

SERVICE PLAN

FOR

DOLORES CANYON METROPOLITAN DISTRICT NO. 1

MESA COUNTY, COLORADO

Prepared

by

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Initials: *mmm*

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I. INTRODUCTION

A. Purpose and Intent. The District is an independent unit of local government, separate and distinct from the County, as hereinafter defined, and, except as may otherwise be provided for by State, as hereinafter defined, or local law or this Service Plan, its activities are subject to review by the County only insofar as they may deviate in a material manner from the requirements of the Service Plan or intergovernmental agreements between the County and the District. It is intended that the District will provide a part or all of the Public Improvements, as hereinafter defined, for the use and benefit of the inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements.

B. Need for the District. There are currently no other governmental entities, including the County, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project, as hereinafter defined. The District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economical manner possible.

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

The County's objective in approving the Service Plan for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt, as hereinafter defined, to be issued by the District, and for the operation and maintenance of certain of the Public Improvements. All Debt is expected to be repaid, and the costs of operating and maintaining certain of the Public Improvements are expected to be paid, by taxes, fees, rates and tolls, including a Public Improvements Fee, a Transfer Fee, and other legally available revenues. No debt service mill levy shall be imposed and collected at a level higher than the Maximum Debt Mill Levy, as hereinafter defined, for commercial and residential properties. Debt which is issued within these parameters, as further described in the Financial Plan, as hereinafter defined, will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Service Plan is intended to establish both 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 Public Improvements associated with development and regional needs, and to provide certain operation and maintenance services related to the maintenance of landscaping improvements and related to covenant enforcement, as provided under Section 32-1-1004(8)(a), C.R.S. Additional operational activities are allowed, but only as authorized by an intergovernmental agreement with the County.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid, in part, from tax revenues collected from a mill levy which shall not exceed the Maximum Debt Mill Levy on commercial and residential properties. It is the intent of this Service Plan to assure to the extent possible that no commercial or residential property bear a property tax burden that is greater than that associated with the Maximum Debt Mill Levy even under bankruptcy or other unusual situations.

II. DEFINITIONS

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

Board: means the board of directors of the District.

Bond, Bonds or Debt: means bonds or other obligations for the payment of which the District has promised to impose an *ad valorem* property tax mill levy. Enterprise Debt shall not be included in the definition of Bond, Bonds or Debt.

BOCC: means the Board of County Commissioners of Mesa County, Colorado.

CDOT: means the Colorado Department of Transportation.

County: means Mesa County, Colorado.

County Code: means the Mesa County Code, as the same may be amended from time to time.

C.R.S.: means the Colorado Revised Statutes, as the same may be amended and restated from time to time.

District: means Dolores Canyon Metropolitan District No. 1.

Districts: means Dolores Canyon Metropolitan District No. 1 and Dolores Canyon Metropolitan District Nos. 2, 3, and 4, collectively.

Enterprise: means a water activity enterprise established by the District.

Enterprise Act: means Title 37, Article 45.1, Part 1, C.R.S., as amended from time to time.

Enterprise Debt: shall have the meaning set forth in Section VI.G below.

External Financial Advisor: means a consultant 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.

Financial Plan: means the combined Financial Plan of the Districts as 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 for the first budget year.

Inclusion Area Boundaries: means the boundaries of the area described in the Inclusion Area Boundary Map.

Inclusion Area Boundary Map: means the map attached hereto as **Exhibit C-2**, describing the property proposed for inclusion within the boundaries of one of the Districts, subject to the limitation set forth in Sections V.A.6 and V.A.7 below.

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

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

Intergovernmental Agreement: means the intergovernmental agreement between the District and the County in the form attached hereto as Exhibit D.

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.

Official Development Plan: means an Official Development Plan or other process established by the County for identifying, among other things, Public Improvements necessary for facilitating development of property within the Service Area as approved by the County pursuant to the County Code, and as amended from time to time with County approval.

PIF Covenant: means that certain Declaration of Covenants Imposing and Implementing the Dolores Canyon Public Improvements Fee which will be recorded in the real property records of the County.

Project: means the development or property commonly referred to as Gateway Canyons.

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

Public Improvements Fee: means a public improvements fee assessed, pursuant to the PIF Covenant, against Retail Sales and Lodging Sales, as each is defined in the PIF Covenant.

Service Area: means the property within the Initial District Boundary Map and the Inclusion Area Boundary Map, as well as any additional property actually included into the boundaries of the Districts in accordance with Article V.

Service Plan: means this service plan for the District as approved by the BOCC.

Service Plan Amendment: means an amendment to the Service Plan as approved by the BOCC in accordance with the applicable State law.

Special District Act: means Section 32-1-101, et seq., C.R.S., as amended from time to time.

State: means the State of Colorado.

TABOR: means the Taxpayer's Bill of Rights set forth at Article X, Section 20 of the Colorado Constitution.

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

Transfer Fee: means a public improvements fee assessed, pursuant to the PIF Covenant, against a Transfer, as such is defined in the PIF Covenant.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 3.37 acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately 765.16 acres. A legal description of the Initial District Boundaries and the Inclusion Area Boundaries is attached hereto as **Exhibit A**. A vicinity map is attached hereto as **Exhibit B**. A map of the Initial District Boundaries is attached hereto as **Exhibit C-1**, and a map of the Inclusion Area Boundaries is attached hereto as **Exhibit C-2**. It is anticipated that the Initial District Boundaries for each of the Districts will be the same parcel of property, and that the Districts' boundaries will change from time to time as the Districts undergo inclusions and exclusions pursuant to Section 32-1-401, et seq., C.R.S., and Section 32-1-501, et seq., C.R.S., subject to the limitations set forth in Article V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The Service Area consists of approximately 765.16 acres of land. The current assessed valuation of the Service Area is approximately \$5,189,360 for purposes of this Service Plan and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The population of the District at build-out is estimated to be approximately one thousand twenty (1,020) people.

The Official Development Plan for the property in the Initial District Boundaries is currently under review by the County.

V. 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 the Public Improvements and related 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 Colorado Constitution, subject to the limitations set forth herein.

1. Water System. Pursuant to the Special District Act, the District shall be authorized to design, acquire, install, construct, finance, own, operate and maintain a potable and non-potable water supply, storage, transmission, treatment and distribution system. The District agrees to cooperate with any public improvement district(s) ("PID") that may be formed by the County for the purpose of providing water service to property outside of the Districts' boundaries. The District shall enter into an intergovernmental agreement with the PID whereby the District will agree to provide water service to property outside the Districts' boundaries in exchange for the payment of tap fees and/or reasonable water rates, as shall be determined by independent rate studies. Water service may be provided through an Enterprise and financed through Enterprise Debt, subject to Section VI.G below.

2. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop, finance, and operate and maintain certain of the Public Improvements. The District shall dedicate certain Public Improvements to the County or other appropriate jurisdictions in a manner consistent with the Official Development Plan, applicable rules and regulations of the County or other jurisdiction, and other applicable provisions of the County Code. The District shall dedicate offsite road improvements to the County or CDOT, as appropriate, for ownership, operation and maintenance. Additionally, the District shall dedicate sewer improvements to the Southwest Mesa County Rural Services Public Improvements District (the "Rural Services PID"), or to such other public improvement district(s) that may be formed by the County for the purpose of providing sewer service, for ownership, operation and maintenance.

Those Public Improvements that are not conveyed to the County, CDOT, the Rural Services PID, or other public improvement districts or governmental entities, may be conveyed to an owners association, as appropriate. With regard to those Public Improvements dedicated to an owners association, the District shall undertake the operations and maintenance responsibilities for the improvements until such time as they are accepted by an owners association. Additionally, the District shall be authorized to provide ongoing services related to the operation and maintenance of all improvements not dedicated to another entity, and related to covenant enforcement, as provided under Section 32-1-1004(8)(a), C.R.S. During the period that the District operates such facilities, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. User fees for use of recreational facilities may be different for residents of the District than for outside users. Approval of this Service Plan by the County constitutes the County's agreement that the District may perform these functions.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the County of all land required by the County for construction of Public Improvements being provided by the District that will be conveyed to the County. Exceptions must be approved by the County in writing. Failure to comply with this provision shall be deemed to be a material modification of this Service Plan.

4. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the County or other governmental entities having proper jurisdiction. The

District will obtain the County's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements, as required by County rules and regulations, prior to performing such work.

5. Privately Placed Debt Limit: Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor 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.

6. Inclusion Limitation. The District shall not include within any of its boundaries any property inside the Inclusion Area Boundaries without the prior written consent of the BOCC except upon petition of the fee owner or owners of one hundred percent of such property as provided in Section 32-1-401(1)(A), C.R.S. The District shall not include within its boundaries any property outside the Service Area without the prior written consent of the BOCC. Notwithstanding the foregoing, the District is also authorized to include property within its boundaries that is outside the Inclusion Area Boundaries, without prior written consent of the BOCC, if the acreage of an individual parcel to be so included does not exceed ten percent (10%) of the total acreage of the Service Area and provided that the property is contiguous to the Service Area at the time of inclusion.

7. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

8. Total Debt Issuance Limitation. The District shall not issue Debt in excess of one hundred million dollars (\$100,000,000).

9. Monies from Other Governments/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 County is eligible to apply for, except pursuant to an intergovernmental agreement with the County. This Section shall not

apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. Consolidation Limitation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the County, unless such consolidation is with the other Districts.

11. Bankruptcy Limitation. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, have been established under the authority of the County 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).

Any Debt, issued with a pledge or which results in a pledge, that would cause the District to impose a mill levy for repayment of debt that exceeds the Maximum Debt Mill Levy, 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 County as part of a Service Plan Amendment.

12. Additional Services. In addition to the other powers of the District set forth in this Section V, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S. and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the “SID Statute”), the District is authorized to establish a special improvement district within its boundaries, to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a material modification of this Service Plan.

13. Service Plan Amendment Requirement. The 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 of this Service Plan or the Intergovernmental Agreement shall be deemed material modifications to this Service Plan and breaches of such Intergovernmental Agreement, and the County shall be entitled to all remedies available at law or in equity under State and local law.

14. Preliminary Engineering Survey. The District shall have the authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, to be more specifically defined in an Official Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the Service Area and is approximately fifty million dollars (\$50,000,000).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the County and shall be in accordance with the requirements of the Official Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

B. Multiple District Structure.

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

VI. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay from revenues derived from the Maximum Debt Mill Levy and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed one hundred million dollars (\$100,000,000) 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 Financial Plan referenced above and phased to serve development as it occurs. 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 to be imposed upon all taxable property within the District. The District will also rely upon various other revenue sources, including a Public Improvement Fee and a Transfer Fee. 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.

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. In the event of a default, the proposed maximum interest rate on any Debt is not

expected to exceed eighteen percent (18%). The proposed maximum underwriting discount 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.

C. Maximum Debt Mill Levy.

The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

1. For any portion of any aggregate District's Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 below; adjusted to account for changes in the method of calculating assessed valuation or any constitutionally mandated 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, 2010, 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.

2. For any portion of the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

3. For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 above, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, 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.

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 subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

D. 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.

E. 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.

F. Security for Debt.

The District shall not pledge any revenue or property of the County 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 County 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 County in the event of default by the District in the payment of any such obligation.

G. Enterprise Financing.

Pursuant to the Enterprise Act and TABOR, the District may establish an Enterprise. If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as defined in the Enterprise Act, including, but not limited to, water acquisition and water project or facility activities. Pursuant to the Enterprise Act, the Enterprise shall be wholly owned by the District, and the governing body of the Enterprise shall be the governing body of the District. The Enterprise shall have all powers and authority granted to water activity enterprises by the provisions of the Enterprise Act, including the powers to construct, operate and maintain facilities and provide water services; the power to contract with any person or entity; the power to impose rates, fees, tolls, and charges; the power to collect and spend revenues; and the power to issue revenue bonds, notes or other obligations ("Enterprise Debt") payable from its revenues or from any other available funds of the Enterprise; all without reference or regard to the limitations contained in TABOR.

H. TABOR Compliance.

The District will comply with the provisions of TABOR. In the discretion of the Board, 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. Pursuant to and in accordance with the Enterprise Act and TABOR, the Enterprise shall be excluded from the provisions of TABOR.

I. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, is part of the estimated cost of Public Improvements, which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed and maintained. The first year's operating budget for the District is anticipated to be approximately fifty thousand dollars (\$50,000) and will be derived from property taxes, developer advances and other revenues.

The Maximum Debt Mill Levy for the repayment of Debt shall not apply to the District's ability to increase its mill levy as necessary for provision of operation and maintenance services to its taxpayers and service users.

VII. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the County Attorney's office no later than August 1st of each year.

B. Report Contents.

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 31st of the prior year.
2. Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year.
3. A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the County as of December 31st of the prior year.
4. Audit of the District's financial statements, for the year ending December 31st of the previous year, prepared in accordance with generally accepted accounting principles or audit exemptions, if applicable.
5. Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.

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

VIII. DISSOLUTION

Upon an independent determination of the BOCC that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for: (a) the payment or discharge of all its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) other financial obligations as required pursuant to State statutes.

IX. 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 Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, fees, tolls and charges.

X. INTERGOVERNMENTAL AGREEMENT

The form of the Intergovernmental Agreement is attached hereto as **Exhibit D**. The District shall approve the Intergovernmental Agreement in the form attached as **Exhibit D** within ninety (90) days of the date of organization. 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 BOCC shall approve the Intergovernmental Agreement in the form attached as **Exhibit D** at the public hearing approving the Service Plan. The Intergovernmental Agreement may be amended by mutual agreement of the County and District, which amendment shall not require this Service Plan to be amended. In the event of conflict between the Intergovernmental Agreement and this Service Plan, the Intergovernmental Agreement shall govern.

XI. 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 proposed boundaries;

4. The area to be included in the District does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis; and
5. Adequate service is not, and will not be, available to the area through the 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 County within which the special district is to be located and each municipality which is an interested party under Section 32-1-204(1), C.R.S.;
7. The proposal is in substantial compliance with a comprehensive plan adopted pursuant to the County Code;
8. The proposal is in compliance with any duly adopted County, regional or state long-range water quality management plan for the area; and
9. The creation of the District is in the best interests of the area proposed to be served.

EXHIBIT A
Legal Descriptions

District No. 1
Initial District Boundaries Legal Description

Parcel No. 3477-222-00-095

A tract or parcel of land situated in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian, more particularly described as follows: assuming the West line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 22 bears North 0°21'35" East and all other bearings contained here are relative thereto. Beginning at a point on the West line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 22 from which the Southwest corner bears South 0°21'35" West 731.40 feet or 653.0 feet to a witness corner,
thence South 71°36'30" East 423.77 feet to the Westerly side of John Brown Road;
thence North 30°58' East along said road 268.11 feet;
thence North 54°59'32" West 430.84 feet to a steel pin (1" drill steel) and an established fence line;
thence South 35°39'43" West 320.14 feet to the West line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 22;
thence South 0°21'35" West along said West line 83.20 feet to the Point of Beginning,
Mesa County, Colorado

Inclusion Area Legal Description

Parcel No. 3477-153-00-089

Lot EE, Gateway Commercial Area Exemption, Plat Bk 3604, Pgs 900-901, Rec. No. 2181212, Mesa County records, EXCEPTING that portion within the right-of-way of Colorado State Highway No. 141, and being more particularly described as follows:

Beginning at a point on the northeasterly right-of-way line of Colorado State Highway No. 141, said point being also on the South line of the SW1/4SW1/4 of Section 15, Township 51 North, Range 19 West of the New Mexico Principal Meridian, and from which the Southwest Corner of said Section 15, bears N.89°57'09"W. a distance of 555.99 feet; thence S.89°57'09"E. and along said South line of Section 15 a distance of 130.78 feet to a point on the centerline of the Dolores River; thence N.35°12'51"W. and following said centerline of the Dolores River a distance of 399.06 feet; thence N.16°05'56"W. and continuing along said centerline of the Dolores River a distance of 321.09 feet to a point on the easterly right-of-way line of said Colorado State Highway No. 141; the following five (5) courses are along said easterly right-of-way line:

- (1) S.53°11'09"W. a distance of 44.05 feet;
- (2) S.47°32'14"W. a distance of 136.90 feet;
- (3) along a curve to the left having a radius of 188.80 feet and a central angle of 65°53'30" for an arc length of 217.12 and for which the chord bears S.02°05'25"W. a distance of 205.36 feet;
- (4) S.43°21'24"E. a distance of 133.83 feet;
- (5) S.48°02'10"E. a distance of 321.44 feet to the Point of Beginning;

AND

Parcel No. 3477-164-00-057

Parcel A of the Russell Ranch Agricultural Land Division;

AND

Parcel No. 3477-164-00-100

A tract of land in Sections 15, 16, 21 and 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian, and including part of Dolores Placer No. 1 (U.S. Mineral Survey No. 3253) and part of Dolores Placer No. 4 (U.S. Mineral Survey No. 3255) lying South and West of the Dolores River, a part of Government Lot 5 in said Section 16, Parcel B of the Russell Ranch Agricultural Land Division, Bk 19, Pg 42, Rec. No. 2060191 and including Lots 1, 2 and 3 of the Gateway Apartments Exemption, Plat Bk No. 3604, Pg 902, Rec. No. 2181213, Mesa County Records and including Lots 1 through 7 and Lots AA, BB, CC, DD and FF of the Gateway Commercial Area Exemption, Plat Bk No. 3604, Pgs 900-901, Rec. No. 2181212, Mesa County records, and being more particularly described as follows:

Beginning at a point on the southerly right-of-way line of Mesa County Road 4.1 (dedicated by Russell Ranch Agricultural Land Division, Plat Bk No. 19, Pg 42, Rec. No. 2060191, Mesa County records) and from which the 1/4 Corner common to abovementioned Sections 16 and 21, monumented with a BLM pipe and brass cap set in a mound of stones, bears S.00°37'42"W. a distance of 1044.02 feet; thence N.00°37'37"E. and along the West line of the SE1/4 of said

Section 16 a distance of 273.90 feet to the Center-South 1/16th Corner of said Section 16; thence N.00°37'24"E. and continuing along said West line a distance of 531.79 feet to a point set at the intersection of the N/S centerline of said Section 16 and the line between Corners No. 3 and No. 4 of Dolores Placer No. 1 (U.S. Mineral Survey No. 3253) monumented with an aluminum pipe and cap monument; thence N.00°38'12"E. and continuing along the West line of said SE1/4 of Section 16, a distance of 281.68 feet; thence N.50°38'05"E. a distance of 303.67 feet to a point in the centerline of the Dolores River; thence following said centerline the following five (5) courses:

- (1) S.30°07'43"E. a distance of 527.47 feet;
- (2) N.89°19'43"E. a distance of 160.23 feet;
- (3) N.61°17'04"E. a distance of 436.57 feet;
- (4) N.74°30'44"E. a distance of 429.79 feet;
- (5) N.40°46'47"E. a distance of 165.38 feet to a point on the line between Corners No. 1 and No. 2 of said Dolores Placer No. 1 (U.S. Mineral Survey No. 3253); thence S.47°35'47"E. and along said Placer line a distance of 993.63 feet to a point in the centerline of the Dolores River; thence along said centerline the following five (5) courses:

- (6) S.05°49'29"W. a distance of 64.67 feet;
- (7) S.43°51'12"E. a distance of 350.60 feet;
- (8) S.61°26'41"E. a distance of 168.20 feet;
- (9) S.37°41'20"E. a distance of 294.43 feet;
- (10) S.16°05'56"E. a distance of 297.17 feet to a point on the westerly right-of-way line of Colorado State Highway No. 141; thence along said westerly right-of-way line S.53°11'09"W. a distance of 81.87 feet; thence S.46°54'04"W. and continuing along said westerly right-of-way line a distance of 164.93 feet to a point of curvature; thence continuing along said right-of-way line following a curve to the left having a radius of 288.80 feet, a central angle of 65°52'49"E. for an arc length of 332.07 feet and for which the chord bears S.02°14'24"W. a distance of 314.08 feet; thence S.42°25'16"E. and continuing along said right-of-way line a distance of 164.93 feet; thence S.48°42'21"E. and continuing along said right-of-way line a distance of 211.66 feet to a point on the South line of said Section 15; thence S.89°57'09"E. and along said South line a distance of 276.76 feet to a point in the centerline of the Dolores River; thence S.52°52'13"E. and following said centerline a distance of 634.83 feet; thence S.85°07'13"E. and continuing along said centerline a distance of 331.60 feet to a point where the line of a wash intersects the centerline of the Dolores River; thence S.35°52'30"W. and along said line of a wash, a distance of 682.84 feet to a point on the southwesterly right-of-way line of said Colorado State Highway No. 141; thence N.03°12'29"W. and along said southwesterly right-of-way line a distance of 94.08 feet; thence N.05°42'32"W. and continuing along said southwesterly right-of-way line a distance of 138.50 feet to a point on the westerly line of John Brown Road; thence S.33°03'05"W. and along said westerly line a distance of 169.58 feet; thence S.20°03'08"W. and continuing along said westerly line a distance of 368.37 feet to the Northeast Corner of that parcel of land described in Bk 2309 at Pgs 382-383, Rec. No. 1791729, Mesa County records; thence N.68°14'47"W. and leaving said westerly line, and following the northerly line of abovesaid parcel described in Bk 2309 at Pgs 382-383, Mesa County records, a distance of 340.19 feet; thence S.34°43'39"W. and following the westerly line of abovesaid parcel described in Bk 2309 at Pgs 382-383, a distance of 350.75 feet to a point on the northerly line of that parcel described in Bk 1524 at Pg 418, Rec. No. 1380657, Mesa County records; thence N.47°22'50"W. and following the northerly line of said parcel described in Bk 1524 at Pg 418, a distance of

10.84 feet to the Northwest Corner; thence S.31°20'58"W. and along the westerly line of said parcel described in Bk 1524 at Pg 418, a distance of 125.63 feet to a point on the northerly line of that parcel described in Bk 4062 at Pg 104, Rec. No. 2293212, Mesa County records; thence N.55°55'06"W. and following the northerly line of said parcel described in Bk 4062 at Pg 104, a distance of 45.97 feet to the Northwest Corner; thence S.35°01'34"W. and following the westerly line of that parcel described in Bk 4062 at Pg 104, and also following the westerly line of that parcel of land described in Bk 3931 at Pgs 76-77, Rec. No. 2261640, Mesa County records, for a total distance of 446.57 feet to a point on the West line of said Section 22, said point monumented with a rebar and aluminum cap marked L.S. 11221, and from which the Witness Corner monument (a pipe with a 3" dia. brass cap) that is set N.00°02'55"E. a distance of 78.24 feet from the True Corner position for the 1/4 Corner common to Sections 21 and 22, bears S.00°02'55"E. a distance of 736.34 feet; thence N.00°02'55"W. and along the West line of the SW1/4NW1/4 of said Section 22, a distance of 504.54 feet to the North 1/16th Corner common to said Sections 21 and 22, thence N.89°54'35"W. and along the South line of the NE1/4NE1/4 of said Section 21, a distance of 1316.78 feet to the NE1/16 Corner of said Section 21; thence N.00°00'18"W. and along the West line of the NE1/4NE1/4 of said Section 21 a distance of 1318.95 feet to the E1/16 Corner common to Sections 21 and 16; thence N.89°55'29"W. and along the North line of the NW1/4NE1/4 of said Section 21 a distance of 807.32 feet to the Southeast Corner of that parcel of land described in Plat Bk 19 at Pg 42, Rec. No. 2060191, Mesa County records; thence following the boundary of said parcel described in said Plat Bk 19 at Pg 42 the following five (5) courses:

- (11) N.44°25'57"E. a distance of 229.70 feet;
- (12) N.32°40'40"E. a distance of 511.86 feet;
- (13) N.23°09'41"W. a distance of 151.67 feet;
- (14) N.40°06'30"E. a distance of 53.11 feet;
- (15) N.65°43'20"W. a distance of 350.23 feet to a point on the southerly right-of-way line of County Road 4.1; thence S.57°39'44"W. and along said southerly right-of-way line a distance of 80.00 feet; thence continuing along said southerly right-of-way line along a curve to the right having a radius of 291.45 feet; a central angle of 71°39'45" for an arc length of 364.53 feet; and for which the chord bears N.86°30'24"W. a distance of 341.23 feet; thence N.50°40'31"W. and continuing along said southerly right-of-way line a distance of 233.13 feet to the Point of Beginning, and EXCEPTING that portion of the right-of-way of Colorado State Highway No. 141 shown within the boundary;

AND

Parcel No. 3477-222-00-095

A tract or parcel of land situated in the SW ¼ NW ¼ of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian, more particularly described as follows: assuming the West line of said SW ¼ NW ¼ of said Section 22 bears North 0°21'35" East and all other bearings contained here are relative thereto. Beginning at a point on the West line of said SW ¼ NW ¼ of said Section 22 from which the Southwest corner bears South 0°21'35" West 731.40 feet or 653.0 feet to a witness corner, thence South 71°36'30" East 423.77 feet to the Westerly side of John Brown Road; thence North 30°58' East along said road 268.11 feet;

thence North 54°59'32" West 430.84 feet to a steel pin (1" drill steel) and an established fence line;
thence South 35°39'43" West 320.14 feet to the West line of said SW ¼ NW ¼ of said Section 22;
thence South 0°21'35" West along said West line 83.20 feet to the Point of Beginning,
Mesa County, Colorado;

AND

Parcel No. 3477-222-00-030

A tract or parcel of land situated in the W1/2 NW1/4 of Section 22, Township 51 North, Range 19 West, New Mexico Principal Meridian, Mesa County, Colorado more particularly described as follows:

Assuming the East line SW1/4 NW1/4 Section 22 bears North 0°21'35" East, and all other bearings contained herein are relative thereto:

Beginning at a point on the Westerly side of John Brown Road from which the Southwest corner of said SW1/4 NW1/4 of Section 22 bears South 32°30'42" West, 1335.49 feet; thence North 33°27'14" East along said Westerly side of John Brown Road 116.18 feet; thence North 30°44'45" East, continuing along said Road 218.78 feet to the established fence line; thence along said fence line for the next three (3) courses:

(1) North 67°52'04" West, 340.04 feet,

(2) thence South 35°04'00" West, 350.57 feet,

(3) thence South 54°56'00" East, 208.71 feet, thence North 35°04'00" East, 92.60 feet; thence South 54°56'00" East, 142.46 feet to the point of beginning;

TOGETHER with a Driveway easement as conveyed in Deed recorded December 16, 1969 in Book 941 at page 918;

AND

Parcel No. 3477-222-00-034

A tract or parcel of land situated in the SW1/4 NW1/4 of Section 22, Township 51 North, Range 19 West, New Mexico Principal Meridian, and being more particularly described as follows:

Assuming the West line of said SW1/4 NW1/4 Section 22 bears north 0°21'35" East and all other bearings herein contained are relative thereto, beginning at a point from which the SW corner of said SW1/4 NW1/4 Section 22 bears South 35°39'43" West 320.14 feet and South 0°21'35" West 814.60 feet, thence South 54°59'32" East 430.84 feet to the Westerly side of John Brown Road, thence South 30°58'00" West along said Road 268.11 feet, thence South 71°36'30" East 964.63 feet to the East line of said SW1/4 NW1/4 Section 22, thence North 0°21'35" East along said East line 141.61 feet, thence North 54°54'00" West 1246.72 feet to a pin and cap (LS 11221) and established fence line, thence North 55°17'10" West along said fence 45.49 feet, thence South 35°39'43" West 126.47 feet to the Point of Beginning;

AND

Parcel No. 3477-222-00-094

A tract or parcel of land situated in the W ½ NW ¼ of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian, Mesa County, Colorado more particularly described as follows:

Assuming the East line of said SW ¼ NW ¼ Section 22 bears S 0°21'35" W and all other bearings contained herein are relative thereto beginning at a point on the Westerly Right-of Way line of State Highway No. 141 and East line of said SW ¼ NW ¼ Section 22 from which the SE corner bears S 0°21'35" W 901.62 feet;

thence along the said Westerly R O.W. line of State Highway No. 141 for the next seven (7) courses:

- (1) N 40°30' W 52.40 feet,
- (2) thence N 2°26'50" W 110.50 feet to a point of a curve to the right,
- (3) thence around the arc of said curve 304.34 feet, the chord of which bears N 20°00' W 303.60 feet, the radius of said curve being 1206.0 feet with a central angle of 14°24',
- (4) thence N 9°28'00" W 200.50 feet,
- (5) thence N 7°48'00" W 120.00 feet,
- (6) thence N 2°46'57" W 114.34 feet,
- (7) thence N 5°17' W 138.50 feet to the Westerly side of John Brown Road,

thence along said Westerly side of John Brown Road for the next three (3) courses:

- (1) S 33°38'27" W 169.58 feet,
 - (2) thence S 20°22'11" W 368.62 feet,
 - (3) thence S 30°44'45" W 218.78 feet,
- thence S 58°48'00" E 636.63 feet more or less to the point of beginning;

AND

PARCEL No.3477-221-00-092

All that part of Dolores Placer No. 4 in the SE1/4SW1/4 of Section 15, Township 51 North, Range 19 West of the New Mexico Principal Meridian and in the NE1/4NW1/4 and in the W1/2NE1/4 of Section 22, of said Township and Range, lying North and East of the Dolores River and East of West Creek.

All that part of Dolores Placer No. 5 in the SW1/4SE1/4 and the SE1/4SW1/4 of Section 15, Township 51 North, Range 19 West of the New Mexico Principal Meridian, lying South and East of West Creek.

Lots 1 and 2 and the E1/2NE1/4 of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian.

That part of the SE1/4SW1/4 of Section 15, Township 51 North, Range 19 West of the New Mexico Principal Meridian, South and East of Dolores Placer No. 5 and North and East of Dolores Placer No. 4.

Lots 6 and 7 and the NE1/4SE1/4 of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian; EXCEPT a tract or parcel of land No. 32 of Colorado Department of

Highways Project No. S 0141 in the NE1/4 of the SE1/4 and Lot 7 of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian as conveyed to County of Mesa by instrument recorded February 9, 1960 in Book 774 at Page 410.

All that part of Lot 7 in Section 15, Township 51 North, Range 19 West of the NMPM which lies in the W1/2SE1/4 of said Section 15; TOGETHER WITH an easement over and across the following described tract to-wit: Commencing at a point 1035 feet; South 43°55' West of Corner No. 10 of Dolores Placer No. 5 and thence South 35° East to 160 feet; thence South 54° West 251.44 feet; thence South 45°51' East 231.67 feet; thence North 66°32' East 214.41 feet for a point of beginning; thence South 66°32' West 30.54 feet; thence South 35°30' East 234.25 feet; thence North 43°41' East 30.54 feet; thence North 35°30' West to the point of beginning.

TOGETHER WITH all water and water rights, ditch and ditch rights belonging to or used in connection with that real property described above, including, without limitation, the following: 3.36 c.f.s. decreed in Cliff Ranch Ditch on February 11, 1939 out of West Creek for irrigation purposes with an October 1, 1910 appropriation date; 0.52 c.f.s. decreed to Cliff Ranch Ditch on February 11, 1939 out of West Creek for domestic purposes with an October 1, 1910 appropriation date; 3.34 c.f.s. decreed to Cliff Ranch Ditch on February 11, 1939 out of West Creek for irrigation purposes with a February 10, 1939 appropriation date; 4.5 c.f.s. decreed to the Casto Pumping Plant on February 11, 1939 with an appropriation date of October 11, 1922 for irrigation purposes originally adjudicated to the Foster Minar Ditch in the Dolores River, but moved to the present point of diversion and renamed as the Casto Pumping Plant in 1972. Together with all its appurtenances;

AND

PARCEL WITHIN 3477-221-00-092 (formerly School District 51)

A parcel of land situated in the S ½ Section 15, Township 51 North, Range 19 West, of the New Mexico Principal Meridian being described as follows:

Beginning at a point being S10°15'27"W 1327.38 feet from Corner 10 of the Dolores Placer No. 5, and considering line 10-1 of the Dolores Placer No. 5 to bear S43°55'00"W and all bearings contained herein to be relative thereto;
thence S10°18'09"E 215.78 feet;
thence S48°39'17"W 70.30 feet;
thence N46°17'55"W 177.32 feet;
thence N46°15'53"E 197.05 feet to the point of beginning;

AND

PARCEL No. 3477-154-00-179

A tract of land located in the East Half of Section 15, and the West Half of Section 14, parts of Government Lots 1, 2, 5 and 6, also that part of the Dolores Placer No. 5 lying Southeast of State Highway 141 R.O.W. in said Government Lots, all located in Township 51 North, Range 19 West, New Mexico Principal Meridian, County of Mesa, State of Colorado.

Commencing at the E1/4 Corner of Section 15, T. 51 N., R. 19 W., NMPM, and considering the North line of the NW1/4SW1/4 to bear S.89°56'00"E. from the E1/4 Corner and with all bearings contained herein relative thereto; thence S.89°56'00"E. 660.50 feet along said North line to the true P.O.B.; thence N.48°27'01"W. 274.47 feet; thence N.33°06'05"W. 306.04 feet to South line of the Dolores Placer; thence N.33°06'05"W. 513.34 feet; thence along the South R.O.W. line of State Hwy 141 for the next 3 courses: course 1 – S.56°35'30"W. 36.91 feet; course 2 – along the arc of a curve to the left with a radius of 1036.00 feet; a distance of 189.50 feet; (chord bears S.48°12'00"W. 189.30 feet); course 3 – S.39°50'30"W. 31.10 feet; thence S.26°57'00"W. 95.30 feet along Hubbard Property line; thence S.24°56'00"W. 72.00 feet along Hubbard Property line; thence N.29°29'18"W. 42.75 feet to a State Hwy R.O.W. Monument; thence along the South R.O.W. line of State Hwy 141 for the next 3 courses: course 1 – S.38°12'00"W. 87.10 feet; course 2 – S.39°02'30"W. 202.70 feet; course 3 – along the arc of a curve to the right with a radius of 2352.00 feet; a distance of 523.12 feet, (chord bears S.47°02'08"W. 522.08 feet); thence N.90°00'00"E. 112.60 feet; thence along the approximate center of West Creek for the next 6 courses: course 1 – S.33°39'01"W. 121.14 feet; course 2 – S.63°12'39"W. 256.43 feet; course 3 – S.58°01'31"W. 341.56 feet; course 4 – S.55°03'23"W. 257.30 feet; course 5 – S.22°07'52"W. 189.61 feet; course 6 – S.42°12'09"W. 278.08 feet; thence N.55°26'56"E. 47.84 feet to a point on the Dolores Placer line between Corner 2 and 3; thence along said Placer line N.43°38'00"E. 623.46 feet to the West line of Government Lot 6; thence S.00°02'00"E. 865.59 feet along the West line said Lot 6; thence S.89°57'00"E. 1315.38 feet along the South line said Lot 6; thence N.00°02'00"W. 400.00 feet along the East line said Lot 6; thence N.35°54'43"E. 1125.18 feet to the true P.O.B.

Also subject to a 50 ft. by 200 ft. Ingress/Egress Easement located in the NE Corner of the above described property, lying along the NE line at the present bridge crossing West Creek;

AND

PARCEL No. 3477-222-00-003

A tract of land in the North One-Half of Section 22, Township 51 North, Range 19 West of the New Mexico Principal Meridian, in Mesa County, Colorado, and being within Dolores Placer No. 4 (U.S. Mineral Survey No. 3255) and lying westerly of the Dolores River, and being more particularly described as follows:

Beginning at a point on the northeasterly right-of-way line of State Highway No. 141, from which Corner No. 3 of said Dolores Placer No. 4 bears S.15°00'52"W. a distance of 186.98 feet; thence N.47°28'43"W. and along said northeasterly right-of-way line (as described in Colorado Department of Highways Project No. S0141(8)), a distance of 1495.06 feet to a point of intersection with the line between Corners No. 3 and 4 of said Dolores Placer No. 4; thence N.41°29'30"W. and along aforesaid line a distance of 677.63 feet to a point of intersection with the said northeasterly right-of-way line; thence northwesterly following said right-of-way line along the arc of a non-tangent curve, having a radius of 1081.66 feet, a central angle of 15°46'22" for an arc length of 297.77 feet, and for which the chord bears N.19°18'11"W. a distance of 296.83 feet; thence N.09°49'34"W. and continuing along said right-of-way line a distance of 187.80 feet; thence N.07°25'00"W. and continuing along said right-of-way line a distance of 111.69 feet; thence N.12°26'03"W. and continuing along said right-of-way line a distance of 114.34 feet; thence N.07°25'00"W. and continuing along said right-of-way line a

distance of 37.15 feet to a point on the line of a wash as described in the Title Commitment by Abstract & Title Co. of Mesa County Inc., File No. 00901839 C 2, dated April 8, 1999; thence N.35°36'08"E. and following said line of the wash a distance of 515.18 feet to a point on the centerline of the Dolores River as it flowed in January of 2007; thence along the centerline of said Dolores River the following thirteen (13) courses:

- 1) S.85°07'13"E. a distance of 50.29 feet;
- 2) S.67°40'04"E. a distance of 245.01 feet;
- 3) S.81°43'38"E. a distance of 438.34 feet;
- 4) N.87°11'34"E. a distance of 406.53 feet;
- 5) S.80°55'44"E. a distance of 106.07 feet;
- 6) S.14°38'42"E. a distance of 166.55 feet;
- 7) S.07°40'14"W. a distance of 171.50 feet;
- 8) S.23°56'34"W. a distance of 241.58 feet;
- 9) S.16°49'31"W. a distance of 364.21 feet;
- 10) S.00°04'25"E. a distance of 517.50 feet;
- 11) S.13°58'31"E. a distance of 252.32 feet;
- 12) S.25°24'09"E. a distance of 457.47 feet;
- 13) S.38°36'46"E. a distance of 293.62 feet to a point on the easterly line of said Dolores Placer No. 4; thence S.15°00'12"W. and along said easterly line a distance of 205.57 feet to the Point of Beginning;

AND

PARCEL No. 3477-162-00-094

A tract of land in Township 51 North, Range 19 West of the New Mexico Principal Meridian in Mesa County, Colorado, situated in part Dolores Placer No. 1 Mineral Survey No. 3253; part of Dolores Placer No. 2 Mineral Survey No. 3254; part of Lot 1, Section 16, part of Lot 2, Section 9, part of the NE1/4NE1/4 Section 17 and in part of Section 8, all in above said Township and Range, and being more particularly described as follows: Beginning at Corner No. 3 of said Dolores Placer No. 1; thence S.47°35'08"E. and along the southwesterly line of said Dolores Placer No. 1, a distance of 2484.61 feet to a point on the North/South centerline Section 16; thence N.00°38'07"E. and along the North/South centerline of said Section 16, a distance of 281.67 feet to a point on the right bank of the Dolores River as described in Book 2095, Page 332, Mesa County records, thence N.50°38'07"E. and following said right bank a distance of 1205.76 feet to a point on the northeasterly line of said Dolores Placer No. 1; thence N.47°35'39"W. and along said northeasterly line a distance of 1238.70 feet to a point on said North/South centerline of Section 16; thence N.00°38'07"E. and along said North/South centerline a distance of 479.75 feet to a point on the centerline of County Road No. 4.2 as found in place on Dec. 31, 1999; thence along said centerline the following eleven (11) courses:

1. N.50°46'29"W. a distance of 613.80 feet;
2. N.37°52'03"W. a distance of 363.07 feet;
3. N.63°16'03"W. a distance of 53.82 feet;
4. N.80°29'19"W. a distance of 873.00 feet;
5. N.69°01'45"W. a distance of 142.11 feet;
6. N.37°50'41"W. a distance of 662.25 feet;
7. N.70°41'05"W. a distance of 54.18 feet;

8. S.71°06'37"W, a distance of 30.03 feet;
9. S.53°10'45"W, a distance of 228.69 feet;
10. S.75°07'18"W, a distance of 63.96 feet
11. N.69°35'12"W, a distance of 217.71 feet; thence leaving said centerline S.64°29'53"W, a distance of 1033.94 feet to a point on the southwesterly line of said Dolores Placer No. 2; thence S.53°56'21"E, and along said southwesterly line a distance of 2375.98 feet to Corner No. 6 of said Dolores Placer No. 2; said Corner No. 6 being also on the northwesterly line of said Dolores Placer No. 1; thence S.42°22'38"W, and along said northwesterly line a distance of 256.65 feet to Corner No. 3 of said Dolores Placer No. 3, the Point of Beginning. Containing 145.148 acres more or less, **BUT EXCLUDING** A parcel of land in Dolores Placer No. 1 (U.S Mineral Survey No. 3253) in Section 16, Township 51 North, Range 19 West of the New Mexico Principal Meridian in Mesa County, Colorado, and being more particularly described as follows:
Beginning at Corner No. 3 of said Dolores Placer No. 1, thence S.47°35'08"E, along the line between Corners No. 3 and No. 4 of said Dolores Placer No. 1 a distance of 1803.87 feet; thence N.74°02'42"E, a distance of 666.52 feet to a point in the center of the Dolores River; thence along the centerline of said river the following 8 (eight) courses:
 1. N.33°54'23"W, a distance of 264.27 feet;
 2. N.11°54'24"W, a distance of 622.45 feet;
 3. N.62°45'46"W, a distance of 237.37 feet;
 4. N.82°57'17"W, a distance of 194.40 feet;
 5. S.68°55'12"W, a distance of 532.70 feet;
 6. N.89°26'50"W, a distance of 385.45 feet;
 7. N.37°40'56"W, a distance of 225.03 feet;
 8. N.24°46'20"W, a distance of 279.47 feet to a point on the line between Corners No. 2 and No. 3 of said Dolores Placer No. 1; thence S.42°22'36"W, and along said line between Corners No. 2 and No. 3 of said Dolores Placer No. 1 a distance of 231.37 feet to said Corner No. 3, the Point of Beginning. For a NET acreage of 120.098 acres more or less.

EXHIBIT B

Vicinity Map

METRO DISTRICT VICINITY MAP

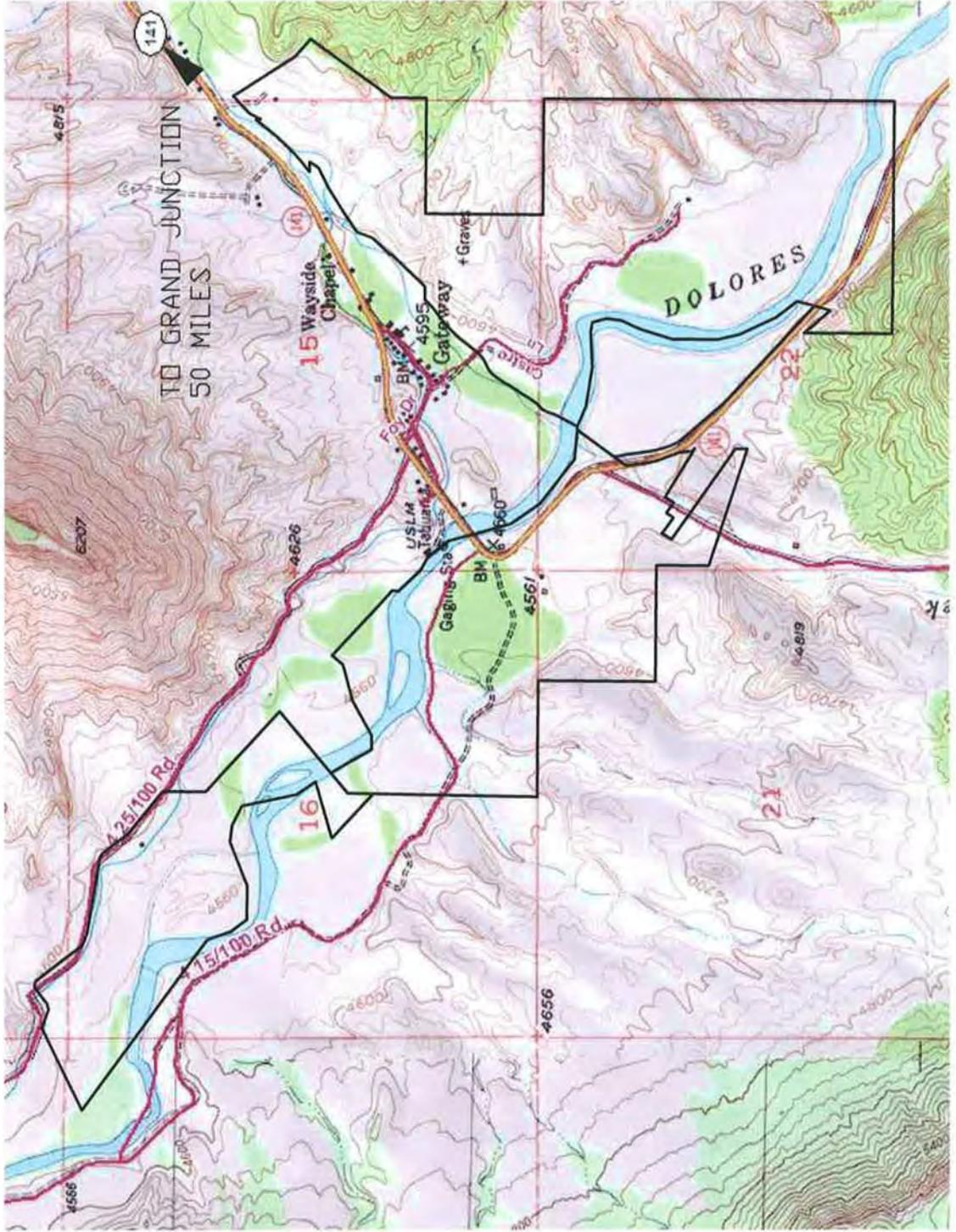


EXHIBIT C-1

Initial District Boundary Map

EXHIBIT C-1
INITIAL DISTRICT BOUNDARY MAP

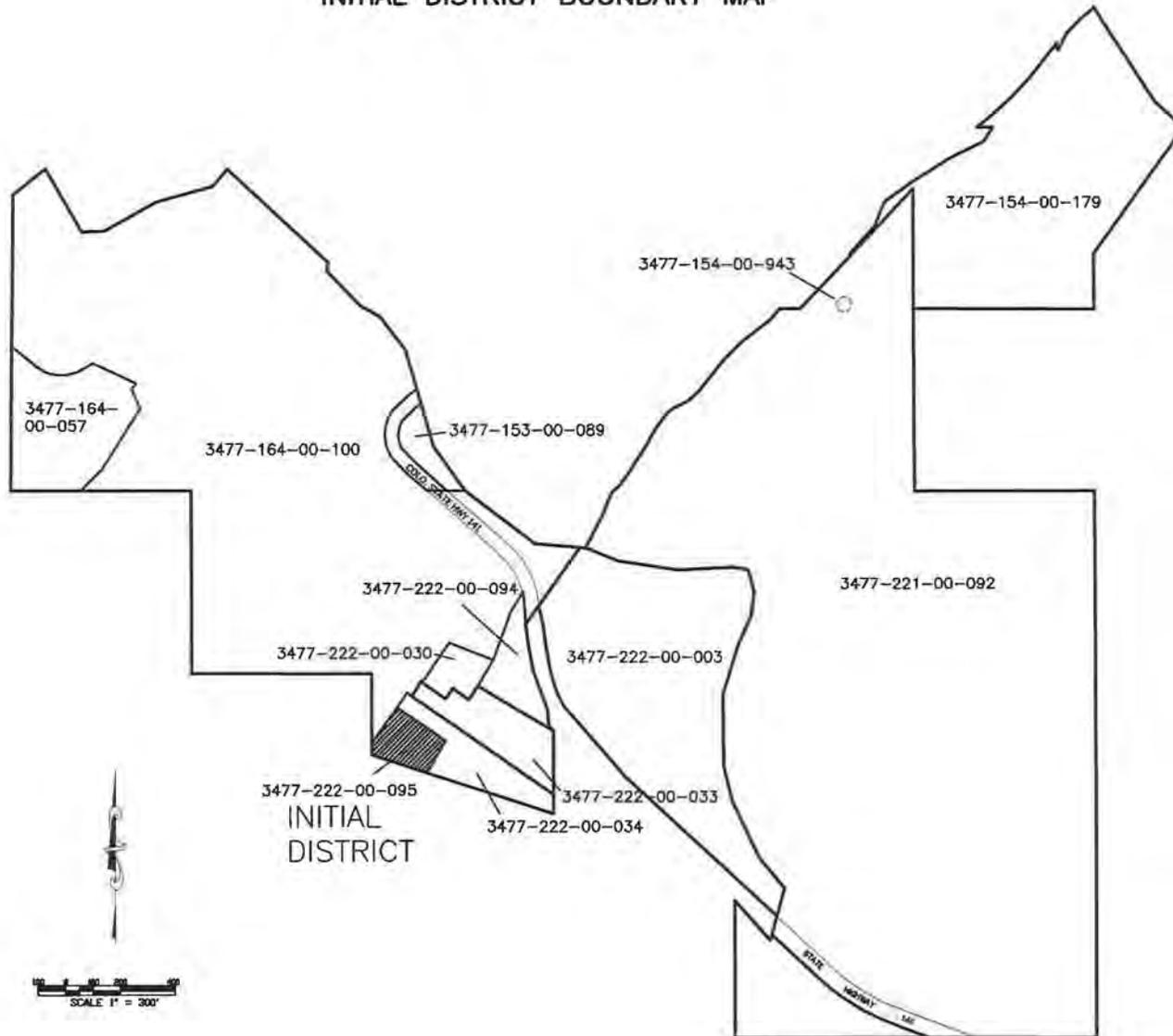


EXHIBIT C-1 INITIAL DISTRICT BOUNDARY MAP			
DATE	5-24-10	PROJECT	REVEGETATION
SCALE	1" = 300'	DRAWN	COMMIT C-1
SHALE COUNTRY SURVEYING		OWNER	N.L.C.
<small>40765 HIGHWAY 141, GATEWAY, CO 81622 PH. (970) 931-2212</small>			

EXHIBIT C-2

Inclusion Area Boundary Map

EXHIBIT C-2
 INCLUSION AREA BOUNDARY MAP
 PAGE 1 OF 2

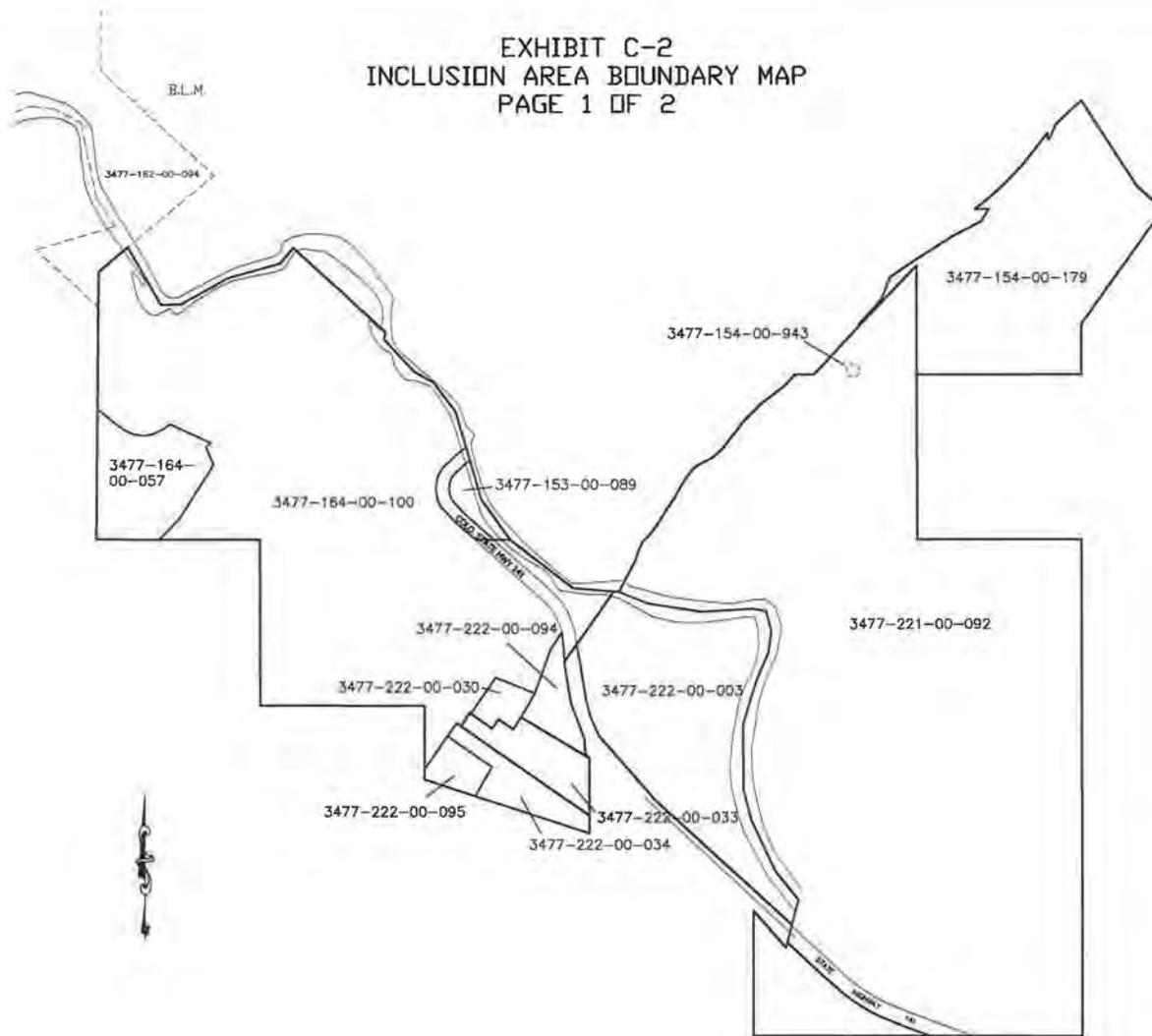


EXHIBIT C-2 INCLUSION AREA BOUNDARY MAP	
DATE 6-9-10	DRAWN BY MICHAEL W. HENNING
SCALE NTS	CHECKED BY M.L.C.
SHALE COUNTRY SURVEYING	
<small>NOTES FROM 141, GATEWAY, CO. 81522 PLS. (870) 831-2212</small>	

EXHIBIT C-2
INCLUSION AREA BOUNDARY MAP
PAGE 2 OF 2

COUNTY ROAD 42
NOT DESIGNATED

SOLDRES RIVER

3477-162-00-094

B.L.M.

3477-164-00-100



EXHIBIT C-2 INCLUSION AREA BOUNDARY MAP		
DATE	6-9-10	PROJ. NO. METRODISTRICT
SCALE	NTS	DWG. EXHIBIT C-2 Pg 2 of 2
		DRAWN JAC
SHALE COUNTRY SURVEYING		
40793 HIGHWAY 141, GATEWAY, CO 81522 PH. (970) 931-2212		

EXHIBIT D

Intergovernmental Agreement

**INTERGOVERNMENTAL AGREEMENT BETWEEN
MESA COUNTY, COLORADO
AND
DOLORES CANYON METROPOLITAN DISTRICT NO. 1**

THIS AGREEMENT is made and entered into as of this ____ day of _____, by and between the MESA COUNTY, COLORADO (the "County"), and DOLORES CANYON METROPOLITAN DISTRICT No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"). The County 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 County on _____ ("Service Plan"); and

WHEREAS, the Service Plan makes reference to the execution of an intergovernmental agreement between the County and the District; and

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

COVENANTS AND AGREEMENTS

1. Water System. Pursuant to the Special District Act, the District shall be authorized to design, acquire, install, construct, finance, own, operate and maintain a potable and non-potable water supply, storage, transmission, treatment and distribution system. The District agrees to cooperate with any public improvement district(s) ("PID") that may be formed by the County for the purpose of providing water service to property outside of the Districts' boundaries. The District shall enter into an intergovernmental agreement with the PID whereby the District will agree to provide water service to property outside the Districts' boundaries in exchange for the payment of tap fees and/or reasonable water rates, as shall be determined by independent rate studies. Water service may be provided through an Enterprise and financed through Enterprise Debt, subject to Section 22 below.

2. Operations and Maintenance. The District shall dedicate certain Public Improvements (as defined in the Service Plan) to the County or other jurisdiction in a manner consistent with the Official Development Plan (as defined in the Service Plan) and other rules and regulations of the County and applicable provisions of the County Code. The District shall dedicate offsite road improvements to the County or CDOT, as appropriate for ownership, operations and maintenance. Additionally, the District shall dedicate sewer improvements to the Southwest Mesa County Rural Services Pubic Improvements District (the "Rural Services PID"),

or to such other public improvement district(s) that may be formed by the County for the purpose of providing sewer service, for ownership, operation and maintenance.

Those Public Improvements that are not conveyed to the County, CDOT, the Rural Services PID, or other public improvement districts or governmental entities, may be conveyed to an owners association, as appropriate. With regard to those Public Improvements dedicated to an owners association, the District shall undertake the operations and maintenance responsibilities for the improvements until such time as they are accepted by an owners association. Additionally, the District shall be authorized to provide ongoing services related to the operation and maintenance of all improvements not dedicated to another entity, and related to covenant enforcement, as provided under Section 32-1-1004(8)(a), C.R.S. During the period that the District operates such facilities, revenue to pay the expenses of operations may be obtained from fees legally imposed by the District or other legally available revenues of the District. User fees for use of recreational facilities may be different for residents of the District than for outside users.

3. Acquisition of Land for Public Improvements and Easements. The District agrees to acquire by easement or plat dedication, or cause the dedication to the County of all land required by the County for construction of Public Improvements being provided by the District that will be conveyed to the County. Exceptions must be approved by the County in writing.

4. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the County and of other governmental entities having proper jurisdiction and in accordance with the requirements of the Approved Development Plan. The District will obtain the County's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements, as required by County rules and regulations, prior to performing such work. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

5. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of an External Financial Advisor 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.

6. Inclusion. The District shall not include within any of its boundaries any property inside the Inclusion Area Boundaries without the prior written consent of the BOCC except upon petition of the fee owner or owners of one hundred percent of such property as provided in Section 32-1-401(1)(A), C.R.S. The District shall not include within its boundaries any property outside the Service Area without the prior written consent of the BOCC. Notwithstanding the foregoing, the District is also authorized to include property within its boundaries that is outside the Inclusion Area Boundaries, without prior written consent of the BOCC, if the acreage of an individual parcel to be so included does not exceed ten percent (10%) of the total acreage of the Service Area and provided that the property is contiguous to the Service Area at the time of inclusion.

7. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

8. Total Debt Issuance. The Districts shall not issue Debt in excess of one hundred million dollars (\$100,000,000).

9. Monies from Other Governments/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 County is eligible to apply for, except pursuant to an intergovernmental agreement with the County. This section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the District without any limitation.

10. Consolidation. The District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the County, unless such consolidation is with the other Districts.

11. Bankruptcy Limitation. All of the limitations contained in the Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy have been established under the authority of the County 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).

Any Debt, issued with a pledge or which results in a pledge, that would cause the District to impose a mill levy for repayment of debt that exceeds the Maximum Debt Mill Levy, 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 County as part of a Service Plan Amendment.

12. Additional Services. In addition to the other powers of the District set forth in the Service Plan, the District shall also have the authority to, but shall not be obligated to, provide any and all of such additional services and exercise such powers as are expressly or impliedly granted by Colorado law, including those powers enumerated in Sections 32-1-1101 and 32-1-1101.7, C.R.S. Pursuant to Section 32-1-1101(1)(f)(I), C.R.S. and Section 32-1-1101(1.5)(e), C.R.S., the District shall have the authority to divide the District into one or more areas consistent with the services, programs and facilities to be furnished therein. Pursuant to Section 32-1-1101.7, C.R.S. (the "SID Statute"), the District is authorized to establish a special improvement district within its boundaries, to assess property, to provide and finance renewable energy and energy efficient improvements, and to undertake all activities set forth in the SID Statute, as it may be amended from time to time. The exercise of any such powers and authorities shall not be deemed a breach of this Agreement.

13. Dissolution. Upon an independent determination of the BOCC that the purposes for which the District was created have been accomplished, the District agrees to file a petition in the appropriate District Court for dissolution pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for : (a) the payment or discharge of all of its outstanding indebtedness; (b) assumption by some other appropriate entity of its essential services and operation and maintenance responsibilities for the Public Improvements; and (c) and other financial obligations as required pursuant to State statutes.

14. Disclosure to Purchasers. The District will use reasonable efforts to assure that all developers of property located within the District provide written notice to all purchasers of property in the District regarding the Maximum Debt Mill Levy, as well as a general description of the District's authority to impose and collect rates, fees, tolls and charges.

15. Service Plan Amendment Requirement. Actions of the District which violate the limitations set forth in the Service Plan or this Agreement shall be deemed to be material modifications to the Service Plan and breaches of this Agreement and the County shall be entitled to all remedies available at law or in equity under State and local law.

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

17. Annual Report. The District shall be responsible for submitting an annual report to the County Attorney's office no later than August 1st of each year.

(a) Report Contents.

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

(i) Boundary changes made or proposed to the District's boundary as of December 31st of the prior year;

(ii) Agreements with other governmental entities, either entered into or proposed as of December 31st of the prior year;

(iii) A list of all facilities and improvements constructed or acquired by the District and those that have been dedicated to and accepted by the County as of December 31st of the prior year;

(iv) Audit of the District's financial statements for the year ending December 31st of the previous year prepared in accordance with generally accepted accounting principles or audit exemptions, if applicable;

(v) Notice of continuing disclosure undertaking for events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

(vi) Any inability of the District to pay its obligations as they come due in accordance with the term of any Debt instruments, which continue beyond a ninety (90) day period.

18. Maximum Debt Mill Levy. The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Debt, and shall be determined as follows:

(a) For any portion of the District's aggregate Debt which exceeds fifty percent (50%) of the District's assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VI.C.2 of the Service Plan; adjusted to account for changes in the method of calculating assessed valuation or any constitutionally mandated 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 are 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, 2010, 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.

(b) For any portion the District's aggregate Debt which is equal to or less than fifty percent (50%) of the District's assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

(c) For purposes of the foregoing, once Debt has been determined to be within Section VI.C.2 of the Service Plan, so that the District is entitled to pledge to its payment an unlimited *ad valorem* mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, 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.

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.

19. 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.

20. 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 to 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.

21. Security for Debt. The District shall not pledge any revenue or property of the County as security for the indebtedness set forth in the Service Plan. Approval of the Service Plan and this Agreement shall not be construed as a guarantee by the County of payment of any of the District's obligations, nor shall anything in the Service Plan or this Agreement be construed so as to create any responsibility or liability on the part of the County in the event of default by the District in the payment of any such obligation.

22. Enterprise Financing. Pursuant to Title 37, Article 45.1, Part 1, C.R.S. (the "Enterprise Act") and Article X, Section 20 of the Colorado Constitution ("TABOR"), the District may establish a water activity enterprise (an "Enterprise"). If established, the purpose of the Enterprise shall be to pursue or continue any and all of the District's water activities, as

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

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

28. 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.

29. 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.

30. 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 County 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 County shall be for the sole and exclusive benefit of the District and the County.

31. 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.

32. 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.

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

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

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOR INTERGOVERNMENTAL AGREEMENT]

DOLORES CANYON METROPOLITAN
DISTRICT NO. 1

By: _____
President

Attest:

Secretary

MESA COUNTY, COLORADO

By: _____
Its: _____

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____