

TAP FEE REVENUE SHARING AGREEMENT

This Tap Fee Revenue Sharing Agreement is made and entered into this 18th day of January, 2010 by and between the **Two Rivers Metropolitan District** ("TRMD" or "the District"), a Colorado Special District organized and existing under the laws of the State of Colorado, acting by and through its **Water and Sanitation Enterprise**, whose address is 080 Lake Shore Drive, P.O. Box 271, Gypsum, CO 81637, and **Dotsero Realty Partners, LLLP** ("DRP"), a Colorado Limited Liability Limited Partners, whose address is c/o Ken Kriz, 0483 County Road 167, Glenwood Springs, CO 81601.

WHEREAS, TRMD is organized for the purpose of providing water and sewer infrastructure and services within its boundaries, as well as other services; and

WHEREAS, DRP is the primary developer of property within TRMD's boundaries; and

WHEREAS, DRP has heretofore constructed water and sewer infrastructure and conveyed said infrastructure to TRMD; and

WHEREAS, on November 19, 2002, the parties entered into an Infrastructure Acquisition Agreement in which DRP agreed to dedicate infrastructure to TRMD and TRMD agreed, subject to annual appropriation, to pay the costs of such public infrastructure so dedicated; and

WHEREAS, TRMD adopted a Resolution in 2005, pursuant to which DRP dedicated and conveyed to TRMD infrastructure totaling \$7,300,894.00. In turn, TRMD expressed its intent to reimburse DRP for its costs of constructing the public improvements, up to the authorized maximum debt limit of \$4,800,000.00, with the net proceeds of TRMD's limited tax general obligation bonds, tap revenues in the Board's discretion and, subject to a mill levy not to exceed twenty mills, repayment of debt after operating needs are met; and

WHEREAS, TRMD issued a taxable Promissory Note dated July 17, 2006 in the principal amount of \$200,000.00 with interest at the rate of 9% and a term of forty (40) years to DRP. The pledged revenue contained in the Note are the net revenues collected by TRMD by the imposition of a debt service mill levy of ten mills (in addition to the twenty mills for operation) and any other legally available funds as appropriated by the Board; and

WHEREAS, TRMD is currently showing on its balance sheet an obligation to DRP in the amount of \$4,683,500.00; and

WHEREAS, DRP has made developer advances for operation purposes to TRMD in the amount of \$263,300.00 and anticipates making developer advances in the 2010 budget year totaling \$105,000.00; and

WHEREAS, the parties desire to enter into this Tap Fee Revenue Sharing Agreement to provide DRP with a source of revenue for the repayment of TRMD's obligation to DRP.

NOW THEREFORE, FOR AND IN CONSIDERATION of the mutual promises and covenants contained herein the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Existing Water and Sewer Capacities.** According to the Third Draft Engineering Report for the TRMD's Amended Service Plan dated November 6, 2009, prepared by Sopris Engineering, LLC, the District's consulting civil engineers, the following chart represents the current status of the District's water treatment facilities and sewer treatment plant:

	Current Capacity	Two Rivers Estate/ Village Total Demand	In Use	Needed for full Development	Excess Capacity	Total Available Capacity
WATER	533.5	431.5	115	316.5	102	418.5
SEWER	653*	432	115	317	221	538

*Assumes \$416,000.00 in improvements made to sewer plant

2. **Conveyance of Land and Facilities.** DRP has heretofore, by Bill of Sale, Affidavit and Verification, Special Warranty Deed, Quit Claim Deed and Easement Deed, and Assignment of Permits and Contracts, all dated March 10, 2005, conveyed to TRMD all of its interest in the water and sewer facilities, water rights, easements, and facilities constructed by DRP in Phase I of the Two Rivers Village PUD development. Within ninety (90) days following completion, DRP agrees to convey all of the water and sewer facilities, roads, and easements, located within Phase II and III of the Two Rivers Village PUD development. DRP further agrees that it shall cooperate with the District to convey any other facilities, infrastructure, and easements needed by TRMD necessary for the operation of the District, including any such infrastructure or facilities it hereafter constructs in the future as part of Phase IV of the Two Rivers Village PUD development; and to execute any documents necessary to accomplish or cure the above-stated obligations.
3. **Conveyance and Assignment of Pre-Paid Tap Credits.** TRMD hereby conveys to DRP the total available water and sewer capacity of the District's water and sewer plants, in the amounts set forth in the chart contained in paragraph 1 above under the column "Total Available Capacity," in the form of 75% pre-paid tap credits for those amounts of water and sewer EQR. The District shall continue to charge water and sewer tap fees for all new connections at the tap fee then in effect and retain 25% of the amount collected and remit quarterly to DRP 75% of the tap fees collected, subject to the limitations contained in paragraph 4 below.
4. **District Right to Retain 100% of Tap Fees.** To insure that the District has sufficient funds for operations and improvements, DRP agrees that the District shall retain 100% of the funds from tap fees sold for two purposes:

- (A) To fund any developer advances budgeted in good faith by the District for that budget year, to the extent not otherwise already funded by DRP; and
- (B) To establish a reserve escrow up to \$416,000.00 for sewer improvements (subject to adjustment provided below) to the existing sewer plant and lift station as identified in the Sopris Engineering Draft Engineering Report referred to above, and a summary of the improvements is attached as Exhibit A, unless those improvements have otherwise been securely funded, the improvements have been completed in whole or in part, or the need for such improvements has been eliminated. Annually, the District's engineer shall review the needed improvements, update the cost to insure the reserve escrow account is sufficiently funded, and determine whether any of such improvements have been completed, in which case the reserve escrow account amount shall be adjusted accordingly.

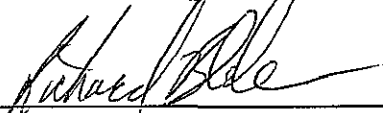
The limitations contained in this paragraph shall terminate when the total assessed value within the District reaches a total of \$10,000,000.00.

- 5. **Value of Pre-Paid Tap Credits.** The value of the total available water capacity, at 75% of the current \$5,000.00 water tap fee is \$1,569,375.00. The value of the available sewer capacity, 75% of the \$5,000.00 sewer tap fee is \$2,017,500.00. These amounts shall be reduced on the books of the District from the amount first owed to the Developer for developer advances and then for other debt to the developer. In the event the 75% pre-paid tap credit is retained by the District pursuant to paragraph 4 above, those amounts shall be added back into the amounts owed to DRP.
- 6. **Sale of Taps.** The District may sell taps to whomever it chooses, but agrees to retain sufficient capacity (317 EQR of water and sewer capacity) to fully serve the Two Rivers Village PUD and Two Rivers Village Estates developments. DRP may provide written consent to the sale of such capacity if DRP, at its sole discretion, determines that expansion of the water and sewer capacity has been securely funded. TRV agrees that the water and sewer tap fee shall escalate annually, on January 1, with the Consumer Price Index (all items, Denver, Boulder area), unless the Board of Directors of the District adopts a greater increase.
- 7. **Service Plan Amendment.** The Board agrees to pursue in good faith a Service Plan Amendment to expand the boundaries of the District, as outlined in the Third Draft Engineering Report referred to above. Such Amendment shall include, in addition to the twenty mills currently approved within the District's Service Plan, a proposed additional twenty mills dedicated to debt service, which would be dedicated to the repayment of the balance owed to DRP on the books of the District. Such Amendment shall further require that any land included within the District's boundaries in the future be subject to such debt service mill levy.

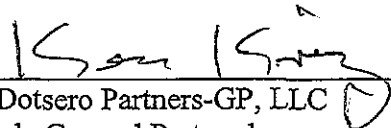
8. **Repurchase of Taps.** TRMD may repurchase pre-paid tap credits from DRP (to the extent such taps are still owned by DRP) at any time, at the rate of 75% of the tap fee in effect at the time of such purchase.
9. **2006 Promissory Note.** The District commits to making a good faith effort to continue to levy the existing ten mills utilized for debt service and repayment of the 2006 Promissory Note but retains the discretion to modify or terminate such levy if the District, in good faith, determines such modification or termination to be necessary.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day and year first written above.

Two Rivers Metropolitan District


 By: C. Tandy LaMaster, Secretary
 Richard Blake, Board member


Dotsero Realty Partners, LLLP


 By: Dotsero Partners-GP, LLC
 Its Sole General Partner by
 Ken Kriz, it Co-Managing Partner

STATE OF COLORADO)
) ss.
 COUNTY OF Eagle)

Acknowledged, subscribed and sworn to before me this 19th day of April, 2010, by Ken Kriz.

WITNESS my hand and official seal. My Commission expires: 5-19-2010.

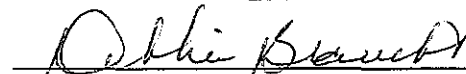

 Notary Public (SEAL)

STATE OF COLORADO)
) ss.
 COUNTY OF Eagle)

**DEBBIE BRAUCHT
 NOTARY PUBLIC
 STATE OF COLORADO**

Acknowledged, subscribed and sworn to before me this 19th day of April, 2010, by Richard Blake.

WITNESS my hand and official seal. My Commission expires: 5-19-2010.


 Notary Public (SEAL)

**DEBBIE BRAUCHT
 NOTARY PUBLIC
 STATE OF COLORADO**

EXHIBIT A
LIST OF SEWER IMPROVEMENTS

TWO RIVERS METRO DISTRICT
ENGINEER'S COST ESTIMATE FOR IMPROVEMENTS TO
EXISTING SANITARY SEWER SYSTEM TO ACHIEVE DESIGN CAPACITY
NOVEMBER 6, 2009

	ITEM	QUANTITY	UNIT	UNIT COST	COST
PHASE 1: IMPROVEMENTS TO EXISTING SYSTEM					
	<i>LIFT STATION IMPROVEMENTS</i>				
1	GRINDER-MUFFIN MONSTER MODEL 300000	1	L.S.	25,000.00	25,000.00
2	WET WELL CONTROLS AND NEW WET WELL	1	L.S.	100,000.00	100,000.00
	<i>SEWER TREATMENT PLANT IMPROVEMENTS</i>				
1	CONCRETE WORK	1	L.S.	30,000.00	30,000.00
2	STEEL BUILDING	1	L.S.	26,000.00	26,000.00
3	ALUMINUM GATES & CHANNELS	1	L.S.	15,000.00	15,000.00
4	ELECTRICAL	1	L.S.	15,000.00	15,000.00
5	BAR SCREEN-VULCAN MODEL ESR STAIR SCREEN	1	L.S.	70,000.00	70,000.00
6	WASHER & COMPACTOR FROM VULCAN EWP WASHING PRESS	1	L.S.	30,000.00	30,000.00
7	GRIT SYSTEM	1	L.S.	35,000.00	35,000.00
	<i>SEWER TREATMENT PLANT SOLIDS HANDLING FACILITY</i>				
1	PURCHASE & INSTALL BELT PRESS FROM MID VALLEY WWTP	1	L.S.	70,000.00	70,000.00
PHASE 1: ESTIMATED TOTAL COST OF SEWER IMPROVEMENTS					416,000.00

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