

HUSCH BLACKWELL

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August 23, 2023

David K. TeSelle
Burg Simpson Eldredge
Hersh & Jardine, P.C.
40 Inverness Drive East
Englewood, CO 80112

William T. O'Connell, III
Wells, Anderson & Race, LLC
1700 Broadway, Suite 900
Denver, CO 80290

Re: *Granby Ranch Metropolitan District v. Headwaters Metropolitan District, et al.*; Grand County, Colorado, District Court No. 2021CV300008; and *GRCO LLC v. Granby Ranch Metropolitan District*, U.S. District Court for District of Colorado No. 1:23-cv-01351

Gentlemen:

We are writing in response to your letter dated August 14, 2023. The settlement offer contained in your letter is identical to the offer previously extended by Burg Simpson, on behalf of GRMD, to counsel for GR Terra LLC ("GR Terra"), GRCO LLC ("GRCO"), and Headwaters Metropolitan District ("Headwaters") on August 9, 2023. As we conveyed in our response e-mail, delivered on August 10, 2023 prior to GRMD's Board meeting, GR Terra rejected the terms of that offer. Since GR Terra's participation is necessary to effectuate settlement on the terms you proposed, it was not necessary to convene a meeting of Headwaters' Board to consider the offer or confer with counsel for the other defendants.

Given this, we are not sure why GRMD authorized its counsel to extend the exact same offer at its meeting on August 10. In any event, we are again confirming that GR Terra has rejected the settlement offer set forth in your letter dated August 14, 2023. In addition, Headwaters' board has now met and it voted to reject the offer as well.

Nevertheless, defendants are interested in pursuing a reasonable settlement of this dispute. Toward that end, GR Terra and GRCO are submitting the following counteroffer,

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subject to approval of the terms of a written settlement agreement by GR Terra, GRCO, Headwaters' Board of Directors, Gray Jay Ventures, LLC ("Gray Jay") and Granby Prentice, LLC ("Granby Prentice").

1. GRMD will not appeal Judge Hoak's orders entered in the litigation styled *Granby Ranch Metropolitan District v. Headwaters Metropolitan District, et al.*; Grand County, Colorado, District Court No. 2021CV300008 ("LPA Litigation") and any final judgments entered in that case.

2. GRMD will reimburse Headwaters \$760,000 for its attorneys' fees and costs incurred in the LPA Litigation.

3. Other than as set forth in point 2, all parties will waive any claims for payment of attorneys' fees or costs incurred in the LPA Litigation.

4. Headwaters and GR Terra will dismiss their Counterclaims in the LPA Litigation, with prejudice.

5. GRCO LLC will dismiss its claims in the litigation styled *GRCO LLC v. Granby Ranch Metropolitan District*, U.S. District Court for District of Colorado No. 1:23-cv-01351 ("Capital Facility Fee Litigation"), with prejudice.

6. GRMD will pay to GRCO the sum of \$125,100.00 representing the Capital Facility Fees paid by GRCO.

7. GRMD will exempt any property now or hereafter owned by GRCO, GR Terra, GR Operations LLC, Glarus LLC, Raven Development LLC, any affiliate of the foregoing, any entity or trust owned or controlled by Robert B. Glarner, Jr. and/or P. David Glarner or their family members, or any of their successors or assigns (collectively, the "Glarner Parties") from any further payment of a Capital Facility Fee and such exemption shall not impede the ability to obtain a building permit on any such property. As used herein, "Capital Facilities Fee" refers to the fee imposed under the 2005 and 2006 Facilities Fee Resolutions and the Town Facility Fee Agreement, as those terms are defined in the Capital Facility Fee Litigation, as well as any other agreement imposing a capital facility fee on property in Granby Ranch.

8. GRMD will release any liens currently filed by GRMD against property owned the Glarner Parties.

9. GRMD will not impose any additional fees or charges, other than previously authorized property taxes, on property now or hereafter owned by the Glarner Parties.

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This offer will be held open until August 31, 2023. To be clear, the parties extending this offer do not intend to be bound by this or any settlement negotiations absent approval and execution of a formal, written settlement agreement.

This settlement offer is extended in a good-faith attempt to resolve existing disputes and avoid further litigation expenses. It is not an admission with respect to the strength or viability any of the claims or defenses of Headwaters, GR Terra, GRCO, Gray Jay, or Granby Prentice and, pursuant to Colo. R. Evid. 408, this offer shall not be admissible on behalf of any party with respect to invalidity of or the amount of a disputed claim or for any other purpose prohibited by that Rule.

We appreciate your consideration of this offer.

Sincerely,

HUSCH BLACKWELL LLP



JoAnn Sandifer

cc: Robert B. Glarner, Jr.
P. David Glarner
Roxanne Hoover
Kyler Burgi, Esq.