VISTA RIDGE METROPOLITAN DISTRICT

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March 6, 2014

Mr. Matt Schalk, General Manager
Colorado National Golf Club
2700 Vista Parkway
Erie, CO 80516

Re: Vista Ridge Metropolitan District – Proposed Amendment and Restating of the Irrigation Water Facilities Common Use Agreement between the District and the Golf Club

Dear Matt:

Some time ago the District proposed amending and restating the Irrigation Water Facilities Common Use Agreement to articulate and reflect specific as well practical operation responsibilities, as they have evolved.

To that end, below are my comments relating to the proposed amendment and restating of the Agreement. Reference and paraphrasing is made to each Section in the Agreement affected.

After you have had a chance to digest, representatives of the District would like to meet to discuss these proposed changes.

VISTA RIDGE
AMENDMENT AND RESTATING OF THE IRRIGATION WATER FACILITIES COMMON USE AGREEMENT

1. Ref page 2; 1.b.(ii) - Emphasis should be made regarding Golf Course to perform all facets of the operation, maintenance, repair, replacement and upgrading of all portions of the Integrated System, including the District Facilities. Add additional language following "maintenance, repair, cleaning and restoration of all portions of the Integrated System *including performing chemical injection replenishment and maintenance of injection system,* (iii)...

2. Ref page 3; 1. (d) – Language should be added to this section to read; *Owner to provide and deliver to the District by no later than March 31 each year an Annual Reconciliation detailing the prior year's expenditures with respect to operation, maintenance, repair, replacement and upgrading of the integrated system. District to provide and deliver to the Owner by no later than March 31 each year an Annual Reconciliation detailing the prior year's expenditures with respect to water use/lease, operation, maintenance, repair, replacement and upgrading of the integrated system along with an established water rate for the ensuing year.*

3. Ref page 4; (e) – Replace payment of $5,000 management fee with the current established (2013) rate of $5,972. Delete escalator of 3% annually and revise language to state that management fee will be adjusted annually pursuant to Denver/Boulder CPI. Also add language indicating that Golf Course should submit an invoice for the quarterly management fee.

4. Ref page 5; 2.(i) – State the nominal cost in this section to reflect what is on page 3; 1.d(i) and (ii). *(i) labor in excess of an aggregate cost of $15,000, or (i) materials acquisition in excess of $10,000 for any one item or an aggregate cost of $15,000 with respect to the Integrated System and/or the District Facilities...*

5. Ref page 10; 6. - Increase 30 day payment term to 45 days.

6. Ref page 11; 8. – Term of Agreement expires in 2016. Begin process of extending Agreement in June, 2016.

7. Ref page 13; 11.(c) – Add a recital indicating the history of ownership of the Golf Course to-date.

8. Ref page 14; 11.(f) – Update notices section with appropriate entities.

9. Exhibits – Include clear illustrative exhibits.

Additionally add an Exhibit - "Easy Reference Scope of Services to be performed by Owner and District" listing the following:

Duties to be performed by Owner (Golf Course):

1. Golf Course to perform or cause to be performed all facets of the operation, maintenance, repair, replacement and upgrading of all portions of the Integrated System, including the District Facilities (this includes pump station and pump station filters, wet wells and Pond 17). Ref page 2; 1.b.
2. Perform chemical injection replenishment and cause to be performed the maintenance of injection system. Ref page 2; 1.b.(i)

3. Monitor and testing of water quality as necessary to meet the parties respective reasonable needs (including the front ponds; Pond 17 and Coal Creek). Ref page 2; 1.b.(v)

4. Inform the District on a regular basis as to the operational and maintenance status of all portions of the Integrated System. Ref page 3; 1.b.(vii)

5. No later than October 15 of each calendar year, Golf Course to deliver to the District a projected budget for the ensuing calendar year. Ref page 3; 1.c.

6. Golf Course to maintain detailed records and books of account regarding all costs and expenses suffered with respect to the management, operation, maintenance and repair of the Integrated System. Golf Course to provide and deliver to the District by no later than March 31 each year an Annual Reconciliation detailing the prior year's expenditures with respect to operation, maintenance, repair, replacement and upgrading of the integrated system. Ref page 3, 1.d.

7. Golf Course Management fee to be adjusted annually per Denver/Boulder CPI. Golf Course to submit an invoice for the quarterly management fee. Ref page 4; (e)

8. Golf Course is responsible for metering all water usage by the District including all inflows. Golf Course shall provide calendar-quarterly reports to the District with respect to the overall Integrated System water usage a well as the respective individual water usages of the Golf Course, the District and the Permitted Users (with exception to the HOA & Town of Erie sub-meters to be performed by the District). Ref page 8; (b)

9. Review and consider in June 2016 and extension of the Agreement. Agreement expires December 29, 2016

Duties to be performed by District:

1. District to provide and deliver to the Owner by no later than March 31 each year an Annual Reconciliation detailing the prior year's expenditures with respect to water use/lease, operation, maintenance, repair, replacement and upgrading of the integrated system along with an established water rate for the ensuing year. Ref page 3; 1. (d)

2. Following submittal of an invoice from the Owner, District shall pay Owner a quarterly management fee of $5,972 (the established 2013 rate) to be adjusted annually pursuant to the Denver/Boulder CPI. Ref page 4; (e)

3. Review and consider in June 2016 an extension of the Agreement. Agreement expires December 29, 2016

I look forward to hearing from you to schedule a meeting at your convenience.

Sincerely,

Lisa A. Jacoby
District Manager