GARY R. WHITE
KRISTEN D. BEAR
WILLIAM P. ANKELE, JR.
JENNIFER GRUBER TANAKA
CLINT C. WALDRON
KRISTIN BOWERS TOMPKINS
ROBERT G. ROGERS

WHITE BEAR ANKELE
TANAKA & WALDRON
ATTORNEYS AT LAW

K. SEAN ALLEN
GEORGE M. ROWLEY
NEIL RUTLEDGE
BRENT E. BUTZIN
ZACHARY P. WHITE
BOBBY D. GREENE
SILVIA FEJKA
*MEGAN L. TAGGART

November 4, 2014

Board of Directors
Greatrock North Water & Sanitation District
c/o Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

RE: Engagement of WHITE BEAR ANKELE TANAKA & WALDRON

Dear Directors:

We are pleased to confirm our continued engagement as general counsel to the Greatrock North Water & Sanitation District (the "District").

This engagement letter provides the terms upon which White Bear Ankele Tanaka & Waldron ("WBA") will provide legal services to the District and is intended to formalize our retention as general counsel, as required by the applicable Rules of Professional Conduct. This letter sets forth details of the engagement, including how we propose to staff the matter, billing arrangements and certain conflict of interest understandings. Additional information about WBA can be found at www.whitebearankele.com.

1. **Personnel.** It is currently anticipated that Jennifer Gruber Tanaka will have primary responsibility for the legal services provided by WBA under this engagement, with assistance provided by other professional staff under her direct supervision. However, the work or parts of it may be performed by other lawyers in WBA. Such delegation may be for the purpose of involving lawyers with special expertise in a given area or for purposes of providing services on the most efficient, cost-effective and timely basis. We may use paralegals and/or other support staff as we believe to be necessary and effective in providing you with legal services.

2. **Fees, Expenses and Retainer.** Our fees for services rendered on the District's behalf will be based upon time charged using the hourly rates charged by each attorney or paralegal working on the matter. WBA's legal services are billed on an hourly basis, in increments of one-tenth of an hour, and are not contingent. Ms. Tanaka's hourly rate for 2015 will be $400.00; however, as with past years, WBA is willing to charge the District a reduced rate for Ms. Tanaka's time. For 2015, the reduced hourly rate will be $350.00. Hourly rates for others in WBA currently range from $175.00 to $450.00 (attorneys) and from $105.00 to $135.00 (paralegals). Hourly rates are revised each year to reflect the current cost for delivery of legal services and the fees charged for services under this engagement may change without notice. From time to time WBA prepares memoranda, agreements or other documents based upon current legislative, State and Federal law concerns that are the subject of common interest and benefit to our clients. WBA allocates the fees

*Pending Colorado Bar Admission

for this work on an equitable basis to clients who benefit from this legal work by WBA's personnel. If you do not wish to receive this information, please advise us accordingly.

In addition to legal fees, WBA also charges for certain out-of-pocket costs incurred by us in representing you. Charges for long distance telephone calls (domestic only), conference calling services (domestic only), facsimiles (domestic only), in-office copying, ordinary postage (under $10.00), and deliveries made by in-house staff are covered by an administrative fee, currently equal to 2.5% of the legal fees charged. This administrative fee is in lieu of itemizing those expenses and may be adjusted over time. If there are other expenses, such as filing and recording fees, computer-assisted research fees, mileage, delivery service fees, travel, meals or hotel accommodation charges, those will be billed separately. These costs are subject to the same payment terms as legal fees and are your responsibility. WBA's policy is to advance or incur expenses on a discretionary basis up to $1,000.00, subject to your reimbursement of them in the next bill. If an expense will exceed that amount, we will ask you to pay it directly to us in advance or have you contract directly with the vendor. WBA will not require the payment of a retainer at this time, but we reserve the right to require a retainer if deemed necessary by WBA or if you fail to timely pay invoices.

3. **Billing.** Generally, invoices for fees and expenses will be submitted to you monthly and are due upon receipt. If an invoice remains unpaid after thirty (30) days, we will consider it in default and you agree that we may charge a late fee on all amounts due and owing at the rate of one percent (1%) compounded monthly. By signature below, you agree to pay all fees, costs and expenses billed by WBA for the legal services. If payments as described above are not paid on a timely basis, WBA may withdraw from the representation in accordance with the Rules of Professional Conduct. In the event that WBA is compelled to resort to collection of your account, which may or may not include litigation, you agree that your obligations to WBA shall include payment of all costs and expenses of such collection efforts, including court fees and costs, attorneys' fees and out-of-pocket expenses.

4. **Attorney-Client Relationship.** In performing our services as general counsel to the District, the District will be our client. We will represent the interests of the District, rather than the Board of Directors, the Board's individual members or the District's employees. Nothing in this engagement agreement and nothing in our statements to you will be construed as a guarantee or promise about the outcome of any matter which WBA may handle on your behalf. Our comments about the outcome of your matters or any phase thereof are expressions of opinion only. Further, neither WBA nor any of its attorneys or employees shall be employed, retained, or otherwise categorized as a "municipal advisor" to the District as such term is defined in the 15 U.S.C. 78o-4(e)(4)(c), as amended by the Dodd/Frank Act (the "Act"), or any rules promulgated by the Securities and Exchange Commission under the Act. Any comments or advice provided by WBA or its attorneys regarding the issuance of securities by the District shall be solely of a "traditional legal nature", as permitted under the Act.

5. **Conflicts of Interest.** We have performed an internal review for potential conflicts of interest based upon information you have provided to us we find none at this time. If any are

discovered in the future, we will discuss our continued engagement with you. WBA represents many other local governments and municipal clients that may be viewed as competing with the District. Simultaneous representation in unrelated matters of clients whose interests are only economically adverse, such as representation of competing economic enterprises in unrelated litigation, does not ordinarily constitute a conflict of interest that requires consent of the respective clients.

6. **Document Retention.** Following the conclusion of our services, we will return the District files to the District upon request, provided that WBA has received payment of all outstanding fees and costs. Otherwise, no sooner than thirty (30) days after the conclusion of our services, we may destroy the files. Please note that, to the extent WBA is designated as the public records custodian for the District pursuant to §§24-72-202, *et seq.*, C.R.S., WBA will maintain all public records in accordance with any duly approved and adopted retention and destruction policy of the District and the Colorado State Archives or similar regulatory body.

7. **Termination.** You will have the right to terminate our representation at any time. Whether you terminate the representation or we terminate the representation for reasons set forth in the Rules of Professional Conduct, including nonpayment of legal fees and expenses, all fees incurred for services rendered through the date of termination, as well as all costs and expenses incurred by us on your behalf, must be paid within ten days of receipt of our final statement. We reserve the right to charge for any work required in connection with the orderly transition of pending matters to new counsel. Upon conclusion of our services, whether due to termination or completion of the work, we will not thereafter be responsible for legal matters for which our services have not been specifically requested and we have agreed to perform in writing.

8. **Arbitration of Disputes.** If a dispute arises regarding our services or fees, any fee dispute will be decided by the Colorado Bar Association Legal Fee Arbitration Committee in Denver, Colorado. There is no charge for the dispute resolution services provided by the Legal Fee Arbitration Committee and each party will pay its own costs and expenses. If, either in addition to a pending fee dispute or in the absence of one, any other dispute or claim of any type or nature arises with respect to services rendered pursuant to this engagement agreement, including, without limitation, a claim for legal malpractice, it will be decided by the Judicial Arbiter Group in Denver, Colorado by a single arbitrator to be mutually agreed to by the parties. Each party will be responsible for paying one half of all fees and expenses charged by the arbitrator. The parties recognize that by agreeing to arbitration as the method for dispute resolution, they relinquish the right to bring an action in court and waive the right to a jury trial and the extensive discovery rights typically permitted in judicial proceedings.

9. **Employment Eligibility.** WBA hereby states that it does not knowingly employ or contract with an illegal alien, and that WBA has participated in or has attempted to participate in the E-Verify program pursuant to §§8-17.5-101, *et seq.*, C.R.S., in order to verify that it does not employ any illegal aliens.

If you are in agreement with the foregoing terms of this engagement and it meets your understanding of the professional relationship we have established, please have an authorized representative of the District sign and return a copy of this letter to our office at your earliest convenience. By signing below, you acknowledge that you have been given the opportunity to discuss this engagement letter with another attorney or any other person of your choosing.

We look forward to working with you and will commit the necessary resources of WBA to meet your needs. Our efforts will always be to ensure that our relationship is based on open and honest communication regarding these matters. If at any time you have questions concerning our representation, please feel free to contact us immediately.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

Jennifer Gruber Tanaka

JGT:fbh

APPROVED, ACCEPTED AND AGREED TO BY:
Greatrock North Water & Sanitation District

_____
Signature
Name:_____
Position:_____
Date: _____