

**DEVELOPMENT AGREEMENT
FOR STERLING RANCH**

THIS DEVELOPMENT AGREEMENT ("Development Agreement"), made by and between SR COMMERCIAL, LLC ("SR Commercial"), SR LAND, LLC ("SR Land"), CLASSIC SRJ, LLC ("Classic") and MORLEY-BENTLEY INVESTMENTS, LLC ("MBI") (collectively, the "Subdivider"), STERLING RANCH METROPOLITAN DISTRICT NO. 1 ("District 1") and STERLING RANCH METROPOLITAN DISTRICT NO. 3 ("District 3"), and EL PASO COUNTY, by and through the Board of County Commissioners of El Paso County, Colorado ("County"), shall become effective as of the date of approval of the Board of County Commissioners.

WITNESSETH:

WHEREAS, SR Land, SR Commercial, MBI, District 1, and the County entered into that certain Subdivision Improvements Agreement Sterling Ranch Filing No. 1, recorded in the public records of the County on May 13, 2018, under reception number 218061175 ("Sterling Filing 1 SIA");

WHEREAS, SR Land, District 1, and the County entered into that certain Subdivision Improvements Agreement Homestead at Sterling Ranch Filing No. 1, a Replat of Tract G, Sterling Ranch Filing No. 1, recorded in the public records of the County on February 25, 2019, under reception number 219019374 ("HS1 SIA");

WHEREAS, SR Land, District 1, Elite Properties of America, Inc., and the County entered into that certain Subdivision Improvements Agreement Homestead at Sterling Ranch Filing No. 2, a Replat of Tract E, Sterling Ranch Filing No. 1, recorded in the public records of the County on November 12, 2020 under reception number 220183295 ("HS2 SIA");

WHEREAS, SR Land, District 1, and the County entered into that certain Subdivision Improvements Agreement Branding Iron at Sterling Ranch Filing No. 1, a Replat of Tract BB, Sterling Ranch Filing No. 1, recorded in the public records of the County on December 20, 2018, under reception number 218145998 ("BI1 SIA"); and into that certain Subdivision Improvements Agreement Branding Iron at Sterling Ranch Filing No. 2, a Replat of Tract K, Sterling Ranch Filing No. 1, recorded in the public records of the County on December 23, 2020, under reception number 220211188 ("BI2 SIA");

WHEREAS, SR Land, District 1, Rhetoric, LLC, and the County entered into that certain Subdivision Improvements Agreement Sterling Ranch Filing No. 2, recorded in the public records of the County on January 12, 2022, under reception number 222005656 ("Sterling Filing 2 SIA");

WHEREAS, the HS1 SIA, HS2 SIA, BI1 SIA, BI2 SIA, and the Sterling Filing 2 SIA shall be collectively known as the "SR SIAs";

WHEREAS, the parties hereto acknowledge that District 3 is now the Coordinating District of Sterling Ranch Metropolitan Districts 1, 2 and 3 and that District 1 is no longer the Coordinating District; and

WHEREAS, the parties wish to enter into this Development Agreement to amend and restate certain terms and conditions set forth in the Sterling Filing 1 SIA and the SR SIAs, as further set forth hereunder.

NOW, THEREFORE, in consideration of the following mutual covenants and agreements, the parties hereto agree as follows:

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El Paso County, CO



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1. **Drainage Improvements and Channel Improvements.** The Subdivider, jointly and severally, agrees to construct and install, at their sole expense, all of the Sand Creek Channel Improvements set forth in the 404 Permit conditionally approved by the Army Corps of Engineers on April 5, 2022, and the Construction Drawings to be hereafter permitted by the Federal Emergency Management Agency (“FEMA”) and approved by the County, as further detailed below in this Section 1 (collectively, the “Sand Creek Channel Improvements”). The County acknowledges and agrees that the Sand Creek Channel Improvements in the County-approved Construction Drawings described in this paragraph are synonymous with the channel improvements required under the SR SIAs and Sterling Filing 1 SIA.

(a) The County and Subdivider acknowledge that the Sand Creek Channel Improvements will require Subdivider to process a Conditional Letter of Map Revision (“CLOMR”) with FEMA and perform all of the obligations contained therein in order for Subdivider to obtain a Letter of Map Revision (“LOMR”). Thus, collectively, the terms, conditions and obligations contained in both the CLOMR and LOMR shall be referred to as the “LOMR”.

(b) The County and Subdivider acknowledge that performing the obligations contained in the Sand Creek Channel Improvements and obtaining approval of the LOMR will likely take up to twenty-four (24) months. Thus, the County and Subdivider expressly agree that the terms and conditions of this Development Agreement shall control and prevail over any terms and conditions of the SR SIAs and the Sterling Filing 1 SIA, including but not limited to Section 6 (b)(ii) of the Sterling Filing 1 SIA, pertaining to the Sand Creek Channel Improvements.

(i) The County agrees that so long as Subdivider provides any and all storm water management required by the County in connection with the filing of any final plat in Sterling Ranch, temporary or otherwise, and is making good faith efforts to perform its obligations in this Section 1 of the Development Agreement, Subdivider and any homebuilder operating within Sterling Ranch shall be allowed to continue to obtain building permits and certificates of occupancy for any residences to be constructed within Sterling Ranch. Notwithstanding the foregoing, Subdivider and its successors and assigns, including homebuilders, shall not be permitted to plat any lots within two hundred (200) feet of the east side of the existing Sand Creek floodplain between Briargate Parkway and Sterling Ranch Road prior to completion of the Sand Creek Channel Improvements.

(ii) Subdivider shall complete all Sand Creek Channel Improvements and obtain approval of the LOMR upon the earliest to occur of: (aa) thirty-six (36) months from the date the County approves this Development Agreement, or (bb) thirty (30) months from final approval of the CLOMR.

(iii) To secure and guarantee performance of its obligations as set forth herein, and in consideration of the County agreeing to the terms and conditions of this Development Agreement, Subdivider agrees, upon the County approving the Construction Drawings for the Sand Creek Channel Improvements, to provide collateral for the Sand Creek Channel Improvements in an amount to be determined by the County, in its reasonable discretion, for all of the work and obligations set forth in the Sand Creek Channel Improvements, to remain in effect at all times until the Sand Creek Channel Improvements are completed and accepted in accordance with Chapter 5 of the County’s Engineering Criteria Manual (ECM). Security and collateral shall be posted in the form of a performance bond issued by Philadelphia Indemnity Insurance Company. Should the County approve the Construction Drawings and a Financial Assurance Estimate (“FAE”) for the Sand Creek Channel Improvements prior to the effective date of this Development Agreement, the Subdivider may provide and the County will accept a bond in the amount of the approved FAE upon FAE approval, and the FAE will be incorporated by reference into this Development Agreement upon its subsequent approval.

(iv) Subdivider is responsible for providing any renewals of collateral for the Sand Creek Channel Improvements to ensure that there is never a lapse in security coverage. Subdivider shall procure renewal/extension/replacement collateral at least fifteen (15) days prior to the expiration of the

original or renewal/extension/replacement collateral then in effect. Failure to procure renewal/extension/replacement collateral within this time limit shall be a default under this Development Agreement and shall allow the County to execute on the collateral. In addition, if Subdivider allows collateral to lapse at any time, no lots in the Sterling Ranch subdivision may be sold, conveyed or transferred, whether by Deed or Contract, after the expiration date of such collateral until the Sand Creek Channel Improvements have been completed and final acceptance is received from the County. If replacement collateral is used for renewal, approval by the County is required.

2. **Vollmer Road.** In conjunction with Sterling Ranch Filing No. 2 and Sterling Ranch Phase 2, LSC Transportation Consultants, Inc. submitted the *Sterling Ranch Filing No. 2 and Sterling Ranch Phase 2 Traffic Impact Study*, dated June 23, 2021 (“2021 TIS”). Concurrent with the submittal of the Sterling Ranch Sketch Plan Second Amendment, SM Rocha, LLC, will submit the *Sterling Ranch Sketch Plan Amendment/Traffic Generation Analysis El Paso County, Colorado*, dated April 25, 2022 (“2022 TIS”). The 2021 TIS and the 2022 TIS, each consistent with the other, recommend certain improvements to Vollmer Road, as set forth therein, and based upon 2021 TIS and 2022 TIS, the County and Subdivider acknowledge and agree as follows:

(a) Subdivider shall complete the improvements to Vollmer Road recommended in the County-approved 2021 TIS and 2022 TIS (“Vollmer Road Improvements”) no later than May 1, 2024. In the event that Subdivider has not completed the Vollmer Road Improvements on or before May 1, 2024, collateral sufficient in the opinion of the County to assure completion of the Vollmer Road Improvements must be posted by Subdivider and a deadline by which such improvements shall be completed shall be established by written agreement.

(b) While the County acknowledges that Subdivider does not currently own or control any of the properties adjacent to the east or west side of Vollmer Road where Sterling Ranch does not abut Vollmer Road, Subdivider acknowledges its obligation to construct road improvements for which the need is triggered by traffic generated by a particular subdivision plat. To the extent that a proposed future plat triggers the need for improvements to Vollmer Road in addition to the Vollmer Road Improvements, the parties agree to work together in good faith toward acquisition of the right-of-way for such additional improvements. In the event the necessary right-of-way is not acquired and the required road improvements are not constructed, Subdivider understands that pursuant to County regulations, the particular final plat might not be approved by the County. Notwithstanding the foregoing, the County acknowledges and agrees that no future final plat in Sterling Ranch shall be denied solely based on the failure to construct additional improvements to Vollmer Road if the need for such improvements is driven by increased background traffic rather than traffic generated by Sterling Ranch.

3. **Briargate Parkway and Sterling Ranch Road.**

(a) The County acknowledges Subdivider has substantially completed those certain roadway improvements to Wheatland Drive (from Briargate Parkway to Dines Boulevard) as described in Section 5(e)(ii) of the HS2 SIA and Section 6(e)(ii) of the BI 2 SIA, and that such roadway improvements are awaiting inspection for preliminary acceptance by the County. The County acknowledges that Subdivider has submitted new construction drawings with the County for roadway improvements to Briargate Parkway, which includes improvements to Briargate Parkway in addition to those certain improvements as described in Section 5(e)(i) of the HS2 SIA and Section 6(e)(i) of the BI 2 SIA (collectively, the “Briargate Improvements”). Subdivider agrees that it shall include the Briargate Improvements in the subdivision improvements agreement and financial assurance estimate for the final plat of Homestead North at Sterling Ranch Filing No. 1. The County agrees that at such time as the subdivision improvements agreement for Homestead North at Sterling Ranch Filing No. 1 is recorded, the provisions of Section 5 (e)(i) of the HS2 SIA and Section 6 (e)(i) of the BI 2 SIA will not apply and shall no longer be of any force or effect.

(b) Subdivider anticipates submitting a Plat for Homestead North at Sterling Ranch Filing No. 1, which will include the platting of Briargate Parkway from the intersection of Wheatland Drive through the intersection with Sterling Ranch Road, and will include the platting of Sterling Ranch Road from the west side of Sand Creek through and to the north of the intersection with Briargate Parkway. The parties agree that the following conditions of approval of the plats for Homestead North at Sterling Ranch Filing No. 1 and Sterling Ranch Filing 3 shall be adopted and incorporated into the respective subdivision improvements agreements, provided that such conditions are consistent with County regulations and are supported by the traffic impact studies approved for each plat:

(i) Before Subdivider shall commence construction of the improvements on Briargate Parkway consistent with the Homestead North at Sterling Ranch Filing No. 1 Plat, Subdivider shall post collateral sufficient in the opinion of the County to assure completion of that certain section of Briargate Parkway that begins at Wheatland Drive and extends east to the western boundary of Sand Creek. Except for any required grading and erosion control collateral, Subdivider shall not be required to post collateral sufficient in the opinion of the County to assure completion of that certain section of Briargate Parkway that begins at the western boundary of Sand Creek and ends at the intersection with Sterling Ranch Road, until such time as Subdivider has platted a subdivision abutting such section of Briargate Parkway.

(ii) Subdivider shall construct Sterling Ranch Road to the western boundary of Sand Creek in conjunction with the development of Sterling Ranch Filing 3 (known as Parcels 7 and 8). Except for any required grading and erosion control collateral, Subdivider shall not be required to post collateral sufficient in the opinion of the County to assure completion of that certain section of Sterling Ranch Road that begins at the western boundary of Sand Creek and ends just north of the intersection with Briargate Parkway, until such time as Subdivider has platted a subdivision abutting such section of Sterling Ranch Road east of Sand Creek.

4. **Sketch Plan Depicted Access Points.** The parties agree that approval by the County of the Sterling Ranch Sketch Plan Second Amendment, if it is approved, does not create in Subdivider any vested or other legally protected interest in access points to Briargate Parkway and Sterling Ranch Road depicted thereon. Nonetheless, the parties agree to work together in good faith to review such access points in accordance with the County's thoroughfare and access plans and the ECM.

5. **Wastewater Treatment.** Pursuant to Section 5(d) of the HS2 SIA and Section 6(d) of the BS2 SIA, SR Land was to have the Meridian System Connection, as such term is defined therein, operationally complete not later than November 10, 2020. The County acknowledges that, based upon the report dated June 2, 2022 and prepared by the Meridian Service Metropolitan District Engineer, Brad Simons of MMI Engineering, LLC, the Meridian System Connection has been substantially completed, and Subdivider represents that the Meridian System Connection will be fully complete upon the installation of an odor treatment application which is backordered, and a small amount of SCADA to interface with the Meridian System (collectively, the "Remaining Wastewater Treatment Items"). SR Land shall ensure that the Remaining Wastewater Treatment Items are complete and shall obtain final approval by Meridian Service Metropolitan District of the Meridian System Connection, no later than August 30, 2022.

6. **Design Standards.** The Subdivider agrees that all of the public improvements referenced in this Development Agreement, or under any of the SIA's, shall be constructed in compliance with the following:

(a) All laws, resolutions and regulations of the United States, State of Colorado, El Paso County and its various agencies, affected special districts and/or servicing authorities.

(b) Such other designs, drawings, maps, specifications, sketches and other matter submitted to and approved by any of the above-stated governmental entities.

7. **Extensions.** If the Subdivider determines that the completion dates stated in this Development Agreement need to be extended, the Subdivider shall submit a written request for a change in the completion dates to the ECM Administrator at least ninety (90) days in advance of the required completion date. The request shall include the reasons for the requested change in completion date, the proposed new completion date, and prove collateral is in place to cover the extension time requested. The ECM Administrator or the Board of County Commissioners may require an adjustment in the amount of collateral to take into account any increase in cost due to the delay including inflation.

8. **Releases.** Except as expressly stated herein, it is further mutually agreed upon by the parties hereto that, pursuant to the provisions of Section 30-28-137(2) C.R.S., and Chapter 5 of the County's Engineering Criteria Manual, as improvements are completed, the Subdivider may apply to the Board of County Commissioners for a release of part or all of the collateral deposited with said Board. Upon inspection and approval, the Board shall release said collateral. The County agrees to respond to an inspection request in a reasonable time upon receipt of the request. If the Board determines that any of such improvements are not constructed in substantial compliance with specifications it shall furnish the Subdivider a list of specific deficiencies and shall be entitled to withhold collateral sufficient to ensure such substantial compliance. If the Board of County Commissioners determines that the Subdivider will not construct any or all of the improvements in accordance with all of the specifications, the Board of County Commissioners may withdraw and employ from the deposit of collateral such funds as may be necessary to construct the improvements in accordance with the specifications.

9. **Construction Criteria.** The Subdivider agrees, and both parties acknowledge that the construction of the improvements identified and guaranteed through this Development Agreement shall follow the inspection, collateral, and acceptance process that is identified in Chapter 5 of the County's Engineering Criteria Manual. This is to include among other things, a Preliminary Acceptance process, replacement of performance collateral with appropriate Warranty collateral at that time, and a two (2) year warranty period prior to final acceptance. Where any inconsistency exists between Chapter 5 of the Engineering Criteria Manual and the Land Development Code with respect to these inspections, collateral and acceptance processes, the Engineering Criteria Manual is the controlling document.

10. **Amendments.** The parties hereto mutually agree that this Development Agreement may be amended from time to time provided that such amendment be in writing and signed by all parties hereto.

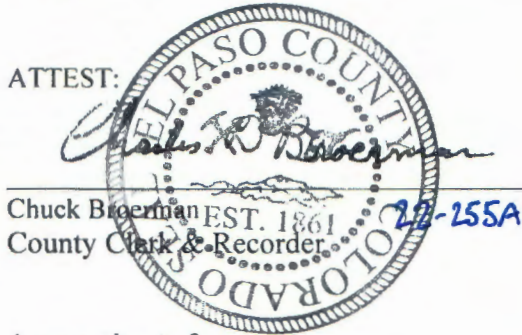
11. **Effective Date.** This Development Agreement shall take effect on the date of final approval of the Second Amendment to the Sterling Ranch Sketch Plan by the County.

12. **Conflict.** In the event of a conflict between any terms and conditions of this Development Agreement and the terms and conditions of the SR SIA's and/or the Sterling Filing 1 SIA, then the terms and conditions of this Development Agreement shall control and prevail. Except as expressly provided in this Development Agreement, the terms and conditions of the SR SIA's and the Sterling Filing 1 SIA shall remain in full force and effect.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year below written.

ATTEST:



Chuck Broerman
County Clerk & Recorder

BOARD OF COUNTY COMMISSIONERS OF
EL PASO COUNTY, COLORADO

By: Stan VanderWerf
Stan VanderWerf, Chair

Approved as to form:

Lori L. Seagr
County Attorney's Office

STERLING RANCH METROPOLITAN DISTRICT NO. 1

By: _____

Name: _____

Its: _____

STERLING RANCH METROPOLITAN DISTRICT NO. 3

By: _____

Name: _____

Its: _____

SR COMMERCIAL, LLC

By: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year below written.

ATTEST:

BOARD OF COUNTY COMMISSIONERS OF
EL PASO COUNTY, COLORADO

Chuck Broerman
County Clerk & Recorder

By: _____
Stan VanderWerf, Chair

Approved as to form:

County Attorney's Office

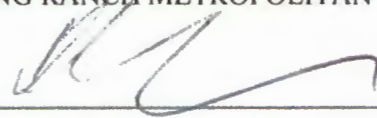
STERLING RANCH METROPOLITAN DISTRICT NO. 1

By: _____

Name: _____

Its: _____

STERLING RANCH METROPOLITAN DISTRICT NO. 3

By: _____


Name: Douglas Stimple

Its: President

SR COMMERCIAL, LLC

By: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year below written.

ATTEST:

BOARD OF COUNTY COMMISSIONERS OF
EL PASO COUNTY, COLORADO

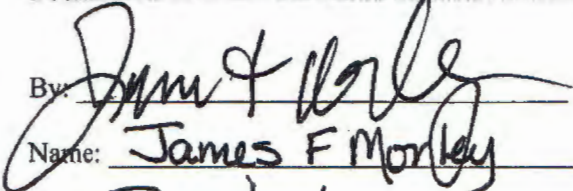
Chuck Broerman
County Clerk & Recorder

By: _____
Stan VanderWerf, Chair

Approved as to form:

County Attorney's Office

STERLING RANCH METROPOLITAN DISTRICT NO. 1

By: 
Name: James F Morley
Its: President

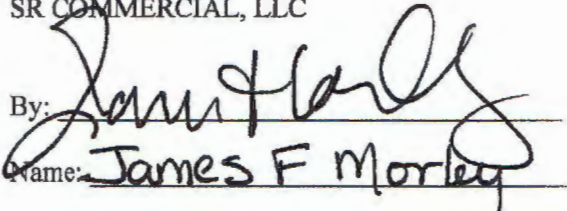
STERLING RANCH METROPOLITAN DISTRICT NO. 3

By: _____

Name: _____

Its: _____

SR COMMERCIAL, LLC

By: 
Name: James F Morley
Its: Manager

SR LAND, LLC

By: _____

Name: _____

Its: _____

CLASSIS SRJ, LLC

By:  _____

Name: Douglas Stimple _____

Its: CEO of Manager _____

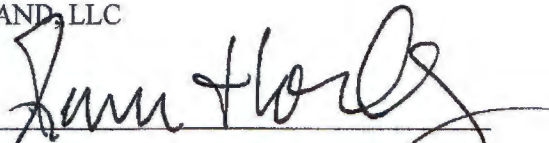
MORLEY-BENTLEY INVESTMENTS, LLC

By: _____

Name: _____

Its: _____

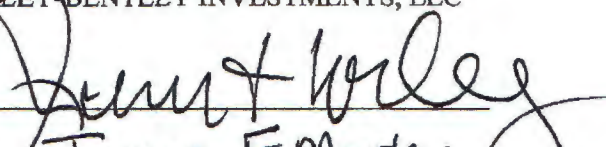
SR LAND, LLC

By: 
Name: James F Morley
Its: Manager

CLASSIS SRJ, LLC

By: _____
Name: _____
Its: _____

MORLEY BENTLEY INVESTMENTS, LLC

By: 
Name: James F Morley
Its: Manager