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TYPE OF RECORD: PERMANENT

CATEGORY OF RECORD: CONTRACT

NAME OF AGENGY OR CONTRACTOR: RIDGES METROPOLITAN DISTRICT

STREET ADDRESS/PARCEL NAME/SUBDIVISION/PROJECT: RIDGES METROPOLITAN DISTRICT, DISSOLUTION OF THE DISTRICT, ANNEXATION AND SERVICES PROVIDED BY CITY OF GRAND JUNCTION

CITY DEPARTMENT: ADMINISTRATION

YEAR: 1991, AMENDED 1992

EXPIRATION DATE: NONE

DESTRUCTION DATE: NONE

PLAN AND AGREEMENT

This Plan and Agreement is jointly entered into and adopted by the City Council of the City of Grand Junction, on behalf of the City of Grand Junction, Colorado ("City"), and the Board of Directors of the Ridges Metropolitan District, on behalf of the Ridges Metropolitan District ("District"), and is intended to constitute both the plan required by C.R.S. 32-1-701 et seq. and the agreement referred to in C.R.S. 32-1-702 and 32-1-704.

RECITALS

A. The City is willing to enter into this Plan and Agreement, contingent on the completion of the annexation to the City of the lands contained in the District.

B. The District is willing to enter into this Plan and Agreement if the City agrees to provide municipal services to the residents of the District on the same basis as other residents of the City receive City services, except as otherwise provided herein, and if the City refinances the District's outstanding debt.

NOW, THEREFORE, the City and the District agree as follows:

1. Definitions. As used in this Plan and Agreement, the following words and phrases have the following meanings:

A. "Annexation date" means the date sixty-one days after the effective date of the City's ordinance annexing the District lands; provided, however, that if an action for review of the annexation is commenced as provided in Section 31-12-116, C.R.S., the "annexation date" shall be the date on which final judgment, not subject to further appellate review, is entered by a court with jurisdiction, upholding the validity of the annexation ordinance.

B. "Board" means the Board of Directors of the Ridges Metropolitan District.

C. "City" means the City of Grand Junction, Colorado.

D. "City Council" means the City Council of the City.

E. "Dissolution action" means the action commenced by the District in the District Court, pursuant to C.R.S. 32-1-701 et seq., to dissolve the District.

F. "District" means the Ridges Metropolitan District.

G. "District Court" means the Mesa County, Colorado, District Court.

H. "District lands" means all lands within the boundaries of the District.

2. Procedure

A. As soon as possible after the approval of this Plan and Agreement by the City Council of the City and by the Board of Directors of the District, and execution by the appropriate officers of the City and District, the District shall file a petition for dissolution of the District with the Mesa County District Court, pursuant to C.R.S. 32-1-701 et seq. This Plan and Agreement shall be filed with the petition for dissolution.

B. As soon as the dissolution action is commenced by the District, the City staff will prepare and submit to the City Council an annexation petition, seeking annexation to the City of all of the District lands, using the power of attorney on file with the City Clerk. No terms and conditions will be sought or placed by the City on the annexation other than those contained herein. The City Council shall thereafter consider the petition for annexation as provided by applicable ordinance and statute, provided, however, that the annexation ordinance will not be finally adopted until after any dissolution election ordered by the District Court in the dissolution action. If the City adopts an ordinance annexing the District lands, it shall promptly take all actions required by applicable statutes and ordinances to make the annexation effective, and it shall defend the validity of the annexation ordinance in any action brought for judicial review of the ordinance. Any such result shall not operate to invalidate the existing Power of Attorney referred to in this paragraph.

3. Plan and Agreement

A. Services to be Provided by the City. On and after the annexation date, the City will provide the residents of the District the same municipal services on the same general terms and conditions as residents in the rest of the City receive, except as otherwise specifically provided in this Plan and Agreement. These services include, but are not limited to, the following, subject to the ongoing direction and control of the City Council and the City Manager.

1. Fire Protection: At present, the District receives its fire protection services from the Grand Junction Rural Fire District ("Fire District"). The actual services provided by the Fire District are pursuant to a contract between the Fire District and the City, acting through its Fire Department.

On and after the annexation date, the City will provide to the District the same fire protection services as are provided in other areas of the City, subject to the ongoing direction and control of the City Council and the City Manager. The existing Fire District mill levy will be replaced by the City's mill levy. There will be no difference in services received by the residents of the District following annexation.

2. Parks: Listed on Exhibit "District Parks" are the various parks, park facilities, open spaces, and pedestrian, jogging, and other trails owned by the District, hereafter referred to as the "District parks and trails". On and after the annexation date, the City will own, operate, and maintain the District parks and trails on the same terms and conditions, and up to the same standards and level of service, as the City owns, operates, and maintains similar parks, trails, and facilities in other areas of the City. The open space identified on Exhibit "Open Space" will not be maintained but rather will be left in the existing natural state. For five years after the annexation date, reductions in services, operation, or maintenance of the District parks and trails shall be only in connection with system-wide reductions which treat the District's paths and trails equitably with the other parks, trails and facilities owned or operated by the City. Thereafter, any such reduction(s) shall only be made following a public hearing held by the City Council.

3. Public Works: The City's Public Works Department presently operates and maintains the City waterworks, sewer plant and facilities, roads, and other City infrastructure. On and after the annexation date, those facilities and functions will be made available to the District's residents by the City, on the same basis and for the same rates and charges as they are made available to other similarly situated City residents. These facilities and functions include, without limitation, the following, recognizing that there are significant deficiencies in the existing infrastructure of the District. The City is not obligated to improve or upgrade any existing facility, street, road, drainage improvement or other structure, except as is explicitly set forth herein.

a. Water: The District's residents currently receive domestic water pursuant to a contract with the Ute Water Conservancy District (the "Ute Contract"). The Ute Contract will remain in effect pursuant to its terms after the annexation date. On and after the annexation date, the City will continue to bill for domestic water service, provide maintenance, and operate the system in accordance with the District's existing practice (so long as consistent with City practice(s) in the rest of the City), and the Ute Contract, in the name of the District. Revenues associated with the water system will not be separately maintained in the name of the District, but will be commingled and

used with other funds of the City, as determined by the City Council and the City Manager. The District's residents will be billed the in-City water rates rather than the rates currently paid.

b. Sewer: The City currently operates the regional sewer plant pursuant to an agreement with Mesa County, which is a co-owner of the plant with the City, and the City currently provides sewer services to the District's residents pursuant to a contract with the District. On and after the annexation date, the City will continue to provide District's residents with sewer services on the same terms and conditions, and for the same rates and charges, as other City residents. Beginning the first day of the month following the annexation date, rates paid by the District's residents will be reduced to the existing City rate of $10.35 per EQU. Rates for City residents, including the District's residents, will change over time in response to changing circumstances and as authorized by the City Council.

c. Irrigation: The District currently owns and operates an irrigation system, using non-potable water, for the benefit of its residents. The facilities comprising the District's irrigation system are listed on Exhibit "District Irrigation". The City does not currently operate any similar irrigation systems in residential areas. However, on and after the annexation date, the City agrees that it will assume responsibility for operation, maintenance, and billing for the District's irrigation system. The irrigation system will be operated by the City on a self-supporting enterprise fund basis, with the District's residents paying the cost of operation. Rates and charges will be applied by the City to pay reasonable and customary operating, capital, and depreciation costs of the system. The City will handle the billing for the irrigation system services. The City agrees to operate the irrigation system for the lowest reasonable cost, consistent with sound maintenance and operation practices, and to maintain an adequate reserve for depreciation.

d. Trash Collection: The City operates solid waste collection services for City residents and, pursuant to ordinance, is the exclusive hauler for all residences of eight units or less. For residential structures consisting of more than eight units and commercial users, the owner presently has an option to be provided service by the City or by private hauler. Within six months after the annexation date, the City will provide the District's residents with trash collection services on the same terms and conditions, and for the same rates and charges, as other City residents.

e. Streets and Roads: Within three years after the annexation date, the City will spend at least $300,000 for reconstruction of and other capital improvements to the

streets, roads, and drainage structures in the District. The City represents that except to the extent that such funds will come from the new debt financed pursuant to Paragraph 3.C., below, it obligates itself to appropriate the funds necessary to meet this commitment. To the extent that the Public Works Department hereafter determines that additional work is required and if the City Council approves the additional work in the course of a subsequent year's budget, additional improvements may be made. Following the initial commitment of spending $300,000, road, street, and drainage structure improvements in the District will be on an equal basis with other areas of the City. Work prioritization will be determined by the City Council. In addition, on and after the annexation date, all street, road and drainage structure maintenance and repairs in the District will be performed by the City, on an equal basis with other areas of the City. The cost of such maintenance and repairs shall not be included in the $300,000 initial commitment for capital improvements, but shall be in addition to such commitment. For the purposes of this paragraph, capital means the installation or replacement of infrastructure as opposed to the on-going regular repair and care of the infrastructure.

4. Police: On and after the annexation date, police services provided by the City in the District will be the same as is provided in other areas of the City. The City does not assign particular officers to particular areas or neighborhoods, nor does the City operate particular routes for patrol. Therefore, it is not possible to define precisely the services that will be available. However, the City does agree that police services will be applied on an equitable basis in the District, depending on needs and circumstances.

5. Community Development Department and Zoning:

a. On and after the annexation date, the residents of the District will have available to them the various services provided by the City's Community Development Department. The District lands will be incorporated into the ongoing planning efforts of the City. The District lands will be subject to the land use subdivision and zoning controls and benefits of the City. The zoning which will be applied to the District lands on the annexation date will be substantially identical to that currently in existence, subject to the final adoption by the City Council of a zoning ordinance. The existing District office and lands upon which it is constructed will be rezoned to a business or commercial use, provided that any such rezoning will be compatible with the residential character of the surrounding neighborhood as determined by the City Council. The City Council reserves the right to modify zoning of any lot or parcel within the District in accordance with state and local law. The City is not obligated to enforce existing covenants, such as architectural controls. Until

the City determines otherwise, such covenants will be enforced by the District's residents in accordance with the covenants.

b. The District presently operates and maintains a recreational vehicle (RV) parking area on lands owned by Dynamic Investments, Inc. On and after the annexation date, the City agrees to operate and maintain the RV parking area for as long as Dynamic Investments makes its land available for the RV parking area. If such lands are not made available for the RV parking area in the future, the City agrees to work with the residents of the District and any developers in the District to accommodate the needs of District residents for a RV storage area. The City further agrees that, in connection with the planning of future development in the District, and in connection with the approval of future development, if deemed reasonable and proper by the Council, it will require that the developer(s) provide RV storage facilities open for use by all residents of the District. If the City operates the RV storage area, it will do so as an enterprise activity whereby the users thereof will pay all of the costs of operating and maintaining the facility.

B. Taxation and Special Assessments:

1. Taxation:

a. On and after the annexation date, the District's residents will be subject to the City Sales & Use Tax. Generally, there will be little difference to a resident of the District, assuming that at present retail purchases are already made at locations in the City. Major items which will, following annexation, be subject to the tax (which may not have been previously for District residents), include vehicles, large appliances, and building materials. On and after the annexation date, residents of the District will pay 2.75% of the purchase price of retail goods purchased, pursuant to the City Sales and Use Tax Ordinances.

b. With respect to real property taxation, the City's ad valorem mill levy applicable to the District lands and improvements will not become effective until the January 1st following the annexation date. Thus, if the annexation date is in the Spring of 1992, the City's property tax will be applicable as of January 1, 1993.

2. Special Assessments:

Pursuant to the City's People's Ordinance No. 33 and other state and local law, special assessments may be imposed for the construction of street, drainage, curb, gutter, sidewalk, and other improvements only pursuant to a petition signed by more than 50% of the owners of more than 50% of the

lands to be benefitted. The City does not, at present, have the power to unilaterally impose either special assessments or special assessing districts on residents because of the limitations set forth in People's Ordinance No. 33. Unless and until City voters amend People's Ordinance No. 33, special assessments can only be initiated by the affected property owners.

C. Financial Obligations

1. The District has two major categories of debt:

a. The first category of debt is an obligation in the face amount of $1,943,891 to the Colorado Water Conservation Board ("CWCB"). The amounts due to CWCB are payable only out of the revenues of the operation of the District's irrigation system, and are not general obligations of the District.

b. The second category of debt consists of three general obligation bonds which are identified on Exhibit "District Bonds", attached hereto (the "District bonds").

2. The debt of the District will be restructured as follows:

a. Prior to the effective date of this Plan and Agreement, the City and the District have negotiated with CWCB regarding the discharge of the CWCB loan upon payment of a negotiated lump sum. The parties hereto expect to obtain from CWCB a letter of intent, agreeing to accept a lump sum payment not to exceed $500,000 to discharge all of the District's obligations to CWCB. The parties agree to enter into this Plan and Agreement notwithstanding the fact that the amount of the CWCB obligation has not been determined. As soon as possible after the annexation date, the District shall pay to CWCB the lump sum payment discussed above to fully discharge its obligations to CWCB. To the fullest extent possible, such lump sum payment shall be paid from the cash and current assets of the District.

b. As soon as possible after the annexation date, the City will issue new debt, which will include (i) a refinancing of the District bonds, (ii) any amounts necessary to pay the settlement of the CWCB obligation, but only to the extent that such settlement can not be paid out of the cash and current assets of the District, and (iii) costs of issuance. In addition, the City has projected that, over a ten year period, beginning in the Spring of 1992, it will spend $556,246.00 more for providing services and improvements within the District than it will receive from sales, use, and ad valorem taxes paid by District residents as a result of annexation. One half of that projected amount ($278,123.00) will be added to the principal of the new debt, in addition to the amounts specified above and will be used to partially pay for the obligations agreed to by the City. This new debt will be issued in the name of the District, and it will be a

general obligation of the District. The new debt will be issued for a twenty year term or the useful life of the assets financed, whichever is less, with an estimated ten year call provision. The debt will be issued at an approximate rate of 7.5%, but with an average rate not to exceed 8.25% subject, of course, to market conditions then prevailing. The City agrees that it will diligently and prudently refinance the existing debt of the District to achieve the most savings for the residents of the District. The new debt will not be a general obligation of the City, nor will it otherwise be secured by the assets or revenues of the City, provided however, that the debt may be additionally secured by a subordinate pledge of City sales tax revenues, if such additional pledge is determined to be fiscally prudent by the City.

c. The District will continue in existence after the annexation date to the extent necessary to adequately provide for the payment of its financial obligations and outstanding bonds (including the new debt issued pursuant to this paragraph 3.C.), and will only be dissolved after payment of such obligations and bonds. Each year until the District is dissolved, the District shall, pursuant to the Special District Act, Sections 32-1-101 et seq., C.R.S., or other applicable law, determine the amount of money necessary to be raised by taxation to pay the amounts due on the financial obligations and bonds of the District, taking into account the other funds available as provided in this Plan and Agreement, and fix and certify the levies necessary to raise such amount.

D. Assets of the District

1. The real property of the District is described on Exhibit "District Real Property", and is hereafter called the District real property. The District's personal property is described on Exhibit "District Personal Property", and is hereafter called the District personal property. The District's water rights are described on Exhibit "District Water Rights", and are hereafter called the District water rights. Within ten days after the annexation date, the District real property, personal property, and water rights will be transferred to the City, by appropriate deeds and bills of sale. The City shall be responsible for preparing all necessary deeds, bills of sale and other documents required by law to transfer the District's property to it, and shall bear all recording and other costs incurred with respect to such transfer.

2. Immediately after the annexation date, the City shall obtain an appraisal to be paid for by the District of the value of the District's office building and land upon which the office building is located. The City shall thereafter use its best efforts to sell the office building and land upon which it is located as soon as possible thereafter for the best price it can

obtain in a reasonable period of time, provided, however, that the gross sale price shall not be for less than 85% of the appraised value.

3. Forthwith after the annexation date, the City shall also use its best efforts to sell, for the best sale prices it can obtain in a reasonable period of time, all of the rest of the District real property and District personal property that the City determines is not and will not be needed by the City to meet its obligations to the District and its residents under this Plan and Agreement. Real property assets shall be appraised prior to sale, and the gross sale price for real property shall not be less than 85% of appraised value. No appraisals shall be required for personal property which is sold. After this initial surplus real and personal property is sold, the City shall, from time to time until the District's bonded indebtedness is paid off, examine the remaining District real and personal property to determine whether any additional real or personal property is not needed by the City to meet its obligations hereunder, or to provide services to City residents, and any such unneeded property shall be sold by the City for the best sale prices it can obtain.

4. The District water rights will continue to be used by the City to supply irrigation water to the District's residents. The City may sell any of the District water rights that are not needed, and will not in the future be needed, to supply irrigation water to the residents of the District. In determining whether the water rights are or will be needed, the City shall consider the amount of irrigation water that will be needed if the District lands are fully developed. City reserves the right to substitute other water or water rights so long as the supply of water to the District residents is not diminished.

5. All of the net proceeds from the sale of the District real property, personal property, and water rights pursuant to the provisions of this Paragraph D. shall be applied by the City in the manner specified in Paragraph 3.F., below.

E. Cash and Standby Fees.

1. Cash: As of November 15, 1991, the District had cash on hand of approximately $752,400.00. The parties agree that between the effective date of this Plan and Agreement and the annexation date, the District will be prudent and conservative in its expenditures. On the annexation date, the City and the District will apply the cash of the District as follows:

a. All current debts and obligations of the District, the settlement with CWCB, and all obligations of the District to its employees for salaries and benefits, shall be paid immediately after the annexation date.

b. All amounts needed to perform any outstanding contracts of the District shall be commingled with other funds. The City shall perform the District's contractual obligations.

c. All cash not needed for the purposes stated in Sub-paragraphs 1.a. and 1.b., above, shall be applied by the City in the manner specified in Paragraph 3.F., below.

d. The District agrees to take the necessary actions under the Local Government Law of Colorado to make the necessary budgetary transfers to allow the District's cash to be paid in accordance with the provisions of this Paragraph E.1.

2. Standby fees: Pursuant to District Resolution and applicable statutes, the District assesses standby fees against certain of the District lands. As of October 31, 1991, there remains approximately $181,396.00 in uncollected standby fees. The City agrees to take such steps as are consistent with good municipal and governmental practice to collect those standby fees and, to the extent that any standby fees are collected, the City agrees to apply the net collections in the manner specified in Paragraph 3.F., below. Effective on the January 1st after the annexation date, future standby fees will be abolished.

F. Application of Assets and Taxes to Pay Debt. All of the net proceeds from the sale of the District real property, personal property, and water rights pursuant to the provisions of Paragraph 3.D., all excess cash and net collections of standby fees pursuant to Paragraph 3.E., and the net proceeds from the sale of other assets pursuant to Paragraph 3.K.4., shall be applied by the City as follows:

1. Prior to the issuance of new debt pursuant to Paragraph 3.C.2.b., to reduce the principal amount of the new debt to be issued; or

2. Subsequent to the issuance of such new debt, to the reduction of principal and interest on the new debt, or, to the reduction of subsequent ad valorem taxation.

Until such payments are made, the net proceeds shall be held in a Bond Fund or similar account bearing interest at prevailing market rates, and any interest earned shall also be applied to the payments due. In addition, all money raised by taxation of the taxable property in the District, pursuant to the provisions of the Special District Act, C.R.S. 32-1-101 et seq., and other application law, shall be applied to retire the District's bonded indebtedness. As used in this paragraph, "net proceeds" means the gross sale price of the property minus the reasonable costs of sale, including the costs of appraisal(s).

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G. Contracts of the District. The contracts to which the District is a party are listed on Exhibit "District Contracts", and are hereafter referred to as the District contracts. Copies of all of the District contracts have been provided to the City by the District. These contracts shall not be assigned to the City, but shall remain in the name of the District. However, the City agrees that the City Council, acting as the Board of Directors of the District, shall cause the District to fully perform all of the District's obligations under the District contracts. The City, on behalf of the District, may terminate any of the District contracts pursuant to the terms of those contracts.

H. Employees of the District.

1. The City will offer employment to the following District employee who is employed by the District on the effective date of this Plan and Agreement: Leonard M. Speakman. This employee meets the minimum City qualifications. The City will offer this employee a position similar to the position he now holds with the District, with a starting date of the annexation date. As a City employee, he will be subject to the City's personnel policies and will receive benefits as do other classified employees of the City. The job classification and pay of such employees within the City system will be in accordance with the duties and responsibilities assigned, but in any case will be essentially equivalent to the duties and pay he currently receives as an employee of the District. Said employee shall be treated as having been terminated in the District and as a new employee by the City.

2. The employment of all of the District's employees will be terminated on the annexation date. Benefits will be paid to these employees in accordance with the policies adopted by the Board, a copy of which is attached hereto as Exhibit "District Benefits".

I. Other Legal Liabilities of the District. The District represents that as of the date it approved this Plan and Agreement, no notices of claim had been filed against the District or any of its employees under the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq. The City will cause an independent audit of the District's books, finances, and affairs to be performed at the District's expense once the District's electors have approved this Plan and Agreement in order to be certain that the fiscal and other assumptions are valid.

J. Dissolution of the District. The elected Board of Directors will continue in office and will manage the affairs of the District, consistent with the terms of this Plan and Agreement, until the annexation date. On and after the annexation

date, the District will continue in existence for the sole purpose of the payment of its outstanding financial obligations and to continue with such contracts as the City deems appropriate, with the City Council serving as the board of directors of the District pursuant to C.R.S. 32-1-707, and it will be dissolved when its outstanding financial obligations are fully satisfied. On and after the annexation date, the District shall take no actions nor shall it incur any debts or other obligations except those actions, obligations, or debts required to comply with this Plan and Agreement, with applicable law, and with any appropriate orders entered by the District Court in the dissolution action.

K. Miscellaneous.

1. Taxes, standby fees and other debt and obligations owed to the District as of the annexation date will not be affected by this Plan and Agreement, the filing of a petition for dissolution by the District, the entry of a dissolution order by the District Court, the approval of this Plan and Agreement by the District's electors, or the annexation of the District lands by the City.

2. The City will provide errors and omissions and general liability coverage for the District on and after the annexation date, on the same basis and subject to the same conditions, exclusions, and terms provided by the City's insurance, which presently is offered through the Colorado Intergovernmental Risk Sharing Agency.

3. For the purposes of this paragraph only, the parties agree that this Plan and Agreement is entered into not only for the benefit of the City and the District, but also for the benefit of the present and future residents of the District. Accordingly, the parties agree that the City's duties and obligations under this Plan and Agreement may be enforced by any person who is an elector of the District at the time such enforcement action is commenced, provided such enforcement action is commenced within the following time limits:

(a) At any time prior to the final dissolution of the District, as provided in Paragraph 3.J.,above, with respect to an action commenced to enforce the provisions of Paragraphs 3.A.3.c, 3.A.5.b, 3.C., 3.D., 3.E., 3.F., 3.J., 3.K.2., and/or 3.K.4.

(b) At any time within five years after the annexation date, with respect to any obligations or duties of the City under this Plan and Agreement other than those listed in the preceding paragraph.

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4. If the District should obtain or receive any property, cash, or other assets after the annexation date from any source whatsoever, other than those identified in this Plan and Agreement, the District shall convey such assets to the City. The City shall sell any such assets which are not needed to comply with its obligations under this Plan and Agreement, and shall hold and apply the net proceeds and any cash received in the manner provided in Paragraph 3.F., above.

5. Prior to any dissolution election ordered by the District Court in the dissolution action, this Plan and Agreement can be amended by the mutual agreement of the Board and the City Council. After the holding of a dissolution election, this Plan and Agreement can only be amended with the approval of the City Council and with the approval of the District Court judge in the dissolution proceeding, after a hearing held with notice to the residents of the District given in such manner as the judge deems appropriate.

6. Any bonds, filing fees, or other fees required by statute or ordinance to be deposited or paid in connection with the dissolution or annexation of the District shall be deposited or paid by the City.

7. Nothing in this Plan and Agreement shall be construed to mean that the City Council must continue the levels and types of services to the residents of the District in the identical manner and to the identical extent as is presently provided or as is provided for herein. Not withstanding the provisions of this agreement, after dissolution, the City will provide the residents of the District the same municipal services on the same general terms and conditions as residents in the rest of the City receive.

8. The effective date of this Plan and Agreement shall be the later of the date this Plan and Agreement is approved by the Board or by the City Council.

This Plan and Agreement shall be binding upon the parties as of the effective date, provided, however, that this Plan and Agreement shall be void and of no force and effect, and the dissolution action shall be dismissed, upon the occurrence of any of the following:

a. The District Court dismisses the petition for dissolution filed in the dissolution action or otherwise does not order a dissolution election;

b. The District's electors do not approve the dissolution of the District in accordance with the Plan and Agreement at an election called for such purpose;

c. The City Council does not adopt an ordinance annexing the District lands on the terms and conditions set forth in this Plan and Agreement; or

d. The ordinance annexing the District lands is voided by final judgment of a court with jurisdiction after judicial review of the annexation ordinance.

Any approval of this Plan and Agreement by the District's electors at an election called for such purpose shall be subject to the above conditions. Any dissolution order entered by the District Court pursuant to Section 32-1-707, C.R.S., may contain provisions which specify that the District will not be dissolved if any of the above conditions occur, and allowing the Court to dismiss the dissolution action if any of the above conditions occur.

9. The District and the City agree to execute such additional documents, and take such additional actions, as may be necessary to fulfill the intent and purposes of this Plan and Agreement.

Approved this 22nd day of November, 1991, by the Board of Directors of the Ridges Metropolitan District.

Kenneth E. Stein
President of the Board

Approved this 20th day of NOVEMBER, 1991, by the City Council of the City of Grand Junction.

President of the Council

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FIRST AMENDMENT
TO
PLAN AND AGREEMENT

THIS FIRST AMENDMENT TO PLAN AND AGREEMENT is entered into effective January 8, 1992, by and between the Ridges Metropolitan District ("District") and the City of Grand Junction ("City").

RECITALS

A. The District and the City entered into a Plan and Agreement, with an effective date of November 22, 1991 ("Plan and Agreement"), regarding the dissolution of the District and the annexation of the lands of the District into the City.

B. The District and the City desire to amend the Plan and Agreement as set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Attached hereto as Exhibit A is a copy of District Resolution #92-1-1, adopted January 7, 1992. The City approves the offer to the Colorado Water Conservation Board ("CWCB") set forth in Paragraph 1 of Resolution #92-1-1 (the "Offer").

2. In the event that CWCB accepts the Offer, the parties agree that $50,000 from the net proceeds of the sale of the District's office building and land upon which it is located will be paid to CWCB pursuant to the terms of the Offer.

3. In the event that CWCB accepts the Offer, the parties agree that the 20 shares of stock of the Redlands Water and Power Company identified on Exhibit "District Water Rights" to the Plan and Agreement will not be conveyed to the City, as provided in Paragraph 3.D. of the Plan and Agreement, but will instead be conveyed to CWCB pursuant to the terms of the Offer.

4. Except as modified in this First Amendment to Plan and Agreement, the Plan and Agreement shall continue in full force and effect according to the terms contained therein. This First Amendment to Plan and Agreement is binding upon and inures to the benefit of the parties and their successors and assigns.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Plan and Agreement as of the date set forth above.

CITY OF GRAND JUNCTION

By Mark K Achen
~~Connor W. Shepherd, President~~
~~City Council~~ MARK K ACHEN
CITY MANAGER

RIDGES METROPOLITAN DISTRICT

By Ellsworth F. Stein
Ellsworth F. Stein, President,
Board of Directors

RIDGES METROPOLITAN DISTRICT
(303) 243-9980
372 RIDGES BLVD.
GRAND JUNCTION, COLORADO 81503

RESOLUTION #92-1-1

WHEREAS, the Ridges Metropolitan District entered an amended contract with the Colorado Water Conservation Board dated May 1, 1984 (the "Amended Contract"); and

WHEREAS, the Board of Directors of the Ridges Metropolitan District desires to make an offer to the Colorado Water Conservation Board to settle and discharge its obligations under the Amended Contract;

NOW, THEREFORE, be it resolved by the Board of Directors of the Ridges Metropolitan District (the "District") as follows:

1. The District makes the following offer to the Colorado Water Conservation Board:

   a. The District shall pay the Colorado Water Conservation Board the sum of $500,000.00 cash at the date of annexation into the City of Grand Junction and $50,000.00 cash at the closing of the sale of the Ridges office building located at 372 Ridges Boulevard, and shall convey to the Colorado Water Conservation Board twenty (20) water shares from the Redlands Power and Water Company, currently owned by the District, at the date of annexation into the City of Grand Junction.

   b. The above offer is for full settlement of all amounts owed to the Colorado Water Conservation Board pursuant to the Amended Contract, and the discharge of all other obligations of the District under the Amended Contract. It further includes the reconveyance to the District of all of the property described in Paragraphs 6 and 7 of the Amended Contract (except for the twenty (20) shares of Redlands Power and Company Stock described in the above offer), free and clear of all encumbrances other than those existing as of the date of the Amended Contract.

   c. As used in the above offer, the phrase "date of annexation into the City of Grand Junction" means the "annexation date" as defined in the Plan and Agreement between the City of Grand and the District.

2. The above offer shall be immediately conveyed to the Colorado Water Conservation Board by letter. A copy of the letter to be used for such purpose is attached hereto as Exhibit A.

3. The President of the District is hereby authorized to execute an addendum to the Plan and Agreement with the City of Grand Junction, which addendum modifies the Plan and Agreement to the extent necessary to effectuate the offer set forth above.

Adopted this 7th day of January, 1992.

Ellsworth F. Stein

Ellsworth F. Stein, President

Attest:

Linda E. Afman

Linda E. Afman, Secretary

M Keim.

DISTRICT COURT, MESA COUNTY, COLORADO

Case No. 26330

ORDER DISSOLVING RIDGES METROPOLITAN DISTRICT

IN RE THE ORGANIZATION OF:

THE RIDGES METROPOLITAN DISTRICT,

MESA COUNTY, COLORADO

BOOK 1913 PAGE 284

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Monika Todd Clk&Rec Mesa County Co

Based upon the evidence presented to the Court at the January 14 and 27, 1992, hearings in this matter, the election documents filed herein on March 5, 1992, the Motion for Entry of Order Dissolving District, and the other matters contained in the Court's file, and the Court being fully advised in the premises, the Court finds, determines, and orders as follows:

A. The Findings set forth in the Order for Election dated January 27, 1992, are affirmed and incorporated herein by reference.

B. An election was held in the Ridges Metropolitan District (the "District") on February 25, 1992, on the following question:

> "Shall the Ridges Metropolitan District be dissolved and shall the lands within the District be annexed to the City of Grand Junction in accordance with the Plan and Agreement, as amended, between the City of Grand Junction and Ridges Metropolitan District?"

The election was held pursuant to and in accordance with the Order for Election dated January 27, 1992, and complied with all applicable statutes. At the election, there were 338 votes in favor of the question set forth above, and 19 votes against the question. Thus, the Court finds that a majority of the electors of the District voting at the election approved the question of dissolution of the District.

C. The City of Grand Junction (the "City") adopted Ordinance No. 2569, annexing the lands within the District, on April 15, 1992. The effective date of this Ordinance was May 17, 1992. Thus, the "annexation date", as used in the Plan and Agreement between the City and the District, is July 17, 1992, provided that no action for judicial review of the Ordinance is filed prior to that date.

D. The Colorado Water Conservation Board ("CWCB") and the District have agreed to a Contract Modification, discharging the District's obligations under the May 1, 1984, Agreement between CWCB and the District. Such Contract Modification is in accordance with the Plan and Agreement, as amended, and specifically, the First Amendment to the Plan and Agreement.

E. Pursuant to Paragraph 3.C.2.b. of the Plan and Agreement, the new debt of the District is scheduled to be issued on July 17, 1992.

ORDER

Based upon the above findings, the Court hereby orders as follows:

1. This Order is made pursuant to §32-1-707, C.R.S. As used in this Order, "District" means the Ridges Metropolitan District; "City" means the City of Grand Junction, Colorado; and "Plan and Agreement" means the Plan and Agreement between the District and the City, attached as Exhibit D to the Petition for Dissolution filed herein, as amended by the First and Second Amendments thereto.

2. Effective July 17, 1992, the District is dissolved for all purposes except those purposes reserved in the Plan and Agreement; provided, however, that the dissolution shall not apply to nor affect the District's ability or authority to issue its General Obligation Refunding Bonds, Series 1992, in the approximate principal amount of $2,565,000.

3. Findings Nos. 6 and 7 of the Order for Election dated January 27, 1992, are specifically incorporated into this Order by reference, in accordance with §32-1-707(1)(b), C.R.S. The District and the City shall fully and timely perform their respective obligations under the financial provisions and service provisions of the Plan and Agreement; provided, however, that the Court determines that, because of the Court supervision of this dissolution proceeding, it is not necessary for the District to make any budgetary transfers, and that the District's cash shall be applied on the annexation date in the manner provided in Paragraphs 3.E.1.a., b., and c. of the Plan and Agreement. The Plan and Agreement is incorporated into this Order by reference in its entirety.

4. The current Board of Directors of the District shall continue in office and shall manage the affairs of the District through and including July 17, 1992, after which time the terms of office of all of the current Board members shall expire. Such

directors shall not be subject to election as provided in Part 8 of Article 1, Title 32, C.R.S., and any vacancies occurring on the Board prior to July 17, 1992, shall be filled by appointment by the Court.

5. After July 17, 1992, the City Council of the City shall serve as the Board of Directors of the District, to perform the duties of the Board of Directors of the District and of the District, as set forth in this Order and in the Plan and Agreement.

6. After July 17, 1992, the City Council of the City, serving as the Board of Directors of the District, shall be responsible for setting rates, tolls, fees, or charges and certifying to the Board of County Commissioners of Mesa County the amount of revenue to be raised by the annual mill levy of the District necessary for payment of the District's financial obligations and outstanding bonds.

7. After July 17, 1992, the City shall be responsible for fixing the rates, tolls, fees, or charges needed to finance the services being provided pursuant to the Plan and Agreement.

8. The jurisdiction of this Court over the dissolution of the District shall continue for the purpose of considering any future modifications of the Plan and Agreement or other questions concerned with the performance of the Plan or Agreement. Such retained jurisdiction includes jurisdiction to modify or withdraw this Order if the annexation date of July 17, 1992, is postponed or cancelled by reason of the timely filing of an action for judicial review of Ordinance No. 2569.

9. The Clerk of the Court is directed to file a certified copy of this Order with the Mesa County Clerk and Recorder and with the Division of Local Government in the Department of Local Affairs, State of Colorado. The costs of such filing shall be paid with remaining funds of the District.

Dated this 14 day of July, 1992.

BY THE COURT

District Court Judge

Dated 7-16-92

RMD-OR-D.MAH

SECOND AMENDMENT TO PLAN AND AGREEMENT

This Second Amendment to Plan and Agreement is entered into effective upon execution by and between the Ridges Metropolitan District and the City of Grand Junction.

The Plan and Agreement entered into and adopted by the City Council of the City of Grand Junction, on behalf of the City of Grand Junction, Colorado ("City"), and the Board of Directors of the Ridges Metropolitan District, on behalf of the Ridges Metropolitan District ("District"), was amended effective January 8, 1992, and is further amended as set forth below.

Paragraph 3.C.2.(a) is amended by the addition of the following at the end of the existing paragraph:

"If, due to other legal requirements, such as, but not limited to, federal tax laws or existing bonding covenants, sufficient cash to pay the Colorado Water Conservation Board obligation is not available, all or a part of the Colorado Water Conservation Board obligation may be paid out of the reissued bond proceeds. In addition, the $278,123 referred to in (b.) below, may be paid from current assets of the District rather than from bond proceeds."

Except as modified in this Second Amendment to Plan and Agreement, the Plan and Agreement, as modified by the First Amendment to Plan and Agreement, shall continue in full force and effect according to the terms contained therein.

Approved this 15th day of January, 1992 by the Board of Directors of the Ridges Metropolitan District.

by: Ellsworth E. Stern
President of the Board

Approved this 22nd day of January, 1992 by the City Council of the City of Grand Junction.

by: Mark K. Achen
Mark K. Achen, City Manager

[dwrmd2am]

DEPARTMENT OF AGENCY NAME Water Conservation Board
DEPARTMENT OR AGENCY NUMBER PDA
ROUTING NUMBER 92542

No Encumbrance

CONTRACT MODIFICATION

This Contract Modification is entered into this 3RD day of JUNE 1992, by and between the State of Colorado for the use and benefit of the Department of Natural Resources acting by and through the Colorado Water Conservation Board, hereinafter referred to as the "State," and the Ridges Metropolitan District, P.O. Box 3568, Grand Junction, Colorado 81501, hereinafter referred to as "Ridges."

WHEREAS, on May 1, 1984, the parties to this Agreement entered into an amended contract which changed the terms of the original agreement between the parties which was entered into December 1, 1981. A copy of the May 1, 1984 Agreement is attached hereto as Exhibit A, and is incorporated into this Agreement by this reference; and

WHEREAS, this Agreement shall supercede and replace the May 1, 1984 Agreement (Exhibit A) in its entirety; and

WHEREAS, the parties have reached an agreement in which the State will compromise a portion of the debt in exchange for which Ridges would make certain lump sum payments to the State which will result in the complete discharge and satisfaction of the payment obligations due from Ridges to the State as set forth in Exhibit A; and

WHEREAS, the City of Grand Junction, Colorado ("City") has entered into a plan and agreement in which the City has agreed to annex lands contained in the Ridges Metropolitan District. A copy of the plan and agreement is attached hereto as Exhibit B and by this reference is incorporated herein; and

WHEREAS, pursuant to the terms of the Exhibit B, Ridges has agreed to seek the discharge of the payment obligations between Ridges and the State as set forth in Exhibit A; and

WHEREAS, a litigation has been filed in the Mesa County District Court, Case No. 26330, that seeks judicial approval of the plan of dissolution of Ridges; and

WHEREAS, the Colorado State Treasurer, Department of Administration, Central Collection Service and Attorney General's Office have authorized the compromise of indebtedness owed to the State as is required by Colo. Const. art. V, § 38, § 24-30-202.4(3), C.R.S. (1991), and 1 CCR 101-6, pp. 14-15 (Regulation 1.61).

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, the parties agree to the following terms and conditions.

1. Payment to the State. Ridges shall pay the State $550,000 (five hundred fifty thousand dollars) at the time and in the amounts set forth below:

1.1 Payment Upon Office Sale Closing. Ridges will place its office building located at 372 Ridges Blvd. for sale pursuant to the provisions of Exhibit B. Upon the sale and closing of the transaction, Ridges shall pay the State $50,000 (fifty thousand dollars). Ridges shall pay the State in certified funds in an instrument payable to the State of Colorado, Department of Natural Resources, Colorado Water Conservation Board (Construction Fund).

1.2 Payment Due Upon Annexation. On the annexation date, as defined in Exhibit B, or on the date of the entry of the court decree dissolving Ridges, whichever happens first, Ridges shall pay the State $500,000 (five hundred thousand dollars) in certified funds, instrument made payable to the State of Colorado, Department of Natural Resources, Colorado Water Conservation Board (Construction Fund).

1.3 Treatment of Partial Payment. In the event that less than $550,000 is paid to the State as required by paragraph 1 above, the State may accept any partial payment without such acceptance constituting an accord and satisfaction, payment in full or waiver of its right to receive payment in full as required in paragraph 1 herein, notwithstanding the terms of any restrictive endorsement on any instrument upon which the partial payment is made. The State shall not be estopped from seeking any remedy to which it is otherwise entitled by virtue of accepting partial payment of the sum required to be paid in paragraph 1 above. In the event of such partial payment, the State may apply such partial payment to the amount owed in paragraph 1 above. In the event that the partial payment is credited to the amount owed in paragraph 1 above and this agreement is thereafter terminated pursuant to the provisions of paragraph 1.4, the State may credit the partial payment to the indebtedness set forth in Exhibit A without curing the default and without prejudice to any remedies the State may be entitled to pursue to collect the sums owed as set forth in Exhibit A.

1.4 Termination Date. In the event the payment provided in Paragraph 1.2 has not been made by January 1, 1993, or in the event the payment provided in Paragraph 1.1 has not been made by January 1, 1994, this Agreement shall be null and void and the May 1, 1984 Agreement shall be revived and in full force and effect as if this Agreement never took place.

2. Conveyance of Water Shares. At the time set for payment of the sums set forth in paragraph 1.2 above, Ridges shall convey to the State 20 water shares it owns in the Redlands Water

and Power Company ("Redlands").

2.1 Notification of Redlands. Within 10 days of the execution of this Agreement, Ridges shall notify the secretary or transfer agent of the Redlands of this transaction. Ridges shall request that the secretary or transfer agent notify the State of any default in payment by Ridges of assessments due or payable on behalf of the 20 water shares subject of this Agreement.

2.2 Payment of Assessments. Ridges shall pay all assessments due or payable on behalf of the 20 water shares subject of this Agreement in a timely manner. In the event that Ridges fails to timely pay the assessments due or payable on behalf of the 20 water shares subject of this Agreement, the State shall have the option but not the duty to pay the assessments on behalf of Ridges. In the event that the State elects to pay assessments due or payable on behalf of Ridges' 20 water shares subject of this Agreement, Ridges shall immediately convey the 20 water shares to the State notwithstanding the provisions of paragraph 2.1 above. In the event that the State does not elect to pay assessments due or payable on behalf of Ridges 20 water shares subject of this Agreement and Ridges forfeits the shares (all or part of the 20 shares) or the shares become encumbered by the amount of the unpaid assessments, Ridges shall pay the State in addition to the amounts set forth in paragraph 1 above an amount equal to the fair market value of the forfeited shares or the amount of the encumbrance.

3. Discharge and Satisfaction of Indebtedness. Upon payment in full of all obligations set forth in paragraphs 1, 1.1, 1.2, 2, and 2.2, the State will discharge and deem satisfied all obligations owed the State pursuant to Exhibit A. Within 10 days of the discharge and satisfaction of the Exhibit A obligations, the State shall re-convey to Ridges, all real properties and water right interests held by the State as security for the obligations owed the State in Exhibit A, including without limitation the following:

a. Reservoir No. 3 dam, including spillway, outlet works, other appurtenances, and all utilities within the dam, and the real property and other interests described in the warranty deed recorded in Book 1500 at Page 139 of the records of Mesa County.

b. Reservoir No. 3 pump station, including four pumps, mechanical and electrical systems, all instrumentation and controls, and other appurtenances.

c. An undivided 35/43 share in the Redlands Power Canal Tailrace pump station and intake structure, including pump and motors, mechanical and electrical systems, all instrumentation and controls, and other appurtenances.

d. The water rights described in the Quit Claim Deed recorded in Book 1531 at Page 690 of the records of Mesa County.

e. Shares of the Redlands Water and Power Company were originally to have been conveyed to CWCB as security according to the terms of Exhibit A. The provisions of Exhibit A which required that conveyance were not enforced and CWCB never acquired possession of the shares. Nothing in this section shall require CWCB to reconvey shares of the Redlands Water and Power Company referred to in paragraph 2.

f. Such real property and water rights interests shall be conveyed by the State to Ridges with no additional encumbrances other than those existing at the time of transfer by the Ridges to the State.

4. Release. Ridges releases the State for any and all claims it may have, whether known or unknown at the time of this Agreement, against the State arising out of the design, supervision of design, construction, supervision of construction and operation of the Ridges water supply system financed in part by the State and as more fully described in Exhibit A. Furthermore, Ridges releases the State for any and all claims it may have against the State, whether known or unknown at the time of this agreement, arising out of the financial relationship between the parties.

5. Indemnification. Ridges, its successors or assigns shall indemnify and hold harmless the State for any damages awarded against the State resulting from any tort, violation of federal, state or county statute, ordinance, law or regulation while designing, constructing or operating the Ridges water system.

6. Miscellaneous.

6.1 Integration and Merger. This contract is intended as the complete integration of all prior, contemporaneous, oral and written understandings between the parties. No

prior or contemporaneous addition, deletion, or other amendments hereto shall have any force or effect whatsoever, unless embodied herein in writing. No subsequent novation, renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to State Fiscal Rules.

6.2 Waiver. Failure of the State to enforce any provision of this Agreement shall not act as a waiver to prevent enforcement of the same provisions at some later time.

6.3 Notices. All notices, correspondence, or other documents required by this contract shall be delivered or mailed to the following addresses:

For the State:

Colorado Water
Conservation Board
721 State Centennial Bldg.
1313 Sherman Street
Denver, CO 80203

ATTN: Frank Akers, P.E.

For Ridges:

Dan E. Wilson
City Attorney
City of Grand Junction
250 North Fifth Street
Grand Junction, Colorado 81501-2668

6.4 Jointly Drafted. This Contract was produced as a result of negotiations between the parties and should not be construed against either party as the drafter of this Contract.

6.5 Captions and Titles. All captions and titles are intended to supplement and add to an understanding of the text of each section, paragraph or subparagraph and are not intended to limit or amplify any section, paragraph or subparagraph.

6.6 Colorado Law Governs. Any dispute concerning this Contract shall be governed by Colorado law. Any suit filed to enforce or interpret this Contract shall be filed in the District Court for the City and County of Denver, State of Colorado.

6.7 Controllers Approval. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as it may designate.

6.8 The signatories hereto aver that they are familiar with §§ 18-8-301 to 308 (Bribery and Corrupt Influences) and §§ 18-8-401 to 408 (Abuse of Public Office), C.R.S. (1973) and that no violation of such provisions is present.

6.9 The signatories aver that to their knowledge, no State employee has any personal or beneficial interest whatsoever in the service or property described herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first above written.

RIDGES METROPOLITAN DISTRICT

Ellsworth F. Stein
ELLSWORTH F. STEIN
President

Attest:

Linda E. Afman
LINDA E. AFMAN
Secretary

STATE OF COLORADO
Roy Romer, Governor

By Sara Duncan
For Executive Director
Kenneth Salazar, Department of Natural Resources, Colorado Water Conservation Board
Sara Duncan, Acting Director

APPROVALS:

ATTORNEY GENERAL

By GALE A. NORTON ATTORNEY GENERAL
DAVID M. KAYE
FIRST ASSISTANT ATTORNEY GENERAL
GENERAL LEGAL SERVICES

CONTROLLER CLIFFORD W. HALL

By Philip Holtmann

AG Alpha No. NR WC IAEKX
AG File No. DNR9201420.CW

Form 6-AC-02A

DEPARTMENT OR AGENCY NUMBER
84-04-00

CONTRACT ROUTING NUMBER
84129

$140,091.62

AMENDED CONTRACT

THIS CONTRACT, made this 1st day of May 1984, by and between the State of Colorado for the use and benefit of the Department of *1 Natural Resources (Colorado Water Conservation Board),

hereinafter referred to as the State, and *2 the Ridges Metropolitan District, P. O. Box 3568, Grand Junction, CO 81501,

hereinafter referred to as the contractor,

WHEREAS, authority exists in the Law and Funds have been budgeted, appropriated and otherwise made available and a sufficient unencumbered balance thereof remains available for payment in Fund Number 4008, G/L Account Number 5358X, Contract Encumbrance Number C153366; and ABL Account Number 13582, Org. Unit 77-77-777,

WHEREAS, required approval, clearance and coordination has been accomplished from and with appropriate agencies; and

WHEREAS, pursuant to the provisions of 37-60-119, Colorado Revised Statutes, as amended, the State is authorized to construct certain water projects for the benefit of the people of the State; and

WHEREAS, pursuant to Senate Bill No. 439, Fifty-Third General Assembly of the State of Colorado, duly enacted into law, the Colorado Water Conservation Board has been authorized to expend a sum not to exceed Two Million Eight Hundred Sixty-Six Thousand Dollars ($2,866,000) on construction of the project for the benefit of the Contractor; and

WHEREAS, the State agreed to construct said project and to sell the same to the Contractor upon mutually agreeable terms and conditions, subject to the availability of funding for that purpose; and

WHEREAS, the State and the Contractor have earlier entered into a contract dated December 1, 1981, which contract is attached hereto as Exhibit A, by which the State paid the Contractor One Million Seven Hundred Seventy-Six Thousand Dollars ($1,776,000) to enable the Contractor to construct certain water supply and irrigation system facilities for the benefit of the residents of the Ridges Metropolitan District with a commitment of the Contractor to convey certain facilities of the water supply and irrigation system to the State; and

WHEREAS, this present contract shall supersede and replace that certain contract dated December 1, 1981, in its entirety; and

WHEREAS, the Contractor prior to the execution of that certain contract dated December 1, 1981, had already incurred One Million Four Hundred Fifty-Two Thousand Dollars ($1,452,000) of expenses on portions of the project, which expenses have been documented by the Contractor to the State's satisfaction; and

WHEREAS, the Contractor has expended an additional Three Hundred Forty-Two Thousand Seven Hundred Fifty Dollars ($342,750) on the project in addition to the One Million Four Hundred Fifty-Two Thousand Dollars ($1,452,000) identified above, which additional expenses have been documented to the State's satisfaction; and

WHEREAS, the field conditions encountered during construction were found to be different from those presented in the investigation report; and

WHEREAS, such field conditions necessitated redesign of structures and adjustments which increased the cost of the project; and

*(See instructions on reverse of last page.)

EXHIBIT A

WHEREAS, the Contractor has identified certain alleged defects present in the completed project, which defects it would like to correct; and

WHEREAS, the State is willing to provide an additional sum of money of One Hundred Forty Thousand Ninety-One Dollars and Sixty-Two Cents ($140,091.62), of which One Hundred Twenty-Seven Thousand Five Hundred Ninety-One Dollars and Sixty-Two Cents ($127,591.62) will cover the State's fifty percent (50%) portion of the increased cost of the project and Twelve Thousand Five Hundred Dollars ($12,500) will cover the State's fifty percent (50%) portion of the estimated cost of correcting the alleged defects in the project; and

WHEREAS, the Contractor has encountered financial difficulties in effecting such payments as provided for in that certain contract dated December 1, 1981, and the State is willing to restructure the repayment obligation of the Contractor; and

WHEREAS, the State and the Contractor wish to specifically identify the source of the funds to be used by the Contractor to repay the State.

NOW THEREFORE, in consideration of the mutual and dependent covenants herein contained, it is agreed by the parties hereto as follows:

A. The Contractor agrees that it shall:

1. Employ an engineering firm to prepare project plans and specifications for the correction of the alleged deficiencies to the project. Both the engineering firm and the project plans and specifications must be approved by the State if the State is to contribute its proportionate share.

2. Subcontract the construction of said alleged deficient part of the project to a responsible and capable firm, said project to be completed within two (2) months of the date of this contract in accordance with the project plans and specifications and any necessary modification thereof approved by the State. The State must approve, in writing, all subcontracts before they become effective. The above-mentioned time may be extended by the State if such time is insufficient because of acts of God or other acts or circumstances beyond the control of the Contractor.

3. Require all Subcontractors to indemnify the State and the Contractor against all liability and loss, and against all claims and actions based upon or arising out of damage or injury, including death, to persons or property caused by or sustained in connection with the performance of any subcontract or by conditions created thereby, or based upon any violation of any statute, ordinance, or regulation, and the defense of any such claims or actions.

4. Contribute from its own monies not to exceed Twenty-Seven Thousand Five Hundred Ninety-One Dollars and Sixty-Two Cents ($27,591.62) towards the completion of, and the correction of alleged deficiencies in, the project.

5. Require all Subcontractors to maintain liability insurance in at least the following amounts:

a. For any injury to one person in any single occurrence, the sum of One Hundred Fifty Thousand Dollars ($150,000).

b. For any injury to two or more persons in any single occurrence, the sum of Four Hundred Thousand Dollars ($400,000).

Said liability insurance shall name the Contractor and the State as co-insureds. No payments shall be made under this contract unless a copy of a certificate of said liability insurance has been filed with the Colorado Water Conservation Board.

6. Convey or cause title to be conveyed by warranty deed to the Colorado Water Conservation Board, Department of Natural Resources, State of Colorado, the following portions of the proposed project facilities within thirty (30) days of the execution of this amended contract:

a. Reservoir No. 3 dam, including spillway, outlet works, other appurtenances, and all utilities within the dam, said dam to be located as indicated on the map attached hereto as Schedule B on Exhibit A, said conveyance to include the land around the dam and reservoir and be at least the land described in Exhibit C, attached hereto and made a part hereof.

b. Reservoir No. 3 pump station, including four pumps, mechanical and electrical systems, all instrumentation and controls, and other appurtenances, said pump station to be located as indicated on the map attached hereto as Schedule B on Exhibit A.

c. An undivided 35/43 share in the Redlands Power Canal Tailrace pump station and intake structure, including pump and motors, mechanical and electrical systems, all instrumentation and controls, and other appurtenances, said pump station and intake structure to be located as indicated on the map attached hereto as Schedule B on Exhibit A.

The warranty deed must be recorded by the Contractor in the proper county or counties and all transfer taxes shall be paid by the Contractor.

7. Within thirty (30) days of execution of this amended contract:

a. Convey to the State by deed the water rights decreed or owned by ~~security~~ to the Contractor in the following actions as for its obligations hereunder:

(1) Civil Action No. 13368 by the Mesa County District court on April 13, 1972, 15 cfs to the Bridges Switch Pumping Pipeline, Priority No. 1042.

(2) Case No. W-2155 by the District Court for Water Division No. 5 on July 23, 1974, for Gardner Diversion No. 1 as an alternate point of diversion for the water right described in paragraph 7. a.(1) above .

(3) Case No. W-3137 by the District Court for Water Division No. 5 on April 21, 1977, for Gardner Diversion No. 1 as an alternate point of diversion.

At the completion of this contract, the State shall convey those water rights back to the Contractor, with no additional encumbrances other than those existing at the time of transfer to the State. However, in the event that the Contractor does not fulfill all of its obligations under this contract, it agrees that the State shall be entitled to those water rights and be able to sell or otherwise dispose of the water rights in addition to other remedies

specified herein. The State agrees that during the pendency of this contract and as long as the Contractor is not in breach, it will allow the Contractor to use the water represented by those water rights.

b. Convey any shares of stock in the Redlands Water and Power Company which are acquired by the Contractor during the pendency of this Contract to the State within thirty (30) days of their acquisition. At the completion of the contract, the State shall convey any such shares back to the Contractor, with no additional encumbrances other than those existing at the time of transfer to the State. However, in the event that the Contractor does not fulfill all of its obligations under this contract, it agrees that the State shall be entitled to any such shares and be able to sell or otherwise dispose of the shares in addition to other remedies specified herein. The State agrees that during the pendency of this Contract and as long as the Contractor is not in breach, it will allow the Contractor to use the water represented by any such shares.

8. Permit periodic inspection of the project by authorized representatives of the State during and after construction.

9. Without expense to the State, manage, operate, and maintain the project system continuously in an efficient and economical manner, and assume all legal liability for such management, operation, and maintenance. The Contractor agrees to indemnify and hold the State harmless from any liability to the extent permitted by law as a result of the State's ownership of the project facilities identified in paragraph 6 above. The Contractor shall maintain general liability insurance covering the management, operation, and maintenance of the project system until it has completed purchase of the project system from the State in at least the following amounts:

a. For any injury to one person in any single occurrence, the sum of One Hundred Fifty Thousand Dollars ($150,000).

b. For any injury to two or more persons in any single occurrence, the sum of Four Hundred Thousand Dollars ($400,000).

Said liability insurance shall name the State as a co-insured. A copy of a certificate of said liability insurance must be filed with the Colorado Water Conservation Board prior to the start of the operation of the project system.

10. Make the services of said project available within its capacity to all persons in the Contractor's service area without discrimination as to race, color, religion, or natural origin. The rate schedule for 1984 shall be:

a. User fee - $300 per year per residence
$204 per year per multi-family unit
b. Standby fee - $32 per month per lot equivalent
c. Hookup fee - $200 + per tap.

That for the years commencing January 1, 1985, and thereafter, the Contractor anticipates reducing the above fees to $150 per year per single-family residential unit and $102 per year for multi-family residential unit. The Contractor

agrees not to decrease the $150 fees if said reduction would result in the District's inability to make the payment as set forth on Exhibit B attached hereto and made a part hereof. The Contractor further agrees to reasonably increase and to reasonably set its rates to maximize its revenues to the extent necessary to meet its repayment obligations as set forth in Exhibit B. In the event the Contractor does not so adjust its rate, the State shall set such a reasonable rate and the Contractor shall charge and collect such a rate. Each year on or before October 15, the Contractor agrees to submit to the State its prepared rates for user fees, stand-by fees and hookup fees and its total annual proposed budget for the coming year.

11. Expand the system from time to time to meet reasonable growth or service requirements in the area within its jurisdiction.

12. Provide the State with such periodic reports as it may require and permit periodic inspections of its operations and accounts by a designated representative of the State.

13. Purchase from the State all of the State's right, title, and interest in said project and any facilities thereof by making payments out of revenues from the project, including but not limited to hookup fees, standby charges, and user fees.* The payment to the State is to be according to the schedule attached as Exhibit B and incorporated herein. At the time that all money owed to the State has been paid in accordance with the schedule, the State shall deed to the Contractor all of its right, title, and interest in the improvements described in paragraph A.6. above free of any encumbrances incurred by the State.

14. Obtain and maintain general fire and hazard insurance on the project system in an amount not less than the amount owing to the State for purchase of the project system until the Contractor has purchased the project system. The State shall be a named insured under this policy to the extent of the amount of money due and owing to the State under this contract at any given time, provided that the State agrees that any proceeds that it receives from this policy shall first be devoted to repair of the damage to the projet which occasioned the payment under the policy if and only if a satisfactory agreement can be made between the State and the Contractor as to repayment and the necessary legislative appropriations and approvals are made as required by law.

15. Comply with Construction Fund Program Procedures attached hereto as Schedule A.

16. Comply with the provisions of Section 5 of S.B. 439, 1981 Session of the Colorado General Assembly.

17. Not sell, convey, assign, grant, transfer, or otherwise dispose of the project or any portion thereof, so long as any of the annual installments required by paragraph A.12. above remain unpaid, without the prior written concurrence of the State.

18. Indemnify and hold the State harmless from any judgment resulting from any lawsuit or other legal actions filed against the State by any subcontractor or other provider of services or materials for or to the project. Furthermore, at the State's option, the Contractor shall conduct the legal defense for the State in such a suit at its own expense or refund to the State its reasonable legal fees and costs if the State elects to conduct its own defense.

19. Provide a special fund described as the Irrigation Service Fee Fund and deposit all revenues from the project as

* The full faith and credit of the contractor are not pledged for repayment contemplated by this contract.

described in paragraph 13 into such a fund, which shall be kept in a separate bank account, and expend all monies from said fund as described in Exhibit B.

B. In the event of default in the payments herein set forth to be made by the Contractor, or in the performance of any covenant or agreement contained herein, the State, at its option, may (a) declare the entire principal amount then outstanding immediately due and payable out of revenues from the project; (b) for the account of the Contractor incur and pay reasonable expenses for repair, maintenance, and operation of the system herein described and such expenses as may be necessary to cure the cause of default; and/or (c) take possession of the system, repair, maintain, and operate or lease it back to the Contractor. The provisions of this contract may be enforced by the State at its option without regard to prior waivers by it of previous defaults by the Contractor, through judicial proceedings to require specific performance of this contract or by such other proceedings in law or equity as may be deemed necessary by the State to insure compliance with provisions of this contract and the laws and regulations under which this contract is made.

C. The State agrees that it shall:

1. Make available to the Contractor for the purpose of this contract not to exceed the sum of One Million Nine Hundred Sixteen Thousand Ninety-One Dollars and Sixty-Two Cents ($1,916,091.62). Said One Million Nine Hundred Sixteen Thousand Ninety-One Dollars and Sixty-Two Cents ($1,916,091.62) shall be made available to the Contractor in accordance with the following terms and conditions:

a. Beginning with the monthly period commencing January 1, 1982, and for every month thereafter until said project has been completed, the Contractor shall prepare with the assistance of the consulting engineer referred to in paragraph A.1. above an estimate of the funds required from the State for project construction during that month and shall forward said estimate to the State not less than fifteen (15) days prior to the beginning of such month.

b. Upon receipt and approval by the State of such monthly estimate, the State will, within forty (40) days from the receipt of such estimate, pay over to the Contractor the amount of the monthly estimate or such portion thereof as has been approved by the State.

c. No payments will be made under this contract until the project plans and specifications referred to in paragraph A.1. above are approved by the State.

d. Upon execution of this amended contract by the State, it shall make available to the Contractor One Hundred Twenty-Seven Thousand Five Hundred Ninety-One Dollars and Sixty-Two Cents ($127,591.62) for payment to various Subcontractors who are owed money by the Contractor. Within thirty (30) days after the execution of this amended contract by the State, it shall pay to the Contractor Ninety percent (90%) of the funds necessary to correct the alleged defects in the project up to Eleven Thousand Two Hundred Fifty Dollars ($11,250) for payment to the Subcontractor selected to repair the alleged defects in the project provided that a Subcontractor has been selected and plans and specifications have been

approved in accordance with paragraph A.2. above and the State and the Contractor agree that satisfactory progress has been made in the correction of the alleged defects. After completion of the correction of the alleged defects and acceptance of the work by both the Contractor and the State, the State shall pay the remaining ten percent (10%) up to One Thousand Two Hundred Fifty Dollars ($1,250) to the Contractor for payment as necessary to the Subcontractor.

2. Provide the Contractor with such technical assistance as the State deems appropriate in planning, constructing, and operating the project and in coordinating the project with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

D. This contract is not assignable by the Contractor except with written approval of the State.

E. The parties to this contract intend that the relationship between them contemplated by this contract is that of employer-independent contractor. No agent, employee, or servant of the Contractor shall be or shall be deemed to be an employee, agent, or servant of the State. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants, and Subcontractors during the performance of this contract.

F. At all times during the performance of this contract, the Contractor shall strictly adhere to all applicable federal and state laws that have been or may hereafter be established.

G. This agreement is intended as the complete integration of all understandings between the parties. No prior or contemporaneous addition, deletion, or other amendment hereto shall have any force or effect whatsoever unless embodied herein in writing. No subsequent novation, renewal, addition, deletion, or other amendment hereto shall have any force or effect unless embodied in a written contract executed and approved pursuant to the State fiscal rules.

H. In its sole discretion, the State may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the Contractor's obligations under this agreement, with or without valuable consideration, upon such terms and conditions as the State may determine to be (a) advisable to further the purposes of this contract or to protect the State's financial interest therein, and (b) consistent with both the statutory purposes of this contract and the limitations of the statutory authority under which it is made.

I. The Colorado Water Conservation Board, its agents and employees, is hereby designated as the agent of the State for the purpose of this contract.

J. The Contractor shall keep detailed and complete monthly records of all expendidtures made by it on and after October 1, 1981, for the construction and installation of the irrigation distribution components of the project, which expenditures shall be counted by the State towards the Contractor's share of costs on Phase II of the project. Drawings and specifications for such components of the project shall be approved by the State; also construction shall be State inspected.

K. If any portion of this contract is found or determined to be unenforceable or invalid, the remaining portion of the contract shall remain in full force and unaffected.

L. All notices, correspondence or other documents required by this contract shall be delivered or mailed to the following addresses:

(a) For the State

Director
Colorado Water Conservation Board
823 State Centennial Building
1313 Sherman Street
Denver, CO 80203

(b) For the Contractor

President
Ridges Metropolitan District
P.O. Box 3568
Grand Junction, CO 81502

SPECIAL PROVISIONS

CONTROLLER'S APPROVAL

1. This contract shall not be deemed valid until it shall have been approved by the Controller of the State of Colorado or such assistant as he may designate. This provision is applicable to any contract involving the payment of money by the State.

FUND AVAILABILITY

2. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

BOND REQUIREMENT

3. If this contract involves the payment of more than fifty thousand dollars for the construction, erection, repair, maintenance, or improvement of any building, road, bridge, viaduct, tunnel, excavation or other public work for this State, the contractor shall, before entering upon the performance of any such work included in this contract, duly execute and deliver to and file with the official whose signature appears below for the State, a good and sufficient bond or other acceptable surety to be approved by said official in a penal sum not less than one-half of the total amount payable by the terms of this contract. Such bond shall be duly executed by a qualified corporate surety, conditioned for the due and faithful performance of the contract, and in addition, shall provide that if the contractor or his subcontractors fail to duly pay for any labor, materials, team hire, sustenance, provisions, provendor or other supplies used or consumed by such contractor or his subcontractor in performance of the work contracted to be done, the surety will pay the same in an amount not exceeding the sum specified in the bond, together with interest at the rate of eight per cent per annum. Unless such bond, when so required, is executed, delivered and filed, no claim in favor of the contractor arising under this contract shall be audited, allowed or paid. A certified or cashier's check or a bank money order made payable to the Treasurer of the State of Colorado may be accepted in lieu of a bond.

MINIMUM WAGE

4. Except as otherwise provided by law, if this contract provides for the payment of more than five thousand dollars and requires or involves the employment of laborers or mechanics in the construction, alteration or repair of any building or other public work, (except highways, highway bridges, underpasses and highway structures of all kinds) within the geographical limits of the State, the rate of wage for all laborers and mechanics employed by the contractor or any subcontractor on the building or public work covered by this contract shall be not less than the prevailing rate of wages for work of a similar nature in the city, town, village or other civil subdivision of the State in which the building or other public work is located. Disputes respecting prevailing rates will be resolved as provided in 8-16-101, CRS 1973, as amended.

DISCRIMINATION AND AFFIRMATIVE ACTION

5. The contractor agrees to comply with the letter and spirit of the Colorado Antidiscrimination Act of 1957, as amended and other applicable law respecting discrimination and unfair employment practices (24-34-402, CRS 1979 supplement), and as required by Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975. *Pursuant thereto, the following provisions shall be contained in all State contracts or sub-contracts.*

During the performance of this contract, the contractor agrees as follows:

(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age. The contractor will take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to the above mentioned characteristics. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertisings; lay-offs or terminations; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth provisions of this non-discrimination clause.

(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, marital status, religion, ancestry, mental or physical handicap, or age.

(3) The contractor will send to each labor union or representative of workers with which he has collective bargaining agreement or other contract or understanding, notice to be provided by the contracting officer, advising the labor union or workers' representative of the contractor's committment under the Executive Order, Equal Opportunity and Affirmative Action, dated April 16, 1975, and of the rules, regulations, and relevant Orders of the Governor.

(4) The contractor and labor unions will furnish all information and reports required by Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, and by the rules, regulations and Orders of the Governor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the office of the Governor or his designee for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(5) A labor organization will not exclude any individual otherwise qualified from full membership rights in such labor organization, or expel any such individual from membership in such labor organization or discriminate against any of its members in the full enjoyment of work opportunity, because of race, creed, color, sex, national origin, or ancestry.

(6) A labor organization, or the employees or members thereof will not aid, abet, incite, compel or coerce the doing of any act defined in this contract to be discriminatory or obstruct or prevent any person from complying with the provisions of this contract or any order issued thereunder; or attempt, either directly or indirectly, to commit any act defined in this contract to be discriminatory.

(7) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further State contracts in accordance with procedures, authorized in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975 and the rules, regulations, or orders promulgated in accordance therewith, and such other sanctions as may be imposed and remedies as may be invoked as provided in Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, or by rules, regulations, or orders promulgated in accordance therewith, or as otherwise provided by law.

(8) The contractor will include the provisions of paragraphs (1) through (8) in every sub-contract and sub-contractor purchase order unless exempted by rules, regulations, or orders issued pursuant to Executive Order, Equal Opportunity and Affirmative Action of April 16, 1975, so that such provisions will be binding upon each sub-contractor or vendor. The contractor will take such action with respect to any sub-contracting or purchase order as the contracting agency may direct, as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with the subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the State of Colorado to enter into such litigation to protect the interest of the State of Colorado.

COLORADO LABOR PREFERENCE

6. Provisions of 8-17-101, & 102, CRS 1973 for preference of Colorado labor are applicable to this contract if public works within the State are undertaken hereunder and are financed in whole or in part by State funds.

GENERAL

7. The laws of the State of Colorado and rules and regulations issued pursuant thereto shall be applied in the interpretation, execution and enforcement of this contract. Any provision of this contract whether or not incorporated herein by reference which provides for arbitration by any extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision incorporated herein by reference which purports to negate this or any other special provision in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this provision will not invalidate the remainder of this contract to the extent that the contract is capable of execution.

8. The signatories hereto aver that they are familiar with 18-8-301, et seq., (Bribery and Corrupt Influences) and 18-8-401, et seq., (Abuse of Public Office), C.R.S. 1973, as amended, and that no violation of such provisions is present.

9. The signatories aver that to their knowledge, no state employee has any personal or beneficial interest whatsoever in the service or property described herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first above written.

RIDGES METROPOLITAN DISTRICT

Marjorie A. Garneau

Contractor Marjorie A. Garneau

Position President

84-0737375

FEDERAL I. D. NUMBER

Attest:

James D. Rush, Secretary

STATE OF COLORADO
RICHARD D. LAMM, GOVERNOR

By

EXECUTIVE DIRECTOR, DAVID H. GETCHES

DEPARTMENT OF NATURAL RESOURCES

COLORADO WATER CONSERVATION BOARD

By

J. WILLIAM McDONALD, DIRECTOR

APPROVALS

ATTORNEY GENERAL DUANE WOODARD

By

A.H. JEWELL, JR.
First Assistant Attorney General
General Legal Services

CONTROLLER JAMES A. STROUP

By

EXHIBIT B

Repayment Schedule

A. Disposition of revenues from the project including but not limited to hookup, standby and user fees in the years 1984, 1985, and 1986 shall be by the following priority:

1. Necessary and reasonable Operation and Maintenance (O&M) costs.

2. Ten Thousand Dollars ($10,000) to Colorado Water Conservation Board (CWCB).

3. General obligation bonds--interest and principal not to exceed Forty Thousand Dollars ($40,000).

4. Remainder to CWCB up to One Hundred Five Thousand Six Hundred Ninety-One Dollars and Seventy-Five Cents ($105,691.75).

B. Disposition of revenues from the project including but not limited to hookup, standby and user fees from year 1987 until complete project repayment shall be by the following priority except that hookup fees and standby fees may be used to supplement general tax revenues to meet the general obligation debt service of the Contractor prior to expenditure on paragraph 2 below provided that the Contractor maintains its mill levy at 44 mills or greater.

1. Necessary and reasonable O&M costs.

2. One Hundred Fifteen Thousand Six Hundred Ninety-One Dollars and Seventy-Five Cents ($115,691.75) to CWCB subject to the provisions of paragraph A.10.

3. Reserve fund for CWCB--1987 through 1996, 10% of per year repayment or Eleven Thousand Five Hundred Sixty-Nine Dollars and Eighteen Cents ($11,569.18) (co-signature of CWCB required for money availability).

4. Depreciation fund contribution per year, Seventeen Thousand Three Hundred Thirty-Seven Dollars ($17,337).

The CWCB repayment schedule shall be as follows:

	Years	Repayment
	1983	0
	1984	$10,000
	1985	$10,000
	1986	$10,000
	1987 to 2023	$115,691.75
Total	41	$4,310,594.75

The entity shall purchase from the State all of the State's right, title, and interest in said project and any facilities thereof at a total purchase price of Four Million Three Hundred Ten Thousand Five Hundred Ninety-Four Dollars and Seventy-Five Cents ($4,310,594.75) payable in Forty-One (41) annual installments, all as shown above. The first annual installment was reduced to zero.

If payments during the years 1984, 1985, and 1986 are made to the CWCB in excess of Thirty Thousand Dollars ($30,000), then the amount of payment in the forty-first (41st) year shall be reduced accordingly. The first installment shall be due and payable on December 1, 1984, and yearly thereafter on December 1 until the entire principal sum shall have been paid. Said installment payments shall be made payable to the Colorado Water Conservation Board and addressed to said Board at its offices in Denver, Colorado.

In addition, the Contractor has the option to prepay its obligation in whole or part. If prepayment is made in part, the payment amounts shall not be reduced, rather the number of payments shall be reduced.

EXHIBIT C

LEGAL DESCRIPTION

LOT 19, PARK, THE RIDGES FILING 7

This is a description of a parcel of land located in Section 20, Township 1 South, Range 1 West, Ute Meridian, Mesa County, Colorado. The parcel is described by metes-and-bounds as follows:

Beginning at a point which is N70°52'39"W 1020.66 feet from the east quarter of Section 20, then along the ten following courses:

1. S38°34'30"W 120.00 feet;
2. S55°13'20"W 220.00 feet;
3. N84°28'10"W 272.64 feet;
4. N34°39'50"W 150.00 feet;
5. N18°35'50"E 335.00 feet to the south right-of-way of West Ridges Boulevard;

Then along the south right-of-way of West Ridges Boulevard the two following courses:

6. N59°44'40"E 140.00 feet;
7. along the arc of a tangent curve deflecting to the right with a radius of 64.44 feet, a central angle of 46°38'40", and a chord bearing N83°04'00"E 51.02 feet to a point on the south right-of-way of East Lakeridge Drive.

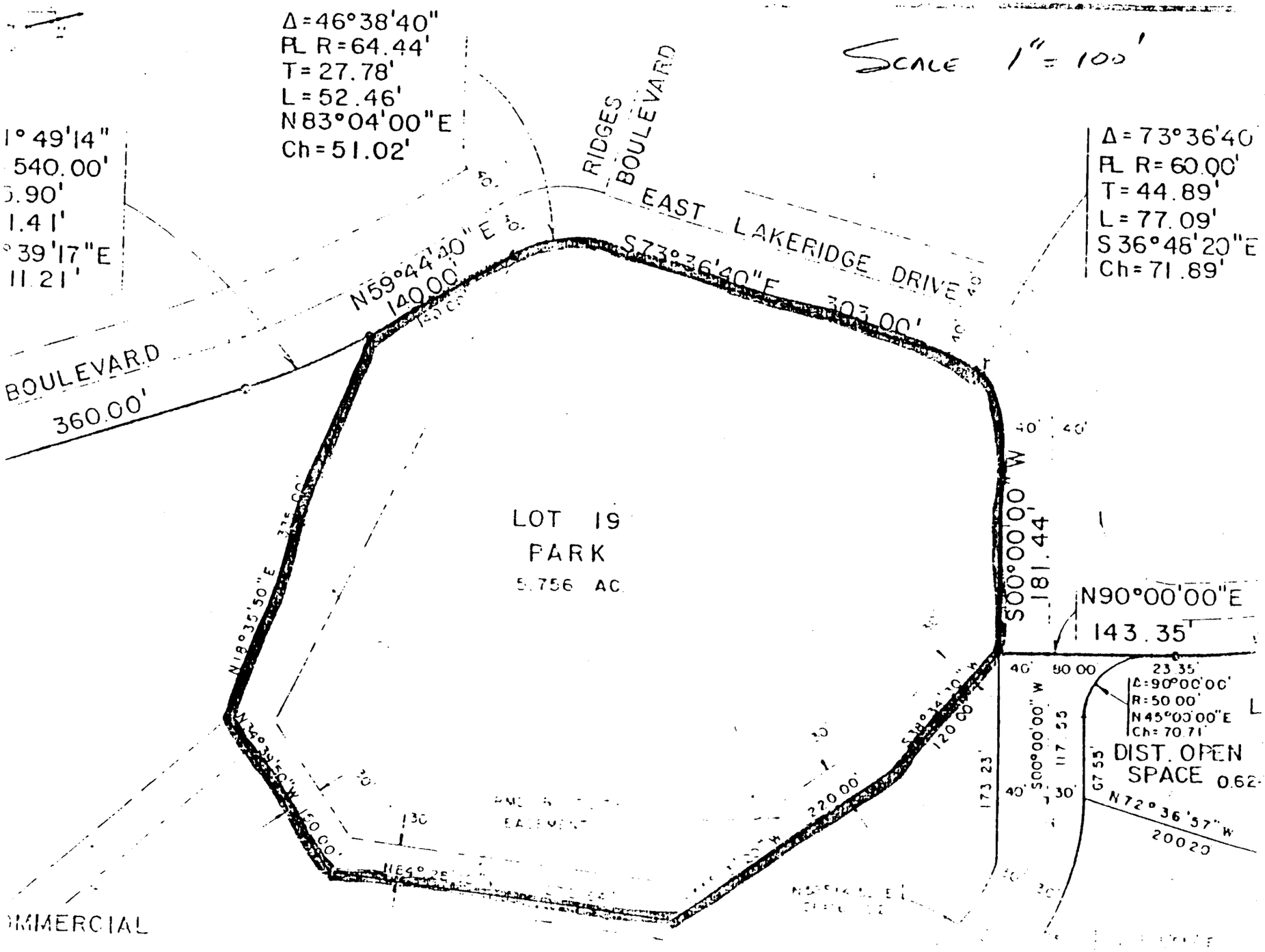
Then along the right-of-way of East Lakeridge Drive the three following courses:

8. S73°36'40"E 303.00 feet;
9. along the arc of a tangent curve deflecting to the right with a radius of 60.00 feet, a central angle of 73°36'40", and a chord bearing S36°48'20"E 71.89 feet;
10. S00°00'00"W 181.44 feet to the beginning.

The area of the parcel, as described, is 5.756 Acres.

The basis for bearings is assumed S00°13'43"W 1317.61 feet along the survey monument line from the north sixteenth corner on the east line of Section 20 to the east quarter corner of Section 20. The north sixteenth corner and the east quarter corner are each Mesa County survey monuments.

EXHIBIT C


Scale 1" = 100'
Δ = 46°38'40"
RL R = 64.44'
T = 27.78'
L = 52.46'
N83°04'00"E
Ch = 51.02'
RIDGES BOULEVARD
EAST LAKERIDGE DRIVE
Δ = 73°36'40
RL R = 60.00'
T = 44.89'
L = 77.09'
S 36°48'20"E
Ch = 71.89'
1°49'14"
540.00'
5.90'
1.41'
°39'17"E
11.21'
BOULEVARD
360.00'
N59°44'40"E
140.00'
S73°36'40"E 303.00'
LOT 19
PARK
5.756 AC.
S00°00'00"W
181.44'
N90°00'00"E
143.35'
23.35'
Δ=90°00'00"
R=50.00'
N45°00'00"E
Ch=70.71'
DIST. OPEN
SPACE 0.62
N72°36'57"W
200.20
S00°00'00"W
117.55'
67.55'
173.23'
N18°35'50"E
N34°38'50"W
150.00'
N65°25'
S36°34'10"W
120.00'
220.00'
MMERCIAL

SCHEDULE A

COLORADO WATER CONSERVATION BOARD
CONSTRUCTION FUND PROGRAM PROCEDURES

1. Board approval of engineering firm and engineering agreement between engineering firm and project sponsor.

2. Preparation of detailed plans and specifications for authorized projects by consulting engineering firm.

3. Approval of detailed plans and specifications by Board staff (plans and specifications for storage dams and reservoirs must also be approved by State Engineer's office).

4. Board staff approval of bidding for the project. Board staff present at bid opening for construction.

5. Project sponsor may issue the notice of award and the notice to proceed with construction to the contractor (both notices must be approved by the Board staff before they are issued).

6. Conduct a pre-construction conference. Approval of construction schedule by Board staff.

7. Construction commences. The Board staff makes periodic inspections during construction. All change orders must be approved by the Board staff in advance and before any construction on change items can commence. Emergency items cleared by telephone.

8. The consulting engineer certifies that the project has been completed according to approved drawings and specifications and arranges for final inspection.

9. Final inspection and acceptance of as-built project by Board staff.

10. Submittal of as-built drawings to Board staff for approval and filing.

PLAN AND AGREEMENT

This Plan and Agreement is jointly entered into and adopted by the City Council of the City of Grand Junction, on behalf of the City of Grand Junction, Colorado ("City"), and the Board of Directors of the Ridges Metropolitan District, on behalf of the Ridges Metropolitan District ("District"), and is intended to constitute both the plan required by C.R.S. 32-1-701 et seq. and the agreement referred to in C.R.S. 32-1-702 and 32-1-704.

RECITALS

A. The City is willing to enter into this Plan and Agreement, contingent on the completion of the annexation to the City of the lands contained in the District.

B. The District is willing to enter into this Plan and Agreement if the City agrees to provide municipal services to the residents of the District on the same basis as other residents of the City receive City services, except as otherwise provided herein, and if the City refinances the District's outstanding debt.

NOW, THEREFORE, the City and the District agree as follows:

1. Definitions. As used in this Plan and Agreement, the following words and phrases have the following meanings:

A. "Annexation date" means the date sixty-one days after the effective date of the City's ordinance annexing the District lands; provided, however, that if an action for review of the annexation is commenced as provided in Section 31-12-116, C.R.S., the "annexation date" shall be the date on which final judgment, not subject to further appellate review, is entered by a court with jurisdiction, upholding the validity of the annexation ordinance.

B. "Board" means the Board of Directors of the Ridges Metropolitan District.

C. "City" means the City of Grand Junction, Colorado.

D. "City Council" means the City Council of the City.

E. "Dissolution action" means the action commenced by the District in the District Court, pursuant to C.R.S. 32-1-701 et seq., to dissolve the District.

F. "District" means the Ridges Metropolitan District.

n-rmd

EXHIBIT

B

G. "District Court" means the Mesa County, Colorado, District Court.

H. "District lands" means all lands within the boundaries of the District.

2. Procedure

A. As soon as possible after the approval of this Plan and Agreement by the City Council of the City and by the Board of Directors of the District, and execution by the appropriate officers of the City and District, the District shall file a petition for dissolution of the District with the Mesa County District Court, pursuant to C.R.S. 32-1-701 et seq. This Plan and Agreement shall be filed with the petition for dissolution.

B. As soon as the dissolution action is commenced by the District, the City staff will prepare and submit to the City Council an annexation petition, seeking annexation to the City of all of the District lands, using the power of attorney on file with the City Clerk. No terms and conditions will be sought or placed by the City on the annexation other than those contained herein. The City Council shall thereafter consider the petition for annexation as provided by applicable ordinance and statute, provided, however, that the annexation ordinance will not be finally adopted until after any dissolution election ordered by the District Court in the dissolution action. If the City adopts an ordinance annexing the District lands, it shall promptly take all actions required by applicable statutes and ordinances to make the annexation effective, and it shall defend the validity of the annexation ordinance in any action brought for judicial review of the ordinance. Any such result shall not operate to invalidate the existing Power of Attorney referred to in this paragraph.

3. Plan and Agreement

A. Services to be Provided by the City. On and after the annexation date, the City will provide the residents of the District the same municipal services on the same general terms and conditions as residents in the rest of the City receive, except as otherwise specifically provided in this Plan and Agreement. These services include, but are not limited to, the following, subject to the ongoing direction and control of the City Council and the City Manager.

1. Fire Protection: At present, the District receives its fire protection services from the Grand Junction Rural Fire District ("Fire District"). The actual services provided by the Fire District are pursuant to a contract between the Fire District and the City, acting through its Fire Department.

n-rmd

On and after the annexation date, the City will provide to the District the same fire protection services as are provided in other areas of the City, subject to the ongoing direction and control of the City Council and the City Manager. The existing Fire District mill levy will be replaced by the City's mill levy. There will be no difference in services received by the residents of the District following annexation.

2. Parks: Listed on Exhibit "District Parks" are the various parks, park facilities, open spaces, and pedestrian, jogging, and other trails owned by the District, hereafter referred to as the "District parks and trails". On and after the annexation date, the City will own, operate, and maintain the District parks and trails on the same terms and conditions, and up to the same standards and level of service, as the City owns, operates, and maintains similar parks, trails, and facilities in other areas of the City. The open space identified on Exhibit "Open Space" will not be maintained but rather will be left in the existing natural state. For five years after the annexation date, reductions in services, operation, or maintenance of the District parks and trails shall be only in connection with system-wide reductions which treat the District's paths and trails equitably with the other parks, trails and facilities owned or operated by the City. Thereafter, any such reduction(s) shall only be made following a public hearing held by the City Council.

3. Public Works: The City's Public Works Department presently operates and maintains the City waterworks, sewer plant and facilities, roads, and other City infrastructure. On and after the annexation date, those facilities and functions will be made available to the District's residents by the City, on the same basis and for the same rates and charges as they are made available to other similarly situated City residents. These facilities and functions include, without limitation, the following, recognizing that there are significant deficiencies in the existing infrastructure of the District. The City is not obligated to improve or upgrade any existing facility, street, road, drainage improvement or other structure, except as is explicitly set forth herein.

a. Water: The District's residents currently receive domestic water pursuant to a contract with the Ute Water Conservancy District (the "Ute Contract"). The Ute Contract will remain in effect pursuant to its terms after the annexation date. On and after the annexation date, the City will continue to bill for domestic water service, provide maintenance, and operate the system in accordance with the District's existing practice (so long as consistent with City practice(s) in the rest of the City), and the Ute Contract, in the name of the District. Revenues associated with the water system will not be separately maintained in the name of the District, but will be commingled and

used with other funds of the City, as determined by the City Council and the City Manager. The District's residents will be billed the in-City water rates rather than the rates currently paid.

b. Sewer: The City currently operates the regional sewer plant pursuant to an agreement with Mesa County, which is a co-owner of the plant with the City, and the City currently provides sewer services to the District's residents pursuant to a contract with the District. On and after the annexation date, the City will continue to provide District's residents with sewer services on the same terms and conditions, and for the same rates and charges, as other City residents. Beginning the first day of the month following the annexation date, rates paid by the District's residents will be reduced to the existing City rate of $10.35 per EQU. Rates for City residents, including the District's residents, will change over time in response to changing circumstances and as authorized by the City Council.

c. Irrigation: The District currently owns and operates an irrigation system, using non-potable water, for the benefit of its residents. The facilities comprising the District's irrigation system are listed on Exhibit "District Irrigation". The City does not currently operate any similar irrigation systems in residential areas. However, on and after the annexation date, the City agrees that it will assume responsibility for operation, maintenance, and billing for the District's irrigation system. The irrigation system will be operated by the City on a self-supporting enterprise fund basis, with the District's residents paying the cost of operation. Rates and charges will be applied by the City to pay reasonable and customary operating, capital, and depreciation costs of the system. The City will handle the billing for the irrigation system services. The City agrees to operate the irrigation system for the lowest reasonable cost, consistent with sound maintenance and operation practices, and to maintain an adequate reserve for depreciation.

d. Trash Collection: The City operates solid waste collection services for City residents and, pursuant to ordinance, is the exclusive hauler for all residences of eight units or less. For residential structures consisting of more than eight units and commercial users, the owner presently has an option to be provided service by the City or by private hauler. Within six months after the annexation date, the City will provide the District's residents with trash collection services on the same terms and conditions, and for the same rates and charges, as other City residents.

e. Streets and Roads: Within three years after the annexation date, the City will spend at least $300,000 for reconstruction of and other capital improvements to the

streets, roads, and drainage structures in the District. The City represents that except to the extent that such funds will come from the new debt financed pursuant to Paragraph 3.C., below, it obligates itself to appropriate the funds necessary to meet this commitment. To the extent that the Public Works Department hereafter determines that additional work is required and if the City Council approves the additional work in the course of a subsequent year's budget, additional improvements may be made. Following the initial commitment of spending $300,000, road, street, and drainage structure improvements in the District will be on an equal basis with other areas of the City. Work prioritization will be determined by the City Council. In addition, on and after the annexation date, all street, road and drainage structure maintenance and repairs in the District will be performed by the City, on an equal basis with other areas of the City. The cost of such maintenance and repairs shall not be included in the $300,000 initial commitment for capital improvements, but shall be in addition to such commitment. For the purposes of this paragraph, capital means the installation or replacement of infrastructure as opposed to the on-going regular repair and care of the infrastructure.

4. Police: On and after the annexation date, police services provided by the City in the District will be the same as is provided in other areas of the City. The City does not assign particular officers to particular areas or neighborhoods, nor does the City operate particular routes for patrol. Therefore, it is not possible to define precisely the services that will be available. However, the City does agree that police services will be applied on an equitable basis in the District, depending on needs and circumstances.

5. Community Development Department and Zoning:

a. On and after the annexation date, the residents of the District will have available to them the various services provided by the City's Community Development Department. The District lands will be incorporated into the ongoing planning efforts of the City. The District lands will be subject to the land use subdivision and zoning controls and benefits of the City. The zoning which will be applied to the District lands on the annexation date will be substantially identical to that currently in existence, subject to the final adoption by the City Council of a zoning ordinance. The existing District office and lands upon which it is constructed will be rezoned to a business or commercial use, provided that any such rezoning will be compatible with the residential character of the surrounding neighborhood as determined by the City Council. The City Council reserves the right to modify zoning of any lot or parcel within the District in accordance with state and local law. The City is not obligated to enforce existing covenants, such as architectural controls. Until

the City determines otherwise, such covenants will be enforced by the District's residents in accordance with the covenants.

b. The District presently operates and maintains a recreational vehicle (RV) parking area on lands owned by Dynamic Investments, Inc. On and after the annexation date, the City agrees to operate and maintain the RV parking area for as long as Dynamic Investments makes its land available for the RV parking area. If such lands are not made available for the RV parking area in the future, the City agrees to work with the residents of the District and any developers in the District to accommodate the needs of District residents for a RV storage area. The City further agrees that, in connection with the planning of future development in the District, and in connection with the approval of future development, if deemed reasonable and proper by the Council, it will require that the developer(s) provide RV storage facilities open for use by all residents of the District. If the City operates the RV storage area, it will do so as an enterprise activity whereby the users thereof will pay all of the costs of operating and maintaining the facility.

B. Taxation and Special Assessments:

1. Taxation:

a. On and after the annexation date, the District's residents will be subject to the City Sales & Use Tax. Generally, there will be little difference to a resident of the District, assuming that at present retail purchases are already made at locations in the City. Major items which will, following annexation, be subject to the tax (which may not have been previously for District residents), include vehicles, large appliances, and building materials. On and after the annexation date, residents of the District will pay 2.75% of the purchase price of retail goods purchased, pursuant to the City Sales and Use Tax Ordinances.

b. With respect to real property taxation, the City's ad valorem mill levy applicable to the District lands and improvements will not become effective until the January 1st following the annexation date. Thus, if the annexation date is in the Spring of 1992, the City's property tax will be applicable as of January 1, 1993.

2. Special Assessments:

Pursuant to the City's People's Ordinance No. 33 and other state and local law, special assessments may be imposed for the construction of street, drainage, curb, gutter, sidewalk, and other improvements only pursuant to a petition signed by more than 50% of the owners of more than 50% of the

lands to be benefitted. The City does not, at present, have the power to unilaterally impose either special assessments or special assessing districts on residents because of the limitations set forth in People's Ordinance No. 33. Unless and until City voters amend People's Ordinance No. 33, special assessments can only be initiated by the affected property owners.

C. Financial Obligations

1. The District has two major categories of debt:

a. The first category of debt is an obligation in the face amount of $1,943,891 to the Colorado Water Conservation Board ("CWCB"). The amounts due to CWCB are payable only out of the revenues of the operation of the District's irrigation system, and are not general obligations of the District.

b. The second category of debt consists of three general obligation bonds which are identified on Exhibit "District Bonds", attached hereto (the "District bonds").

2. The debt of the District will be restructured as follows:

a. Prior to the effective date of this Plan and Agreement, the City and the District have negotiated with CWCB regarding the discharge of the CWCB loan upon payment of a negotiated lump sum. The parties hereto expect to obtain from CWCB a letter of intent, agreeing to accept a lump sum payment not to exceed $500,000 to discharge all of the District's obligations to CWCB. The parties agree to enter into this Plan and Agreement notwithstanding the fact that the amount of the CWCB obligation has not been determined. As soon as possible after the annexation date, the District shall pay to CWCB the lump sum payment discussed above to fully discharge its obligations to CWCB. To the fullest extent possible, such lump sum payment shall be paid from the cash and current assets of the District.

b. As soon as possible after the annexation date, the City will issue new debt, which will include (i) a refinancing of the District bonds, (ii) any amounts necessary to pay the settlement of the CWCB obligation, but only to the extent that such settlement can not be paid out of the cash and current assets of the District, and (iii) costs of issuance. In addition, the City has projected that, over a ten year period, beginning in the Spring of 1992, it will spend $556,246.00 more for providing services and improvements within the District than it will receive from sales, use, and ad valorem taxes paid by District residents as a result of annexation. One half of that projected amount ($278,123.00) will be added to the principal of the new debt, in addition to the amounts specified above and will be used to partially pay for the obligations agreed to by the City. This new debt will be issued in the name of the District, and it will be a

general obligation of the District. The new debt will be issued for a twenty year term or the useful life of the assets financed, whichever is less, with an estimated ten year call provision. The debt will be issued at an approximate rate of 7.5%, but with an average rate not to exceed 8.25% subject, of course, to market conditions then prevailing. The City agrees that it will diligently and prudently refinance the existing debt of the District to achieve the most savings for the residents of the District. The new debt will not be a general obligation of the City, nor will it otherwise be secured by the assets or revenues of the City, provided however, that the debt may be additionally secured by a subordinate pledge of City sales tax revenues, if such additional pledge is determined to be fiscally prudent by the City.

c. The District will continue in existence after the annexation date to the extent necessary to adequately provide for the payment of its financial obligations and outstanding bonds (including the new debt issued pursuant to this paragraph 3.C.), and will only be dissolved after payment of such obligations and bonds. Each year until the District is dissolved, the District shall, pursuant to the Special District Act, Sections 32-1-101 et seq., C.R.S., or other applicable law, determine the amount of money necessary to be raised by taxation to pay the amounts due on the financial obligations and bonds of the District, taking into account the other funds available as provided in this Plan and Agreement, and fix and certify the levies necessary to raise such amount.

D. Assets of the District

1. The real property of the District is described on Exhibit "District Real Property", and is hereafter called the District real property. The District's personal property is described on Exhibit "District Personal Property", and is hereafter called the District personal property. The District's water rights are described on Exhibit "District Water Rights", and are hereafter called the District water rights. Within ten days after the annexation date, the District real property, personal property, and water rights will be transferred to the City, by appropriate deeds and bills of sale. The City shall be responsible for preparing all necessary deeds, bills of sale and other documents required by law to transfer the District's property to it, and shall bear all recording and other costs incurred with respect to such transfer.

2. Immediately after the annexation date, the City shall obtain an appraisal to be paid for by the District of the value of the District's office building and land upon which the office building is located. The City shall thereafter use its best efforts to sell the office building and land upon which it is located as soon as possible thereafter for the best price it can

obtain in a reasonable period of time, provided, however, that the gross sale price shall not be for less than 85% of the appraised value.

3. Forthwith after the annexation date, the City shall also use its best efforts to sell, for the best sale prices it can obtain in a reasonable period of time, all of the rest of the District real property and District personal property that the City determines is not and will not be needed by the City to meet its obligations to the District and its residents under this Plan and Agreement. Real property assets shall be appraised prior to sale, and the gross sale price for real property shall not be less than 85% of appraised value. No appraisals shall be required for personal property which is sold. After this initial surplus real and personal property is sold, the City shall, from time to time until the District's bonded indebtedness is paid off, examine the remaining District real and personal property to determine whether any additional real or personal property is not needed by the City to meet its obligations hereunder, or to provide services to City residents, and any such unneeded property shall be sold by the City for the best sale prices it can obtain.

4. The District water rights will continue to be used by the City to supply irrigation water to the District's residents. The City may sell any of the District water rights that are not needed, and will not in the future be needed, to supply irrigation water to the residents of the District. In determining whether the water rights are or will be needed, the City shall consider the amount of irrigation water that will be needed if the District lands are fully developed. City reserves the right to substitute other water or water rights so long as the supply of water to the District residents is not diminished.

5. All of the net proceeds from the sale of the District real property, personal property, and water rights pursuant to the provisions of this Paragraph D. shall be applied by the City in the manner specified in Paragraph 3.F., below.

E. Cash and Standby Fees.

1. Cash: As of November 15, 1991, the District had cash on hand of approximately $752,400.00. The parties agree that between the effective date of this Plan and Agreement and the annexation date, the District will be prudent and conservative in its expenditures. On the annexation date, the City and the District will apply the cash of the District as follows:

a. All current debts and obligations of the District, the settlement with CWCB, and all obligations of the District to its employees for salaries and benefits, shall be paid immediately after the annexation date.

b. All amounts needed to perform any outstanding contracts of the District shall be commingled with other funds. The City shall perform the District's contractual obligations.

c. All cash not needed for the purposes stated in Sub-paragraphs 1.a. and 1.b., above, shall be applied by the City in the manner specified in Paragraph 3.F., below.

d. The District agrees to take the necessary actions under the Local Government Law of Colorado to make the necessary budgetary transfers to allow the District's cash to be paid in accordance with the provisions of this Paragraph E.1.

2. Standby fees: Pursuant to District Resolution and applicable statutes, the District assesses standby fees against certain of the District lands. As of October 31, 1991, there remains approximately $181,396.00 in uncollected standby fees. The City agrees to take such steps as are consistent with good municipal and governmental practice to collect those standby fees and, to the extent that any standby fees are collected, the City agrees to apply the net collections in the manner specified in Paragraph 3.F., below. Effective on the January 1st after the annexation date, future standby fees will be abolished.

F. Application of Assets and Taxes to Pay Debt. All of the net proceeds from the sale of the District real property, personal property, and water rights pursuant to the provisions of Paragraph 3.D., all excess cash and net collections of standby fees pursuant to Paragraph 3.E., and the net proceeds from the sale of other assets pursuant to Paragraph 3.K.4., shall be applied by the City as follows:

1. Prior to the issuance of new debt pursuant to Paragraph 3.C.2.b., to reduce the principal amount of the new debt to be issued; or

2. Subsequent to the issuance of such new debt, to the reduction of principal and interest on the new debt, or, to the reduction of subsequent ad valorem taxation.

Until such payments are made, the net proceeds shall be held in a Bond Fund or similar account bearing interest at prevailing market rates, and any interest earned shall also be applied to the payments due. In addition, all money raised by taxation of the taxable property in the District, pursuant to the provisions of the Special District Act, C.R.S. 32-1-101 et seq., and other application law, shall be applied to retire the District's bonded indebtedness. As used in this paragraph, "net proceeds" means the gross sale price of the property minus the reasonable costs of sale, including the costs of appraisal(s).

G. Contracts of the District. The contracts to which the District is a party are listed on Exhibit "District Contracts", and are hereafter referred to as the District contracts. Copies of all of the District contracts have been provided to the City by the District. These contracts shall not be assigned to the City, but shall remain in the name of the District. However, the City agrees that the City Council, acting as the Board of Directors of the District, shall cause the District to fully perform all of the District's obligations under the District contracts. The City, on behalf of the District, may terminate any of the District contracts pursuant to the terms of those contracts.

H. Employees of the District.

1. The City will offer employment to the following District employee who is employed by the District on the effective date of this Plan and Agreement: Leonard M. Speakman. This employee meets the minimum City qualifications. The City will offer this employee a position similar to the position he now holds with the District, with a starting date of the annexation date. As a City employee, he will be subject to the City's personnel policies and will receive benefits as do other classified employees of the City. The job classification and pay of such employees within the City system will be in accordance with the duties and responsibilities assigned, but in any case will be essentially equivalent to the duties and pay he currently receives as an employee of the District. Said employee shall be treated as having been terminated in the District and as a new employee by the City.

2. The employment of all of the District's employees will be terminated on the annexation date. Benefits will be paid to these employees in accordance with the policies adopted by the Board, a copy of which is attached hereto as Exhibit "District Benefits".

I. Other Legal Liabilities of the District. The District represents that as of the date it approved this Plan and Agreement, no notices of claim had been filed against the District or any of its employees under the Colorado Governmental Immunity Act, C.R.S. 24-10-101 et seq. The City will cause an independent audit of the District's books, finances, and affairs to be performed at the District's expense once the District's electors have approved this Plan and Agreement in order to be certain that the fiscal and other assumptions are valid.

J. Dissolution of the District. The elected Board of Directors will continue in office and will manage the affairs of the District, consistent with the terms of this Plan and Agreement, until the annexation date. On and after the annexation

date, the District will continue in existence for the sole purpose of the payment of its outstanding financial obligations and to continue with such contracts as the City deems appropriate, with the City Council serving as the board of directors of the District pursuant to C.R.S. 32-1-707, and it will be dissolved when its outstanding financial obligations are fully satisfied. On and after the annexation date, the District shall take no actions nor shall it incur any debts or other obligations except those actions, obligations, or debts required to comply with this Plan and Agreement, with applicable law, and with any appropriate orders entered by the District Court in the dissolution action.

K. Miscellaneous.

1. Taxes, standby fees and other debt and obligations owed to the District as of the annexation date will not be affected by this Plan and Agreement, the filing of a petition for dissolution by the District, the entry of a dissolution order by the District Court, the approval of this Plan and Agreement by the District's electors, or the annexation of the District lands by the City.

2. The City will provide errors and omissions and general liability coverage for the District on and after the annexation date, on the same basis and subject to the same conditions, exclusions, and terms provided by the City's insurance, which presently is offered through the Colorado Intergovernmental Risk Sharing Agency.

3. For the purposes of this paragraph only, the parties agree that this Plan and Agreement is entered into not only for the benefit of the City and the District, but also for the benefit of the present and future residents of the District. Accordingly, the parties agree that the City's duties and obligations under this Plan and Agreement may be enforced by any person who is an elector of the District at the time such enforcement action is commenced, provided such enforcement action is commenced within the following time limits:

(a) At any time prior to the final dissolution of the District, as provided in Paragraph 3.J.,above, with respect to an action commenced to enforce the provisions of Paragraphs 3.A.3.c, 3.A.5.b, 3.C., 3.D., 3.E., 3.F., 3.J., 3.K.2., and/or 3.K.4.

(b) At any time within five years after the annexation date, with respect to any obligations or duties of the City under this Plan and Agreement other than those listed in the preceding paragraph.

4. If the District should obtain or receive any property, cash, or other assets after the annexation date from any source whatsoever, other than those identified in this Plan and Agreement, the District shall convey such assets to the City. The City shall sell any such assets which are not needed to comply with its obligations under this Plan and Agreement, and shall hold and apply the net proceeds and any cash received in the manner provided in Paragraph 3.F., above.

5. Prior to any dissolution election ordered by the District Court in the dissolution action, this Plan and Agreement can be amended by the mutual agreement of the Board and the City Council. After the holding of a dissolution election, this Plan and Agreement can only be amended with the approval of the City Council and with the approval of the District Court judge in the dissolution proceeding, after a hearing held with notice to the residents of the District given in such manner as the judge deems appropriate.

6. Any bonds, filing fees, or other fees required by statute or ordinance to be deposited or paid in connection with the dissolution or annexation of the District shall be deposited or paid by the City.

7. Nothing in this Plan and Agreement shall be construed to mean that the City Council must continue the levels and types of services to the residents of the District in the identical manner and to the identical extent as is presently provided or as is provided for herein. Not withstanding the provisions of this agreement, after dissolution, the City will provide the residents of the District the same municipal services on the same general terms and conditions as residents in the rest of the City receive.

8. The effective date of this Plan and Agreement shall be the later of the date this Plan and Agreement is approved by the Board or by the City Council.

This Plan and Agreement shall be binding upon the parties as of the effective date, provided, however, that this Plan and Agreement shall be void and of no force and effect, and the dissolution action shall be dismissed, upon the occurrence of any of the following:

a. The District Court dismisses the petition for dissolution filed in the dissolution action or otherwise does not order a dissolution election;

b. The District's electors do not approve the dissolution of the District in accordance with the Plan and Agreement at an election called for such purpose;

c. The City Council does not adopt an ordinance annexing the District lands on the terms and conditions set forth in this Plan and Agreement; or

d. The ordinance annexing the District lands is voided by final judgment of a court with jurisdiction after judicial review of the annexation ordinance.

Any approval of this Plan and Agreement by the District's electors at an election called for such purpose shall be subject to the above conditions. Any dissolution order entered by the District Court pursuant to Section 32-1-707, C.R.S., may contain provisions which specify that the District will not be dissolved if any of the above conditions occur, and allowing the Court to dismiss the dissolution action if any of the above conditions occur.

9. The District and the City agree to execute such additional documents, and take such additional actions, as may be necessary to fulfill the intent and purposes of this Plan and Agreement.

Approved this 22nd day of November, 1991, by the Board of Directors of the Ridges Metropolitan District.

Elizabeth F. Stein
President of the Board

Approved this 20th day of NOVEMBER, 1991, by the City Council of the City of Grand Junction.

President of the Council

n-rmd

(EXHIBITS TO THE PLAN AND AGREEMENT
ARE NOT ATTACHED HERETO)

CONTRACT FOR BULK PURCHASE OF WATER
FOR THE RIDGES METROPOLITAN DISTRICT

THIS AGREEMENT, made this 12 th day of May, 1977, between UTE WATER CONSERVANCY DISTRICT, a public corporation organized under the provisions of Colorado Revised Statutes, 1973, Title 37, Article 45, as amended, of Grand Junction, Colorado, hereafter called "District" and THE RIDGES METROPOLITAN DISTRICT hereafter called "Metropolitan".

WITNESSETH:

In consideration of the mutual covenants hereafter set forth, the parties agree as follows:

1. The District will install a 16" water tap for the use of Metropolitan, on Pleasantridge near Broadway in the Redlands at the expense of Metropolitan with respect to the actual cost for materials, meter, labor, equipment use and overhead. This contract is for the benefit of, and is limited to the area described in Exhibit A, attached hereto.

2. In lieu of paying the District a current 16" tap fee costing $318,577.00, Metropolitan will pay to the District thirty (30%) per cent of the tap fee charged to each user within the boundaries of Metropolitan for a total of 2200 family or commercial units. Fees for taps will be paid when application is made. The 30% of said tap fee allocated to the District shall be paid within thirty (30) days of that time. The policies controlling Metropolitan shall always conform to the policies controlling similar bulk users within the District and the tap fees charged by Metropolitan shall not be less than tap fees charged by the District to others.

3. All installations and maintenance of water lines, regulator stations, fire lines, detector check valves, meters and other facilities will be installed to District Specifications and be governed by District policies and regulations in all respects. All installations, operation, and maintenance of the complete water system shall be subject to inspection by the District, and shall meet its standards observed elsewhere in the District.

4. Metropolitan rates will be a bulk rate schedule of the District to-wit: $4.20 per month minimum per user for the first 3,000 gallons of water, $1.25 per 1,000 gallons for each of the next 2,000 gallons, $0.70 per 1,000 gallons for all water in excess of 5,000 gallons. The rate for the excess shall apply to the nearest whole 1,000 gallons. Leaks and water line breaks shall bear a charge of $0.40 per 1,000 gallons in accordance with established District policy regarding such losses. This rate for use of water shall be increased proportionately to the increase enforced on other Ute Water users of a similar class. All water rates are subject to review and revision at any time, after reasonable notice.

5. The bulk rate set forth above is different than a retail rate because Metropolitan will extend an adequate delivery system through the area set forth in Exhibit A, above; it will do all the billing to and collection from its users; it will assume the expenses of bad debts and leaks; it will administer and maintain the Metropolitan water delivery system.

6. The schedule of rates shall be applied to the number of users served by Metropolitan at the end of its latest billing period; said billing period shall not be less than one month nor exceed three months in time. Water payments pursuant to this contract shall first become due not sooner than thirty (30) days following the day water is available through said master meter mentioned in paragraph 2 and, thereafter, thirty (30) days after billing by the District. Metropolitan agrees to maintain accurate records of the number of users available for inspection by the District.

7. A "user" served by Metropolitan shall be taken to mean a person, partnership or corporation buying water through a meter for consumptive use in his or its home or business, including use by members of a family, employees, and social or business guests, but not for gifts or re-sale to any other person, partnership or corporation.

8. In the event there is a shortage of water caused by drought, inaccuracy in distribution, hostile diversion, prior or superior claims, or other causes not within the control of the District, no liability shall accrue against the District, or any of its officers, agents, or employees, or any of them, for any damage, direct or indirect arising therefrom, and the payment to the District provided for herein shall not be reduced because of any such shortage or damage. The District shall not be liable for any damage attributable to loss of pressure or loss of water caused by breakdown of facilities or transmission lines.

9. It is understood that the use of water in excess of the average monthly quantity of 3,000 gallons per user may be regulated or pro-rated by the District Board on the same basis applied to other users if the demand, in the light of the capacity of the District System, requires such limitation or regulation of use; the reservation of this right includes the right to prohibit irrigation.

10. The District may maintain an action in the name of the District to recover any unpaid charges for the use of water pursuant to this contract which shall remain due and unpaid for the period of twenty (20) days after personal demand therefor, or, in cases where personal demand is not made, within thirty (30) days after a written or printed demand has been deposited in the Post Office, properly addressed to the last known Post Office address of Metropolitan. The District may also provide by rule or regulation that no water shall be delivered to the master meter until all unpaid charges shall have been paid. The exercise of any mode of collection by the District shall not be deemed a waiver, thereafter, of any other mode.

11. In the event Metropolitan is threatened with dissolution or insolvency, Metropolitan will consent to the appointment of a receiver designated by the District to preserve the Metropolitan's domestic water facilities and to operate the same so that the benefits of this contract to the District may be enjoyed until all indebtedness of the District is discharged.

12. At the end of construction of Metropolitan system and upon the payment of the tap fees for 2,000 units, the District upon the recommendation of Engineering studies, will provide an alternate means for delivery of its water for stand-by or emergency

use comparable to that provided for other District users.

13. When Metropolitan domestic water system is completed and it is no longer subject to any indebtedness or lien, it shall, at the District's option, be transferred and conveyed to the District without the payment of any consideration and, thereafter, the system shall be the unencumbered property of the District and operated and maintained like other District property and all Metropolitan customers shall be classified as Ute Water individual users.

14. The District shall be held harmless for any indebtedness, liens, or bills incurred in the construction, operation, or maintenance of Metropolitan.

15. This contract, except as expressly stated herein, is subject to all relevant provisions of the Water Conservancy Act (C.R.S. "73, Title 37, Article 45) as amended, and the rules and regulations of the District as the same, from time to time, may be adopted or amended.

16. The covenants and agreements in this contract shall be binding upon the parties, their successors and assigns.

17. If either party resorts to judicial action to enforce the terms and conditions of this agreement, the prevailing party shall recover all court expenses and such legal fees as the court may determine in addition to any other damages or relief awarded.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate signatures and seals to be affixed to this and to an instrument of like tenor, by executive officers duly authorized, all being done in the County of Mesa and the State of Colorado, on the day and year first above written.

UTE WATER CONSERVANCY DISTRICT

ATTEST:

by _____

_____
its secretary

* * * * *

THE RIDGES METROPOLITAN DISTRICT

ATTEST:

by _____

_____
its secretary

A tract of land situate in portions of Section 20, Section 29, Section 21, Section 16, Section 17 and Section 19 all in Township 1 South, Range 1 West of the Ute Principal Meridian being more particularly described as follows:

Beginning at the Southwest corner of said Section 16 and all bearings contained herein being relative to true north as derived by observation of State Plane Coordinate Monuments No.'s H6 & H7.
thence North 00°06'01" East 1233.76 feet along the westerly line of said Section 16 to a point;
thence North 64°47'00" West 63.38 feet;
thence North 44°52'00" East 81.50 feet to the Northwest corner of the Southwest 1/2 of the Southwest 1/2 of said Section 18;
thence North 44°52'00" East 280.70 feet;
thence North 15°28'00" East 355.59 feet to the southwesterly right-of-way line of Colorado State Highway 340;
thence South 74°37'00" East 324.10 feet along said right-of-way line;
thence 137.88 feet along the arc of a 2825.00 foot radius curve to the right, which arc subtends a chord bearing South 73°13'06" East 137.86 feet along said right-of-way line;
thence South 16°11'49" West 174.56 feet to an iron pipe;
thence South 02°56'26" East 146.96 feet to a rebar;
thence South 75°29'32" East 409.92 feet to an iron pipe;
thence South 89°52'33" East 67.84 feet;
thence South 75°23'00" East 43.49 feet;
thence North 89°57'00" East 104.00 feet to the westerly line of the Southeast 1/4 of the Southwest 1/4 of said Section 16;
thence North 00°09'26" East 10.57 feet along said westerly line to the Northwest corner of said Southeast 1/4 of the Southwest 1/4;
thence North 89°30'06" East 208.00 feet along the northerly line of said Southeast 1/4 of the Southwest 1/4;
thence North 16°45'00" East 13.63 feet to said southwesterly right-of-way line of Colorado State Highway No. 340;
thence South 65°33'00" East 211.94 feet along said right-of-way line;
thence South 24°17'56" West 117.83 feet to a bolt tagged LS 5837 for the Southeast corner of Lot 7 of Poland Heights Subdivision;
thence along the arc of a 50.00 foot radius non-tangent curve to the left, which arc subtends a chord bearing South 55°22'18" West 85.68 feet to a rebar tagged LS 5837 for the Southwest corner of said Lot 7;
thence North 33°24'28" West 159.41 feet to a rebar for angle point on southerly line of said Lot 7;
thence South 62°28'48" West 125.53 feet to a rebar for point on line between Lots 5 and 6 of said subdivisions;
thence South 62°28'17" West 98.46 feet to a rebar for point on line on westerly line of said Lot 5;

"EXHIBIT A"

thence South 00°09'26" West 1100.69 feet along westerly line of said Southeast 1/4 of the Southwest 1/4 of Section 16 to the Southwest corner of said Southeast 1/4 of the Southwest 1/4;
thence South 00°30'35" West 1655.78 feet along the easterly line of the Northwest 1/4 of the Northwest 1/4 of said Section 21 to a point;
thence North 89°48'21" West 1300.72 feet to the easterly line of said Section 20;
thence South 00°13'43" West 1652.68 feet along said easterly line to the East 1/4 corner of said Section 20;
thence South 01°15'11" West 2585.42 feet to the southeast corner of said Section 20;
thence South 89°47'09" East 97.94 feet to the northeast corner of said Section 29;
thence South 00°05'35" East 1306.72 feet to the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of said Section 29;
thence North 89°44'13" West 1321.65 feet to the Southwest corner of said Northeast 1/4 of the Northeast 1/4;
thence North 00°07'02" West 1306.81 feet to the Northwest corner of said Northeast 1/4 of the Northeast 1/4, also being a point on the southerly line of said Section 20;
thence North 89°06'19" West 95.76 feet along said southerly line of said Section 20;
thence North 89°46'15" West 1319.01 feet along said southerly line to the South 1/4 corner of said Section 20;
thence North 89°37'33" West 1320.94 feet along the southerly line of said Section 20;
thence North 89°44'10" West 1320.32 feet along said southerly line to the Southwest corner of said Section 20;
thence North 00°11'05" East 896.97 feet along the westerly line of said Section 20 to a point;
thence North 89°48'55" West 500.00 feet;
thence North 00°11'05" East 325.00 feet;
thence North 15°11'05" East 1021.90 feet;
thence North 30°11'05" East 471.03 feet to the West 1/4 corner of said Section 20;
thence South 89°46'34" West 1300.23 feet to the Southwest corner of the Southeast 1/4 of the Northeast 1/4 of said Section 19;
thence North 01"44'46" East 1291.46 feet to the Northwest corner of said Southeast 1/4 of the Northeast 1/4;
thence East 611.56 feet;
thence North 65°16'12" East 536.17 feet;
thence North 41°55'21" East 592.70 feet;
thence North 58°12'11" East 495.34 feet;
thence North 78°04'01" East 667.42 feet;
thence North 33°19'43" East 527.81 feet;
thence North 59°19'14" East 536.25 feet to a point on the boundary line of a tract of land described in Document No. 997320 of the records of the Clerk and Recorder of Mesa County, Colorado;
thence North 54°02'01" East 73.07 feet along said boundary line to a point on the Southeasterly right-of-way line of a road right-of-way described in Document No. 801204 of said Mesa County records;
thence 131.92 feet along the arc of a 50.00 foot radius non-tangent curve to the left, which arc subtends a chord bearing North 68"27'00" East 96.85 feet along said right-of-way line;
thence North 52°52'00" East 290.20 feet along said right-of-way line;
thence 82.83 feet along the arc of a 445.84 foot radius curve to the left, which arc subtends a chord bearing North 47°32'40" East 82.71 feet along said right-of-way line to a point on the boundary line of a tract of land described in Document No. 857878 of said Mesa County records;
thence South 75°55'01" East 225.66 feet along said boundary line to the easterly line of Southeast 1/4 of the Southwest 1/4 of said Section 17;
thence South 00°17'01" East 735.75 feet along said easterly line to the South 1/4 corner of said Section 17;
thence South 89°53'15" West 606.17 feet along the southerly line of said Section 17;

thence North 89°25'51" East [illegible] feet;
thence North 23°21'51" East 140.62 feet;
thence South 52°44'09" East 145.90 feet;
thence South 25°49'09" East 432.05 feet;
thence South 66°50'49" East 678.51 feet;
thence North 23°50'19" East 1290.95 feet to the northerly line of said Section 20;
thence South 89°49'09" East 479.75 feet along said northerly line;
thence South 89°50'28" East 1297.34 feet along said northerly line to the point of beginning, containing 778.515 acres more or less, and also the S½ SE¼, Sec. 17, T1S, R1W, U.M.

ADDENDUM AGREEMENT

THIS ADDENDUM AGREEMENT, made and entered into this 23rd day of December, 1980, between UTE WATER CONSERVANCY DISTRICT, a public corporation organized under the provisi of Colorado Revised Statutes, 1973, Title 37, Article 45, a amended, of Grand Junction, Colorado, hereinafter called "District", and THE RIDGES METROPOLITAN DISTRICT, hereinaf called "Metropolitan";

W I T N E S S E T H :

WHEREAS, the parties hereto entered into a Contract for Bulk Purchase of Water for The Ridges Metropolitan Dis dated May 12, 1977; and

WHEREAS, two tracts of property, commonly known as t Dixson Property and the Bella Pago Property as shown by th attached Plat, marked Exhibit "A" and by this reference ma a part hereof, are capable of being served by The Ridges M politan District; and

WHEREAS, it is the desire of the parties hereto to amend their original contract above set forth, to provide water service to the Dixson Property and the Bella Pago Pr

NOW, THEREFORE, in consideration of the mutual cove hereinafter contained, it is agreed as follows.

1. The parties hereto mutually agree that the Dixs Property and Bella Pago Property are hereby added to, and become a part of, the original Contract for the Bulk Purcha Water for The Ridges Metropolitan District, dated May 12, in the same manner and effect as if originally included in agreement.

2. All terms and agreements contained in the origi contract dated May 12, 1977, shall apply to the Dixson Pro and the Bella Pago Property, without amendment or alterati except that with respect to the Bella Pago area which will of approximately 175 units, forty percent (40%) of the tap

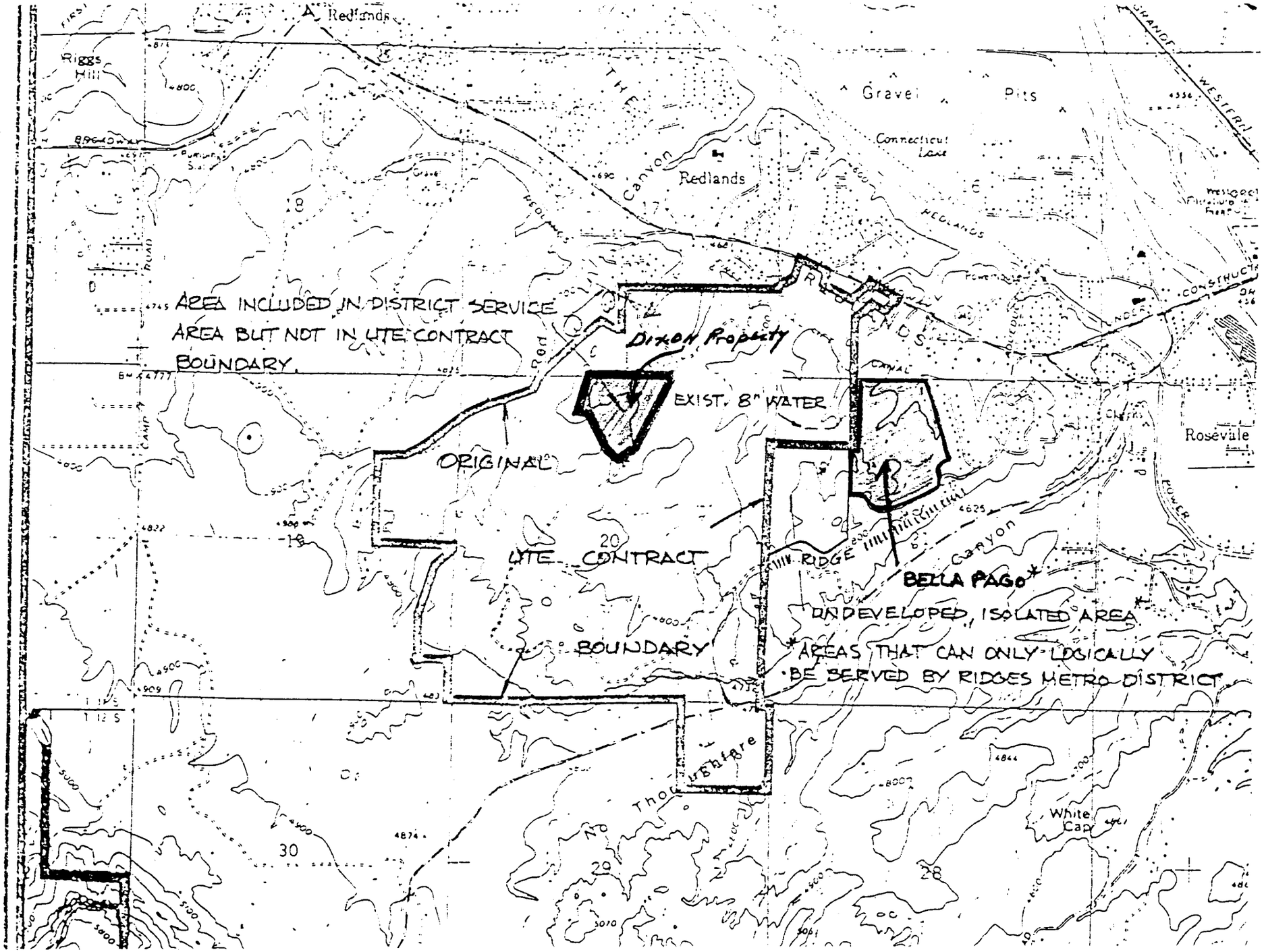

Redlands
Riggs Hill
Gravel Pits
Connecticut Line
Redlands
Canyon
AREA INCLUDED IN DISTRICT SERVICE AREA BUT NOT IN UTE CONTRACT BOUNDARY.
Dixon Property
EXIST. 8" WATER
ORIGINAL
UTE CONTRACT
BOUNDARY
Roseville
Canyon
BELLA PAGO*
UNDEVELOPED, ISOLATED AREA
*AREAS THAT CAN ONLY LOGICALLY BE SERVED BY RIDGES METRO DISTRICT
White Cap
T 12 S
30
20
28

EXHIBIT "A"

STATE OF COLORADO

COLORADO WATER CONSERVATION BOARD
Department of Natural Resources

721 State Centennial Building
1313 Sherman Street
Denver, Colorado 80203
Phone (303) 866-3441
FAX (303) 866-4474

November 17, 1992

file a in our corr files / originals to DENVER

Mr. Dan E. Wilson, City Attorney
City of Grand Junction
250 N. Fifth Street
Grand Junction, CO 81501-2668

Re: Contract Modification to
Amended Contract No. C-153366

Dear Mr. Wilson:

Enclosed are two copies of a fully executed contract modification between Ridges Metropolitan District and this board for the resolution of the District's debt to the Colorado Water Conservation Board under the subject contract.

For all communication with the Board in reference to this contract, please be certain to use the above contract number. Your cooperation will be appreciated.

Sincerely,

Frank M. Akers

Frank M. Akers, P.E., Chief
Project Planning and
Construction Section

FMA/gl
Enclosure: as stated
cc: Mark Hermundstad (w/enc.)

7095.doc