INTERGOVERNMENTAL AGREEMENT BETWEEN

THE CITY OF GUNNISON, COLORADO,

GUNNISON RISING METROPOLITAN DISTRICT NO. 1

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 2

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 3

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 4

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 5

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 6

AND GUNNISON RISING METROPOLITAN DISTRICT NO. 7

THIS AGREEMENT is made and entered into as of this 22nd day of August, 2016, by and between the CITY OF GUNNISON, a home-rule municipal corporation of the State of Colorado ("City"), and GUNNISON RISING METROPOLITAN DISTRICT NO. 1, GUNNISON RISING METROPOLITAN DISTRICT NO. 2, GUNNISON RISING METROPOLITAN DISTRICT NO. 3, GUNNISON RISING METROPOLITAN DISTRICT NO. 4, GUNNISON RISING METROPOLITAN DISTRICT NO. 5, GUNNISON RISING METROPOLITAN DISTRICT NO. 6,and GUNNISON RISING METROPOLITAN DISTRICT NO. 7, quasi-municipal corporations and political subdivisions of the State of Colorado (each a "District" and collectively, the "Districts"). The City and the Districts are collectively referred to as the Parties.

RECITALS

WHEREAS, the Districts were organized to provide those services and to exercise powers as are more specifically set forth in the Districts' Service Plans approved by the City on March 30, 2016, ("Service Plans"); and

WHEREAS, the Service Plans make reference to the execution of an intergovernmental agreement between the City and the Districts, as required by the Gunnison City Code; and

WHEREAS, the City and the Districts have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Intergovernmental Agreement ("Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The Districts shall have the power and authority to construct and install Public Improvements (as defined in the Service Plan, "Public Improvements"), within and without the Service Area of the Districts, as such power and authority is described in the Special District Act, and other applicable statutes, common law, and State Constitution. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The Districts shall be authorized, but not obligated to, own, operate and maintain park and recreation improvements, including but not limited to, recreation facilities, parks and trails, tract landscaping improvements, streetscape landscaping, drainage improvements, including detention and retention ponds, trickle channels and all necessary equipment or appurtenances incident thereto, which are not owned and maintained by the City or another public entity.

The Districts shall be authorized, but not obligated to, operate and maintain park and recreation improvements without an intergovernmental agreement with the City, provided that any Fee imposed by the Districts for access to such park and recreation improvements shall not result in Non-District City residents paying a user fee that is greater than, or otherwise disproportionate to, similar fees and taxes paid by residents of the Districts. However, the Districts shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with Non-District City residents to ensure that such costs are not the responsibility of District residents. All such Fees shall be based upon the Districts' determination that such Fees do not exceed reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public and Non-District City residents free of charge.

2. Fire Protection. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City. The authority to plan for, design, acquire, construct, install, relocate, redevelop or finance fire hydrants and related improvements installed as part of the water system shall not be limited by this provision.

3. Television Relay and Translation. The Districts shall not be authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to an intergovernmental agreement with the City.

4. Golf Course Construction. The Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

5. Construction Standards. The Districts will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and

of other governmental entities having proper jurisdiction and of those special districts that qualify as "interested parties" under Section 32-1-204(1), C.R.S., as applicable. The Districts will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

6. Issuance of Privately Placed Debt. Prior to the issuance of any privately placed Debt, the issuing District shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in Section 32-1-103(12), C.R.S.) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

7. Inclusion Limitation. The Districts shall not include within any of their boundaries any property outside the Service Area without the prior written consent of the City.

8. Overlap Limitation. The boundaries of the Districts shall not overlap unless the aggregate mill levy for payment of Debt of the overlapping Districts will not at any time exceed the Maximum Debt Mill Levy of the Districts. Additionally, the Districts shall not consent to the organization of any other district organized under the Special District Act within the Service Area which will overlap the boundaries of the Districts unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the Districts.

9. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Service Plan), the Districts shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

10. Total Debt Issuance. The Districts shall not issue Debt in excess of Three Million Nine Hundred Twenty-Two Thousand Dollars ($3,922,000).

11. Fee Limitation. Each of the Districts may impose and collect Fees as a source of revenue for repayment of debt, capital costs, and/or for operations and maintenance. No Fee related to the funding of costs of a capital nature shall be authorized to be imposed upon or collected from Taxable Property owned or occupied by an End User which has the effect, intentional or otherwise, of creating a capital cost payment obligation in any year on any Taxable Property owned or occupied by an End User. Notwithstanding any of the foregoing, the

restrictions in this definition shall not apply to any Fee imposed upon or collected from Taxable Property for the purpose of funding operation and maintenance costs of the Districts.

12. Monies from Other Governmental Sources. The Districts shall not apply for or accept Conservation Trust Funds, Great Outdoors Colorado Funds, or other funds available from or through governmental or non-profit entities that the City is eligible to apply for, except pursuant to an intergovernmental agreement with the City. This Section shall not apply to specific ownership taxes which shall be distributed to and a revenue source for the Districts without any limitation.

13. Consolidation. A District shall not file a request with any Court to consolidate with another Title 32 district without the prior written consent of the City, unless such consolidation is with another District.

14. Bankruptcy. All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City to approve a Service Plan with conditions pursuant to Section 32-1-204.5, C.R.S. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Service Plan Amendment; and

(b) Are, together with all other requirements of Colorado law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable nonbankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan pursuant to Section 32-1-207, C.R.S. and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Service Plan Amendment.

15. Dissolution. Upon an independent determination of the City Council that the purposes for which the Districts were created have been accomplished, the Districts agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the Districts have provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

16. Disclosure to Purchasers. The Districts will use reasonable efforts to assure that all developers of the property located within the Districts provide written notice to all purchasers of property in the Districts regarding the Maximum Debt Mill Levy, as well as a general description of the Districts' authority to impose and collect rates, Fees, tolls and charges. The form of notice shall be filed with the City prior to the initial issuance of the Debt of the Districts imposing the mill levy which is the subject of the Maximum Debt Mill Levy.

17. Service Plan Amendment Requirement. Actions of the Districts which violate the limitations set forth in V.A.1-14 or VII.B-G of the Service Plans shall be deemed to be material modifications to the Service Plan and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

18. Multiple District Structure. It is anticipated that the Districts, collectively, will undertake the financing and construction of the Public Improvements. The nature of the functions and services to be provided by each District shall be clarified in an intergovernmental agreement between and among the Districts. Such intergovernmental agreement will be designed to help assure the orderly development of the Public Improvements and essential services in accordance with the requirements of the Service Plan. Implementation of such intergovernmental agreement is essential to the orderly implementation of the Service Plan. Accordingly, any determination of any Board to set aside said intergovernmental agreement without the consent of all of the Districts shall be a material modification of the Service Plan. Said intergovernmental agreement may be amended by mutual agreement of the Districts without the need to amend the Service Plan.

19. Annual Report. Each District shall be responsible for submitting an annual report to the Manager of the Office of Development Assistance of the City Manager's Office no later than August 1st of each year following the year in which the Order and Decree creating the District has been issued, pursuant to the City Code and containing the information set forth in Section VIII of the Service Plan. The Districts shall be permitted to submit a joint report.

20. Regional Improvements. The Districts shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of regional improvements necessitated by the Districts and fund the administration and overhead costs related to the provisions of regional improvements as set forth in Section I.C of the Service Plan.

21. Maximum Mill Levies.

(a) The "Maximum Residential Debt Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Residential Property within each of their respective legal boundaries for payment of Debt, and shall be thirty (30) mills. To the extent that Debt has been issued by a District and the Maximum Residential Debt Levy has been pledged thereto, the "Maximum Residential Operations and Maintenance Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Residential Property within each of their respective legal boundaries for payment of administration, operations, and maintenance costs, and shall be five (5) mills. To the extent less than the Maximum Residential Debt Levy has been pledged to Debt or no Debt has been issued, the Districts shall be permitted to levy an operational mill levy in an amount up to the Maximum Aggregate Residential Mill Levy of thirty – five (35) mills for purposes of funding operations with the intent that the Maximum Aggregate Residential Mill Levy not be exceeded for combined Debt and operational purposes at any time.

(b) The "Maximum Aggregate Residential Mill Levy" shall be the maximum mill levy each of the Districts are permitted to impose upon the taxable Residential Property

within each of their respective legal boundaries for payment of Debt and administration, operations, and maintenance costs, and shall be thirty-five (35) mills, subject to adjustment as permitted by the Service Plan.

(c) The "Maximum Commercial Debt Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of Debt, and shall be thirty (35) mills. To the extent that Debt has been issued by a District and the Maximum Commercial Debt Levy has been pledged thereto, the "Maximum Commercial Operations and Maintenance Mill Levy" shall be the maximum mill levy the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of administration, operations, and maintenance costs, and shall be five (5) mills. To the extent less than the Maximum Commercial Debt Levy has been pledged to Debt or no Debt has been issued, the Districts shall be permitted to levy an operational mill levy in an amount up to the Maximum Aggregate Commercial Mill Levy of forty (40) mills for purposes of funding operations with the intent that the Maximum Aggregate Commercial Mill Levy not be exceeded for combined Debt and operational purposes at any time.

(d) The "Maximum Aggregate Commercial Mill Levy" shall be the maximum mill levy each of the Districts are permitted to impose upon the taxable Commercial Property within each of their respective legal boundaries for payment of Debt and administration, operations, and maintenance costs, and shall be forty (40) mills, subject to adjustment as permitted by the Service Plan.

(e) If, on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement, the preceding mill levy limitations may be increased or decreased to reflect such changes, with such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation to assessed valuation shall be deemed to be a change in the method of calculating assessed valuation. All Debt issued by the Districts must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

(f) To the extent that the Districts are composed of or subsequently organized into one or more subdistricts as permitted under Section 32-1-1101, C.R.S., the term "District or Districts" as used herein shall be deemed to refer to the District and to each such subdistrict separately, so that each of the subdistricts shall be treated as a separate, independent district for purposes of the application of this definition.

22. Maximum Debt Mill Levy Imposition Term. The Districts shall not impose a levy for repayment of any and all Debt (or use the proceeds of any mill levy for repayment of Debt) on any single property developed for residential uses which exceeds forty (30) years after the year of the initial imposition of such mill levy unless a majority of the Board of Directors of the District imposing the mill levy are residents of the District and have voted in favor of a

refunding of a part or all of the Debt and such refunding will result in a net present value savings as set forth in Section 11-56-101, C.R.S.; et seq.

23. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the Districts:

Gunnison Rising Metropolitan District Nos. 1-7
c/o White Bear Ankele Tanaka & Waldron
Professional Corporation
2154 E. Commons Avenue, Suite 2000
Centennial, CO 80122
Attn: Kristen Bear, Esq.
Phone: (303) 858-1800
Fax: (303)858-1801

To the City:

City of Gunnison
201 W Virginia Ave
Gunnison, CO 81230
Attn: City Manager
Phone: (970) 641-8080
Fax: (970) 641-8051

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

24. Defined Terms. Any term not defined in this Agreement shall have the meaning set forth in the Service Plan for the Districts.

25. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Service Plan.

26. Assignment. No Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of all other Parties, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

27. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Parties shall be entitled to exercise all remedies available at law or in

equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party/Parties in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

28. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Colorado.

29. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

30. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

31. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the Districts and the City any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Districts and the City shall be for the sole and exclusive benefit of the Districts and the City.

32. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

33. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

34. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

35. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Service Plan.

(Signature Page Follows)

GUNNISON RISING METROPOLITAN
DISTRICT NOS. 1-7

By: Richard Bratton
President

Attest:

Donna R Bratton
Secretary

CITY OF GUNNISON, COLORADO

By: _____
Richard Hagan, Mayor

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____