INCLUSION AND SERVICE AGREEMENT between WOODMEN HILLS METROPOLITAN DISTRICT and Falcon Field, LLC.

This Inclusion and Service Agreement (this "Agreement") is entered into on this 29th day of March, 2019 by and between the **WOODMEN HILLS METROPOLITAN DISTRICT**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and **Falcon Field, LLC.** (the "Property Owner").

WHEREAS, on July 11, 2018, the Property Owner, a Colorado limited liability company ("Contract Purchaser"), submitted a petition requesting inclusion of certain real property located within El Paso County, Colorado, and consisting of approximately 57 acres ("Falcon Field") shown in *Exhibit A*, into the District boundary, and requesting services to such Property; and

WHEREAS, on March 28, 2019, at a duly held public meeting, the District will consider the petition for the inclusion of the Falcon Field, and adopt a conditional resolution authorizing the inclusion of the Falcon Field into its District boundaries, subject to, this executed Inclusion and Service Agreement for the subject property; and

WHEREAS, the Property Owner intends to develop said Falcon Field in two phases, Phase One consisting of lands westerly of a bisecting drainage way through the property and Phase Two being lands on the easterly side of said drainage way. Phase One is expected to include primarily commercial development. Phase Two is expected to include primarily residential development.

WHEREAS, the District and Property Owner agree that the District shall provide water, wastewater, and parks and recreation services to the Falcon Field property, subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, each of the parties agree that the following shall be conditions upon provision of services to the Falcon Field property by the District:

1. <u>District Fees.</u> Receipt by the Board of Directors of the District of all required fees, which shall include (a) the District's water and sewer tap fees; (b) the District's water resource acquisition fee (in lieu of conveyance of water rights, as described in paragraph 7, below); (c) cost recovery, meter installation, inspection, and all other applicable District fees, and (d) all costs incurred by the District, its agents and employees in processing the inclusion of the Property. Such fees and costs shall be the then current applicable fees and costs at the time they are paid, and in accordance with the District's Rules and Regulations.

2. Off-Site Public Facilities.

a. <u>General.</u> Off-Site Facilities are water and/or wastewater public improvements to the District's water and/or wastewater system and facilities which are

determined by the District to be necessary to provide service to proposed developments, and to avoid degradation in service to existing property within the District.

If not yet installed, Property Owner, or the owner of all or a portion of the Property at the time it is developed (the "Future Owner"), shall be responsible for, or shall otherwise cause, the financing, construction, design, easement/permit acquisition, and installation of all Off-Site Facilities which the District determines, in its sole discretion, are necessary to serve the then-proposed development on the Falcon Field property. The Off-Site Facilities currently identified as necessary for the Falcon Field property are described in Exhibit B (the "Falcon Field Off-Site Facilities"). The Off-site Facilities must be constructed and accepted by the District prior to the initial water or sewer tap applications made to the District by the Property Owner or Future Owner of the Falcon Field property.

The Falcon Field Off-Site Facilities shall only be constructed after the designs are approved by the District, according to the process for approval of such facilities set forth in the District's Rules and Regulations and Standards and Specifications. Such Falcon Field Off-Site Facilities shall be conveyed by Property Owner or the Future Owner to the District as required by the District's Rules and Regulations and Standards and Specifications. More specifically, following the preliminary acceptance period and the two-year warranty period, as described in the District's Rules and Regulations, the Property Owner or the Future Owner shall convey all facilities to the District for ownership, maintenance, repair and replacement.

Off-Site Facilities also include facilities currently existing or under construction, which have been constructed by or being constructed on behalf of the District which are needed to serve the Falcon Field property and other property within the District, for which the Property Owner or the Future Owner shall be required, and those fees which may be charged and collected pursuant

- b. <u>Specific Provisions re Off-Sites</u>. Certain Offsite Facilities, as detailed in the following subsections, will be required with the initial development by Property Owner and other facilities may be deferred until such a time as development requires additional facilities.
- i. Off-Site Water Facilities: It will be required that a 12 inch water line will be extended from some point along Greenough Rd or the internal access Road on the west side of the Safeway parking lot. The line must be extended across Highway 24 into the Falcon Field Property. The line will be roughly 600 to 1100 feet in length depending on the final design approved by the District. The highway bore casing must be a minimum of 24 inches in diameter and contain a second carrier pipe of 6 inches.

The 12 inch line must be extended through the property southerly and easterly and connected to the existing water line in Swingline Road. The loop is necessary to provide adequate fire flow for the development of the Falcon Field property. As the Falcon Field property is developed, the 12 inch shall also ultimately be extended westerly to a point on the western Falcon Fields boundary as approved by the District.

ii. <u>Off-Site Sewer Facilities:</u> It is expected that a minimum of an 8 inch sanitary sewer outfall will be extended from the SW corner of the Falcon Field property south-easterly through the School District 49 property to the location of the District Lift Station

#1. The off-site sanitary outfall is expected to be roughly 3700 feet depending on the final alignment approved by the District.

Reimbursement for a portion of new Lift Station #1. The District is in the process of rebuilding its Lift Station #1. The project cost of the initial phase of re-construction of Lift Station #1 is estimated to be roughly \$1.7 Million. The project will be used and useful for Falcon Field. Eligible Project Costs include engineering, permitting, design, planning, modification and expansion of easement, construction and post construction start-up costs. The percentage of Falcon Field's required contribution toward the cost of Lift Station #1 shall be based upon the number of single family equivalent ("SFE") taps associated with the El Paso County Board of County Commissioners' approved Preliminary Plan for Falcon Field. Falcon Field's contribution shall be based upon the number of Falcon Field's SFE's as a percentage of the total SFE's capable of being served by Lift Station #1. The initial phase of Lift Station #1 capacity is set at 875 SFE.

Payment of the-reimbursement will occur by Phase. Phase One reimbursement will be due and payable by the Property Owner at the time Woodmen Hills issues the first preliminary acceptance letter for the Phase One offsite and/or on-site sanitary sewer system improvements. No taps can be purchased or issued until payment is made.

Likewise Phase Two reimbursement will be due and payable by the Property Owner at the time, Woodmen Hills issues the first preliminary acceptance letter for the Phase Two, sanitary sewer system improvements. No taps can be purchased or issued until payment is made.

- 3. On-Site Facilities. Property Owner or Future Owner shall be responsible for the financing, design, permitting, construction and installation of all water and wastewater public improvements to the District's water, drainage, and wastewater systems and facilities within the Falcon Field property ("On-Site Facilities"), which are determined by the District to be necessary to serve the Falcon Field property. On-Site Facilities shall only be constructed after they are approved by the District, according to the process for approval of such facilities set forth in the District's Rules and Regulations. Such On-Site Facilities shall be conveyed by Property Owner or the Future Owner to the District as required by the District's Rules and Regulations. More specifically, following the preliminary acceptance period and the two-year warranty period, as described in the District's Rules and Regulations, the Property Owner or the Future Owner shall convey all facilities to the District for ownership and maintenance. The Falcon Field preliminary plan has not yet been approved by El Paso County.
- 4. <u>Drainage Facilities</u>; The Property Owner, Future Owner, or the overlapping Falcon Field District will be required to plan, design, and construct all on-site and offsite necessary drainage facilities. Those facilities shall include on-site detention facilities as approved by El Paso County. Per this Agreement, Property Owner or Future Owners agrees to design the detention facilities to over-detain above historic flows. Recognizing that the Property Owner or Future Owner will be utilizing off-line detention facilities (located outside the channel), the amount of over detention will maximize the amount of stormwater flows available for detention. All plans and designs for on-site and off-site drainage facilities prepared by the

Property Owner, Future Owner or the overlapping Falcon Field District shall be first submitted to WHMD for its technical review and comment.

- Owner intends to form the Falcon Field District to finance and/or construct public improvements to serve Falcon Field and provide services in support of Falcon Field. Because the Falcon Field District will be organized within the existing boundaries of WHMD and will be authorized to provide water, sanitary sewer and park and recreation improvements, which are overlapping powers with those of WHMD, consent to said organization must be given by the Board of Directors of WHMD pursuant to Section 32-1-107(3)(b)(IV), C.R.S. WHMD hereby consents to creation of the Falcon Field District in satisfaction of this statutory requirement subject to the following limitations with respect to overlapping water, sanitation and park and recreation powers:
- a. With regard to water and sanitary sewer, the Falcon Field District shall not be authorized to provide any domestic water or sanitation services for customers within Falcon Field, but may only finance and construct water and sanitation improvements required to allow WHMD to provide domestic water and sanitation service to customers within Falcon Field. The Falcon Field District shall dedicate water and sanitation facilities to WHMD in accordance with WHMD's rules and regulations.
- b. The Falcon Field District shall not be authorized to provide recreation programs or recreation services, but may only finance and construct park and recreation facilities. The Falcon Field District shall dedicate any park and recreation facilities to WHMD in accordance with WHMD's rules and regulations.
- c. If the Falcon Field District is formed and issues debt for the financing of improvements and/or facilities transferred to, or to be transferred to WHMD, then under no circumstances will any such facilities be encumbered or act as security for said debt instruments.
- d. All plans and designs for on-site and off-site drainage facilities to be owned and maintained by the Falcon Field District shall be first submitted to WHMD for its technical review and comment. All tracts and easements upon which the Falcon Field District constructs and/or maintains drainage facilities shall include the additional right of WHMD to utilize said tract or easement for public utility purposes not inconsistent with the primary intended use of said tract or easement.
- e. To the extent WHMD does not accept the dedication of water, sanitary sewer and park and recreation facilities, the Falcon Field District shall be authorized to operate and maintain such facilities.
- f. The Property Owner shall furnish a copy of the proposed Service Plan for the Falcon Field District for review and comment to ensure compliance with these limitations.
- g. The Falcon Field District shall collect one mill in property tax for the benefit of WHMD and its Parks and Recreation Fund.

- 6. Parks and Recreation and Fees: Upon inclusion into the District, all residents of Falcon Field, will pay the then current Parks and Recreation fees into the District and enjoy the same rights and privileges as existing WHMD residents relative to the District's Parks and Recreation Facilities.
- 7. Water Rights / Water Resource Acquisition Fee. The Property Owner shall comply with the District's water policy, requiring conveyance of actual water acceptable to the District or the payment of the District's then current Water Resource Acquisition Fee. The Property Owner owns and will convey to the District the water rights included in Determinations 503-BD; 504-BD; and 505-BD. In exchange for said conveyance to the District, the Property Owner will accrue Water Acquisition Fee Credits equal to 22.25 SFE. Additional SFE and/or taps to be constructed, will require payment of the District's current Water Acquisition Fees.
 - i. The water acquisition credits noted above (equivalent to 22.25 SFE) may be credited in the following manner; The Property Owner may be allowed to use ½ of his/her Water Credits (being 11 SFE) in the area being developed as Phase One of the West portion of the development. But the second half of the credits may not be used until the developer begins development in Phase Two or the East portion of the development.

As the Property Owner continues to develop additional taps/units above and beyond the 11 WAF SFE Credits, he/she will be responsible for paying Water Acquisition Fees associated with each tap in accordance with the District's Policies. WAF are collected at the same time as the tap fees mentioned in paragraph 1.

ii. The Property Owner shall complete a water rights change case that adds "Municipal" as an additional beneficial use and change of location of use to include all of the District's boundaries to include Falcon Field. This is required in order for the District to be capable of pumping said rights out of existing or future wells. The District will provide documentation, support, and assistance in the change case. The Property Owner or Future Owner may elect to have the District perform this task at the expense of the Property Owner or Future Owner. In such a case, the Property Owner or Future Owner shall provide documentation, support, and other assistance for the process. The change can be dependent on conveyance of the rights to the District.

The change case must be initiated within 60 days after the Filing of the District Court Order including the lands into the District.

- iii. The change case is expected to require roughly 150 days from initiation and the rights must be conveyed within 60 days after the date of the approval of the change case. The Property Owner or Future Owner shall legally convey the water rights to the District within 60 days of the completion of the afore-mentioned change case.
- 8. <u>Lands, Easements, and Permits</u>. Property Owner or Future Owners are responsible for acquisition, fees, negotiations required to obtain any and all lands, easements, and permits necessary for the off-site and on-site physical improvements. Additionally, the Property Owner or Future Owners agree to provide any on-site required easements, rights of

way, and/or lands required of them to the District to accommodate service facilities outlined and required by the District. Said easements and lands may be conveyed and/or deeded by plat or separate instrument acceptable to the District. If/where accepted by the District, some required lands or easements may be provided by dedicated public right of way. Any off-site easements, lands, and/or permits must be conveyed to the District prior to initiation of construction of physical facilities prior to initiation of construction. Evidence of adequate lands, easements, and permits must be provided prior to District signature approving any associated physical improvements. Easements, permits, and lands required for service, shall be conveyed at no cost to the District, and in accordance with the District's Rules and Regulations. The District agrees to cooperate with the Property Owner in obtaining such easements. The District will not exercise its power of condemnation of lands and/or easements for the physical improvements unless specifically and otherwise authorized by the District's Board of Directors.

9. <u>Inclusion Fees</u>; The District has certain costs associated with the inclusion of property. It is the intent that costs to the District for the inclusion of Falcon Field is to be borne by the Property Owner or Future Owners of Falcon Field. The cost to the District for activities associated with inclusion is estimated as \$ 5000 plus \$1000 /per to-be-included acre. The Property Owner or Future Owners shall deposit a 65% of the Inclusion Fee at the time the District publishes notice of its hearing to consider the Property Owner's Petition for Inclusion with the District to be used as an upfront payment to the District to cover legal, engineering, planning, and staff time associated with developing this agreement and services to Falcon Field. The balance of the inclusion fee shall be remitted by the developer at the time that this Agreement is to be acted upon on a final basis by the District's Board of Directors.

Inclusion fees are intended to defray the District's costs associated with staff, legal, and engineering time spent in evaluating, negotiating, and preparation of terms of agreement, and terms of inclusion. The inclusion fees are not intended to include certain special or other expenses that might be incurred as part of the agreement such as

- Change cases on cases on water rights and/or deeding water rights to the District
- Costs associated with the formation or support of formation of any sub-districts or overlapping district structures
- Changes required to WHMD service plan or plans
- Permitting of facilities, projects, and/or acquisition or negotiations for rights of way or easements, lands etc
- 10. <u>District Rules and Regulations and Standards and Specifications</u>. On and after the effective date of this Agreement, and after a final District Court Order including the lands into the District has been entered, Property Owner and any Future Owners and the Falcon Field, shall be subject to all current Rules and Regulations; Standards and Specifications; and Terms and Conditions of Service of the District, as they may be amended from time to time, and to the payment of any District taxes, rates, fees, tolls or charges, in existence at the time such amounts are due.

- Owner agrees that the Falcon Field will obtain water and wastewater service exclusively from the District on a perpetual basis under the Rules and Regulations of the District and its Terms and Conditions of service, as may be amended from time to time by the District. The Property Owner agrees that it will not seek annexation, connection or inclusion into a municipality or other special district without first obtaining the written consent, in form satisfactory to the District, of such municipality or special district of such entity's acknowledgement of an agreement to the exclusive provision of water and wastewater service by the District as set forth herein. The District acknowledges its intent to cooperate with the Property Owner or the Future Owner in the County land use planning process regarding the County's requirement for a finding of sufficient water necessary for the Falcon Field.
- 12. <u>District Inability to Provide Service</u>. The owner of the Falcon Field may seek service from, and/or the Falcon Field may be served by, another entity if the Property Owner and any Future Owners have met all the terms and conditions of this Agreement, and the District is unable to issue taps to service the Falcon Field property for which a final plat has been approved. The District shall be deemed unable to issue taps if all of the following occurs:
 - a. The owner submits an appropriate tap application to the District (up to the total number of taps required to serve the platted property);
 - b. The owner provides satisfactory financing of any water or wastewater line extensions necessary to connect to the District's facilities;
 - c. The owner pays the District's tap fees for the requested taps, and
 - d. The District fails to issue the requested number of tap permits as needed.
- 13. <u>Covenant Running with the Property</u>. The terms and conditions of this Agreement shall be recorded with the El Paso County Clerk and Recorder. The parties intend that the covenants of this Agreement shall run with the Falcon Field and shall be binding upon the Petitioner and the Future Owner of all or any part of the Falcon Field, and their respective successors and assigns.
- 14. Remedy. In the event of a breach of this Agreement by the Property Owner or any successor or assign of the Property Owner, the District shall have the right to require specific performance of this Agreement or sue for monetary damages under the Agreement, as appropriate. The parties agree that Colorado law will govern any dispute regarding this Agreement.
- 15. Responsibility. By virtue of entering into this Agreement, the District: (1) disclaims all liability for the Property Owner's construction, use, operation or existence of any On-Site facilities, Off-site facilities, and Drainage facilities related to this Agreement; (2) assumes no additional responsibilities or obligations related to any improvements by the Property Owner, except as may be set forth in this Agreement; and (3) disclaims all liability or responsibility with regard to subsequent easement grants, or with regard to the Property Owner's own future or additional acts or activities within the area specified in *Exhibit A*; except for damages or injury caused by the negligence or intentional acts of the District, its agents, assigns

or employees. As between the Property Owner and the District, the Property Owner shall bear full responsibility for the use and enjoyment of its property, subject to the terms and conditions of this Agreement.

- 16. <u>Assignment</u>. This Agreement or the signed written agreement of the parties or their successors in title shall not be assigned by the Property Owner without the prior approval in writing of the District, which will not be unreasonably withheld. Any assignees or successors to the rights of Property Owner shall be liable and bound under all of the provisions of this instrument to the same extent as the Property Owner.
- 17. Hold Harmless. The Property Owner agrees to indemnify and hold the District harmless from and against and in respect of any and all liabilities, actions, suits, proceedings, demands, assessments, judgments, costs, legal and other expenses whether accrued, absolute contingent, known or unknown arising, occurring or existing as a result of the activities and work to be completed pursuant to the terms and conditions of this Agreement. Likewise, the District agrees to indemnify and hold the Property Owner harmless from and against and in respect of any and all liabilities, actions, suits, proceedings, demands, assessments, judgments, costs, legal and other expenses whether accrued, absolute, contingent, known or unknown, arising, occurring or existing as a result of the negligence or intentional activities and work to be completed by the District pursuant to the terms and conditions of this Agreement.
- 18. <u>Waiver of Breach</u>. The waiver by any party to this Agreement of a breach of any term or provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach by any party.
- 19. <u>Binding Effect</u>. This Agreement shall inure to the benefit of, and be binding upon, the parties, and their respective legal representatives, successors, and assigns; provided, however, that nothing in this paragraph shall be construed to permit the assignment of this Agreement except as otherwise specifically authorized herein.
- 20. <u>Attorney's Fees</u>. In the event of any litigation arising out of this Agreement or for its breach, the Court shall award to the prevailing party all reasonable costs and expenses, including attorney's fees.
- 21. <u>Amendment</u>. No provision of this Agreement may be amended, waived or otherwise modified without the prior written consent of both parties. No action taken pursuant to this Agreement shall be deemed to constitute a waiver by the party taking such action.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

WOODMEN HILLS METROPOLITAN DISTRICT

By: Pres	ident
ATTEST:	
By: Secretary	
STATE OF COLORADO COUNTY OF EL PASO)) ss.)
The foregoing instrument was and Nicole Fisher Metropolitan District.	as acknowledged before me this 29 day of The Stinson as President and Secretary of Woodmen Hills
WITNESS my hand and off	icial seal.
My commission expires:	4-5-21
[SEAL]	Notary Public
CHRISTINA LEPAGE Notary Public State of Colorado Notary ID # 20134022306 My Commission Expires 04-05-2021	

PROPERTY OWNER:

	Falcon Field, LLC. Name: Sames C. Reiger Title: Manaser Date: April 1, 2019		
STATE OF COLORADO COUNTY OF MARICOPA)) ss.		
The foregoing instrument was acknowledged before me this 1st day of 2019, by 2019, by 2019, as 1446ER of Falcon Field, LLC., a Colorado limited liability company.			
WITNESS my hand and official seal.			
My commission expires: RICHARD B ALBERTSMAN Notary Public - Arizona Maricope County My Comm. Expires Nov 19, 2021	Notary Public		

By signature of its representative below, the Petitioner affirms that it has taken all necessary action to authorize said representative to execute this Petition.

PROPERTY OWNER:

	Falcon Field, LLC. Name: Sames C. Revger Will Title: Wavager Date: April 1, 2009
STATE OF COLORADO)) ss,
COUNTY OF MARICOPA	5
The foregoing instrument was acknow, 2019, by	2 C. Caralles and the state of
Field, LLC., a Colorado limited liability comp	any.
WITNESS my hand and official seal.	,
My commission expires: PA	W. 2021
RICHARD B ALBERTSMAN Notary Public - Arizona Maricaga County My Comp. Expression	Notary Public

EXHIBIT A (FALCON FIELD)

[A-1: Drawing] [A-2: Narrative]

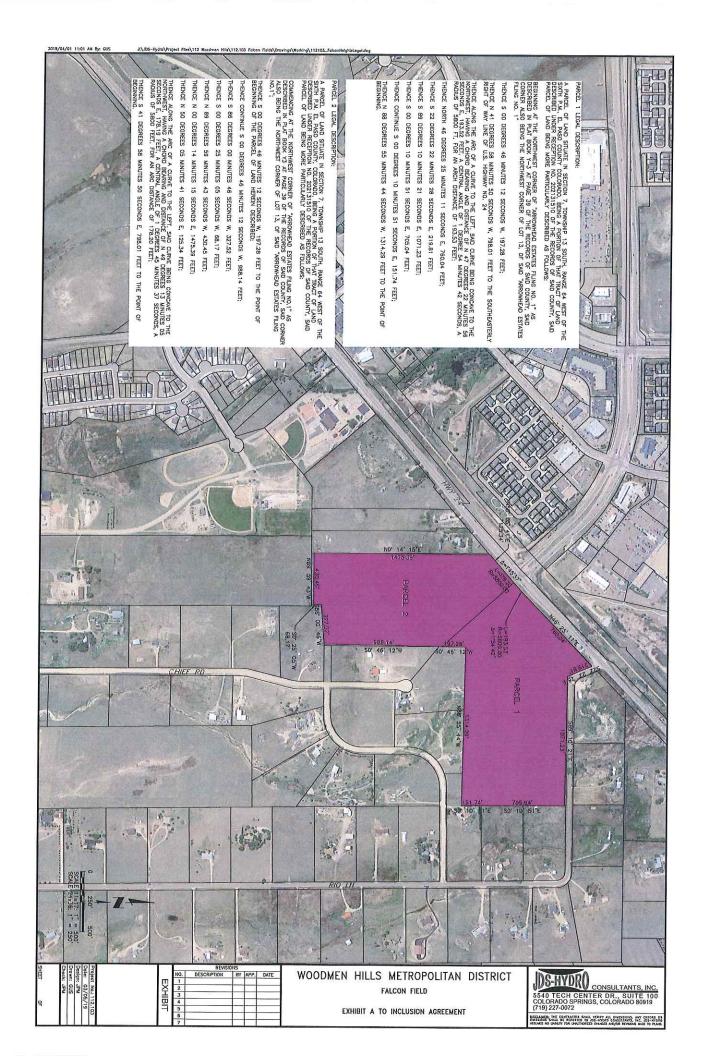


EXHIBIT B (Off-Site Facilities)

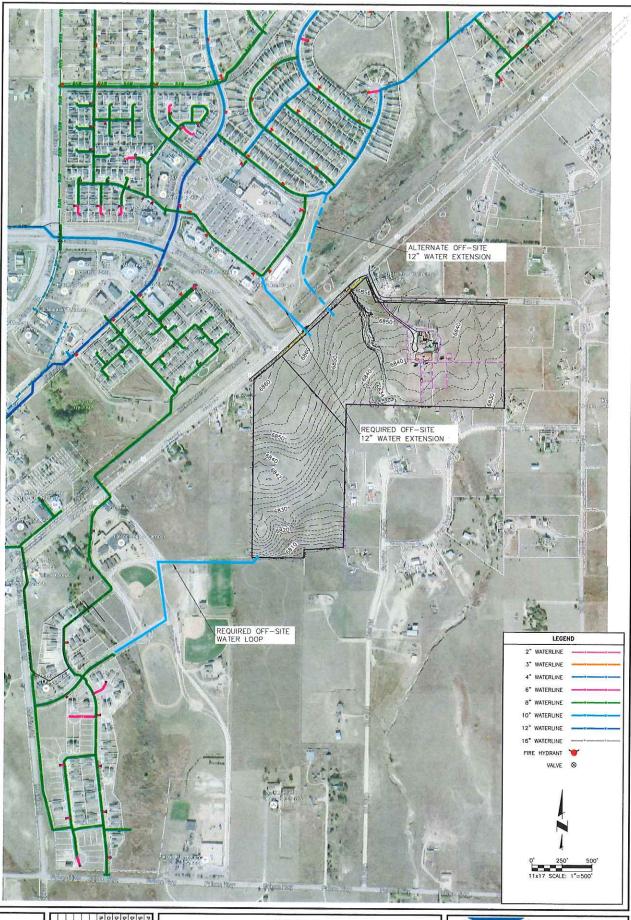




EXHIBIT B-1
OFF-SITE WATER IMPROVEMENTS

FALCON FIELD



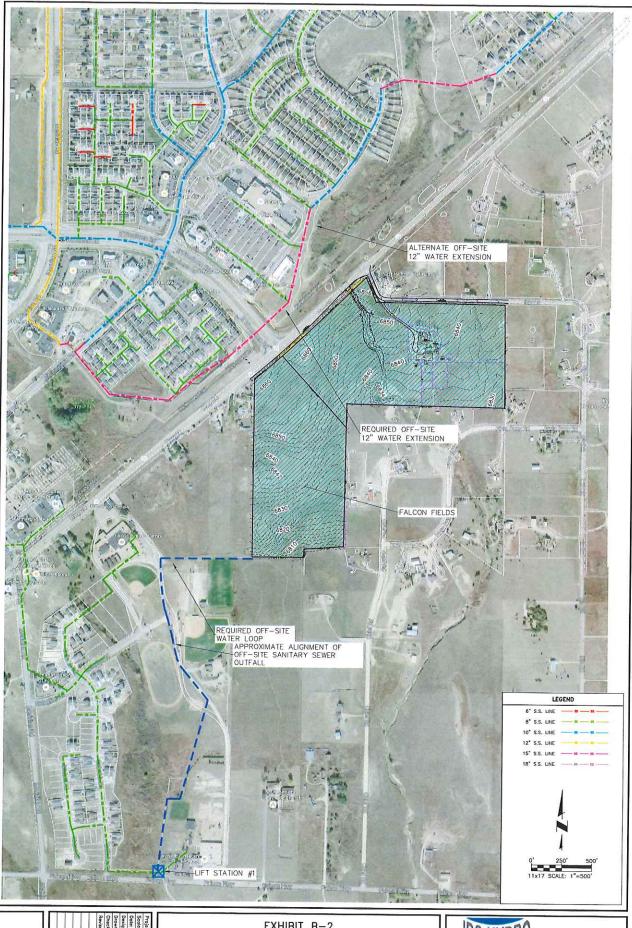




EXHIBIT B-2
OFF-SITE SEWER IMPROVEMENTS

FALCON FIELD

