

## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT ("Agreement") is made and entered into as of the 1st day of June, 2006 by and among SOL VISTA METROPOLITAN DISTRICT (the "District"), a quasi-municipal corporation and political subdivision of the State of Colorado, GRANBY REALTY HOLDINGS L.L.C., a Colorado limited liability company, its successors and assigns (hereinafter referred to as "Granby Realty"), and SOLVISTA CORP., a Colorado corporation, its successors and assigns ("SolVista Corp."). The District, Granby Realty and SolVista Corp. are sometimes collectively referred to as the "Parties."

### RECITALS

WHEREAS, the District has been duly and validly organized as a quasi-municipal corporation and political subdivision of the State of Colorado, in accordance with the provisions of Article 1, Title 32, Colorado Revised Statutes ("Act"), and with the power to provide certain public infrastructure, improvements and services, as described in the Act, including but not limited to roads, drainage, safety protection, parks and recreation, water, sewer, transportation and mosquito control improvements (collectively, the "Public Infrastructure"), as authorized and in accordance with its Service Plan dated July 1999 (the "Service Plan") approved by Grand County, Colorado, which may be amended from time to time and as otherwise authorized under applicable law; and

WHEREAS, SolVista Corp. has previously constructed certain Public Infrastructure (as more particularly described on Exhibit A hereto, the "SolVista Constructed Improvements") and has incurred certain other costs in the nature of capital costs on behalf of and for the benefit of the District (as more particularly described on Exhibit B hereto, the "SolVista Costs Incurred") for the purpose of serving development within the District, with the understanding, and based upon representations of the District, that such SolVista Constructed Improvements would be acquired by the District prior to conveyance of the Town or that such SolVista Constructed Improvements would be conveyed to the Town on behalf of the District and that the purchase price of such SolVista Constructed Improvements and reimbursement of the SolVista Costs Incurred would be paid from the proceeds of an ad valorem tax levy of 25 mills, all as contemplated by the Service Plan; and

WHEREAS, Granby Realty has incurred certain other costs in the nature of capital costs on behalf of and for the benefit of the District (as more particularly described on Exhibit C hereto, the "Granby Realty Costs Incurred") for the purpose of serving development within the District, with the understanding, and based upon representations of the District, that the reimbursement of the Granby Realty Costs Incurred would be paid from the proceeds of an ad valorem tax levy of 25 mills, all as contemplated by the Service Plan; and

WHEREAS, the SolVista Constructed Improvements were conveyed by Granby Realty to the Town on behalf of and for the benefit of the District, with the understanding, and based upon representations of the District, that the purchase price thereof would be paid as described above; and

WHEREAS, pursuant to an Intergovernmental Funding Agreement (the "**SolVista Funding Agreement**") to be entered into between the District and Granby Ranch Metropolitan District ("**Granby Ranch**") concurrently with this Agreement, Granby Ranch has agreed to apply certain of the proceeds of its Limited Tax General Obligation Bonds, Series 2006 (the "**2006 Bonds**"), when issued, to the payment of the District's obligations hereunder, subject to the provisions hereof and the SolVista Funding Agreement; and

WHEREAS, in accordance with § 32-1-1001(1)(f)(h)(i), C.R.S., the District has the power to acquire real and personal property; manage, control, supervise the affairs of the District, including construction, installation, operation and maintenance of improvements in accordance with the Service Plan, and to hire and retain agents to perform the tasks empowered to the District; and

WHEREAS, the District and, pursuant to the SolVista Funding Agreement, Granby Ranch, have determined that the SolVista Constructed Improvements, the SolVista Costs Incurred and the Granby Realty Costs Incurred benefit the community, are in the public interest and contribute to the health, safety and welfare of the citizens of the District and Granby Ranch; and

WHEREAS, the board of directors of the District has determined that the best interests of the District and their residents and property owners would be served by entering into this Agreement to evidence its obligation to pay the Purchase Price (as defined herein) of the SolVista Constructed Improvements, the SolVista Costs Incurred and the Granby Realty Costs Incurred as provided herein; and

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

WHEREAS, the District's Board of Directors have authorized their officers to execute this Agreement and to take all other actions necessary and desirable to effectuate the purposes of this Agreement;

WHEREAS, those employees and/or affiliates of Granby Realty and SolVista Corp. who serve on the Board of Directors of the District have each disclosed potential conflicts of interest in connection with this Agreement, as required by law; and

NOW THEREFORE, in consideration of the mutual covenants and promises expressed herein, the District, Granby Realty and SolVista Corp. hereby agree as follows:

## COVENANTS AND AGREEMENTS

1. Costs Incurred. The Parties agree and acknowledge that: (a) SolVista Corp. has previously incurred the SolVista Costs Incurred (as shown on Exhibit B hereto) in the total amount of \$305,507.27 on behalf of and for the benefit of the District; and (b) Granby Realty has previously incurred the Granby Realty Costs Incurred (as shown on Exhibit C hereto) in the total amount of \$11,303.39 on behalf of and for the benefit of the District. The District has reviewed invoices and/or other evidence that each of the items represented on Exhibit B and Exhibit C is properly includible and is properly categorized as a capital cost of Public Infrastructure, including District formation costs, benefiting the District. Such SolVista Costs Incurred and Granby Realty Costs Incurred constitute Repayment Obligations hereunder (as defined herein).

2. Constructed Improvements. The Parties agree and acknowledge that SolVista Corp. has previously constructed and conveyed to the Town the SolVista Constructed Improvements (as shown on Exhibit A hereto), based on the understanding between the District and SolVista Corp. that the purchase price thereof would be paid as generally contemplated by the Service Plan. The District hereby agrees that the Purchase Price for such SolVista Constructed Improvements, as set forth in Section 4 hereof, shall be deemed a Repayment Obligation hereunder.

3. Terms of Repayment.

a. The District agrees to pay any amounts due hereunder (the "Repayment Obligations") to SolVista Corp. (with respect to the SolVista Costs Incurred and SolVista Constructed Improvements) and to Granby Realty (with respect to the Granby Realty Costs Incurred) solely from the proceeds of the 2006 Bonds, if any, made available therefor by Granby Ranch in accordance with the provisions of the SolVista Funding Agreement.

b. Upon application of the proceeds of the 2006 Bonds in accordance with the SolVista Funding Agreement all obligations of the District shall be deemed discharged and this Agreement shall terminate.

4. Determination of Purchase Price and Certification of Costs of SolVista Constructed Improvements.

a. The "Purchase Price" for all or any portion of SolVista Constructed Improvements shall be equal to the District Costs (as defined in subparagraph (c) below) with respect to such SolVista Constructed Improvements, and shall be in accord with the District's Service Plan and all other applicable laws.

b. SolVista Corp. has provided to the District invoices relating to the construction of the SolVista Constructed Improvements, including design, engineering and other "soft" costs necessary for the provision of such SolVista Constructed Improvements, but excluding overhead and/or profit.

c. The District's accountant has reviewed the invoices supplied by the Developer and has advised the District that, based on such invoices, it believes the actual costs of construction for the SolVista Constructed Improvements is equal to \$895,882.00 (the "District's Costs"), which amount does not include any interest or other compensation to SolVista Corp..

5. Representations Related to the SolVista Constructed Improvements.

a. The parties hereto acknowledge that any warranties associated with the SolVista Constructed Improvements have been assigned to the Town.

b. SolVista Corp. represents that the SolVista Constructed Improvements were designed, constructed, and completed in substantial conformance with the design standards and specifications as established and in use by the Town of Granby and other appropriate jurisdictions and as approved by a professional engineer licensed in the State of Colorado.

6. Record Keeping. Within three (3) days of the incurrence of a Repayment Obligation hereunder, the District shall notate the same on schedules to be maintained by the District for such purpose, showing the amount of the Repayment Obligation, the date incurred, and the total amount of Repayment Obligations owed to Granby Realty and SolVista Corp. under this Agreement, and shall execute such schedules acknowledging the incurrence of such Repayment Obligation. The District shall retain such records, which records shall be made available to Granby Realty and SolVista Corp. upon reasonable request and shall constitute the agreed upon Repayment Obligations hereunder to be repaid by the District in accordance with the terms of this Agreement. Granby Realty and SolVista Corp agree to promptly acknowledge, or cause the acknowledgment of, any payment of any amounts hereunder on such records maintained by the District.

7. No Debt. It is hereby agreed and acknowledged that this Agreement evidences the District's intent to repay Granby Realty and SolVista Corp for Repayment Obligations due hereunder in accordance with the terms hereof. However, this Agreement shall not constitute a debt or indebtedness by the District within the meaning of any constitutional or statutory provision, nor shall it constitute a multiple-fiscal-year financial obligation, and shall be at all times subject to annual appropriation by the District, in its absolute discretion.

8. Indemnification/Tax Exemption. Granby Realty and SolVista Corp. each hereby agrees to indemnify and save harmless the District from all claims and/or causes of action, including mechanic's liens, arising out of the performance of any act or the nonperformance of any obligation with respect to the Public Infrastructure provided by such Party, any filings made by or on behalf of such Party with the Internal Revenue Service in connection with this Agreement, and any challenges made by the Internal Revenue Service to the federally tax exempt nature of interest on Repayment Obligations owed to such Party hereunder, and in that regard agrees to pay any and all costs incurred by the District as a result thereof, including settlement amounts, judgments and reasonable attorneys' fees. Granby Realty and SolVista Corp. each acknowledges that the District has not, by execution of this Agreement, made any

representation as to the treatment of interest accrued on Repayment Obligations hereunder for purposes of federal or state income taxation.

9. Accredited Investor Status. Granby Realty and SolVista Corp. each represents and warrants to and for the benefit of the District that it is an "accredited investor" as that term is defined in Sections 3(b) and 4(2) of the federal Securities Act of 1933, as amended, and regulations promulgated thereunder by the Securities and Exchange Commission. This representation and warranty is made as of the date hereof and shall be deemed continually made by Granby Realty and SolVista Corp. for the entire term of this Agreement.

10. Time Is of the Essence. Time is of the essence hereof; provided, however, that if the last day permitted or the date otherwise determined for the performance of any act required or permitted under this Agreement falls on a Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding business day, unless otherwise expressly stated.

11. Notices and Place for Payments.

a. Any notices, demands, or other communications required or permitted to be given by any provision of this Agreement shall be given in writing, delivered personally, sent by facsimile with a hard copy sent immediately thereafter by first class certified mail, or sent by first class certified mail, postage prepaid and return receipt requested, addressed to the Parties at the addresses set forth below, or at such other address as either party may hereafter or from time to time designate by written notice to the other party given in accordance herewith. Notice shall be considered given when personally delivered, transmitted by facsimile or mailed by first class mail, return receipt requested, and shall be considered received on the earlier of the day on which such notice is actually received by the party to whom it is addressed, or the third day after such notice is mailed.

Notices to the District: SolVista Metropolitan District  
Attn: President

with copy to: Gary R. White  
White Bear & Ankele Professional Corporation  
1805 Shea Center Drive, Suite 100  
Highlands Ranch, Colorado 80129  
Telephone: (303) 858-1800  
Facsimile: (303) 858-1801

Notices to Granby Realty:

Gerry Engle  
999 Village Road  
Post Office Box 1110  
Granby, Colorado 80446

Notices to SolVista Corp.:

Gerry Engle  
999 Village Road  
Post Office Box 1110  
Granby, Colorado 80446

12. Amendments. This Agreement may only be amended or modified by a writing executed by each Party.

13. Severability. If any clause or provision of this Agreement is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable clause or provision shall not affect the validity of the Agreement as a whole, and all other clauses or provisions shall be given full force and effect.

14. Applicable Laws. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

15. Assignment. This Agreement may not be assigned without the express prior written consent of the Parties hereto, and any attempt to assign this Agreement in violation hereof shall be null and void.

16. Authority. By execution hereof, each Party hereto represents and warrants that its representative signing hereunder has full power and lawful authority to execute this Agreement and to bind the respective party to the terms hereof.

17. Entire Agreement. This Agreement constitutes and represents the entire, integrated agreement between the District and Granby Realty with respect to the matters set forth herein and hereby supersede any and all prior negotiations, representations, agreements or arrangements of any kind with respect to those matters, whether written or oral. This Agreement shall become effective upon the date set forth above.

18. Counterpart Execution. This Agreement may be executed in counterparts and, as so executed, shall constitute one Agreement, binding on the Parties even though the Parties have not signed the same counterpart. Any counterpart of this Agreement that has attached to it separate signature pages, which altogether contain the signatures of all the Parties, shall be deemed a fully executed instrument for all purposes.

19. Inurement. The terms of this Agreement shall be binding upon, and inure to the benefit, of the Parties as well as their respective successors and permitted assigns.

[The balance of this page left intentionally blank.]

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

**SOL VISTA METROPOLITAN DISTRICT**

ATTEST:

*[Signature]*  
Secretary

By: *[Signature]*  
President

(SEAL)



**GRANBY REALTY HOLDINGS L.L.C.**  
A Colorado limited liability company

By: *[Signature]*  
Its: Manager

**SOLVISTA CORP.**  
A Colorado corporation

By: *[Signature]*  
Its: President

**EXHIBIT A**  
**SOLVISTA CONSTRUCTED IMPROVEMENTS**

The Eagle Crest Water Booster Station

**EXHIBIT B**  
**SOLVISTA COSTS INCURRED**

**Exhibit B**  
**To Reimbursement Agreement**  
**Costs Incurred by SolVista**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
2001	Organizational Costs	177,276.00
2003	Legal Costs Paid By Developer	1,120.00
2003	Legal Costs Paid By Developer	2,055.05
2003	Organizational Costs Paid By Developer	48,197.20
2003	Legal Costs Paid By Developer	21,361.88
2003	Legal Costs Paid By Developer	225.00
2003	Remove Non-District Exclusion Costs Paid By District	(25,258.00)
2004	Invoice 19 Paid By Developer for Exclusion	7,832.94
2004	Invoice 19 Paid By Developer for Litigation	12,925.03
2004	Invoice 21 Paid By Developer for Litigation	10,995.61
2004	Invoice 26 Paid By Developer for Litigation	43,674.04
2004	Invoice 39 Paid By Developer for Litigation	34,910.41
2004	Invoice 45 Paid By Developer for Litigation	18,121.59
2004	Remove Org Costs Transferred to Headwaters	(60,356.49)
2004	Remove Org Costs Transferred to Headwaters	(1,132.08)
2004	6/2/04 Developer Repayment- Ck# 1198	(20,000.00)
2005	Invoice 59- Legal Fees Paid By Developer (Split)	33,593.65
2005	12/29/05 Developer Repayment (Split)	(34.56)
	<b>Total</b>	<b><u>305,507.27</u></b>

**EXHIBIT C**  
**GRANBY REALTY COSTS INCURRED**

**Exhibit C**  
**To Reimbursement Agreement**  
**Costs Incurred by Granby Realty Holdings**

<b>Date</b>	<b>Description</b>	<b>Amount</b>
2005	Invoice 59- Legal Fees Paid By Developer (Split)	11,303.39
	<b>Total</b>	<u><u>11,303.39</u></u>