

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1 AND 2**

Friday, December 9, 2022 - 11:00AM

Joint Board Meeting

NOTICE IS HEREBY GIVEN that the Boards of Directors of **SADDLEHORN RANCHMETROPOLITAN DISTRICT NOS. 1-3**, County of El Paso, State of Colorado, will hold a joint special meeting at 9:00 a.m. on Friday, the 9<sup>th</sup> day of December at:

731 North Weber, Suite 10  
Colorado Springs, CO 80903

or via:

<https://meet.goto.com/916871669>

**You can also dial in using your phone.**

United States: [+1 \(646\) 749-3122](tel:+16467493122)

Access Code: 916-871-669

This Regular Meeting is for the purpose of conducting such business as may come before the Boards including the business on the attached agenda. The meeting is open to the public.

**William Guman**

Term to May 2025

**Jeffrey Book**

Term to May 2023

**VACANT**

Term to May 2025

**VACANT**

Term to May 2023

**VACANT**

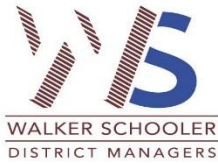
Term to May 2025

**AGENDA**

1. Call to order
2. Declaration of Quorum/Director Qualifications/Disclosure Matters
3. Approval of Agenda
4. Director Matters
  - a. Consider Appointment of Qualified Individual and Administer Oath of Office
  - b. Election of Officers
5. Approval of Minutes from Special Board Meeting held on April 29th, 2022.
6. Public Comment – Members of the public may express their views to the Boards on matters that affect the Districts. Comments will be limited to three (3) minutes.
7. Water Matters
  - a. Discuss due diligence requirements of asset transfer
  - b. Discuss Acceptance of Water System
  - c. Conduct Rate Hearing
    1. Review and Consider Approval of Resolution Considering the Imposition of Water and Sewer Fees

- d. Consider Approval of Rules & Regulations and Resolution Adopting Rules & Regulations
- 8. Management Matters
- 9. Legal Matters
  - a. 2022 Legislative Overview
  - b. Review and consider adoption of Joint Annual Administrative Resolution (2023)
  - c. Review and Consider Approval of Engagement Letter from Walker Schooler District Managers and Independent Contractor Agreement for District Management and Accounting Services
  - d. Review and consider adoption of Joint Resolution Calling Election
  - e. Review and consider approval of Independent Contractor Agreement (Water Meter Maintenance Services) between District No. 1 and Cromwell's Excavation Inc.
- 10. Financial Matters
  - a. Approval of Claims/Financials
  - b. Conduct Public Hearing on Amendment to 2022 Budget (*if applicable*)
  - c. Conduct Public Hearing on 2023 Budget and Consider Approval of Resolution Adopting 2023 Budget
  - d. Discuss Status of Bond Issuance
- 11. Other Businesses
  - a. Discuss Website Requirements
  - b. 2023 Meeting Dates: 2-9-23, 5-11-23, 8-10-23, and 11-9-23 at 11 A.M.
- 12. New Business
- 13. Adjourn





**MINUTES OF THE JOINT SPECIAL MEETING  
OF THE BOARD OF DIRECTORS OF THE  
SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1, 2 AND 3  
HELD APRIL 29, 2022  
AT 9:00 AM**

Pursuant to posted notice, the special joint meeting of the Board of Directors of the Saddlehorn Ranch Metropolitan District Nos. 1, 2 and 3 was held on Friday, April 29, 2022 at 9:00 a.m., at 731 North Weber, Suite 10, Colorado Springs, CO 80903, and via tele/videoconference platform of GoToMeeting link: <https://meet.goto.com/916871669>.

**Attendance**

In attendance were Directors:

William Guman, President  
Michael Bramlett, Treasurer (Excused)  
Jeffrey Book, Assistant Secretary  
Sandra Lehman, Secretary

Also in attendance were:

Kevin Walker, Walker Schooler District Managers  
Molly Gist, Walker Schooler District Managers  
Blair M. Dickhoner, Esq., White Bear Ankele Tanaka & Waldron  
Scott Holwick, District Water Counsel  
Matt Machado, District Water Counsel

**Combined Meeting:**

The Boards of Directors of the Districts have determined to hold joint meetings of the Districts and to prepare joint minutes of action taken by the Districts in such meetings. Unless otherwise noted herein, all official action reflected in these minutes is the action of each of the Districts. Where necessary, action taken by an individual District will be so reflected in these minutes.

1. Call to Order: The meeting was called to order by President Guman at 9:00 AM and it was noted a quorum of the Board was present with Director Bramlett excused.
2. Declaration of Quorum/Director Qualifications/ Disclosure Matters: Mr. Dickhoner advised the Boards that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. Mr. Dickhoner reported that disclosures for those directors that provided White Bear Ankele Tanaka & Waldron with notice of potential or existing conflicts of interest were filed with the Secretary of State's Office and the Boards at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Boards. Mr. Dickhoner inquired into whether members of the Boards had any additional disclosures of potential or existing conflicts of interest with regard to any matters scheduled for

discussion at the meeting. No additional disclosures were noted. The participation of the members present was necessary to obtain a quorum or to otherwise enable the Boards to act.

3. Approval of Agenda: President Guman moved to approve the Agenda as presented; seconded by Director Book. Motion passed unanimously.
4. Approval of Minutes from Special Board Meetings held on March 28, 2022 and December 3, 2021: President Guman moved to approve the Minutes from Special Board Meetings held on March 28, 2022 and December 3, 2021; seconded by Director Book. Motion passed unanimously.
5. Public Comment: There was no public comment.
6. District Water Matters
  - a. Risk assessment from counsel regarding water at Saddlehorn Ranch: Mr. Holwick explained that they were retained by the District to help with conveyance documents for the transfer of assets, both water rights and wells from the developer to the District along with the closing of the bond and the utilization of the bond proceeds for those asset transfers. There have been delays with the transaction and in preparing for a bond closing a letter was discovered from the State Engineer to the El Paso County land use department pursuant to the land use proceedings going on in El Paso County for the development. Mr. Holwick explained there is a potential entitlement that the Board should know about which is a State Engineer opinion that the water rights that were originally decreed and intended to be used for this project may not be used for all of the uses that the project would have anticipated. This issue has been discussed with Mr. Dickhoner and they wanted the Board to be aware of any risk prior to acquiring assets and if any risks had an affect on bond counsel's recommendation or opinions. There was an email drafted to the Board with an initial recommendation that has been subsequently muted after additional discussions on where this development is and the land use conversations with the County. Mr. Holwick noted they wanted the Board to have a chance to ask questions or receive attorney legal advice well before the closing and the transfer.

President Guman asked if the letter was in reference to the Black Squirrel opinion. Mr. Holwick discussed the letter was a follow-up letter dated March 7, 2022 and a referral response where the State said they don't think the water rights can be used for commercial or fire suppression, and it was clarified that there are no commercial elements to this development. President Guman explained that in order for Saddlehorn Ranch to have been approved by El Paso County and the final plat allowed to be recorded for Filing 1, CDPHE and the State Engineer were both required to write a letter approving the water resources report which included all uses that are currently defined. He noted this State Engineer's qualification would have come after the recordation of the final plat. He asked what is the likelihood that the State could backtrack and say something after they originally approved domestic use and fire suppression. President Guman noted they had to go through a very stringent and detailed process with the State to get the water resources plan approved. They satisfied the County's new water use policy that required a demonstration of sufficiency and dependability.

Mr. Machado explained the State Engineer has jurisdiction over the water. The CDPHE does not have jurisdiction over the water nor does the County, and upper Black Squirrel has some jurisdiction over the water. The State Engineer has raised these issues and has jurisdiction to pursue these issues if they think the uses are inconsistent with the permit and

have the ability to issue a cease-and-desist order. He noted that does not mean they are going to do it. He discussed the District is further along in the development phase, so the question is if whether this issue comes up with the State Engineer which it may never, so the risk is for the Board to judge. Mr. Machado noted that Upper Black Squirrel may potentially care about the use of septic in the subdivision but will most likely not care about the permitting issue. The development is beyond that now with the septic system already in the ground and approved by the County. He discussed other piping rules of Upper Black Squirrel that may be an issue. President Guman noted the letter does not appear to be copied to the County's attorney which is significant because they were the ones who approved the water resources report on behalf of the County. President Guman requested that legal counsel ask what the County's opinion is on this letter and if they believe the District should amend the permit or not. Mr. Machado noted the State Engineer has the jurisdiction and he cautioned against raising the issue with the County attorney's office. President Guman asked what happens if they decline the amendment to the permit. Mr. Machado explained it would be a very simple amendment process that can be done in a few weeks, and it is unlikely to have issues. Upper Black Squirrel would receive notice and there is a chance they could have an objection. Mr. Machado discussed the risk that if the State were to issue a cease-and-desist order the process could delay development for 6 to 8 months. The Board discussed ongoing development and the possible impacts to construction and delivering water. Mr. Holwick noted that if this issue is challenged, he feels confident that it could be defended, and the risk is with the process and the development timetable. Mr. Walker discussed the risks and that the District does not yet own the water rights. The Board discussed that they acted in good faith to satisfy all of the requirements before they were aware of this issue. The Board discussed that they have approval for domestic water use and the State Engineer only has issue with the fire protection and suppression use but it would be hard to deny the water for fire protection. Mr. Machado recommended that the District is in compliance with the Upper Black Squirrel rules specifically the rule that limits water use to .5-acre foot for residents in the development. President Guman recommended the Board further discuss this issue with Gorilla Capitol and ROI.

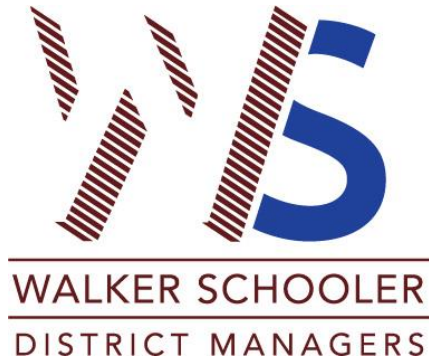
7. New Business: There was no new business.
8. Adjourn: President Guman moved to adjourn the meeting; seconded by Director Book. Motion passed unanimously at 10:00 AM.

Respectfully Submitted,

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Secretary for the Meeting





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## MEMORANDUM

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**TO:** SADDLEHORN RANCH METROPOLITAN DISTRICT BOARD  
**FROM:** WSDM DISTRICT MANAGERS  
**SUBJECT:** WATER RATES AND FEES  
**DATE:** 10/11/22  
**CC:**

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The proposed fees and rates (Exhibit A.) are based on those charged by water providers in El Paso County. The proposed fee structure results in the average household (7,200 gallons per month) paying \$98.7 per month. This ranks at the 85<sup>th</sup> percentile of water costs compared to other local providers.

### Proposed Water Fees

<b>Month Fee:</b>	\$ 50.00
<b>1st-5,000th Gallon</b>	\$ 6.00 /1,000 gallons
<b>5,001st gallon+</b>	\$ 8.50 /1,000 gallons

Our survey included those providers in Exhibit B. Their fixed monthly charges ranged from a low of \$0.00, average of \$33.41, and a high of \$83.02. We propose a fixed monthly charge of \$50 per month. First 5,000-gallon prices were from a low of \$3.00 per 1000 gallon, an average of \$6.74, and a high of \$12. We propose the price of \$6 per 1,000 gallons for the first 5,000 gallons. Subsequent to the 5,000<sup>th</sup> gallon, El Paso County providers charge a low of \$4.82 per 1000 gallons, an average of \$8.35, and a high of \$13.03. We propose \$8.5 per 1,000 gallons after the first 5,000 gallons.



Exhibit A.

# SADDLEHORN RANCH METROPOLITAN DISTRICT

## SCHEDULE OF FEES & CHARGES

NOVEMBER 10, 2022

### Water Usage Fees – Per Month:

#### Metered Account Usage

0– 5,000 gallons .....	\$6.00 / K gal.
5,001 gallons and above .....	\$8.50 / K gal.

### Service Fees - Per Month:

#### Single Family Residential

¾" .....	\$50.00 /month
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Late Fees .....	\$15.00/billing period
Bad Check Fee.....	\$45.00
Collections .....	varies <sup>1</sup>
Tap Transfer Fee .....	\$200.00
Turn-Off Fee .....	varies <sup>2</sup>
Turn-On Fee .....	\$50.00 <sup>3</sup>
Revocation/ Disconnection of Service Fee .....	\$150.00 <sup>4</sup>
Posting Fee associated with Disconnection of Service.....	\$50/posting
Trip and Administrative Fee associated with Disconnection of Service .....	\$100 <sup>5</sup>
Unauthorized Connection/ Use Fee .....	up to \$10,000.00
Inspection Fees (first half hour per year no charge) .....	Min. \$50.00/hr.
Meter Reading (Customer requested, other than regularly scheduled reads) .....	\$50.00
Plan Revision Fees .....	varies <sup>6</sup>
Meter Testing/Certification Fee .....	\$350.00 <sup>7</sup>
Account Transfer/Real Estate Closing Fee .....	\$250.00 <sup>8</sup>
Copy Charges .....	\$1.25 / page

- 1        \$250.00 or 125% of actual cost for collections; whichever is greater.
- 2        TURN-OFF FEE: No charge for one (1) Customer requested Turn-Off per calendar year (accounts not in arrears); each additional requested Turn-Off shall be \$50.00. While the service is Turned Off, both the monthly Service Fee and the Supplemental Operations Fee shall remain in effect.
- 3        TURN-ON FEE: No charge for one (1) Customer requested Turn-On per calendar year (accounts not in arrears); each additional requested Turn-On shall be \$50.00.
- 4        Revocation/Disconnection of Service may or may not include the removal of the meter. During revocation/disconnection, both the Monthly Service Fee and the Supplemental Operations Fee shall remain in effect. Re-establishment of service shall require payment of all fees due and owing the District, including but not necessarily limited to the normally applicable Tap Fees associated with new customers (when a meter has been removed) at the time of service re-establishment.
- 5        The Trip and Administrative Fee associated with the disconnection, or potential disconnection, of water service will be imposed regardless of whether service is actually disconnected, and regardless of whether a trip is actually commenced or completed and is in addition to all other fees, rates, tolls, and charges, associated with the disconnection of service.
- 6        \$75.00, or 125% of actual engineering review costs, if any; whichever is greater.
- 7        Prior to the removal and testing of a meter per the customer's written request, customer shall pay the testing/ certification fee. Based upon its findings, the District in its sole discretion, will take the following action:
  - a)        If the meter has registered more water than actually passed through it, by greater than 2%; the current bill will be adjusted proportionately as a credit. In this case, the testing / certification fee shall be returned to the customer.
  - b)        If the meter has registered less water than actually passed through it, by greater than 2%; the  
District may elect to adjust the current bill proportionately as a debit. In this case, the Meter Testing/certification Fee shall not be returned to the customer.
  - c)        Should the meter fail to register in any period, the Customer shall be charged for the average period consumption determined over the preceding two (2) years or such amount as will most closely approximate actual usages, as determined by the District. In this case, the Meter Testing/ certification Fee shall be returned to the customer.
- 8        This fee is paid directly to District's Management Company via the Title Company and loan closing process, without additional cost to the District.

Exhibit B.

	fixed charges	\$/1kgal	tranch 1	\$/1kgal	tranch 2	Bill for 5k gal	Bill for 7.2kgal
Paint Brush Hills		30		7.5		67.5	84
Meridian Ranch	\$	63.34			\$	4.82	63.34 73.94
Woodmen Hills	\$	55.27	\$	3.00			70.27 76.87
Latigo	\$	83.02			\$	7.23	83.02 98.93
Cherokee		17.01		5.79		8.22	58.12 76.21
Security Water and S		21.36	\$	4.65	\$	5.82	44.61 63.26
Widefield		21.5	\$	4.71	\$	5.64	45.05 62.11
Colorado Springs		22.89	\$	6.10			53.37 66.78
Donala		29.06	\$	7.54			66.76 83.35
Monument		28.08	\$	12.00		13	85.08 112.68
Triview		28.5	\$	6.20			59.5 73.14
Fountain		0	\$	6.86		8.38	34.3 60.34
Ellicott		50	\$	8.89		13.03	99.63 128.4
Sage		17.75	\$	7.69		9.02	56.19 73.1

	fixed charges	\$/1kgal	tranch 1	\$/1kgal	tranch 2	Bill for 5k gal	Bill for 7.2kgal
Minimum	\$	-	\$	3.00	\$	4.82	\$ 34.30 \$ 60.34
Average	\$	33.41	\$	6.74	\$	8.35	\$ 63.34 \$ 80.94
Maximum	\$	83.02	\$	12.00	\$	13.03	\$ 99.63 \$ 128.40
90th percentile	\$	73.18	\$	11.07	\$	13.03	\$ 92.36 \$ 120.54
Proposal	\$	50.00	\$	6.00	\$	8.50	\$ 80.00 \$ 98.70



After Recording, Return to:  
WHITE BEAR ANKELE TANAKA & WALDRON  
2154 East Commons Avenue, Suite 2000  
Centennial, Colorado 80122

**JOINT RESOLUTION OF THE  
BOARD OF DIRECTORS  
OF THE  
SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1  
AND  
SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 2**

**CONCERNING THE IMPOSITION OF VARIOUS FEES, RATES, PENALTIES AND  
CHARGES FOR WATER SERVICES AND FACILITIES**

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WHEREAS, the Saddlehorn Ranch Metropolitan District No. 1 (“**District No. 1**”) and Saddlehorn Ranch Metropolitan District No. 2 (“**District No. 2**”) (collectively, the “**Districts**”) were formed pursuant to §§ 32-1-101, *et seq.*, C.R.S., as amended (the “**Special District Act**”), by orders of the District Court for El Paso County, Colorado, and after approval of the Districts’ eligible electors at an election; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Boards of Directors of the Districts (collectively, the “**Boards**”) shall have the management, control and supervision of all the business and affairs of the Districts; and

WHEREAS, the Boards have determined it to be in the best interests of the Districts, and the property owners, taxpayers, and residents of the Districts, to acquire, operate, and maintain certain amenities and facilities benefitting property and inhabitants within the Districts, which amenities and facilities generally include water improvements, facilities, appurtenances and rights-of-way (collectively, the “**Facilities**”); and

WHEREAS, the Boards have determined it to be in the best interests of the Districts, and the property owners, taxpayers, and residents of the Districts, to provide certain water services to property and inhabitants within and without the boundaries of District No. 2 (collectively, the “**Services**”); and

WHEREAS, pursuant to § 32-1-1001(1)(j)(I), C.R.S., the Districts are authorized to fix and impose fees, rates, tolls, penalties and charges for services or facilities furnished by the Districts which, until such fees, rates, tolls, penalties and charges are paid, shall constitute a perpetual lien on and against the property served; and

WHEREAS, the Districts incur certain direct and indirect costs associated with the acquisition, repair, replacement, improvement, reconstruction operation and maintenance of the Facilities, as necessary, inclusive of the costs of utilities and capital replacement costs (collectively, the “**Facility Costs**”) in order that the Facilities may be properly provided and maintained; and

WHEREAS, the Districts incurs certain direct and indirect costs associated with the provision of the Services in order that the Services may be properly provided, the property within

and without the Districts maintained, and that the health, safety and welfare of the Districts, its users and its inhabitants may be safeguarded (collectively, the “**Service Costs**”); and

WHEREAS, the establishment and continuation of fair and equitable fees and charges (collectively, the “**Fees and Charges**”) to provide a source of funding to pay for the Facility Costs and the Service Costs, (collectively, the “**Costs**”), which Costs are generally attributable to the persons and/or properties subject to such Fees and Charges, is necessary to provide for the common good and for the prosperity and general welfare of the Districts and its inhabitants and for the orderly and uniform administration of the Districts’ affairs; and

WHEREAS, District No. 1 will impose and collect the Fees and Charges on behalf of District No. 2; and

WHEREAS, pursuant to § 32-1-1001(2), C.R.S., the Boards, as a governing bodies furnishing domestic water or sanitary sewer services directly to residents and property owners within or outside of the Districts, may fix or increase fees, rates, tolls, penalties or charges for domestic water or sanitary sewer services only after consideration of the action at a public meeting held at least thirty (30) days after providing notice stating that the action is being considered and stating the date, time and place of the meeting at which the action is being considered; and

WHEREAS, pursuant to § 32-1-1001(2)(a)(III), C.R.S., on November 8, 2022, the Board provided the required thirty (30) days’ notice to the residents and property owners within and outside of the Districts by posting the information on the official website of the Districts, a link to which is on the official website of the Division of Local Government; and

WHEREAS, the Districts find that the Fees and Charges, as set forth in this Resolution, are reasonably related to the overall cost of providing the Facilities and Services and paying the Costs, and that imposition thereof is necessary and appropriate.

NOW, THEREFORE, be it resolved by the Board as follows:

1. **DEFINITIONS.** Except as otherwise expressly provided or where the context indicates otherwise, the following capitalized terms shall have the respective meanings set forth below:

“**District Boundaries**” means the legal boundaries of the Districts, as the same are established and amended from time to time pursuant to §§ 32-1-101, *et seq.*, C.R.S., as well as properties outside of the Districts’ legal boundaries which receive service from the Districts, all as more particularly set forth in the map and legal description attached hereto as **Exhibit B** and incorporated herein by this reference.

“**Due Date**” means the date by which the Fees and Charges are due, which Due Date is reflected on the Schedule of Fees.

**“End User”** means any third-party homeowner or tenant of any homeowner occupying or intending to occupy a Residential Unit. End User specifically excludes a tenant occupying an Apartment Unit.

**“Fee Schedule”** or **“Schedule of Fees and Charges”** means the schedule of fees set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, until and unless otherwise amended and/or repealed.

**“Lot”** means each parcel of land established by a recorded final subdivision plat and which is located within the District Boundaries.

**“Property Owner”** shall include all owners of real property, customers, users, residents, leaseholders and other recipients of District services.

**“Residential Unit”** means each residential dwelling unit (including, without limitation, condominiums, townhomes, and any other attached dwelling unit and detached single family dwelling units) located within the District Boundaries which has been Transferred to an End User.

**“Transfer”** or **“Transferred”** shall include a sale, conveyance or transfer by deed, instrument, writing, lease or any other documents or otherwise by which real property is sold, granted, let, assigned, transferred, exchanged or otherwise vested in a tenant, tenants, purchaser or purchasers.

**“Vacant Lot”** means each parcel of land within the Districts established by a recorded final subdivision plat, but specifically excluding any parcel upon which one or more Residential Units are situated and specifically excluding any parcel owned by the Districts.

## 2. THE FEES AND CHARGES.

a. Service Fees and Charges. The Boards have determined, and do hereby determine, that it is in the best interests of the Districts and their respective residents, users and property owners to impose, and does hereby impose the Fees and Charges set forth in the Schedule of Fees and Charges to fund the Costs. The Fees and Charges are hereby established and imposed in an amount as set forth by the Districts from time to time pursuant to an annual “Fee Schedule” and shall constitute the rate in effect until such schedule is amended or repealed. The initial Fee Schedule is set forth in **Exhibit A**, attached hereto and incorporated herein by this reference.

b. Transfer Payment. The Fees shall include a separate payment imposed on transfers of a Residential Unit (the **“Transfer Payment”**). The Transfer Payment shall be imposed on all Transfers of a Residential Unit by an End User. The Transfer Payment shall not apply to any of the following, except to the extent the Districts determine that such exception is being undertaken for the purpose of improperly avoiding the Fees and Charges:



i. Any Transfer wherein the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivisions of this State, is either the grantor or the grantee.

ii. Any Transfer by document, decree or agreement partitioning, terminating or evidencing termination of a joint tenancy, tenancy in common or other co-ownership; however, if additional consideration or value is paid in connection with such partition or termination the Transfer Payment shall apply and be based upon such additional consideration.

iii. Any Transfer of title or change of interest in real property by reason of death, pursuant to a will, the law of descent and distribution, or otherwise.

iv. Any Transfer made and delivered without consideration for the purpose of confirming, correcting, modifying or supplementing a Transfer previously made; making minor boundary adjustments; removing clouds of title; or granting easements, rights-of-way or licenses.

v. Any decree or order of a court of record quieting, determining or resting title, except for a decree of foreclosure.

vi. Transfers to secure a debt or other obligation, or releases other than by foreclosure, which is security for a debt or other obligation.

vii. Transfers pursuant to a decree or separation of divorce.

c. The Boards have determined, and do hereby determine, that the Fees and Charges are reasonably related to the overall cost of providing the Facilities and Services and is imposed on those who are reasonably likely to benefit from or use the Facilities and Services.

d. The revenues generated by the Fees and Charges will be accounted for separately from other revenues of the Districts, specifically *ad valorem* property tax revenues, if applicable. The revenue from Fees and Charges will be used solely for the purpose of paying Costs, and, if *ad valorem* property tax revenues are available, may not be used by the Districts to pay for general administrative costs of the Districts. This restriction on the use of the Fees and Charges revenue shall be absolute and without qualification.

3. LATE FEES AND INTEREST. Pursuant to § 29-1-1102(3), C.R.S., any Fees and Charges not paid in full within fifteen (15) days after the scheduled due date will be assessed a late fee in the amount of Fifteen Dollars (\$15.00) or up to five percent (5%) per month, or fraction thereof, not to exceed a total of twenty-five percent (25%) of the amount due. Interest will also accrue on any outstanding Fees and Charges, exclusive of assessed late fees, penalties, interest and any other costs of collection, specially including, but not limited, to attorney fees, at the rate of 18% per annum, pursuant to § 29-1-1102(7), C.R.S. The Districts may institute such remedies and

collection procedures as authorized under Colorado law, including, but not limited to, foreclosure of its perpetual lien. The defaulting property owner shall pay all fees and costs, specifically including, but not limited to, attorneys' fees and costs and costs associated with the collection of delinquent fees, incurred by the Districts and/or its consultants in connection with the foregoing.

4. PAYMENT. Payment for all fees, rates, tolls, penalties, charges, interest and attorney fees shall be made by check or equivalent form acceptable to the Districts, made payable to "Saddlehorn Ranch Metropolitan District No. 1" and sent to the address indicated on the Fee Schedule. The Districts may change the payment address from time to time and such change shall not require an amendment to this Resolution.

5. LIEN. The fees imposed hereunder, together with any and all late fees, interest, penalties and costs of collection, shall, until paid, constitute a statutory, perpetual lien on and against the property served, and any such lien may be foreclosed in the manner provided by the laws of the State of Colorado for the foreclosure of mechanic's liens, pursuant to § 32-1-1001(1)(j)(I), C.R.S. Said lien may be foreclosed at such time as the Districts, in their sole discretion, may determine. The lien shall be perpetual in nature (as defined by the laws of the State of Colorado) on the property and shall run with the land. This Resolution shall be recorded in the offices of the Clerk and Recorder of El Paso County, Colorado.

6. CERTIFICATION OF ACCOUNT TO COUNTY TREASURER. Pursuant to § 32-1-1101(1)(e), C.R.S., the Boards may elect to certify any delinquent account and late fees satisfying the criteria established therein to the El Paso County Treasurer for collection with the Districts' *ad valorem* property taxes. The certification process may be in addition to or in lieu of any procedures set forth in this Resolution in the Boards' sole discretion. The fees for the certification process shall be in accordance with Colorado law and El Paso County policy.

7. SHUT OFF OR DISCONTINUATION OF SERVICE. Pursuant to § 32-1-1006(1)(d), C.R.S., the Boards may elect to shut off or discontinue water service for delinquencies. The shut off or discontinuation of service may be in addition to or in lieu of any procedures set forth in this Resolution in the Boards' sole discretion. The fees associated with the shut off or discontinuation of service as set forth in the Schedule of Fees and Charges.

8. SEVERABILITY. If any portion of this Resolution is declared by any court of competent jurisdiction to be void or unenforceable, such decision shall not affect the validity of any remaining portion of this Resolution, which shall remain in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Resolution a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

9. THE PROPERTY. This Resolution shall apply to all property within the District Boundaries, including, but not limited to, the property set forth in **Exhibit B**, attached hereto and incorporated herein by this reference, and any additional property included into the Districts after the date of this Resolution.

10. EFFECTIVE DATE. This Resolution shall become effective as of December 9, 2022.

ADOPTED DECEMBER 9, 2022.

SADDLEHORN RANCH METROPOLITAN  
DISTRICT NOS. 1 & 2, quasi-municipal  
corporations and political subdivisions of the State of  
Colorado

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Officer of the Districts

ATTEST:

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APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys At Law

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General Counsel to the Districts

*Signature Page to Joint Resolution Concerning the Imposition of Various Fees and Charges for  
Water Services and Facilities*

**EXHIBIT A**  
**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1 & 2**  
**Schedule of Fees and Charges**  
**Effective December 9, 2022**

Schedule of Fees and Charges		
Fee Type	Classifications	Monthly Rate
<b>Fees and Charges – Recurring Payment</b>	Residential Unit	\$50.00 flat rate 1st-5,000 <sup>th</sup> gallon \$6.00 per 1,000 gallons 5,000+ gallons \$8.50 per 1,000 gallons
	Vacant Lot	\$ /month
The Due Date for each Fees and Charges is the 15 <sup>th</sup> day of each month.		
<b>Fees and Charges – Payment Due Upon a Transfer</b>	Residential Unit	\$ per Transfer
	Vacant Lot	\$ per Transfer
The Due Date for each Fees and Charges—Payment Due Upon Transfer is the date upon which the Transfer occurs.		

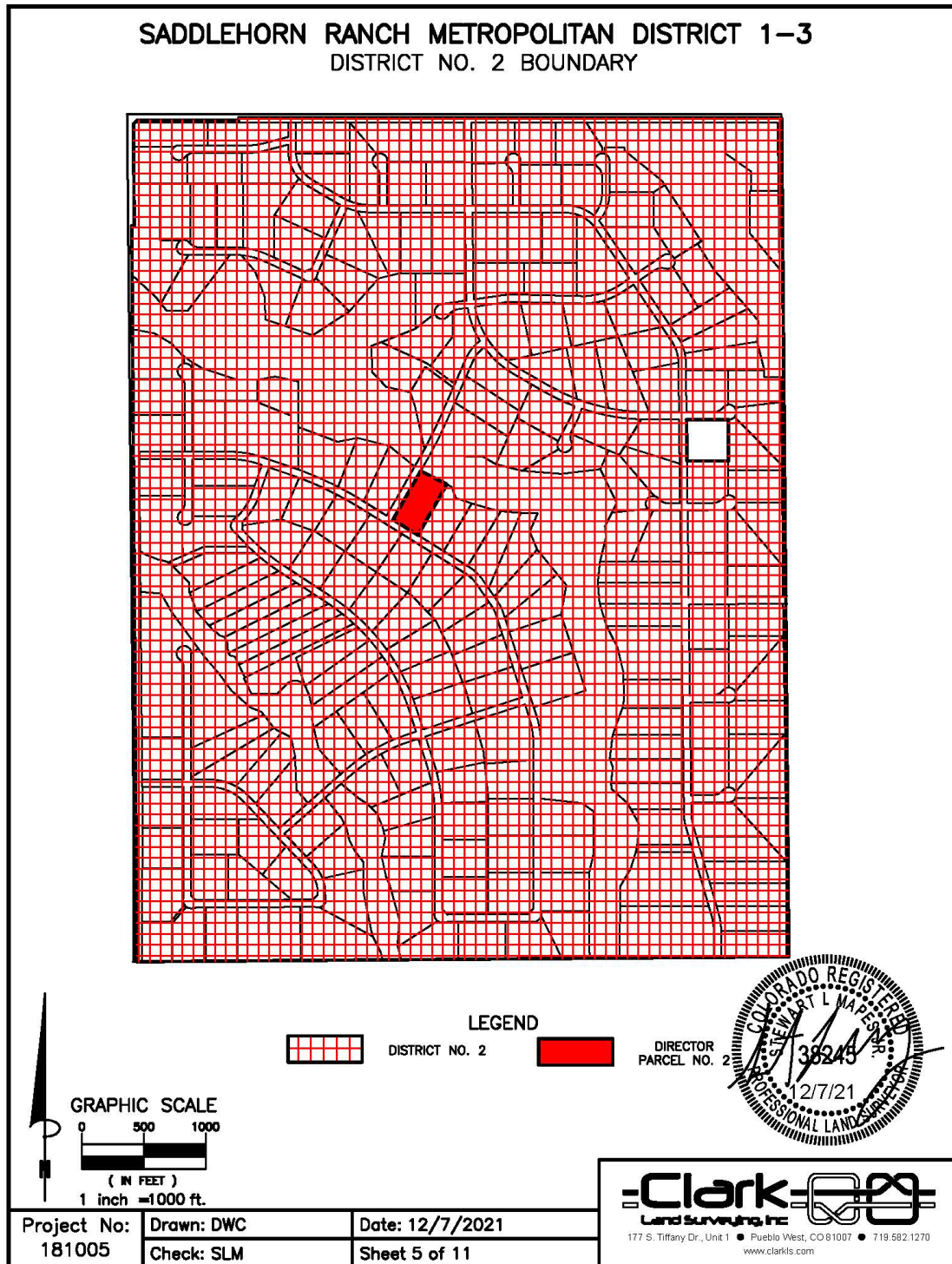
**PAYMENTS:** Payment for each fee shall be made payable to the Saddlehorn Ranch Metropolitan District No. 1 and sent to the following address for receipt by the Due Date:

Saddlehorn Ranch Metropolitan District No. 1  
c/o Walker Schooler District Managers  
614 N. Tejon Street  
Colorado Springs, CO 80903

## EXHIBIT B

### SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 2

#### District Boundaries



**EXHIBIT B**  
**DISTRICT BOUNDARY 2**

December 7, 2021

A parcel of land located in Section 3 and Section 10, Township 13 South, Range 64 West of the 6<sup>th</sup> P.M., El Paso County, Colorado, being more particularly described as follows:

**COMMENCING** at the Northwest corner of said Section 3; thence along the north line of said Section 3, N89°59'23"W (Basis of bearings is the North line of Section 3, Township 13 South, Range 64 West of the 6<sup>th</sup> Principal Meridian, monumented at the West end by a No. 6 Rebar with a 3-1/4" aluminum cap, properly marked, in a monument box, "PLS 17496" and at the East end by a No. 6 rebar with a 3-1/2" aluminum cap, properly marked, in a monument box, "PLS 17496", having a measured bearing and distance of S89°59'23"E, 5275.26'. Bearings are relative to Colorado State Plane Central Zone (0502)), a distance of 78.90 feet; thence leaving said North line of Section 3 at a right angle, S00°00'37"W, a distance of 50.00 feet to the South right-of-way line of Judge Orr Road and to the **POINT OF BEGINNING**; thence along said South right-of-way line, S89°59'23"E, a distance of 822.24 feet; thence continuing along said South right-of-way line, N00°00'37"E, a distance of 20.00 feet; thence continuing along said South right-of-way line S89°59'23"E, a distance of 4374.49 feet to a point on the East line of said Section 3; thence leaving said South right-of-way line, along said East line, S00°42'27"E, a distance of 5,435.28 feet to the Northeast corner of said Section 10; thence along the East line of said Section 10, S00°19'53"W, a distance of 1320.51 feet to the North 1/16 corner of said section 10 and section 11; thence along the south line of the North 1/2 of the North 1/2 of said Section 10, S89°34'02"W, a distance of 2642.78 feet; thence S89°34'07"W, a distance of 2612.73 feet, to a point being distant, N89°34'07"E, 30.00 feet from the N1/16 corner of said Section 10 and Section 9 of said Township and Range; thence N00°05'52"E, a distance of 1319.15 feet, to a point being distant N89°33'13"E, 30.00 feet from the Northwest corner of said Section 10, also being the Southwest corner of said Section 3; thence N00°32'28"W, a distance of 4608.42 feet; thence N89°27'32"E, a distance of 19.98 feet; thence N00°32'28"W, a distance of 820.00 feet; thence N44°46'13"E, a distance of 40.00 feet to the **POINT OF BEGINNING**.

Containing 35,534,471 S.F. or 815.759 acres, more or less.





# **RULES AND REGULATIONS**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3**

**December 9, 2022**



## **LIST OF APPENDICES**

APPENDIX A	SCHEDULE OF FEES AND CHARGES
APPENDIX B	STANDARD DESIGN DRAWINGS
APPENDIX C	FORM OF EASEMENT AGREEMENT
APPENDIX D	FORM OF TEMPORARY CONSTRUCTION EASEMENT

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**ARTICLE 1. TITLE, SCOPE AND GENERAL CONDITIONS**

- 1.1 TITLE.** These Rules and Regulations shall be referred to herein as the “Rules and Regulations.”
- 1.2 PURPOSE.** The purpose of these Rules and Regulations is to provide for control, management, and operation of the District’s water systems and facilities, including addition, extensions, and connections to such water systems and facilities, and to provide for the administration and enforcement of these Rules and Regulations, as well as applicable State and Federal Laws. The District’s services will be available in accordance with these Rules and Regulations, subject to availability of water supplies and the facilities’ capacity.
- 1.3 PUBLIC HEALTH, SAFETY AND WELFARE.** It is hereby declared that the Rules and Regulations hereinafter set forth serve a public interest and are necessary for the protection of the health, safety, prosperity, security and general welfare of the residents and Property Owners of the District.
- 1.4 SCOPE OF RULES AND REGULATIONS.** These Rules and Regulations shall be treated and considered as the comprehensive rules and regulations governing the operations and management of the District. Any and all prior rules and regulations of the District shall be deemed superseded hereby. The Board of Directors has determined to adopt these Rules and Regulations in order to assist the District, operations, engineering, and management staff in implementing the decisions and policies of the Board. It is intended that any Person desiring to transact business with the District as a Property Owner or Developer of property or a resident within the boundaries of the District shall comply with these Rules and Regulations. It is further intended that the District Manager and the management staff shall utilize these Rules and Regulations as a tool for assuring uniform treatment to Persons within the District and fair response to issues that confront the District. The District Manager shall provide copies of these Rules and Regulations to any Person who requests them. Electronic copies shall be provided at no cost. Paper copies shall be provided for at the then-current copy cost or as otherwise determined by the Board. No Person shall be entitled to any exemption from the applicability of these Rules and Regulations due to the failure of that Person to become familiar with policies and standards of the District contained herein, and in supplements hereto.
- 1.5 APPLICABILITY.** These Rules and Regulations shall apply to the construction, alteration, removal, or repair of District facilities. These Rules and Regulations shall apply to District contracts, customer/owner contracts, owner/Developer contracts, and private contracts. All work on District water systems shall comply with these Rules and Regulations, including the applicable Standard Detail Drawings in Appendix B.

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**1.6 DISTRICT REPRESENTATION.** The District may appoint an engineer, construction inspector, manager or District employee, agent or consultant to act on its behalf with respect to these Rules and Regulations.

**1.7 RULES OF CONSTRUCTION.** These Rules and Regulations are promulgated pursuant to statute in the exercise of the Board's discretion to provide a tool for management of the District and for the orderly provision of essential services. It is intended that these Rules and Regulations shall be liberally construed to effect the general purposes set forth herein, and that each and every part hereof is separate and distinct from all other parts. No refusal, failure, or omission of the Board or its agents to apply or enforce these Rules and Regulations shall be construed as an alteration, waiver, or deviation from these Rules and Regulations or from any grant of power, duty, or responsibility or any limitation or restriction upon the Board of Directors or the District by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the District and any other entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the District to secure the full benefit and protection of any law now in effect or subsequently enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the District. The Board reserves the right to construe any provision hereof in its sole discretion in order to effectuate lawful purposes of the District and to attempt to ensure orderly and non-discriminatory treatment of all Persons subject to these Rules and Regulations now or in the future. In all circumstances, these Rules and Regulations shall be construed in the broadest sense possible to enable the District to perform its functions in accordance with law.

The Rules and Regulations must be complied with by all Persons absent receipt of a proper written waiver approved by the Board. It is the responsibility of each resident and Property Owner to obtain and read the Rules and Regulations of the District as adopted and enforced by the District. No Person shall obtain, by virtue of the Rules and Regulations, any right or cause of action against the District or its management arising as a result of the enforcement or lack of enforcement of the Rules and Regulations by the District.

**1.8 CONFLICTS.** In case of any conflict between any provision of these Rules and Regulations, the District shall be entitled to resolve such conflict in its own favor at the District's sole discretion, it being the intention of the Board that these Rules and Regulations shall be construed or interpreted by the District in such a manner so as to maximize the ability of the District to govern and manage the District and its facilities.

**1.9 GENERAL POLICIES.** The District articulates herein its rules, regulations, and policies for the provision of public services and facilities, and for management and operation of the same. From time to time, the Board of Directors adopts official

## **SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS**

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policies of the District. On occasion, such policies are reflected in official “resolutions” or “policies” of the Board of Directors. Additional exhibits may be added to these Rules and Regulations from time to time either by modification of these Rules and Regulations or by the addition of new exhibits. Additional policies may also be found in the minutes of the District’s Board meetings. To the extent any policy found in minutes of the Board meetings pre-date and conflict with any resolution of the Board, the resolution shall be deemed to supersede the minutes, unless the Board determines otherwise, after such conflict is brought to the attention of the Board. To the extent policies found in the minutes of meetings post-date resolutions of the District and conflict with such resolutions, the policy stated in the minutes shall be binding unless the Board determines otherwise after such conflict is brought to the attention of the Board. The District shall have the right, at all times, to repeal and re-enact resolutions of the Board unless any resolution specifically states that it is irrevocable. A number of informal policies of the District may exist which are known to the District Manager and the Board of Directors. In any case where a Person has questions about District policies, questions may be directed to the District Manager who has the authority to respond, or who may refer such requests to the Board. In all circumstances, the Board of Directors retains the authority and responsibility for the policies of the District.

- 1.10 ALTERNATE MATERIALS AND METHODS OF CONSTRUCTION.** The provisions of these Rules and Regulations are not intended to prevent the use of materials or methods of construction not specifically prescribed by these procedures. The District will require that sufficient evidence or proof be submitted to substantiate quality and suitability of alternates. Alternate materials or methods shall not be used without written approval of the District.
- 1.11 AMENDMENT, MODIFICATION & WAIVERS.** The Board shall retain the power to amend these Rules and Regulations as it deems appropriate. Neither notice of such amendments nor public hearing shall be required to be provided by the District prior to exercising its amendment, modification or waiver powers. The District has the power to revise its Rules and Regulations from time to time either by formal action of the Board or by implication and has the authority to waive the application of its Rules and Regulations to its own activities, or to the activities of others. Supplemental policies of the District may be adopted from time to time in order to assist the Board and its management staff in managing the affairs of the District. When possible, copies of such policies shall be attached hereto. Additional documents affecting these Rules and Regulations may be added by Board resolution from time to time. The Board, or the District Manager acting on instructions of the Board, shall have the sole authority to waive, suspend or modify these Rules and Regulations. Any Person claiming the benefit of such waiver, suspension or modification shall be required to obtain a written waiver signed by the District Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver shall be deemed a continuing waiver.

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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- 1.12 TESTS.** The contractor shall perform testing as required by these Rules and Regulations. In cases where there is insufficient evidence of compliance with the provisions of these Rules and Regulations, or evidence that any material or construction does not conform to these Rules and Regulations, the District may direct the contractor to perform additional testing as required to demonstrate compliance. Test methods will be as specified by these Rules and Regulations or by other recognized test standards. If recognized and accepted test methods do not exist, the District will determine test procedures.
- 1.13 TESTING.** All testing will be performed by a testing agency approved by the District. A copy of all test reports shall be submitted directly to the District by the testing agency. The contractor shall pay all costs associated with the testing.
- 1.14 LIABILITY.** The liability of the District and its employees is controlled and limited by the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S. The District assumes no responsibility for contractors constructing facilities for private Developers, whether or not the District has consulted with the Developer or inspected any such construction and whether or not such facilities may eventually be conveyed to the District for the maintenance of facilities and for their safety commences only when such facilities are actually conveyed to the District. Consultants to the District, including but not limited to the District Engineer and the District Operator, likewise assume no responsibility for the safety or sufficiency of any construction or work conducted by or for a private Developer. Where the District contracts with any contractor, the particular obligations of the District to that contractor shall be specified in the contract.
- 1.15 PROHIBITED ACTIONS.** No Person shall construct, alter, repair, interfere or improve any District facilities, or permit the same, and such acts shall be a violation of these Rules and Regulations.
- 1.16 EMERGENCY WORK.** Contractors hired by the District to perform emergency work such as repair of pipeline leaks, shall comply with all applicable sections of these Rules and Regulations, including insurance requirements. To ensure that contractors performing emergency work comply with the insurance requirements of these Rules and Regulations, only pre-approved contractors will be allowed to perform emergency work within the District. Contractors performing emergency work shall not be required to obtain a permit prior to performing the work.

**END OF ARTICLE 1.**

# SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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## ARTICLE 2.     DEFINITIONS AND ABBREVIATIONS

**2.1     DEFINITIONS.** Whenever the following terms are used in these Rules and Regulations, they will be defined as follows:

- **Board of Directors** or **Board** shall mean each governing body of Saddlehorn Ranch Metropolitan District No. 1, Saddlehorn Ranch Metropolitan District No. 2, and Saddlehorn Ranch Metropolitan District No. 3.
- **Board of County Commissioners** shall mean the governing body of the County in which the District is located.
- **County** shall mean El Paso County.
- **Developer** shall mean any developer, builder, property owner, resident, user, customer, or party other than the District.
- **District** shall mean each Saddlehorn Ranch Metropolitan District No. 1, Saddlehorn Ranch Metropolitan District No. 2, and Saddlehorn Ranch Metropolitan District No. 3.
- **District Attorney** or **Attorney** shall mean the person or entity engaged by the District to serve as its general legal counsel. Where appropriate and/or applicable, the term “District Attorney” or “Attorney” shall also mean special legal counsel engaged by the District for specialized matters including, but not limited to, water matters, condemnation matters, or litigation matters.
- **District Engineer** or **Engineer** shall mean the person or entity engaged by the District to serve as its engineer.
- **District Manager** or **Manager** shall mean the person or entity engaged by the District to serve as its manager.
- **District Operator** or **Operator** shall mean the person or entity engaged by the District to serve as its operator.
- **Fees and Charges** shall mean those fees, rates, tolls, penalties, and charges assessed by the Board of Directors and set forth in Appendix A of these Rules and Regulations or subsequent resolutions assessing, increasing, decreasing or otherwise changing the fees, rates, tolls, penalties and charges set forth in Appendix A of these Rules and Regulations. Any references in these Rules and Regulations to fees, rates, tolls, penalties or charges, or any

## SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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combination thereof, which are not otherwise defined as Fees and Charges shall have the same meaning as Fees and Charges.

- **Person** shall include any Developer and any Property Owner.
- **Property Owner** shall include all owners of real property, customers, users, residents, leaseholders, and other recipients of District services.
- **Rules and Regulations** shall mean the body of directions, provisions, and requirements contained herein, describing the method or manner of construction, and the quality of materials furnished.
- **Schedule of Fees and Charges** shall mean the schedule of Fees and Charges set forth in Appendix A of these Rules and Regulations or subsequent resolutions assessing, increasing, decreasing or otherwise changing the fees, rates, tolls, penalties and charges set forth in Appendix A of these Rules and Regulations.
- **Standard Detail Drawings** shall mean the standard detail drawings set forth in Appendix B of these Rules and Regulations or subsequent resolutions modifying in any way the Standard Detail Drawings.

**2.2 TERMS.** Whenever, in these Rules and Regulations, the words “as ordered”, “as directed”, “as required”, “as permitted”, “as allowed”, or words or phrases of like import are used, it will be understood that the order, direction, requirement, permission, or allowance of the District is intended.

The words “approved”, “reasonable”, “suitable”, “acceptable”, “accepted”, “properly”, “satisfactory”, or words of like effect and import, shall mean approved, reasonable, suitable, acceptable, accepted, properly or satisfactory in the judgment of the District.

**END OF ARTICLE 2.**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**ARTICLE 3. DESCRIPTION OF THE DISTRICT**

- 3.1 PURPOSE OF THE DISTRICT.** The District was organized with the authority to provide certain services and facilities to residents and Property Owners within the District as well as to users outside the District's boundaries. The District is a quasi-municipal corporation and political subdivision of the State of Colorado and, as such, exercises certain governmental powers for the benefit of its constituents. Pursuant to its Service Plan, the District has the authority to provide water and storm drainage facilities and services. The District has the power to tax properties within its boundaries and to impose fees, rates, tolls, penalties or charges for services available from or provided by the District. The District derives its power from Colorado law and from its Service Plan. The Service Plan contains general information about the facilities, services, and powers of the District and may be amended from time to time to deal with the evolving needs of the District. The District has the authority to construct facilities and improvements for District services as it deems expedient in accordance with the authority granted to the District in its Service Plan. The District's Service Plan is an "enabling document" granting to the District certain powers and authorities. The Service Plan does not impose upon the District any responsibility which it is not required to accept pursuant to state law or which it does not specifically accept by official decision of the Board.
- 3.2 THE GOVERNING BODY.** The District is governed by an elected Board of Directors. The Board consists of five individuals who are qualified to serve as directors. The Board elects from its membership a president, vice-president, treasurer, and appoints a secretary.
- 3.3 DISTRICT BOARD MEETINGS.** Meetings of the Board of Directors are subject to the Sunshine Law of the State of Colorado and are open to the public. From time to time the Board meets in Executive Session to receive legal advice or to discuss ongoing contract negotiations, litigation matters or other legally privileged matters. Executive sessions are held in accordance with Colorado law and are closed to the general public. Minutes of meetings are prepared for each meeting and, after approval by the Board, are available for public inspection. The District's policy is not to tape record its meetings and it does not attempt to maintain a verbatim transcript of its discussions.
- 3.4 DISTRICT MANAGEMENT.** The District is managed by a professional management staff engaged by the Board. The District Manager oversees the day-to-day administration of the District and operation of District facilities. All employees and consultants of the District serve at the will of the Board. The District Manager operates within approved guidelines established by the Board and



## SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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exercises only that discretion which is granted by the Board as necessary for day-to-day operations and for implementation of Board decisions and policies.

**3.5 DISTRICT SERVICES AND FACILITIES.** In general terms, the District attempts to provide the water and storm drainage services and improvements within the District's legal boundaries. The District's Service Plan provides a general description of those facilities. Reference is made to the Service Plan for general descriptions of services and facilities, which may be provided by the District. The District has powers of eminent domain to condemn private properties for public use.

**3.6 FEES, RATES, TOLLS, PENALTIES AND CHARGES.** The District has the statutory authorization to impose fees, rates, tolls, penalties, and charges for services and facilities provided by the District. The failure of a Property Owner or Developer to pay such fees, rates, tolls penalties, or charges creates a perpetual lien on the benefitted property and the District has a statutory right to foreclose on that lien. The District exercises such power for the overall benefit of the District and reserves the right to exercise its discretion on a case-by-case basis in determining whether to claim a lien and foreclose it. Development fees, service charges, miscellaneous fees, and other applicable fees, rates, tolls, penalties, or charges shall be in the amounts stated in the Schedule of Fees and Charges and any fee resolution adopted by the Board of Directors. The Board of Directors may increase or decrease the fees, rates, tolls, penalties, or charges set forth in the Schedule of Fees and Charges at any time pursuant to Colorado law by adoption of a resolution setting forth the same which, upon adoption, unless otherwise provided, shall be deemed to have replaced in its entirety the Schedule of Fees and Charges without further action of the Board of Directors to formally amend the Rules and Regulations. Following efforts to collect overdue payments of any fee, rate, toll, penalty, or charge assessed by the District under these Rules and Regulations and/or Colorado law, the District may certify any unpaid fees to the County Treasurer for collection in the same manner as those for taxes pursuant to the provisions of § 32-1-1101(1)(e), C.R.S. Alternatively, the District may elect to initiate foreclosure proceedings as allowed by § 32-1-1001(1)(j), C.R.S., as amended. The District shall, in each such case, be entitled to assess all legal fees, costs of collection and a foreclosure penalty against the subject property in an amount set forth in the Schedule of Fees and Charges, which penalty shall be payable in full upon assessment and shall be included in the lien then being foreclosed. Payment of said foreclosure penalty and any and all other fees outstanding against the subject property shall be a precondition to the resumption of District services.

**3.6.1 COLLECTION PROCEDURES.** The procedures for the collection of any outstanding fee, rate, toll, penalty and charge shall be pursuant to the District's then-current Collections Resolution. In the event the District's Collections Resolution is no longer in effect or is otherwise deemed

## **SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS**

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invalid, the procedures for the collection shall be in accordance with Colorado law.

**3.7 DISTRICT FACILITIES.** Systems constructed or accepted by the District shall be operated and maintained by the District pursuant to these Rules and Regulations. Systems constructed by a Person other than the District shall be conveyed to the District in accordance with the provisions set forth herein.

**3.7.1 CONSTRUCTION STANDARDS.** The Developer agrees to design, construct, and complete the improvements to be conveyed to the District in substantial conformance with the design standards and specifications established and in use by the Colorado Springs Utilities Water Line Extension and Service Standards, as amended, the Colorado Department of Public Health and Environment (CDPHE), and the County, as appropriate, and as approved by the District's Engineer or Operator. The District will use its contract operations personnel to provide observation and review during construction and conduct field reviews and generate written punch lists of any deficiencies found. All District personnel or assigned agents shall have access to the construction site and constructed activity at all times.

**3.7.2 ACCEPTANCE OF IMPROVEMENTS.** Upon completion of the improvements (or portion thereof which, in the reasonable opinion of the District based upon advice from its engineers and legal counsel, constitutes a discrete subsystem or component of a larger improvement or structure that may be separately acquired), the Developer shall follow the submittal procedures in the Public Improvements Acquisition and Reimbursement Agreement, dated November 4, 2021.

**3.8 DISTRICT OWNERSHIP.** All improvements constituting any part of the District's system shall be the sole property of the District unless otherwise specifically agreed by the District. Notwithstanding that customers shall be entitled to receive service from the District pursuant to these Rules and Regulations, no legal or equitable ownership in District systems or improvements shall be deemed to exist in favor of any Person or entity other than the District.

**3.9 RIGHT OF ENTRY.** The District Manager, the District Engineer, the District Operator, employees of the District or other personnel authorized by the District Manager bearing proper credentials and identification, shall be permitted by all Property Owners within the District to enter upon all properties or appurtenances for the purpose of installation, replacement, repair, maintenance, inspection or observation reasonably necessary in connection with the services and facilities provided by the District. The granting of Right of Entry by the Property Owner is

## **SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS**

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a condition precedent and a condition subsequent to the provision of services by the District. Refusal to permit such access to District personnel in the performance of their duties may result in discontinuation of services to the property in question, or cause additional charges to the Property Owner for increased costs or damages sustained as a result of refusing the Right of Entry.

### **3.10 RULES CONCERNING DISTRICT SERVICES AND FACILITIES**

**3.10.1 ENTITLEMENT TO DISTRICT SERVICES.** District services will be provided by the District to all customers subject to these Rules and Regulations. No Person who fails to pay applicable fees and charges or who fails to provide evidence that appropriate fees have been paid for the benefit of such Person shall be entitled to continued service. It shall be incumbent upon the applicant for District services to furnish satisfactory evidence of payment of applicable fees and charges whenever the District requests such evidence. Notwithstanding that a Person has paid appropriate fees and charges for service, no Person shall be entitled to receive continued District services if property taxes or other fees and charges due from such Person have become delinquent. District services shall be suspendable or revocable at the District's discretion upon non-payment of any valid Fees and Charges owing to the District or any other violation of these Rules and Regulations. In the event of non-payment, the Property Owner shall be given not less than five (5) days advance notice in writing of the revocation, such notice to be determined as of the date of mailing.

**3.10.1.1 Hearing on Discontinuation of Service.** In the event the District enforces its right to suspend or revoke service, the Property Owner may request an informal hearing with the Manager pursuant to the complaint procedures outlined in Section 3.11, below, and such discontinuation of service shall be delayed until the Manager hears and replies to the complaint. If the Property Owner is dissatisfied with the Manager's initial determination, the Property Owner may request a formal hearing as provided for in Section 3.11.3; however, such request for a formal hearing shall not delay immediate discontinuation of service in the District's discretion.

**3.10.1.2 Disconnection or Reconnection of Service.** Any Property Owner receiving District services may voluntarily discontinue service. Disconnection of service shall require the termination of water service to the property by the Manager or its designee, in accordance with the standards of these Rules and Regulations. Disconnected properties will no longer be subject to monthly service charges commencing on the date of disconnection. Disconnected

## SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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properties shall become immediately subject to any then-current availability of service fees and shall be liable for a prorated share of such fee for the calendar year. Any Property Owner desiring to resume District services shall apply for a Reconnection of Service. The disconnection or reconnection of District services shall be subject to fees provided for in the Schedule of Fees and Charges.

**3.10.4 WILL SERVE LETTERS.** The County land use planning process requires Developers to obtain a written commitment from the District, commonly known as Will Serve Letters, to provide water services to the property subject to the land use application. The Board shall approve all new Will Serve Letters. Will Serve Letters may contain certain conditions or provisions related to the District's commitment to serve the property based on the level of agreements established with the District. The District will consider a request for service after a meeting with the Developer, receipt and review by the District of the Land Use Plan and any special definition of service needs which may be required by the District. The term Land Use Plan shall refer to any concept plan, preliminary plan, PUD or final plat, depending on the level of County Planning review anticipated. The District Manager may update or revise a Will Serve Letter for any non-substantive changes once it has been originally approved by the Board; provided, however, that any substantive changes to the Will Serve Letter shall be approved by the Board.

**3.10.5 District Services to Persons Outside the District Boundaries.** Charges for District services to Persons outside the District boundaries shall be determined in the sole discretion of the Board of Directors. It is expected that charges for District services for persons owning property or residing outside the District's boundaries shall equal at least the actual cost of District services, plus, at a minimum, the estimated mill levy payments and other fees and charges for which such property would be responsible if it were included in the District. In every case where the District furnishes services to persons owning property or residing outside the District boundaries, the District reserves the right to discontinue service when, in the judgment of the Board of Directors, it is in the best interest of the District to do so, except as may be limited by written agreement.

**3.10.5.1 Notice of Service Discontinuation.** In the event the District enforces its right to discontinue service to Persons outside the District's boundaries, the District shall provide 45 days' notice to that Person. The notice shall set forth the date, time and location of a hearing regarding service discontinuation. At the hearing, the Board of Directors shall

## SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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consider all evidence presented regarding the service discontinuation and shall make a determination to discontinue service, continue service with additional conditions or continue service under the existing written agreement, which determination shall be made in its sole discretion.

**3.10.6 INCLUSION OR EXCLUSION OF PROPERTY.** Owners of property located outside the boundaries of the District may propose inclusion (annexation) of such property into the District. All requests for inclusion of property within the boundaries of the District shall be made pursuant to the provisions of § 32-1-401, *et seq.*, C.R.S., and pursuant to the Service Plan. Persons who own property within the boundaries of the District may seek to have their property excluded from the District. All requests for exclusion of property shall be considered pursuant to the provisions of § 32-1-501, *et seq.*, C.R.S., and pursuant to the Service Plan.

**3.10.7 TAMPERING.** No person shall alter, obstruct or interfere with the District's facilities or improvements without first obtaining a written authorization from the District in advance of such alteration, obstruction or interference, which written authorization shall be granted by the District in its sole discretion and which may be withheld for any reason deemed reasonable or appropriate by the District in its sole discretion. Any person who violates the provisions of this Section shall be prosecuted to the fullest extent provided by law.

**3.10.7.1 Notification to Property Owner of Tampering.** Upon discovery that a District facility or improvement has been altered, obstructed or interfered with, the District shall advise the Property Owner of such alteration, obstruction or interference by posting a notice on the property and requesting that such alteration, obstruction or interference be removed, corrected or remedied within forty-eight (48) hours of posting of the notice, or by such sooner date as specified therein by the District due to the particular circumstances involved. If such alteration, obstruction or interference is not removed, corrected or remedied within forty-eight (48) hours (or other specified time period) of the posting of the notice, the District shall remove, correct or remedy the alteration, obstruction or interference and all costs associated therewith shall be charged to the Property Owner. In the event the alteration, obstruction or interference is such that it would be unsafe, unreasonable or otherwise inappropriate for the Property Owner to remove, correct or remedy, then no notice will be posted on the property and the District shall remove, correct or remedy the

## SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3 RULES AND REGULATIONS

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situation in its sole discretion and all costs associated therewith shall be charged to the Property Owner.

**3.10.7.2 Penalties for Tampering.** Upon discovery that a District facility or improvement has been altered, obstructed or interfered with, the District shall impose a penalty upon the Property in the amount set forth in the Schedule of Fees and Charges. The penalty shall be imposed regardless of whether the alteration, obstruction or interference is cured by the Property Owner within the specified time period set forth in the notice posted on the property. Any administrative costs associated with the tampering and penalties will also be charged.

**3.10.7.3 Prosecution for Tampering with a Utility Meter.** Pursuant to § 18-4-506.5, C.R.S., any person or persons who, in any manner, alters, obstructs or interferes with any meter provided for measuring or registering the quantity of water passing through that meter without the knowledge and consent of the District commits a class 2 misdemeanor. Further, any person or persons who connects any pipe, tube, stockcock, wire, cord, socket, motor or other instrument or contrivance with any main, service pipe or other medium conducting or supplying water to any building without the knowledge and consent of the District commits a class 2 misdemeanor. The District's Board or Manager shall determine whether to press charges against the person or persons violating these provisions. Any and all costs associated with pressing charges against the person or persons responsible shall be charged to the property.

**3.10.7.3.1 Involvement of Law Enforcement.** In the event the alteration, obstruction or interference requires access to a Property Owner's property or if the District's Manager or Operator believes the safety of the District's contractors or employees is in jeopardy, the District shall have the County Sheriff accompany the contractor and/or employee to the property to remedy the alteration, obstruction or interference. Any and all costs associated with pressing charges against the person or persons responsible shall be charged to the property.

**3.10.8 VIOLATIONS.** Any Person violating any of the provisions of these Rules and Regulations shall become liable to the District for any expense, loss or damage occasioned by reason of such violation, and upon non-payment thereof, shall be assessed a penalty in an amount set

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forth in the District's Schedule of Fees and Charges, which penalty shall be a lien upon the violator's property as permitted by § 32-1-1001, C.R.S., as amended, or a lien upon the Property to which the violator was providing services at the time of the violation in question, whichever the District Manager deems appropriate. In the event the District determines to revoke or suspend District services to any Person or entity for violation of any of the provisions of these Rules or Regulations, the District shall not be liable for any claim for damage resulting therefrom.

- 3.10.9 TAX-EXEMPT PROPERTIES AND PAYMENTS IN LIEU OF TAXES (PILOT).** The District provides water facilities and services to all properties within its boundaries. The District has financial obligations to its creditors and residents which it must maintain in order to continue to finance its facilities and, in turn, provide water services to the District's Property Owners. As a result, any properties converting from a taxable status to a non-taxable or tax-exempt status shall be required to enter into an agreement with the District whereby the property pays a fee to the District in an amount equal to or greater than the amount they would have paid had they paid taxes. Such agreement shall be required in order to receive water services from the District.

### **3.11 HEARINGS**

- 3.11.1 APPLICABILITY.** The hearing and appeal procedures established by this Section shall apply to all complaints concerning the interpretation, application or enforcement of the Rules and Regulations of the District as they now exist or may hereafter be amended. The hearing and appeal procedures established by this Section 3.11 shall not apply to complaints arising out of the interpretation of the terms of District contracts or complaints which arise with regard to personnel matters which shall be governed exclusively by the District's personnel rules as the same may be amended from time to time.
- 3.11.2 COMPLAINTS.** Complaints concerning the interpretation, application or enforcement of Rules and Regulations of the District must be presented in writing to the District Manager or such representative as she or he may designate. Upon receipt of a complaint, the District Manager or designated representative, after a full and complete review of the allegations contained in the complaint, shall take such action or make such determinations as may be warranted and shall notify the complainant of the action or determination by mail within fifteen (15) days after receipt of the complaint. Decisions of the District Manager which impact the District financially will not be binding upon the District

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unless approved by the Board at a special or regular meeting of the Board.

**3.11.3 HEARING.** In the event the decision of the District Manager or his or her representative is unsatisfactory to the complainant, a written request for formal hearing may be submitted to the District Manager or such hearing officer as the District Manager may appoint within twenty (20) days from the date written notice of the decision was mailed. A deposit in an amount set forth in the Schedule of Fees and Charges shall be made with the District along with the request for the hearing. This amount shall be retained by the District to cover the costs of the hearing until the final decision following such hearing. The amount shall be refunded to the complainant if the District Manager renders a final decision in favor of the complainant. Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the District Manager or hearing officer shall conduct a hearing at the District's convenience but in any event not later than fifteen (15) days after the submission of the request for formal hearing. The formal hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations. Decisions of the District Manager which impact the District financially will not be binding upon the District unless approved by the Board of Directors at a special or regular meeting of the Board.

**3.11.4 RULES.** At the hearing, the District Manager or hearing officer shall preside. The complainant and representatives of the District shall be permitted to appear in person, and the complainant may be represented by any person of his or her choice or by legal counsel.

The complainant or his or her representative and the District representatives shall have: the right to present evidence and arguments; the right to confront and cross-examine any person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained. The District Manager or hearing officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent persons in the conduct of their affairs.

The District Manager or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer or cancel the interpretation, application and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing



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that the required grounds exist to alter, amend, defer, or cancel the action shall be borne by the complainant.

- 3.11.5 FINDINGS.** Subsequent to the formal hearing, the District Manager or hearing officer shall make written findings and an order disposing of the matter and shall mail a copy thereto to the complainant not later than fifteen (15) days after the date of the formal hearing.
- 3.11.6 APPEALS.** In the event the complainant disagrees with the findings and order of the District Manager at the formal hearing, the complainant may, within fifteen (15) days from the date of the mailing of the findings and order by the District, file with the District a written request for an appeal thereof to the Board of Directors. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the complainant relies and shall contain a brief statement of the complainant's reasons for the appeal. In response, the District shall compile a written record of the appeal consisting of: (1) a transcript of the proceedings at the formal hearing; (2) all exhibits or other physical evidence offered and reviewed at the formal hearing; and (3) a copy of the written findings and order. The Board shall consider the complainant's written request and the written record on appeal at the next regularly scheduled meeting held not earlier than ten (10) days after the filing of the complainant's request for appeal. Such consideration shall be limited exclusively to a review of the record on appeal and the complainant's written request for appeal. No further evidence shall be presented by any party to the appeal and there shall be no right to a hearing *de novo* before the Board of Directors.
- 3.11.7 BOARD FINDINGS.** The Board of Directors shall make written findings and an order concerning the disposition of the appeal presented to it and shall cause notice of the decision to be mailed to the complainant within thirty (30) days after the hearing. The Board of Directors will not reverse the decision of the District Manager or hearing officer unless it appears that such decision was contrary to the manifest weight of the evidence made available at the formal hearing.
- 3.11.8 NOTICES.** A complainant shall be given notice of any hearing before the District Manager, the hearing officer or before the Board of Directors by certified mail at least seven (7) calendar days prior to the date of the hearing, unless the complainant requests or agrees to a hearing in less time. When a complainant is represented by an attorney, notice of any action, finding, determination, decision or order affecting the complainant shall also be served upon the attorney.

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- 3.11.9 OTHER REMEDIES AVAILABLE AT LAW OR IN EQUITY.** The Board, its District Manager, or District Attorney, each in its direction, shall have all rights and remedies afforded under Colorado law to enforce these Rules and Regulations, including, but not limited to those set forth herein and to pursue all remedies available at law or in equity.

**END OF ARTICLE 3.**

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**ARTICLE 4. CONDITIONS OF THE WORK**

**4.1 WORKING HOURS.** All work completed under these Rules and Regulations shall be performed during regular working hours - 8:00 A.M. to 4:30 P.M., Monday through Friday. The contractor shall not perform work outside of Regular Working Hours or on Saturday, Sunday, or any District holiday without the prior written consent of the District.

**4.2 EMERGENCIES.** When, in the opinion of the District, an emergency arises due to work under these Rules and Regulations and immediate action is necessary to protect public or private interests, the District may, with or without notice to the contractor or the Developer, perform the required work to mitigate the emergency. The contractor or Developer will pay for the cost of such work. The performance of emergency work by the District shall not relieve the contractor of responsibility for damages resulting from the performance of work under these Rules and Regulations.

In the event of an emergency that threatens loss of life or extensive damage to the work or to adjoining property, the Developer or contractor is authorized to take the necessary action to prevent such loss or damage.

**4.3 DAILY CLEANUP.** At all times during construction, the contractor shall maintain the site, partially finished structures, material stockpiles and other like areas in a reasonable state of order and cleanliness.

**4.4 FINAL CLEANUP.** Upon completion of the work, the contractor shall remove from the project area all surplus and discarded materials, rubbish, and temporary structures and shall leave the project area in a neat and presentable condition. The contractor shall restore all work that has been damaged by his/her operations.

The contractor shall inspect the interior of all manholes, vaults and catch basins within the construction limits for construction materials, dirt, stones, or other debris resulting from the activities of the contractor, and shall remove all debris found.

**4.5 AUTHORITY OF DISTRICT.** The District will have the authority to stop the work whenever it may be deemed necessary by the District. The District will resolve all questions that arise as to the quality and acceptability of materials furnished, work performed, interpretation of the plans and specifications, and acceptable fulfillment of the requirements of these Rules and Regulations.

**4.6 AUTHORITY AND DUTIES OF INSPECTOR.** The District inspector will inspect and accept or reject all work completed and all material furnished. Inspections may extend to any part of the work and to the preparation, fabrication, or manufacture of the materials. The inspector is not authorized to revoke, alter, or

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waive any requirements of these Rules and Regulations. Notwithstanding the foregoing, the inspector shall be permitted to temporarily modify, change, or amend specific elements of the design drawings in consultation with the District Engineer, the District Operator and/or Manager if certain field conditions dictate such a deviance from the design drawings as may be in the best interest of the District under those specific circumstances.

The inspector shall not act as foreman or perform other duties for the contractor nor interfere with the management of the work performed by the contractor. Instructions or advice given by the inspector will not be binding upon the District or release the contractor from fulfilling the terms of these Rules and Regulations.

The presence or absence of the inspector will not relieve the contractor of the responsibility of complying with these Rules and Regulations.

The inspector will at all times have reasonable and safe access to the work and the contractor shall provide proper facilities for such access. See, Article 3.9, Right of Entry.

**4.7 CONTRACTOR'S RESPONSIBILITY FOR WORK.** The contractor shall be responsible for controlling and supervising the work. It shall be the responsibility of the contractor to ensure that all work is constructed in accordance with these Rules and Regulations.

**4.8 REMOVAL OF UNACCEPTABLE WORK.** Work that does not conform to these Rules and Regulations will be considered unacceptable work. Unacceptable work shall be immediately removed and replaced or otherwise corrected by the contractor at its own expense. If the contractor fails to remove and replace the unacceptable work within a reasonable time, the District may, in its sole discretion, remove and replace the unacceptable work, which removal and reparation shall be charged fully to the contractor.

**4.9 SCHEDULING OF WORK.** Work shall be accomplished in accordance with a schedule approved by the District. Deviations from the approved schedule shall be made only with written approval of the District.

**4.10 SAMPLES AND TESTS.** Sampling and testing will be in accordance with standard practices unless methods and procedures are otherwise set forth in these Rules and Regulations.

The contractor shall furnish all samples, tests, and reports required by the District to determine compliance of materials with these Rules and Regulations. The contractor may be required to furnish a written statement identifying the origin, composition, and process of manufacture of a material.

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- 4.11 STORAGE OF MATERIALS.** Materials shall be stored in a manner that insures the preservation of their quality and suitability for the work. Materials shall be stored only in locations approved by the District.
- 4.12 DEFECTIVE MATERIALS.** Materials not in conformance with requirements of these Rules and Regulations will be considered defective and will be rejected. Rejected materials shall be removed from the work site within twenty-four (24) hours.
- 4.13 LOCAL LAWS, ORDINANCES AND CODES.** The contractor shall comply with all current federal, state, and local laws, codes, and ordinances pertaining to the work being performed. The contractor shall obtain all necessary permits and approvals prior to commencement of the work.
- 4.14 PUBLIC CONVENIENCE AND SAFETY.** The contractor shall erect the appropriate barricades, signs, or other safety measures, provide for adequate drainage around the work, and take other necessary precautions to safeguard the work and the public.
- 4.15 FIRE HYDRANTS.** Fire hydrants shall remain visible from the street and accessible to the Fire Department at all times. No obstructions shall be placed within ten feet (10') of a fire hydrant.
- 4.16 LOCATION OF EXISTING UTILITIES.** The contractor shall have all underground utilities located by the appropriate utility company prior to commencing work, all in accordance with the Utility Notification Center of Colorado ("UNCC") regulations, §§ 9-1.5-101, *et seq.*, C.R.S., as amended. The contractor shall avoid unnecessary exposure of underground utilities and shall protect underground utilities from damage due to performance of the work. The contractor shall not hinder or interfere with any Person engaged in the protection or operation of underground utilities.

The District will locate existing underground water facilities, including its treated and untreated water lines and water services lines from the treated water main to meter pits. The contractor shall request location of District facilities at least forty-eight (48) hours prior to commencing excavation. Excavation shall not begin until the District has located pipelines and other facilities.

- 4.17 PROTECTION AND RESTORATION OF PROPERTY AND SURVEY MONUMENTS.** The contractor shall prevent damage to public or private property adjacent to the work. The contractor at his/her expense shall restore property damaged by the contractor's operations. At least seventy-two (72) hours prior to commencing work, the contractor shall give written notice to owners of property that may be affected by the contractor's operations.

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The contractor shall protect and preserve existing survey monuments. Monuments disturbed or removed by the contractor shall be referenced and replaced by a Professional Land Surveyor registered in the State of Colorado, at the contractor's expense.

- 4.18 USE OF EXPLOSIVES.** When blasting is permitted, the contractor shall use the utmost care to protect life and property. Blasting will be permitted only when approved in writing by the District. A licensed blasting contractor shall perform blasting.

Excessive blasting or overshooting will not be permitted. The District may order discontinuance of any method of blasting which leads to overshooting, is dangerous to the public, or destructive to property or to natural features.

- 4.19 PROTECTION OF STREAMS, LAKES AND RESERVOIRS.** The contractor shall meet all requirements of the County and the CDPHE. The contractor shall take the necessary precautions to prevent pollution of streams, lakes and reservoirs with fuels, oils, bitumen's, calcium chloride, or other harmful materials. Contractor operations shall be conducted in a manner that prevents or minimizes the release of silt or other materials to drainages, streams, lakes, and reservoirs. An erosion control plan shall be submitted to the District for approval prior to starting work.

- 4.20 DUST CONTROL.** The contractor shall meet all requirements of the County and the CDPHE. The contractor shall take the necessary steps to control dust arising from operations connected with the work. Sprinkling with water or other approved methods shall control dust.

- 4.21 TRAFFIC CONTROL, BARRICADES AND WARNING SIGNS.** A Traffic Control Plan ("TCP") shall be required for all work performed within a road right-of-way. The TCP shall provide safe methods for movement of pedestrians and motorists traveling through the work zone, and a safe work area for all workers engaged in construction activities. The TCP shall show the location, spacing, scheduling and usage of advance warning signs, barricades, pavement markings, and other control devices. All control devices shall be installed and maintained in accordance with County requirements and the *Manual of Uniform Traffic Control Devices* ("MUTCD").

The TCP shall be submitted to the District for approval. Work shall not be commenced until the District approves the TCP.

- 4.21.1 SCALED DRAWING.** The TCP shall include a scaled drawing showing the project area and the streets affected by the project. The drawing shall include the following information:

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- Location and spacing of properly planned traffic control devices.
- The duration of construction activities.
- The name and phone numbers of the contractor's designated traffic control supervisor.
- Special notes or information pertaining to traffic control operations.

The contractor shall be responsible for furnishing, erecting and maintaining traffic control devices required by the approved TCP, throughout the duration of the contract, including periods of suspension. Work shall be properly barricaded and lighted at all times.

**4.21.2 CONDITIONS FOR STREET CUTS.** When street cuts are required for water facilities construction, the following conditions shall be met to minimize interference with traffic:

- An Underground & Above Ground Utility Permit has been obtained from the County for infrastructure within a County right of way.
- Street service cuts shall be open only between 8:30 a.m. and 4:00 p.m.
- Two-way traffic shall be maintained at all times around the construction area to the extent possible.

**4.22 USE OF DISTRICT WATER.** The contractor may purchase, when available, reasonable amounts of water from the District for construction purposes. Water shall be obtained at points designated by the District. All water obtained from the District's system shall be in accordance with the Schedule of Fees and Charges. The contractor shall use a hydrant meter with a backflow prevention device if source of water is an existing hydrant. Assembly shall be in accordance with the Standard Detail Drawings set forth in Appendix B, with the meter and backflow device fully supported. Where the source of water is not a hydrant, a backflow device and appropriate meter shall be used.

**4.23 MAINTENANCE OF DRAINAGE.** The contractor shall not prevent or obstruct the flow of water in street gutters or natural drainages, and shall utilize proper methods to maintain the flow of surface water while work is in progress. Contractor shall prevent flow of sediment into storm sewers and natural drainages.

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- 4.24 INTERRUPTION OF SERVICES.** Before starting work, the contractor shall plan and coordinate for the disconnection or interruption of all services including water, sewer, cable T.V., telephone, gas, and electric power. Disconnections or interruptions shall be made in accordance with the regulations of the utility that controls the supply of the service.

District approval shall be obtained a minimum of forty-eight (48) hours prior to disconnection or interruption of water service. Twenty-four (24) hours prior to the interruption of service, the contractor shall provide written notice to all users whose service will be interrupted. No line shall be shut down for more than a four (4) hour period at one time.

- 4.25 EQUIPMENT OPERATED ON STREETS.** Only pneumatic-tired equipment shall be permitted to operate over paved surfaces. The contractor shall be responsible for damage to the street surface resulting from its operation in accordance with the standards and specifications of the County or other governing body of jurisdiction.

- 4.26 MATERIAL SUBMITTALS.** The contractor shall submit detailed information, specifications and drawings for each type of material or equipment proposed for incorporation into the work. The information submitted shall be in sufficient detail to demonstrate compliance with these Rules and Regulations. Materials and equipment shall not be incorporated into the work until approved by the District.

- 4.27 OPERATION OF DISTRICT SYSTEMS.** Only District personnel shall operate District systems. Developers, contractors, private owners, and other persons shall not operate District facilities including, but not limited to, valves, fire hydrants, pumps, and other system components.

- 4.28 RESTRICTIONS ON EXCAVATIONS FOR SERVICE LINES.** Excavation for installation of service lines to a single structure will not normally be permitted during the period from December 1 through March 31 of each year. The District may adjust the no-excavation period based on actual weather conditions. Persons wishing to perform excavation during this period will be required to furnish the District with a bond in an amount set forth in the District's Schedule of Fees and Charges, as security for repairs which may be required due to damage to the District's existing facilities.

**END OF ARTICLE 4.**



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**ARTICLE 5.      APPROVALS AND INSPECTIONS**

- 5.1      APPROVAL OF APPLICATIONS.** The application, plans, specifications, insurance certificates and other data submitted by an applicant will be reviewed by the District. If the District finds that the work described in an application conforms to the requirements of these Rules and Regulations and that all required fees have been paid, the application will be approved.
- 5.1.1**      When the District approves an application for work for which plans are required, the District Manager or the District Engineer will endorse the plans in writing. The endorsed plans and specifications shall not be changed, modified, or altered without authorization from the District.
- 5.1.2**      The approval of an application will not be construed to be an approval of any violation of the provisions of these Rules and Regulations. The approval of an application based on submitted plans, specifications or other data shall not prevent the District from requiring the correction of errors in said plans, specifications and other data, or from stopping construction operations which are in violation of these Rules and Regulations.
- 5.2      APPROVED PLANS.** The contractor shall keep one full-size copy of the District endorsed plans on site at all times during the work. The District shall have access to the contractor's District endorsed plans at all times during the work.
- 5.3      INSPECTIONS.** All construction work covered by these Rules and Regulations shall be subject to inspection by the District.
- 5.3.1**      It shall be the responsibility of the Person performing the work to notify the District that such work is ready for inspection. Each request for inspection shall be filed at least 24 working hours before such inspection is required unless otherwise required by these Rules and Regulations. It shall be the responsibility of the Person requesting inspections to provide access for proper inspection of the work.
- 5.3.2**      The District will give the contractor written notice of deficiencies noted during an inspection, and may order further construction to cease until all deficiencies are corrected. No partial inspections will be allowed unless prior written approval has been given by the District.
- 5.4      ADDITIONAL INSPECTIONS AND REINSPECTIONS.** The District may make or require additional inspections if necessary to ascertain compliance with the provisions of these Rules and Regulations.

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- 5.4.1** Reinspection fees may be assessed when work requested to be inspected is incomplete, or when work does not comply with these Rules and Regulations.
- 5.4.2** Reinspection fees may also be assessed when approved plans are not readily available to the inspector or for failure to provide access at the scheduled time of inspection. When reinspection fees have been assessed, no additional inspection of the work will be performed until the required fees have been paid.

**END OF ARTICLE 5.**

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**ARTICLE 6. PLANS AND SPECIFICATIONS**

**6.1 GENERAL.** A Registered Professional Engineer, licensed to practice in the State of Colorado, shall prepare plans, computations and specifications for work covered by these Rules and Regulations.

**6.2 SUBMITTAL REQUIREMENTS.** The District shall review all construction plans for conformance with these Rules and Regulations. Engineering design shall remain the responsibility of the design engineer.

**6.2.1** Three (3) paper copies and one (1) electronic copy of the plans, specifications and engineering computations shall be submitted to the District for review. One (1) set of paper documents will be returned with review comments.

**6.2.2** Four (4) sets of full-size construction plans shall be submitted to the District for signature. The prints shall be signed and sealed by the design engineer. After signature by the District, two (2) of the signed sets shall be returned to the Developer and the District shall retain two (2) sets. The contractor shall keep one of the sets returned to the Developer on the job for the duration of the project.

**6.2.3** Upon completion of the work, the Developer shall submit two (2) sets of annotated as-built construction plans for review by the District. Upon approval of the as-built records by the District, the design engineer shall submit one set of as-built mylars, 4 mil thickness, double matte reversed, 22" x 34" format, and one set of as-built records, signed and sealed by the design engineer.

**6.3 GENERAL PLAN REQUIREMENTS.** Plans and specifications shall be drawn to scale and shall have sufficient clarity to indicate the location, nature, and extent of the work proposed.

**6.3.1** Each set of construction drawings shall include an overall utility drawing showing water, sanitary sewer, and storm sewers included in the project. The overall utility drawing shall show all of the pipe sizes, locations, connections to existing facilities and other pertinent information that would add to the overall understanding of the project.

The following items shall be shown on all plans:

- Title Block (lower right-hand corner preferred).
- Scale (1"=50' horizontal and 1"=5' vertical for plans and profiles).

- All work shall be constructed to the Saddlehorn Ranch Metropolitan District Nos. 1-3 Rules and Regulations. This drawing has been reviewed and found to be in general compliance with these Rules and Regulations and other District requirements. THE ENGINEERING DESIGN AND CONCEPT REMAINS THE RESPONSIBILITY OF THE PROFESSIONAL ENGINEER WHOSE STAMP AND SIGNATURE APPEAR HEREON.

**6.4 PLAN SHEET REQUIREMENTS.** All plan sheets shall contain the following information:

- 6.5 PROFILE SHEET REQUIREMENTS.** All profile sheets shall contain the following information:

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- Vertical and horizontal grids with scales.
- Ground surface existing (dotted) and proposed (solid).
- Existing utility lines where crossed.
- Existing manhole/vault invert/floor and rim elevations.
- Waterline, including top pipe references.
- Crossings of other utilities.

**6.6 WATER SUPPLY CONSTRUCTION DETAILS.** In addition to the requirements listed above, water supply construction plans shall include the following items:

- Water mains.
  - Diameter (nominal).
  - Length.
  - Materials used and types of joints.
  - Pressure class designation.
  - Location dimensions.
- Fittings.
  - Tees.
  - Crosses.
  - Reducers.
  - Bends.
  - Plugs.
  - Blow-offs.
- Valves.
- Fire Hydrants.

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- Plan, profile and complete details for off-site transmission mains, pump stations, special valves, and vaults, tanks, etc.
- Service connections (meter pits or stub-in terminations).
- Complete material list.

**6.7 SPECIFICATIONS AND SUPPORT DOCUMENTATION.** The following shall be included with submitted construction plans:

- Reference on plans to District Rules and Regulations.
- Reference on plans to other agency Rules and Regulations that are required or proposed.
- Where reference to other commonly available Rules and Regulations will not suffice, copies of specifications are to be provided.
- Copies of written approval from other affected agencies as required.
- Soils and other test data.

**6.8 RECORD DRAWINGS.** Record drawings (“as-builts”) shall be prepared and submitted to the District for all construction work performed by a contractor for the District or performed by a Developer. The specific requirements and procedures for each type of project

### **6.8.1 DEVELOPER FUNDED PROJECTS.**

- Submit two (2) sets of paper record drawings to the District for review. The record drawings shall include all changes made during construction to the original approved plans. The changes shall be annotated so that the changes are apparent on the plans. The District will review the drawings and provide comments to be addressed and if revised drawings are required to be resubmitted.
- After the District has reviewed the drawings and found them acceptable, the Developer will submit three (3) sets of full size (22” x 34”) paper copies to the District and a CD with the electronic files in the latest AutoCad and PDF formats of the original approved construction plans and the record drawing plan set.

### **6.8.2 DISTRICT FUNDED PROJECTS.**

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RULES AND REGULATIONS**

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- The contractor shall submit a copy of the approved and issued construction plans with redlined record drawing notes recorded during construction.
- The design engineer for the project shall prepare record drawings from the contractor supplied notes on the plans. The drawings will be reviewed by District staff and comments provided to the design engineer.
- Three (3) sets of paper copies and AutoCad and PDF electronic files will be produced for the project by the design engineer for the project.

**END OF ARTICLE 6.**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**ARTICLE 7.      RESERVED FOR FUTURE USE**

**END OF ARTICLE 7.**



**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**APPENDIX A**

**SCHEDULE OF FEES AND CHARGES**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

---

**APPENDIX B**

**STANDARD DETAIL DRAWINGS**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**APPENDIX C**

**EASEMENT AGREEMENT FORM**

UTILITY EASEMENT AGREEMENT  
(Saddlehorn Ranch Metropolitan District Nos. 1-3)

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For and in consideration of the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_.00) and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, \_\_\_\_\_, whose address is \_\_\_\_\_ (the "Grantor"), hereby grants, bargains, sells and conveys to the SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3, a quasi-municipal corporation and political subdivision of the State of Colorado, whose address is c/o 2154 East Commons Avenue, Centennial, Colorado 80122 (the "District"), its successors and permitted assigns, a non-exclusive easement (the "Easement") to construct, reconstruct, repair, replace and/or remove certain water improvements and appurtenances thereto (the "Improvements"), in, to, through, over, under and across certain parcels of real property located in El Paso County, Colorado, as more particularly described and shown in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Premises"). Such Easement is granted by the Grantor and is accepted by the District pursuant to the following terms and conditions:

1. The District, its agents, successors and permitted assigns, shall have and exercise the right of ingress and egress in, to, through, over, under and across the Premises for any purpose necessary for the construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements.
2. The Grantor, its successors and assigns, shall not construct or place any structure or building, street light, power pole, yard light, mailbox or sign, whether temporary or permanent, or plant any shrub, tree, woody plant, nursery stock, garden or other landscaping design feature on any part of the Premises, except with the prior written consent of the District. Any structure or building, street light, power pole, yard light, mailbox or sign, whether temporary or permanent, or any shrub, tree, woody plant, nursery stock, garden or other landscaping design feature of any kind situated on the Premises as of the date of this Easement or thereafter, except where the District has consented thereto, may be removed by and at the sole expense of the District in the District's exercise of its rights hereunder, without liability to the District therefor. Any structure or building, street, sidewalk, street light, power pole, yard light, mailbox or sign, whether temporary or permanent, or any shrub, tree, woody plant, nursery stock, garden or other landscaping design feature of any kind placed on the Premises by Grantor, its successors and assigns, subsequent to the date hereof without the District's consent may be removed by the District at the expense of Grantor, its successors or assigns, without liability to the District.
3. The District shall have the right to enter upon the Premises and to survey, construct, reconstruct, operate, use, maintain, repair, replace and remove the Improvements, and to remove objects interfering therewith, including but not limited to those items placed on the Premises under paragraph 2 hereof. In addition, the District shall have the right to use so much of the adjoining premises of the Grantor, its successors or assigns, during surveying, construction, reconstruction,

use, maintenance, repair, replacement, or removal of the Improvements as may be reasonably required; provided, however, that such activities shall not interfere unreasonably with Grantor's, its successors' or assigns' use and enjoyment of such adjoining premises. The District and its permitted assignees and licensees shall repair any damage caused to any adjoining premises and the improvements thereon, and shall be liable for any injury to person or damage to property, to the extent arising out of the District's, its permitted assignee's or licensee's use of the Easement.

4. The District shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of the Improvements. It is specifically agreed between and among the parties that, except as provided in this Easement, the Grantor, its successors and assigns, shall not take any action which would impair the lateral or subjacent support for the Improvements. The Grantor, its successors and assigns, shall have and exercise the right of subjacent and lateral support to whatever extent is necessary for the operation and maintenance of any improvements on property adjoining the Premises. It is specifically agreed by and between the Grantor and the District that, except as provided in this Easement, the District shall not take any action which would impair the lateral or subjacent support for such improvements. This paragraph is not intended to prohibit the development of the private property located adjacent to the Premises.

5. It is expressly acknowledged and agreed that the District shall have the right and authority to assign the Easement to any appropriate local governmental entity or to any public utility provider, including but not limited to all rights to use, and all obligations associated with, the Easement as are granted to and assumed by the District herein, subject to such assignee assuming the obligations set forth herein. The District shall have the right and authority to grant temporary construction easements to any appropriate local governmental entity or public utility provider for purposes of construction, reconstruction, operation, use, maintenance, repair, replacement and/or removal of the Improvements, subject to all of the terms and conditions of this Easement.

6. The District agrees that at such time and in the event that the Improvements or Easement described herein are abandoned by the District and any permitted assignee, the Easement will terminate automatically and the real property interest represented by the Easement will revert to the Grantor, its heirs, successors and/or assigns.

7. The Grantor covenants and agrees with the District that the Grantor has full power and lawful authority to grant, bargain, sell, and convey the Easement and that the Premises are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments, encumbrances and restrictions of whatever kind or nature, except matters of record. The Grantor further promises and agrees to warrant and forever defend the District in the exercise of the District's rights hereunder against any defect in the Grantor's title to the Premises and the Grantor's right to make the grant herein described, except matters of record.

8. Each and every one of the benefits and burdens of this Easement shall inure to and be binding upon the respective legal representatives, administrators, successors and permitted assigns of the Grantor and the District.

9. The Grantor, its successors and assigns, reserve the right to grant further easement

interests in the Premises to other grantees so long as such interests and uses are not inconsistent with, or unreasonably interfere with, the use of the Premises and benefits of this Easement by the District, its successors and permitted assigns, as described herein.

10. The rights and responsibilities set forth in this Easement are intended to be covenants on the Premises and are to run with the land.

11. This Easement shall be recorded in the real property records of El Paso County.

12. This Easement 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].*

\_\_\_\_\_20\_\_\_\_\_.

GRANTOR:

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

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by \_\_\_\_\_.

[SEAL]

---

Notary Public

My commission expires \_\_\_\_\_

DISTRICT NO. 1:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 1,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_



DISTRICT NO. 2:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 2,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

DISTRICT NO. 3:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 3,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

## **EXHIBIT A**

The Premises

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3  
RULES AND REGULATIONS**

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**APPENDIX D**

**TEMPORARY CONSTRUCTION EASEMENT FORM**

**RIGHT OF ENTRY**  
**Saddlehorn Ranch Metropolitan District Nos. 1-3**

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\_\_\_\_\_ (the "Grantor") hereby grants permission to the SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1-3, a quasi-municipal corporation and political subdivision of the State of Colorado (the "Temporary Occupant"), to enter upon the property as shown on **Exhibit A**, attached hereto and incorporated herein (the "Property") for the purpose of constructing and installing various public improvements, including, but not limited to, water facilities and improvements, and all of the activities associated therewith, subject to all the terms and conditions set forth in this Right of Entry. Such Right of Entry shall not be deemed a possessory right, but shall be merely a non-exclusive right of temporary access to the Property.

1. As consideration for this authority, the Temporary Occupant shall pay the Grantor the sum of \_\_\_\_ Dollars (\$\_\_\_\_.00), due upon execution of this Right of Entry agreement.

2. The term of this Right of Entry shall commence on \_\_\_\_\_ and shall terminate at 11:59 P.M. on \_\_\_\_\_, unless otherwise extended by mutual agreement of the parties hereto.

3. During the term of this Right of Entry agreement, the Temporary Occupant agrees to maintain the Property in an orderly condition. Upon the expiration of this Right of Entry, the Temporary Occupant shall restore the Property to the condition which existed prior to entry of the Temporary Occupant, or to such lesser condition as may be approved by the Grantor, in writing, and shall repair any damage resulting from entry on the Property in connection with this Right of Entry agreement.

4. The Temporary Occupant, at its sole cost and expense, shall comply with all federal, state, local and police requirements, regulations, ordinances and laws respecting the Property and the activities of the Temporary Occupant, conducted thereon, shall be solely responsible for any fines, fees or costs relating to the same, and shall not interfere with other parties entering the Property on behalf of the Grantor.

5. This Right of Entry 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.

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

7. This Right of Entry agreement shall be recorded in the offices of the County Clerk and Recorder for the County of El Paso, Colorado.

***[Remainder of page intentionally left blank].***

#1009479v4

DISTRICT NO. 1:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 1,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_



DISTRICT NO. 2:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 2,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

DISTRICT NO. 3:  
SADDLEHORN RANCH METROPOLITAN DISTRICT  
NO.1

\_\_\_\_\_  
President

\_\_\_\_\_  
\_\_\_\_\_

STATE OF COLORADO                    )  
  ) **ss.**  
COUNTY OF EL PASO                    )

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_, by  
\_\_\_\_\_ as President of the Saddlehorn Ranch Metropolitan District No. 3,  
a quasi-municipal corporation and political subdivision of the State of Colorado.

[SEAL]

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

## EXHIBIT A

The Property



**RESOLUTION  
OF THE BOARD OF DIRECTORS OF  
SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1**

**ADOPTING RULES AND REGULATIONS**

---

WHEREAS, the Board of Directors (the “**Board**”) of Saddlehorn Ranch Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), has determined that it is in the best interest of the District and the residents and property owners of the District to adopt rules and regulations in order to preserve and protect public property and facilities owned and/or operated by the District, and prohibit activities that interfere with the use and enjoyment of such property and facilities; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board is authorized to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the constitution and laws of the State of Colorado for carrying on the business, objects, and affairs of the Board and the District; and

WHEREAS, pursuant to § 32-1-1001(n), C.R.S., the Board is authorized to have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted to the District by Article 1, Title 32, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(j), C.R.S., the District is authorized to fix and impose fees, rates, tolls, charges and penalties for services or facilities provided by the District; and

WHEREAS, pursuant to § 18-9-117(1), C.R.S., in addition to any authority granted by any other law, the District may adopt such orders, rules, or regulations as are reasonably necessary for the administration, protection, and maintenance of public property under their control, management or supervision, regarding, *inter alia*, the following matters: (i) the preservation of property, grounds and structures; (ii) restriction or limitation of the use of such public property as to time, manner, or permitted activities; (iii) prohibition of activities or conduct on public property which may be reasonably expected to substantially interfere with the use and enjoyment of such places by others or which may constitute a general nuisance; and (iv) necessary sanitation, health, and safety measures); and

WHEREAS, pursuant to § 18-9-117 (2), C.R.S., such limitations or prohibitions must be prominently posted at all public entrances to such property or such notice must be given by an officer or agency, including any agent thereof, or by any law enforcement officer having jurisdiction or authority to enforce the limitations, restrictions, or prohibitions; and

WHEREAS, the Board has determined that it is in the best interest of the District and the residents and property owners of the District to adopt rules and regulations in order to provide for the preservation of the health, safety, and welfare of residents, property owners, and the public.

NOW, THEREFORE, be it resolved by the Board as follows:

1. Adoption of Rules and Regulations. The rules and regulations attached hereto as **Exhibit A** and incorporated herein by this reference (the “**Rules and Regulations**”) are hereby adopted pursuant to § 32-1-1001(1)(m) and § 18-9-117, C.R.S.

2. Amendment. The District expressly reserves the right to amend, revise, redact, and/or repeal the Rules and Regulations adopted hereby in whole or in part, from time to time in order to further the purpose of carrying on the business, objects, and affairs of the District. The foregoing shall specifically include, but not be limited to, the right to adopt new rules and regulations and/or policies and procedures as may be necessary, in the Board’s discretion.

3. Effective Date. The provisions of this resolution shall take effect as of the date of this resolution.

4. Severability. If any term or provision of this resolution or if any rule or regulation is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of the remainder of the resolution or rules and regulations, as a whole, but shall be severed, leaving the remaining terms or provisions in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

5. Penalties. Violators of any of the Rules and Regulations may be subject to criminal and civil penalties.

a. Criminal Remedies. Pursuant to § 18-9-117 (3)(a) and (b), C.R.S. any violation of the Rules and Regulations is unlawful and violators may be subject to criminal penalties enforceable by authorized law enforcement officers.

b. Civil Penalties. A violation of any of the Rules and Regulations is subject to any and all civil remedies available to the District under Title 32, C.R.S. or other applicable law. The District may collect such penalties, charges, costs and fees by any means authorized by law.

**RESOLVED AND ADOPTED DECEMBER 9, 2022.**

**SADDLEHORN RANCH METROPOLITAN  
DISTRICT NO. 1**, a quasi-municipal corporation  
and political subdivision of the State of Colorado

---

Officer of the District

ATTEST:

---

APPROVED AS TO FORM:

**WHITE BEAR ANKELE TANAKA & WALDRON**  
Attorneys at Law

---

General Counsel to the District

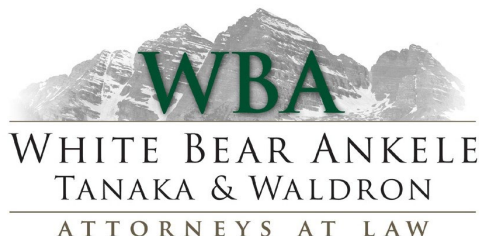
*Signature Page to Resolution Adopting Rules and Regulations.*

**EXHIBIT A**  
**Rules and Regulations**





WILLIAM P. ANKELE, JR.  
JENNIFER GRUBER TANAKA  
CLINT C. WALDRON  
KRISTIN BOWERS TOMPKINS  
ROBERT G. ROGERS  
BLAIR M. DICKHONER  
GEORGE M. ROWLEY



OF COUNSEL:  
KRISTEN D. BEAR  
K. SEAN ALLEN  
TRISHA K. HARRIS  
ZACHARY P. WHITE  
HEATHER L. HARTUNG  
MEGAN J. MURPHY

EVE M. G. VELASCO  
AUDREY G. JOHNSON  
CAREY S. SMITH V  
ERIN K. STUTZ  
JON L. WAGNER  
NELSON G. DUNFORD  
RUTH O. BORNE

## MEMORANDUM

**FROM:** WHITE BEAR ANKELE TANAKA & WALDRON

**DATE:** June 23, 2022

**RE:** Overview of 2022 Legislation Affecting Special Districts, Municipalities, and Community Associations

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This year's Legislative Session officially wrapped up on May 11, 2022. As in past years we are providing a summary of the pertinent legislation impacting special districts, municipalities, and community associations. If you would like more detailed information on any of the information contained herein, please let us know.

Most bills approved by the legislature were signed by the Governor and became law at 12:01 a.m. on June 10, 2022, unless otherwise indicated below; provided, however, some laws include a 90-day referendum period before becoming effective, as noted below. One bill approved by the legislature was vetoed by the Governor, as noted below.

### **SPECIAL DISTRICT LEGISLATION**

#### **SB 22-001: Crime Prevention Through Safer Streets**

This law creates the Crime Prevention Through Safer Streets Grant Program in the Department of Public Safety (DPS), through which local governments can apply for grants for improvements designed to create safer communities, such as improved lighting and trash collection, space management, and territorial reinforcement. Grant money may not be used for hiring law enforcement, facial recognition purposes, or surveillance programs to detect gunshots. Grant applications must solicit feedback and consulting with various stakeholders and experts, among other requirements established by the DPS. This law appropriates \$10.3 million to DPS for the grant program.

This law was signed by the Governor on May 19, 2022, and takes effect immediately.

### **SB 22-002: Resources For Volunteer Firefighters**

This law amends the existing local firefighter safety and disease prevention fund to give priority in awarding grants to governing bodies and volunteer fire departments that:

- Have lost tax revenues as a result of decreased assessment values due to a wildland fire within their jurisdiction in the previous 5 years;
- Rely solely or primarily on volunteer firefighters and serve communities affected by wildland fires; or
- Demonstrate the greatest need for additional funding to ensure the safety of volunteer and seasonal firefighters.

In addition, money in the fund may be used to reimburse a multiple employer behavioral health trust for the direct costs of providing a behavioral health care to firefighters. The division is also authorized to directly purchase distribute equipment and pay for training for governing bodies and volunteer fire departments without requiring a grant application.

This law was signed by the Governor on June 3, 2022, and takes effect immediately.

### **SB 22-006: Sales Tax Assistance for Small Businesses**

This law permits a retailer with total taxable sales in the amount of \$100,000 or less to retain 5.3% of the sales tax reported as compensation for the retailer's expenses incurred in collecting and remitting the tax (vendor fee) for sales made in 2023, rather than retaining a 4% vendor fee, which is what current law allows. The law also clarifies that the calculation of the amount that is credited to the housing development grant fund is only based on the changes to the vendor fee from House Bill 19-1245, and not on any subsequent modifications, including those changes made in this law.

This law was signed by the Governor on May 16, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. Further, this law applies to sales occurring in 2023.

### **SB 22-007: Increase Wildfire Risk Mitigation Outreach Efforts**

This law is designed to enhance the wildland-urban interface requiring the Colorado state forest service to convene a working group with the division of fire prevention in the department of public safety (DFPC) and the United States forest service (USFS), and may include other local, state, or federal partners and entities engaged in wildfire risk mitigation. The working group is tasked with enhancing wildfire awareness and mitigation.

This law was signed by the Governor on June 3, 2022, and takes effect immediately.

### **SB 22-076: Complaint Occupational License Official Acts**

This law directs the agency that regulates an occupation to dismiss an anonymous complaint that is lodged against the holder of an occupational license, certification, or registration if the complaint is based on words said or actions taken as:

- An elected official of Colorado or a political subdivision of Colorado; or
- A member of a board or commission of Colorado or a political subdivision of Colorado.

If the same type of complaint is submitted, but not anonymously, the department is authorized to dismiss the complaint. The subject of the complaint need not respond or provide evidence for the complaint to be dismissed. An exception is added for words said to or actions committed for a specific person when the license, certificate, or registration holder is speaking or acting as a member of the occupation.

This law was signed by the Governor on April 7, 2022, and takes effect immediately.

### **SB 22-086: Homestead Exemption and Consumer Debt Protection**

This law increases the amount of the homestead exemption from \$75,000 to \$250,000 if such homestead is occupied by the owner or owner's family or from \$105,000 to \$350,000 if such homestead is occupied by an owner who is elderly or disabled, an owner's spouse who is elderly or disabled or an owner's dependent who is elderly or disabled. The law also expands the definition of "homestead" to include a greater range of real and personal property when such property is used as a dwelling or place of residence, adds an exemption category for depository account(s) of up to \$2,500 and creates new exemption categories.

This law was signed by the Governor on April 7, 2022, and takes effect immediately.

### **SB 22-097: Whistleblower Protection Health & Safety**

Current law provides whistleblower protections for workers who raise a reasonable concern about health or safety related to a public health emergency. This law expands the protection to all health and safety concerns regardless of whether there is a declared public health emergency.

This law was signed by the Governor on May 31, 2022 and takes effect immediately.

### **SB 22-114: Fire Suppression Ponds Water Rights**

This law allows a board of county commissioners in consultation with its fire protection district to apply to the state engineer for the designation of a pond as a fire suppression pond. If a pond that is under consideration for designation as a fire suppression pond is located in whole or in part upon private property, a board must acquire the voluntary written approval of each owner of private property that abuts the pond before the board applies to the state engineer for the designation of the pond as a fire suppression pond.

It is important to note that a fire suppression pond and the water associated that is designated;

- Are not considered a water right;
- Do not have a priority for the purpose of determining water rights; and
- May not be adjudicated as a water right.
- Cannot exceed 30 total surface acres in any county

The state engineer reviews the applications received from boards and, can only designate ponds, which satisfy specific requirements.

Within 70 days after the state engineer designates a pond as a fire suppression pond, a holder of a decreed water right may file with the water clerk of the water division in which the fire suppression pond is located a petition for review of the state engineer's decision. Upon receiving a petition, a water judge must conduct a review of the state engineer's decision. A water judge may nullify the state engineer's designation of a pond as a fire suppression pond if, after considering the entire record, including any evidence of material injury, the judge finds that:

- In applying for such designation, the board did not describe a pond that complies with criteria established by rules promulgated by the director; or
- The state engineer's decision did not accord with certain other requirements in the law concerning fire suppression ponds.

A proposed fire suppression pond is presumed to not cause material injury to vested water rights. A holder of a decreed water right may rebut the presumption by providing evidence to the state engineer sufficient to show that material injury has occurred or will occur to the decreed water right.

This law was signed by the Governor on June 8, 2022, and takes effect July 1, 2022.

#### **SB 22-130: State Entity Authority For Public-Private Partnerships**

This law authorizes a "state public entity" to enter into an agreement with a private partner to form a public-private partnership to develop or operate a "public project" subject to additional requirements and oversight by the Department of Personnel. Definition of "private partner" includes local governments which presumably includes special districts.

This law was signed by the Governor on May 26, 2022, and takes effect immediately.

#### **SB 22-164: Correction Property Tax Disclosure Information Metropolitan District**

This law is a clean-up law relating to SB 21-262. The disclosure requirement in SB 21-262 requires one to obtain the property tax statement from the County Assessor as opposed to the County Treasurer. This law clarifies that the property tax statement is obtained from the County Treasurer.

This law was signed by the Governor on May 6, 2022, and takes effect immediately.

### **SB 22-206: Disaster Preparedness and Recovery Resources**

The law also creates the disaster resilience rebuilding program fund and the sustainable rebuilding program. The disaster resilience rebuilding program primary purpose is to provide loans and grants to homeowners, owners of residential rental property, businesses, governmental entities, and other organizations working to rebuild after a disaster emergency. The division may contract with a governmental entity, bank, community development financial institution, or other entity to administer the disaster resilience rebuilding program. The sustainable rebuilding program's purpose is to provide loans and grants to homeowners, owners of residential rental property, and businesses that are rebuilding after a wildfire or other natural disaster to cover costs associated with building high performing, energy efficient, and resilient homes and structures.

This law was signed by the Governor on May 17, 2022, and takes effect immediately.

### **SB 22-208: Condemned Conservation Easement Property Compensation**

The law specifies that if property encumbered by a conservation easement in gross is condemned through an eminent domain proceeding, just compensation must be determined based on the value of the property as if unencumbered by the conservation easement in gross and must be allocated between the fee owner and the holder of the conservation easement based upon the value of their respective interests in the property.

This law was signed by the Governor on June 7, 2022, and takes effect immediately.

### **SB 22-225: Ambulance Service Sustainability and State Licensing**

Under current law, ambulance services are regulated at the local level. On and after July 1, 2024, the law requires an ambulance service to obtain a state license from the department of public health and environment. On and after July 1, 2024, a county or city and county is authorized to grant an ambulance service authorization to operate within the county or city and county and to enter into service agreements, memoranda of understanding, and other contracts with ambulance services operating in the county or city and county.

This law was signed June 1, 2022, and takes effect immediately.

### **SB 22-238: 2023 and 2024 Property Taxes**

This law concerns the reductions in real property taxation for only the 2023 and 2024 property tax years, and, in connection therewith, reduces the assessment rates for certain classes of nonresidential property and all residential property and the amount of actual value to which the rate is applied for all residential real property and commercial property for 2023; reduces the assessment rates for all multi-family residential real property to a set amount for 2024; reduces the assessment rates for all residential real property other than multi-family residential real property for 2024 by an amount determined by the property tax administrator to cumulatively with the other provisions of the law reduce statewide property tax revenue for 2023 and 2024 by a specified amount; reduces the assessment rates for real and personal property that is classified as agricultural

or renewable energy production property for 2024; and requires the state to reimburse local governments, excluding school districts, in 2024 for 2023 reductions in their property tax revenue resulting from the law. Metropolitan districts are not eligible for reimbursements under this law; however, certain special districts, including water, sanitation, fire protection and library districts, are eligible for reimbursements if they meet the demographic requirements set forth in the law.

This law was signed by the Governor on May 16, 2022, and takes effect immediately and applies to tax years 2023 and 2024.

#### **HB 22-1006: Child Care Property Tax Exemption**

Under the state constitution, property that is used solely and exclusively for charitable purposes is exempt from property tax, unless otherwise provided by general law. Under this constitutional authority, there is currently an exemption for property used as an integral part of a child care center. This law modifies this exemption by repealing the requirement that the property must be owned for strictly charitable purposes and not for private gain or corporate profit, and that the property must be irrevocably dedicated to a charitable purpose. These changes allow property that is used by a tenant or subtenant to operate a child care center to be eligible for the exemption, and the law specifies that in such case, only the operator's use is to be considered for purposes of determining whether the property is eligible for the exemption.

This law was signed by the Governor on June 1, 2022, and takes effect immediately.

#### **HB 22-1007: Wildfire Matters Review Committee**

This law establishes the wildfire mitigation resources and best practices grant program under the Colorado state forest service and applies to local government, counties, municipalities, special districts, tribal agency or program, or a nonprofit organization. Grants are awarded to applicants proposing to outreach to landowners in high wildfire hazard areas. This law will extend the existing income tax deduction created to offset the landowner's costs incurred in performing wildfire mitigation measures set to expire in the 2024 income tax year through to the 2025 income tax year. The law creates a state income tax credit to reimburse a landowner for the costs incurred in performing wildfire mitigation measures on the landowner's property. Specifically, a landowner with a federal taxable income at or below \$120,000 for the income tax year commencing on or after January 1, 2023, but prior to the 2026 income tax year, as adjusted for inflation and rounded to the nearest hundred dollar amount for each income tax year thereafter, is allowed a state income tax credit in an amount equal to 25% of up to \$2,500 in costs for wildfire mitigation measures. The maximum total credit in a taxable year is \$625.

This law was signed by the Governor on June 3, 2022 and takes effect immediately.

#### **HB 22-1086: The Vote Without Fear Act**

This law prohibits a person from openly carrying a firearm within any polling location or central count facility, or within 100 feet of a ballot drop box or any building in which a polling location or central count facility is located, while an election or any related ongoing election administration



activity is in progress. The designated election official responsible for any central count facility, polling location, or drop box involved in that election cycle shall visibly place a sign notifying persons of the one-hundred foot no open carry zone for firearms. Exceptions are made for persons who own private property within the 100-foot buffer zone to carry a firearm on the private property; peace officers acting within the scope and authority of their duties to carry a firearm; and uniformed security guards employed by a contract security agency acting within the scope of the authority granted by and in the performance of a contractual agreement for the provision of security services with a person or entity that owns or controls the facility, building, or location. Openly carrying a firearm inside or within 100 feet of a polling location, central count facility, or drop box is a misdemeanor, punishable by a maximum \$1,000 fine, up to 364 days imprisonment in the county jail, or both; except that, for a first offense, the fine shall not exceed two hundred fifty dollars and the sentence of imprisonment shall not exceed one hundred twenty days.

This law was signed by the Governor on March 30, 2022, and takes effect immediately.

#### **HB 22-1087: Special District Retirement Benefits**

This law addresses special district retirement benefits and specifically excludes directors from being eligible for PERA benefits.

This law was signed by the Governor on March 24, 2022, and takes effect immediately and is applicable to those who begin their service as of July 1, 2022.

#### **HB 22-1097: Dissolution of Special Districts**

This law extends the power to dissolve special districts to the county and permits the dissolution of a special district without requiring an election. This power is currently permitted for municipalities and merely extends the same powers to the county.

This law was signed by the Governor on March 17, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it be on the November, 2022 ballot.

#### **HB 22-1104: Powerline Trails Act**

This law enables electric utility transmission providers to enter into contracts with public entities, such as Special Districts, to construct and maintain recreational trails, known as powerline trails, within tracts of land that are utilized as electric utility transmission corridors. Furthermore, the law compels electric transmission providers to develop and maintain informational resources regarding powerline trails, and to distribute these informational resources to local governments located in the vicinity of construction of powerline transmission facilities. Public entities seeking to construct powerline trails are required by the legislation to consult and coordinate with the Division of Parks and Wildlife to minimize environmental impacts. While the intent of the legislation is to encourage and promote the consideration and construction of powerline trails when feasible, it does not obligate either electric transmission providers or local governments to enter into agreements, or to fund projects.



This law was signed by the Governor on April 13, 2022, and takes effect immediately.

### **HB 22-1119: Colorado False Claims Act**

The law establishes the “Colorado False Claims Act” (the act). Pursuant to the act, a person is liable to the state or a political subdivision of the state for a civil penalty if the person commits, conspires to commit, or aids and abets the commission of any false claim set forth in the law.

The law requires the attorney general or a local prosecutor to investigate false claims. The attorney general, prosecuting authority of a political subdivision, or a private person may bring a civil action against a person who made a false claim. The law permits the attorney general or prosecuting authority of a political subdivision to intervene in an action brought by a private person. A private person who brings a false claims action may be awarded up to 30% of the proceeds from the action based on the extent the private person contributed to the investigation and prosecution of the false claim. If the private person is an employee of the state or political subdivision and learns information about the false claim in the course of the person’s work, the court will award that amount to the person’s employer. The law authorizes the state auditor to share information about potential false claims with the attorney general and a political subdivision. The law requires that a false claims action be filed in a state district court or federal court with jurisdiction over the action.

A court cannot hear a false claim action:

- Brought against a serving member of the general assembly, a member of the state judiciary, an executive director of a state agency, or an elected official in the executive branch of the state of Colorado acting in the member’s, executive director’s, or official’s official capacity; or
- Based on the same allegations or transactions that are the subject of a different civil or administrative proceeding.

The law prohibits retaliatory action against an individual because of the individual’s efforts in furtherance of investigating, prosecuting, or stopping false claims. A court hearing a false claims action may hear a claim for retaliation against the individual.

The law clarifies how information subject to a person’s attorney-client privilege is protected, unless the privilege is waived, an exception to the privilege applies, or disclosure of the information is permitted by an attorney pursuant to certain federal regulations applicable to attorneys appearing and practicing before the federal securities and exchange commission, the applicable Colorado rules of professional conduct, or otherwise.

The law sets forth the process for paying to a political subdivision any proceeds recovered in a false claims action retained by the state that are attributable to the political subdivision.

The law requires the attorney general to annually submit a report to specified committees of reference about false claims actions during the previous fiscal year.

This law was signed by the Governor on June 7, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it will be on the November, 2022 ballot.

### **HB 22-1132: Regulation and Services For Wildfire Mitigation**

This law regulates controlled burns on private property. The law requires that a fire department (defined to include a fire protection district as well as a county or municipality) be notified prior to conducting a controlled burn on private property.

This law was signed by the Governor on June 3, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it will be on the November, 2022 ballot.

### **HB 22-1151: Turf Replacement Program**

This law requires the Colorado Water Conservation Board to develop a state turf replacement program on or before July 1, 2023 to incentivize the voluntary replacement of irrigated turf on residential, commercial, institutional and industrial properties and to promote the utilization of water-wise landscaping. The program will provide funds to eligible entities (those that provide matching funds in a specified amount and includes local governments, districts, Native American tribes and nonprofit organizations) and then those eligible entities may use the awarded money to cover direct and indirect costs in developing and administering a turf replacement program.

This law was signed by the Governor on June 8, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it will be on the November, 2022 ballot.

### **HB 22-1273: Concerning Protections for Election Officials**

This law makes it unlawful for a person to threaten, coerce, or intimidate an election official with the intent to interfere with the performance of the official's duties or with the intent to retaliate against the official for the performance of the official's duties. The prohibition does not apply to an enforcement action taken by the secretary of state to enforce state election laws or to an enforcement action taken by a designated election official against an election judge who has violated a statute, a rule promulgated by the secretary of state, or the election judge's oath. The law also prohibits a person from making the personal information of an election official or an election official's immediate family publicly available on the internet if the person knows or reasonably should know that doing so will pose an imminent and serious threat to the election official or the election official's immediate family. An election worker may file a request with a state or local official to remove personal information from records that the official makes available on the internet. The request must include an affirmation under penalty of perjury that the election worker has reason to believe that the dissemination of the election worker's personal information on the internet poses an imminent and serious threat to the safety of the election worker. After receiving a request from an election worker, the state or local official is also required to deny access to the personal information in response to a request for records under the "Colorado Open

Records Act”; except that certain individuals may access records maintained by a county recorder, county assessor, or county treasurer if such access is related to a real estate matter. For purposes of this protection, “election worker” is defined to include a county clerk and recorder, county election staff, a municipal clerk, municipal election staff, the secretary of state, and the secretary of state’s election staff but does not include an election judge or a temporary employee.

This law was signed by the Governor on June 2, 2022, and takes effect immediately.

### **HB 22-1296: Residential Real Property Classification**

Under current law, facilities that provide long-term nursing, rest, and assisted living services, where residents reside for more than 30 days, are classified as residential properties. However, facilities that provide short-term convalescent care and rehabilitation services, where patrons visit the facility periodically or temporarily reside there for less than 30 days, are valued and classified according to the procedures for nonresidential property. This law defines a nursing home as a licensed nursing care facility, including a nursing care facility that provides convalescent care and rehabilitation services. The law specifies that land on which a nursing home is situated and any improvements affixed to that land for the use of the nursing home are classified and assessed as residential real property, regardless of a resident’s length of stay.

This law was signed by the Governor on June 2, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. Further, this law, if enacted, applies to property tax years commencing on January 1, 2023.

### **HB 22-1314: Towing Carrier Nonconsensual Tows**

This law increases regulations on towing and prohibits the nonconsensual towing of a vehicle from a parking space or common parking area without the towing carrier or property owner providing the vehicle owner or operator with 24 hours written notice, except in certain limited instances.

This law was signed by the Governor on June 7, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it be on the November, 2022 ballot.

### **HB 22-1354: Protecting Injured Workers’ Mental Health Records**

The law clarifies provisions in the “Workers’ Compensation Act of Colorado” (act) relating to the release and disclosure of mental health records pertaining to an injured employee making a claim under the act (claimant). The law defines “mental health records”; requires a mental health provider to provide an insurer with mental health records, as necessary for payment, adjustment, and adjudication of claims involving psychiatric issues; prohibits the disclosure of mental health records to any person who is not directly involved in adjusting or adjudicating claims involving psychiatric issues without the consent of the mental health provider or claimant; prohibits an insurer from releasing a claimant’s mental health records to the claimant’s employer; limits an insurer’s disclosure of a claimant’s mental health records to an employer, supervisor, or manager to only information from the mental health records pertaining to work restrictions placed on the

claimant; and for a self-insured employer requires the employer to keep a claimant's mental health records separate from personnel files; limits disclosure of the claimant's mental health records to a supervisor or manager to only information from the mental health records pertaining to work restrictions placed on the claimant; and prohibits disclosure of the claimant's mental health records to any third party and redisclosure by the third party to any person who is not directly involved in adjusting or adjudicating claims involving psychiatric issues without the consent of the treating mental health provider or claimant.

This law was signed by the Governor on June 8, 2022, and takes effect immediately.

## **COMMUNITY ASSOCIATIONS LEGISLATION**

### **SB 22-059: Home Owners' Association Voting Proxy Limitations**

This law amends Section 38-33.3-310, C.R.S. regarding proxies and provides that proxies terminate 11 months after the date signed unless the proxy itself indicates an earlier termination date. This is somewhat of a minimal change from the prior language of the statute that provided a proxy terminated 11 months after its date unless "it provides otherwise".

This law was signed by the Governor on March 21, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it will be voted on in the November, 2022 election.

### **HB 22-1040: Home Owners' Reasonable Access to Common Areas**

This law prohibits associations from unreasonably restricting or prohibiting access to, or enjoyment of, common elements by owners, including during the maintenance, repair, replacement or modification of common elements. If associations must restrict or prohibit the use of common elements for more than seventy-two hours then the association must provide either electronic or written notice to each owner of why the restriction or prohibition is being put in place; the estimated time or date by which the restriction or prohibition will be lifted and the phone number or email address of who an owner can contact to ask questions about the restriction or prohibition. The association must also post a notice at the entrance to the common element about the restriction or prohibition.

This law was signed by the Governor on April 12, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it will be voted on in the November, 2022 election.

### **HB 22-1137: Homeowners' Association Board Accountability and Transparency**

This law greatly limits the ability of associations to collect delinquent assessments, fees and fines and requires associations and their management companies to change long-standing practices and operations. The multitude of changes are vast and include, but are not limited to:

- Requiring additional notifications to owners of delinquencies (including the physical posting of notices on a unit owner's unit);
- Allowing owners to request that correspondence and notices be in a language other than English;
- Requiring individual review of delinquent accounts by the association's board of directors before they are turned over to a collection agency or attorney for collections – a majority of the board of directors must agree to turn a file over for collections and the recorded vote must occur at a meeting;
- Prohibiting the imposition of daily late fees and/or fines for covenant violations;
- Limiting the maximum amount of fines an association may impose for a covenant violation to \$500;
- Requiring that prior to sending an account to collections for unpaid assessments, fines, fees or charges that the association provide notice to the owner by certified mail, return receipt requested;
- Changing the requirements to the offered payment plan to now state that owners have 18 months for a payment plan;
- Limiting interest on unpaid assessments, fines or fees to no more than 8%; per year;
- Prohibiting foreclosure actions based solely on fines and/or collection costs or attorney fees associated with assessed fines; and;
- Changing the way in which payments are to be applied to a delinquent account.

This law was signed by the Governor on June 3, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it be voted on in the November, 2022 election.

#### **HB 22-1139: Home Owners' Associations Cannot Regulate Use of Public Rights-of-Way**

This law prohibits associations from regulating public rights-of-way, regardless of any provisions in the governing documents, by stating such prohibitions are contrary to public policy.

This law was signed by the Governor on May 6, 2022, and takes effect 90 days after the end of the legislative session, August 9, 2022, unless a referendum is filed. If a referendum is filed, then it be voted on in the November, 2022 election.

### **VETOED BILLS**

#### **HB 22-1387: Common Interest Communities Reserve Funds**

This bill would have required mandatory reserve studies for associations, changed the parameters for responsible governance policies as they relate to reserve studies for major shared components, placed new requirements on declarants relating to reserve studies and associated funding, required certain additional seller disclosures be provided by declarants to potential buyers and placed new requirements on what is required to be in an association's budget relative to reserve studies and reserve funding.

This bill was vetoed on May 27, 2022.



**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS . 1 AND 2**  
**JOINT ANNUAL ADMINISTRATIVE RESOLUTION**  
**(2023)**

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WHEREAS, Saddlehorn Ranch Metropolitan District Nos. 1 and 2 (each a “**District**”), were organized as special districts pursuant to an Order and Decree of the District Court in and for the County of El Paso, Colorado (the “**County**”), Colorado; and

WHEREAS, the Board of Directors of each District (the “**Board**”) has a duty to perform certain obligations in order to assure the efficient operation of the District and hereby directs its consultants to take the following actions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

1. The Board directs Walker Schooler District Managers (the “**District Manager**”) to cause an accurate map of the District’s boundaries to be prepared in accordance with the standards specified by the Division of Local Government (“**Division**”) and to be filed in accordance with § 32-1-306, C.R.S.

2. The Board directs the District’s Manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder, the governing body of any municipality in which the District is located, and the Division of the name of the chairman of the Board, the contact person, telephone number, and business address of the District, as required by § 32-1-104(2), C.R.S.

3. The Board directs the District’s Manager to prepare and file with the Division, within thirty (30) days of a written request from the Division, an informational listing of all contracts in effect with other political subdivisions, in accordance with § 29-1-205, C.R.S.

4. The Board directs the District’s accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.

5. The Board directs the District’s accountant to: (a) obtain proposals for auditors to be presented to the Board; (b) cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and (c) cause the audit to be filed with the State Auditor by July 31st, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S. Alternatively, if warranted by § 29-1-604, C.R.S., the Board directs the District’s accountant to apply for and obtain an audit exemption from the State Auditor on or before March 31st in accordance with § 29-1-604, C.R.S.

6. The Board directs the District’s accountant, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District the District’s audit report or a copy of its application for exemption from audit in accordance with § 29-1-606(7), C.R.S.

7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15th, to prepare the final budget and budget message, including any amendments thereto, if necessary, and directs the District's Manager to schedule a public hearing on the proposed budget and/or amendments, and to post or publish notices thereof, and file the budget, budget resolution and budget message with the Division on or before January 30th, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

8. The Board directs the District's accountant to monitor all expenditures and, if necessary, to notify the District's legal counsel, Manager and the Board when expenditures are expected to exceed appropriated amounts, and directs District Manager to prepare all budget amendment resolutions and directs District Manager to schedule a public hearing on a proposed budget amendment and to post or publish notices thereof and to file the amended budget with the Division on or before the date of making such expenditure or contracting for such expenditure, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.

9. The Board directs legal counsel to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1st if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

10. The Board directs the District's accountant to prepare the mill levy certification form and directs legal counsel to file the mill levy certification form with the Board of County Commissioners on or before December 15th, in accordance with § 39-5-128, C.R.S.

11. The Board directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S.

12. The Board determines that each director shall receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.

13. The District hereby acknowledges, in accordance with § 32-1-902, C.R.S., the following officers for the District:

President:	[_____]
Treasurer:	[_____]
Secretary:	[_____]
Recording Secretary:	District Manager

14. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with § 32-1-902(3)(b) and § 18-8-308, C.R.S. Written disclosures provided by Board members required to be filed with the governing body in accordance with § 18-8-308, C.R.S., shall be deemed filed with the Board when filed with the Secretary of State. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding



any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections, or deletions to said conflicts of interest disclosures.

15. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.

16. The Board hereby appoints the District's Manager as the official custodian for the maintenance, care, and keeping of all public records of the District, in accordance with §§ 24-72-202, *et seq.*, C.R.S. The Board hereby directs its legal counsel, accountant, manager, and all other consultants to adhere to the Colorado Special District Records Retention Schedule as adopted by the District.

17. The Board directs the District's Manager to post notice of all regular and special meetings in accordance with § 32-1-903(2) and § 24-6-402(2)(c), C.R.S. The Board hereby designates <http://wsdistricts.co/saddlehorn-ranch-metropolitan-district-nos-1-3/> as the District's website for the posting of its regular and special meeting notices. The Board also hereby designates, unless otherwise designated by the Board, Section 3, Township 13 South and Range 64 West (District No. 1) and Southwest corner of the District, at Section 10 Township 13 South and Range 64 West (District No. 2) as the location each District will post notices of meetings in the event of exigent or emergency circumstances which prevent the District from posting notice of the meeting on the District's website. The Board directs the District's Manager to provide the website address set forth above to the Department of Local Affairs for inclusion in the inventory maintained pursuant to § 24-32-116, C.R.S.

18. The Board determines to hold regular meetings on the second Thursday of the second month of every quarter at 11:00 a.m. at 731 North Weber, Suite 10, Colorado Springs, Colorado 80903 and by telephone, electronic, or other means not including physical presence. All notices of meetings shall designate whether such meeting will be held by electronic means, at a physical location, or both, and shall designate how members of the public may attend such meeting, including the conference number or link by which members of the public can attend the meeting electronically, if applicable.

19. In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

20. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-13.5-1101, C.R.S., the Board hereby deems that all regular and special elections of the District shall be conducted as independent mail ballot elections in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S., unless otherwise deemed necessary and expressed in a separate election resolution adopted by the Board.

21. Pursuant to the authority set forth in § 1-1-111, C.R.S., the Board hereby appoints Ashley B. Frisbie, as the Designated Election Official (the “DEO”) of the District for any elections

called by the Board, or called on behalf of the Board by the DEO, and hereby authorizes and directs the DEO to take all actions necessary for the proper conduct of the election, including, if applicable, cancellation of the election in accordance with § 1-13.5-513, C.R.S.

22. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the DEO to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District and file a copy of such certification with the Division of Securities.

23. The Board directs legal counsel to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.

24. Pursuant to the authority set forth in § 24-12-103, C.R.S., the Board hereby designates, in addition to any officer of the District, Emilee D. Hansen of the law firm of White Bear Ankele Tanaka & Waldron, Attorneys at Law, as a person with the power to administer all oaths or affirmations of office and other oaths or affirmations required to be taken by any person upon any lawful occasion.

25. The Board directs legal counsel to cause the preparation of and filing with the Board of County Commissioners or the governing body of the municipality that adopted a resolution of approval of the District, if requested, the application for quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

26. The Board directs the District's Manager to cause the preparation of and the filing with the Board of County Commissioners or the governing body of any municipality in which the District is located, the Division, the State Auditor, the County Clerk and Recorder, and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report in accordance with § 32-1-207(3)(c), C.R.S.

27. The Board directs the District's Manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees, and insurance premiums, as applicable, in a timely manner. The Board appoints the District's Manager to designate the proxy for the SDA Annual meeting for voting and quorum purposes.

28. The Board hereby opts to exclude elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs the District's Manager to file a statement with the Division of Workers' Compensation in the Department of Labor and Employment not less than forty-five (45) days before the start of the policy year for which the option is to be exercised, in accordance with § 8-40-202(1)(a)(I)(B), C.R.S.

29. The Board hereby directs the District's Manager to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the electors of the District

accordingly. Further, the Board hereby designates the following website as the District's official website for the purposes thereof: <http://wsdistricts.co/saddlehorn-ranch-metropolitan-district-nos-1-3/>.

30. The Board hereby directs legal counsel to prepare and record with the County Clerk and Recorder updates to the disclosure statement notice and map required by § 32-1-104.8, C.R.S., if additional property is included within the District's boundaries.

31. In accordance with § 38-35-109.5(2), C.R.S., the District hereby designates the President of the Board as the official who shall record any instrument conveying title of real property to the District within thirty (30) days of any such conveyance.

32. The Board hereby affirms the adoption of the corporate seal in substantially the form appearing on the signature page of this resolution in accordance with § 32-1-902, C.R.S., regardless of whether initially produced electronically or manually. The requirement of any District resolution, proceeding or other document to "affix" the District seal thereto, including for the purpose of satisfying any applicable State law, shall be satisfied by manual impression or print, facsimile reproduction or electronic reproduction, or inclusion of the image of such seal. Without limiting the foregoing, any electronic production or reproduction of the image of the seal shall constitute an electronic record of information, as defined in the Uniform Electronic Transactions Act, and the Board hereby authorizes its use in accordance with the authority provided by §24-71.3-118, C.R.S.

33. The Board directs the District's Accountant to prepare and submit the documentation required by any continuing disclosure obligation signed in conjunction with the issuance of debt by the District.

34. The Board directs legal counsel to monitor, and inform the Board of, any legislative changes that may occur throughout the year.

***[Remainder of Page Intentionally Left Blank, Signature Page Follows]***

ADOPTED DECEMBER 9, 2022.

(SEAL)

**DISTRICTS:**

**SADDLHORN RANCH METROPOLITAN  
DISTRICT NOS. 1 AND 2**, quasi-municipal  
corporations and political subdivisions of the  
State of Colorado

By: \_\_\_\_\_  
Officer of the Districts

Attest:

By: \_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

\_\_\_\_\_  
General Counsel to the Districts

**CERTIFICATION OF RESOLUTION**

I hereby certify that the foregoing constitutes a true and correct copy of the resolution of the Board adopted at a meeting held on December 9, 2022, at 731 North Weber, Suite 10, Colorado Springs, Colorado and via teleconference.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_ day of December 2022.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name



## INDEPENDENT CONTRACTOR AGREEMENT (DISTRICT MANAGEMENT SERVICES)

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This INDEPENDENT CONTRACTOR AGREEMENT, including any and all exhibits attached hereto (the “**Agreement**”), is entered into as of the 9<sup>th</sup> day of December 2022, by and between SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and WSDM, LLC d/b/a WALKER SCHOOLER DISTRICT MANAGERS, a Colorado limited liability company (the “**Contractor**”). The District and the Contractor are referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

### RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating, and maintaining certain public facilities and improvements for itself, its taxpayers, residents, and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire, and retain agents, employees, engineers, and attorneys; and

WHEREAS, the District desires to engage the Contractor to perform certain services as are needed by the District to serve the property within and without its boundaries; and

WHEREAS, the Contractor has represented that it has the professional experience, skill, and resources to perform the services, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### TERMS AND CONDITIONS

1. SCOPE OF SERVICES; PERFORMANCE STANDARDS. The Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “**Services**”): (a) in a professional manner, to the satisfaction of the District, using the degree of skill and knowledge customarily employed by other professionals performing similar services; (b) within the time period and pursuant to the Scope of Services specified in said **Exhibit A**; and (c) using reasonable commercial efforts to minimize any annoyance, interference, or disruption to the residents, tenants, occupants, and invitees within the District. **Exhibit A** may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in **Exhibit A**, the terms in the body of this Agreement shall govern. Contractor shall have no right or authority, express or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate

the District in any manner whatsoever, except to the extent specifically provided in this Agreement (including **Exhibit A**) or through other authorization expressly delegated to or authorized by the District through its Board of Directors.

2. TERM/RENEWAL. This Agreement shall be effective as of January 1, 2023 and shall terminate on the earlier to occur of: (i) termination pursuant to Section 18 hereof or (ii) December 31, 2023. Notwithstanding the foregoing, unless terminated pursuant to subsection (i) above, or unless the District determines not to appropriate funds for this Agreement for the next succeeding year, this Agreement shall automatically renew on January 1 of each succeeding year for an additional one (1) year term.

3. ADDITIONAL SERVICES. The District may, in writing, request the Contractor provide additional services not set forth in **Exhibit A**. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Contractor and the District pursuant to a written service/work order executed by an authorized representative of the District and the Contractor or an addendum to this Agreement. Authorization to proceed with additional services shall not be given unless the District has appropriated funds sufficient to cover the additional compensable amount. To the extent additional services are provided pursuant to this Section 3, the terms and conditions of this Agreement relating to Services shall also apply to any additional services rendered.

4. REPAIRS/CLAIMS. The Contractor shall notify the District immediately of any and all damage caused by the Contractor to District property and that of third parties. The Contractor will promptly repair or, at the District's option, reimburse the District for the repair of any damage to property caused by the Contractor or its employees, agents, or equipment. In addition, the Contractor shall promptly notify the District of all potential claims of which it becomes aware. The Contractor further agrees to take all reasonable steps to preserve all physical evidence and information, which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to the District the opportunity to review and inspect such evidence, including the scene of any damage or accidents. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Services and shall provide all reasonable protection to prevent damage or injury to persons and property, including any material and equipment related to the Services, whether in storage on or off site, under the care, custody, or control of the Contractor or any of its subcontractors.

5. GENERAL PERFORMANCE STANDARDS.

a. The Contractor has by careful examination ascertained: (i) the nature and location of the Services; (ii) the configuration of the ground on which the Services are to be performed; (iii) the character, quality, and quantity of the labor, materials, equipment, and facilities necessary to complete the Services; (iv) the general and local conditions pertaining to the Services; and (v) all other matters which in any way may affect the performance of the Services by the Contractor. Contractor enters into this Agreement solely because of the results of such examination and not because of any representations pertaining to the Services or the provision thereof made to it by the District or any agent of the District and not contained in this Agreement. The Contractor represents that it has or shall acquire the capacity and the professional experience

and skill to perform the Services and that the Services shall be performed in accordance with the standards of care, skill, and diligence provided by competent professionals who perform services of a similar nature to those specified in this Agreement. If competent professionals find that the Contractor's performance of the Services does not meet this standard, the Contractor shall, at the District's request, re-perform the Services not meeting this standard without additional compensation.

b. The Contractor shall use reasonable commercial efforts to perform and complete the Services in a timely manner. If performance of the Services by the Contractor is delayed due to factors beyond the Contractor's reasonable control, or if conditions of the scope or type of services are expected to change, Contractor shall give prompt notice to the District of such a delay or change and receive an equitable adjustment of time and/or compensation, as negotiated between the Parties.

c. The Services provided under this Agreement shall be adequate and sufficient for the intended purposes and shall be completed in a good and workmanlike manner.

d. The Contractor agrees that it has complied and will continue to comply with all Laws while providing Services under this Agreement. "**Laws**" means: (i) federal, state, county, and local or municipal body or agency laws, statutes, ordinances, and regulations; (ii) any licensing, bonding, and permit requirements; (iii) any laws relating to storage, use, or disposal of hazardous wastes, substances, or materials; (iv) rules, regulations, ordinances, and/or similar directives regarding business permits, certificates, and licenses; (v) regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970; (vi) Wage and Hour laws, Worker Compensation laws, and immigration laws.

e. The responsibilities and obligations of the Contractor under this Agreement shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant, or employee of the District. Review, acceptance, or approval by the District of the Services performed or any documents prepared by the Contractor shall not relieve the Contractor of any responsibility for deficiencies, omissions, or errors in said Services or documents, nor shall it be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

6. MONTHLY STATUS REPORT. The Contractor shall provide to the District, at the District's request, on or before the 25th of each month, a narrative progress and status report describing work in progress and results achieved during the reporting period, including a description of the Services performed during the invoice period and the Services anticipated to be performed during the ensuing invoice period ("**Monthly Report**").

## 7. COMPENSATION AND INVOICES.

a. Compensation. Compensation for the Services provided under this Agreement shall be in accordance with the compensation schedule attached hereto as **Exhibit A**. The Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in **Exhibit A** of this Agreement, unless said reimbursement or compensation is approved in writing by the



District in advance of incurring such expenses. Any direct reimbursable costs for materials will be reimbursable at the Contractor's actual cost, provided that the Contractor shall make a reasonable attempt to notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services. Concurrent with the execution of this Agreement, the Contractor shall provide the District with a current completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("**W-9**"). No payments will be made to the Contractor until the completed W-9 is provided. The W-9 shall be attached hereto and incorporated herein as **Exhibit B**.

b. Invoices. Invoices for the Services shall be submitted monthly, by the 10<sup>th</sup> of each month, during the term of this Agreement and shall contain the following information:

- i. An itemized statement of the Services performed.
- ii. Any other reasonable information required by the District to process payment of the invoice, including project and/or cost codes as provided in any applicable written service/work order.

The District shall be charged only for the actual time and direct costs incurred for the performance of the Services. Invoices received by the District after the 10<sup>th</sup> of each month may be processed the following month.

8. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of: (i) a timely, satisfactory, and detailed invoice in the form required by Section 7; and (ii) if applicable, a reasonably satisfactory and detailed Monthly Report, for that portion of the Services performed and not previously billed. The District may determine to waive or extend the deadline for filing the Monthly Report, or may make payment for Services to the Contractor notwithstanding a delay in filing the Monthly Report, upon reasonable request of the Contractor, if it is in the interest of the District to do so. In the event a Board meeting is not scheduled in time to review payment of an invoice, the Board hereby authorizes payment for Services, subject to the appropriation and budget requirements under Section 27 hereof, without the need for additional Board approval, so long as any payment required to be made does not exceed the amounts appropriated for such Services as set forth in the District's approved budget. Such payment shall require review and approval of each Monthly Report and invoice by two officers of the District.

9. INDEPENDENT CONTRACTOR. The Contractor is an independent contractor and nothing in this Agreement shall constitute or designate the Contractor or any of its employees or agents as employees or agents of the District. The Contractor shall have full power and authority to select the means, manner, and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District shall not be obligated to secure, and shall not provide, any insurance coverage or employment benefits of any kind or type to or for the Contractor or its employees, sub-consultants, contractors, agents, or representatives, including coverage or benefits related but not limited to: local, state or federal income, or other tax contributions, insurance contributions (e.g. FICA taxes),

workers' compensation, disability, injury, health or life insurance, professional liability insurance, errors and omissions insurance, vacation or sick-time benefits, retirement account contributions, or any other form of taxes, benefits, or insurance. The Contractor shall be responsible for its safety, and the safety of its employees, sub-contractors, agents, and representatives. All personnel furnished by the Contractor will be deemed employees or sub-contractors of the Contractor and will not for any purpose be considered employees or agents of the District. **The Contractor is not entitled to worker's compensation benefits or unemployment insurance benefits, unless unemployment compensation coverage is provided by the Contractor or some other entity other than the District, and the Contractor is obligated to pay federal and state income taxes on moneys by it earned pursuant to this Agreement.**

10. **EQUAL OPPORTUNITY.** This Agreement is subject to all applicable laws and executive orders relating to equal opportunity and non-discrimination in employment and the Contractor represents and warrants that it will not discriminate in its employment practices in violation of any such applicable law or executive order.

11. **CONTRACTOR'S INSURANCE.**

a. The Contractor shall acquire and maintain, at its sole cost and expense, during the entire term of this Agreement, insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. A waiver of subrogation and rights of recovery against the District, its directors, officers, employees, and agents is required for Commercial General Liability and workers' compensation coverage. The Commercial General Liability and Comprehensive Automobile Liability Insurance policies will be endorsed to name the District as an additional insured. All coverage provided pursuant to this Agreement shall be written as primary policies, not contributing with and not supplemental to any coverage that the District may carry, and any insurance maintained by the District shall be considered excess. The District shall have the right to verify or confirm, at any time, all coverage, information, or representations contained in this Agreement.

b. Prior to commencing any work under this Agreement, the Contractor shall provide the District with a certificate or certificates evidencing the policies required by this Agreement, as well as the amounts of coverage for the respective types of coverage, which certificate(s) shall be attached hereto as **Exhibit C-1**. If the Contractor subcontracts any portion(s) of the Services, said subcontractor(s) shall be required to furnish certificates evidencing statutory workers' compensation insurance, comprehensive general liability insurance, and automobile liability insurance in amounts satisfactory to the District and the Contractor; provided, however, that sub-contractors of the Contractor shall not be required by the District to provide coverage in excess of that which is required hereunder of the Contractor. If the coverage required expires during the term of this Agreement, the Contractor or subcontractor shall provide replacement certificate(s) evidencing the continuation of the required policies.

c. The Contractor's failure to purchase the required insurance shall not serve to release it from any obligations contained in this Agreement, nor shall the purchase of the required insurance serve to limit the Contractor's liability under any provision in this Agreement. The Contractor shall be responsible for the payment of any deductibles on issued policies.

12. CONFIDENTIALITY AND CONFLICTS.

a. Confidentiality. Any information deemed confidential by the District and given to the Contractor by the District, or developed by the Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Contractor shall hold in strict confidence, and shall not use in competition, any information which the Contractor becomes aware of under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, would reasonably be construed to be contrary to the interests of the District. Confidential information shall not include, however, any information which is: (i) generally known to the public at the time provided to the Contractor; (ii) provided to the Contractor by a person or entity not bound by confidentiality to the District; or (iii) independently developed by the Contractor without use of the District's confidential information. During the performance of this Agreement, if the Contractor is notified that certain information is to be considered confidential, the Contractor agrees to enter into a confidentiality agreement in a form reasonably acceptable to the District and the Contractor. The Contractor agrees that any of its employees, agents, or subcontractors with access to any information designated thereunder as confidential information of the District shall agree to be bound by the terms of such confidentiality agreement.

b. Personal Identifying Information. During the performance of this Agreement, the District may disclose Personal Identifying Information to the Contractor. **"Personal Identifying Information"** means a social security number; a personal identification number; a password; a pass code; an official state or government-issued driver's license or identification card number; a government passport number; biometric data, as defined in § 24-73-103(1)(a), C.R.S.; an employer, student, or military identification number; or a financial transaction device, as defined in § 18-5-701(3), C.R.S. In compliance with § 24-73-102, C.R.S., the Contractor agrees to implement and maintain reasonable security procedures and practices that are: (i) appropriate to the nature of the Personal Identifying Information disclosed to the Contractor; and (ii) reasonably designed to help protect the Personal Identifying Information from unauthorized access, use, modification, disclosure, or destruction.

c. Conflicts. Prior to the execution of, and during the performance of this Agreement and prior to the execution of future agreements with the District, the Contractor agrees to notify the District of conflicts known to the Contractor that impact the Contractor's provision of Services to the District.

13. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files, and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Contractor of the invoices representing the work by which such materials were produced. At the District's request the Contractor will provide the District with all documents produced by or on behalf of the Contractor pursuant to this Agreement. The Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services for a period of two (2) years after termination of this Agreement, shall make them available for the District's use and shall provide such copies to the District upon request at no cost.

14. LIENS AND ENCUMBRANCES. The Contractor shall not have any right or interest in any District assets, or any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated in this Agreement. The Contractor, for itself, hereby waives and releases any and all statutory or common law mechanic's, materialmen's, or other such lien claims, or rights to place a lien upon the District's property or any improvements thereon in connection with any Services performed under or in connection with this Agreement, and the Contractor shall cause all permitted subcontractors, suppliers, materialmen, and others claiming by, through, or under the Contractor to execute similar waivers prior to commencing any work or providing any materials in connection with the Services. The Contractor further agrees to execute a sworn affidavit respecting the payment and lien releases of all subcontractors, suppliers, and materialmen, and release of lien respecting the Services at such time or times and in such form as may be reasonably requested by the District. The Contractor will provide indemnification against all such liens for labor performed and/or materials supplied or used by the Contractor and/or any other person in connection with the Services undertaken by the Contractor, in accordance with Section 15, below.

15. INDEMNIFICATION.

a. The Contractor shall defend, indemnify, and hold harmless the District and each of its directors, officers, contractors, employees, agents, and consultants (collectively, the "**District Indemnitees**"), from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses (the "**Claims**"), including reasonable legal expenses and attorneys' fees actually incurred, by the District Indemnitees arising directly or indirectly, in whole or in part, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Contractor or any of its subcontractors, officers, agents, or employees, in connection with this Agreement and/or the Contractor's performance of the Services or work pursuant to this Agreement. Notwithstanding anything else in this Agreement or otherwise to the contrary, the Contractor is not obligated to indemnify the District Indemnitees for the negligence of the District or the negligence of any other District Indemnitee, except the Contractor. Except as otherwise provided by applicable law, this indemnification obligation will not be limited in any way by any limitation on the amount or types of damages, compensation, or benefits payable by or for the Contractor under workers' compensation acts, disability acts, or other employee benefit acts, provided that in no event shall the Contractor be liable for special/consequential or punitive damages.

b. In the event the Contractor fails to assume the defense of any Claims under this Section 15 within fifteen (15) days after notice from the District of the existence of such Claim, the District may assume the defense of the Claim with counsel of its own selection, and the Contractor will pay all reasonable expenses of such counsel. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation.

c. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor shall obtain, at its own expense, any additional insurance that it deems necessary with respect to its obligations under this Agreement, including the indemnity obligations set forth

in Section 15. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

16. ASSIGNMENT. The Contractor shall not assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted assignment of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

17. SUB-CONTRACTORS. The Contractor is solely and fully responsible to the District for the performance of all Services in accordance with the terms set forth in this Agreement, whether performed by the Contractor or a subcontractor engaged by the Contractor, and neither the District's approval of any subcontractor, suppliers, or materialman, nor the failure of performance thereof by such persons or entities, will relieve, release, or affect in any manner the Contractor's duties, liabilities, or obligations under this Agreement. The Contractor shall not subcontract any Services without prior written approval by the District. The Contractor agrees that each and every agreement of the Contractor with any subcontractor to perform Services under this Agreement shall contain an indemnification provision identical to the one contained in this Agreement holding the District harmless for the acts of the subcontractor. Prior to commencing any Services, a subcontractor shall provide evidence of insurance coverage to the District in accordance with the requirements of this Agreement. The Contractor further agrees that all such subcontracts shall provide that they may be terminated immediately without cost or penalty upon termination of this Agreement, other than payment for services rendered prior to the date of any such termination.

18. TERMINATION. In addition to the termination provisions contained in Section 2, above, this Agreement may be terminated for convenience by the Contractor upon delivery of thirty (30) days' prior written notice to the District and by the District by giving the Contractor thirty (30) days' prior written notice. Each Party may terminate this Agreement for cause at any time upon written notice to the other Party setting forth the cause for termination and the notified Party's failure to cure the cause to the reasonable satisfaction of the Party given such notice within the cure period set forth in Section 19. If this Agreement is terminated, the Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors, or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination of this Agreement, the Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. All time, fees, and costs associated with such transition shall not be billed by the Contractor to the District.

19. DEFAULT. If either Party fails to perform in accordance with the terms, covenants, and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, the non-defaulting party shall deliver written notice to the defaulting party of the default, at the address specified in Section 20 below, and the defaulting party will have ten (10) days from and after receipt of the notice to cure the default. If the default is not of a type which can be cured within such ten (10)-day period and the defaulting party gives written notice to the

non-defaulting party within such ten (10)-day period that it is actively and diligently pursuing a cure, the defaulting party will have a reasonable period of time given the nature of the default following the end of the ten (10)-day period to cure the default, provided that the defaulting party is at all times within the additional time period actively and diligently pursuing the cure. If any default under this Agreement is not cured as described above, the non-defaulting party will, in addition to any other legal or equitable remedy, have the right to terminate this Agreement and enforce the defaulting party's obligations pursuant to this Agreement by an action for injunction or specific performance.

20. NOTICES. Any notice or communication required under this Agreement must be in writing, and may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same will be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent; or (ii) three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight carrier service, a notice will be deemed to have been given and received on the first to occur of: (i) one business day after being deposited with a nationally recognized overnight air courier service; or (ii) delivery to the party to whom it is addressed. Any party hereto may at any time, by giving written notice to the other party hereto as provided in this Section 20 of this Agreement, designate additional persons to whom notices or communications will be given, and designate any other address in substitution of the address to which such notice or communication will be given. Such notices or communications will be given to the parties at their addresses set forth below:

District:	Saddlehorn Ranch Metropolitan District No. 1 c/o WHITE BEAR ANKELE TANAKA & WALDRON 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 Attention: Blair M. Dickhoner, Esq. Phone: (303) 858-1800 E-mail: <a href="mailto:bdickhoner@wbapc.com">bdickhoner@wbapc.com</a>
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Contractor:	WSDM, LLC d/b/a Walker Schooler District Managers 614 N. Tejon Street Colorado Springs, Colorado 80903 Attention: Kevin Walker Phone: (719) 447-1777 Email: <a href="mailto:kevin.w@wsdistricts.co">kevin.w@wsdistricts.co</a>
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21. AUDITS. The District shall have the right to audit, with reasonable notice, any of the Contractor's books and records solely as are necessary to substantiate any invoices and payments under this Agreement (including, but not limited to, receipts, time sheets, payroll, and personnel records) and the Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years after termination of

this Agreement and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date, and hereby supersedes any and all prior negotiations, representations, agreements, or arrangements of any kind with respect to the Services, whether written or oral. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Contractor and the District.

23. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

24. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in this Agreement, nor shall the waiver of any default be deemed a waiver of any subsequent default.

25. GOVERNING LAW.

a. Venue. Venue for all actions arising from this Agreement shall be in the District Court in and for the county in which the District is located. The Parties expressly and irrevocably waive any objections or rights which may affect venue of any such action, including, but not limited to, *forum non-conveniens* or otherwise. At the District's request, the Contractor shall carry on its duties and obligations under this Agreement during any legal proceedings and the District shall continue to pay for the Services performed under this Agreement until and unless this Agreement is otherwise terminated.

b. Choice of Law. Colorado law shall apply to any dispute, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Colorado.

c. Litigation. At the District's request, the Contractor will consent to being joined in litigation between the District and third parties, but such consent shall not be construed as an admission of fault or liability. The Contractor shall not be responsible for delays in the performance of the Services caused by factors beyond its reasonable control including delays caused by Act of God, accidents, failure of any governmental or other regulatory authority to act in a timely manner, or failure of the District to furnish timely information or to approve or disapprove of Contractor's Services in a timely manner.

26. GOOD FAITH OF PARTIES. In the performance of this Agreement, or in considering any requested approval, acceptance, consent, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, consent, or extension of time required or requested pursuant to this Agreement.

27. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The Contractor expressly understands and agrees that the District's obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board and shall not constitute a mandatory charge, requirement, or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of District funds. The District's obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

28. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S.

29. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed to the preparation of this Agreement.

30. SEVERABILITY. If any portion of this Agreement is declared by any court of competent jurisdiction to be invalid, void, or unenforceable, such decision shall not affect the validity of any other portion of this Agreement which shall remain in full force and effect, the intention being that such portions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid, or unenforceable provision so that the resulting reformed provision is legal, valid, and enforceable.

31. NO THIRD-PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

32. OPEN RECORDS. The Parties understand that all material provided or produced under this Agreement may be subject to the Colorado Open Records Act, §§ 24-72-202, *et seq.*, C.R.S.

33. WARRANTY. The Contractor shall and does by this Agreement guarantee and warrant that all workmanship, materials, and equipment furnished, installed, or performed for the



accomplishment of the Services (collectively, the “**Work**”) will be of good quality and new, unless otherwise required or permitted by this Agreement. The Contractor further warrants that the Work will conform to all requirements of this Agreement and all other applicable laws, ordinances, codes, rules, and regulations of any governmental authorities having jurisdiction over the Work. All Services are subject to the satisfaction and acceptance of the District, but payments for the completed Work will not constitute final acceptance nor discharge the obligation of the Contractor to correct defects at a later date. Such warranties set forth in this Agreement are in addition to, and not in lieu of, any other warranties prescribed by Colorado law.

34. TAX EXEMPT STATUS. The District is exempt from Colorado state sales and use taxes. Accordingly, taxes from which the District is exempt shall not be included in any invoices submitted to the District. The District shall, upon request, furnish Contractor with a copy of its certificate of tax exemption. Contractor and subcontractors shall apply to the Colorado Department of Revenue, Sales Tax Division, for an Exemption Certificate and purchase materials tax free. The Contractor and subcontractors shall be liable for exempt taxes paid due to failure to apply for Exemption Certificates or for failure to use said certificate.

35. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

*[Signature pages follow].*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

**DISTRICT:**

SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado

---

Officer of the District

ATTEST:

---

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

---

General Counsel for the District

***District's Signature Page to Independent Contractor Agreement for District Management Services with WSDM, LLC d/b/a Walker Schooler District Managers, dated December 9, 2022***

WSDM, LLC d/b/a WALKER SCHOOLER  
DISTRICT MANAGERS, a Colorado limited  
liability company

---

Title

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2022, by \_\_\_\_\_, as the \_\_\_\_\_ of WSDM, LLC d/b/a Walker Schooler District Managers.

My commission expires: \_\_\_\_\_

*Contractor's Signature Page to Independent Contractor Agreement for District Management Services with Saddlehorn Ranch Metropolitan District No. 1, dated December 9, 2022*

## EXHIBIT A

### SCOPE OF SERVICES/COMPENSATION SCHEDULE

#### Compensation Schedule

The fee for management should be approximately \$1,333 per month. This sum represents Contractor's best estimate of the number of hours of work required for the management of the District multiplied by our billing rates below. In no event shall our fee exceed \$5,000 per month. Fees shall be due at the end of every month.

#### Hourly Rates

Principal	\$ 225.00
Senior Manager	\$ 175.00
Senior Accountant	\$ 180.00
Assistant Manager	\$ 150.00
Bookkeeper	\$ 75.00
Administrative/ Supporting Staff	\$ 50.00

#### Scope of Services

##### Designation of WSDM responsibilities

	WSDM	Legal	Other
<b><u>Board Meetings</u></b>			
Meeting Agenda	X		
Meeting Support Materials	X		
Board Meeting Posting/Notice	X		
Meeting Minutes	X		
Annual posting of Meetings	X		
Annual Set of Resolutions	X	X	
(Admin, notice, online, fees, budget, CORA, election, etc.)			
Filing Conflicts	X	X	
<b><u>Budgets</u></b>			
Budget Hearing Advertisement	X	X	
Draft Budget Distributed	X		
Annual State Reporting	X		
Mill Levy Certification	X	X	
<b><u>Legal Notices</u></b>			
Drafting		X	
Review/Approval		X	
Record		X	

Inclusions/Exclusions Process	X	X	
<b><u>Elections</u></b>		X	
<b><u>Reporting</u></b>			
Budget Development and Filing	X	X	
Debt notice	X		
Quinquennial Finding	X		
Annual Report – County/ City	X		
Annual Report - State	X		
Annual Map Filing	X		
Transparency Notice (SDA, etc.)	X		
Non-rated Public Securities Report	X		
Agent Address/Notification	X		
Unclaimed Property Report	X		
<b><u>Insurance</u></b>			
Renewal	X		
<b><u>Finance/ Bookkeeping</u></b>			
General Accounting Services	X		
Budget Reporting and Management	X		
Accounts Payable/Receivable	X		
Audit/Audit Exemption	X		
Monthly Financial Reporting	X		
Bond issue support	X	X	
Bank Relationships	X		
Bond Continuing Disclosure Report	X	X	
<b><u>Billing Services</u></b>			
Regular Billing	X		
Collections	X		
Maintain/publish Fees and charges	X	X	
<b><u>Covenant Enforcement</u></b>			
Enforcement of Violations	X		
Customer Service	X		
Collections	X		
Reviews of plans	X		
<b><u>Customer Service</u></b>			
Point of Contact	X		
Website Management	X		

## Description of Services

### Management

1. Meeting and Reporting Services—Contractor provides excellence in the following services:
  - (a) Coordinate Board meetings, prepare and distribute meeting agenda. Preparation, filing and posting of legal notices required in conjunction with the meeting.
  - (b) Ensure meeting notices are properly and timely posted.
  - (c) Contact Board members 72 hours prior to a scheduled meeting to ensure a quorum will be present. In the event of a cancelation of a meeting, contact and advise all parties of the cancelation and any changes to the meeting date, time and place, if available.
  - (d) Meeting packets will be distributed by U.S. Mail and/or email, as determined by the Board
  - (e) Prepare for and attend regular and special meetings of the Board.
  - (f) Draft, revise and finalize the minutes of the meeting and circulate for review and comment to ensure all statutory requirements have been met.
  - (g) Prepare and maintain a record of all Board members, consultants and vendors. Direct and oversee all service providers, consultants and employees.
  - (h) Manage inclusion and exclusion processes
  - (i) Prepare and make annual compliance filings (but not judicial filings) with the various State and County officials, as required. Coordinate review and approval of annual compliance filings with the attorney.
  - (j) Respond to inquiries made by various officials, property owners or consultants in a timely and professional manner.
  - (k) Set up and maintain the official records of the District and service as official custodian for same pursuant to the Colorado Open Records Act.
  - (l) Monitor requirements pertaining to HB 1343 (Illegal Aliens).
  - (m) Insurance administration, including evaluating risks, comparing coverage, process claims, completing applications, monitoring expiration dates, processing routine written and telephone correspondence. Ensure that all District contractors and subcontractors maintain required coverage for the District's benefit. Obtain quotes for insurance annually.
2. Service Contract Management - Districts utilize substantial contract services for services such as landscape and irrigation maintenance and expansion/upgrade, snow removal, utility maintenance, fence, and other improvement upgrade and replacement, and other services as needed. Contractor has extensive experience at scoping projects, soliciting formal and informal bids for work, assisting Board selection and contracting for services, project management and direction for contractors, etc.
3. Website Administration – extensive experience with creating and updating District specifically including the State of Colorado's official web portal.
4. Employee management – management of full or part time employees including Operators in Responsible Control (ORC), field and operations employees, administrative employees, part time seasonal employees, etc. Maintain compliance with labor statutes,

insurance, training, safety, etc. issues. Also, automated payroll services

5. Covenant enforcement and HOA style management – management of covenant enforcement services as staff and management of Architectural Control Committees including inspections, review of proposed improvements, management of fines, and other enforcement action.

#### Accounting and bookkeeping

1. Standard Services— Our professional services include the following:

- (a) Accounting

1. Prepare monthly, quarterly and annual financial statements for inclusion in monthly meeting packets.
    2. Reconcile monthly bank statements and trustee statements.
    3. Coordinate bank account setup and maintenance of signature cards.
    4. Prepare and file Continuing Disclosure Notices with the Trustee and other required parties. Coordinate review with legal counsel.
    5. Coordinate capital project draws and requisitions.
    6. Reconcile bonds and other debt service payment obligations for accuracy and timely payments.
    7. Respond to bondholder and other interested parties' requests for financial information.
    8. Review all payments of claim prior to release to ensure funds are available.
    9. Monthly review of all expenditures and coordinate preparation and distribution of same with the manager for the District to prevent exceeding budgeted and appropriated expenditures.

- (b) Accounts Payable

1. Receive and review invoices for accuracy and appropriateness for payment. Code the invoices in accordance with the budgeted line item.
    2. Prepare issuance of checks to be presented to the Board for approval and signatures. The claims list should be included in the monthly meeting packets.
    3. Prepare funding requests, if required.
    4. Release checks to vendors when all approvals and funding have been received.

- (c) Accounts Receivable

1. Process deposit of revenues.
    2. Process bank charges and other miscellaneous accounts receivable matters.

- (d) Financial Projections

1. Multi-year forecasting.
    2. Utility consumption and water rate analysis.
    3. Commercial billing analysis and rate structure.

- (e) Budgets

1. Prepare annual budget and budget message for approval by the Board and coordinate with legal counsel for same.
    2. Prepare or assist in the preparation of supplemental and/or amended budgets and accompanying documents, if required.

3. Audits Obtain proposals for conduct of audit for consideration at budget hearing meeting. Proposals should be included in the meeting packet.
  4. Coordinate and participate in audit bids, engagements, fieldwork and audit draft review.
- (f) Municipal Bond Management services
- Manager trustee communications
  - Monthly Fund review and management
  - Draws, requisitions, etc.

### Billing and Collection

1. Standard Services—Contractor currently utilizes Continental Utility Solutions, Inc. (CUSI) billing software system. This system is compatible with the Automatic Meter Reading (AMR) systems as well as state of the art integration with direct payment options (Lockbox, ACH and Credit Card). In addition:
  - (a) Provide resolution of re-reads for meter reads, if necessary.
  - (b) Customize billing system to download meter readings directly into accounting software to allow for automatic updates to customer accounts.
  - (c) Produce and transmit customer invoices to a mailing facility or perform the mailing in house, whichever is more economical.
  - (d) Process and make daily deposits of all receipts mailed directly to the billing company, as necessary.
  - (e) Communicate with customers and transmit Automated Clearing House ("ACH") authorization forms allowing the District to initiate an ACH withdrawal of the customer bill directly from their checking or savings account. Initiate ACH batches using dual controls.
  - (f) Coordinate and provide correspondence regarding terminations, delinquencies, payment plans and shut-off notices in compliance with the District's collection policies and in coordination with the District's legal counsel.
  - (g) Process payoff requests from title company for closings and set up new ownership information.
  - (h) Collect transfer fee due upon the transfer of and account or property.
  - (i) Process payment arrangements for customers facing economic hardship at the direction of the Board.
  - (j) Process and transmit delinquent notices.
  - (k) Process shutoff notices and direct the District's operator to proceed with shutoff.
  - (l) Certify delinquent accounts with the County, as applicable, in coordination with the District's legal counsel.
  - (m) Coordinate processing of statements of liens with the District's legal counsel.
  - (n) Respond to customer calls and inquiries in a timely and professional manner.
  - (o) Track tap fee payments.

### Customer Service

Contractor provides phone, email and text messaging response to customer inquiries, questions, requests for information etc. Contractor provides a 24-emergency number and monitoring of security cameras, etc.





**EXHIBIT B**

CONTRACTOR'S COMPLETED W-9

## EXHIBIT C

### INSURANCE REQUIREMENTS

NOTE: All insurance required and provided hereunder shall also comply with the provisions of Section 11 of this Agreement.

1. Standard Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor involved with the performance of the Services, with policy amounts and coverage in compliance with the laws of the jurisdiction in which the Services will be performed.
2. Commercial General Liability Insurance with minimum limits of liability of not less than \$2,000,000 per occurrence for bodily injury and property damage liability; \$2,000,000 designated location, general aggregate; and \$1,000,000 umbrella. Such insurance will include coverage for contractual liability, personal injury, and broad form property damage, and shall include all major divisions of coverage and be on a comprehensive basis including, but not limited to:
  - a. premises operations;
  - b. personal injury liability without employment exclusion;
  - c. limited contractual;
  - d. broad form property damages, including completed operations;
  - e. medical payments;
  - f. products and completed operations;
  - g. independent consultants coverage; and
  - h. coverage inclusive of construction means, methods, techniques, sequences, and procedures, employed in the capacity of a construction consultant.

**This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**

3. Comprehensive Automobile Liability Insurance covering all owned, non-owned, and hired automobiles used in connection with the performance of the Services, with limits of liability of not less than \$1,000,000 combined single limit bodily injury and property damage. **This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**
4. If applicable: Contractor shall secure and maintain a third-party fidelity bond in favor of the District, covering the Contractor and its employees and agents who may provide or be responsible for the provision of Services where such activities contemplate the responsibility for money or property of the District. Such bond shall protect the District against any fraudulent or dishonest act which may result in the loss of money, securities,

or other property belonging to or in the possession of the District. Said bond shall be in an amount as determined by the District, from a surety acceptable to the District.

5. Any other insurance commonly used by contractors for services of the type to be performed pursuant to this Agreement.

**EXHIBIT C-1**

**CERTIFICATE(S) OF INSURANCE**

## EXHIBIT D

### CERTIFICATE OF GOOD STANDING WITH COLORADO SECRETARY OF STATE

#### OFFICE OF THE SECRETARY OF STATE OF THE STATE OF COLORADO

### **CERTIFICATE OF FACT OF GOOD STANDING**

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

WSDM, LLC

is a

Corporation

formed or registered on 12/21/2017 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20171938707 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 11/03/2022 that have been posted, and by documents delivered to this office electronically through 11/05/2022 @ 13:59:11 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 11/05/2022 @ 13:59:11 in accordance with applicable law. This certificate is assigned Confirmation Number 14443659 .



*Jena Griswold*

Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*

*Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's website, <https://www.coloradosos.gov/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our website, <https://www.coloradosos.gov> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."*



**JOINT RESOLUTION OF THE BOARDS OF DIRECTORS  
CALLING ELECTION**

**SADDLEHORN RANCH METROPOLITAN DISTRICT NOS. 1 & 2**

§§ 32-1-804, 1-1-111(2), 1-13.5-1103(1), and 1-13.5-513(1), C.R.S.

At a joint meeting of the Boards of Directors of the Saddlehorn Ranch Metropolitan District Nos. 1 & 2 (each a “**District**,” and each Board of Directors of a District, a “**Board**”), it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the “**Special District Act**”); and

WHEREAS, the District is located entirely within El Paso County, Colorado (the “**County**”); and

WHEREAS, pursuant to § 32-1-804, C.R.S., the Board governs the conduct of regular and special elections for the District; and

WHEREAS, the Board anticipates holding a regular election on May 2, 2023, for the purpose of electing directors, and desires to take all actions necessary and proper for the conduct thereof (the “**Election**”); and

WHEREAS, the Election shall be conducted pursuant to the Special District Act, the Colorado Local Government Election Code and the Uniform Election Code of 1992, to the extent not in conflict with the Colorado Local Government Election Code, including any amendments thereto, and shall also comply with Article X, § 20 of the Colorado Constitution (“**TABOR**”), as necessary; and

WHEREAS, pursuant to § 1-1-111(2), C.R.S., the Board is authorized to designate an election official (the “**Designated Election Official**”) to exercise authority of the Board in conducting the Election; and

WHEREAS, pursuant to § 1-13.5-513(1), C.R.S., the Board can authorize the Designated Election Official to cancel the Election upon certain conditions.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The Board hereby calls the Election for the purpose of electing directors. The Election shall be conducted as an independent mail ballot election in accordance with §§ 1-13.5-1101, *et seq.*, C.R.S.

2. The Board names Ashley B. Frisbie as the Designated Election Official for the Election. The Designated Election Official shall act as the primary contact with the County and shall be primarily responsible for ensuring the proper conduct of the Election.



3. Without limiting the foregoing, the following specific determinations also are made:
  - a. The Board hereby directs general counsel to the District to approve the final form of the ballot to be submitted to the eligible electors of the District and authorizes the Designated Election Official to certify those questions and take any required action therewith.
  - b. The Board hereby determines that: in addition to emailing to each registered elector at the email address provided by the county, or if no email is provided, by mailing to the household of each registered elector, notice of the call for nominations will be provided by posting on the District's website.
  - c. The Board hereby directs general counsel to the District to oversee the general conduct of the Election and authorizes the Designated Election Official to take all action necessary for the proper conduct thereof and to exercise the authority of the Board in conducting the Election, including, but not limited to, causing the call for nominations; appointment, training and setting compensation of election judges and a board of canvassers, as necessary; all required notices of election, including notices required pursuant to TABOR; printing of ballots; supervision of the counting of ballots and certification of election results; and all other appropriate actions.
4. The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including its cancellation, if permitted.
5. The Board hereby ratifies any and all actions taken to date by general counsel and the Designated Election Official in connection with the Election.
6. The Board hereby authorizes and directs the Designated Election Official to cancel the Election and to declare the candidates elected if, at the close of business on the sixty-third day before the Election, or at any time thereafter, there are not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates, and so long as the only ballot questions are for the election of candidates. The Board further authorizes and directs the Designated Election Official to publish and post notice of the cancellation as necessary and file such notice and cancellation resolutions with the County Clerk and Recorder and with the Division of Local Government, as required. The Designated Election Official shall also notify the candidates that the Election was canceled and that they were elected by acclamation.
7. This Resolution shall remain in full force and effect until repealed or superseded by subsequent official action of the Board.

***[Remainder of Page Intentionally Left Blank]***

ADOPTED THIS 9<sup>th</sup> DAY OF DECEMBER 2022.

**DISTRICTS:**

**SADDLEHORN RANCH METROPOLITAN  
DISTRICT NOS. 1 AND 2**, quasi-municipal  
corporations and political subdivisions of the  
State of Colorado

By: \_\_\_\_\_  
Officer of the Districts

Attest:

By: \_\_\_\_\_

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

\_\_\_\_\_  
General Counsel to the Districts

*Signature Page to Joint Resolution Calling Election*



## INDEPENDENT CONTRACTOR AGREEMENT (WATER METER MAINTENANCE SERVICES)

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This INDEPENDENT CONTRACTOR AGREEMENT, including any and all exhibits attached hereto (the “**Agreement**”), is effective as of the 1<sup>st</sup> day of August 2022 and entered into as of the 9<sup>th</sup> day of December 2022, by and between SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado (the “**District**”), and CROMWELL’S EXCAVATION INC., a Colorado corporation (the “**Contractor**”). The District and the Contractor are referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

### RECITALS

WHEREAS, the District was organized pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S. for the purpose of constructing, financing, operating, and maintaining certain public facilities and improvements for itself, its taxpayers, residents, and users; and

WHEREAS, pursuant to § 32-1-1001(1)(d)(I), C.R.S., the District is empowered to enter into contracts and agreements affecting the affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the District is empowered to appoint, hire, and retain agents, employees, engineers, and attorneys; and

WHEREAS, the District desires to engage the Contractor to perform certain services as are needed by the District to serve the property within and without its boundaries; and

WHEREAS, the Contractor has represented that it has the professional experience, skill, and resources to perform the services, as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and stipulations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### TERMS AND CONDITIONS

1. SCOPE OF SERVICES; PERFORMANCE STANDARDS. The Contractor shall perform the services described in **Exhibit A**, attached hereto and incorporated herein by this reference (the “**Services**”): (a) in a professional manner, to the satisfaction of the District, using the degree of skill and knowledge customarily employed by other professionals performing similar services; (b) within the time period and pursuant to the Scope of Services specified in said **Exhibit A**; and (c) using reasonable commercial efforts to minimize any annoyance, interference, or disruption to the residents, tenants, occupants, and invitees within the District. **Exhibit A** may take any form, including forms which may include price and payment terms. In the event of any conflict between terms set forth in the body of this Agreement and terms set forth in **Exhibit A**, the terms in the body of this Agreement shall govern. Contractor shall have no right or authority, express or implied, to take any action, expend any sum, incur any obligation, or otherwise obligate

the District in any manner whatsoever, except to the extent specifically provided in this Agreement (including **Exhibit A**) or through other authorization expressly delegated to or authorized by the District through its Board of Directors.

2. TERM/RENEWAL. This Agreement shall be effective as of November 1, 2022 hereof and shall terminate on the earlier to occur of: (i) termination pursuant to Section 17 hereof; (ii) completion of the Services; or (iii) December 31, 2022. Notwithstanding the foregoing, unless terminated pursuant to subsection (i) or (ii) above, or unless the District determines not to appropriate funds for this Agreement for the next succeeding year, this Agreement shall automatically renew on January 1 of each succeeding year for an additional one (1) year term.

3. ADDITIONAL SERVICES. The District may, in writing, request the Contractor provide additional services not set forth in **Exhibit A**. The terms and conditions of the provision of such services shall be subject to the mutual agreement of the Contractor and the District pursuant to a written service/work order executed by an authorized representative of the District and the Contractor or an addendum to this Agreement. Authorization to proceed with additional services shall not be given unless the District has appropriated funds sufficient to cover the additional compensable amount. To the extent additional services are provided pursuant to this Section 3, the terms and conditions of this Agreement relating to Services shall also apply to any additional services rendered.

4. REPAIRS/CLAIMS. The Contractor shall notify the District immediately of any and all damage caused by the Contractor to District property and that of third parties. The Contractor will promptly repair or, at the District's option, reimburse the District for the repair of any damage to property caused by the Contractor or its employees, agents, or equipment. In addition, the Contractor shall promptly notify the District of all potential claims of which it becomes aware. The Contractor further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to the District the opportunity to review and inspect such evidence, including the scene of any damage or accidents. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the Services and shall provide all reasonable protection to prevent damage or injury to persons and property, including any material and equipment related to the Services, whether in storage on or off site, under the care, custody, or control of the Contractor or any of its subcontractors.

5. GENERAL PERFORMANCE STANDARDS.

a. The Contractor has by careful examination ascertained: (i) the nature and location of the Services; (ii) the configuration of the ground on which the Services are to be performed; (iii) the character, quality, and quantity of the labor, materials, equipment and facilities necessary to complete the Services; (iv) the general and local conditions pertaining to the Services; and (v) all other matters which in any way may affect the performance of the Services by the Contractor. Contractor enters into this Agreement solely because of the results of such examination and not because of any representations pertaining to the Services or the provision thereof made to it by the District or any agent of the District and not contained in this Agreement. The Contractor represents that it has or shall acquire the capacity and the professional experience

and skill to perform the Services and that the Services shall be performed in accordance with the standards of care, skill, and diligence provided by competent professionals who perform services of a similar nature to those specified in this Agreement. If competent professionals find that the Contractor's performance of the Services does not meet this standard, the Contractor shall, at the District's request, re-perform the Services not meeting this standard without additional compensation.

b. The Contractor shall use reasonable commercial efforts to perform and complete the Services in a timely manner. If performance of the Services by the Contractor is delayed due to factors beyond the Contractor's reasonable control, or if conditions of the scope or type of services are expected to change, Contractor shall give prompt notice to the District of such a delay or change and receive an equitable adjustment of time and/or compensation, as negotiated between the Parties.

c. The Services provided under this Agreement shall be adequate and sufficient for the intended purposes and shall be completed in a good and workmanlike manner.

d. The Contractor agrees that it has and will continue to comply with all Laws while providing Services under this Agreement. "**Laws**" means: (i) federal, state, county and local or municipal body or agency laws, statutes, ordinances and regulations; (ii) any licensing bonding, and permit requirements; (iii) any laws relating to storage, use or disposal of hazardous wastes, substances or materials; (iv) rules, regulations, ordinances and/or similar directives regarding business permits, certificates and licenses; (v) regulations and orders affecting safety and health, including but not limited to the Occupational Safety and Health Act of 1970; (vi) Wage and Hour laws, Worker Compensation laws, and immigration laws.

e. The responsibilities and obligations of the Contractor under this Agreement shall not be relieved or affected in any respect by the presence of any agent, consultant, sub-consultant or employee of the District. Review, acceptance or approval by the District of the Services performed or any documents prepared by the Contractor shall not relieve the Contractor of any responsibility for deficiencies, omissions or errors in said Services or documents, nor shall it be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

6. MONTHLY STATUS REPORT. The Contractor shall provide to the District, at the District's request, on or before the 25th of each month, a narrative progress and status report describing work in progress and results achieved during the reporting period, including a description of the Services performed during the invoice period and the Services anticipated to be performed during the ensuing invoice period ("**Monthly Report**").

## 7. COMPENSATION AND INVOICES.

a. Compensation. Compensation for the Services provided under this Agreement shall be in accordance with the compensation schedule attached hereto as **Exhibit A**. The Contractor shall be responsible for all expenses it incurs in performance of this Agreement and shall not be entitled to any reimbursement or compensation except as provided in **Exhibit A** of this Agreement, unless said reimbursement or compensation is approved in writing by the

District in advance of incurring such expenses. Any direct reimbursable costs for materials will be reimbursable at the Contractor's actual cost, provided that the Contractor shall make a reasonable attempt to notify the District of the estimated amount of such reimbursable costs (or any material adjustments thereto subsequently identified) prior to commencing the requested services. Concurrent with the execution of this Agreement, the Contractor shall provide the District with a current completed Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification) ("**W-9**"). No payments will be made to the Contractor until the completed W-9 is provided. The W-9 shall be attached hereto and incorporated herein as **Exhibit B**.

b. Invoices. Invoices for the Services shall be submitted monthly, by the 10<sup>th</sup> of each month, during the term of this Agreement and shall contain the following information:

- i. An itemized statement of the Services performed.
- ii. Any other reasonable information required by the District to process payment of the invoice, including project and/or cost codes as provided in any applicable written service/work order.

The District shall be charged only for the actual time and direct costs incurred for the performance of the Services. Invoices received by the District after the 10<sup>th</sup> of each month may be processed the following month.

8. TIME FOR PAYMENT. Payment for the Services shall be made by the District within thirty (30) days of receipt of: (i) a timely, satisfactory and detailed invoice in the form required by Section 7; and (ii) if applicable, a reasonably satisfactory and detailed Monthly Report, for that portion of the Services performed and not previously billed. The District may determine to waive or extend the deadline for filing the Monthly Report, or may make payment for Services to the Contractor notwithstanding a delay in filing the Monthly Report, upon reasonable request of the Contractor, if it is in the interest of the District to do so. In the event a Board meeting is not scheduled in time to review payment of an invoice, the Board hereby authorizes payment for Services, subject to the appropriation and budget requirements under Section 26 hereof, without the need for additional Board approval, so long as any payment required to be made does not exceed the amounts appropriated for such Services as set forth in the District's approved budget. Such payment shall require review and approval of each Monthly Report and invoice by two officers of the District.

9. INDEPENDENT CONTRACTOR. The Contractor is an independent contractor and nothing in this Agreement shall constitute or designate the Contractor or any of its employees or agents as employees or agents of the District. The Contractor shall have full power and authority to select the means, manner and method of performing its duties under this Agreement, without detailed control or direction from the District, and shall be responsible for supervising its own employees or subcontractors. The District is concerned only with the results to be obtained. The District shall not be obligated to secure, and shall not provide, any insurance coverage or employment benefits of any kind or type to or for the Contractor or its employees, sub-consultants, contractors, agents, or representatives, including coverage or benefits related but not limited to: local, state or federal income or other tax contributions, insurance contributions (e.g. FICA taxes),

workers' compensation, disability, injury, health or life insurance, professional liability insurance, errors and omissions insurance, vacation or sick-time benefits, retirement account contributions, or any other form of taxes, benefits or insurance. The Contractor shall be responsible for its safety, and the safety of its employees, sub-contractors, agents, and representatives. All personnel furnished by the Contractor will be deemed employees or sub-contractors of the Contractor and will not for any purpose be considered employees or agents of the District. **The Contractor is not entitled to worker's compensation benefits or unemployment insurance benefits, unless unemployment compensation coverage is provided by the Contractor or some other entity other than the District, and the Contractor is obligated to pay federal and state income taxes on moneys by it earned pursuant to this Agreement.**

10. **EQUAL OPPORTUNITY.** This Agreement is subject to all applicable laws and executive orders relating to equal opportunity and non-discrimination in employment and the Contractor represents and warrants that it will not discriminate in its employment practices in violation of any such applicable law or executive order.

11. **CONTRACTOR'S INSURANCE.**

a. The Contractor shall acquire and maintain, at its sole cost and expense, during the entire term of this Agreement, insurance coverage in the minimum amounts set forth in **Exhibit C**, attached hereto and incorporated herein by this reference. A waiver of subrogation and rights of recovery against the District, its directors, officers, employees and agents is required for Commercial General Liability and Workers Compensation coverage. The Commercial General Liability and Comprehensive Automobile Liability Insurance policies will be endorsed to name the District as an additional insured. All coverage provided pursuant to this Agreement shall be written as primary policies, not contributing with and not supplemental to any coverage that the District may carry, and any insurance maintained by the District shall be considered excess. The District shall have the right to verify or confirm, at any time, all coverage, information or representations contained in this Agreement.

b. Prior to commencing any work under this Agreement, the Contractor shall provide the District with a certificate or certificates evidencing the policies required by this Agreement, as well as the amounts of coverage for the respective types of coverage, which certificate(s) shall be attached hereto as **Exhibit C-1**. If the Contractor subcontracts any portion(s) of the Services, said subcontractor(s) shall be required to furnish certificates evidencing statutory workers' compensation insurance, comprehensive general liability insurance and automobile liability insurance in amounts satisfactory to the District and the Contractor; provided, however, that sub-contractors of the Contractor shall not be required by the District to provide coverage in excess of that which is required hereunder of the Contractor. If the coverage required expires during the term of this Agreement, the Contractor or subcontractor shall provide replacement certificate(s) evidencing the continuation of the required policies.

c. The Contractor's failure to purchase the required insurance shall not serve to release it from any obligations contained in this Agreement; nor shall the purchase of the required insurance serve to limit the Contractor's liability under any provision in this Agreement. The Contractor shall be responsible for the payment of any deductibles on issued policies.



12. CONFIDENTIALITY AND CONFLICTS.

a. Confidentiality. Any information deemed confidential by the District and given to the Contractor by the District, or developed by the Contractor as a result of the performance of a particular task, shall remain confidential. In addition, the Contractor shall hold in strict confidence, and shall not use in competition, any information which the Contractor becomes aware of under or by virtue of this Agreement which the District deems confidential, or which the District has agreed to hold confidential, or which, if revealed to a third party, would reasonably be construed to be contrary to the interests of the District. Confidential information shall not include, however, any information which is: (i) generally known to the public at the time provided to the Contractor; (ii) provided to the Contractor by a person or entity not bound by confidentiality to the District; or (iii) independently developed by the Contractor without use of the District's confidential information. During the performance of this Agreement, if the Contractor is notified that certain information is to be considered confidential, the Contractor agrees to enter into a confidentiality agreement in a form reasonably acceptable to the District and the Contractor. The Contractor agrees that any of its employees, agents or subcontractors with access to any information designated thereunder as confidential information of the District shall agree to be bound by the terms of such confidentiality agreement.

b. Personal Identifying Information. During the performance of this Agreement, the District may disclose Personal Identifying Information to the Contractor. **"Personal Identifying Information"** means a social security number; a personal identification number; a password; a pass code; an official state or government-issued driver's license or identification card number; a government passport number; biometric data, as defined in § 24-73-103(1)(a), C.R.S.; an employer, student, or military identification number; or a financial transaction device, as defined in § 18-5-701(3), C.R.S. In compliance with § 24-73-102, C.R.S., the Contractor agrees to implement and maintain reasonable security procedures and practices that are: (i) appropriate to the nature of the Personal Identifying Information disclosed to the Contractor; and (ii) reasonably designed to help protect the Personal Identifying Information from unauthorized access, use, modification, disclosure, or destruction.

c. Conflicts. Prior to the execution of, and during the performance of this Agreement and prior to the execution of future agreements with the District, the Contractor agrees to notify the District of conflicts known to the Contractor that impact the Contractor's provision of Services to the District.

13. OWNERSHIP OF DOCUMENTS. All documents produced by or on behalf of the Contractor pursuant to this Agreement, including, but not limited to, all maps, plans, drawings, specifications, reports, electronic files and other documents, in whatever form, shall remain the property of the District under all circumstances, upon payment to the Contractor of the invoices representing the work by which such materials were produced. At the District's request the Contractor will provide the District with all documents produced by or on behalf of the Contractor pursuant to this Agreement. The Contractor shall maintain electronic and reproducible copies on file of any such instruments of service involved in the Services for a period of two (2) years after termination of this Agreement, shall make them available for the District's use and shall provide such copies to the District upon request at no cost.

14. LIENS AND ENCUMBRANCES. The Contractor shall not have any right or interest in any District assets, or any claim or lien with respect thereto, arising out of this Agreement or the performance of the Services contemplated in this Agreement. The Contractor, for itself, hereby waives and releases any and all statutory or common law mechanic's, materialmen's or other such lien claims, or rights to place a lien upon the District's property or any improvements thereon in connection with any Services performed under or in connection with this Agreement, and the Contractor shall cause all permitted subcontractors, suppliers, materialmen, and others claiming by, through or under the Contractor to execute similar waivers prior to commencing any work or providing any materials in connection with the Services. The Contractor further agrees to execute a sworn affidavit respecting the payment and lien releases of all subcontractors, suppliers and materialmen, and release of lien respecting the Services at such time or times and in such form as may be reasonably requested by the District. The Contractor will provide indemnification against all such liens for labor performed, materials supplied or used by the Contractor and/or any other person in connection with the Services undertaken by the Contractor, in accordance with Section 14, below.

15. INDEMNIFICATION.

a. The Contractor shall defend, indemnify and hold harmless the District and each of its directors, officers, contractors, employees, agents and consultants (collectively, the "**District Indemnitees**"), from and against any and all claims, demands, losses, liabilities, actions, lawsuits, damages, and expenses (the "**Claims**"), including reasonable legal expenses and attorneys' fees actually incurred, by the District Indemnitees arising directly or indirectly, in whole or in part, out of the errors or omissions, negligence, willful misconduct, or any criminal or tortious act or omission of the Contractor or any of its subcontractors, officers, agents or employees, in connection with this Agreement and/or the Contractor's performance of the Services or work pursuant to this Agreement. Notwithstanding anything else in this Agreement or otherwise to the contrary, the Contractor is not obligated to indemnify the District Indemnitees for the negligence of the District or the negligence of any other District Indemnitee, except the Contractor. Except as otherwise provided by applicable law, this indemnification obligation will not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or for the Contractor under workers' compensation acts, disability acts or other employee benefit acts, provided that in no event shall the Contractor be liable for special/consequential or punitive damages.

b. In the event the Contractor fails to assume the defense of any Claims under this Section 14 within fifteen (15) days after notice from the District of the existence of such Claim, the District may assume the defense of the Claim with counsel of its own selection, and the Contractor will pay all reasonable expenses of such counsel. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation.

c. Insurance coverage requirements specified in this Agreement shall in no way lessen or limit the liability of the Contractor under the terms of this indemnification obligation. The Contractor shall obtain, at its own expense, any additional insurance that it deems necessary with respect to its obligations under this Agreement, including the indemnity obligations set forth

in Section 14. This defense and indemnification obligation shall survive the expiration or termination of this Agreement.

16. ASSIGNMENT. The Contractor shall not assign this Agreement or parts thereof, or its respective duties, without the express written consent of the District. Any attempted assignment of this Agreement in whole or in part with respect to which the District has not consented, in writing, shall be null and void and of no effect whatsoever.

17. SUB-CONTRACTORS. The Contractor is solely and fully responsible to the District for the performance of all Services in accordance with the terms set forth in this Agreement, whether performed by the Contractor or a subcontractor engaged by the Contractor, and neither the District's approval of any subcontractor, suppliers, or materialman, nor the failure of performance thereof by such persons or entities, will relieve, release, or affect in any manner the Contractor's duties, liabilities or obligations under this Agreement. The Contractor shall not subcontract any Services without prior written approval by the District. The Contractor agrees that each and every agreement of the Contractor with any subcontractor to perform Services under this Agreement shall contain an indemnification provision identical to the one contained in this Agreement holding the District harmless for the acts of the subcontractor. Prior to commencing any Services, a subcontractor shall provide evidence of insurance coverage to the District in accordance with the requirements of this Agreement. The Contractor further agrees that all such subcontracts shall provide that they may be terminated immediately without cost or penalty upon termination of this Agreement, other than payment for services rendered prior to the date of any such termination.

18. TERMINATION. In addition to the termination provisions contained in Section 2, above, this Agreement may be terminated for convenience by the Contractor upon delivery of thirty (30) days prior written notice to the District and by the District by giving the Contractor thirty (30) days prior written notice. Each Party may terminate this Agreement for cause at any time upon written notice to the other Party setting forth the cause for termination and the notified Party's failure to cure the cause to the reasonable satisfaction of the Party given such notice within the cure period set forth in Section 18. If this Agreement is terminated, the Contractor shall be paid for all the Services satisfactorily performed prior to the designated termination date, including reimbursable expenses due. Said payment shall be made in the normal course of business. Should either Party to this Agreement be declared bankrupt, make a general assignment for the benefit of creditors or commit a substantial and material breach of this Agreement in the view of the other Party, said other Party shall be excused from rendering or accepting any further performance under this Agreement. In the event of termination of this Agreement, the Contractor shall cooperate with the District to ensure a timely and efficient transition of all work and work product to the District or its designees. All time, fees and costs associated with such transition shall not be billed by the Contractor to the District.

19. DEFAULT. If either Party fails to perform in accordance with the terms, covenants and conditions of this Agreement, or is otherwise in default of any of the terms of this Agreement, the non-defaulting party shall deliver written notice to the defaulting party of the default, at the address specified in Section 19 below, and the defaulting party will have ten (10) days from and after receipt of the notice to cure the default. If the default is not of a type which can be cured within such ten (10)-day period and the defaulting party gives written notice to the non-defaulting

party within such ten (10)-day period that it is actively and diligently pursuing a cure, the defaulting party will have a reasonable period of time given the nature of the default following the end of the ten (10)-day period to cure the default, provided that the defaulting party is at all times within the additional time period actively and diligently pursuing the cure. If any default under this Agreement is not cured as described above, the non-defaulting party will, in addition to any other legal or equitable remedy, have the right to terminate this Agreement and enforce the defaulting party's obligations pursuant to this Agreement by an action for injunction or specific performance.

20. NOTICES. Any notice or communication required under this Agreement must be in writing, and may be given personally, sent via nationally recognized overnight carrier service, or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same will be deemed to have been given and received on the first to occur of: (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent; or (ii) three days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered or sent via nationally recognized overnight carrier service, a notice will be deemed to have been given and received on the first to occur of: (i) one business day after being deposited with a nationally recognized overnight air courier service; or (ii) delivery to the party to whom it is addressed. Any party hereto may at any time, by giving written notice to the other party hereto as provided in this Section 19 of this Agreement, designate additional persons to whom notices or communications will be given, and designate any other address in substitution of the address to which such notice or communication will be given. Such notices or communications will be given to the parties at their addresses set forth below:

District:	Saddlehorn Ranch Metropolitan District 614 N. Tejon Street Colorado Springs, CO 80903 Attention: Kevin Walker Phone: (719) 447-1777 Email: kevin.w@wsdistricts.com
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With a Copy to:	WHITE BEAR ANKELE TANAKA & WALDRON 2154 E. Commons Ave., Suite 2000 Centennial, CO 80122 Attention: Blair M. Dickhoner, Esq. Phone: (303) 858-1800 E-mail: bdickhoner@wbapc.com
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Contractor:	Cromwell's Excavation Inc. 18353 Hwy 94 Colorado Springs, CO 80930 Attention: Richard Cromwell Phone: (719) 683-4200 Email: [treistump@yahoo.com]
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21. AUDITS. The District shall have the right to audit, with reasonable notice, any of the Contractor's books and records solely as are necessary to substantiate any invoices and payments under this Agreement (including, but not limited to, receipts, time sheets, payroll and personnel records) and the Contractor agrees to maintain adequate books and records for such purposes during the term of this Agreement and for a period of two (2) years after termination of this Agreement and to make the same available to the District at all reasonable times and for so long thereafter as there may remain any unresolved question or dispute regarding any item pertaining thereto.

22. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties hereto relating to the Services, and sets forth the rights, duties, and obligations of each to the other as of this date, and hereby supersedes any and all prior negotiations, representations, agreements or arrangements of any kind with respect to the Services, whether written or oral. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Contractor and the District.

23. BINDING AGREEMENT. This Agreement shall inure to and be binding on the heirs, executors, administrators, successors, and assigns of the Parties hereto.

24. NO WAIVER. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in this Agreement, nor shall the waiver of any default be deemed a waiver of any subsequent default.

25. GOVERNING LAW.

a. Venue. Venue for all actions arising from this Agreement shall be in the District Court in and for the county in which the District is located. The Parties expressly and irrevocably waive any objections or rights which may affect venue of any such action, including, but not limited to, *forum non-conveniens* or otherwise. At the District's request, the Contractor shall carry on its duties and obligations under this Agreement during any legal proceedings and the District shall continue to pay for the Services performed under this Agreement until and unless this Agreement is otherwise terminated.

b. Choice of Law. Colorado law shall apply to any dispute, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Colorado.

c. Litigation. At the District's request, the Contractor will consent to being joined in litigation between the District and third parties, but such consent shall not be construed as an admission of fault or liability. The Contractor shall not be responsible for delays in the performance of the Services caused by factors beyond its reasonable control including delays caused by Act of God, accidents, failure of any governmental or other regulatory authority to act in a timely manner or failure of the District to furnish timely information or to approve or disapprove of Contractor's Services in a timely manner.

26. GOOD FAITH OF PARTIES. In the performance of this Agreement, or in considering any requested approval, acceptance, consent, or extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously, or unreasonably withhold, condition, or delay any approval, acceptance, consent, or extension of time required or requested pursuant to this Agreement.

27. SUBJECT TO ANNUAL APPROPRIATION AND BUDGET. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The Contractor expressly understands and agrees that the District's obligations under this Agreement shall extend only to monies appropriated for the purposes of this Agreement by the Board and shall not constitute a mandatory charge, requirement or liability in any ensuing fiscal year beyond the then-current fiscal year. No provision of this Agreement shall be construed or interpreted as a delegation of governmental powers by the District, or as creating a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever of the District or statutory debt limitation, including, without limitation, Article X, Section 20 or Article XI, Section 6 of the Constitution of the State of Colorado. No provision of this Agreement shall be construed to pledge or to create a lien on any class or source of District funds. The District's obligations under this Agreement exist subject to annual budgeting and appropriations, and shall remain subject to the same for the entire term of this Agreement.

28. GOVERNMENTAL IMMUNITY. Nothing in this Agreement shall be construed to waive, limit, or otherwise modify, in whole or in part, any governmental immunity that may be available by law to the District, its respective officials, employees, contractors, or agents, or any other person acting on behalf of the District and, in particular, governmental immunity afforded or available to the District pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, *et seq.*, C.R.S.

29. NEGOTIATED PROVISIONS. This Agreement shall not be construed more strictly against one Party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being acknowledged that each Party has contributed to the preparation of this Agreement.

30. SEVERABILITY. If any portion of this Agreement is declared by any court of competent jurisdiction to be invalid, void or unenforceable, such decision shall not affect the validity of any other portion of this Agreement which shall remain in full force and effect, the intention being that such portions are severable. In addition, in lieu of such void or unenforceable provision, there shall automatically be added as part of this Agreement a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

31. NO THIRD PARTY BENEFICIARIES. It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the Parties and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the Parties that any person other than Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

32. OPEN RECORDS. The Parties understand that all material provided or produced under this Agreement may be subject to the Colorado Open Records Act, §§ 24-72-202, *et seq.*, C.R.S.

33. WARRANTY. The Contractor shall and does by this Agreement guarantee and warrant that all workmanship, materials, and equipment furnished, installed, or performed for the accomplishment of the Services (collectively, the “**Work**”) will be of good quality and new, unless otherwise required or permitted by this Agreement. The Contractor further warrants that the Work will conform to all requirements of this Agreement and all other applicable laws, ordinances, codes, rules and regulations of any governmental authorities having jurisdiction over the Work. All Services are subject to the satisfaction and acceptance of the District, but payments for the completed Work will not constitute final acceptance nor discharge the obligation of the Contractor to correct defects at a later date. Such warranties set forth in this Agreement are in addition to, and not in lieu of, any other warranties prescribed by Colorado law.

34. TAX EXEMPT STATUS. The District is exempt from Colorado state sales and use taxes. Accordingly, taxes from which the District is exempt shall not be included in any invoices submitted to the District. The District shall, upon request, furnish Contractor with a copy of its certificate of tax exemption. Contractor and subcontractors shall apply to the Colorado Department of Revenue, Sales Tax Division, for an Exemption Certificate and purchase materials tax free. The Contractor and subcontractors shall be liable for exempt taxes paid due to failure to apply for Exemption Certificates or for failure to use said certificate.

35. COUNTERPART EXECUTION. This Agreement may be executed in several counterparts, each of which may be deemed an original, but all of which together shall constitute one and the same instrument. Executed copies hereof may be delivered by facsimile or email of a PDF document, and, upon receipt, shall be deemed originals and binding upon the signatories hereto, and shall have the full force and effect of the original for all purposes, including the rules of evidence applicable to court proceedings.

*[Signature pages follow].*

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first above written. By the signature of its representative below, each Party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

**DISTRICT:**

SADDLEHORN RANCH METROPOLITAN  
DISTRICT NO. 1, a quasi-municipal  
corporation and political subdivision of the  
State of Colorado

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Officer of the District

ATTEST:

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APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

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General Counsel for the District

***District's Signature Page to Independent Contractor Agreement for Water Meter Maintenance  
Services with Cromwell's Excavation Inc., dated December 9, 2022***



CROMWELL'S EXCAVATION INC., a  
Colorado corporation

# Title

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2022, by \_\_\_\_\_, as the \_\_\_\_\_ of Cromwell's Excavation Inc..

My commission expires: \_\_\_\_\_

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Notary Public

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## EXHIBIT A

### SCOPE OF SERVICES/COMPENSATION SCHEDULE

#### I. DEFINED TERMS:

“*Board*” means the Board of Directors of Saddlehorn Ranch Metropolitan District No. 1.

“*ORC*” means the operator responsible in charge manager providing services as described in the Scope of Services.

“*District Manager*” means the firm or person assigned by the Board to oversee and manage the District's affairs.

“*CDPHE*” means Colorado Department of Public Health and Environment, a Department of Colorado’s State Government.

“*Water System*” means the water systems within the District’s boundaries including, but not limited to, the following components:

1. Two wells that provide potable water;
2. A potable water collection system that gathers water from said wells and delivers the water to the potable water storage tank;
3. A potable water storage tank that receives and stores water from the wells;
4. One potable water treatment plant that purifies the water in accordance with County, State and Federal requirements;
5. A potable water distribution system that delivers potable water to the District's residences;
6. Fire hydrants and blow-off hydrants;
7. Associated pumps, measurement and data collection systems;
8. Associated isolation valves; and
9. Associated air relief valves.

#### II. SCOPE OF SERVICES

##### A. **General Responsibilities**

1. Contractor and ORC will comply with CDPHE Regulation No. 100 and 5 CCR 1003-1-Colorado Primary Drinking Water Regulations and all other applicable County, State, and Federal regulations.

2. Contractor will perform as necessary and with the approval of the District Manager all normal repairs and maintenance to the Water System. Normal repairs shall include, but shall not be limited to, those that can be made using hand tools. Specialized repairs shall include, but not be limited to, any repairs requiring specialized equipment or tools or equipment or tools or equipment which must be rented by the Contractor, for example pneumatic jackhammer, backhoe, tapping machines, welders, etc. Except in an emergency, contractor will perform specialized repairs after receiving approval from the District Manager. Specialized repairs may entail additional charges to the District.

3. Contractor will ensure all building and sites are clean, free of debris, and District equipment is stored, repaired, and maintained.

4. Contractor will provide all documentation to the District Manager for communications with the state or local authorities in the provision of required testing, mailing of samples, etc.

5. Contractor will communicate fully and coordinate with the District Manager. Contractor will promptly report to the District Manager any problems observed with the Water System.

6. Contractor will purchase all chemicals, supplies and plant equipment necessary for laboratory analysis and treatment processes of the Water System. The District is responsible for payment to all vendors for these services.

7. Contractor will provide Certified Water Operator to Act as ORC. In the absence of the ORC, contractor will provide a substitute Certified Water Operator.

**B. Start-up Process:**

1. Contractor will set up chemical dosing and filters as per manufacturer and CDPHE.

2. Contractor will ensure all other equipment is operational.

**C. Routine Maintenance:**

1. Contractor will monitor, adjust, and maintain all wells biweekly.

2. Contractor will monitor the water storage tank each morning.

3. Contractor will adjust the Water System's control systems biweekly as needed to maximize water levels in the storage tank to the extent practical.

4. Contractor will inspect Water System mechanical and electrical equipment biweekly. Said equipment includes but is not limited to all pumps (well pumps, booster pumps, lift station pumps, recirculation pumps), processing systems, monitoring systems, alarm systems, controls systems, chart recorders, chlorine equipment.

5. Contractor will provide the District Manager with a biweekly summary of activities noting days and times of presence in the District, general tasks completed, details of maintenance work performed, information on issues encountered, addresses or locations of work completed, interactions with owners and rate payers, and any other information deemed important.

6. Contractor will read and report individual homeowner water meter readings bimonthly (or monthly if adopted by the Board) between the 25th and 30th of every other month and provide meter readings results to the District Manager.

7. Contractor will flush System through blow off valves monthly, including after leaks as required by CDPHE.

8. Contractor will read master water meter monthly.

9. Contractor will perform all sampling, including microbiological water sampling, monthly, as required by the CDPHE, perform any follow up sampling, as required by the CDPHE, and deliver to the lab. Contractor will conduct recordkeeping the same monthly as required by the CDPHE and other governmental regulatory bodies. Contractor shall submit in a timely fashion all required reports and monthly certified laboratory test results, including any water permits that the District may now have or obtain, and provide copies of the same to the District Manager.

10. Contractor will read and report well meter readings as needed and provide copies to the District Manager.

11. Contractor will submit monthly status reports to the District Manager on maintenance and repair needs. Contractor will monitor all aspects of the Water System for developing problems and recommend to the Board and the District Manager appropriate counter measures.

12. Contractor will attend Board Meetings as required by the District.

13. Contractor will locate, clean, and operate main valves once yearly, as required by CDPHE.

**D. Requested Maintenance:**

1. Contractor will conduct meter reading of any rereads as requested, weather permitting.
2. Contractor will schedule and perform all water flushes, turn on/off, and inspections as requested by the District Manager within three (3) business days from the date requested.
3. Contractor will complete all water turn on/off for non-payment at the end of the next business day from the date requested.
4. Contractor will locate and clean lot valves as required for turn on/off.
5. Contractor will be available for emergencies seven days a week and will verbally respond within forty-five (45) minutes after receiving an emergency phone call or text message. Contractor will provide the District Manager with up to date emergency telephone numbers.
6. Contractor will investigate any unusual meter readings by scheduling an appointment with the resident to read inside meters and comparing that with external meter readings.
7. Contractor will repair or replace components or water meters as required. In the even Contractor must order new water meters, Contractor will maintain inventory of meters with serial numbers and date installed.

### III. COMPENSATION

- A. Contractor will provide Services as described in this Exhibit A to the Agreement at the rate of \$65.00 per hour for ORC. Additional charges for unskilled labor will be billed at \$15 per hour.

**EXHIBIT B**

CONTRACTOR'S COMPLETED W-9

## EXHIBIT C

### INSURANCE REQUIREMENTS

NOTE: All insurance required and provided hereunder shall also comply with the provisions of Section 11 of this Agreement.

1. Standard Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor involved with the performance of the Services, with policy amounts and coverage in compliance with the laws of the jurisdiction in which the Services will be performed.
2. Commercial General Liability Insurance with minimum limits of liability of not less than \$2,000,000 per occurrence for bodily injury and property damage liability; \$2,000,000 designated location, general aggregate; and \$1,000,000 umbrella. Such insurance will include coverage for contractual liability, personal injury and broad form property damage, and shall include all major divisions of coverage and be on a comprehensive basis including, but not limited to:
  - a. premises operations;
  - b. personal injury liability without employment exclusion;
  - c. limited contractual;
  - d. broad form property damages, including completed operations;
  - e. medical payments;
  - f. products and completed operations;
  - g. independent consultants coverage;
  - h. coverage inclusive of construction means, methods, techniques, sequences, and procedures, employed in the capacity of a construction consultant; and

**This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**

3. Comprehensive Automobile Liability Insurance covering all owned, non-owned and hired automobiles used in connection with the performance of the Services, with limits of liability of not less than \$1,000,000 combined single limit bodily injury and property damage. **This policy must include coverage extensions to cover the indemnification obligations contained in this Agreement to the extent caused by or arising out of bodily injury or property damage.**
4. If applicable: Contractor shall secure and maintain a third-party fidelity bond in favor of the District covering the Contractor and its employees and agents who may provide or be responsible for the provision of Services where such activities contemplate the responsibility for money or property of the District. Such bond shall protect the District against any fraudulent or dishonest act which may result in the loss of money, securities,

or other property belonging to or in the possession of the District. Said bond shall be in an amount as determined by the District, from a surety acceptable to the District.

5. Any other insurance commonly used by contractors for services of the type to be performed pursuant to this Agreement.



**EXHIBIT C-1**

**CERTIFICATE(S) OF INSURANCE**

## EXHIBIT D

### CERTIFICATE OF GOOD STANDING WITH COLORADO SECRETARY OF STATE

#### OFFICE OF THE SECRETARY OF STATE OF THE STATE OF COLORADO

### **CERTIFICATE OF FACT OF GOOD STANDING**

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

CROMWELL'S EXCAVATION INC.

is a

Corporation

formed or registered on 04/25/1994 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19941047821 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 08/24/2022 that have been posted, and by documents delivered to this office electronically through 08/29/2022 @ 10:56:13 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 08/29/2022 @ 10:56:13 in accordance with applicable law. This certificate is assigned Confirmation Number 14273722 .



*Jena Griswold*

Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*  
*Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."*



9:07 AM

12/06/22

Accrual Basis

# Saddlehorn Ranch Metropolitan District No. 1

## Balance Sheet

As of November 30, 2022

	Nov 30, 22
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Chase Bank	3,990.34
Total Checking/Savings	3,990.34
Total Current Assets	3,990.34
<b>TOTAL ASSETS</b>	<b>3,990.34</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	23,825.99
Total Accounts Payable	23,825.99
Total Current Liabilities	23,825.99
<b>Total Liabilities</b>	<b>23,825.99</b>
Equity	
Retained Earnings	-34,810.58
Net Income	14,974.93
Total Equity	-19,835.65
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,990.34</b>

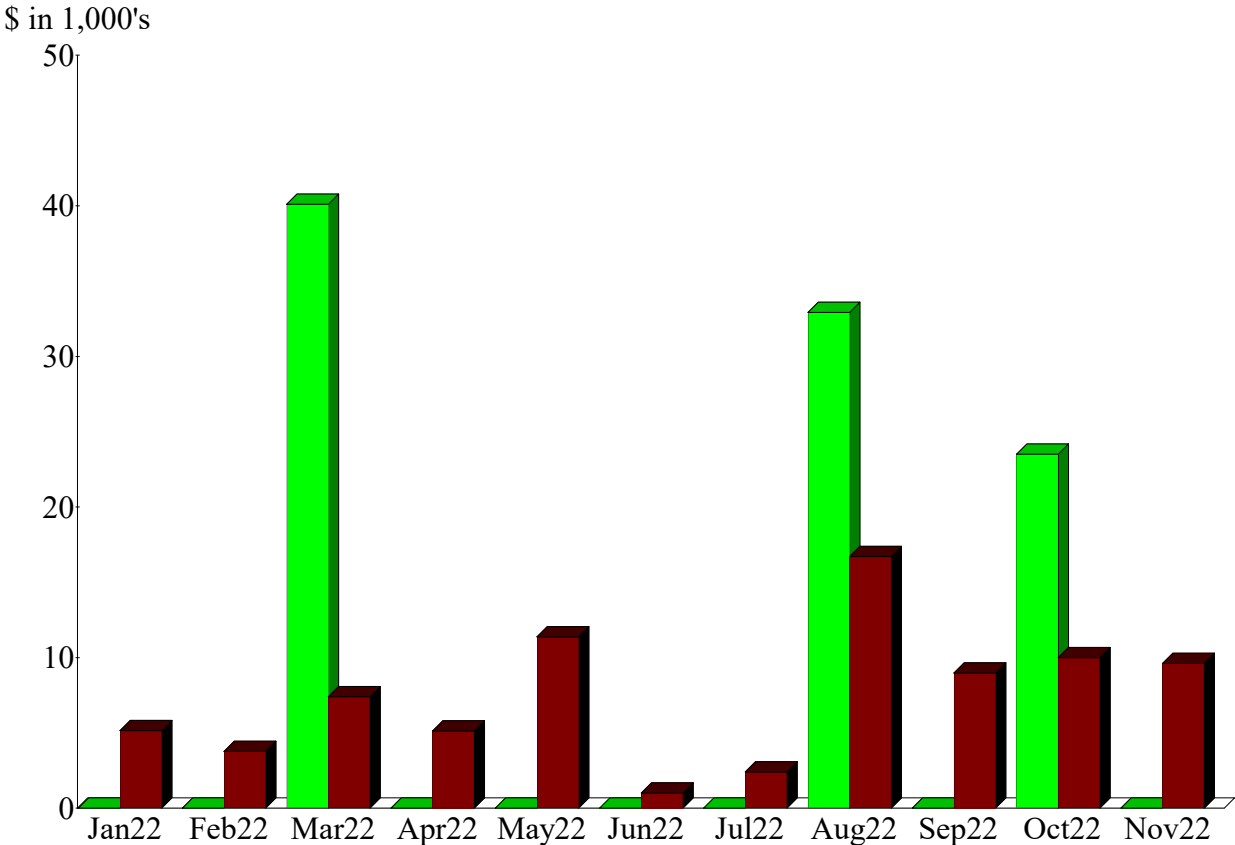
# Saddlehorn Ranch Metropolitan District No. 1

## Profit & Loss Budget vs. Actual

January through November 2022

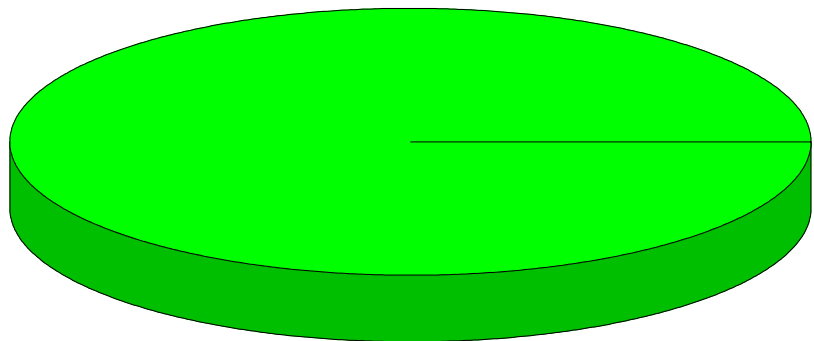
	TOTAL				
	Nov 22	Jan - Nov 22	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense					
Income					
Developer Advance	0.00	96,560.65	100,000.00	-3,439.35	96.56%
Dev Advance - Water Operations	0.00	0.00	65,000.00	-65,000.00	0.0%
Base Water Service Charge	0.00	0.00	6,750.00	-6,750.00	0.0%
Tiered Water Usage	0.00	0.00	10,000.00	-10,000.00	0.0%
Transfer From District 2-O&M	0.00	0.00	-26.00	26.00	0.0%
Transfer From District 3-O&M	0.00	0.00	200.00	-200.00	0.0%
<b>Total Income</b>	<b>0.00</b>	<b>96,560.65</b>	<b>181,924.00</b>	<b>-85,363.35</b>	<b>53.08%</b>
Expense					
Meters	0.00	13,123.20			
Accounting/Audit	0.00	0.00	8,000.00	-8,000.00	0.0%
Contingency	0.00	0.00	5,000.00	-5,000.00	0.0%
Copies & Postage	0.00	2.90			
District Management	4,999.30	32,890.40	36,000.00	-3,109.60	91.36%
Dues & Subscriptions (SDA)	0.00	1,054.50	500.00	554.50	210.9%
Elections	0.00	713.40	10,000.00	-9,286.60	7.13%
Engineering	0.00	0.00	10,000.00	-10,000.00	0.0%
Insurance	0.00	5,468.00	7,500.00	-2,032.00	72.91%
Legal	4,621.74	28,333.32	40,000.00	-11,666.68	70.83%
Miscellaneous	0.00	0.00	5,000.00	-5,000.00	0.0%
Office Supplies / Fees	0.00	0.00	1,500.00	-1,500.00	0.0%
Water Operations					
ACH & Credit Card Fees	0.00	0.00	500.00	-500.00	0.0%
Chemicals	0.00	0.00	1,500.00	-1,500.00	0.0%
Contingency	0.00	0.00	1,000.00	-1,000.00	0.0%
Computer & Tech Equipment	0.00	0.00	1,000.00	-1,000.00	0.0%
Energy Expense - Pump Station	0.00	0.00	12,000.00	-12,000.00	0.0%
General Legal	0.00	0.00	2,500.00	-2,500.00	0.0%
Monthly Bills & Printing	0.00	0.00	500.00	-500.00	0.0%
Operator in Responsible Charge	0.00	0.00	48,000.00	-48,000.00	0.0%
Postage	0.00	0.00	500.00	-500.00	0.0%
Professional Dues & Fees	0.00	0.00	500.00	-500.00	0.0%
Water Storage Tank O&M	0.00	0.00	1,000.00	-1,000.00	0.0%
Water Testing	0.00	0.00	1,000.00	-1,000.00	0.0%
Well House O&M	0.00	0.00	1,000.00	-1,000.00	0.0%
WTP Maintenance	0.00	0.00	10,000.00	-10,000.00	0.0%
<b>Total Water Operations</b>	<b>0.00</b>	<b>0.00</b>	<b>81,000.00</b>	<b>-81,000.00</b>	<b>0.0%</b>
<b>Total Expense</b>	<b>9,621.04</b>	<b>81,585.72</b>	<b>204,500.00</b>	<b>-122,914.28</b>	<b>39.9%</b>
<b>Net Ordinary Income</b>	<b>-9,621.04</b>	<b>14,974.93</b>	<b>-22,576.00</b>	<b>37,550.93</b>	<b>-66.33%</b>
<b>Net Income</b>	<b>-9,621.04</b>	<b>14,974.93</b>	<b>-22,576.00</b>	<b>37,550.93</b>	<b>-66.33%</b>

Income and Expense by Month  
January through November 2022



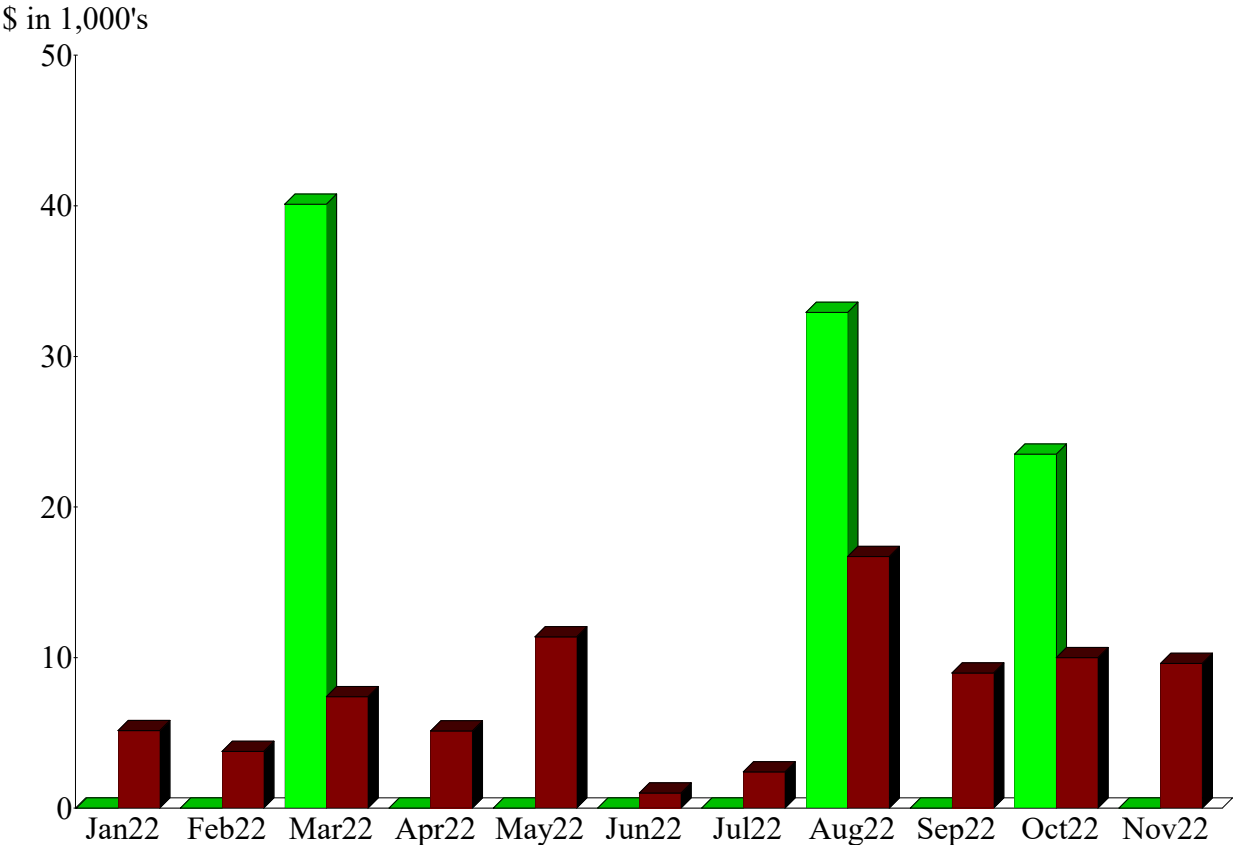
Income Summary  
January through November 2022

Developer Advance	100.00%
Total	\$96,560.65



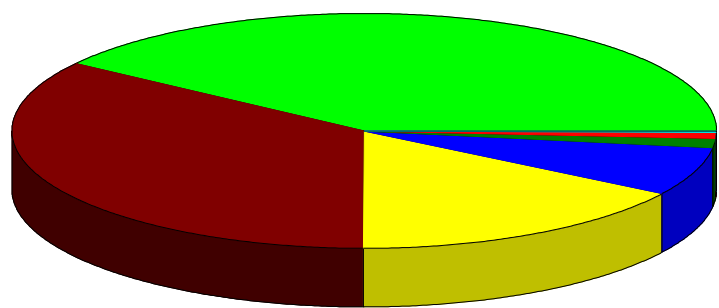
By Account

# Income and Expense by Month January through November 2022



## Expense Summary January through November 2022

District Management	40.31%
Legal	34.73
Meters	16.09
Insurance	6.70
Dues & Subscriptions (SDA)	1.29
Elections	0.87
Copies & Postage	0.01
Total	\$81,585.72



By Account

9:17 AM

12/06/22

Accrual Basis

## Saddlehorn Ranch Metropolitan District No. 2

### Balance Sheet

As of November 30, 2022

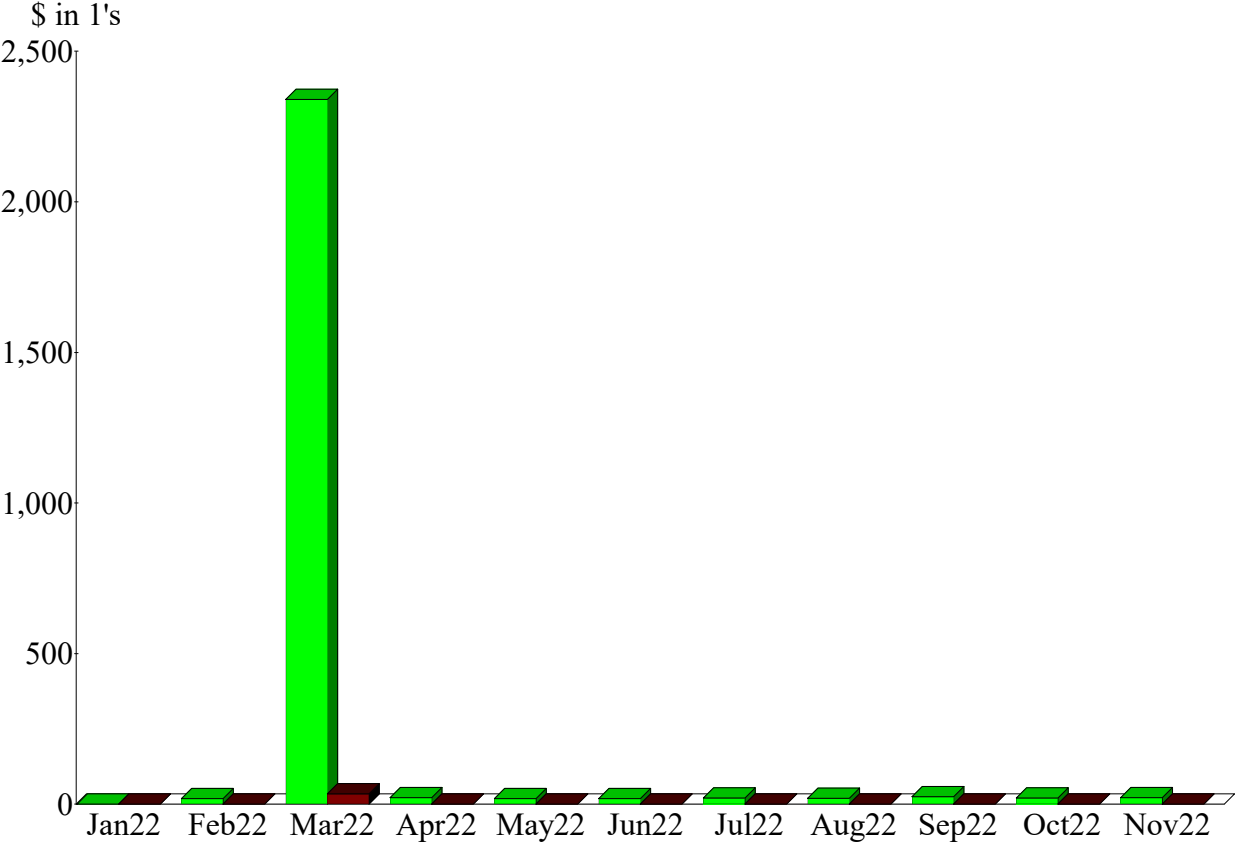
	Nov 30, 22
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Colo Trust	2,735.91
Total Checking/Savings	2,735.91
Total Current Assets	2,735.91
<b>TOTAL ASSETS</b>	<b>2,735.91</b>
<b>LIABILITIES &amp; EQUITY</b>	
Equity	
Retained Earnings	246.06
Net Income	2,489.85
Total Equity	2,735.91
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,735.91</b>



**Saddlehorn Ranch Metropolitan District No. 2**  
**Profit & Loss Budget vs. Actual**  
January through November 2022

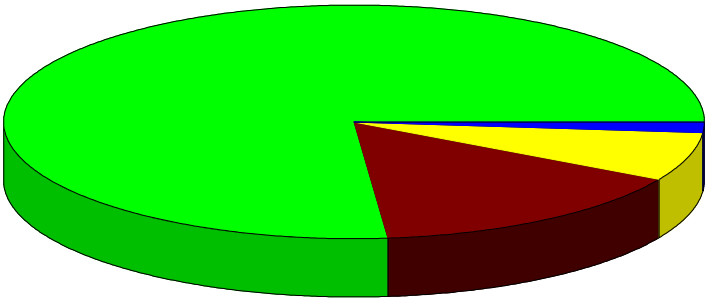
	TOTAL				
	Nov 22	Jan - Nov 22	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense					
Income					
Property Tax Revenue - DS	0.00	1,934.54	1,935.00	-0.46	99.98%
Specific Ownership Tax - DS	18.36	169.36	135.00	34.36	125.45%
Property Tax Revenue - GF	0.00	386.91	387.00	-0.09	99.98%
Specific Ownership Tax - GF	3.67	33.86	93.00	-59.14	36.41%
Total Income	22.03	2,524.67	2,550.00	-25.33	99.01%
Expense					
Bonds					
Series 2021A - Interest	0.00	0.00	2,065.00	-2,065.00	0.0%
Cost of Issuance	0.00	0.00	560,000.00	-560,000.00	0.0%
Total Bonds	0.00	0.00	562,065.00	-562,065.00	0.0%
Insurance	0.00	0.00	500.00	-500.00	0.0%
Treasurers Fees - DS	0.00	29.02	29.00	0.02	100.07%
Treasurers Fees - GF	0.00	5.80	6.00	-0.20	96.67%
Total Expense	0.00	34.82	562,600.00	-562,565.18	0.01%
Net Ordinary Income	22.03	2,489.85	-560,050.00	562,539.85	-0.45%
Other Income/Expense					
Other Expense					
Transfer to District #1	0.00	0.00	-26.00	26.00	0.0%
Total Other Expense	0.00	0.00	-26.00	26.00	0.0%
Net Other Income	0.00	0.00	26.00	-26.00	0.0%
Net Income	22.03	2,489.85	-560,024.00	562,513.85	-0.45%

# Income and Expense by Month January through November 2022



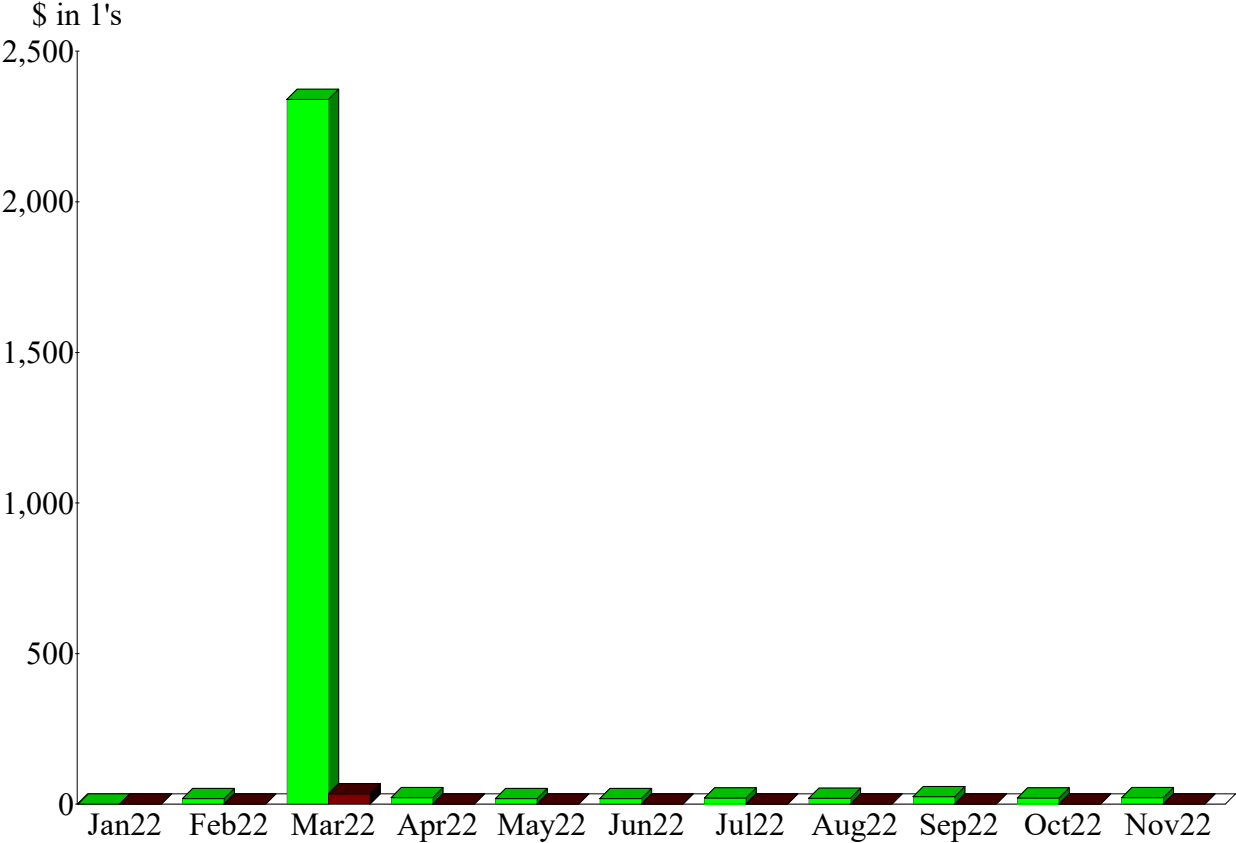
## Income Summary January through November 2022

Property Tax Revenue - DS	76.63%
Property Tax Revenue - GF	15.33
Specific Ownership Tax - DS	6.71
Specific Ownership Tax - GF	1.34
Total	\$2,524.67



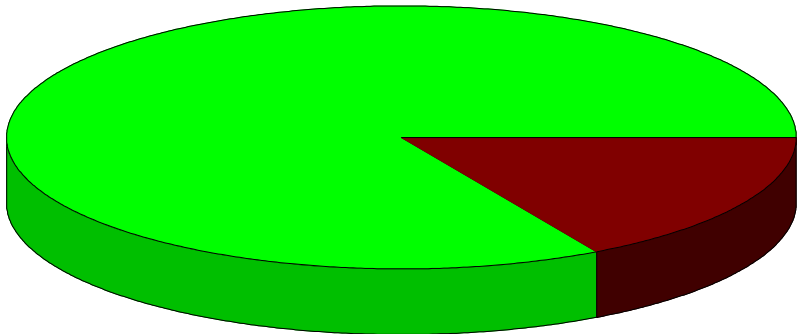
By Account

# Income and Expense by Month January through November 2022



## Expense Summary January through November 2022

Treasurers Fees - DS	83.34%
Treasurers Fees - GF	16.66
Total	\$34.82



By Account



# Saddlehorn Ranch Metropolitan District

## PAYABLES

12/9/2022

### GENERAL FUND ACCOUNT

Company	Invoice	Date	Amount	Comments
Lyons Gaddis	13	10/31/2022	\$ 385.00	
Walker Schooler District Managers	7204	9/30/2022	\$ 3,639.60	
Walker Schooler District Managers	7234	10/31/2022	\$ 6,466.75	
Walker Schooler District Managers	7261	11/30/2022	\$ 4,999.30	
White Bear Ankele Tanaka & Waldron	24234	9/30/2022	\$ 557.61	
White Bear Ankele Tanaka & Waldron	24756	10/31/2022	\$ 3,155.99	
White Bear Ankele Tanaka & Waldron	25238	11/30/2022	\$ 4,621.74	
<b>TOTAL</b>			<b>\$ 23,825.99</b>	

**TOTAL FOR ALL FUNDS**

\$ 23,825.99

\_\_\_\_\_, President



**SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1**  
**2023 BUDGET**  
**GENERAL FUND**

	<b>2021</b>	<b>2022</b>	<b>2022</b>
	<b>ACTUAL</b>	<b>PROJ / AMEND</b>	<b>BUDGET</b>
<b>GENERAL FUND BEGINNING BALANCE</b>	<b>-</b>	<b>13,748</b>	<b>29,433</b>
REVENUES			
PROPERTY TAX REVENUES			0
DEVELOPER ADVANCES	67,661	100,000	100,000
TRANSFER FROM DISTRICT #2			26
TRANSFER FROM DISTRICT #3			200
TOTAL REVENUES	67,661		100,226
TOTAL OF BALANCE AND REVENUES	67,661	113,748	129,659
EXPENDITURES			
ACCOUNTING/AUDIT	8,323		8,000
LEGAL SERVICES	22,761	25,000	40,000
DISTRICT MANAGEMENT	6,600	26,000	36,000
ELECTION EXPENSE		-	10,000
DIRECTORS FEE			
DUES AND SUBSCRIPTIONS			500
INSURANCE		8,500	7,500
OFFICE SUPPLIES, BANK & BILL.COM FEES	545	3	1,500
MISCELLANEOUS	-		5,000
CONTINGENCY			5,000
ENGINEERING			10,000
Meters		13,123	
ORGANIZATION EXPENSE			
TOTAL EXPENDITURES	38,228	72,626	123,500
<b>ENDING FUND BALANCE</b>	<b>29,433</b>	<b>41,122</b>	<b>6,159</b>
EMERGENCY RESERVE 3%	1,147	2,179	3,705
ASSESSED VALUATION	30	30	30

**SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1**  
**2023 BUDGET**  
**WATER OPERATIONS FUND**

	<b>2021</b>	<b>2022</b>	<b>2022</b>
	<b>ACTUAL</b>	<b>PROJ / AMEND</b>	<b>BUDGET</b>
<b>WATER OPERATIONS FUND BEGINNING BALANCE</b>		-	-
<b>REVENUES</b>			
BASE SERVICE CHARGES			6,750
TIERED WATER USAGE			10,000
LATE FEE - WATER CHARGES			
WATER SALES			
DEVELOPER ADVANCE		-	65,000
INTEREST INCOME		-	
TOTAL REVENUES	-	-	81,750
TOTAL OF BALANCE AND REVENUES			81,750
<b>EXPENDITURES</b>			
OPERATOR IN RESPONSIBLE CHARGE (ORC)			48,000
ACH & CREDIT CARD FEES			500
PROFESSIONAL DUES & FEES			500
MONTHLY BILLS & PRINTING			500
POSTAGE EXPENSE			500
LOCATE EXPENSE			-
WTP MAINTENANCE			10,000
GENERAL LEGAL			2,500
AUDIT, BUDGET & OTHER ACCOUNTING/ BILLING			
ENGINEERING - GENERAL			
ENERGY EXPENSE - PUMP STATIONS			12,000
CHEMICALS - CHLORINE			1,500
WATER TESTING			1,000
WELL HOUSE O&M			1,000
REPAIRS - PIPELINE - GENERAL			
TOOLS & SUPPLIES - GENERAL			-
WATER STORAGE TANK O&M			1,000
COMPUTER & TECH EQUIPMENT			1,000
CONTINGENCY			1,000
TOTAL EXPENDITURES	-	-	81,000
ENDING BALANCE	-	-	750
ASSESSED VALUATION	30	30	30
MILL LEVY	-		
TOTAL MILL LEVY	-		



**SADDLEHORN RANCH METROPOLITAN DISTRICT #2**  
**2023 BUDGET**  
**GENERAL FUND**

	2021	2022	2022	2023
	ACTUAL	BUDGET AMENDED	BUDGET	BUDGET
<b>GENERAL FUND BEGINNING BALANCE</b>		-	\$ 421	
<b>REVENUES</b>				
PROPERTY TAXES		387.00	\$ 387	3,820
SPECIFIC OWNERSHIP TAXES		40.00	\$ 93	267
DEVELOPER ADVANCES				
INTEREST EARNINGS				
OTHER				
TOTAL REVENUES		427.00	\$ 480	\$ 4,087
TOTAL REVENUES AND FUND BALANCE		427.00	\$ 901	\$ 4,087
<b>EXPENDITURES</b>				
ACCOUNTING				
AUDIT			\$ -	
LEGAL SERVICES				
INSURANCE & SDA DUES			\$ 500	
OFFICE SUPPLIES, BANK & BILL.COM FEES				
TREASURERS FEE		6.00	\$ 6	57
CONTINGENCY				
TOTAL EXPENDITURES		6.00	\$ 506	\$ 57
TRANSFER TO DISTRICT NO.1			\$ 395	4030
DEVELOPER ADVANCE/(REPAYMENTS)				
TOTAL EXPENDITURES & TRANSFERS		6.00	\$ 901	\$ 4,087
<b>ENDING FUND BALANCE</b>		<b>421.00</b>	<b>\$ -</b>	<b>\$ (0)</b>
<b>EMERGENCY RESERVE 3%</b>				
ASSESSED VALUATION	3,720	38,690	\$ 38,690	381,980
MILL LEVY	10.000	10.000	10.000	10.000

**SADDLEHORN RANCH METROPOLITAN DISTRICT #2**  
**2023 BUDGET**  
**DEBT SERVICE FUND**

	2021 ACTUAL	2022 PROJ/ AMEND	2022 BUDGET	2023 BUDGET
DEBT SERVICE FUND BEGINNING BALANCE		-	\$ 2,081	
SERIES 2023:REVENUE				
REVENUE SERIES 2023 A BOND			15,495,000	15,495,000
PROPERTY TAX		1,935	\$ 1,935	19,099
SPECIFIC OWNERSHIP TAX		175	\$ 135	1,337
TRANSFERS IN FROM OPERATING ACCOUNT				
INTEREST INCOME				
TOTAL INFLOWS & REVENUES	-	2,110	\$ 15,497,070	\$ 15,515,436
SERIES 2021A - PRINCIPAL AND INTEREST			\$ 3,952	
TRANSFER TO DISTRICT NO 2 CAPITAL PROJECT FUND		-	\$ 14,935,000	\$ 14,935,000
COSTS OF ISSUANCE			560,000	\$ 560,000
UNDERWRITERS DISCOUNT		29		
TREASURERS FEE			\$ 29	\$ 286
BANK CHARGE				
TOTAL OUTFLOWS	-	29	\$ 15,498,981	\$ 15,495,286
ENDING BALANCE	-	2,081	\$ 170	20,149
ASSESSED VALUATION	3,720	38,690	\$ 38,690	381,980
MILL LEVY	50.000	50.000	50.000	50.000
TOTAL MILL LEVY	60.000	60.000	60.000	60.000

**SADDLEHORN RANCH METROPOLITAN DISTRICT #2**  
**2022 BUDGET**  
**CAPITAL PROJECTS FUND**

	2021 ACTUAL	2022 PROJ / AMEND	2022 BUDGET	2023 BUDGET
CAPITAL PROJECTS FUND BEGINNING BALANCE		-	-	
SERIES 2023:REVENUE				
REVENUE SERIES 2023 BOND		-	14,935,000	14,935,000
TAP FEES		-	-	
SPECIFIC OWNERSHIP TAX		-	-	
TRANSFERS IN FROM OPERATING ACCOUNT				
TRANSFERS IN FROM D2 AND D3 DEBT SERVICE				
INTEREST INCOME			-	
TOTAL INFLOWS & REVENUES	-	-	14,935,000	14,935,000
RAW WATER PURCHASE			2,200,000	2,200,000
WATER LINES			1,436,371	1,436,371
WATER TREATMENT PLANT			4,180,000	4,180,000
VEHICLES			-	-
EROSION CONTROL			1,132,500	1,132,500
EARTHWORK			1,021,000	1,021,000
ENTRYWAY			150,000	150,000
STORM DRAIN			750,000	750,000
STREETS			3,000,000	3,000,000
TRAFFIC CONTROL			100,000	100,000
CONSULTING AND CONSTRUCTION MANAGEMENT			450,000	450,000
ACCOUNTING, LEGAL & OTHER PROFESSIONAL				
CONTINGENCY		-	500,000	500,000
TRANSFER TO WATER OPERATIONS FUND		-		
TOTAL OUTFLOWS	-	-	14,919,871	14,919,871
ENDING BALANCE	-	-	15,129	15,129

**SADDLEHORN RANCH METROPOLITAN DISTRICT #3****2023****GENERAL FUND**

	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>ACTUAL</b>	<b>PROJ / AMEND</b>	<b>BUDGET</b>	<b>BUDGET</b>
<b>GENERAL FUND BEGINNING BALANCE</b>		-	66	
<hr/>				
REVENUES				
PROPERTY TAXES		-	65	0
SPECIFIC OWNERSHIP TAXES		-	5	-
DEVELOPER ADVANCES		-		
INTEREST EARNINGS				
OTHER				
TOTAL REVENUES		-	70	
TOTAL REVENUES AND FUND BALANCE		-	136	
EXPENDITURES				
ACCOUNTING		-		
AUDIT				
LEGAL SERVICES		-		
INSURANCE & SDA DUES		-	250	
OFFICE SUPPLIES, BANK & BILL.COM FEES				
TREASURERS FEE		-	1	-
CONTINGENCY		-		
TOTAL EXPENDITURES		-	251	-
TRANSFER TO DISTRICT NO.1		-	200	
DEVELOPER ADVANCE/(REPAYMENTS)				
TOTAL EXPENDITURES & TRANSFERS	-	-	51	-
<b>ENDING FUND BALANCE</b>	-	-	<b>(115)</b>	-
<hr/>				
EMERGENCY RESERVE 3%				
ASSESSED VALUATION	6,260	6,260	6,520	30
MILL LEVY	10.000	10.000	10.000	10.000

**SADDLEHORN RANCH METROPOLITAN DISTRICT #3****2022 BUDGET****DEBT SERVICE FUND**

	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
	<b>ACTUAL</b>	<b>PROJ / AMEND</b>	<b>BUDGET</b>	<b>BUDGET</b>
<b>DEBT SERVICE FUND BEGINNING BALANCE</b>		-	-	
PROPERTY TAX		313	326	2
SPECIFIC OWNERSHIP TAX		19	23	-
TRANSFERS IN FROM OPERATING ACCOUNT				
INTEREST INCOME				
TOTAL INFLOWS & REVENUES	-	332	349	2
TRANSFER TO DISTRICT 2			344	2
TREASURERS FEE		5	5	
CONTINGENCY		327		
TOTAL OUTFLOWS	-	332	349	2
ENDING BALANCE	-	-	(0)	-
ASSESSED VALUATION	6,260	6,260	6,520	30.00
MILL LEVY	50.000	50.000	50.000	50.000
TOTAL MILL LEVY	60.000	60.000	60.000	60.000



**RESOLUTION**  
**ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES**  
**FOR THE CALENDAR YEAR 2023**

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The Board of Directors of Saddlehorn Ranch Metropolitan District No. 1 (the “**Board**”), El Paso County, Colorado (the “**District**”), held a regular meeting, via teleconference and at 731 North Weber, Suite 10, Colorado Springs, Colorado on December 9, 2022, at the hour of 9:00 a.m.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank]*

## NOTICE AS TO PROPOSED 2023 BUDGET



WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

*[Remainder of Page Intentionally Left Blank]*

ADOPTED DECEMBER 9, 2022.

**DISTRICT:**

**SADDLEHORN RANCH METROPOLITAN  
DISTRICT NO. 1**, a quasi-municipal corporation  
and political subdivision of the State of Colorado

By: \_\_\_\_\_  
Officer of the District

Attest:

By: \_\_\_\_\_

**APPROVED AS TO FORM:**

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

\_\_\_\_\_  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF EL PASO  
SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 1

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 731 North Weber, Suite 10, Colorado Springs, Colorado and via teleconference on Friday, December 9, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_ day of December, 2022.

\_\_\_\_\_

**EXHIBIT A**

**BUDGET DOCUMENT**

**BUDGET MESSAGE**



**RESOLUTION**  
**ADOPTING BUDGET, APPROPRIATING FUNDS AND CERTIFYING MILL LEVIES**  
**FOR THE CALENDAR YEAR 2023**

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The Board of Directors of Saddlehorn Ranch Metropolitan District No. 2 (the “**Board**”), El Paso County, Colorado (the “**District**”), held a regular meeting, via teleconference and at 731 North Weber, Suite 10, Colorado Springs, Colorado on December 9, 2022, at the hour of 9:00 a.m.

Prior to the meeting, each of the directors was notified of the date, time and place of the budget meeting and the purpose for which it was called and a notice of the meeting was posted or published in accordance with § 29-1-106, C.R.S.

*[Remainder of Page Intentionally Left Blank]*

## NOTICE AS TO PROPOSED 2023 BUDGET

WHEREAS, the Board has designated its accountant to prepare and submit a proposed budget to the Board in accordance with Colorado law; and

WHEREAS, the proposed budget has been submitted to the Board for its review and consideration; and

WHEREAS, upon due and proper notice, provided in accordance with Colorado law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held and interested electors were given the opportunity to register their protest to the proposed budget prior to the adoption of the budget by the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. Adoption of Budget. The budget attached hereto and incorporated herein is approved and adopted as the budget of the District for fiscal year 2023. In the event of recertification of values by the County Assessor's Office after the date of adoption hereof, staff is hereby directed to modify and/or adjust the budget and certification to reflect the recertification without the need for additional Board authorization. Any such modification to the budget or certification as contemplated by this Section 1 shall be deemed ratified by the Board.

Section 2. Levy for General Operating Expenses. For the purpose of meeting all general operating expenses of the District during the 2023 budget year, there is hereby levied a tax of 10.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 3. Levy for Debt Service Obligations. For the purposes of meeting all debt service obligations of the District during the 2023 budget year, there is hereby levied a tax of 50.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 4. Levy for Contractual Obligation Expenses. For the purposes of meeting all contractual obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.



Section 5. Levy for Capital Project Expenses. For the purposes of meeting all capital project obligations of the District during the 2023 budget year, there is hereby levied a tax of 0.000 mills upon each dollar of the total valuation of assessment of all taxable property within the District.

Section 6. Mill Levy Adjustment. When developing the attached budget, consideration was given to any changes in the method of calculating assessed valuation, including any changes to the assessment ratios, or any constitutionally mandated tax credit, cut or abatement, as authorized in the District's service plan. The Board hereby determines in good faith (such determination to be binding and final), that to the extent possible, the adjustments to the mill levies made to account for changes in Colorado law described in the prior sentence, and the actual tax revenues generated by the mill levies, are neither diminished nor enhanced as a result of those changes.

Section 7. Certification to County Commissioners. The Board directs its legal counsel, manager, accountant or other designee to certify to the Board of County Commissioners of El Paso County, Colorado the mill levies for the District as set forth herein. Such certification shall be in compliance with the requirements of Colorado law.

Section 8. Appropriations. The amounts set forth as expenditures in the budget attached hereto are hereby appropriated.

Section 9. Filing of Budget and Budget Message. The Board hereby directs its legal counsel, manager or other designee to file a certified copy of the adopted budget resolution, the budget and budget message with the Division of Local Government by January 30 of the ensuing year.

Section 10. Budget Certification. The budget shall be certified by a member of the District, or a person appointed by the District, and made a part of the public records of the District.

*[Remainder of Page Intentionally Left Blank]*

ADOPTED DECEMBER 9, 2022.

**DISTRICT:**

**SADDLEHORN RANCH METROPOLITAN  
DISTRICT NO. 2**, a quasi-municipal corporation  
and political subdivision of the State of Colorado

By: \_\_\_\_\_  
Officer of the District

Attest:

By: \_\_\_\_\_

**APPROVED AS TO FORM:**

WHITE BEAR ANKELE TANAKA & WALDRON  
Attorneys at Law

\_\_\_\_\_  
General Counsel to the District

STATE OF COLORADO  
COUNTY OF EL PASO  
SADDLEHORN RANCH METROPOLITAN DISTRICT NO. 2

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted by a majority of the Board at a District meeting held at 731 North Weber, Suite 10, Colorado Springs, Colorado and via teleconference on Friday, December 9, 2022, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_ day of December 2022.

\_\_\_\_\_

**EXHIBIT A**  
**BUDGET DOCUMENT**  
**BUDGET MESSAGE**