

November 5, 2021

Letter of Understanding
The Ridge at Lorson Ranch Grading and Drainage Improvements

This Letter of Understanding ("LOU") is entered into in good faith between Lorson Ranch Metropolitan District and BJ Ranches, LLC, otherwise referred to as the Party or Parties. The intent of the LOU is to ensure the drainage flowing onto property owned by BJ Ranches, LLC (Parcel # 4500000082) (the "subject property") located adjacent to and East of The Ridge at Lorson Ranch, is maintained at or below existing rates and to acknowledge the proposed grading in The Ridge at Lorson Ranch changes the manner in which drainage enters the unimproved subject property owned by BJ Ranches, LLC.

It is the intent of the Parties to minimize changes to the existing drainage patterns flowing from Lorson Ranch onto the subject property and to mimic the existing rate and sheet flow characteristics of drainage flowing onto the subject property as much as possible.

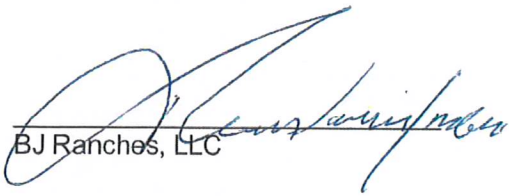
It is, however, acknowledged by the Parties that drainage from Lorson Ranch flowing downstream onto the subject property may cause erosion on the subject property after construction has occurred. The Lorson Ranch Metropolitan District or its assigns will be responsible for the mitigation and restoration of the subject property substantially to its existing condition.

Downstream Erosion Mitigation Protocol.

1. The Lorson Ranch Metropolitan District representative and/or engineer and contractor will meet with the BJ Ranches, LLC representative and engineer and a County storm water inspector prior to the start of construction of the development and review the condition of the land at the property boundary and downstream of Lorson Ranch on the subject property.
2. The existing condition will be documented with photos/video and a written description to establish the baseline condition to be shared and documented between the Parties.
3. The condition of the subject property will be monitored as required by the permits obtained by The Ridge at Lorson Ranch from the State and El Paso County. A BJ Ranches, LLC property representative may also make inspections with each storm event.
4. The inspections will be conducted until the upstream grading is complete and is fully stabilized and vegetated as required by the permits referenced herein.
5. If erosion or sediment transmission impacts are measurable, the Parties shall meet on-site to mutually determine the best course of mitigation action. The mitigation will be conducted within 30 days of the event. If the Parties are unable to reach agreement on the mitigation action to be taken, either party may bring such dispute to binding arbitration, under the rules of the American Arbitration Association.
6. If the mitigation is not undertaken within the 30-day period BJ Ranches, LLC or its assigns may undertake the necessary actions to return the area to its existing condition and Lorson Ranch

Metropolitan District will be billed for reimbursement of the work, which bill will be paid within 30 days after receipt of the bill. If not timely paid, the amount due will accrue interest at the rate of 18% per annum from the date due.

7. In any action brought before a court or judge to enforce this LOU or collect damages on account of a party's breach of their obligations hereunder, the prevailing party shall be awarded their costs and reasonable attorney's fees. This shall include any action brought by BJ Ranches, LLC whereby the district is the prevailing party in which case District shall be awarded reasonable attorney's fees.



BJ Ranches, LLC



Lorson Ranch Metropolitan District
Jeff Mark, President