agreement between the parties and no additional or different oral representation, promise or agreement shall be binding on any of the parties hereto with respect to the subject matter of this Agreement.

14. **Authority.** The Grantor warrants that it has full right and lawful authority to make the grant herein above contained, and further agrees that Grantor shall and will WARRANT AND FOREVER DEFEND the Easement in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person lawfully claiming the whole or any part thereof.

15. **No Waiver of Governmental Immunity.** Nothing herein shall be deemed or construed to waive or otherwise impair any provision of the Colorado Governmental Immunity Act as applied to the District and its personnel.

GRANTOR:

__________________________________________
By:________________________________________
Title: ______________________________________

STATE OF COLORADO )
) ss.
COUNTY OF _______ )

The foregoing instrument was acknowledged before me this ____ day of ______________________, 2016, by ________________ as ________________ of Serratoga Falls, LLC.

Witness my hand and official seal.

My commission expires: ________________________

________________________________________
Notary Public
Accepted this ___ day of ______________, 2016.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2.

________________________________________
Name: __________________________________
President, Serratoga Falls Metropolitan District No. 2 Board of Directors

Attest:

Name: _________________________
Secretary/Assistant Secretary

Page 4 of 5
EXHIBIT A
LEGAL DESCRIPTION OF EASEMENT

A portion of Tract B, Serratoga Falls First Filing, Town of Timnath, County of Larimer, State of Colorado, depicted as follows:
EXHIBIT C

Map of Serratoga Falls Subdivision

[Insert Map]
EXHIBIT C

Irrigation (Non-Potable) Water Supply Service Area
EXHIBIT D
Transfer of Declarant Rights

[Insert Transfer of Declarant Rights]
PARTIAL ASSIGNMENT OF DECLARANT RIGHTS

THIS PARTIAL ASSIGNMENT OF DECLARANT RIGHTS (this “Assignment”), dated on the _____ day of _____________, 2016, is made by SERRATOGA FALLS, LLC, a Colorado limited liability company (“Successor Declarant”) whose address is 1530 16th Street, Suite 300, Denver, CO 80202 and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation of the State of Colorado (“District 2”), whose address is c/o Seter & Vander Wall, P.C., 7400 E. Orchard Rd., Suite 3300, Greenwood Village, CO 80111.

RECITALS

This Assignment is made with reference to the following facts:

A. The planned community known as Serratoga Falls (“Community”) was created on March 7, 2007 by the recording of that certain Declaration of Covenants, Conditions and Restriction for Serratoga Falls at Reception Number 20070017170 in the records of the Clerk and Recorder for Larimer County, Colorado, as amended by the Affidavit of Correction recorded November 30, 2007 at Reception No. 20070089531 (“Declaration”). The real property that has been submitted to the Declaration and made part of the Community is more particularly described on “Exhibit A,” attached hereto and incorporated herein (the “Real Estate”).

B. The Declaration reserved certain development rights, special declarant rights, benefits, privileges, exemptions and reservations for the benefit of the initial Declarant to develop the Community and the Real Estate during the Declarant Control Period (the “Declarant Rights”).

D. Successor Declarant succeeded to all of the initial Declarant’s Declarant Rights pursuant to that certain Notice of Succession to Declarant Rights, recorded July 2, 2012 at Reception No. 20120043262, and that certain Assignment of Agreements, recorded on January 9, 2013 at Reception No. 20130002516 in the records of the Clerk and Recorder for Larimer County, Colorado.

E. Successor Declarant now desires to assign a portion of its Declarant Rights to District 2, as those Declarant Rights are specifically described below, and District 2 agrees to accept the assignment of those specified Declarant Rights.
F. In accordance with Article VIII, Section 5 of the Declaration, Successor Declarant is authorized and empowered to assign all or any portion of its Declarant Rights to District 2.

AGREEMENT

NOW, THEREFORE, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Capitalized Terms.** All capitalized terms used but not defined in this Assignment have the meaning ascribed to such terms in the Declaration.

2. **Assignment of Declarant Rights.** Successor Declarant does hereby convey, assign, transfer and set over unto District 2, and District 2 does hereby accept, the following Declarant Rights, which may be exercised by District 2 until the expiration of the Declarant Control Period, subject to the additional terms and conditions set forth herein:

   a. **Architectural Control Rights**

      1). Pursuant to Article VIII, Section 1(a) concerning membership of the Design Review Committee (“DRC”), Successor Declarant assigns to District 2 its right to appoint and remove two members of the DRC for the duration of the Declarant Control Period. Successor Declarant shall retain the right to appoint and remove the remaining three members of the DRC, and the parties agree that for the duration of the Declarant Control Period, the DRC Committee shall be comprised of no more than five total members.

      2). Pursuant to Article VIII, Section 7, Successor Declarant assigns to District 2 its right to determine appeals by the Applicant of the decisions of the DRC, and District 2’s decision shall be final. Successor Declarant reserves its right to determine appeals by any other Owner (appellant) or third party of the decisions of the DRC, and Successor Declarant’s decision shall be final. Any appeals shall be by the procedure set forth in Article VIII, Section 7. After the Declarant Control Period, the right to hear and determine appeals shall be vested in the Association Board. For avoidance of doubt, the term “Applicant” or “applicant” means the Owner who submitted the plans and specifications for approval for such Owner’s Lot.

      3). Successor Declarant assigns to the two members of the DRC appointed by District 2 the sole right to grant waivers to the Architectural Guidelines, which waivers the two members of the DRC appointed by District 2 may grant or deny in their sole discretion by unanimous decision.

      4). The parties further agree that the Architectural Guidelines in effect at the time of the execution of this Assignment may not be amended or modified during the Declarant Control Period without the prior written consent of Successor Declarant and District 2.
b. **Other District Rights and Responsibilities.** Successor Declarant hereby revokes any and all authority granted to the Serratoga Falls Metropolitan District No. 1 under the Declaration, pursuant to its rights reserved in Article XIV, Section 3 of the Declaration.

In accordance with its rights under Article XIV, Section 3 of the Declaration, Successor Declarant hereby modifies Article XIV, Sections 1 and 2 of the Declaration as follows:

(a) Successor Declarant hereby revokes Article XIV, Sections 1 and 2 of the Declaration for all real property other than the Real Estate set forth on Exhibit A to the Declaration;

(b) Successor Declarant hereby revokes Article XIV, Sections 1 and 2 of the Declaration for the power to adopt, amend and enforce rules and regulations applicable within the Serratoga Falls Metropolitan District No. 1 and the Serratoga Falls Metropolitan District No. 3;

(c) with respect to the Real Estate, during the Period of Declarant Control, Successor Declarant grants the following rights under Article XIV, Sections 1 and 2 of the Declaration to District 2 all with Successor Declarant’s reasonable prior approval: (1) for Improvements commenced or constructed after the date of this Assignment only, District 2 may adopt one or more policies pursuant to Article VIII of the Declaration for notices of violations, hearing procedures, and the schedule of fines, to either (A) enforce compliance with the plans and specifications approved by the DRC; or (B) in the absence of prior approval of plans and specifications by the DRC, to enforce compliance with the Architectural Guidelines and the provisions of Article VIII of the Declaration, provided that the initial procedure in the absence of prior approval of plans and specifications shall be to allow the Owner to submit as-built plans to the DRC for review and approval; and (2) District 2 may adopt one or more policies for notices of violations, hearing procedures, and the schedule of fines to enforce the covenants, conditions, restrictions and easements set forth in Articles IX, X, and XV of the Declaration.

Except as set forth herein, (d) with respect to the Real Estate, after the Period of Declarant Control, Successor Declarant hereby assigns all of the District duties and responsibilities set forth in Article XIV, Sections 1 and 2 of the Declaration to District 2; and (e) Successor Declarant irrevocably relinquishes its right reserved in Article XIV, Section 3 to revoke any and all authority granted or assigned to District 2.

c. All of the foregoing rights assigned in this Paragraph 2 shall hereinafter be referred to collectively as the “**Assigned Rights.**”

3. **Covenants, Representations, and Warranties; Savings Clause.** Successor Declarant hereby covenants, represents, and warrants to District 2, its successors and assigns, as of the date hereof, it is authorized and empowered to take the actions under this Assignment and to assign the Assigned Rights described herein and that none of the Assigned Rights being assigned under this Assignment have been otherwise assigned, conveyed, or encumbered by Successor Declarant.
4. **Compliance with Declaration and the Act.** District 2 warrants and agrees that in exercising its Assigned Rights, it will fully comply with and exercise such rights in accordance with the terms of this Assignment, the Declaration and the Act, as applicable.

5. **Successor Declarant and District 2 Liability.** Successor Declarant shall have no liability for any act or omission or any breach of a contractual or warranty obligation by District 2 in connection with the exercise by District 2 of the Assigned Rights assigned hereunder, and District 2 shall have no liability for any act or omission or any breach of a contractual or warranty obligation by Successor Declarant in connection with the exercise by Successor Declarant of the Assigned Rights prior to the effective date of this Assignment.

6. **Construction with Declaration.** Except as specifically set forth herein, the Assigned Rights shall not be limited, modified, or amended, by either Successor Declarant or District 2, it being the intent of the parties that such rights be irrevocably transferred and assigned to District 2. Successor Declarant retains all other development rights, special declarant rights, benefits, privileges, reservations and exemptions of the “Declarant” under the Declaration with regard to the Community and the Real Estate, except for the Assigned Rights described herein.

7. **Successors and Assigns.** The terms and provisions of this Assignment shall be binding upon and inure to the benefit of Successor Declarant, its successor and assigns, and shall be binding upon and inure to the benefit of the District 2.

8. **Rights Not Transferable.** District 2 shall not have the right to transfer all or any portion of the Assigned Rights described hereunder.

9. **Further Assurances.** From time to time following the date of this Assignment, Successor Declarant or District 2 respectively shall perform such other acts and shall execute, deliver and furnish such other instruments, documents, materials and information as District 2 or Successor Declarant may reasonably request of the other party in order to effectuate the transactions provided for in this Assignment.

10. **Not to be Constrained Against Drafter.** This Assignment shall not be construed more strictly against one party than the other merely by virtue of the fact that it may have been initially drafted by one of the parties or its counsel, since both parties have contributed substantially and materially to the preparation hereof.

11. **Savings and Invalidity.** If any party disputes Successor Declarant’s rights to take the actions under this Assignment and to assign the Assigned Rights, and if any provision of this Assignment or any portion thereof shall be found by a court of competent jurisdiction to be void, illegal or unenforceable, then such court shall enforce such provision and the other terms of this Assignment to the fullest extent permitted by applicable law; and Successor Declarant and District 2 shall enter into a separate enforceable document to provide for the same substantive provisions of this Assignment to remain in effect.

12. **Attorney’s Fees.** Should any action be brought in connection with this
Assignment, including, without limitation, actions based on contract, tort or statute, the prevailing party in such action shall be awarded all costs and expenses incurred in connection with such action, including reasonable attorneys’ fees.

13. **Recitals.** The foregoing Recitals are incorporated into and made a part of this Assignment.

14. **Counterparts.** This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same document.

[Signature Pages Follow]
IN WITNESS WHEREOF Successor Declarant has caused this Assignment to be duly executed and effective as of the date first above written.

SUCCESSOR DECLARANT:

SERRATOGA FALLS, LLC,
a Colorado limited liability company

By: ______________________________
Name: ______________________________
Its: ______________________________

STATE OF COLORADO  )
)ss.
COUNTY OF ___________  )

The foregoing instrument was acknowledged before me this ___ day of _____________, 2016, by ____________________, as ____________________________ of SERRATOGA FALLS, LLC, a Colorado limited liability company

Witness my hand and official seal.

My Commission expires________________

______________________________
Notary Public
ACCEPTED BY DISTRICT 2:

SERRATOGA FALLS METROPOLITAN DISTRICT NO.2, a quasi-municipal corporation of the State of Colorado

By: __________________________
Name: __________________________
Title: __________________________

STATE OF COLORADO  )
)ss.
COUNTY OF ___________ )

The foregoing instrument was acknowledged before me this ___ day of __________, 2016, by _________________________, as _________________ of SERRATOGA FALLS METROPOLITAN DISTRICT NO.2, a quasi-municipal corporation of the State of Colorado  Witness my hand and official seal.

My Commission expires________________

____________________________
Notary Public
EXHIBIT A

to the Partial Assignment of Declarant Rights

Legal Description of the Real Estate

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 of BLOCK 1, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 of BLOCK 2, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 of BLOCK 3, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9 of BLOCK 4, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2 of BLOCK 5, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2, 3, 4, 5, 6, 7, 8 of BLOCK 6, SERRATOGA FALLS, FIRST FILING;

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9 of BLOCK 7, SERRATOGA FALLS, FIRST FILING; AND

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 of BLOCK 8, SERRATOGA FALLS, FIRST FILING;

COUNTY OF LARIMER,

STATE OF COLORADO.
EXHIBIT E

Water Lease

[Insert Water Lease]
WATER LEASE AGREEMENT

This Water Lease Agreement ("Water Lease") is entered into this ___ day of _______, 2016 by and between SERRATOGA FALLS, LLC, a Colorado limited liability company ("Lessor" or "SF LLC") and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado ("Lessee" or "District No. 2") (collectively the "Parties").

RECITALS

WHEREAS, District No. 2 was organized to provide public services and improvements to the Serratoga Falls Project, which includes the Serratoga Falls First Filing; and

WHEREAS, SF LLC owns certain water rights decreed for irrigation and non-potable use for the Serratoga Falls Project; and

WHEREAS, the Serratoga Falls Project currently receives non-potable water through an existing non-potable water delivery and irrigation system; and

WHEREAS, SF LLC, District No. 2, and Serratoga Falls Metropolitan District No. 1 have engaged in negotiations related to the resolution of disagreements related to the ownership and maintenance of public improvements, district boundaries and control, water use, and covenant control; among others; and

WHEREAS, as a condition of resolving these disagreements, SF LLC has agreed to lease to District No. 2 a certain amount of irrigation and non-potable water from its Non-Potable Water Rights portfolio; and

WHEREAS, SF LLC and District No. 2 desire to enter into this Water Lease Agreement to allow District No. 2 to provide a non-potable and irrigation water supply to the Serratoga Falls Project and Serratoga Falls First Filing; and

WHEREAS, upon execution of this Water Lease Agreement, SF LLC shall provide District No. 2 with fifty (50) acre-feet of water per year for use as a non-potable and irrigation water supply in the existing irrigation system; and

WHEREAS, the Parties desire to set forth herein the terms and conditions upon which SF LLC will lease a non-potable water supply to District No. 2; and

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:
TERMS AND CONDITIONS

1. Water Lease. SF LLC hereby leases to District No. 2 fifty (50) acre-feet of water per year from its Non-Potable Water Rights portfolio, which is described in paragraph 2 below. SF LLC agrees to lease fifty (50) acre-feet of water per year to District No. 2 for no charge during the term of this Water Lease. District No. 2 shall only use the leased water for non-potable and irrigation purposes in the Serratoga Falls Project, which includes Serratoga Falls First Filing, subject to the terms and conditions described in this Lease.

2. Non-Potable Water Rights. SF LLC owns the following water rights that are legally and physically available for use as an irrigation and non-potable water supply for the Serratoga Falls Project (“Non-Potable Water Rights”):
   a. Eight (8) shares of capital stock in The Larimer & Weld Irrigation Company represented by Stock Certificate No. 6149;
   b. Six (6) shares of stock in The Larimer & Weld Reservoir Company represented by Stock Certificate No. 2253;
   c. Two (2) shares of stock in The Windsor Reservoir and Canal Company represented by Stock Certificate No. 570;
   d. Seven (7) shares of stock in The Kitchell Reservoir Company represented by Stock Certificate No. 71. The water court decree governing Kitchell Reservoir was entered by the Larimer County District Court in Case No. 11217 on September 10, 1953. The decree adjudicated a water right for Kitchell Reservoir to fill at a rate of 4.75 cubic feet per second with an appropriation date of April 9, 1894 for irrigation purposes from the Duck Slough Seepage Ditch System;
   e. Seven (7) shares of stock in The Kitchell Reservoir Company represented by Stock Certificate No. 72;
   f. Smith Well No. 5-R-01556, located in the SW1/4 of the SW1/4 of Section 14, Township 7 North, Range 68 West of the 6th P.M., Larimer County, Colorado; and
   g. Three (3) shares of capital stock in the North Poudre Irrigation Company represented by Stock Certificate No. 12115.

3. Delivery of Non-Potable Water. SF LLC will provide to District No. 2 fifty (50) acre-feet per year from any portion of its Non-Potable Water Rights portfolio. Delivery of the water shall be at the water meter used to measure the total amount of irrigation and/or non-potable water delivered to District No. 2, the location of which is shown on the attached Exhibit A. SF LLC is solely responsible for the delivery of water to this location and for making the water available as reasonably required by District 2 during
the course of the typical irrigation season of the beginning of April through the end of October of each calendar year.

SF LLC warrants that the Non-Potable Water Rights may be lawfully used for irrigation and non-potable purposes in the Serratoga Falls Project. SF LLC shall be responsible for paying all assessments on the Non-Potable Water Rights and shall be responsible for maintaining compliance with any requirements on the use of the Non-Potable Water Rights. SF LLC is also responsible for complying with administration requirements imposed by the State and/or Division Engineer’s office.

4. **Pro-Rata Portion of Delivery.** If the yield of SF LLC’s Non-Potable Water Rights is reduced for any reason, including but not limited to drought conditions, District No. 2 will take a commensurate reduction in its fifty (50) acre-feet per year allocation. SF LLC shall provide thirty (30) days written notice to District No. 2 of any such reduction. The written notice shall include an explanation of the reason for such reduction.

District No. 2 understands that the quantity of water available to it from SF LLC may change periodically due to drought conditions as described above. District No. 2 agrees that in the event of such a shortage, SF LLC shall not be responsible for providing an alternate supply of water to District No. 2, and that failure to deliver the full amount of water provided for herein due to drought conditions shall not be deemed to be a breach of this Water Lease. This provision shall not apply to any event in which SF LLC is unable to provide the full fifty (50) acre-feet of Non-Potable Water Rights as specified in this Water Lease due to circumstances other than drought.

5. **Term.** The term of this Water Lease shall be thirty (30) years from the date of this Lease (the “Term”). District No. 2 shall have the right to extend the term for up to six (6) ten year renewal terms (each, an “Extension Term”), which term will be automatically extended at the end of the Term and each Extension Term without action unless District No. 2 provides written notice to SF LLC on or before the end of the then current term that it does not wish to extend. Each Extension Term, if and when exercised, shall be on the same terms and conditions of this Lease.

6. **Assignment.** This lease may be assigned or sublet by either party to this Water Lease subject to the following terms and conditions:

   a. **Consent.** Neither Party can assign its rights, entitlement, or obligations hereunder to any other party without the express, written consent of the other party. Such consent shall not be unreasonably withheld.

   b. **No Modifications.** No obligations under this agreement shall be modified in any way whatsoever by any assignment of this Water Lease. The terms and conditions of this Water Lease shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the Parties.
c. **Notification.** Any party wishing to assign its portion of this Water Lease must notify the other party sixty (60) days before any such assignment would be effective. The party receiving notification will have thirty (30) days within which to consent or object to the assignment of this Water Lease.

7. **Default; Remedies.** In the event that SF LLC fails to deliver the Non-Potable Water Rights at the time and/or location as described above in paragraph 3, District No. 2 shall give SF LLC notice of such breach, and SF LLC shall have a period of thirty (30) days to remedy or cure the same. If such failure continues for a period of thirty (30) days after written demand from SF LLC, then the Parties shall proceed to negotiations or mediation under the subsequent paragraph.

In the event of any breach or dispute, the Parties agree that they shall first attempt to resolve the dispute by negotiations through the Parties, which may include a mediator if agreed to by the Parties. If negotiation or mediation fails to resolve the dispute within sixty (60) days after the first notice of breach or dispute from one party to the other, then the claiming party may proceed to arbitration or litigation, at such party’s election. In the event of litigation or arbitration or other dispute resolution process concerning this Lease, the remedy of specific performance shall be available to any party, in addition to any other remedies available at law or in equity.

8. **Change in Location or Type of Use.** SF LLC agrees not to change the location of or type of use of the Non-Potable Water Rights, unless it receives prior written consent from District No. 2 to do so. SF LLC shall provide District No. 2 at least sixty (60) days advance written notice of its intent to change either the location of or type of use of the Non-Potable Water Rights. District No. 2 shall have thirty (30) days to consent or object to the proposed change in location and/or type of use.

9. **Amendment.** This Water Lease may be modified, amended, changed, or terminated in whole or in any part only by an amendment in writing duly authorized and executed by SF LLC and District No. 2.

10. **Waiver.** The waiver of any breach of any provision of this Lease by any party shall not constitute a continuing waiver of any subsequent breach of said party, for either breach of the same or for any other provision of this Lease.

11. **Binding Effect.** The provisions of this Water Lease shall bind and benefit the Parties, their successors and permitted assigns.

12. **Non-Severability.** Each section of this Water Lease is intertwined with the others and is not severable unless by mutual consent of the parties hereto.

13. **Entire Agreement.** This Water Lease represents the entire agreement of the Parties with respect to the lease of the Non-Potable Water Rights, and neither party has relied upon any fact or representation not expressly set forth herein. This Lease supersedes all prior agreements and understandings of any type, both written and oral.
among the parties with respect to the lease of the Non-Potable Water Rights. Each party represents that it has authority to enter into this Water Lease.

14. **Governing Law.** This Water Lease and the rights and obligations of the Parties hereto shall be governed by and construed in accordance with the laws of the State of Colorado. The Parties agree that venue for any litigated disputes regarding this Lease shall be in the District Court in and for Larimer County, Colorado, unless any such issues are defined as water matters as defined by section 37-92-203 of the Colorado Revised Statutes, for which the parties agree the venue for any litigated disputes shall be the District Court, Water Division No. 1.

15. **Attorney’s Fees and Costs.** In the event of any litigation, mediation, arbitration or other dispute resolution process arising out of this Lease, the Parties agree that each shall be responsible for their respective costs and fees associated with such action.

16. **Joint Draft.** The Parties agree that they drafted this Lease jointly with each having the advice of legal counsel and an equal opportunity to contribute to its content.

17. **Notices.** Any notice required or permitted to be given under this Water Lease shall be given in writing and shall be deemed given when delivered personally with proof of receipt, or sent by certified mail or registered mail, postage prepaid, return receipt requested, or by a commercial overnight courier that guarantees next day delivery and provides a receipt.

Such notices shall be addressed as follows:

If to Lessor:  
Serratoga Falls, LLC  
1530 16th Street, Suite 300  
Denver, CO 80202

With a copy to:  
Matthew Dalton, Esq.  
Spencer Fane, LLP  
1700 Lincoln Street, Suite 2000  
Denver, CO 80203

If to Lessee:  
Serratoga Falls Metropolitan District No. 2  
c/o Metro District Management, LLC  
Attn: Mr. John Paul Williams  
333 W. Drake Road  
Fort Collins, Colorado 80526

With a copy to:  
Jeffrey Erb, Esq.  
Seter & Vander Wall, P.C.  
7400 E. Orchard Road, Suite 3300  
Greenwood Village, Colorado 80111
18. **No Third Party Beneficiaries.** It is the intent of the Parties that no third party beneficiary interest is created in this Lease. The Parties are not presently aware of any actions by them or any of their authorized representatives which would form the basis for interpretation construing a different intent, and in any event expressly disclaim any such acts or actions.

19. **No Waiver of Governmental Immunity.** District No. 2, its directors, officials, officers, agents, and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Lease the monetary limitations or any other rights immunities or protections afforded by the Colorado Governmental Immunity Act, section 24-10-101 of the Colorado Revised Statutes *et seq.*

20. **No Personal Liability.** No elected official, director, officer, agent or employee of District No. 2 or SF LLC shall be charged personally or held contractually liable by or to the other party under any term or provision of this Lease or because of any breach thereof or because of its or their execution, approval, or attempted execution of this Lease.

    IN WITNESS WHEREOF, the Parties have executed this lease on the day and year first written above.
SERRATOGA FALLS, LLC

By: ________________________
Name: ________________________
Title: _________________________

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2

By: ________________________
Name: ________________________
Title: _________________________

Attest:

By: ________________________
Name: ________________________
Title: _________________________
Exhibit A
Serratoga Falls First Filing Meter Location
EXHIBIT F

Recreational Lease Agreement

[Insert Recreational Lease Agreement]
RECREATIONAL LEASE AGREEMENT

This Recreational Lease Agreement is made this _12_ day of July, 2015 (the “Lease”) between SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado, with offices at 1530 16th Street, Suite 300, Denver, CO 80202 (“Metro District” or “Lessee”) and Kitchell Reservoir Company, a Colorado mutual reservoir company organized under the laws of the State of Colorado, with offices at 925 South County Road 5, Fort Collins, Colorado 80524 (“Kitchell”).

RECITALS

WHEREAS, Kitchell owns and operates Kitchell Reservoir located in Section 14, Township 7 North, Range 68 West of the 6th P.M. in Larimer County (“Kitchell Reservoir”). Kitchell Reservoir is adjacent to and north and east of a residential development known as Serratoga Falls, which includes developed lots within Filing No. 1 and certain undeveloped real property owned by Serratoga Falls, LLC (collectively, the “Serratoga Falls Project”). Kitchell Reservoir and the Serratoga Falls Project are depicted on Exhibit A attached hereto.

WHEREAS, Serratoga Falls, LLC is in the process of obtaining the necessary legal entitlements from the Town of Timnath and others for Serratoga Falls Filing No. 2 and 3 within the undeveloped real property owned by Serratoga Falls, LLC within the Serratoga Falls Project.

WHEREAS, the Metro District services the Serratoga Falls Project.

WHEREAS, the Metro District and Kitchell desire to enter into this Lease to govern the terms and conditions under which Kitchell will lease the recreational rights in Kitchell Reservoir to Lessee, and allow Lessee to construct and maintain certain recreational amenities at the Kitchell Reservoir for the benefit of the homeowners in the Serratoga Falls Project.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, and in consideration of the Recitals noted above, which are incorporated herein, the parties agree as follows:

1. **Recreational Lease:** Kitchell hereby leases to Lessee the recreational rights on and associated with Kitchell Reservoir (as well as any surrounding adjacent property owned by Kitchell, for associated recreational activities), for use by Lessee and for use by the homeowners in the Serratoga Falls Project (and their guests and invitees), all subject to the terms and conditions of this Lease. The recreational rights include, but are not limited to, boating (including kayaks, paddleboards, canoes, rafts, and other recreational craft), fishing, swimming, sunbathing, picnicking.

   This Lease is for use by Lessee and by the homeowners in the Serratoga Falls Project, including their guests and invitees. Lessee and the homeowners in the Serratoga Falls Project, their guests and invitees, shall abide by the terms of this Lease. The other shareholders in Kitchell shall also have the right to use the recreational rights at no charge, in common with Lessee and the homeowners in the Serratoga Falls Project (and their guests and invitees). Except
for the other Kitchell shareholders, the lease of the recreational rights shall be exclusive to Lessee and the homeowners in the Serratoga Falls Project during the Term; and Kitchell agrees not to lease to or allow any other parties to use the recreational rights during the Term.

2. **Water Right:** The Water Court Decree which governs Kitchell Reservoir was entered in Larimer County District Court Case No. CA11217 on September 10, 1953 in a supplemental adjudication which is commonly referred to as the “Coffin Decree” because of the District Court Judge that signed it (the “Decree”). The Decree awards Kitchell Reservoir a right to fill at the rate of 4.75 CFS with an appropriation date of April 9, 1894 for irrigation purposes from the Duck Slough Seepage Ditch System and indicates that the water in the Duck Slough is “developed water is not tributary to the stream.” Kitchell by entering into this Lease will not take any action which would jeopardize this Decree nor does it authorize Lessee to take any such action. The Decree capacity of the Kitchell Reservoir is 410 acre feet.

The primary use and purpose of the Kitchell Reservoir is to remain as irrigation storage for the approximately 254 acres in section 14 (some of which are part of the Serratoga Falls Project) and the smaller properties historically served in section 15 which are west of County Road 5, all as depicted on Exhibit B attached hereto. The recreational rights shall be subordinate to this primary use (e.g., Kitchell shall have the right to lower the water level of the Kitchell Reservoir in the course of providing irrigation water to such properties, even if that adversely impacts the recreational uses of the Kitchell Reservoir).

Kitchell shall remain responsible for all maintenance and repair of the Kitchell Reservoir dam, including any maintenance and repair required by the State Engineers Office.

No activity under this Lease will reduce water quality or adversely affect water quality from Kitchell Reservoir.

3. **Recreational Facilities:** Subject to the terms of this Lease, Lessee shall have the right (but not the obligation), at Lessee’s cost, to: (i) improve the shoreline with imported sand or other materials as long as it does not decrease the capacity of the Kitchell Reservoir; (ii) install floating docks for swimming and sunbathing; (iii) develop the shoreline into a beach with a boat or fishing dock; (iv) build volleyball courts, fire pits, picnic and seating area within the adjacent property owned by Kitchell; (v) install lights for evening usage (although the hours of usage will be restricted by Lessee); (vi) install facilities for kayaks, paddleboards, canoes, rafts, paddleboards and other non-motorized recreational craft to be used on the Kitchell Reservoir; and (vii) install additional facilities consistent with (i) through (vi) immediately above. Except, fishing boats or motorized vessels will be permitted, limited to an electrically powered trolling motor of 5 horsepower or less.

Lessee shall have the right to impose rules and regulations on the use of Kitchell Reservoir, and on the use of the recreational facilities, by the Serratoga Falls Project’s homeowners and their guests and invitees; and to modify the rules and regulations from time to time, consistent with the terms of this Lease.
No activity under this Lease will compromise or breach the shoreline of Kitchell Reservoir (including the dam).

4. **Term**: The term of this Lease is ten (10) years from the date of this Lease (the “Term”). Lessee shall have the right to extend the Term for up to two (2), ten (10) year renewal terms (each, an “Extension Term”, and when exercised, part of the “Term”), by providing written notice of extension to Kitchell on or before the end of the then-current Term. Each Extension Term, if and when exercised, shall be on the same terms and conditions of this Lease, subject only to rental being increased during each Extension Term as set forth in Section 5 below.

5. **Rent**: The annual rental during the first year of the Term of this Lease shall be Five Thousand Dollars ($5,000.00); the annual rental for each succeeding year during the initial ten-year Term will be adjusted based on the prior year rental, increased by the greater of (i) two percent (2.0%) of the prior year rental; or (ii) the percentage net change in the general consumer price index for all items for the preceding full calendar year. Rent for the first year of an Extension Term, if exercised, shall be the rent paid for the last year of the preceding term. The annual rental for each succeeding year of the Extension Term (and the second Extension Term, if exercised) will be adjusted based on the prior year rental, increased by the greater of (i) two percent (2.0%) of the prior year rental; or (ii) the percentage net change in the general consumer price index for all items for the preceding full calendar year. Rental shall be payable annually on or in advance of each anniversary of this Lease.

6. **Warranty; Indemnification and Insurance:**

   (a) All uses of the recreational rights will be in compliance with all applicable laws and regulations, including any requirements of the Town of Timnath. No activity under this Lease will compromise or breach the shoreline of Kitchell Reservoir (including the dam), or reduce water quality or adversely affect water quality from Kitchell Reservoir.

   (b) To the extent allowed by law, Lessee hereby agrees to indemnify and hold harmless Kitchell against any and all claims, demands, judgments, penalties, liabilities, contractual obligations, costs, damages, and expenses directly incurred by Kitchell arising from any work by Lessee or use of Kitchell Reservoir under this Lease by Lessee, homeowners in the Serratoga Falls Project, and their guests and invitees. Lessee will maintain at its expense general liability insurance in an amount of at least One Million Dollars ($1,000,000.00) of coverage. Lessee will name Kitchell as an additional member in the District’s liability insurance pool.

7. **Amendment**: This Lease may only be modified, amended, changed or terminated in whole or in any part only by an amendment in writing duly authorized and executed by Lessee and Kitchell.

8. **Waiver**: The waiver of any breach of any provision of this Lease by any party shall not constitute a continuing waiver of any subsequent breach of said party, for either breach of the same or for any other provision of this Lease.
9. **Entire Agreement:** This Lease represents the entire agreement of the parties with respect to the lease of the recreational rights to Kitchell Reservoir, and neither party has relied upon any fact or representation not expressly set forth herein. This Lease supersedes all prior agreements and understandings of any type, both written and oral, among the parties with respect to the lease of the recreational rights to Kitchell Reservoir. Each party represents that it has authority to enter into this Lease.

10. **Non-Severability:** Each section of this Lease is intertwined with the others and is not severable unless by mutual consent of the parties hereto.

11. **Assignability:** Upon written notice to Kitchell (without the prior written consent of Kitchell), Lessee may assign or sublet this Lease to a metropolitan district. Except as set forth above, any other assignment of this Lease will require written consent of Lessee and Kitchell. Lessee (and any assignee) and Kitchell shall designate an individual contact person.

12. **Binding Effect:** This Lease and the rights and obligations created hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

13. **Governing Law:** This Lease and its application shall be construed in accordance with the laws of the State of Colorado. The parties agree that venue for any litigated disputes regarding this Lease shall be in the District Court in and for Larimer County, unless any such issues are water matters as defined by C.R.S. §37-92-203, for which the parties agree the venue for any litigated disputes shall be the District Court, Water Division No. 1.

14. **Attorney’s Fees:** In the event of any litigation, mediation, arbitration or other dispute resolution process arising out of this Lease, the parties agree that each shall be responsible for their respective costs and fees associated with such action.

15. **Joint Draft:** The parties agree that they drafted this Lease jointly with each having the advice of legal counsel and an equal opportunity to contribute to its content.

16. **Default; Remedies:** In the event Lessee, or any homeowner within the Serratoga Falls Project (or their guests or invitees) fails to observe or comply with any of the terms, covenants and conditions of this Lease, then Kitchell shall give Lessee notice of such breach, and Lessee shall have a period of thirty (30) days to remedy or cure the same. Lessee may impose rules and regulations on the homeowners within Serratoga Falls Project (and their guests and invitees) as a remedy or to prevent subsequent breach (i.e., Lessee’s imposition and enforcement of rules and regulations shall be deemed a remedy or cure). If such failure continues for a period of thirty (30) days after written demand from Kitchell, or if Lessee fails to impose rules and regulations to remedy or prevent subsequent breach, then the parties shall proceed to negotiations or mediation under the subsequent paragraph. If Lessee does impose rules and regulations to remedy or prevent subsequent breach, then Kitchell shall not have the right to cancel this Lease unless Lessee fails to enforce such rules or regulations.
In the event of any breach or dispute, the parties agree that they shall first attempt to resolve the dispute by negotiations through the parties, which may include a mediator if agreed to by the parties. If negotiation or mediation fails to resolve the dispute within sixty (60) days after the first notice of breach or dispute from one party to the other, then the claiming party may proceed to arbitration or litigation, at such party’s election. In the event of litigation or arbitration or other dispute resolution process concerning this Lease, the remedy of specific performance shall be available to any party, in addition to any other remedies available at law or in equity.

17. Notices: Any notice required or permitted to be given hereunder shall be in writing and shall be deemed given when delivered personally or sent by certified or registered mail, return receipt requested, postage pre-paid, or by a nationally recognized overnight courier, addressed as follows:

If to Lessee: Serratoga Falls Metropolitan District No. 1
1530 16th Street, Suite 300
Denver, CO 80202

With a copy to: Mark Goldstein
P.O. Box 273180
Fort Collins, CO 80527
Phone: 970/231-6389

With a copy to: Timothy J. Flanagan, Esq.
Fowler, Schimberg & Flanagan, P.C.
1640 Grant Street
Denver, CO 80203

If to Kitchell: Kitchell Reservoir Company
Attn: President
925 South County Road 5
Fort Collins, CO 80524

With a copy to: Mayo Sommermeyer, Esq.
The Dow Law Firm, LLC
P.O. Box 1578
Fort Collins, CO 80522-1578

18. No Third Party Beneficiaries. It is the intent of the parties hereto that no third party beneficiary interest is created in this Lease. The parties hereto are not presently aware of any actions by them or any of their authorized representatives which would form the basis for interpretation construing a different intent, and in any event expressly disclaim any such acts or actions.
19. **No Waiver of Governmental Immunity.** The Metro District, its directors, officials, officers, agents and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Lease the monetary limitations or any other rights immunities or protections afforded by the Colorado Governmental Immunity Act, C.R.S Section 24-10-101 et seq as the same may be amended.

20. **Appropriation.** All financial obligations of the Metro District under and pursuant to this Lease are subject to prior appropriations of monies expressly made by the Metro District for the purposes of this Lease.

21. **No Personal Liability.** No elected official, director, officer, agent or employee of the Metro District or Kitchell shall be charged personally or held contractually liable by or to the other party under any term or provision of this Lease or because of any breach thereof or because of its or their execution, approval or attempted execution of this Lease.

IN WITNESS WHEREOF, the parties have executed this Lease effective as of the date first written above.

**Serratoga Falls Metropolitan District No. 1**  
A quasi-municipal corporation and political subdivision of the State of Colorado

By:  
Name:  
Title:  

**Kitchell Reservoir Company**  
A Colorado mutual reservoir company

By:  
Name:  
Title:  

STATE OF [Colorado]  
COUNTY OF [Denver] ss.

The foregoing instrument was acknowledged before me this 25th day of July, 2015, by  
_Harry M. Pateh, whose title is _Director_, of Serratoga Falls Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado.

Witness my hand and official seal.

My commission expires: _November 7, 2016_

[Susan Jend  
Notary Public]
STATE OF Colorado )
COUNTY OF Larimer ) ss.

The foregoing instrument was acknowledged before me this 17th day of
July, 2015, by Dave Johnson, whose title is President, of
Kitchell Reservoir Company, a Colorado mutual reservoir company.

Witness my hand and official seal.

My commission expires: May 13, 2019

Notary Public

Brittany Schlepp
Notary Public
State of Colorado
Notary ID 20114026607
My Commission Expires May 13, 2019
Exhibit H

Intergovernmental Agreement Between Serratoga Falls Metropolitan District No. 1 and Serratoga Falls Metropolitan District No. 3
INTER-DISTRICT INTERGOVERNMENTAL AGREEMENT

THIS AGREEMENT is made and entered into the ____ day of September 2015 by and between SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1 ("Operating District") and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3 ("Financing District"), quasi-municipal corporations of the State of Colorado (collectively referred to herein as “Districts” or individually as “District”).

RECITALS

WHEREAS, the Districts were organized to provide public services and improvements pursuant to the Consolidated Service Plan of the Serratoga Falls Metropolitan District Nos. 1-3 dated March 9, 2006 (“Service Plan”); and

WHEREAS, pursuant to Article XIV, Section 18(2)(a) of the Colorado Constitution, and Section 29-1-201, et seq., C.R.S., the Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each District; and

WHEREAS, the Districts were organized with the approval of the Town of Timnath, State of Colorado, and with the approval of their respective electors, fully contemplating cooperation between the Districts as provided in the Service Plan, and fully contemplating execution of this Agreement; and

WHEREAS, the primary purpose and function of the Financing District is to provide funding and the necessary tax base for financing the construction, operation and maintenance of certain public improvements (as defined by the Service Plan) by the Operating District; and

WHEREAS, the primary purpose of the Operating District is to obtain financing for construction of the public improvements, manage the construction and operation of the public improvements, and to own, operate and maintain the public improvements to the extent permitted by the Service Plan and Town of Timnath requirements and pursuant to a long-term operations and maintenance program; and

WHEREAS the Districts previously entered into an Inter-District Intergovernmental Agreement dated July 31st, 2006 that included as a party Serratoga Falls Metropolitan District No. 2 (the “Prior IGA”), and it is the intent of the Districts that this Agreement replace and restate the Prior IGA as between the Districts; and

WHEREAS, the Districts desire to set forth herein the terms and conditions upon which certain public improvements will be financed, funded, constructed, owned, operated and maintained and for other purposes.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts hereby agree as follows:

1. The Districts shall diligently attempt to implement their Service Plan in accordance with the terms of such Service Plan. Without limiting the rights and privileges or
duties and obligations of the Districts as set forth in the Service Plan, it is generally anticipated that the Operating District will develop a coordinated plan for financing public improvements identified in the Service Plan, and that the Districts will work cooperatively to implement the financing plan in such a way as to enable the Operating District to construct, operate and maintain the public improvements described in the Service Plan.

2. The Operating District shall be responsible for the design, acquisition, installation, construction, installation, relocation, funding, financing, operation and maintenance of potable and non-potable water system, street and roadway improvements, drainage improvements, traffic and safety improvements, landscaping improvements, public park and recreation facilities, and additional metropolitan district improvements within the Districts, as provided in the Service Plan. Development within the Districts will proceed in phases and construction of such public improvements will be completed in phases as development and need for service necessitates.

3. The Operating District shall obtain financing for construction and installation of such public improvements in accordance with the provisions of the Service Plan, through general obligation and/or revenue bonds or other instruments issued by the Operating District. The Financing District may issue general obligation debt only after determination that the assessed valuation of the Financing District is sufficient to pay the debt service with ad valorem property tax revenue. Until such time, the Financing District shall pay to the Operating District all revenue raised from mill levies assessed by the Financing District to offset the operating expenses and debt service incurred by the Operating District for provisions of services to property within the Financing District. This obligation shall constitute debt of the Financing District; therefore, mill levies certified by the Financing District shall be characterized as debt service mill levies.

4. The Financing District shall assign all revenue raised from all sources, including, but not limited to ad valorem property taxes, development fees, capital facilities fees, irrigation water service charges, water plant investment fees, conservation trust funds, specific ownership taxes, and interest, to the Operating District in order to offset the expenses of the construction of the public improvements and the Operating District's costs of operation and maintenance of such public improvements.

5. The public improvements constructed hereunder and in accordance with the Service Plan shall be owned, operated and maintained by the Operating District or dedicated upon completion to the Town of Timnath or its designee. It shall be the responsibility of the Operating District to provide the operations and maintenance services and to maintain necessary insurance for the public improvements in a manner deemed appropriate by the Districts, and in compliance with applicable law. The Financing District shall have no direct responsibility for operations or maintenance of such public improvements.

6. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, any rights, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all of the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the parties shall be for the sole and exclusive benefit of the parties. The covenants,
terms, conditions, and provisions contained herein shall imure to and be binding upon the representatives, successors, and permitted assigns of the parties hereto. This Agreement is not intended to create any third-party beneficiaries, implied trusts, or similar implied agreements, nor may the provisions hereof be enforced by any person or entity not a party hereto, including without limitation, the owners of bonds issued by the Districts.

7. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

8. This Agreement may be amended from time to time by agreement between the parties hereto; provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon the parties unless the same is in writing and duly executed by the parties hereto.

9. As between the Districts the Prior IGA is hereby terminated.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]
IN WITNESS WHEREOF, the Districts have executed this Agreement on the date first above written.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1

By: ______________________________________
    President

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2

By: ______________________________________
    President