

INTERGOVERNMENTAL AGREEMENT
By, Between and Among
THE TOWN OF GRANBY, COLORADO,
HEADWATERS METROPOLITAN DISTRICT,
GRANBY RANCH METROPOLITAN DISTRICT
GRANBY RANCH METROPOLITAN DISTRICT NO. 2,
GRANBY RANCH METROPOLITAN DISTRICT NO. 3,
GRANBY RANCH METROPOLITAN DISTRICT NO. 4,
GRANBY RANCH METROPOLITAN DISTRICT NO. 5,
GRANBY RANCH METROPOLITAN DISTRICT NO. 6,
GRANBY RANCH METROPOLITAN DISTRICT NO. 7 AND
GRANBY RANCH METROPOLITAN DISTRICT NO. 8

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into as of this 26th day of February, 2008, by, between and among the TOWN OF GRANBY, a municipal corporation and political subdivision of the State of Colorado ("Town"), HEADWATERS METROPOLITAN DISTRICT, GRANBY RANCH METROPOLITAN DISTRICT, GRANBY RANCH METROPOLITAN DISTRICT NO. 2, GRANBY RANCH METROPOLITAN DISTRICT NO. 3, GRANBY RANCH METROPOLITAN DISTRICT NO. 4, GRANBY RANCH METROPOLITAN DISTRICT NO. 5, GRANBY RANCH METROPOLITAN DISTRICT NO. 6, GRANBY RANCH METROPOLITAN DISTRICT NO. 7 and GRANBY RANCH METROPOLITAN DISTRICT NO. 8, quasi-municipal corporations and political subdivisions of the State of Colorado (collectively, the "Districts"). The Town and the Districts are collectively referred to as the "Parties".

RECITALS

WHEREAS, the Districts were organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. as a means of furnishing certain capital facilities and services in connection with the development of property annexed to the Town under the name "SolVista Annexation to the Town of Granby" ("the SolVista Annexation"); and

WHEREAS, the Districts are authorized to provide financing and to exercise powers as more fully set forth in the SolVista Metropolitan District No. 1 Service Plan dated March 2003 (the former name of Headwaters Metropolitan District), the SolVista Metropolitan District No. 2 Service Plan dated March 2003 (the former name of Granby Ranch Metropolitan District), and the Consolidated Service Plan for Granby Ranch Metropolitan District Nos. 2-8 dated August 28, 2007, and any amendment to such service plans (collectively, the "Service Plans"); and

WHEREAS, the Service Plans make reference to the execution of an intergovernmental agreement between the Town and the Districts; and

WHEREAS, an Intergovernmental Agreement Between the Town and SolVista Metropolitan Districts Nos. 1 and 2 dated December 9, 2003, a First Amendment to Intergovernmental Agreement Between the Town and Headwaters Metropolitan District and

Granby Ranch Metropolitan District dated May 20, 2005 and a Second Amendment to Intergovernmental Agreement Between the Town and Headwaters Metropolitan District and Granby Ranch Metropolitan District dated April 11, 2006 (collectively, the "Prior IGAs") previously were entered into; and

WHEREAS, the Town and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Agreement to promote the coordinated development of the SolVista Annexation property.

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 agree as follows:

COVENANTS AND AGREEMENTS

1. Superseding and Replacement of Prior IGAs. This Agreement supersedes and replaces in their entirety the Prior IGAs.
2. Town Land Use Powers Exclusive. The Town shall have and will exercise sole and exclusive jurisdiction over land use and building, e.g., zoning, subdivision, building permit, decisions affecting property within the boundaries of the Districts (subject to the provisions of the Annexation and Development Agreement between the Town and SolVista Corp. (the "Annexation Agreement") and the Planned Development Overlay District Preliminary Plan for the SolVista Golf & Ski Ranch (the "SolVista Preliminary Plan"). The Districts shall not take any action contrary to such decisions or orders of the Town, nor will any District take or attempt to take any action, either directly or by omission, in violation of or that would frustrate or render ineffective any such decision or order except based solely upon economic or physical feasibility considerations or for any utility-based cause. The Districts' projects shall be subject to Town regulatory authority as provided by state law.
3. Change in Boundaries; Service Area. Except as provided in the Service Plans for the eventual inclusion of all of the SolVista Annexation property into the Districts, the inclusion of property into each District and the furnishing of services outside the legal boundaries of the Districts shall be subject to the prior approval of the Town, which approval shall not unreasonably be withheld, delayed or conditioned. In no event shall any District include into its legal boundaries any property not located within the corporate limits of the Town at the time of inclusion unless the Town consents to such inclusion. No inclusion or exclusion of property conforming to this Section 3 shall constitute a material modification of the Service Plans.
4. Ownership and Operation of Facilities. The Districts shall dedicate the Public Improvements (as defined in the Service Plans) to the Headwaters Metropolitan District, the Town upon request, or other appropriate jurisdiction or owners' association in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code. The Districts shall be authorized to operate and maintain any part or all of the Public Improvements unless the provision of such operation and maintenance is allocated to another public entity pursuant to an intergovernmental agreement.

All operation and maintenance responsibilities for the Public Improvements to be constructed by the Districts are to be assumed by Headwaters Metropolitan District pursuant to the Headwaters Metropolitan District Service Plan.

5 Amenities.

(a) In addition to the types of park and recreation services and facilities referenced or reflected in the Service Plans, including the exhibits thereto, the Districts will be authorized to acquire, construct, own, operate and maintain the ski area and lifts, ski lodge, golf courses and appurtenant clubhouse and maintenance facilities, fishing or "river park" facilities and programs, and parks, trails and open space for various recreational purposes as more fully described on Exhibit A, attached hereto and incorporated herein by reference, collectively called the "Amenities."

(b) The Parties acknowledge that the Amenities are not required by Town ordinances or other authorities to be conveyed or dedicated by the Developer (as defined in the Service Plans) for public use within the meaning of §32-1-1001(f), C.R.S. Property interests in areas and assets needed for Amenities which are acquired from the Developer shall be acquired at prices that do not exceed fair market value as established by a qualified appraiser. A copy of the appraiser's qualifications shall be provided to the Town.

(c) In order to defray the costs of acquisition, construction and installation of the Amenities, the Districts are authorized to impose and collect a one-time, front-end Amenities Fee, in an amount not to exceed \$10,000 per lot or equivalent dwelling unit in the Districts (plus interest for unpaid amounts and increases for inflation), in addition to any other fees as allowed by the Service Plans, without the written approval of the Town.

(d) For the purposes of this Section, a "Granby resident" is a natural person who makes his/her primary residence in the Town, but outside the Districts.

(e) The Districts shall provide preferred access (over that provided to the general public not residing in the Town) to ski, golf, park and fishing Amenities for Town residents. "Preferred Access" shall constitute a higher priority than that provided to the general public who is not a Town resident, but a lower priority than the Districts' residents.

(f) Granby residents shall receive a 15 percent (15%) discount on golf greens fees (excluding cart fees and/or caddie fees), seven (7) days a week during shoulder seasons and weekdays during peak season. Granby residents will be entitled to a 15 percent (15%) discount on daily ski passes seven (7) days a week during shoulder season and weekdays during peak season. Should any seasonal pass or other rate categories be established by the Districts, the same principle of discount for Granby residents shall apply.

6. Construction of Infrastructure. The obligations of the SolVista Developer under the Annexation Agreement for the SolVista Annexation to construct water, wastewater, street and roadway, traffic safety, drainage, landscaping, and recreational infrastructure within the SolVista Annexation property may be performed by the Districts. All infrastructure constructed by the

Districts shall be designed and constructed to Town standards or other standards agreed to by the Town in writing in advance of construction. Notwithstanding the foregoing, road, street and appurtenant improvements shall be designed and constructed in conformity with Article 5 of the SolVista Preliminary Plan or to other standards agreed to by the Town in writing in advance of construction. The Districts shall convey those facilities identified in the attached Schedule of Facilities Disposition for conveyance to the Town or its Designee free and clear of all liens and encumbrances, and shall certify that the facilities were constructed to the standards acceptable to the Town or its Designee. As provided by the Service Plans, primary responsibility for infrastructure constructed by the Districts shall rest with Headwaters Metropolitan District.

7. Street Maintenance and Services.

(a) Until such time as the Town elects to assume operation and maintenance responsibility for same, the streets and associated drainage, landscaping, traffic safety protection and transportation improvements required for the SolVista Annexation Property (the "Street Improvements") shall be maintained by the Districts to the standards set forth in Article 5 of the Sol Vista Preliminary Plan and any rules, regulations or ordinances of general applicability throughout the Town. Notwithstanding the foregoing, the Town is under no obligation to ever assume operations and maintenance obligations with respect to such improvements.

(b) If the Town determines that the Districts are not operating or maintaining any Street Improvement in conformity with this Agreement, or that any Street Improvement is affected by a condition that presents a substantial risk of personal injury or property damage to any person, it may give written notice thereof to the Districts. Such notice shall specify the non-conforming or dangerous condition, direct the Districts at their cost to perform specified remedial work, and state the period of time determined by the Town to be reasonably necessary for completion of the remedial work. If the Districts fail to cure the nonconforming or dangerous condition within the specified time following such notice (a "Street Maintenance Default"), the Town may, in addition to and without waiving any other remedy, perform the work and charge the Districts for all of its actual costs, of whatever kind or nature, direct and indirect, incurred in connection therewith (the "Cure Amount"). Any amount so charged to the Districts which is not paid within a reasonable time not to exceed sixty (60) days after being invoiced may, together with interest at the rate of twelve percent (12%) *per annum* on the unpaid amount, be collected by the Town from the Shared Sales and Use Taxes due and becoming due from the Town to the Districts until the Cure Amount is paid in full, including principal and interest. Notwithstanding the foregoing, if amounts payable from the said Shared Sales and Use Taxes are not reasonably sufficient to pay the Cure Amount in full within the twelve (12) months next following the month in which the sixty (60) day payment period expires, the Districts will pay the shortfall from the Pledged Revenues specified in subsections (c) and (d) below, in such amounts as are necessary to pay the Cure Amount, in full, including principal and interest, within the said twelve (12) month period.

(c) The Districts hereby agree to pledge and pay to the Town, for the payment of Cure Amounts due in accordance with subsection (b) above, the following (collectively, the "Pledged Revenues"): (i) any Shared Sales and Use Taxes then available in accordance with the terms of the Indenture; (ii) any property tax revenues of the Districts budgeted for street maintenance and then available for such purpose; (iii) the proceeds of the Operations Fee

(defined below) then available; and (iv) any amounts received from the Developer pursuant to the Developer Funding Agreement. Notwithstanding the foregoing, the Districts may apply the Pledged Revenue to any legally permissible use and there shall not be a lien upon any of the Pledged Revenues until such time as there is a Street Maintenance Default hereunder. In the event of a Street Maintenance Default, there shall be a lien upon the Pledged Revenues but only up to the amount of the Cure Amount and only until such time as the Cure Amount is paid in full. The Districts shall pay to the Town the Pledged Revenues in satisfaction of any Cure Amount as soon as practicable.

(d) In order to generate the Pledged Revenues necessary to provide for the payment of the Cure Amount as contemplated in subsection (c) hereof, the Districts have adopted an Operations Fee Resolution and have entered into a Developer Funding Agreement providing, among other matters, that the Developer will pay to the Districts, upon demand, the amount of any Cure Amount due hereunder to the extent not able to be funded, in the time provided in subsection (b) above, by the Pledged Revenues described in (c)(i) and (c)(ii). In the event that the Pledged Revenues described in (c)(i) and (c)(ii) above are not sufficient to fund the Cure Amount when due hereunder, the Districts shall (i) impose the fee described in the Operations Fee Resolution (the "Operations Fee"), (ii) make a demand for payment under the Developer Funding Agreement, or (iii) do a combination of (i) and (ii), in amount(s) sufficient to fund any deficiency in the Cure Amount, within the time provided in subsection (b) above. If the Developer fails to pay any amounts due under the Developer Funding Agreement promptly upon demand therefor, the Districts shall impose or increase said Operations Fee in an amount necessary to pay the Cure Amount in full within the time provided in subsection (b) above.

(e) Nothing in this Section shall impose upon the Town any duty to exercise its rights hereunder, or be construed as an assumption by the Town of any duty to maintain any Street Improvement generally. The Town shall not be deemed to have assumed a duty to cure any nonconforming or dangerous condition pursuant to this Section unless and until persons acting at the direction of the Town have occupied and taken control of the site of such condition and have begun to perform repair operations at such site. The mere placing of warning or caution signs or other safety devices at such site by persons acting at the direction of the Town shall not be deemed to constitute taking control of or performing repair operations at the site unless repairs are actually commenced by such persons.

8. Municipal Exclusion. On December 22, 2004, the District Court for Grand County, Colorado entered a Final Order of Exclusion to effect the requirement contained in the Prior IGAs regarding exclusion from the SilverCreek Water and Sanitation District.

9. Debt Limitation. The Districts will comply with the following provisions, which are also conditions of the Town's approval of their respective Service Plans:

(a) Subject to the provisions of the following Section, unless otherwise approved in writing by the Town Board of Trustees, which approval shall not be unreasonably withheld, delayed or conditioned, the total Debt that the Districts shall be permitted to issue shall not exceed Ninety Four Million Two Hundred Fifty Thousand Dollars (\$94,250,000) and shall be permitted to be issued on a schedule and in such year or years as the Districts determine shall

meet the needs of the Financial Plan referenced above and shall be phased to serve development as it occurs. In addition thereto, the Districts shall be permitted to issue additional Debt up to Nineteen Million Five Hundred Thousand Dollars (\$19,500,000) plus 4% annual inflation from and after June 1, 2005, until issued for the acquisition, construction and installation of the Amenities. All bonds and other Debt issued by the Districts may be payable from any and all legally available revenues of the Districts, including general ad valorem taxes and Fees to be imposed upon all Taxable Property within the Districts. The Districts will also rely upon various other revenue sources authorized by law. These will include the power to assess Fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended from time to time. The Districts shall be permitted to request an increase in the debt limitations contemplated herein by way of an administrative approval process with the Town. Under no circumstances shall an administratively approved change in the debt limitation be considered a material modification of this Service Plan.

(b) The "Maximum Mill Levy" shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Debt and any operations and maintenance costs, regardless of statutory changes to Section 32-1-1101, et seq., C.R.S., shall be fifty (50.000) mills; provided, however, that if the ratio of actual valuation to assessed valuation for residential real property (as of 2003) is changed pursuant to Article X, section 3(1)(b) of the Colorado Constitution and legislation implementing such constitutional provision, the Maximum Mill Levy will be increased or decreased (as to all taxable property in the Districts) to reflect such changes so that, to the extent possible, the actual tax revenues generated by the mill levy, as adjusted, are neither diminished nor enhanced as a result of such changes (Gallagher adjustment). Notwithstanding the foregoing, in the event the Maximum Mill Levy is pledged by a District toward the repayment of Debt and such Maximum Mill Levy is imposed by a District for the repayment of that Debt in any given fiscal year, a District is permitted to impose upon the taxable property within such District a mill levy not-to-exceed five (5.000) mills in the same fiscal year, which five (5.000) mills shall be in addition to the Maximum Mill Levy. Any revenues generated by the additional five (5.000) mills imposed by a District shall be used solely for the purpose of meeting a District's obligations under an intergovernmental agreement with the Town for transportation purposes.

(c) No District shall apply for or claim any entitlement to Conservation Trust Fund money for which the Town is eligible to apply.

(d) The Town's remedies for failure of any District to comply with this Agreement or any material provision of its approved Service Plan shall include authority for the Town, upon a finding of such failure by the Board of Trustees, following notice to the District and an opportunity to be heard, to withhold the issuance of any related permit, authorization, acceptance or other administrative approval needed or required by the District.

(e) 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 between or among one or more of the Districts.

(f) On or before January 31 of each year, the Districts will file an annual report with the Town which explains all major actions take by the Districts during the preceding year to

implement the functions of the Districts in accordance with the Service Plans, together with projections for the ensuing fiscal year and such other available information as the Town may request. The Districts shall also file copies of the Districts' statutory audits with the Town.

10. **Board of Directors – Town Representative.** Provision will be made by the Districts to provide notice of meetings, meeting materials, and all other documents and notices not otherwise privileged or confidential provided to a member of the Board to a Town appointed representative. This representative will be authorized to participate as a non-voting attendee at all Board meetings of the Districts. The Town representative will be authorized to participate as a non-voting attendee at all Boards of Directors meetings of the Districts, including access to executive sessions and executive session materials to the full extent of the law.

11. **Revenue Sharing Arrangements.**

(a) The Town shall share revenue with Headwaters Metropolitan District in accordance with the provisions of the Annexation Agreement. Headwaters Metropolitan District shall use the proceeds available from such revenue sharing solely to defray the costs of public improvements constructed by the Districts pursuant to the Service Plans.

(b) An amount equal to a blended rate of 8% of the total net bond proceeds received from the issuance of any General Obligation Bonds up to the total Debt Issuance Limitation (as defined in the Consolidated Service Plan for Granby Ranch Metropolitan District Nos. 2-8) shall be provided to the Town for jointly funded improvements (the "Bond Sharing Fee"). The Bond Sharing Fee made by the Districts shall be allocated approximately 67% for downtown improvements and approximately 33% for park facilities on a site to be dedicated by the developer in Planning Area 1 of the SolVista Preliminary Plan. The Districts shall remit the Bond Sharing Fee pursuant to the schedule attached to the Consolidated Service Plan for Granby Ranch Metropolitan District Nos. 2-8 as Exhibit E. Headwaters Metropolitan District shall be responsible for the collection of the Bond Sharing Fee contemplated in this section from each of the Districts. Payment of the Bond Sharing Fee to Headwaters Metropolitan District shall be a condition of issuing any Bonds authorized herein.

12. **Transportation.**

(a) The Service Plans authorize the Districts to exercise transportation powers, but do not contain detailed facilities descriptions or cost estimates associated with them. Nevertheless, the Town's approval of a mill levy cap of 50.000 mills was based in part upon the Districts' commitment expressed herein to fund an internal public transportation system with a link between the SolVista Annexation Property and the downtown and other commercial areas of the Town, from a portion of the mill levy authorized by the Service Plans, subject to the limitations set forth herein. The Parties agree that it is not possible to determine at what point the need for such public transportation system will be sufficient to warrant its implementation. Accordingly, at such time as certificates of occupancy are issued for at least 600 single-family equivalents within the SolVista Annexation Property, the Districts will obtain, at their cost, a feasibility and needs assessment study (the "Study") with respect to such transportation system. The Town may appoint a representative to serve on any committee convened by the Districts to select the

provider of the Study, which representative shall have the right to participate in the development and distribution of a request for proposals for the Study and any evaluations and/or interviews of respondents to such request for proposals. The final selection of the provider of the Study shall be subject to the consent of the Town. At such time as a public transportation system is necessitated by development with the SolVista Annexation Property, as set forth in any conclusion of such Study, the following shall occur, subject to the provisions of subsection (b) hereof:

(i) The Districts shall impose an *ad valorem* property tax levy in the amount of 5.000 mills (subject to adjustment as provided in the succeeding sentence) or such amount thereof as is necessary to fund the operation of the internal public transportation system (the "Pledged Mill Levy") for the purpose of funding or financing public transportation; provided, however, that the amount of such Pledged Mill Levy, together with any other *ad valorem* tax levy imposed by the Districts, shall not exceed the maximum mill levy permitted under the Service Plans and any intergovernmental agreements with the Town. In the event the method of calculating assessed valuation for residential property is changed after the date of this Agreement, the amount of the Pledged Mill Levy (presently 5.000 mills) may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Districts in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the Pledged Mill Levy, as adjusted, 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.

(ii) The Districts shall cause the proceeds of the Pledged Mill Levy to be applied solely to the establishment and operation of an internal public transportation system serving the SolVista Annexation Property. In no event shall the Districts' obligation to the Town hereunder with respect to funding such public transportation system exceed, in any calendar year, the amount of revenues received by the Districts as a result of the imposition of the Pledged Mill Levy.

(b) Notwithstanding any of the foregoing, in no event shall the Districts be obligated to impose the Pledged Mill Levy and apply the proceeds thereof as provided herein until certificates of occupancy are issued for at least 700 single-family equivalents within the SolVista Annexation Property ("**Achievement of the Minimum SFE Level**").

(c) The Districts' obligations hereunder to impose the Pledged Mill Levy will be superior and prior to the obligations of bonds issued by the Districts and, as a result, will reduce the maximum amount of mill levy available to provide for payment of such bonds.

(d) For purposes of this Agreement, any determination of the number of single-family equivalents within the SolVista Annexation Property shall be made based upon the schedule attached hereto as **Exhibit B**, attached hereto and incorporated herein by this reference. The schedule is intended to be a guide and may be changed at the discretion of the Districts.

13. **Mosquito Control; Television Powers.** The Service Plans authorize the Districts to exercise mosquito control and television relay and translation powers, but do not contain detailed facilities descriptions or cost estimate associated with either of these powers. Moreover, cable television services will be provided to the SolVista Annexation Property by and through the Town's existing cable television franchisee, and the Districts will not be involved in these functions. Therefore, before any District undertakes to provide mosquito control or television relay and translation services or functions it shall submit facilities and services descriptions, cost estimates and a financial plan to the Town with respect thereto and shall not exercise either of these powers without the prior approval of the Town, which approval may be granted, and the powers thereafter exercised, without the need for amendment of the Service Plans.

14. **Precedence.** Recognizing that full development of the SolVista Annexation Property may take up to thirty (30) years, the Town approved the Service Plans with sufficient flexibility to accommodate and enable the Districts to respond to changed conditions over time, while still relying upon the provisions of this Agreement to enable it to exercise appropriate control and supervision of the Districts as provided by Colorado law. Accordingly, any conflict or inconsistency between the Service Plans and this Agreement shall be resolved in favor of the provisions of this Agreement.

15. **Land Conveyance.** The Districts agree to use their best efforts to cause the Developer to make the land dedications described in paragraphs 7, 8, 10 and 11 of the "Term Sheet" attached hereto as Exhibit C. To the extent any of the provisions of the Term Sheet related to the Districts, such provisions are incorporated herein by this reference.

16. **Entire Agreement of the Parties.** This written Agreement constitutes the entire agreement among the Parties and supersedes all prior written or oral agreements, negotiations, or representations and understandings of the Parties with respect to the subject matter contained herein.

17. **Amendment.** This Agreement may be amended, modified, changed, or terminated in whole or in part only by written agreement duly authorized and executed by the Parties hereto, without necessarily requiring amendment to any Service Plan. The need for formal amendment to any Service Plan shall be determined according to Colorado law then in effect.

18. **Enforcement.** This Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws of the State of Colorado. By executing this Agreement each of the Parties commits itself to perform pursuant to these terms contained herein, and a breach hereof which

If to the Districts: Headwaters Metropolitan District
 Granby Ranch Metropolitan District
 Granby Ranch Metropolitan District Nos. 2-8
 Robertson & Marchetti, P.C.
 28 Second Street, Suite 213
 Edwards, Colorado 81632
 Attention: Ken Marchetti

With copies to: Gary R. White, Esq.
 White Bear & Ankele Professional Corporation
 1805 Shea Center Drive, Suite 100
 Highlands Ranch, Colorado 80129

26. Governmental Immunity. Nothing herein shall be construed as a waiver of the rights and privileges of the Town or the Districts pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S., as amended from time to time.

27. Counterpart Execution. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank].

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day first above written.

HEADWATERS METROPOLITAN
DISTRICT

By: Thomas H. Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT

By: Thomas H. Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 2

By: Thomas H. Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 3

By: Thomas H. Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 4

By: Thomas Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 5

By: Thomas Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 6

By: Thomas Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 7

By: Thomas Hale

ATTEST:

By: [Signature]

GRANBY RANCH METROPOLITAN
DISTRICT NO. 8

By: Thomas Hale

ATTEST:

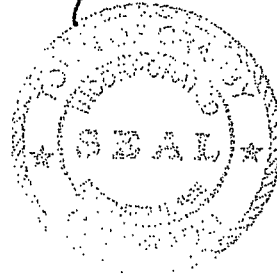
By: [Signature]

TOWN OF GRANBY

By: [Signature]
Its: MAYOR

ATTEST:

By: Abraham H. Hess



SCHEDULE OF FACILITIES
DISPOSITION

Streets and Roadways; Traffic & Safety Protection

Owned, operated and maintained by District.

Transportation

Owned, operated and maintained by District.

Parks & Recreation

Owned, operated and maintained by District.

Sanitation

Sanitary sewer facilities: Upon acceptance, conveyed to Town or Granby Sanitation District (at Town election) for operation and maintenance.

Stormwater/drainage facilities: Owned, operated and maintained by District.

Water

Potable water facilities: Upon acceptance, conveyed to Town operation and maintenance.

Non-potable water facilities: Owned, operated and maintained by District.

Mosquito Control; Miscellaneous

Owned, operated and maintained by District.

EXHIBIT A

Amenities

1. Fishing camp located on the Fraser River adjoining Granby Ranch, as currently described on the Granby Ranch Preliminary Plan; and may be more exactly described on future land use plans approved by the Town;
2. The 18-hole Headwaters Golf Course;
3. SolVista Ski Basin;
4. Parks, trails, and recreation areas within the Granby Ranch property, as currently described on the Granby Ranch Preliminary Plan; to be more exactly described on future land use plans approved by the Town.

EXHIBIT B

Single-Family Equivalent Schedule

	sfe
Single family home, townhome, condo, apt, duplex	1.00
Mobile home	1.00
Boarding house, dormitory-style quarters	.25/bed
Lodges, hotels, motels, b&b and other overnight rentals	.50/room
w/ kitchenette	.75/room
Cafes, restaurants, lounges	
<1200 sq ft of customer service area	2.00
>1200 sq ft, add per additional 600 sq ft	1.00
Snackbar, delicatessen (disposable plates/glass/utensils)	1.00
Automobile Service Station	
each dispenser island w/ retail	1.50
each dispenser island w/o retail	0.50
each service bay	0.10
Car wash	2.0/stall
Laundromat, self-service	.25/washer
Cleaners, per 1000 sq ft	1.00
Beauty salon	.40/chair
Barber shop	.25/chair
Churches, Conference/Meeting /Banquet Rooms and Similar Facilities w/o in-house food serving capabilities per 1,000 sq feet	0.30
w/ in-house food serving capabilities, per 1,000 sq ft	0.40
Conference/meeting rooms, per 1000 sq ft	see above

Schools, per 15 students	1.00
Day Care	1.00
Offices, per 1000 sq ft	0.75
Medical/Dental Clinic, per 1000 sq ft	2.00
Retail Store, per 1000 sq ft	0.50
Grocery Store, per 1000 sq ft	0.80
Maintenance buildings/warehouses, fire stations, public libraries, per 1000 sq ft	0.15
Factories/manufacturing, per 1000 sq ft, not including industrial wastes which shall be assigned at a rate appropriate to each case	0.75
Health spas/fitness centers/athletic clubs/pools, per 1000 sq ft	1.50
Bowling area, per lane	0.75
Theater, per seat	0.02
Dry camp sites w/ central flush toilet	
per flush stool	0.50
per flush urinal	0.33
each public shower fixture	0.75
each washing machine	0.25
camper dump station	5.00
Travel trailer camper (8'x35' or less) w/ individual water & sewage	
w/ individual water/sewer hookups	0.25
per flush stool	0.50
trailer dump station	5.00
Hospitals	1.00/bed
Auto dealer (use retail store)	
Boarding school	.25/bed
Convalescent homes	.25/bed
Convents	.25/bed

FOOTNOTES:

1. If more than one use category is applicable to a particular building, the building will be divided into areas of similar use categories and the sfe units for the building will be computed by adding the sfe unit determinations for each use category area.
2. No less than 1.0 sfe unit will be assigned to any building or portion thereof that has a separate service line and/or that is to be billed individually for sewer service.
3. Lock-off units on condo-hotels will be assessed as a separate unit on a room basis.
4. Any residential building or unit which purports to be a single-family residential unit will be considered a multiplex if it has more than one kitchen area, and any portion of said residential building or unit that can be used independently of the remainder of the residential building or unit (i.e. lock-off unit) shall be considered a separate residential unit for sfe unit conversion purposes.
5. In computing area, the total usable area shall be used. Total usable area includes but is not limited to: kitchen areas, serving areas, washing areas, occupant areas, waiting rooms, restrooms, lunch rooms, halls, entryways, storage, show rooms and retail areas.

EXHIBIT C

TERM SHEET

The following term sheet has been approved by Granby Ranch and recommended by Town staff for approval by the Granby Board of Trustees concerning the petition for the formation of the Granby Ranch Metropolitan Districts Nos. 2 through 8. Staff will recommend that the Town Board of Trustees approve the petition to organize the Districts, with the requirement that the following terms be implemented:

1. Revise Bond share agreement to accelerate payment to the Town of 16% for the next \$10MM, 14% for the next \$10MM, 12% for the next \$10MM, 10% for the next \$10MM, 8% for the next \$10MM and 5.29% thereafter with an overall blended rate of 8%. No bonds may be issued beyond \$109MM in amount without Town consent.
2. Increase in overall participation from \$5,120,000 (as contained in the Service Plan and IGA for the existing Granby Ranch Metropolitan District) to \$8,720,000 - an increase of \$3,600,000.
3. Acceleration in payments to the Town increasing the net present value from \$2,857,277 (as contained in the Service Plan and IGA for the existing Granby Ranch Metropolitan District) to \$3,530,646 - an increase of \$673,369 on the first \$64MM of issuance.
4. Acceleration in payments to the Town increasing the net present value from \$3,537,721 (as contained in the Service Plan and IGA for the existing Granby Ranch Metropolitan District) to \$3,893,833 - an increase of \$356,112 on the full anticipated amount of issuance of \$109M.
5. Increased likelihood of the Town receiving additional bond proceeds.
6. Equalization occurs at \$27,750,000 instead of \$30,000,000.
7. Dedication to the Town of Granby or its designee of 4 acres within Granby Park, which parcel shall not be located within the Flood Plain, for the Granby recreational Center upon final plat approval, at not cost to the Town.
8. Dedication to the Town of Granby or its designee of an additional 3 acres within Granby Park, which parcel shall not be located within the Flood Plain, for the Granby recreational Center upon final plat approval and at no cost to Town.
9. The Town will be in a better position to use the \$100,000 dedicated by Shorefox for development of the recreation center.
10. Dedication of an additional 5 to 7 acres of lands located within the floodplain at Granby Park for restricted recreational purposes upon final design and plat approval - [design needs to consider location of well field and equipment, utilities, lighting and water storage (reservoir)].

11. Dedication and conveyance to the Town or its designee at no cost to the Town, of the entire parcel known as Silver Sage upon approval of pending PDOD amendment including the shifting of 60 units of the approved 310 units of density from PA 6 (Silver Sage) to PA 1 (Granby Park and River View) and on condition of approval of the Granby Park plat, such dedication and conveyance to occur subject to use restrictions which protect Granby Ranch from competition for the sale of units which are not "low income housing units."

12. No cost to Town to support the application.

13. The land dedications, PDOD amendment, and Granby Park plat approval contemplated herein shall be processed on an expedited basis and completed on terms mutually acceptable to the parties and consistent with this term sheet.

14. The provisions of this term sheet, including the land dedications, may be enforced by any of the parties hereto through all remedies available for a breach of contract, including obtaining a decree of specific performance. The parties agree that failure to comply with the provisions of this term sheet by 12/31/2007 by the applicant is a material modification of the Service Plan for Granby Ranch Metropolitan Districts Nos. 2 through 8 and that the Town may prevent any further actions under the Service Plan by obtaining injunctive relief until the provisions regarding dedication requirements and payments to the Town have been met in full.