

**AMENDED AND RESTATED SERVICE PLAN
FOR
SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2
TOWN OF TIMNATH, COLORADO**

Prepared

by

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I. INTRODUCTION

On March 29, 2006, the Town Council of the Town of Timnath approved the Consolidated Service Plan for Serratoga Falls Metropolitan District Nos. 1, 2, and 3 (the “Original Service Plan”). Serratoga Falls Metropolitan District No. 2 (the “District”) was organized concurrently with Serratoga Falls Metropolitan Districts Nos. 1 and 3 by the recording in the Larimer County Clerk and Recorder’s Office of an Order and Decree Creating Serratoga Falls Metropolitan District No. 2, as amended on August 9, 2006. After the platting of eighty-three (83) lots in the first phase of development in the District, the developer that initiated the formation of the Districts fell into financial distress, and the remaining property owned by the developer in the Districts was foreclosed upon and subsequently sold to Serratoga Falls, LLC. Due to new development plans by Serratoga Falls, LLC for the remaining property within the District and future filings in the Serratoga Falls Development, the District is amending and restating, in part, the Original Service Plan with this Amended and Restated Service Plan for Serratoga Falls Metropolitan District No. 2. A separate Amended and Restated Service Plan has been submitted for Serratoga Falls Metropolitan Districts Nos. 1 and 3. Following adoption of the new amended and restated service plan for District Nos. 1 & 3, and the amended and restated service plan for District No. 2, District No. 2 will operate solely pursuant to this Amended and Restated Service Plan (the “Service Plan”).

A. Purpose and Intent.

(i) Enabling Authority. All Public Improvements to serve the Service Area have been completed. It is the intention of the Town that this Service Plan grant authority to the District to finance, operate and maintain the existing Public Improvements, including but not limited to, the repair, removal, relocation, and replacement of any Public Improvements for the benefit of the District and its inhabitants and taxpayers. In all events, the Town and the District acknowledge that the District is an independent unit 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 District will provide a part or all of the operations and maintenance services for the existing Public Improvements constructed for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance, operate and maintain the Public Improvements, as specifically authorized herein or in an intergovernmental agreement with the Town.

B. Need for the District.

The District owns or will own certain public improvement and receives a benefit from other public improvement located within the District that were necessary for development. The District intends to issue approximately \$950,000 in debt to pay for these public improvements and costs related to the preparation of the Amended and Restated Service Plan for the District and the exhibits thereto. As a result, there is a continued need for the District to exist

to fund the payment of its debt and to provide operations and maintenance of the Public Improvements.

C. Objective of the Town Regarding District's Service Plan.

The Town's objective in approving the Service Plan for the District is to authorize the District to provide for the financing of Debt for the Public Improvements and the operations and maintenance of the Public Improvements. 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 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, 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 District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the financing, operation and maintenance of the Public Improvements associated with development and regional needs.

The District may 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 plan for dissolution.

The District 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 District.

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 the 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 Serratoga Falls Metropolitan District No. 2.

Districts: means the District and Serratoga Falls Metropolitan Districts Nos. 1 and 3, collectively.

End User: means any owner, or tenant of any owner, of any taxable improvement within the District 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 or renter is an End User. The business entity that constructs homes is not an End User.

Exclusion Area: means that certain real property to be excluded from the boundaries of the District as depicted in the Exclusion Area Boundary Map.

Exclusion Area Boundary Map: means the map attached hereto as **EXHIBIT C-3** depicting the property proposed for exclusion from the boundaries of the District.

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 District 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 District for services, programs or facilities provided by the District, 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: Not Applicable.

Inclusion Area Boundary Map: Not Applicable.

Current District Boundaries: means the boundaries of the area described in the Current District Boundary Map.

Current District Boundary Map: means the map attached hereto as **Exhibit C-1**, describing the District's Current boundaries.

Maximum Aggregate Mill Levy: means the maximum mill levy the District is 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 District is 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 District is permitted to impose for payment of operations as set forth in Section VI.C. below.

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

Public Improvements: means a part or all of the existing or future improvements planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Special District Act to serve the taxpayers and inhabitants of the Service Area as determined by the Board of the District.

Service Area: means the property within Serratoga Falls, First Filing, Town of Timnath, County of Larimer, State of Colorado.

Service Plan: means this amended and restated service plan for the District 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 District.

TDA Intergovernmental Agreement: Not Applicable.

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 Current District Boundaries included approximately 371.48 acres. A legal description of the Current District Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. The Current District Boundary Map is attached hereto as **Exhibit C-1**. Since the approval of the original Service Plan, the nature of the proposed development within the District’s boundaries has changed. The District anticipates receiving a petition from the owner of one hundred percent (100%) of the property located in the Exclusion Area to exclude such property from the boundaries of the District. The Exclusion Area Boundary Map is attached hereto as **Exhibit C-3**. Upon approval of this Service Plan, the District will be authorized to exclude the Exclusion Area without further approval from the Town. Prior to the exclusion the District and Serratoga Falls Metropolitan District No. 1 shall enter into an intergovernmental agreement to provide for operations and maintenance of public improvements that benefit the District and the property in the Exclusion Area as attached hereto as **EXHIBIT H**.

The District’s boundaries may change from time to time as it undergoes 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.

III. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

Upon exclusion of the Exclusion Area, the Service Area will consist of approximately 46 acres of residential land. The 2016 assessed valuation of the Service Area is approximately \$2.3 million and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the District, after the exclusion of the Exclusion Area, at

build-out is estimated to be approximately two hundred forty-nine (249) people based on 83 platted lots within the Service Area and three (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 District, nor does it imply approval of the number of residential units or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

IV. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Service Plan Amendment.

The District shall have the power and authority to provide Public Improvements, and operation and maintenance services within and without the boundaries of the District 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. Public Improvements for use by the inhabitants and taxpayers of the Service Area have been completed. Streets and related traffic and safety protection improvements have been dedicated to the Town. The District shall operate and maintain all trails, parks, landscaping, irrigation and related amenities within the District pursuant to an intergovernmental agreement with the Town, which shall be executed at the first meeting of the District after approval of this Service Plan. All parks and trails shall be open to the general public, including Town residents who do not reside in the District, free of charge. Any Fee imposed by the District for access to recreation improvements owned by the District, other than parks and trails, shall not result in Town residents who reside outside the District paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District 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 District to ensure that such costs are not the responsibility of District residents. 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 and the costs of providing the service.

2. Fire Protection Limitation. The District 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 District 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 District will ensure that 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 District 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 other than the debt to be issued as described in Section VI.A., the District 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 District's 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 District.

The District 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 District shall not include within its boundaries any property without advance notice to the Town. No property will be included within the District at any time unless such property has been annexed into the Town's corporate limits.

7. Exclusion Limitation. Other than the Exclusion Area depicted on the Exclusion Area Boundary Map, the District shall not exclude from its boundaries any property without the prior written consent of the Town. The District shall follow the procedure for exclusion of property as provided in Section 32-1-501, C.R.S.

8. Overlap Limitation. The boundaries of the District shall not overlap with any other metropolitan district 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 District 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 District unless the aggregate mill levy for the District 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. Not Applicable.

10. Total Debt Issuance Limitation. The District shall not issue Debt in excess of Two Million Dollars (\$2,000,000).

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 or in the Exhibit D 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 District 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 District without any limitation, loans or grants.

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 Serratoga Falls Metropolitan District No. 3.

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).

15. Water Rights/Resources Limitation. The District shall not acquire, own, manage, adjudicate or develop water rights or resources except as identified in the Intergovernmental Agreement with Serratoga Falls Metropolitan District No. 1 attached hereto as **EXHIBIT H**, unless otherwise provided pursuant to an intergovernmental agreement with the Town.

16. Extraterritorial Service/Improvements Limitation. Except for the operations and maintenance of certain Public Improvements benefiting the District and Serratoga Falls as described in the intergovernmental agreement attached hereto as **EXHIBIT H**, the District shall not provide any extraterritorial service or public improvements without Town consent, which may be obtained administratively, in writing, from the Town Manager.

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

18. Covenant Enforcement/Design Review. The District shall provide all community functions authorized by covenants, conditions and restrictions including the Covenant Enforcement and Design Review Services for the Service Area, unless otherwise provided pursuant to an intergovernmental agreement with the Town. Covenants, conditions and restrictions have been recorded against the property in the District. Upon approval of this Service Plan, it is anticipated that the declarant will record an amendment to the covenants, conditions and restrictions to designate the District as the covenant enforcer subject to the terms contained therein. The covenants, conditions and restrictions may be amended in the future by the property owners and/or declarant to permit the District to provide design review services. The District shall not impose assessments to fund Covenant Enforcement and Design Review Services, but the District shall be authorized to impose Fees to defray the costs of such Services.

19. Financial Review. The Town shall be permitted to conduct periodic reviews of the financial powers of the District 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 District shall submit to the Town an application for a finding of reasonable due diligence setting forth the amount of the District’s authorized but unissued general obligation debt, any current or anticipated plan to issue such debt, a copy of the 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 District to provide required services and facilities under evolving circumstances without the need for numerous amendments. Actions of the District 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 District, including the remedy of enjoining the issuance of additional authorized but unissued debt, until such material modification is remedied.

V. FINANCIAL PLAN

A. General.

Public Improvements to benefit the inhabitants and taxpayers of the Service Area have been constructed. The District intends to issue approximately \$950,000 in debt to pay for these public improvements and costs related to the preparation of the Amended and Restated Service Plan for the District and the exhibits thereto on terms substantively similar to the repayment terms set forth in **EXHIBIT G** upon Town approval of this Service Plan and the exclusion of the Exclusion Area by the District. The District may issue this debt in two separate transactions as dictated by the prevailing market and development conditions.

The District is authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements, as may be needed in the future to serve the Service Area, from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District 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. Except for the new obligation to be issued, the total Debt that the District shall be permitted to issue shall not exceed Two Million Dollars (\$2,000,000) and shall be permitted to be issued on a schedule and in such year or years as the District determines shall meet the needs of the District. All Bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the District. The District may 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%). All 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 the

District's debt service mill levy to the Maximum Debt Mill Levy. Prior to any election to authorize the issuance of Debt, the 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 the District is permitted to impose upon the taxable property within such District for payment of Debt, and shall be fifty (50) mills, beginning in the 2016 fiscal year. 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 District is permitted to impose upon the taxable property within the District for payment of administration, operations, maintenance, and capital costs, and shall be fifty (50) mills, beginning in the 2016 fiscal year. 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, beginning in the 2016 fiscal year. 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 District is entitled to pledge to their debt service payments the increased Maximum Debt Mill Levy as described above, the District may provide that such Debt shall remain secured by the increased Maximum Debt Mill Levy as described above, notwithstanding any subsequent change in the District's Debt to assessed ratio. All Debt issued by the District 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 the 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 the 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.

The District shall have no 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.

E. Debt Repayment Sources.

The District 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 District may also rely upon various other revenue sources authorized by law. At the District's discretion, these may include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(l), C.R.S., as amended from time to time. In no event shall the debt service mill levy in the District 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 District 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 District.

G. Security for Debt.

The District 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 District's 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 District in the payment of any such obligation.

H. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, of any one or all of the District 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 District will remain under the control of the District's Board.

I. District Operating Costs.

In addition to financing the Debt of Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be maintained. The District's operating budget for 2016 is estimated to be approximately \$170,000, which is anticipated to be derived from property taxes and other revenues.

VI. ANNUAL REPORT

A. General.

The District 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 this Service Plan has been approved by the Town.

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 District's 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 District's 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 District's construction of the Public Improvements as of December 31 of the prior year.
6. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31 of the prior year.
7. The assessed valuation of the District 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 District's, and any entity formed by one or more of the District, 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 District, 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 District will be required to submit to a periodic review, unlimited in scope, as provided for in Section V(19) herein.

VII. DISSOLUTION

Upon an independent determination by the Town Council that the purposes for which the District was created have been accomplished, the Town may file a request with the District to dissolve the District.

VIII. DISCLOSURE TO PURCHASERS

The District will use reasonable efforts to assure that all developers of the property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Aggregate Mill Levy, as well as a general description of the District's 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.

IX. INTERGOVERNMENTAL AGREEMENTS

The form of the intergovernmental agreement, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit D**. The District shall approve the intergovernmental agreement in the attached form at its first Board meeting after approval by the Town of this Service Plan. Failure of the District 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.

The District and Serratoga Falls Metropolitan District No. 1 anticipate entering into a cost sharing intergovernmental agreement, as attached hereto as **EXHIBIT H**, pursuant to which the Districts will set forth the terms and conditions for funding, operating, and maintaining certain Public Improvements in the Districts.

X. CONCLUSION

It is submitted that this Service Plan for the District, 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 District.

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

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

4. The area included in the District 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 District 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 Service Plan is in substantial compliance with a comprehensive plan adopted pursuant to the Town Code.

8. The Service Plan 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 District is in the best interests of the area proposed to be served.

EXHIBIT A

Legal Description

A PARCEL OF LAND LOCATED IN SECTION 14, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE SIXTH 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 N89°48'24"W, SAID BEARING BEING A GRID BEARING OF THE COLORADO STATE PLANE COORDINATE SYSTEM, NORTH ZONE, NORTH AMERICAN DATUM 1983/92, WITH ALL OTHER BEARINGS CONTAINED HEREIN RELATIVE THERETO.

THENCE ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER, N00°07'12"W 772.86 FEET TO A POINT ON THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED OCTOBER 25, 1892 IN BOOK 82 ON PAGE 504 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER, SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE ALONG SAID WEST LINE, N00°07'12"W 1879.22 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 14;

THENCE ALONG THE WEST LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER N00°07'26"W 1325.95 FEET TO THE NORTH SIXTEENTH CORNER COMMON TO SECTIONS 14 AND 15;

THENCE ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 14, S89°35'40"E, 541.64 FEET TO A POINT ON THE SOUTHERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED RECORDED NOVEMBER 29, 1977 IN BOOK 1817 ON PAGE 0027 AS RECEPTION NUMBER 224110 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDERS;

THENCE ALONG SAID SOUTHERLY AND A PORTION OF THE EASTERLY LINE OF THE AFORESAID PARCEL OF LAND THE FOLLOWING TWO (2) COURSES AND DISTANCES:

1. S89°13'26"E, 302.57 FEET;

2. N26°55'26"W, 2.20 FEET TO A POINT ON THE NORTH LINE OF SAID SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 14;

THENCE ALONG SAID NORTH LINE, S89°35'40"E, 233.46 FEET TO THE SOUTHERLY LINE OF JACKSON HEIGHTS SUBDIVISION, AS RECORDED AUGUST 16, 1978 AT RECEPTION NUMBER 264737 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER;

THENCE ALONG THE SOUTHERLY LINE OF SAID SUBDIVISION THE FOLLOWING SIX (6) COURSES AND DISTANCES:

1. S67°23'30"E, 1.75 FEET

2. S88°07'12"E, 101.15 FEET;

3. N89°23'48"E, 185.40 FEET;

4. S86°01'31"E, 270.93 FEET;

5. N85°56'04"E, 102.28 FEET;

6. N72°01'57"E, 28.21 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 14;

THENCE ALONG SAID NORTH LINE, S89°35'40"E, 855.04 FEET TO THE CENTER NORTH SIXTEENTH CORNER;

THENCE ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 14, S89°35'40"E, 324.94 FEET;

THENCE S14°09'13"E, 79.05 FEET;

THENCE S11°18'11"E, 118.46 FEET;

THENCE S01°09'25"W, 123.51 FEET;

THENCE S15°00'53"W, 125.10 FEET TO THE NORTHEAST CORNER OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED NOVEMBER 8, 1893 IN BOOK 95 ON PAGE 412 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER. SAID NORTHEAST CORNER ALSO BEING A POINT ON A LINE BEING THE HIGH WATER LINE OF "THE KITCHELL RESERVOIR", PREVIOUSLY KNOWN AS "THE KITCHELL & MOORE RESERVOIR", AS SAID RESERVOIR COVERS WHEN THE WATER IS UP TO SIX AND ONE-HALF (6 1/2) FEET ABOVE THE GRADE OF THE OUTLET DITCH OF SAID RESERVOIR. THE ELEVATION OF SAID LINE BEING 4959.50 BASED UPON THE NAVD 1988 DATUM;

THENCE ALONG A LINE BEING THE HIGH WATER LINE OF THE AFORESAID RESERVOIR WHEN THE WATER IS UP TO SIX AND ONE-HALF (6 1/2) FEET ABOVE THE GRADE OF THE OUTLET DITCH OF SAID RESERVOIR, AND BEING AT AN ELEVATION OF 4959.50 BASED UPON THE NAVD 1988 DATUM BY THE FOLLOWING THIRTY-THREE (33) COURSES AND DISTANCES. SAID LINE BEING ALONG THE FOLLOWING PARCELS OF LAND:

ALONG THE NORTHWESTERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED OCTOBER 27, 1915 IN BOOK 334 ON PAGE 491 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER AND BEING THAT 30 ACRES, MORE OR LESS WITHIN THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 14;

ALONG THE WESTERLY AND NORTHERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED OCTOBER 27, 1915 IN BOOK 334 ON PAGE 491 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER AND BEING THAT 10 ACRES, MORE OR LESS WITHIN THE SE QUARTER OF THE NW QUARTER (SOUTHWEST QUARTER NORTHWEST QUARTER) OF SECTION 14;

ALONG THE SOUTHWESTERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED DECEMBER 23, 1891 IN BOOK 82 ON PAGE 165 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER;

ALONG THE SOUTHERLY LINE OF THAT PARCEL OF LAND AS DESCRIBED WITHIN THAT WARRANTY DEED AS RECORDED NOVEMBER 8, 1893 IN BOOK 95 ON PAGE 412 OF THE RECORDS OF THE LARIMER COUNTY CLERK AND RECORDER;

1. THENCE S23°28'07"W, 114.66 FEET;

2. THENCE S74°10'55"W, 104.70 FEET;

3. THENCE N56°47'52"W, 123.88 FEET;

4. THENCE N70°49'16"W, 116.92 FEET;

5. THENCE N73°28'38"W, 123.16 FEET;

6. THENCE S88°26'29"W, 138.78 FEET;

7. THENCE S82°34'17"W, 99.96 FEET;

8. THENCE S34°09'23"W, 96.02 FEET;

9. THENCE S21°24'45"W, 107.81 FEET;

10. THENCE S05°38'22"E, 116.93 FEET;

11. THENCE S07°02'15"E, 114.12 FEET;

12. THENCE S06°33'11"E, 115.91 FEET;
13. THENCE S23°10'07"E, 138.58 FEET;
14. THENCE S16°33'13"E, 83.66 FEET;
15. THENCE S10°36'55"W, 39.55 FEET;
16. THENCE S62°47'30"W, 44.46 FEET;
17. THENCE S31°43'40"E, 8.18 FEET;
18. THENCE S55°19'24"E, 224.90 FEET;
19. THENCE S38°05'22"E, 152.75 FEET;
20. THENCE S60°09'07"E, 106.17 FEET;
21. THENCE S85°54'02"E, 70.85 FEET;
22. THENCE S71°43'10"E, 120.77 FEET;
23. THENCE S56°10'06"E, 110.01 FEET;
24. THENCE S60°10'19"E, 151.52 FEET;
25. THENCE S75°46'02"E, 124.10 FEET;
26. THENCE S81°12'12"E, 143.97 FEET;
27. THENCE S72°25'24"E, 213.02 FEET;
28. THENCE N58°18'39"E, 130.14 FEET;
29. THENCE N09°55'32"E, 124.35 FEET;
30. THENCE N30°05'42"W, 151.82 FEET;
31. THENCE N19°41'21"W, 101.82 FEET;
32. THENCE N39°45'53"E, 107.77 FEET;
33. THENCE N50°46'22"E, 25.29 FEET TO A POINT ON THE NORTH LINE OF THE
SOUTHEAST QUARTER OF SAID SECTION 14;
THENCE ALONG SAID NORTH LINE, S89°40'41"E, 290.52 FEET; THENCE
N09°28'18"E, 359.27 FEET TO THE SOUTHEAST CORNER OF PARCEL 1 AS
DESCRIBED WITHIN THAT QUIT CLAIM DEED AS RECORDED JULY 27, 1977 IN
BOOK 785, ON PAGE 0893, AS RECEPTION NUMBER 204869 OF THE RECORDS
OF THE LARIMER COUNTY CLERK AND RECORDER;
THENCE ALONG THE NORTHEASTERLY AND EASTERLY LINES OF THE
AFORESAID PARCEL OF LAND THE FOLLOWING THREE (3) COURSES AND
DISTANCES:
1. N87°41'52"E, 258.00 FEET;
2. S43°08'08"E, 226.00 FEET;
3. S07°28'08"E, 204.34 FEET TO A POINT ON THE NORTH LINE OF THE
SOUTHEAST QUARTER OF SAID SECTION 14;
THENCE ALONG SAID LINE, S89°40'41"E, 886.43 FEET TO THE EAST QUARTER
CORNER OF SAID SECTION 14
THENCE ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID
SECTION 14, S00°15'37"E, 2,636.55 FEET TO THE SOUTHEAST CORNER OF SAID
SECTION 14;
THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID
SECTION 14, N89°53'22"W, 2,630.56 FEET TO THE SOUTH QUARTER CORNER OF
SAID SECTION 14;
THENCE ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID
SECTION 14, N89°48'24"W, 1,360.74 FEET; THENCE N00°11'36"E, 401.87 FEET;
THENCE N89°48'24"E, 499.69 FEET; THENCE N46°38'36"W, 545.22 FEET; THENCE
S89°52'48"W, 365.74 FEET TO THE POINT OF BEGINNING.

SAID TRACT CONTAINS 371.48 ACRES (16,181,774 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.

EXHIBIT B

Timnath Vicinity Map

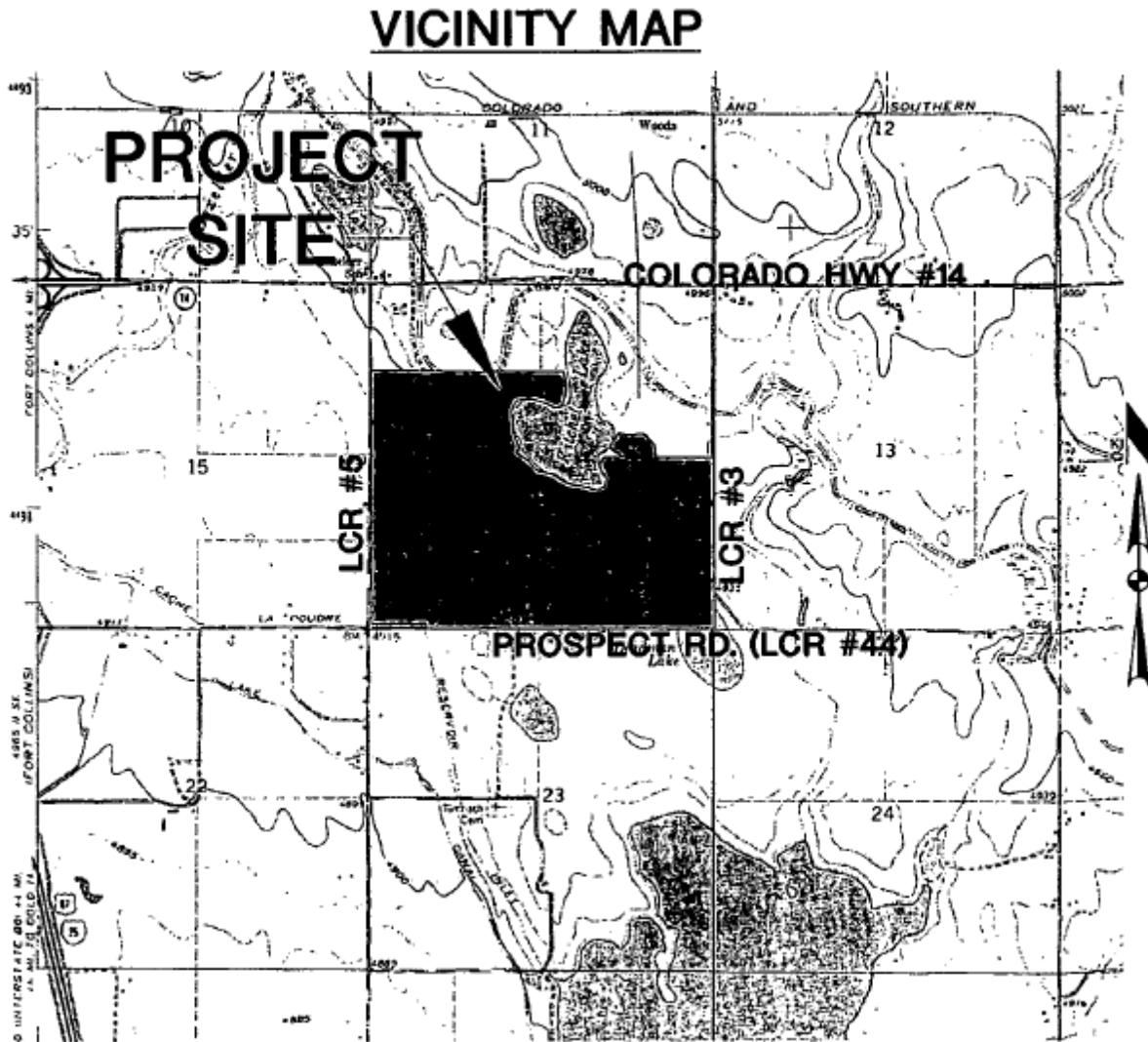


EXHIBIT C-1

Current District Boundary Map

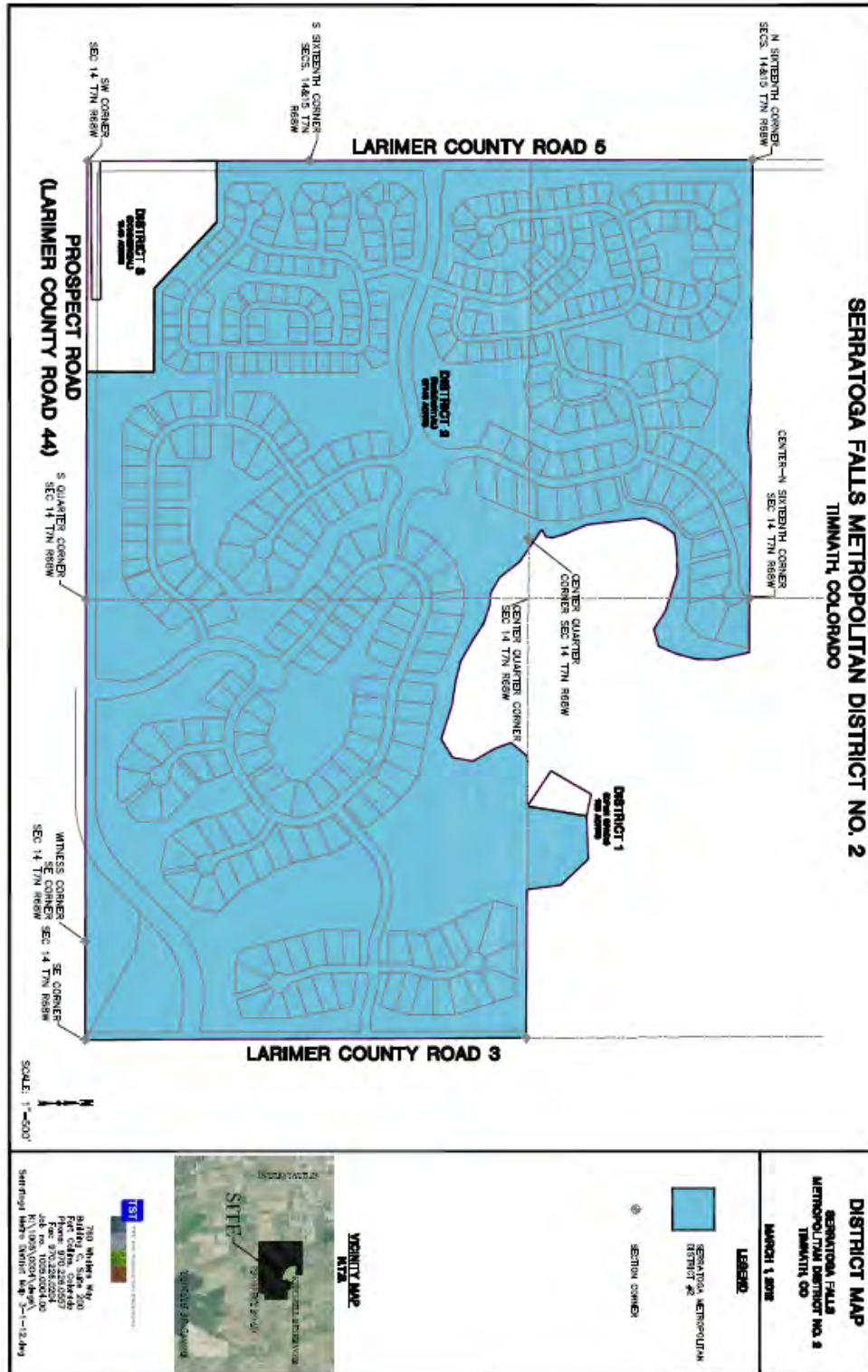


EXHIBIT C-2

Inclusion Area Boundary Map

NOT APPLICABLE

EXHIBIT C-3

Exclusion Area Boundary Map

Legal Description of Property to be Excluded

SERRATOGA FALLS – SECOND FILING, A REPLAT OF TRACTS B, D, E, AND F
SERRATOGA FALLS FILING NO. 1 IN SECTION 14, TOWNSHIP 7 NORTH, RANGE 68
WEST OF THE 6TH PRINCIPAL MERIDIAN, TOWN OF TIMNATH, COLORADO

EXHIBIT D

INTERGOVERNMENTAL AGREEMENT BETWEEN THE TOWN OF TIMNATH, COLORADO AND SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2

THIS AGREEMENT is made and entered into as of this 26 day of April, 2016, by and between the TOWN OF TIMNATH, a home-rule municipal corporation of the State of Colorado ("Town"), and SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The Town and the District are collectively referred to as the **Parties**.

RECITALS

WHEREAS, the District was organized to provide those services and to exercise powers as are more specifically set forth in the District's Service Plan approved by the Town on April 26, 2016 ("Service Plan"); and

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

WHEREAS, the Town and the District 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, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. Public Improvements for use by the inhabitants and taxpayers of the Service Area have been completed. Streets and related traffic and safety protection improvements have been dedicated to the Town. The District shall operate and maintain all trails, parks, landscaping, irrigation and related amenities within the District. All parks and trails shall be open to the general public, including Town residents who do not reside in the District, free of charge. Any Fee imposed by the District for access to recreation improvements owned by the District, other than parks and trails, shall not result in Town residents who reside outside the District paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the District. However, the District 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 District to ensure that such costs are not the responsibility of District residents. 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 and the costs of providing the service.

In addition, until such time that the assessed valuation increases with the build-out of the District to generate sufficient property tax revenues to fund certain costs associated with services, programs and facilities provided by the District, with such determination to be made in the sole discretion of the District, the District is authorized to imposing a fee of up to \$1,500 annually to assist in the funding of landscaping, irrigation, and other services, programs and facilities provided by District.

Except as otherwise provided herein, the District shall not provide any extraterritorial service or public improvements without Town consent, which may be obtained administratively, in writing, from the Town Manager.

2. Service Plan. The District 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 District 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.

3. 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 District: Serratoga Falls Metropolitan District No. 2
 c/o Seter & Vander Wall, P.C.
 Attn: Jeffrey E. Erb, Esq.
 7400 East Orchard Rd., Suite 3300
 Greenwood Village, Colorado 80111
 Phone: (303) 770-2700 Fax: (303) 770-2701

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 to change its address.

4. 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.

5. 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.

6. 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. 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 its reasonable attorneys' fees from the other party.

7. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado. Venue for any dispute shall be in the District Court for Larimer County, Colorado.

8. 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.

9. 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.

10. 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 District 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 District and the Town shall be for the sole and exclusive benefit of the District and the Town.


11. 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.

12. 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.

13. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

14. 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 NO. 2

By: 
President

Attest:


Secretary

TOWN OF TIMNATH, COLORADO

By: 
Mayor

Attest:

By: 
Its: Town Clerk

APPROVED AS TO FORM: 

EXHIBIT E

TDA – Intergovernmental Agreement

NOT APPLICABLE

EXHIBIT F

Public Improvements

NOT APPLICABLE

EXHIBIT G

Bank Term Sheet

Confidential



16 Acord 1018-1, 114

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:

1. Series 2015A: \$795,375 in limited tax general obligation bonds issued by District No. 2.
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.

7800 E. Orchard Rd., Ste. 300, Greenwood Village, CO 80111

(720) 529-3308

- 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:**
1. Opinion letter from bond counsel regarding tax-exempt status of the Bonds.
 2. Approval by the Town of Tinmouth 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.

Confidential



AGREED AND ACCEPTED:

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1

Authorized Signer

Date

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2



Authorized Signer

6/3/2015

Date

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3

Authorized Signer

Date

All preliminary terms and conditions outlined herein are confidential and may not be shared with any financial institution without the prior consent of NBH Bank N.A. This information is intended for discussion purposes only, and is offered by NBH Bank N.A. as a preliminary indication of interest.

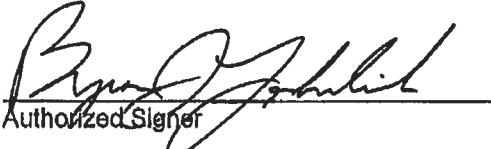
This indication of interest does not represent a commitment to lend monies, nor is it an indication that a formal lending commitment may be forthcoming. Any formal lending commitment that may be issued by NBH Bank N.A. will be subject to the satisfactory conclusion of the Bank's due diligence, completion of the Bank's credit underwriting process, and requisite approval by the Bank's credit authorities.

Confidential



AGREED AND ACCEPTED:

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 1


Authorized Signer

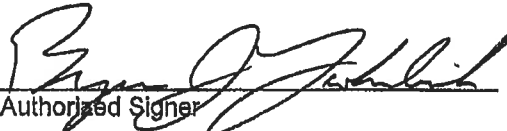
6/3/15
Date

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2

Authorized Signer

Date

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 3


Authorized Signer

6/3/15
Date

All preliminary terms and conditions outlined herein are confidential and may not be shared with any financial institution without the prior consent of NBH Bank N.A. This information is intended for discussion purposes only, and is offered by NBH Bank N.A. as a preliminary indication of interest.

This indication of interest does not represent a commitment to lend monies, nor is it an indication that a formal lending commitment may be forthcoming. Any formal lending commitment that may be issued by NBH Bank N.A. will be subject to the satisfactory conclusion of the Bank's due diligence, completion of the Bank's credit underwriting process, and requisite approval by the Bank's credit authorities.

EXHIBIT H

Intergovernmental Agreement
between the District and Serratoga Falls Metropolitan District No. 1

INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (the “**IGA**”) is made and entered into this 26th day of April, 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 or cause to be granted to District 2 a perpetual easement 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 D.**

b. Execution and recordation of the Water Lease Agreement attached as **Exhibit E.**

c. Payment of \$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 F**).

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 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:

Serratoga Falls Metropolitan District No. 1
c/o Spencer Fane LLP.
1700 Lincoln Street, Suite 2000
Denver, CO 80203
Attn: Matt Dalton, Esq.
T: (303) 839-3800
F: (303) 839-3838
e-mail: mdalton@spencerfane.com

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. Counterparts 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

William H. Grub
Name: William H. Grub
Title: President

Attest: *[Signature]*

Secretary/Assistant Secretary

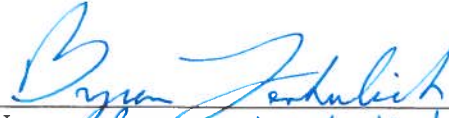
SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 3

Name: _____
Title: _____

Attest:

Secretary/Assistant Secretary

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 1



Name: Byron Leckulich
Title: Principal

Attest:


Secretary/Assistant Secretary

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2

Name: _____
Title: _____

Attest:

Secretary/Assistant Secretary

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 3



Name: Byron Leckulich
Title: Principal

Attest:


Secretary/Assistant Secretary

EXHIBIT A-1

Bargain and Sale Deed for Transfer of Tracts A and C

DEED

SERRATOGA FALLS, LLC, a Colorado limited liability company, whose address is 1530 16th Street, Suite 300, Denver, CO 80202, for the consideration of Ten Dollars paid and received, hereby sells and conveys 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 E. Orchard Road, Suite 3300, Greenwood Village, CO 80111, the following real property located in the Town of Timnath, County of Larimer, State of Colorado:

Tract A, Serratoga Falls First Filing AND Tract C, Serratoga Falls First Filing with all its appurtenances.

Signed this 26th day of April, 2016.

SERRATOGA FALLS, LLC



Name: Joseph Leininger

Title: Authorized Representative

STATE OF COLORADO)

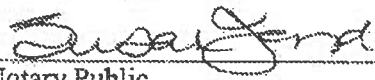
COUNTY OF Denver)

) ss.

The foregoing instrument was acknowledged before me this 26th day of April, 2016 by Joseph Leininger, an Auth. Representative of Serratoga Falls, LLC.

WITNESS my hand and official seal.

My commission expires: November 7, 2016



Notary Public

SUSAN JEND
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 20124071314
MY COMMISSION EXPIRES NOVEMBER 07, 2016

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 26th day of April, 2016.

[SIGNATURE PAGE TO FOLLOW]

SERRATOGA FALLS, LLC

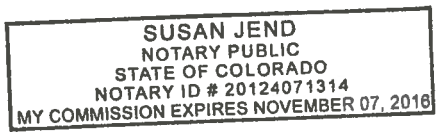
By: [Signature]
Name: B. Joseph Leininger
Title: Authorized Representative

STATE OF COLORADO)
COUNTY OF Dever) ss.
)

The foregoing instrument was acknowledged before me this 26th day of April, 2016 by B. Joseph Leininger as Authorized Representative of Serratoga Falls, LLC.

WITNESS my hand and official seal.

My commission expires: November 7, 2016



[Signature]
Notary Public

Accepted this 4 day of May, 2016.

SERRATOGA FALLS METROPOLITAN DISTRICT NO. 2

[Signature]
President

Attest:

Tamie Baggett

EXHIBIT A

The "Tee"

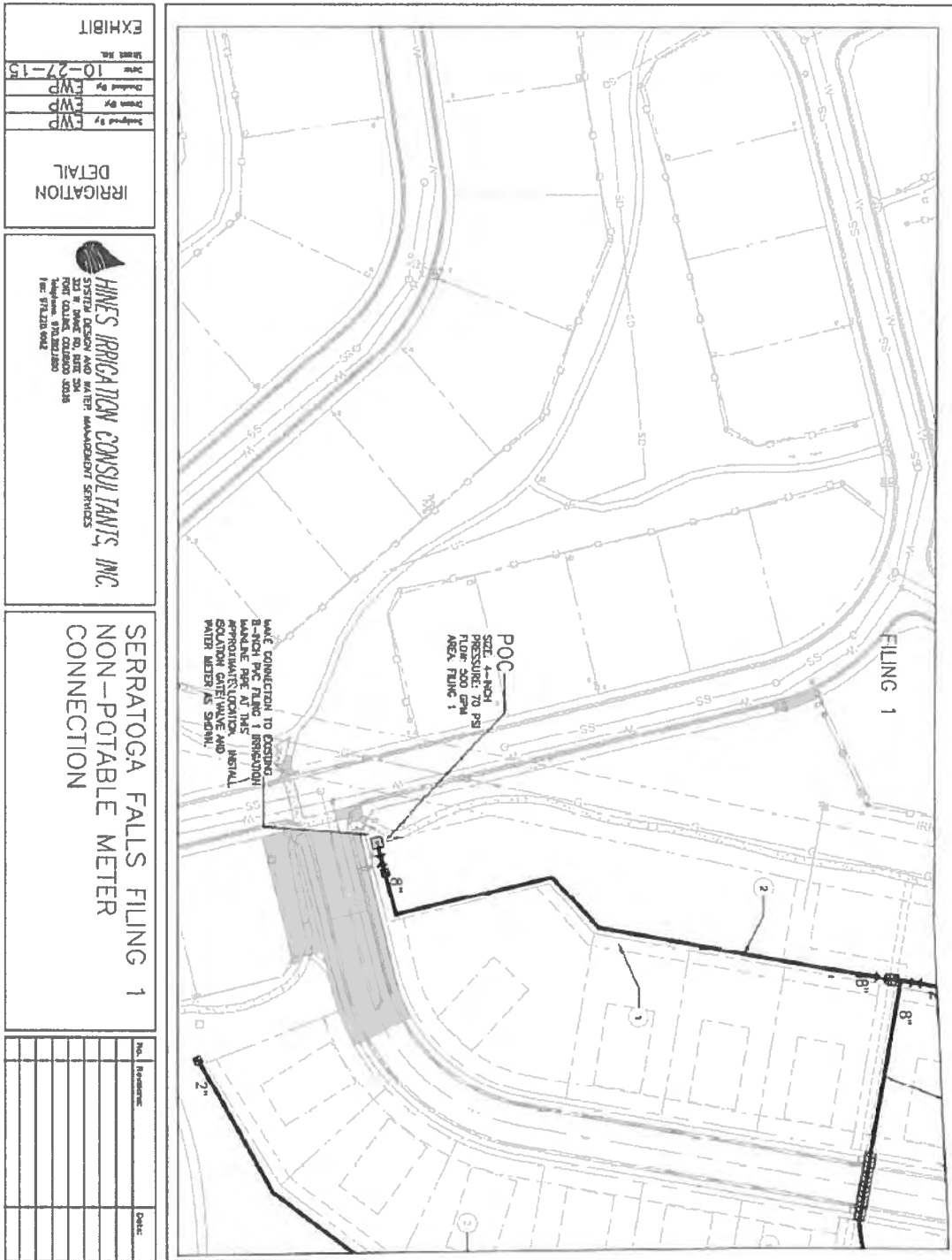


EXHIBIT A-3

Tract A Easement for District 1 Maintenance of Entry Feature

EASEMENT DEED

This Easement Deed ("Easement Deed") is made and entered into this 4th day of May, 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.

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-Page 1 of 5-

Easement Deed between Serratoga Falls Metropolitan District No. 2 and Serratoga Falls Metropolitan District No. 1

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.

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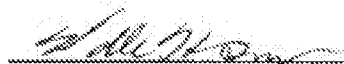
12. Modification and Termination. Except as otherwise provided herein, this Easement Deed may be modified, altered, amended or terminated only by written agreement of all of the then owners of the Property and this Easement Deed.

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

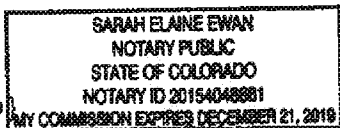
ATTEST

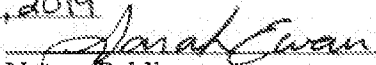

Secretary/Assistant Secretary, Serratoga Falls
Metropolitan District No. 2

STATE OF COLORADO)
) ss.
COUNTY OF Larimer)

The foregoing instrument was acknowledged before me this 4th day of May, 2016, by Tamie Baggett and William Grush as assistant secretary and president of Serratoga Falls Metropolitan District No. 2.

Witness my hand and official seal.
My commission expires: Dec. 21, 2019

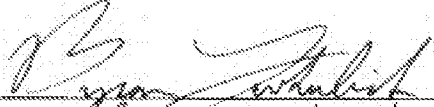



Notary Public

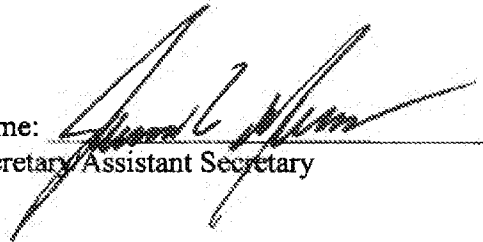
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Accepted this 4th day of MAY, 2016.

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 1.


Name: Byron Levkulich
President, Serratoga Falls Metropolitan District
No. 1 Board of Directors

Attest:


Name: _____
Secretary/Assistant Secretary

{00217339}

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:



{00217339}

-Page 5 of 5-

Easement Deed between Serratoga Falls Metropolitan District No. 2 and Serratoga Falls Metropolitan District No. 1

EXHIBIT A-4

Easement for District 2 Operation and Maintenance of District 2 System

EASEMENT DEED

This Easement Deed ("Easement Deed") is made and entered into this 26th day of April, 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

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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.

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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:

[Handwritten signature]

By: B. Joseph Leiningek
Title: Authorized Representative

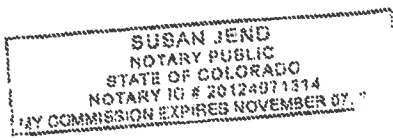
STATE OF COLORADO)
) ss.
COUNTY OF Denver

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by B. Joseph Leiningek as Authorized Representative of Serratoga Falls, LLC.

Witness my hand and official seal.

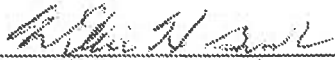
My commission expires: November 7, 2016

[Handwritten signature]
Notary Public



Accepted this 4th day of May, 2016.

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2.


Name: William H. Gresh
President, Serratoga Falls Metropolitan District
No. 2 Board of Directors

Attest:

Name: Tammie Baggett
Secretary/Assistant Secretary

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:

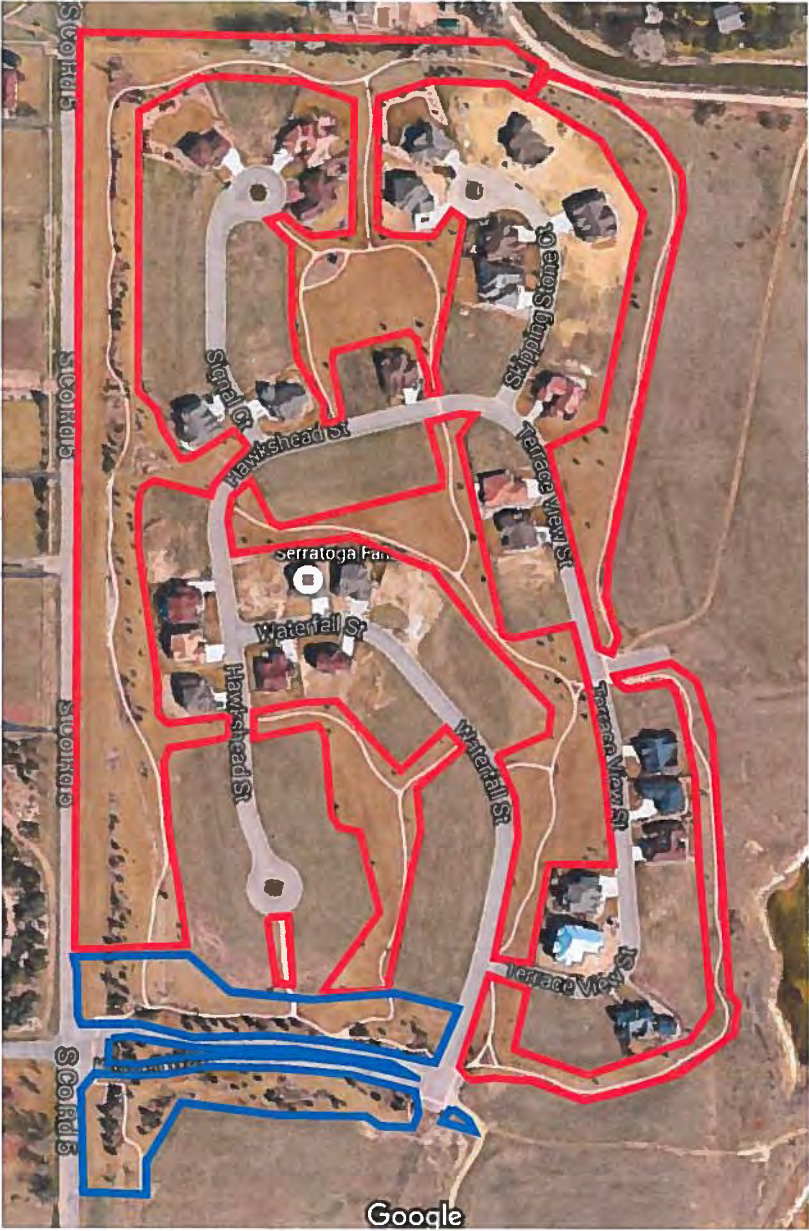


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EXHIBIT B

Property to be Operated and Maintained by Districts

Serratoga Falls - Property Maintenance Responsibility Map



Key

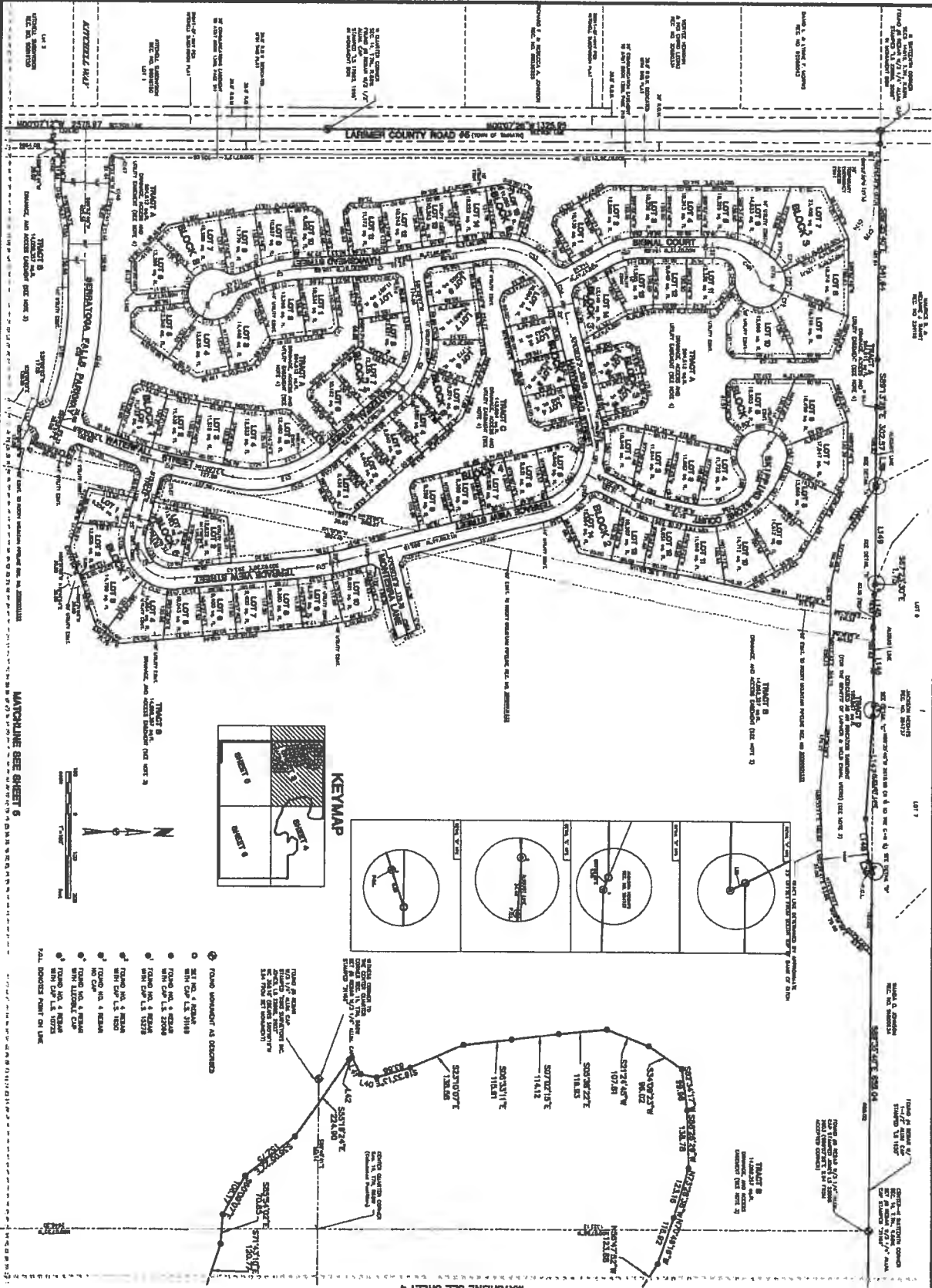
Red - Maintained by District No. 2

Blue - Maintained by District No. 1

EXHIBIT C

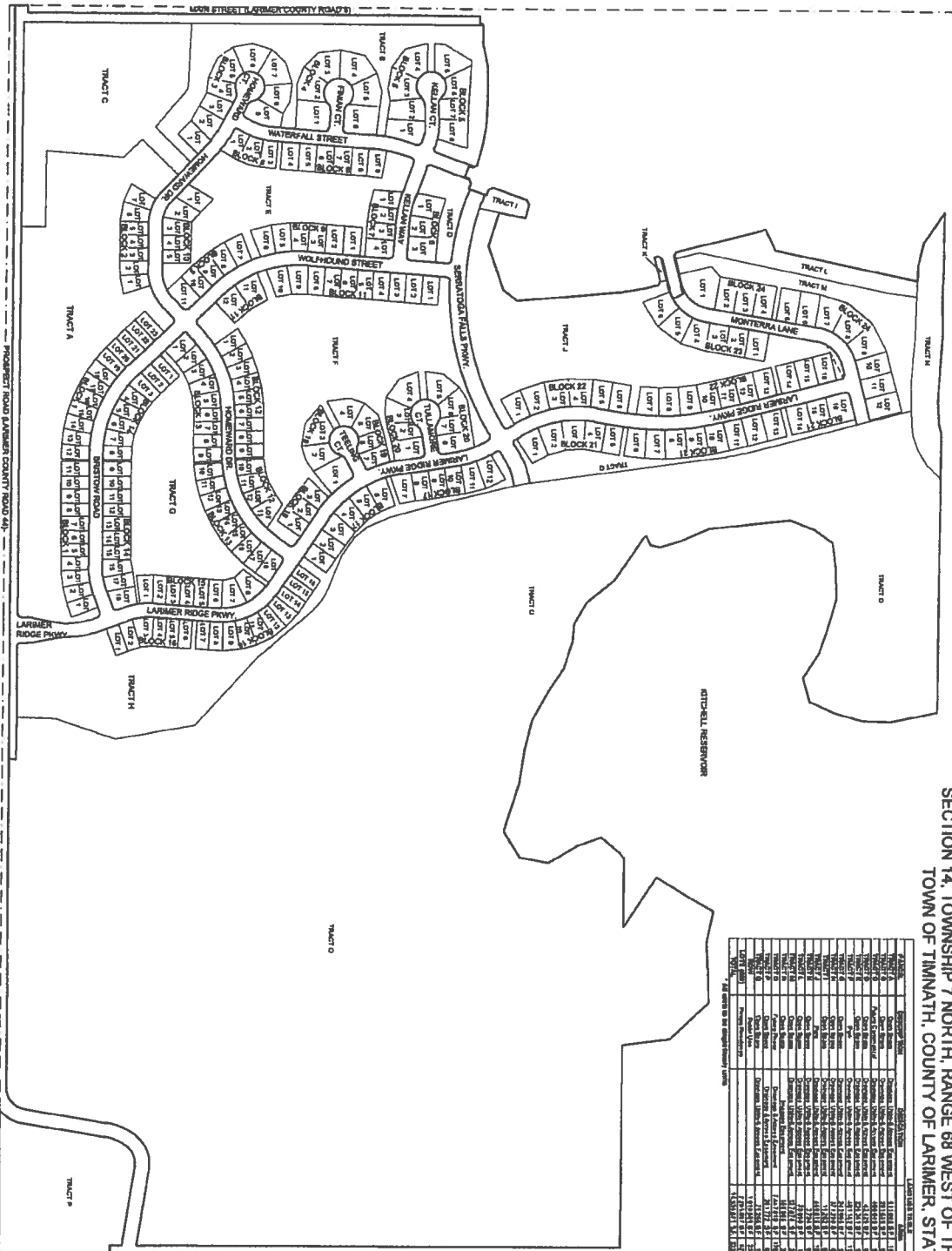
Map of Serratoga Falls Subdivision

Property within the First Filing and Second Filing as shown on the following maps



SERRATO FALLS - FIRST FILING	
FINAL PLAT	
TST	Prepared by: Title Insurance & Trust Company 1000 10th Street St. Louis, MO 63102 Date: JAN. 2008
3 OF 6	SERRATO FALLS TRACT A TRACT B TRACT C TRACT D TRACT E TRACT F TRACT G TRACT H BLOCK 1 BLOCK 2 BLOCK 3 BLOCK 4 BLOCK 5 BLOCK 6 BLOCK 7 BLOCK 8

**FINAL PLAT OF
SERRATOGA FALLS - SECOND FILING**
A REPLAT OF TRACTS B, D, E AND F, SERRATOGA FALLS - FIRST FILING, LOCATED IN
SECTION 14, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH PRINCIPAL MERIDIAN,
TOWN OF TIMNATH, COUNTY OF LARIMER, STATE OF COLORADO



TRACT	LOT	OWNER	ACRES	REMARKS
TRACT B	1	...	...	...
	2	...	...	...
	3	...	...	...
	4	...	...	...
	5	...	...	...
	6	...	...	...
	7	...	...	...
	8	...	...	...
	9	...	...	...
	10	...	...	...
	11	...	...	...
	12	...	...	...
TRACT D	1	...	...	...
	2	...	...	...
	3	...	...	...
	4	...	...	...
	5	...	...	...
	6	...	...	...
	7	...	...	...
	8	...	...	...
	9	...	...	...
	10	...	...	...
	11	...	...	...
	12	...	...	...
TRACT E	1	...	...	...
	2	...	...	...
	3	...	...	...
	4	...	...	...
	5	...	...	...
	6	...	...	...
	7	...	...	...
	8	...	...	...
	9	...	...	...
	10	...	...	...
	11	...	...	...
	12	...	...	...
TRACT F	1	...	...	...
	2	...	...	...
	3	...	...	...
	4	...	...	...
	5	...	...	...
	6	...	...	...
	7	...	...	...
	8	...	...	...
	9	...	...	...
	10	...	...	...
	11	...	...	...
	12	...	...	...

TRACT	LOT	AREA
B	1-12	...
D	1-12	...
E	1-12	...
F	1-12	...
TOTAL		...



Sheet
2
OF 15 Sheets

FINAL PLAT OF
SERRATOGA FALLS - SECOND FILING
TOWN OF TIMNATH, COLORADO

PROJECT: 1700-16
DESIGNED BY: [Name]
DRAWN BY: [Name]

**NORTHERN
ENGINEERING**

201 West 100th Street, Suite 100
North Platte, Nebraska 68901
PHONE: 402.333.4100
FAX: 402.333.4101

SECTION:
DRAWING NO:
DATE:

NOTICE:
According to Colorado law, any deed or instrument is not legal in force and effect until it is recorded in the public records of the county in which it is made. It is the responsibility of the grantor to ensure that the instrument is properly recorded in the public records of the county in which it is made.

EXHIBIT D

Partial Assignment of Declarant Rights

Upon recording, return to:
Jeffrey Erb, Esq.
Seter & Vander Wall, P.C.
7400 E. Orchard Road, Suite 3300
Greenwood Village, CO 80111

PARTIAL ASSIGNMENT OF DECLARANT RIGHTS

THIS PARTIAL ASSIGNMENT OF DECLARANT RIGHTS (this "Assignment"), dated on the 26th day of April, 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 Construed 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
{00217343} Page 4 of 8
Partial Assignment of Declarant Rights -- Serratoga Falls, LLC and Serratoga Falls Metropolitan District
No. 2

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: [Signature]

Name: Joseph Leininger

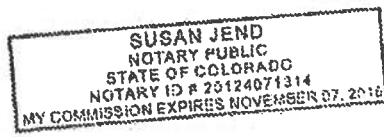
Its: Authorized Representative

STATE OF COLORADO)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 26th day of April, 2016, by Joseph Leininger, as Authorized Representative of SERRATOGA FALLS, LLC, a Colorado limited liability company

Witness my hand and official seal.

My Commission expires November 7, 2016
[Signature]
Notary Public



ACCEPTED BY DISTRICT 2:

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

By: *William H. Grady*

Name: *William H. Grady*

Title: *President*

STATE OF COLORADO)
)ss.
COUNTY OF *Larimer*)

The foregoing instrument was acknowledged before me this *4th* day of *May*, 2016, by *William Grady*, as *President* 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 *Dec. 21, 2019*

Sarah Ewan
Notary Public

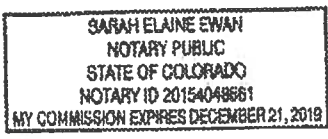


EXHIBIT A
to the Partial Assignment of Declarant Rights

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 Agreement

WATER LEASE AGREEMENT

This Water Lease Agreement ("Water Lease") is entered into this 26th day of April, 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 16 th 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: Bill Joseph
Title: Authorized Representative

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

SERRATOGA FALLS, LLC

By: _____
Name: _____
Title: _____

SERRATOGA FALLS METROPOLITAN
DISTRICT NO. 2

By: William H. Gosh
Name: William H. Gosh
Title: President

Attest:

By: Jesslyn Dennis
Name: Jesslyn Dennis
Title: Secretary

Exhibit A
Serratoga Falls First Filing Meter Location

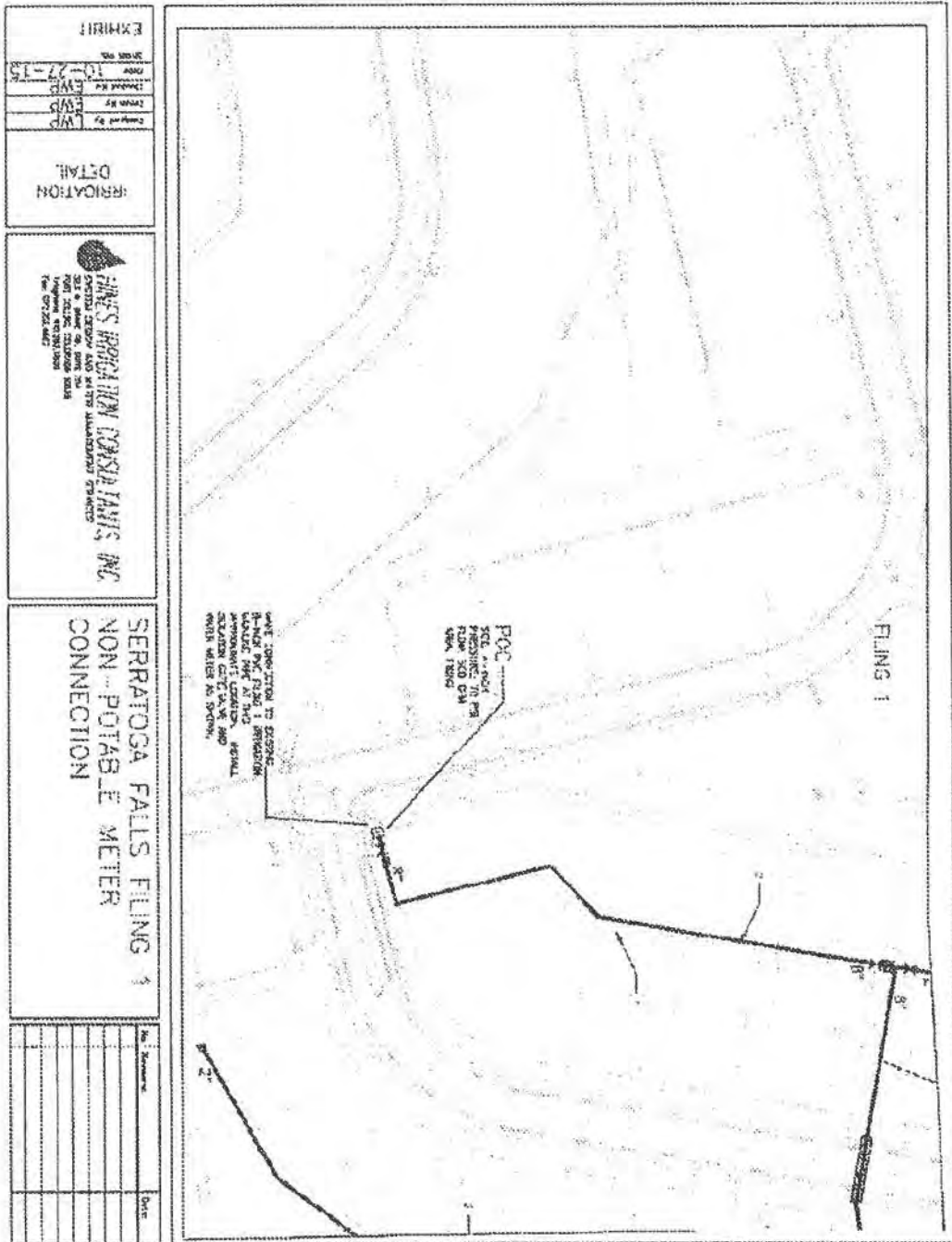


EXHIBIT F

Recreational Lease Agreement

RECREATIONAL LEASE AGREEMENT

This Recreational Lease Agreement is made this 17 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

Kitchell Reservoir Company
A Colorado mutual reservoir company

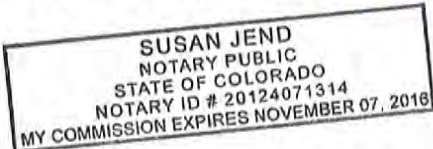
By: [Signature]
Name: Aaron M Patsch
Title: Director

By: [Signature]
Name: DALE W. JOHNSON
Title: PRESIDENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 20th day of July, 2015, by Aaron M. Patsch, 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: Nov. 7, 2016



[Signature]
Notary Public

STATE OF Colorado)
) ss.
COUNTY OF Larimer)

The foregoing instrument was acknowledged before me this 17 day of July, 2015, by Dale 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

[Signature]
Notary Public

**Brittany Schlepp
Notary Public
State of Colorado
Notary ID 20114028607
My Commission Expires May 13, 2019**





Exhibit B

Legend:
 Saratoga Falls Property Boundary
 Saratoga Falls Pump House
 Underground Irrigation Line for Filing 1
 Underground Irrigation Line for Delivery of Kitchell Shares*
 Point at Which Water Goes into Gravity Fed Line
 Gravity Fed Line for Delivery of Kitchell Shares*
 Properties that have rights and irrigate with Kitchell Shares
 Kitchell Dam and Spill Way
 *Location is an estimate and does not represent actual completed Line