JOINT AMENDED HIGHLANDS RANCH METROPOLITAN DISTRICTS AGREEMENT
DATED THE 19th DAY OF DECEMBER, 1989

THIS AGREEMENT ("Agreement") is made this 19th day of December, 1989, by and between HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation organized under the laws of the State of Colorado ("Highlands 1"), whose address is 62 W. Plaza Drive, Highlands Ranch, Colorado 80126; HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation organized under the laws of the State of Colorado ("Highlands 2"), whose address is 62 West Plaza Drive, Highlands Ranch, Colorado 80126; HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 3, a quasi-municipal corporation organized under the laws of the State of Colorado ("Highlands 3"), whose address is 62 West Plaza Drive, Highlands Ranch, Colorado 80126; HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 4, a quasi-municipal corporation organized under the laws of the State of Colorado ("Highlands 4"), whose address is 62 West Plaza Drive, Highlands Ranch, Colorado 80126; HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 5, a quasi-municipal corporation organized under the laws of the State of Colorado ("Highlands 5"), whose address is 62 West Plaza Drive, Highlands Ranch, Colorado 80126 (collectively referred to as "Party District" or "Party Districts");

WITNESSETH:

WHEREAS, the Party Districts, and other Highlands Ranch Metropolitan Districts are governmental subdivisions of the State of Colorado organized pursuant to Title 32, Article I, C.R.S. 1973, as amended, and may cooperate and contract with one another to provide functions, services, and facilities lawfully authorized to each of them including the sharing of costs and the imposition of taxes pursuant to Title 29, Article I, Part 2, C.R.S. 1973 and Article XIV, Section 18 (2) (a) of the Colorado Constitution, as amended; and

WHEREAS, pursuant to each Party District's Service Plan approved by the Douglas County Commissioners and filed with the District Court in Douglas County, Colorado, it is contemplated that Highlands 1 would construct and maintain specific facilities as a part of an overall system of landscaped arterials, fire protection, storm drainage, parks, and other facilities necessary to serve the entire Highlands Ranch as is more fully set forth in the Highlands Ranch Overall Facility Plan designated Exhibit "A" (hereinafter referred to as "Overall Facilities") and as appropriate designed and constructed to uniform specifications as set out in the Highlands Ranch Construction Specification, Standard Plans, Design Criteria, designated as Exhibit "B". Both of said Exhibits are on file in the office of the Secretary of Highlands 1; and
WHEREAS, it is not intended that this agreement provide for water and sewage services. Water and sewage service is provided for under an agreement between each Party District and Centennial Water and Sanitation District; and

WHEREAS, each Party District has issued or will issue general obligation bonds for the construction of a portion of the Overall Facilities within its boundaries on the basis that said constructed facilities will become a part of the Overall Facilities; and

WHEREAS, the design, construction, scheduling, and total costs of such Overall Facilities would have been substantially different if they were to be constructed without considering overall needs and coordinated construction; the availability of the Overall Facilities in such a coordinated and timely fashion will better promote the health, safety, prosperity, security, and general welfare of the inhabitants and property owners of all of the Highlands Ranch Metropolitan Districts and of the people of the State of Colorado that the availability of facilities designed and constructed only to serve specific small portions of Highlands Ranch; and

WHEREAS, it is the purpose of this Agreement to bind the Party Districts hereto concerning capital expenditure and operation and maintenance expenses so that the cost of providing Metropolitan District services to the entire Highlands Ranch development area as designated on Exhibit C will be shared equitably by the users of said facilities and services under the numerous circumstances which could occur in the future; and

WHEREAS, each of the Party Districts hereto have issued or will issue general obligation bonds and the authorizing resolutions will agree to set rates, charges, fees, and levy taxes sufficient to pay the principal and interest on said Bonds as they become due; and

WHEREAS, the amounts of said bond issues by any Party District are and will be based upon estimates of the capital costs of construction of portions of the Overall Facilities as they are and will be needed at specific future times, and said estimates form the basis for determining what would be a fair and equitable distribution of those capital construction costs among the various Party Districts to this Agreement; and

WHEREAS, it is the intent of the various Party Districts to this Agreement to contract based upon the present estimates of capital construction costs and scheduled needs and thereafter make appropriate adjustments in the fair and equitable distribution of those costs as they become fixed by determination of the actual costs of construction; and
WHEREAS, the various Party Districts to this Agreement agree that the provision of services and the operation and maintenance of the Overall Facilities by Highlands 1 to be financed by a uniform mill levy imposed for those purposes would reduce the cost thereof; and

WHEREAS, to the extent that the rates, charges, fees, and taxes imposed by the various Party Districts are uniform throughout the Highlands Ranch Development Area, the potential for interdistrict competition to encourage less desirable development will be minimized.

ARTICLE I. GENERAL INTENT

1.1 NOW, THEREFORE, based upon the best estimates available at this time, the Party Districts agree as follows:

A. If a Party District, without cooperating with any other Party, were to acquire and construct that portion of the Overall Facilities located within its boundaries, the costs of such acquisition and construction could be substantially greater than that District’s fair and equitable share of the costs of such portion of the Overall Facilities as is provided in this Agreement.

B. If a Party District, on the other hand, acquired and constructed only its fair and equitable portions of the Overall Facilities, the needs of the inhabitants and property owners of that District and the other Highlands Ranch Metropolitan Districts would not be properly served. The purpose of this Agreement is to facilitate the construction of all of the Overall Facilities to meet the needs of the inhabitants and property owners of all of the Highlands Ranch Metropolitan Districts without requiring the inhabitants and property owners of any Party District to pay more than their Fair and Equitable Share of the costs of the Overall Facilities as is provided in this Agreement.

C. If a dispute arises as to the intent of any provision of this Agreement, the intent expressed in this provision shall apply. If a dispute arises concerning whether or not the procedures set forth in Sections 2.1 through 2.8 of this Agreement arrive at a fair and equitable distribution of Overall Facility costs or how those facilities will be constructed and financed as set forth in Section 3.1 through 3.4, the procedures specified in those Sections shall apply.

D. The covenants and conditions of the present and future bond issues of the parties do and will require each of them to establish system development fees and taxes sufficient to pay the indebtedness of each of them. This Agreement is intended to
grant to the Parties flexibility in setting said fees and taxes to comply with those bond covenants and the requirements of this Agreement. This Agreement further provides for additional services or facilities as the Board of Directors of any Party District may deem appropriate.

ARTICLE II. DEFINITIONS AND EFFECT OF DEFINITIONS

2.1 Definition of the Basic Systems Development Fees

The Basic Systems Development Fee to be imposed upon the undeveloped land remaining within Highlands Ranch for the payment of the unpaid portion of the cost of construction of the Overall Facilities on a per acre basis is computed as follows: The sum of the actual expenditures to construct Overall Facilities, and the estimated costs of design and construction of the unbuilt Overall Facilities, less the Basic Systems Development Fees collected, divided by the total number of undeveloped acres within the Highlands Ranch Development Area. As used in this Agreement, the following phrases shall have the following meanings:

A. "Actual Expenditures" means the total capitalized costs for any facility or portion of the Overall Facilities as the term capitalized costs is used under generally accepted municipal accounting practice applied uniformly by each Party District;

B. The total "Estimated Costs" of Overall Facilities will be determined by a majority vote of all of the Party Districts and if a majority is unable to agree within ten (10) days, the estimated costs shall be determined by arbitration as set forth in Section 5.1. The estimated costs of the portion of Overall Facilities located in each District will be determined on a uniform basis by a representative of the District in which such portion will be constructed;

C. "Undeveloped Acres" means the total acreage within the Highlands Ranch Development Area, as designated in Exhibit "C" which may from time to time be modified, but with respect to which no Basic Systems Development Fee has been collected. For the purposes of this definition, land designated as non-urban on Exhibit "C" shall not be included within undeveloped acres.

2.2 Establishing or Amending Basic Systems Development Fee

The procedure for establishing or amending the Basic Systems Development Fee shall be as follows:

A. Each year each Party District's Treasurer shall serve on the Basic Systems Development Committee. Each Party District may, at its option, designate someone other than the Treasurer to serve on the Committee.

-4-
B. The Basic Systems Development Committee shall collect information from each District Party to the Agreement as to:

1. All Actual Expenditures made by each Party District as of December 31, of the proceeding year for facilities which were in the Overall Facility Plan.

2. The Estimated Cost of facilities in the Overall Facility Plan to be constructed after December 31 of the preceding year.

3. The total number of developed and Undeveloped Acres as of June 30 of the current year within the boundary of each Party District.

4. The amount of Basic Systems Development Fees collected by each District Party to the Agreement through June 30 of the current year.

C. The Party Districts shall agree on the total Overall Facilities for Highlands Ranch and the cost thereof as of September 30 of the current year to be included in the Overall Facility Plan.

D. Using the above information, the Basic Systems Development Committee shall calculate the Basic Systems Development Fee. The method of calculating the Basic Systems Development Fee is described in the Agreement.

E. The Basic Systems Development Fee as established shall become effective April 1 of the following year unless another date is otherwise agreed upon by the Party Districts.

F. Any Party District objecting to the determination of the Basic Systems Fee may prior to January 1 of that year submit its objection to arbitration as provided in Section 5.1, but the Basic Systems Development Fee as determined by the Committee shall become effective as provided in Subsection D and E above and remain in effect during the arbitration procedure.

G. Each Party District shall have the right to determine how the Basic Systems Development Fee per acre is allocated to specific parcels of residential property for the purpose of converting a per acre fee to a fee per residential unit.

H. Each Party District shall have the right to surcharge the Basic Systems Development Fee to pay for any additional facilities that each Party District's Board of Directors desires to construct.
2.3 Fair and Equitable Share of Overall Facilities

Each District's Fair and Equitable Share of Overall Facilities Costs for each 12-month period commencing January 1 shall be computed as follows:

The Basic Systems Development Fee effective on January 1 of that year, times the total Undeveloped Acres within the District on said June 30 of the previous year, plus the Basic Systems Development Fees collected within that District as of said June 30.

2.4 Estimate of Interdistrict Obligation

An estimate of each District's Interdistrict Obligation shall be computed as follows:

The sum of the Actual Expenditures for Overall Facilities constructed by each District and the Estimated cost of completing the remaining unbuilt Overall Facilities within that District, less that District's Fair and Equitable Share of Overall Facilities as computed under Section 2.3.

If the computation in the preceding paragraph results in a negative amount for a particular District, that District (Obligor District) will have an obligation to pay to other Party Districts for Overall Facility costs equal to the amount arrived at by said computation. If said computation results in a positive amount, other Party Districts will have an obligation to that District (Obligee District) equal to the amount arrived at by said computation.

2.5 Actual Interdistrict Obligations

A. On December 31 if any Party District has incurred Actual Expenditures in excess of the amount equal to that District's Fair and Equitable Share of Overall Facility Costs, an Interdistrict Obligation to pay the amount of said excess, plus interest thereon as calculated in 2.5 C. 2. below, shall become effective and owing.

B. A Party District, which by the calculation in Section 2.4, will be an Obligor District shall meet its Interdistrict Obligation in one of the following methods:

1. The District may at any time fund part or all its outstanding obligation by payment into the Interdistrict Construction Account as provided in Section 2.5 D or by payment for construction of facilities located within another District if the other District is and after said payment will be an Obligee District.
2. Until the time that the District has elected to fund the entire remaining balance of its obligation under Section 2.5 B.1 above its Board of Directors shall increase its Basic Systems Development Fee to cover its interest obligation arising from Section 2.5 A above and each District does hereby assign an appropriate percentage of its Basic Systems Development Fee to the payment of its obligation. The assignment to various Obligee Districts is on the same basis as set out in Section 2.5 D.

C. Each Obligor District's appropriate percentage of its Basic Systems Development Fee shall be computed as follows:

1. One Hundred Percent (100%) less the ratio of the sum of Actual Expenditures for Overall Facilities constructed within that District and the Estimated Cost of completing the remaining Overall Facilities within that District, to that District's Fair and Equitable Share of the Overall Facilities as computed under Section 2.3, but only if the result is a positive number.

2. The Basic Systems Development Fees assigned under Section 2.5 shall be increased to include interest from the time the Interdistrict Obligation becomes effective and owing until paid, at a rate equal to the greater of the Obligee District's average net effective interest rate on all its bonded indebtedness, or the net effective interest rate on its latest series of bond indebtedness, plus two percentage points.

D. Interdistrict Construction Accounts shall be established by Obligee Districts at the time any Party District has an obligation to pay and elects to fund that obligation under Section 2.5 B above. Amounts paid into each said account will be in proportion to each Obligee District's share in the total anticipated Interdistrict Obligations owing to all Obligee Districts at the time of payment. Funds deposited to any Interdistrict Construction Account shall be used to construct Overall Facilities or payment of indebtedness incurred to construct Overall Facilities and shall not be expended for any other purpose.

2.6 Fixing the Basic Systems Development Fees

At the time a District has incurred Actual Expenditures or has funded the Interdistrict Construction Account, or a combination thereof, which includes funding the Interdistrict Obligation calculated under Section 2.5, in a total amount equal to that District's Fair and Equitable Share of Overall Facilities Costs as set forth in Section 2.3, the amount of the Basic Systems Development Fee then in effect shall be the amount used for the purposes of Sections 2.1, 2.3, 2.4, and 2.5 as the Basic Systems Development Fee for the property within that District at that time and that District's Interdistrict Obligation shall be deemed paid,
whether or not the amount of the Basic Systems Development Fee changes thereafter. If after a Basic Systems Development Fee becomes fixed that District includes additional land, a new District Fair and Equitable Share of Overall Facilities will be calculated to determine whether the Basic Systems Development Fee shall remain fixed or not. For the purposes of Section 2.1, the calculations shall be made as though the Basic Systems Development Fee fixed pursuant to this section had been paid on all undeveloped land within the District except that the Basic Systems Development Fee then in effect shall apply to the land just included.

2.7 Impact on New Party Districts/Inclusions Within Existing Districts

The provisions of Section 2.1 through 2.6 shall apply to any District that becomes a Party District to this Agreement in the same manner as if said District had been a Party District from the original date of this Agreement. The provisions of Section 2.2 through 2.6 shall apply to Districts that include property within their boundaries in the same manner as if the included property had been within the boundaries of the District from the original date of this Agreement, except that previously collected Basic Systems Development Fee shall be taken into account.

2.8 Uniformity of Basic Systems Development Fees

It is the specific intent of this Agreement and the Party Districts hereto agree that the Basic Systems Development Fee as established as provided herein shall each be substantially uniform throughout the entire Highlands Ranch Development Area and as the Basic Systems Development Fee is changed or amended from time to time those changes or amendments shall likewise be substantially uniform. However, each Party District shall have the right to surcharge its Systems Development Fee but only to the extent of the costs of facilities within its boundaries it desires to construct which are in addition to the Overall Facilities as set forth in Exhibit "A" and for interest thereon.

ARTICLE III. CONSTRUCTION

3.1 Each Party District to this Agreement has the obligation to construct all unbuilt Overall Facilities within the boundaries of that District as those boundaries may change from time to time. Construction of Overall Facilities shall be accomplished in substantial conformance to the Highlands Ranch Construction Specifications, Standard Plans, Design Criteria as is more fully set forth in Exhibit "B".

3.2 Any Party District desiring to construct any portion of the Overall Facilities (Originating District) shall, prior to commencing construction of such portion, have completed the following:
A. Prepare the Plans and Specifications. Said Plans and Specifications shall be for the complete portion of the Overall Facilities to be constructed. Complete portion means the entire cross-section of the facility as shown in Exhibit "A". For example, if the facility is an arterial street, then the entire width must be designed; if the facility is a storm drainage facility, then the entire width of the storm channel must be designed.

B. Submit those Plans and Specifications to each party District (Receiving District) for comments and approval. If no written objection is received from a Receiving District within 15 days after submission, the Plans and Specification shall be deemed approved by that District. Objections shall be limited to whether the Plans and Specifications are for facilities identified in Exhibit "A" or designed pursuant to specifications in Exhibit B. Those objections that are unresolved between the Districts within 30 days of submission by the Originating District shall be resolved by arbitration pursuant to Section 5.1.

C. Notify the Receiving District or Districts the amount, if any, that the construction of that portion of the Overall Facilities by the Originating District together with the Actual Expenditures for and Estimated Cost of the other portion of the Overall Facilities to be built by this Originating District will result in an Interdistrict Obligation as set forth in Section 2.4.

D. Notification pursuant to Section 3.2 C. is required if either Originating District or the Receiving District has chosen to operate on an individual service basis pursuant to Section 4.2. To the extent the Districts are operating on a total service basis with a common staff all notification provisions of Article III are assumed to be satisfied.

3.3 After approval of the Plans and Specifications or resolution of objections pursuant to Section 3.2 B. the Originating District may proceed to construct facilities within Highlands Ranch as follows:

A. Construction of facilities within the boundaries of the Originating District or outside the boundaries of any existing District:

1. If the estimated expenditures for construction of the proposed facilities together with other expenditures or commitments made by the Originating District do not result in an Interdistrict Obligation as set forth in Section 2.4 for the Originating District, the District may proceed to construct and pay for said facilities.
2. If the estimated expenditures for construction of the proposed facilities together with other expenditures or commitments made by the Originating District do result in an Interdistrict Obligation as set forth in Section 2.4, the Originating District must notify the Receiving Districts of its respective estimated Interdistrict Obligations at the time the Plans and Specifications are submitted. If any Receiving District owing an Interdistrict Obligation desires to fund it pursuant to Section 2.5 B.1., it shall notify the Originating District within 30 days of receipt of the Plans and Specifications. The Receiving District may proceed pursuant to law to construct and pay for said facilities if it chooses to. If no Receiving District notifies the Originating District of its intent to fund, or if the Receiving District chooses to fund the Interdistrict Construction Account, the Originating District may proceed pursuant to law to construct and pay for said facilities.

B. Construction of facilities totally within a Receiving District or partially within the Originating District and partially within the Receiving District.

1. An Originating District can propose construction of facilities within a Receiving District only if that construction is part of the System of Overall Facilities constructed within the Originating District and is necessary for the proper use of the Overall Facilities within the Originating District or is required to be constructed as a condition of platting of an area of land within the Originating District by the Board of County Commissioners of Douglas County.

2. The Originating District must first allow the Receiving District within which the proposed facilities are located the opportunity to bid and construct, or participate with the Originating District for construction of the facilities located within the boundary of the receiving District.

3. If the Receiving District within which the proposed facilities are located elects not to participate, and the Originating District is or will become an Obligee District and the estimated expenditures for construction of the proposed facilities together with other expenditures or commitments made by the Originating District do result in an Interdistrict Obligation as set forth in Section 2.4, the Originating District must notify the Receiving Districts of its respective estimated Interdistrict Obligations at the time the Plans and Specifications are submitted. If any Receiving District owing an Interdistrict Obligation desires to fund it pursuant to Section 2.5 B.1., it shall notify the Originating District within 30 days of receipt of the Plans and Specifications. The Receiving District may proceed pursuant to law to construct and pay for said facilities if it chooses to.
If no Receiving District notifies the Originating District of its intent to fund, or if the Receiving District chooses to fund the Interdistrict Construction Account, the Originating District may proceed pursuant to law to construct and pay for said facilities.

4. If the Receiving District within which the proposed facilities are located elects not to participate and the Originating District is an Obligor District as set forth in Section 2.4 it may proceed pursuant to law to construct and pay for said facilities.

C. The District funding the construction of Overall Facilities shall receive credit for said payment under the provisions of Article II. Joint funding of projects will be credited based on their net contribution to the projects.

3.6 The Overall Facilities as set forth in Exhibit A are in many instances general in nature and are not necessarily specifically located. As the Board of County Commissioners of Douglas County approves final plats or amendments thereto for parcels of property within the Highlands Ranch Development Area and location and sizing of Overall Facilities affected thereby will be finally determined. For the purposes of this Agreement, Exhibit A, as amended by the requirements of such final plats, will constitute the Highlands Ranch Overall Facilities Plan.

3.7 The Party Districts hereto specifically agree that the construction of any of the Overall Facilities by any Party District hereto at any time is subject to the supervision and inspection by any other Party District hereto.

ARTICLE IV. OPERATION AND MAINTENANCE EXPENDITURES AND REVENUES

4.1 Highlands I agrees to operate and maintain the Overall Facilities within and without its boundaries and in addition agrees to supply management and administrative services, fire protection, emergency care services, street sweeping, snow removal and other services permitted by law, in accordance with the terms of this Agreement.

4.2 It is understood and agreed that the other Party Districts may, at their individual option, elect to operate either on a total service basis as Electing Districts, or on an individual basis. If a total service basis is chosen, Highlands I will be responsible for the provision of services set forth in Section 4.1 and the operation and maintenance of the Overall Facilities and will provide such services and operate and maintain the Overall Facilities as one system. It will also calculate a uniform mill levy to be collected from that portion of Highlands Ranch within the Electing Districts sufficient to pay the costs related thereto.
A. Highlands 1 agrees to provide such total service as specified in an Operation and Maintenance Master Budget ("Master Budget") for the next calendar year. A preliminary Master Budget shall be submitted to each Party District ten days prior to the due date of budget estimates as required by law. Said Master Budget shall show the total expenditures with a reasonable breakdown including, but not necessarily limited to: the cost for personal services and a schedule showing the number of employees; cost of materials and supplies, utilities and purchased services; and cost of equipment and maintenance expenses.

B. The submitted Master Budget shall be for a standard uniform level of services throughout that portion of Highlands Ranch within the Electing District. For purposes of this Agreement, standard uniform level of services throughout Highlands Ranch shall permit differences in service levels between developed and undeveloped areas, but differences in service levels between developed areas in Highlands 1 and other Party Districts shall be minimized.

C. Party Districts other than Highlands 1, shall have fourteen (14) days to object, in writing, to specific items contained in the Master Budget.

1. If the objection is that services are not uniform, the matter shall be submitted to arbitration within ten (10) days of receipt of the written objection, in accordance with the procedure set forth in Section 5.1 and shall, if necessary, be corrected in accordance with the findings of the arbitration proceeding.

2. If the objection is to the level of services, the matter shall be determined by a majority vote of the previously Electing Districts and Highlands 1. For purposes of this subparagraph, majority means a majority of the previously Electing Districts and Highlands 1 (each District having one vote) and a plurality of the assessed value within all Districts, each District voting its total assessed value. Any District shall be entitled to supplement the services and operation and maintenance within that District, if it desires, at the discretion of the Board of Directors of that District.

3. All Electing Districts and Highlands 1 shall agree to the Master Budget on or before thirty (30) days of the submittal of the Master Budget pursuant to Section 4.2A. Any District not so electing may annually contract to be provided services, operation and maintenance on a mutually agreed to individual basis.

D. 1. Within three (3) days of receipt of the certification of total valuation for assessment from the County
Assessor's office for the year prior to the budget year being considered, each party District shall submit its total, actual valuation for assessment to each Party District, which figures, together with other factors agreed to by the Party Districts, shall be used for establishing an adjusted assessed value for the determination of each Party District's estimated share of the next calendar year's Master Budget.

2. The share of an Electing District's or Highlands 1's obligation for Master Budget costs for the next calendar year on the total service basis is the ratio of its adjusted, assessed value to the total adjusted, assessed value of all Electing Districts agreeing to the total service basis, including Highlands 1. It is understood that the anticipated revenues from general obligation taxes may not be sufficient to pay an Electing District's or Highlands 1's share and in that event, the Board of Directors of the Electing District may use other available funds to pay its share.

3. Within three (3) days of receipt from each Party District of the certification of total valuation for assessment for the then current budget year from the County Assessor's office, Highlands 1 shall recomput the amount of each Party District's share of the Master Budget costs for that calendar year and notify each Party District whether the estimated amount being paid by said Party District was in excess or less than the actual amount owing. Each Party District shall then budget for the following year the amounts necessary to be paid or be repaid due to the calculation. By April 15th of the following year, each party District shall pay or be repaid any amounts owing.

4. It is also agreed by the Electing Districts and Highlands 1 that any of them may also have certain other-service and operation and maintenance costs of a non-operating overhead nature which may be funded from property taxes or other available funds. To the extent Districts do not otherwise agree to include such costs within the total budget, the mill levy within the various Districts agreeing to the total service basis may be somewhat different to provide funds for such costs as audit expenses, Directors fees, legal and accounting services, election expenses, general liability and other insurance expenses, and other supplementary services provided by any Electing District or Highlands 1 within its boundaries.

E. 1. If all of the Party Districts elect total service basis, there shall be a uniform mill levy among the Party Districts to pay the total Operation and Maintenance Master Budget, subject to Section 4.2 D.3, above. Each District, including Highlands 1, shall follow the applicable legal procedures to hold a joint public hearing conducted by all the Districts on the proposed budget and mill levy.
2. If any Party District elects service on an individual basis, that District shall proceed under applicable legal procedures to approve its own proposed budget and establish its own mill levy. The remaining Districts shall conduct the procedure set forth above for Electing Districts for the same or amended budget.

4.3 As long as any other Party District has elected to operate on a total service basis, Highlands 1 may impose user fees pursuant to law for the right or privilege of using any of the Overall Facilities within Highlands 1 and the Electing Districts, so long as such fees are uniform for all facilities within the boundaries of those Districts, and such fees apply to all similar facilities. Said fees will be offset against the applicable expenditures to determine the net Master Budget. Highlands 1 shall notify the other Party Districts of the fees as fixed by rules and regulations of Highlands 1, and any amendment or changes therein. It is specifically agreed that the user fees are subject to adjustment from time to time by Highlands 1, and that when such fees are proposed to be adjusted, Highlands 1 shall give the Electing Districts written notice thereof at least thirty (30) days before making any such adjustments.

ARTICLE V. MISCELLANEOUS

5.1 A. It is agreed by all of the Parties hereto that matters to be resolved by arbitration under this Agreement are matters upon which reasonable persons could disagree and further that they are matters where an exact answer is not possible. Therefore, the Party Districts agree that if the determinations made pursuant to this Agreement are capable of being quantified and are within 90% to 110% of being correct, in the judgment of the arbitrator, the determination made pursuant to the specific section of this Agreement shall be binding upon the Party Districts. Presentations to the arbitrator shall be limited to written statement of position by any Party District desiring to make such a written statement, unless the arbitrator requests oral presentations, and shall be within 10 days of notice of appointment.

B. The arbitrator shall be chosen as follows:

1. Any mutually agreeable Colorado Registered Professional Engineer.

2. Any mutually agreeable city manager.

C. To the extent not otherwise provided herein, the arbitration shall proceed under the Commercial Arbitration Rules and the Expedited Commercial Arbitration Procedures of the American Arbitration Association.
5.2 This Agreement shall be for a term of fifty (50) years, subject to earlier termination pursuant to the provisions of this Agreement; provided, however, that in the event that any of the Party Districts hereto shall be dissolved, this Agreement shall terminate upon the effective date of such dissolution as to that Party District, except that any obligation under Section 2.5 B of any land within any dissolved Obligor District shall be a continuing obligation of such land.

5.3 A. Default by any District Party. A default by any Party District shall exist if that District shall fail to pay when due any amounts due hereunder, or shall fail to comply with any provision, term, covenant, or condition in this Agreement applicable to that District, and such breach or failure to pay or failure to comply shall continue for a period of thirty (30) days after notice thereof given by any non-defaulting Party District to the defaulting Party, or, if such breach or failure to comply cannot reasonably be cured within such thirty (30) day period, if the defaulting District shall not in good faith commence to cure such breach or failure to comply within such thirty (30) day period, and shall not diligently proceed therewith to completion.

B. Enforcement. Provided at least one Party District is not in default as provided herein, that District may enforce its rights under this Agreement by an action for specific enforcement under the laws of the State of Colorado.

5.4 If one or more Party Districts are in default of this Agreement as provided herein and the remaining Party Districts not in default do not desire to proceed under Section 5.3, then those non-defaulting Districts may terminate this Agreement as to such defaulting District. The non-defaulting Districts shall give the defaulting District(s) thirty (30) days' notice in writing thereof and this Agreement shall terminate at the end of said thirty days.

5.5 Compliance with Laws. All Party Districts hereto agree that in performing their respective obligations under this Agreement, they shall comply with all laws, rules, regulations, ordinances, and orders of any governmental authority having jurisdiction.

5.6 Notices. All notices under this Agreement shall be in writing, signed by the Party giving the same and shall be deemed properly given and received when actually given, or receipted for three business days after mailing if sent by registered or certified United States mail, postage prepaid, addressed to the Party to receive the notice at the address set forth for such Party in the first paragraph of this Agreement, or any such other address as any Party may notify the other Party of in writing.
5.7 Entire Agreement. This Agreement and any exhibits or schedules referred to herein, constitute the final and complete expression of the Parties' agreements with respect to the matters set forth herein, except to the extent that this Agreement may later be amended pursuant to the terms and provisions hereof. Each Party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations, representations or understanding, whether oral or written, except as expressly set forth herein.

5.8 Assignability. No Party may assign its right or obligations under this Agreement without the prior written consent of the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first above written.

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 1
BY: __________________________

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 2
BY: __________________________

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 3
BY: __________________________

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 4
BY: __________________________

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 5
BY: __________________________
SUPPLEMENTAL AGREEMENT TO

JOINT AMENDED HIGHLANDS RANCH METROPOLITAN DISTRICTS AGREEMENT

This agreement (Supplemental Agreement) is entered into this \underline{30th} day of \underline{June} 1998, by and among Highlands Ranch Metropolitan District No. 1 (HRMD 1); Highlands Ranch Metropolitan District No. 2 (HRMD 2); Highlands Ranch Metropolitan District No. 3 (HRMD 3); Highlands Ranch Metropolitan District No. 4 (HRMD 4) and Highlands Ranch Metropolitan District No. 5 (HRMD 5).

WHEREAS, the Districts are parties to that certain intergovernmental agreement entitled “JOINT AMENDED HIGHLANDS RANCH METROPOLITAN DISTRICTS AGREEMENT DATED THE 19th DAY OF DECEMBER 1989 (the Agreement); and

WHEREAS, pursuant to the Agreement, the cost of providing Metropolitan District Services to the entire Highlands Ranch development area is to be shared equitably by the users of said facilities and services; and

WHEREAS, pursuant to the Agreement, each District has obligated itself to pay its fair and equitable share of the capital cost, operation costs and maintenance expenses of various Metropolitan District facilities; and

WHEREAS, each of the District is the recipient of moneys from the Conservation Trust Fund (CTF) as set forth is C.R.S. 29-21-101; and

WHEREAS, the Districts are authorized, C.R.S. 29-21-101, by to cooperate and contract with each other in the utilization of the CTF moneys received pursuant to; and

WHEREAS, the Districts desire to enter into this Supplemental Agreement to provide for the use of Conservation Trust Funds as a source of funding for various facilities and projects. NOW THEREFORE, BE IT RESOLVED THE DISTRICTS AGREE AS FOLLOWS:

1. HRMD 4 will establish and maintain a Conservation Trust Fund Special Revenue Fund “(the Fund)”, and deposit into the Fund all Conservation Trust Funds received by it.
2. HRMD 1, HRMD 2, HRMD 3, and HRMD 5 will, upon receipt thereof, transfer to the Fund maintained by HRMD 4, all Conservation Trust Fund moneys received by each of them.

3. HRMD 4 agrees to maintain appropriate records of each District’s contribution to the Fund and the use thereof.

4. HRMD 4 agrees to budget and use those funds only for the construction of the following:
   a) Facilities included in the Facility Plan which are specifically identified as items to be funded from the Fund.
   b) Other facilities or projects identified in an exhibit to the Master Budget prepared and adopted pursuant to the Agreement, identified as items to be funded from the Fund.

5. Each District shall, as part of the resolution adopting their annual budget, indicate:
   a) What projects are to be funded from the District’s contribution.
   b) The amount of funding for each project identified.

6. This Supplemental Agreement is intended to clarify the Agreement and shall not be interpreted to amend the agreement, but merely to clarify its terms as set forth herein.

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 1
BY: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 2
BY: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 3
BY: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 4
BY: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 5
BY: [Signature]
Chairman, Board of Directors
SECOND SUPPLEMENTAL AGREEMENT TO

JOINT AMENDED HIGHLANDS RANCH METROPOLITAN DISTRICTS AGREEMENT

This Second Supplemental Agreement is entered into this 24th day of February, 2004, by and among Highlands Ranch Metropolitan District No. 1 (HRMD 1); Highlands Ranch Metropolitan District No. 2 (HRMD 2); Highlands Ranch Metropolitan District No. 3 (HRMD 3) and Highlands Ranch Metropolitan District No. 4 (HRMD 4), collectively “the Districts”.

WHEREAS, the Districts are parties to that certain intergovernmental agreement entitled “Joint Amended Highlands Ranch Metropolitan Districts Agreement” dated December 19, 1989 (the Agreement); and

WHEREAS, the Districts are also parties to the first Supplemental Agreement entered into on June 30, 1998 in order to provide for the use of Conservation Trust Funds as a source of funding for various facilities and projects; and

WHEREAS, pursuant to the Agreement, the cost of providing Metropolitan District Services to the entire Highlands Ranch development area is to be shared equitably by the users of said facilities and services; and

WHEREAS, pursuant to the Agreement, each District has obligated itself to pay its fair and equitable share of the capital cost, operation costs and maintenance expenses of various Metropolitan District facilities; and

WHEREAS, HRMD 4 advanced money for the construction of Redstone Park with the understanding that it would be reimbursed as soon as feasible from future Conservation Trust Funds or other funding as it became available; and
WHEREAS, each of the Districts is the recipient of revenue from the assessment and taxation of new construction as set forth in C.R.S. 39-5-132 (the "New Construction Funds") which tax revenues make available funds that would otherwise be used for the construction of improvements ("Available Funds"); and

WHEREAS, the Districts are authorized by C.R.S. §29-21-101, to cooperate and contract with each other in the use of Available Funds; and

WHEREAS, the Districts desire to enter into this Supplemental Agreement to provide for the use of a portion of such available funds in an amount not to exceed the New Construction Funds for payment of the amount owed to HRMD 4 for Redstone Park and use the remaining balance for replacement and repair of various facilities;

NOW THEREFORE, THE DISTRICTS AGREE AS FOLLOWS:

1. HRMD 4 will establish and maintain a Major Repair Special Revenue Fund ("Major Repair Fund") and deposit into the Major Repair Fund the portion of Available Funds made available by the New Construction Funds which were or will be received by each District, as such Available Funds are transferred to HRMD 4.

2. a) HRMD 1, HRMD 2, HRMD 3, and HRMD 4 will transfer to HRMD 4 for deposit into the Major Repair Fund an amount not to exceed New Construction Funds received by each District.

b) Each District will transfer to the Major Repair Fund only funds that are legally available for use in the Major Repair Fund and for payment of the amount still owed on Redstone Park. The transfer will occur at the time each District appropriates funds for those purposes.
3. HRMD 4 is authorized to transfer from funds deposited in the Major Repair Fund to its General Government Capital Projects Fund the amount owed for Redstone Park.

4. HRMD 4 agrees to maintain records of each District’s contribution to the Major Repair Fund and the use thereof.

5. HRMD 4 agrees to budget and use funds deposited to the Major Repair Fund only for the repair and replacement of facilities or projects identified as repair and replacement items to be funded from the Major Repair Fund and for payment of the amount owed on Redstone Park.

6. Each District shall, as part of the resolution adopting their annual budget, approve:

   a) A schedule identifying what projects are to be funded during the budget year from the Major Repair Fund and

   b) The amount of funding for each project identified.

7. This Supplemental Agreement is intended to clarify the Agreement and shall not be interpreted to amend the Agreement, but merely to expand its terms as set forth herein.

   [Signature page follows]
HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 1

By: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 2

By: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 3

By: [Signature]
Chairman, Board of Directors

HIGHLANDS RANCH METROPOLITAN DISTRICT NO. 4

By: [Signature]
Chairman, Board of Directors