

EAST CREEK METROPOLITAN DISTRICT NO. 1

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 • 800-741-3254
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NOTICE OF A SPECIAL MEETING AND AGENDA

<u>Board of Directors:</u>	<u>Office:</u>	<u>Term/Expiration:</u>
Timothy Buschar	President	2022/May 2022
Michelle Trujillo	Treasurer	2022/May 2022
Glenn Nier	Assistant Secretary	2022/May 2022
Michael Bird	Assistant Secretary	2020/May 2020
Matthew Larsen	Assistant Secretary	2020/May 2020
Lisa A. Johnson	Secretary	

DATE: **November 29, 2018**

TIME: **2:00 P.M.**

PLACE: Meritage Homes of Colorado
8400 E. Crescent Parkway, #200
Greenwood Village, Colorado

I. ADMINISTRATIVE MATTERS

A. Present Conflict Disclosures and confirm quorum.

B. Approve Agenda, confirm location of the meeting and posting of meeting notice.

C. Review and approve Minutes of the October 22, 2018 special meeting (enclosure).

II. FINANCIAL MATTERS

A. Discuss 2019 Bond Issuance.

B. Conduct Public Hearing on the proposed 2019 Budget and consider adoption of Resolutions to Adopt the 2019 Budget and Appropriate Sums of Money and Set Mill Levies (for General Fund _____, Debt Service Fund _____ and Other Fund(s) _____ for a total mill levy of _____) (enclosures – preliminary assessed value, 2019 draft budget and resolutions).

III. LEGAL MATTERS

- A. Discuss and consider adoption of Resolution No 2018-11-_; Regarding the Imposition of District Fees.

- B. Review and consider approval of Memorandum of Understanding between East Creek Metropolitan District Nos. 1 and 2 (enclosure).

- C. Ratify approval of First Amendment to Operation Funding Agreement between the District and Meritage Homes of Colorado, Inc.

IV. COVENANT ENFORCEMENT / DESIGN REVIEW

- A. Discuss and consider approval of the Declaration of Covenants, Conditions and Restrictions of East Creek. Consider adoption of Resolution 2018-10_; Acknowledging and Adopting the Declaration of Covenant and Use and Restrictions for East Creek.

- B. Discuss and consider adoption of Resolution No. 2018-11-_; Adopting the Policies and Procedures Governing the Enforcement of the Protective Covenants of East Creek.

- C. Review and consider adoption of Resolution No. 2018-11-_; Resolution Adopting the East Creek Rules and Regulations.

V. CONSTRUCTION MATTERS

- A. Discuss 2018 development / construction outlook.

VI. OTHER BUSINESS

- A.

VII. ADJOURNMENT **THERE ARE NO MORE REGULAR MEETINGS SCHEDULED FOR 2018.**

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1 (THE "DISTRICT") HELD OCTOBER 22, 2018

A special meeting of the Board of Directors of the East Creek Metropolitan District No. 1 (the "District") was convened on Monday, October 22, 2018, at 2:30 p.m., at the offices of Meritage Homes of Colorado, 8400 E. Crescent Parkway, #200, Greenwood Village, Colorado 80112. The meeting was open to the public.

Directors In Attendance Were:

Timothy Buschar
Glenn Nier
Michael Bird
Matthew Larsen

Following discussion, upon motion duly made by Director Nier, seconded by Director Buschar and, upon vote, unanimously carried, the absence of Michelle Trujillo was excused.

Also In Attendance Were:

Lisa A. Johnson and Peggy Ripko; Special District Management Services, Inc.

Paula Williams, Esq.; McGeady Becher P.C.

**DISCLOSURE OF
POTENTIAL
CONFLICTS OF
INTEREST**

The Board noted that disclosures of potential conflict of interest statements for each of the Directors were filed with the Secretary of State seventy-two hours in advance of the meeting. Attorney Williams requested that the Directors consider whether they had any additional conflicts of interest to disclose. Attorney Williams noted for the record that there were no new disclosures made by the Directors present at the meeting and incorporated for the record those applicable disclosures made by the Board Members prior to this meeting and in accordance with the statutes. It was noted that disclosure statements had been filed for all Directors.

RECORD OF PROCEEDINGS

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the Districts' special meeting.

Following discussion, upon motion duly made by Director Nier, seconded by Director Buschar and, upon vote unanimously carried, the Agenda was approved.

Approval of Meeting Location: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the Districts' Board meeting. Following discussion, and upon motion duly made by Director Nier, seconded by Director Buschar and, upon vote, unanimously carried, the Board determined that because there was not a suitable or convenient location within its boundaries that the District is located to conduct this meeting, it was determined to conduct the meeting at the above-stated location. The Board further noted that notice of this location was duly posted and that they have not received any objections to the location or any requests that the meeting place be changed by taxpaying electors within its boundaries.

Minutes: The Board reviewed the Minutes of the June 25, 2018 organizational meeting.

Following discussion, upon motion duly made by Director Buschar, seconded by Director Bird and, upon vote, unanimously carried, the Minutes of the June 25, 2018 organizational meeting were approved.

Resolution No. 2018-10-01 Establishing Regular Meeting Dates, Time and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices: The Board discussed Resolution No. 2018-10-01; Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72 Hour and 24-Hour Notices.

Following discussion, upon a motion duly made by Director Buschar, seconded by Director Bird and, upon vote, unanimously carried, the Board adopted Resolution No. 2018-10-01; Establishing Regular Meeting Dates, Times and Location, and Designating Locations for Posting of 72-Hour and 24-Hour Notices and determined to hold 2019 meetings on May 9, 2019 and October 24, 2019, at 2:30 p.m., at the offices of Meritage Homes of Colorado, 8400 E. Crescent Parkway, #200, Greenwood Village, Colorado 80112.

FINANCIAL MATTERS

2018 Application for Exemption from Audit: The Board discussed the requirements for an audit.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Nier, seconded by Director Buschar and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and file the Application for Exemption from Audit for 2018.

Preparation of 2019 Budget: Following discussion, upon a motion duly made by Director Nier, seconded by Director Larsen and, upon vote, unanimously carried, the Board ratified the appointment of the District's Accountant to prepare the District's 2019 Budget.

2018 Budget Amendment Hearing: The President opened the public hearing to consider the Resolution to Amend the 2018 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2018 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. There were no comments from the public in attendance and the public hearing was closed.

It was noted that no amendment was needed for the 2018 Budget.

2019 Budget Hearing: The President opened the public hearing to consider the proposed 2019 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2019 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received and the public hearing was closed.

Ms. Johnson reviewed the estimated 2018 expenditures and the proposed 2019 expenditures.

The Board continued the Budget hearing to November 15, 2018, at 3:00 p.m., at the regular meeting location.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Buschar, seconded by Director Larsen and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

LEGAL MATTERS

Resolution No 2018-10- ; Regarding the Imposition of District Fees: The Board deferred discussion.

Shared Public Improvements: The Board discussed the need for a potential agreement between the District and East Creek Metropolitan District No. 2 regarding shared public improvements. Meritage will locate drainage reports and analyze further.

First Amendment to Operation Funding Agreement between the District and Meritage Homes of Colorado, Inc.: Attorney Williams presented to the Board a First Amendment to Operation Funding Agreement between the District and Meritage Homes of Colorado, Inc.

Following discussion, upon motion duly made by Director Nier, seconded by Director Bird and, upon vote, unanimously carried, the Board approved the First Amendment to Operation Funding Agreement between the District and Meritage Homes of Colorado, Inc.

COVENANT ENFORCEMENT / DESIGN REVIEW

Declaration of Covenants, Conditions and Restriction of East Creek: The Board deferred discussion.

Policies and Procedures Governing the Enforcement of the Protective Covenants of East Creek: The Board deferred discussion.

Resolution Regarding District Rules and Regulations: The Board deferred discussion.

Eligible Governmental Entity Agreement with the Statewide Internet Portal Authority (“SIPA”): Ms. Johnson reviewed with the Board the Eligible Governmental Entity Agreement with the SIPA for website hosting (“Agreement”). It was noted that the Agreement would enable the CAB to maintain a website through SIPA at low cost.

RECORD OF PROCEEDINGS

Following discussion, upon motion duly made by Director Buschar, seconded by Director Bird and, upon vote, unanimously carried, the Board approved the Agreement with SIPA for website hosting.

CONSTRUCTION MATTERS

Development / Construction Outlook: It was reported that the project is in process on public infrastructure.

OTHER BUSINESS

§32-1-809, C.R.S. reporting requirements, mode of eligible elector notification: Ms. Johnson discussed with the Board §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification in 2019.

Following discussion, the Board determined to post the required transparency notice on the Special District Association Website.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote unanimously carried, the meeting was continued to November 15, 2018, at 3:00 p.m. at the regular meeting location.

Respectfully submitted,

By _____
Secretary for the Meeting

RECORD OF PROCEEDINGS

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 22, 2018
SPECIAL MINUTES OF THE EAST CREEK METROPOLITAN DISTRICT NO.
1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

Timothy Buschar

Michelle Trujillo

Glenn Nier

Michael Bird

Matthew Larsen

RESOLUTION NO. 2018-10-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE EAST CREEK METROPOLITAN DISTRICT NO. 1
ESTABLISHING REGULAR MEETING DATES, TIME AND LOCATION, AND
DESIGNATING LOCATIONS FOR POSTING OF 72-HOUR AND 24-HOUR NOTICES**

A. Pursuant to Section 32-1-903, C.R.S., special districts are required to designate a schedule for regular meetings, indicating the dates, time and location of said meetings.

B. Pursuant to Section 24-6-402(2)(c), C.R.S., special districts are required to designate annually at the board of directors of the district's first regular meeting of each calendar year, the place at which notice will be posted at least 24 hours prior to each meeting.

C. Pursuant to Section 32-1-903, C.R.S., special districts are required to post notices of regular and special meetings at three (3) public places within the district and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting.

D. Pursuant to Section 32-1-903, C.R.S., all special and regular meetings of the board shall be held at locations which are within the boundaries of the district or which are within the boundaries of any county in which the district is located, in whole or in part, or in any county so long as the meeting location does not exceed twenty (20) miles from the district boundaries unless such provision is waived.

E. The provisions of Section 32-1-903, C.R.S., may be waived if: (1) the proposed change of location of a meeting of the board appears on the agenda of a regular or special meeting; and (2) a resolution is adopted by the board stating the reason for which a meeting is to be held in a location other than under Section 32-1-903(1), C.R.S., and further stating the date, time and place of such meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Creek Metropolitan District No. 1 of the County of Arapahoe, Colorado:

1. That the provisions of Section 32-1-903(1), C.R.S., be waived pursuant to the adoption of this Resolution.

2. That the Board of Directors (the "**District Board**") has determined that conducting regular and special meetings pursuant to Section 32-1-903(1), C.R.S., would be inconvenient and costly for the Directors and consultants of the District in that they live and/or work outside the twenty (20) mile radius requirement.

3. That regular meetings of the District Board of the East Creek Metropolitan District No. 1 for the year 2019 shall be held on 5/9/19 at 10/24/19, at the offices of Meritage Homes of Colorado, Inc., 8400 E. Crescent Parkway, Suite 200, Greenwood Village, Colorado 80111 in Arapahoe County, Colorado. @ 2:30 p.m.

4. That special meetings of the District Board shall be held as often as the needs of the District require, upon notice to each Director.

5. That, until circumstances change and a future resolution of the District Board so designates, the location of all special and regular meetings of the District Board shall appear on the agenda(s) of said special and regular meetings.

6. That the residents and taxpaying electors of the District shall be given an opportunity to object to the meeting(s), location(s) and any such objections shall be considered by the District Board in setting future meetings.

7. Notice of Meetings of the District Board required pursuant to Section 24-6-402(2)(c), C.R.S., shall be posted within the boundaries of the District at least 24 hours prior to each meeting at the following location:

(a) See attached Map

8. Notices of regular and special meetings required to be posted at three (3) public places within the District and at the office of the County Clerk and Recorder at least 72 hours prior to said meeting shall be made pursuant to Section 32-1-903, C.R.S., at the following locations:

(a) See attached Map

(b) See attached Map

(c) See attached Map

9. Special District Management Services, Inc., or his/her designee, is hereby appointed to post the above-referenced notices.

RESOLUTION APPROVED AND ADOPTED on OCTOBER 21, 2018.

**EAST CREEK METROPOLITAN
DISTRICT NO. 1**

By: _____

President

Attest:

Secretary

Summary of Value by Class
 Assessment Roll: Mobile Home Roll - Level 4, Personal Property Roll - Level 4, Real Roll - Level 4, State Assessed Roll - Level 2
 Assessment Year: 2018
 Assessed Values

TA: 4262 - EAST CREEK METRO DIST #1

PIN Count: 167

Classification	Land	Improvements	Possessory Int	Count	Total	Personal	Count	Total
Vacant Land	480,625	0	0	167	480,625	0	0	480,625
Residential	0	0	0	0	0	0	0	0
Commercial	0	0	0	0	0	0	0	0
Industrial	0	0	0	0	0	0	0	0
Agricultural	0	0	0	0	0	0	0	0
Natural Resources	0	0	0	0	0	0	0	0
Producing Mines	0	0	0	0	0	0	0	0
Oil and Gas	0	0	0	0	0	0	0	0
State Assessed	0	0	0	0	0	0	0	0
Total Taxable	480,625	0	0	167	480,625	0	0	480,625

Federal	0	0	0	0	0	0	0	0
State	0	0	0	0	0	0	0	0
County	0	0	0	0	0	0	0	0
PoliticalSubd	0	0	0	0	0	0	0	0
Religious	0	0	0	0	0	0	0	0
Private	0	0	0	0	0	0	0	0
Charitable	0	0	0	0	0	0	0	0
All Other	0	0	0	0	0	0	0	0
Total Exempt	0	0	0	0	0	0	0	0

Real = 480,625
 PPEX = 0
 S.A. = 0

 Total = 480,625

Exempt Count 0
 Taxable Count 167

 Total count for TA 167

East Creek Metropolitan District No. 1
Assessed Value, Property Tax and Mill Levy Information

	2017	2018	2019
	Actual	Adopted Budget	Preliminary Budget

Assessed Valuation	\$	-	\$	-	\$	480,625
Mill Levy						
General Fund		0.000		0.000		60.000
Debt Service Fund		0.000		0.000		0.000
Temporary Mill Levy Reduction		0.000		0.000		0.000
Refunds and Abatements		0.000		0.000		0.000
Total Mill Levy		0.000		0.000		60.000
Property Taxes						
General Fund	\$	-	\$	-	\$	28,838
Debt Service Fund	\$	-	\$	-	\$	-
Temporary Mill Levy Reduction	\$	-	\$	-	\$	-
Refunds and Abatements	\$	-	\$	-	\$	-
Actual/Budgeted Property Taxes	\$	-	\$	-	\$	28,838

EAST CREEK METROPOLITAN DISTRICT NO. 1
Budget
General Fund
2019 Preliminary Budget
With 2018 Adopted Budget and 2018 Estimated

	2018 Adopted	2018 Estimated	2019 Preliminary
Beginning Funds Available	\$ -	\$ -	\$ -
Revenue			
Property Taxes	\$ -	\$ -	\$ 28,838
Specific Ownership Taxes	\$ -	\$ -	\$ -
Developer Advance	\$ 50,000	\$ 50,000	\$ 50,000
Miscellaneous Income	\$ -	\$ -	\$ -
Total Revenue	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 78,838</u>
Total Funds Available	<u><u>\$ 50,000</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 78,838</u></u>
Expenditures			
Audit/Exemption	\$ 1,000	\$ 1,000	\$ 1,000
Election	\$ -	\$ -	\$ -
Insurance/SDA Dues	\$ 3,500	\$ 3,500	\$ 3,500
Accounting	\$ 8,000	\$ 8,000	\$ 8,000
Legal	\$ 15,000	\$ 15,000	\$ 15,000
Management	\$ 15,000	\$ 15,000	\$ 15,000
Miscellaneous	\$ 3,000	\$ 3,000	\$ 3,000
Contingency	\$ 3,000	\$ 3,000	\$ 3,000
Treasurer's Fees	\$ -	\$ -	\$ -
Total Expenditures	<u>\$ 48,500</u>	<u>\$ 48,500</u>	<u>\$ 48,500</u>
Emergency Reserve	\$ 1,500	\$ 1,500	\$ 1,500
Total Expenditures Requiring Appropriation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Ending Funds Available	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,838</u></u>

RESOLUTION NO. 2018 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1
TO ADOPT THE 2019 BUDGET AND APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the East Creek Metropolitan District No. 1 ("District") has appointed the District Accountant to prepare and submit a proposed 2019 budget to the Board at the proper time; and

WHEREAS, the District Accountant has submitted a proposed budget to this Board on or before October 15, 2018, for its consideration; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, a public hearing was held on November 29, 2018, and interested electors were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, the budget has been prepared to comply with all terms, limitations and exemptions, including, but not limited to, reserve transfers and expenditure exemptions, under Article X, Section 20 of the Colorado Constitution ("TABOR") and other laws or obligations which are applicable to or binding upon the District; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law.

WHEREAS, the Board of Directors of the District has made provisions therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Creek Metropolitan District No. 1:

1. That the budget as submitted, amended, and summarized by fund, hereby is approved and adopted as the budget of the East Creek Metropolitan District No. 1 for the 2019 fiscal year.
2. That the budget, as hereby approved and adopted, shall be certified by the Secretary of the District to all appropriate agencies and is made a part of the public records of the District.

3. That the sums set forth as the total expenditures of each fund in the budget attached hereto as **EXHIBIT A** and incorporated herein by reference are hereby appropriated from the revenues of each fund, within each fund, for the purposes stated.

ADOPTED this 29th day of November, 2018.

Secretary

(SEAL)

EXHIBIT A
(Budget)

I, Lisa A. Johnson, hereby certify that I am the duly appointed Secretary of the East Creek Metropolitan District No. 1, and that the foregoing is a true and correct copy of the budget for the budget year 2019, duly adopted at a meeting of the Board of Directors of the East Creek Metropolitan District No. 1 held on November 29, 2018.

By: _____

RESOLUTION NO. 2018 - 11 - ____
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST CREEK METROPOLITAN DISTRICT NO. 1
TO SET MILL LEVIES

WHEREAS, the Board of Directors of the East Creek Metropolitan District No. 1 (“District”) has adopted the 2019 annual budget in accordance with the Local Government Budget Law on November 29, 2018; and

WHEREAS, the adopted budget is attached to the Resolution of the Board of Directors to Adopt the 2019 Budget and Appropriate Sums of Money, and such budget is incorporated herein by this reference; and

WHEREAS, the amount of money necessary to balance the budget for general fund expenses from property tax revenue is identified in the budget; and

WHEREAS, the amount of money necessary to balance the budget for debt service fund expenses from property tax revenue is identified in the budget; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the East Creek Metropolitan District No. 1:

1. That for the purposes of meeting all general fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

2. That for the purposes of meeting all debt service fund expenses of the District during the 2019 budget year, the District determined to levy mills upon each dollar of the total valuation for assessment of all taxable property within the District, as set forth in the budget, to raise the required revenue.

3. That the District Accountant of the District is hereby authorized and directed to immediately certify to the County Commissioners of Arapahoe County, Colorado, the mill levies for the District as set forth in the District’s Certification of Tax Levies (attached hereto as **EXHIBIT A** and incorporated herein by reference), recalculated as needed upon receipt of the final certification of valuation from the County Assessor in order to comply with any applicable revenue and other budgetary limits.

ADOPTED this 29th day of November, 2018.

Secretary

(SEAL)

EXHIBIT A
(Certification of Tax Levies)

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is entered into this 29th day of November, 2018, with an effective date of _____, 2018, by and between EAST CREEK METROPOLITAN DISTRICT NO. 1 (“District No. 1) and EAST CREEK METROPOLITAN DISTRICT NO. 2 (“District No. 2”, together with District No. 1, the “Districts”), each a quasi-municipal corporation and political subdivision of the State of Colorado (collectively, the “Districts”).

RECITALS

A. The Districts were organized pursuant to Service Plans approved by the City Council of the City of Aurora on March 5, 2018, as they may be amended from time to time (the “Service Plans”), for the purpose of providing certain public improvements and services to and for the benefit of properties within the service area of the Districts (the “Development”).

B. The purposes for which the Districts were formed are the design, acquisition, construction, installation, financing, and operation and maintenance of certain water, sanitation, stormwater, street, traffic and safety control, park and recreation, transportation, mosquito control improvements, all in accordance with the Service Plans (the “Improvements”).

C. The Service Plans disclose and establish the intent of the Districts to enter into one or more intergovernmental agreements between and/or among District No. 1 and District No. 2 concerning the financing, construction, operation and maintenance of the Improvements.

D. The Districts agree that it is in the best interests of the Districts and their respective constituents to provide the Improvements and services in the most efficient manner as possible.

E. The Districts agree that it is most efficient for District No. 1 to provide all construction, administration, and operation and maintenance services to and for the benefit of the Districts.

NOW THEREFORE, in consideration of the mutual agreement set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

1. Coordination of Services by District No. 1. The Districts agree that District No. 1 shall provide for the financing, construction, design, operation and maintenance of the Improvements, as well as the overall administration of the Districts.

2. Obligations of District No. 1. The Districts acknowledge that in connection with its obligations set forth herein, District No. 1 will enter into agreement(s) with the developer of the Development to provide for the financing of such services.

3. Reimbursement. The Districts agree that District No. 2 is to reimburse District No. 1 for all costs incurred by District No. 1 pursuant to this MOU based on an allocable basis to be set forth in a separate agreement.

4. 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 addressee or by courier delivery via Federal Express or other nationally recognized overnight air courier service, by email transmission, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To District No. 1: East Creek Metropolitan District No. 1
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: ljohnson@sdmsi.com
Attn: Lisa Johnson

To District No. 2: East Creek Metropolitan District No. 2
141 Union Boulevard, Suite 150
Lakewood, CO 80228
Phone: 303-987-0835
Email: ljohnson@sdmsi.com
Attn: Lisa Johnson

With Copy to: McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203
Phone: 303-592-4380
Email: pwilliams@specialdistrictlaw.com
Attn: Paula J. Williams

All notices, demands, requests or other communications shall be effective upon such personal delivery, one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service, on the date of transmission if sent by confirmed email 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 or contact information.

5. Assignment. The Districts shall not assign any of its rights or delegate any of its duties hereunder to any person or entity. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

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

7. Default/Remedies. In the event of a breach or default of this MOU by either District, the non-defaulting District shall be entitled to exercise all remedies available at law or in equity. In the event of any litigation, arbitration or other proceeding to enforce the terms, covenants or conditions hereof, the prevailing District in such proceeding shall obtain as part of its judgment or award its reasonable attorneys' fees.

8. Governing Law and Jurisdiction. This MOU shall be governed and construed under the laws of the State of Colorado. Venue for any legal action relating to this Agreement shall be exclusive to the District Court in and for the County of Arapahoe, Colorado.

9. 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 permitted successors and assigns.

10. Integration. This MOU 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.

11. Severability. If any covenant, term, condition, or provision under this MOU 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.

12. Counterparts. This MOU 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.

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

14. Amendment. This MOU may be amended from time to time by agreement between the Parties hereto, provided, however, that no amendment, modification, or alteration of the terms or provisions hereof shall be binding upon either District unless the same is in writing and duly executed by the Parties hereto.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this MOU as of the day and year first set forth above.

**EAST CREEK METROPOLITAN DISTRICT
NO. 1**, a quasi-municipal corporation and political
subdivision of the State of Colorado

President

Attest:

Secretary

**EAST CREEK METROPOLITAN DISTRICT
NO. 2**, a quasi-municipal corporation and political
subdivision of the State of Colorado

President

Attest:

Secretary