

RED01RGS

TYPE OF RECORD: PERMANENT

CATEGORY OF RECORD: **DEVELOPMENT IMPROVEMENTS AGREEMENT**

NAME OF APPLICANT OR DEVELOPER: REDLANDS MESA, LLC, A COLORADO LIMITED LIABILITY COMPANY

PROJECT/SUBDIVISION: REDLANDS MESA PLANNED DEVELOPMENT, FILING 2

LOCATION: WEST RIDGES BOULEVARD AND HIGH DESERT ROAD

PARCEL NO.: 2945-203-01-045

FILE NO.: FP-2000-198

CITY DEPARTMENT: COMMUNITY DEVELOPMENT

YEAR: 2001

EXPIRATION DATE: NONE

DESTRUCTION DATE: NONE

DEVELOPMENT IMPROVEMENTS AGREEMENT

1. Parties: The parties to this Development Improvements Agreement ("the Agreement" or "Agreement") are Redlands Mesa, LLC, a Colorado Limited Liability Company ("the Developer") and THE CITY OF GRAND JUNCTION, Colorado ("the City" or "City").

FOR valuable consideration, the receipt and adequacy of which is acknowledged, the Parties agree as follows:

2. Effective Date: The Effective Date of the Agreement is { 1 / 10 / 01 (mm/dd/yy)}.

RECITALS

The Developer seeks permission to develop property within the City to be known as Redlands Mesa Planned Development, Filing 2, which property is more particularly described on Exhibit A attached and incorporated by this reference ("the Property" or "Property"). The City seeks to protect the health, safety and general welfare of the community by requiring the completion of various improvements in the Property and limiting the harmful effects of substandard developments. The purpose of this Agreement is to protect the City from the cost of completing necessary improvements itself and is not executed for the benefit of materialmen, laborers, or others providing work, services or material to the Developer and/or the Property or for the benefit of the owners, purchasers or users of the Property. The mutual promises, covenants, and obligations contained in this Agreement are authorized by state law, the Colorado Constitution and the City's land development ordinances.

DEVELOPER'S OBLIGATION

3. Improvements: The Developer will design, construct and install, at its own expense, those on-site and off-site improvements listed on Exhibit B attached and incorporated by this reference ("the Improvements" or "Improvements"). The Developer agrees to pay the City for inspection services performed by the City, in addition to amounts shown on Exhibit B. The hourly rate of "in-house" inspection services is \$45.00 per hour. The scope of this project is such that the City may have to engage independent consultant(s) to adequately provide inspection services; Developer agrees to pay such costs, in addition to all others. The Developer's obligation to complete the improvements is and will be independent of any obligations of the City contained herein.

4. Security: To secure the performance of its obligations under this Agreement (except its obligations for warranty under paragraph 6), the Developer shall supply a financial guarantee, in a form and with terms acceptable to the City as indicated below:

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- (I) disbursement agreement between a bank doing business in Mesa County and the City, or
- (II) a good and sufficient letter of credit acceptable to the City, or
- (III) depositing with the City cash equivalent to the estimated cost of construction of the improvements, or
- (IV) other: _____

5. **Standards:** The Developer shall construct the Improvements according to the standards and specifications required by the City Engineer or as adopted by the City.

6. **Warranty:** The Developer warrants that the Improvements, each and every one of them, will be free from defects for a period of twelve (12) months from the date that the City Engineer accepts or approves the last improvement completed by the Developer.

7. **Commencement, Completion and Abandonment Periods:** The Developer will commence work on the Improvements within 45 days from the Effective Date of this Agreement ("the Commencement Period") and the Improvements, each and every one of them, shall be completed by the end of the 9th month from the Effective Date of this Agreement {10 / 03 / 2001(mm/dd/yy)} (the "Completion Period"). The Developer shall not cease construction activities for any period of more than 60 consecutive days ("the Abandonment Period").

8. **Compliance with Law:** The Developer shall comply with all applicable federal, state and local laws, ordinances and regulations in effect at the time of final approval when fulfilling its obligations under this Agreement. When necessary to protect the public health, safety or welfare, the Developer shall be subject to laws, ordinances and regulations that become effective after final development approval.

9. **Notice of Defect:** The Developer's Engineer shall provide timely notice to the Developer, contractor, issuer of security and the City Engineer whenever inspection reveals, or the Developer's Engineer otherwise has knowledge, that an improvement does not conform to City standards and any specifications approved in the development application or is otherwise defective. The Developer will have thirty (30) days from the issuance of such notice to correct the defect. The City may grant reasonable extensions.

10. **Acceptance of Improvements:** The City's final acceptance and/or approval of Improvements will not be given or obtained until the Developer presents a document or documents, for the benefit of the City, showing that the Developer owns the Improvements in fee simple and that there are no liens, encumbrances or other restrictions on the Improvements. Approval and/or acceptance of any Improvements does not constitute a waiver by the City of any rights it may have

on account of any defect in or failure of the Improvement that is detected or which occurs after approval and/or acceptance.

11. **Reduction of Security:** After the acceptance of any Improvement, the amount which the City is entitled to draw on the guarantee will be reduced by an amount equal to 90 percent of the estimated cost of the Improvement as shown in Exhibit B. At the written request of the Developer, the City will execute a certificate verifying the acceptance of the Improvement and waiving its right to draw on the guarantee to the extent of such amount. A Developer in default under this Agreement will have no right to such certification. Upon the acceptance of all of the Improvements the remaining balance that may be drawn under the guarantee shall be available to the City for 90 days after the expiration of the warranty period.

12. **Use of Proceeds:** The City will use funds deposited with it, drawn or guaranteed pursuant to any written agreement entered into between the parties only for the purpose of completing the Improvements or correcting defects in or failure of the Improvements.

13. **Events of Default:** The following conditions, occurrences or actions will constitute a default by the Developer during the Completion Period:

- a. Developer's failure to complete each portion of the Improvements in conformance with the time schedule provided in paragraph number seven (7.), above;
- b. Developer's failure to demonstrate reasonable intent to correct defective construction of any Improvement within the applicable correction period;
- c. Developer's insolvency, the appointment of a receiver for the Developer or the filing of a voluntary or involuntary petition in bankruptcy respecting the Developer; in such event the City may immediately declare a default without prior notification to the Developer;
- d. Notification to the City, by any lender with a lien on the property, of a default on an obligation; the City may immediately declare a default without prior notification to the Developer;
- e. Initiation of any foreclosure action of any lien or initiation of mechanics lien(s) procedure(s) against the Property or a portion of the Property or assignment or conveyance of the Property in lieu of foreclosure; the City may immediately declare a default without prior notification to the Developer.

Unless specifically provided herein the City may not declare a default until written notice has been sent to the Developer at the address on file with the development application. Notice is and shall be deemed effective two calendar days after mailing thereof by first class United States mail, postage prepaid.

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14. **Measure of Damages:** The measure of damages for breach of this Agreement by the Developer will be the reasonable cost of satisfactorily completing the Improvements plus reasonable City administrative expenses. Administrative expenses may include but are not limited to contracting costs, collection costs and the value of planning, engineering, legal and administrative staff time devoted to the collection/completion of the Improvements. For improvements upon which construction has not begun, the estimated costs of the Improvements as shown on Exhibit B will be prima facie evidence of the minimum cost of completion, however, neither that amount or the amount of a letter of credit, the subdivision improvements disbursement agreement or cash escrow establish the maximum amount of the Developer's liability.

15. **City's Rights Upon Default:** When any event of default occurs, the City may draw on the letter of credit, escrowed collateral, or collect any other security to the extent of the face amount of the credit or full amount of escrowed collateral, cash, or security less ninety percent (90%) of the estimated cost (as shown on Exhibit B) of all improvements previously accepted by the City or may exercise its rights to disbursement of loan proceeds or other funds under the improvements disbursement agreement. The City will have the right to complete improvements itself or it may contract with a third party for completion, and the Developer grants to the City, its successors, assigns, agents, contractors, and employees, a nonexclusive right and easement to enter the Property for the purposes of constructing, reconstructing, maintaining and repairing such Improvements. Alternatively, the City may assign the proceeds of the letter of credit, the improvements disbursement agreement, the escrowed collateral, cash, or other funds or assets to a subsequent developer (or lender) who has acquired the Property by purchase, foreclosure or otherwise who will then have the same rights of completion as the City if and only if the subsequent developer (or lender) agrees in writing to complete the unfinished improvements and provides to the City reasonable security for the obligation. In addition, the City may also enjoin the sale, transfer, or conveyance of lots within the development, until the improvements are completed or accepted. These remedies are cumulative in nature and are in addition to any other remedies the City has at law or in equity.

16. **Indemnification:** The Developer expressly agrees to indemnify and hold the City, its officers, employees, agents and assigns harmless from and against all claims, costs and liabilities of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of the performance or non-performance of work at the Property or the Property being developed pursuant to this Agreement. The Developer further agrees to aid and defend the City in the event that the City is named as a defendant in an action concerning the performance or non-performance of work pursuant to this Agreement. The Developer further agrees to aid and defend the City in the event that the City is named as a defendant in an action concerning the performance of work pursuant to this Agreement except where such suit is brought by the Developer against the City. The Developer is not an agent or employee of the City.

17. **No Waiver:** No waiver of any provision of this Agreement by the City will be deemed or constitute a waiver of any other provision, nor will it be deemed or constitute a continuing

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waiver unless expressly provided for by a written amendment to this Agreement signed by both the City and the Developer; nor will the waiver of any default under this Agreement be deemed a waiver of any subsequent default or defaults of the same type. The City's failure to exercise any right under this Agreement will not constitute the approval of any wrongful act by the Developer or the acceptance of any Improvement.

18. **Amendment or Modification:** The parties to this Agreement may amend or modify the Agreement only by written instrument executed on behalf of the City by the City Manager or his designee and by the Developer or his authorized officer. Such amendment or modification shall be properly notarized before it may be deemed effective.

19. **Attorney's Fees:** Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. If relief is awarded to both parties, the attorney's fees may be equitably divided between the parties by the decision maker.

20. **Vested Rights:** The City does not warrant by this Agreement that the Developer is entitled to any other approval(s) required by the City, if any, before the Developer is entitled to commence development or to transfer ownership of the Property being developed.

21. **Integration:** This Agreement, together with the exhibits and attachments thereto constitutes the entire agreement between the parties and no statement(s), promise(s) or inducement(s) that is/are not contained in this Agreement will be binding on the parties.

22. **Third Party Rights:** No person or entity who or which is not a party to this Agreement will have any right of action under this Agreement.

23. **Time:** For the purpose of computing the Abandonment and Completion Periods, and time periods for City action, such times in which war, civil disasters, or acts of God occur or exist will not be included if such times prevent the Developer or City from performing its obligations under the Agreement.

24. **Severability:** If any part, term, or provision of this Agreement is held by a court or courts of competent jurisdiction to be illegal or otherwise unenforceable, such illegality or unenforceability will not affect the validity of any other part, term, or provision and the rights of the parties will be construed as if the part, term, or provision was never part of the Agreement.

25. **Benefits:** The benefits of this Agreement to the Developer are personal and may not be assigned without the express written approval of the City. Such approval may not be unreasonably withheld, but any unapproved assignment is void. Notwithstanding the foregoing, the burdens of this Agreement are personal obligations of the Developer and also will be binding on the heirs, successors and assigns of the Developer and shall be a covenant(s) running with the Property.

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There is no prohibition on the right of the City to assign its rights under this Agreement. The City will expressly release the original Developer's guarantee or obligations if it accepts new security from any developer or lender who obtains the Property, however, no other act of the City will constitute a release of the original Developer from his liability under this Agreement. When the Improvements are completed and approved by the City, the City agrees to state same in writing, with appropriate acknowledgments. The City will sign a release only after all warranty periods, as extended by litigation, repair or alteration work, have expired.

26. Notice: Any notice required or permitted by this Agreement will be deemed effective two calendar days after deposit with the United States Postal Service, first class, postage prepaid and addressed as follows:

If to Developer: Ronald D. Austin, Manager
600 E. Hopkins Ave. -#205, Aspen, CO 81611
David R. Slemon, Manager
900 Valley Rd., Carbondale, CO 81623

If to City: City of Grand Junction
Community Development Director
250 N. 5th Street
Grand Junction, Colorado 81501

27. Recordation: Developer will pay for all costs to record this Agreement or a Memorandum thereof in the Clerk and Recorder's Office of Mesa County, Colorado.

28. Immunity: Nothing contained in this Agreement constitutes a waiver of the City's sovereign or other immunity under any applicable law.

29. Personal Jurisdiction and Venue: Personal jurisdiction and venue for any action commenced by either party to this Agreement whether arising out of or relating to the Agreement, letter of credit, improvements disbursements agreement, or cash escrow agreement or any action to collect security will be deemed to be proper only if such action is commenced in Mesa County, Colorado. The Developer expressly waives his right to bring such action in or to remove such action to any other court whether state or federal.

30. a. Conditions of Acceptance: The City shall have no responsibility or liability with respect to any street, or other improvement(s), notwithstanding the use of the same by the public, unless the street or other improvements shall have been finally accepted by the City.

b. Phased Development: If the City allows a street to be constructed in stages, the Developer of the first one-half street opened for traffic shall construct the adjacent

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curb, gutter and sidewalk in the standard location and shall construct the required width of pavement from the edge of gutter on his side of the street to enable an initial two-way traffic operation without on-street parking. That Developer is also responsible for end-transitions, intersection paving, drainage facilities, and adjustments to existing utilities necessary to open the street to traffic.

- c. Prior to requesting final acceptance of any street, storm drainage facility, or other required improvement(s), the Developer shall: (i) furnish to the City engineer as-built drawings in reproducible form, blue-line stamped and sealed by a professional engineer and in computer disk form and copies of results of all construction control tests required by City specification; (ii) provide written evidence to the City Engineer under signature of a qualified expert that the earth, soils, lands and surfaces upon, in and under which the improvements have been constructed, or which are necessary for the improvements, are free from toxic, hazardous or other regulated substances or materials; (iii) provide written evidence to the City Attorney that the title to lands underlying the improvements are free and clear from all liens and encumbrances, except those items and encumbrances which may be approved in writing by the City Attorney.

City of Grand Junction
250 North Fifth Street
Grand Junction CO 81501

Kathleen M. Portman 4-13-01
Community Development date

Attest:
Stephame Nye 4/13/01
City Clerk date



Developer: Redlands Mesa, LLC

By: David R. Slemon 1/10/01
Manager date

Print name: David R. Slemon

Attest: _____
Secretary date

EXHIBIT A

CURRENT LEGAL DESCRIPTION:

Block 11, Redlands Mesa Filing 1, as platted and recorded July 17, 2000 in the Mesa County Clerk and Recorder's Office in Plat Book No. 17, Page 354, at Reception No. 1957570.

UPON THE RECORDING OF THE FINAL PLAT OF REDLANDS MESA FILING 2:

Redlands Mesa Filing 2, as platted and recorded 16 May, 2001 in the Mesa County Clerk and Recorder's Office in Plat Book No. 18, Page 149, at Reception No. 1996348.

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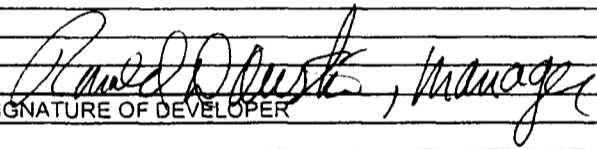
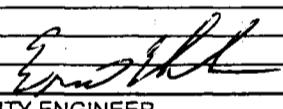
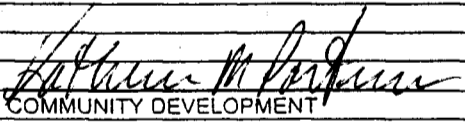
EXHIBIT B

REDLANDS MESA - Filing 2		Development Improvements Agreement			
12/05/2000					
General:		Units	Unit Price	Quantity	Total Price
1	Mobilization	LS	55000	1	55,000.00
2	Dust Abatement	LS	8000	1	8,000.00
3	Stormwater Management	LS	7000	1	7,000.00
Sub-total General Items:					70,000.00
Water system:		Units	Unit Price	Quantity	Total Price
1	Connect Water	EA	500.00	2	1,000.00
2	4" Waterline	LF	15.00	1225	18,375.00
3	4" Fittings w/Thrust Blocks	EA	100.00	10	1,000.00
4	4" Gate Valves & Boxes	EA	450.00	4	1,800.00
5	8" Waterline	LF	19.00	2373	45,087.00
6	8" Fittings w/Thrust Blocks	EA	200.00	14	2,800.00
7	8" Gate Valves & Boxes	EA	800.00	6	4,800.00
8	Water Service	EA	135.00	36	4,860.00
9	3/4" Type K Service Line	LF	13.50	1424	19,224.00
10	Fire Hydrant Assemblies	EA	2400.00	6	14,400.00
Sub-total Water Items:					113,346.00
Sanitary Sewer system:		Units	Unit Price	Quantity	Total Price
1	Connect Sewer	EA	500.00	2	1,000.00
2	8" PVC Sewer	LF	29.00	3338	96,802.00
3	San. Sev. Manholes	EA	1550.00	22	34,100.00
4	Concrete Sewer Encasement	LF		0	0.00
5	4" Service Tap	EA	40.00	36	1,440.00
6	4" Service Line	LF	19.00	1755	33,345.00
7	4" Clean Outs	EA	75.00	2	150.00
Sub-total Sewer Items:					166,837.00
Storm Sewer system:		Units	Unit Price	Quantity	Total Price
1	Rip Rap Blankets (small)	EA	245.00	4	980.00
2	Rip Rap Blankets (large)	EA	685.00	4	2,740.00
3	12" Storm Sewer (RCP) incl. FES	LF	30.00	325	9,750.00
4	18" Storm Sewer (RCP) incl. FES	LF	34.00	309	10,506.00
5	24" Storm Sewer (RCP) incl. FES	LF	50.00	120	6,000.00
6	36" Storm Sewer (RCP) incl. FES	LF	80.00	120	9,600.00
7	12" RCP Bend	EA	450.00	1	450.00
8	Inlet w/Curb Opening	EA	1500.00	9	13,500.00
9	Storm Sewer Manholes	EA	2000.00	2	4,000.00
10	Type D Inlet	EA	2650.00	2	5,300.00
Sub-total Storm Sewer Items:					62,826.00

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Roadway Improvements		Units	Unit Price	Quantity	Total Price
1	Clearing and Grubbing	LS	7500.00	1	7,500.00
2	Unclassified Excavation	CY	5.00	31,968	159,840.00
3	Unclassified Embankment	CY	2.50	22889	57,222.50
4	10' Detached Walk	LF	22.00	2282	50,204.00
5	Radii, Aprons, V pans	SY	43.00	279	11,997.00
6	Colored Patterned Concrete	SY	75.00	36	2,700.00
7	2'-0" Spill Curb and Gutter	LF	9.50	567	5,386.50
8	2'-0" Vertical Curb/Gutter	LF	8.50	4146	35,241.00
9	6'-6" Mountable C&G (include ramp	LF	14.50	2396	34,742.00
10	3" Asphalt Pavement	SY	7.00	11604	81,228.00
11	4" Aggregate Base Course (CL.6)	SY	2.50	2796	6,990.00
12	6" Aggregate Base Course (CL.6)	SY	4.00	6759	27,036.00
13	10" Aggregate Base Course (CL.6)	SY	6.50	8381	54,476.50
14	Street Signs (Special)	EA	160.00	2	320.00
15	Stop Signs	EA	145.00	2	290.00
16	End of Road Markers	EA	130.00	3	390.00
17	PCC Conc Pavement - incl. Base pre	SY	32.00	919	29,408.00
Sub-total Roadway Items:					564,971.50
Irrigation (includes misc. fittings)		Units	Unit Price	Quantity	Total Price
(Note: Irrigation is joint trenched with sewer)					
1	6" Class 200 PVC Pipe (SDR 21)	LF	7.00	3154	22,078.00
2	6" Fittings w/Thrust Blocks	EA	170.00	18	3,060.00
3	6" Gate Valves and Boxes	EA	525.00	7	3,675.00
4	3" Class 200 PVC Pipe (SDR 21)	LF	5.75	1054	6,060.50
5	3" Fittings w/Thrust Blocks	EA	50.00	6	300.00
6	3" Gate Valves and Boxes	EA	345.00	1	345.00
7	2" Class 200 PVC Pipe (SDR 21)	LF	5.00	1451	7,255.00
8	2" Fittings w/Thrust Blocks	EA	20.00	11	220.00
9	2" Gate Valves and Boxes	EA	300.00	7	2,100.00
10	1" Class 200 PVC Pipe Service Line	LF	3.00	2387	7,161.00
11	Air Vac and Manhole	EA		0	0.00
12	Riser Assembles (Inc. main line conn	EA	300.00	56	16,800.00
13	Drains 2"	EA	450.00	3	1,350.00
Sub-total Irrigation Items:					70,404.50
Future Parcel Water		Units	Unit Price	Quantity	Total Price
1	8" Waterline	LF	19	2497	47,443.00
2	8" Fittings w/Thrust Blocks	EA	200	7	1,400.00
3	8" Gate Valves & Boxes	EA	815	8	6,520.00
4	Water Service	EA	135.00	11	1,485.00
5	3/4" Type K Service Line	LF	13.50	762	10,287.00
6	Fire Hydrant Assemblies	EA	2400.00	5	12,000.00
7	Excavation	CY	4.00	7436	29,744.00
8	Embankment	CY	2.50	7778	19,445.00
Sub-total Offsite:					128,324.00
Future Parcel Sewer		Units	Unit Price	Quantity	Total Price
1	Connect Sewer	EA		0	0.00
2	8" PVC Sewer	LF	28.00	2519	70,532.00
3	San. Sew. Manholes	EA	1740.00	17	29,580.00
4	4" Service Tap incl cap/post	EA	40.00	22	880.00
5	4" Service Line	LF	18.00	1387	24,966.00

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Sub-total Offsite:					125,958
Miscellaneous					
1	Dry Utility Trench (incl. 2" "plowcon")	LF	12.50	5462	68,275.00
2	Utility Conduit (Crossings) (incl 5 conduits)	EA	2000.00	10	20,000.00
Sub-total Miscellaneous Items:					88,275
Landscaping					
1	Landscaping /Irrig.	SF	2.00	25855	51,710
Sub-total Landscape Items:					51,710
Total Bid Estimate					1,390,942.00
Miscellaneous					
1	Construction Phase Engineering		1.50%		20,864.13
2	Construction Phase Surveying		1.75%		24,341.49
3	Development Inspection Costs		1.25%		17,386.78
4	Quality Control		1.00%		13,909.42
5	City Inspection		0.50%		6,954.71
6	As-built survey and drawing revision		LS		6,000.00
Sub-total Miscellaneous Items:					89,456.52
Total Project Estimate:					51,480,398.52
 SIGNATURE OF DEVELOPER					
4/13/01 DATE					
I HAVE REVIEWED THE ESTIMATED COSTS AND TIME SCHEDULE SHOWN ABOVE AND, BASED ON THE PLANS SUBMITTED TO DATE AND THE CURRENT COSTS OF CONSTRUCTION, TAKE NO EXCEPTION TO THE ABOVE.					
 CITY ENGINEER					
4/13/01 DATE					
 COMMUNITY DEVELOPMENT					
4-13-01 DATE					

11/10/01
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IRREVOCABLE STANDBY LETTER OF CREDIT

Letter of Credit No. 2688290087
Issued: April 13, 2001
Expiration Date: April 13, 2003

CUSTOMER:
REDLANDS MESA, L.L.C.
900 VALLEY ROAD
CARBONDALE, CO 81623

ISSUING FINANCIAL INSTITUTION:
BANK OF COLORADO
P.O. BOX 968
GRAND JUNCTION, CO 81502

BENEFICIARY:
CITY OF GRAND JUNCTION

LETTER OF CREDIT: #288290087 AMOUNT: \$1,500,000.00

EXPIRATION DATE: April 13, 2003

TO BE AVAILABLE BY
DRAFTS DRAWN AT: Bank of Colorado
200 Grand Avenue
Grand Junction, CO 81501

Dear Sirs:

We hereby open our irrevocable credit in your favor available by your draft(s) at sight on us for a sum not exceeding \$1,500,000.00 for the account of Redlands Mesa, L.L.C. ("Developer"), to be accepted by your signed statement that drawing is due to default or failure to perform by Developer with respect to Improvements required on or before October 1, 2001 in Redlands Mesa Planned Development, a development occurring within the City of Grand Junction, Colorado. Acting through the City Attorney you will notify us when either:

1. The Improvements have been timely completed and the warranty period has terminate and the credit may be released; or
2. The Developer has failed to perform or is in default. Notice shall be signed by the City Attorney or the Attorney's designee. Proof of default or a statement from any other party shall not be required.

All drafts drawn hereunder must be by sight draft marked: "Drawn under Bank of Colorado, Credit No. 2688290087, dated April 13, 2001."

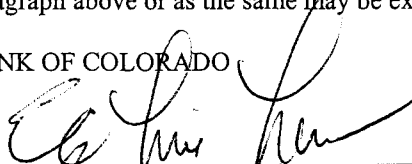
The original of the credit must be presented along with any such draft.

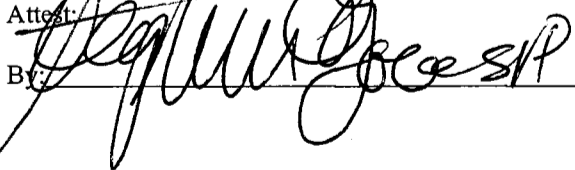
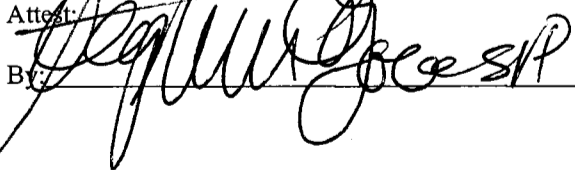
The amount of any draft drawn under this credit must, concurrently with negotiation be endorsed on the reverse side hereof and the presentment of any such draft will be a warranty by the negotiating bank that such endorsement has been made and that document(s) have been forwarded as herein required.

Except so far as otherwise expressly stated herein, this credit is subject to the Uniform Customs and Practices for Commercial Documentary Credits fixed by the 13th Congress of the International Chamber of Commerce.

We hereby agree with the drawers, endorsers and bona fide holders of drafts under and in compliance with the terms of this credit that the same will be duly honored and payment made no later than 3 (three) days after due presentation of the credit and delivery of document(s) as specified on or before the date written in the first paragraph above or as the same may be extended.

BANK OF COLORADO

By: 
E. Chris Launer, President

Attest: 
By: 

MEMORANDUM

TO: Stephanie Tuin
FROM: Kathy Portner *KP*
DATE: October 15, 2001
RE: Redlands Mesa, Filings 1 and 2 LOCs

You should have on file the original Letters of Credit for Redlands Mesa, Filings 1 and 2. Please release those LOCs to Community Development. We will be exchanging them for a Letter of Credit of a lesser amount to cover the remaining improvements for both filings. Thank you.

*2 orig's given to Kathy P 10-16-01
new LOC rec'd from Kathy P 10-16-01*

IRREVOCABLE STANDBY LETTER OF CREDIT

Letter of Credit No. 2688290087
Issued: April 13, 2001
Expiration Date: April 13, 2003

CUSTOMER:
REDLANDS MESA, L.L.C.
900 VALLEY ROAD
CARBONDALE, CO 81623

ISSUING FINANCIAL INSTITUTION:
BANK OF COLORADO
P.O. BOX 968
GRAND JUNCTION, CO 81502

BENEFICIARY:
CITY OF GRAND JUNCTION

LETTER OF CREDIT: #288290087 **AMOUNT:** \$1,500,000.00

EXPIRATION DATE: April 13, 2003

**TO BE AVAILABLE BY
DRAFTS DRAWN AT:** Bank of Colorado
200 Grand Avenue
Grand Junction, CO 81501

Dear Sirs:

We hereby open our irrevocable credit in your favor available by your draft(s) at sight on us for a sum not exceeding \$1,500,000.00 for the account of Redlands Mesa, L.L.C. ("Developer"), to be accepted by your signed statement that drawing is due to default or failure to perform by Developer with respect to Improvements required on or before October 1, 2001 in Redlands Mesa Planned Development, a development occurring within the City of Grand Junction, Colorado. Acting through the City Attorney you will notify us when either:

1. The Improvements have been timely completed and the warranty period has terminate and the credit may be released; or
2. The Developer has failed to perform or is in default. Notice shall be signed by the City Attorney or the Attorney's designee. Proof of default or a statement from any other party shall not be required.

All drafts drawn hereunder must be by sight draft marked: "Drawn under Bank of Colorado, Credit No. 2688290087, dated April 13, 2001."

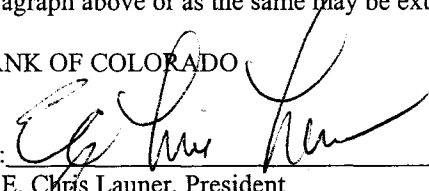
The original of the credit must be presented along with any such draft.

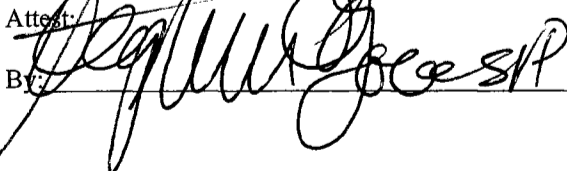
The amount of any draft drawn under this credit must, concurrently with negotiation be endorsed on the reverse side hereof and the presentment of any such draft will be a warranty by the negotiating bank that such endorsement has been made and that document(s) have been forwarded as herein required.

Except so far as otherwise expressly stated herein, this credit is subject to the Uniform Customs and Practices for Commercial Documentary Credits fixed by the 13th Congress of the International Chamber of Commerce.

We hereby agree with the drawers, endorsers and bona fide holders of drafts under and in compliance with the terms of this credit that the same will be duly honored and payment made no later than 3 (three) days after due presentation of the credit and delivery of document(s) as specified on or before the date written in the first paragraph above or as the same may be extended.

BANK OF COLORADO

By: 
E. Chris Launer, President

Attest: 
By: _____

IRREVOCABLE STANDBY LETTER OF CREDIT

Letter of Credit No. 2688290090
Issued: October 16, 2001
Expiration Date: December 28, 2002

CUSTOMER:
REDLANDS MESA, L.L.C.
900 VALLEY ROAD
CARBONDALE, CO 81623

ISSUING FINANCIAL INSTITUTION:
BANK OF COLORADO
P.O. BOX 968
GRAND JUNCTION, CO 81502

BENEFICIARY:
CITY OF GRAND JUNCTION

LETTER OF CREDIT: #2688290090 **AMOUNT:** \$150,000.00

EXPIRATION DATE: December 28, 2002

**TO BE AVAILABLE BY
DRAFTS DRAWN AT:** Bank of Colorado
200 Grand Avenue
Grand Junction, CO 81501

Dear Sirs:

We hereby open our irrevocable credit in your favor available by your draft(s) at sight on us for a sum not exceeding \$150,000.00 for the account of Redlands Mesa, L.L.C. ("Developer"), to be accepted by your signed statement that drawing is due to default or failure to perform by Developer with respect to Improvements required on or before April 1, 2002 in Redlands Mesa Planned Development, a development occurring within the City of Grand Junction, Colorado. Acting through the City Attorney you will notify us when either:

1. The Improvements have been timely completed and the warranty period has terminate and the credit may be released; or
2. The Developer has failed to perform or is in default. Notice shall be signed by the City Attorney or the Attorney's designee. Proof of default or a statement from any other party shall not be required.

All drafts drawn hereunder must be by sight draft marked: "Drawn under Bank of Colorado, Credit No. 2688290090, dated October 16, 2001."

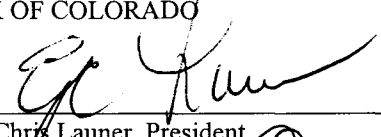
The original of the credit must be presented along with any such draft.

The amount of any draft drawn under this credit must, concurrently with negotiation be endorsed on the reverse side hereof and the presentment of any such draft will be a warranty by the negotiating bank that such endorsement has been made and that document(s) have been forwarded as herein required.

Except so far as otherwise expressly stated herein, this credit is subject to the Uniform Customs and Practices for Commercial Documentary Credits fixed by the 13th Congress of the International Chamber of Commerce.

We hereby agree with the drawers, endorsers and bona fide holders of drafts under and in compliance with the terms of this credit that the same will be duly honored and payment made no later than 3 (three) days after due presentation of the credit and delivery of document(s) as specified on or before the date written in the first paragraph above or as the same may be extended.

BANK OF COLORADO

By: 
E. Chris Launer, President

Attest: 
By:  SJG

MEMORANDUM

TO: Stephanie Tuin
FROM: Kathy Portner *KP*
DATE: March 22, 2004
RE: Redlands Mesa, Filing 2 Letter of Credit

Please release the original Letter of Credit for Redlands Mesa, Filing 2 that was recorded as a part of the Development Improvements Agreement and Guarantee at Book 2850, Page 988-999, Mesa County Clerk and Recorder. All improvements have been completed and accepted.

*3/22/04
Original ltr given
back to Kathy P. this
date. KP*

RELEASE OF IMPROVEMENTS AGREEMENT & GUARANTEE
Grand Junction Community Development Department
FILE # FPP-1999-142

This memorandum relates to a certain recorded Improvements Agreement and Guarantee dated January 10, 2001 (year) and recorded at Book 2850, Page 988-999 of the land records of Mesa County, Colorado, by and between Redlands Mesa, LLC (Developer) and the City of Grand Junction (City) pertaining to Redlands Mesa, Filing 2 (Project).

Legal Description:

Redlands Mesa, Filing 2, as platted and recorded 16 May, 2001 in the Mesa County Clerk and Recorder's Office in Plat Book No. 18, Page 149, at Reception No. 1996348

Whereas, Developer has installed and constructed certain public and private improvements at and for the Project, which completion was guaranteed by the execution of an Improvements Agreement and Guarantee, and

Whereas, the City of Grand Junction and all other agencies possessing regulatory authority over the Project and/or the improvements have inspected the improvements and have accepted the same,

NOW THEREFORE, officials of the City of Grand Junction and other officials duly representing their agencies, possessing and representing by their signatures, affixed thereto, that they possess sufficient authority to accept improvements and release the portion of the guarantee pertaining to the improvements under their jurisdiction, do accept, sign and release said improvements agreement and guarantee.

CITY OF GRAND JUNCTION:

By: City Engineer [Signature] Date 5/19/03
City Utilities Manager [Signature] Date 5/19/03
Fire Marshall Norm Noble Date 5/23/03

UTE WATER:

By: [Signature] Date 27 Jan 04

GRAND JUNCTION DRAINAGE:

By: NA Date _____

OTHER:

By: _____ Date _____

In accordance with the above signatures, I hereby certify that the Improvements Agreement & Guarantee and the recording evidencing the agreement and guarantee, at Book 2850, Page 988-999 of the Mesa County land records, have been completed and accepted and in accordance with the provisions of the Grand Junction Zoning and Development Code are hereby released, subject to the required warranty period.

Director of Community Development Katherine M. Portner Date 2-18-04
Planning Manager

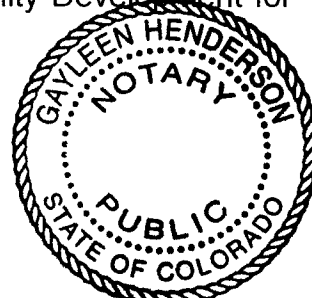
The foregoing instrument was executed before me this 18th day of February, 2004 (year)

by Katherine M. Portner, Director of Community Development for
the City of Grand Junction, Colorado. *Planning Manager*

Witness my hand & official seal.

Notary Public Gayleen Henderson

My commission expires 10/29/2005



My Commission Expires 10/29/2005