

**INTERGOVERNMENTAL AGREEMENT BETWEEN
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1
AND
ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2**

Cost Sharing – Landscaping, Pool and Clubhouse

This INTERGOVERNMENTAL AGREEMENT (the “**Agreement**”) is made and entered into as of the 5th day of March, 2025, by and between the ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 1 (“**District 1**”), a quasi-municipal corporation and political subdivision of the State of Colorado, and ERIE HIGHLANDS METROPOLITAN DISTRICT NO. 2, a quasi-municipal corporation and political subdivision of the State of Colorado (“**District 2**”) (and together, the “**Districts**” or the “**Parties**”).

Recitals

- A. District 1 and District 2 were organized in 2013 to provide public improvements and services to and for the benefit of the properties within and without the boundaries of the Districts in accordance with their Consolidated Service Plan for Erie Highlands Metropolitan Districts Nos. 1-5, as amended by the First Amendment to Consolidated Service Plan for Erie Highlands Metropolitan Districts Nos. 1-5, (collectively, the “**Service Plan**”) and Title 32, Article 1, C.R.S. (the “**Special District Act**”); and
- B. Pursuant to the Colorado Constitution Article XIV, Section 18(2)(a), and § 29-1-203, C.R.S., the Districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs; and
- C. The Districts contain, or will contain at full development, only single family attached and detached homes, with no commercial property; and
- D. The residents within the Districts enjoy and benefit from the public improvements and services provided within the Districts that are owned and maintained by the Districts, including the landscaping, parks, native areas, stormwater control facilities, and the clubhouse and pool facilities; and
- E. The Districts desire to share the costs of the operations, maintenance, repairs and capital improvements required for landscaping services and the operation and maintenance of the clubhouse and pool facilities; and
- F. The terms of this Agreement and any amendments thereto shall comply with the terms of the Settlement Agreement and Release entered into by and between District 1, District 2, Erie Highlands Metropolitan District Nos. 3-5, and Clayton Properties Group, Inc. d/b/a Oakwood Homes, with an effective date of December 31, 2024.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Districts agree as follows:

Terms and Conditions

1. Areas for Shared Operations. The Districts will share in the operations of the following areas (the “**Community Amenities**”):

a. District 1 and District 2 Owned Property. Any tracts owned by either District 1 or District 2 and located within the boundaries of either District 1 or District 2, including, but not limited to, landscaping, parks, entry monuments, native areas, and stormwater facilities.

b. Clubhouse and Pool Maintenance. The Clubhouse and Pool located at 185 Highlands Circle, Erie, CO 80516 jointly owned by District 1 and District 2.

2. Costs to be Shared. The costs to be shared for the Community Amenities (the “**Shared Costs**”) are:

a. Operations. All costs related to the operation, maintenance and repair of the Community Amenities. Such costs also include management, utilities and insurance.

b. Capital. All capital repair and improvements costs, including the costs associated with bidding any capital projects as required by law.

c. Reserve. Reserve amounts needed and as determined in the sole discretion of the Districts.

The Shared Costs shall exclude all costs, including but not limited to operations, capital and reserves, related to the Carriage Homes (Erie Highlands Filing No. 16) located within District 2 that are for services provided only to the Carriage Homes (the “**Carriage Home Services**”), with such Carriage Home Services paid for directly from fees imposed solely upon the Carriage Homes (the “**Carriage Home Fee**”), which Carriage Home Fee shall be separate from and in addition to the Service and Facility Fee (defined in Section 3) and set solely by District 2.

3. Funding of Shared Costs. Funding for the Community Amenities shall be provided as follows:

a. Fees. The Districts, subject to approval by the Town of Erie, anticipate the imposition of a Service and Facility Fee (the “**Fee**”) on all each residential unit, including single family detached, single family attached and carriage home, located within the Districts not owned by an entity that is a developer of the property. The Service and Facility Fee will be imposed from 2025 to no later than 2029 (five years). District 1 and District 2 will impose the same Fee on each residential unit within their respective boundary and will not exceed the amount of \$636 annually, with the amount of the Fee to be set by the Districts based on the amounts needed for the Shared Costs.

b. Property Taxes and Other Revenue Sources. To the extent the revenue generated from the maximum Fee is not sufficient to pay the Shared Costs, or once the Fee is no longer collected, the Districts will fund the Shared Costs from Property Taxes and other revenue sources in proportion to the assessed value of the residential property within each District.

(i) General Fund Mill Levy. For fiscal years 2025, 2026 and 2027, District 1 and District 2 will impose the maximum allowable general fund mill levy. For fiscal year 2028 and later, the Districts will impose the same general fund mill levy, as determined by the Districts' adopted budgets.

4. Community Amenities Budget. On an annual basis, Districts 1 and 2 shall prepare a scope and obtain estimates for the Shared Costs for the following fiscal year. Such estimate shall be incorporated in the draft District budgets to be circulated no later than October 15 of each year.

5. Contracting and Bidding. All contracts for providing the services making up the Shared Costs shall be jointly entered into between the Districts and the service provider on a form mutually agreed to by the Districts. Any bidding for capital projects for the Community Amenities shall be jointly bid by the Districts and any such award shall be subject to approval by both District 1 and District 2.

6. Community Amenities Fund. The revenue and expenses for the Community Amenities shall be tracked in a separate fund called the "Community Amenities Fund" and shall be shown as part of the District 1 budget. Because the Community Amenities Fund shall be part of the District 1 budget, payments related to the Community Amenities shall be made by District 1.

7. Insurance. Each District shall be responsible for obtaining insurance for the Community Amenities owned by each District. The other District shall be named as an additional insured on such insurance policy as related to the Community Amenities. Any jointly owned Community Amenities shall be insured by both Districts.

8. Obligation to Fund. Each Districts' obligation to provide funding for the Community Amenities is subject to the annual appropriation and approval of each District. In the event one of the Districts does not approve or appropriate some or all of the funds for the Shared Costs:

a. District Owned Property (Except for Clubhouse and Pool) . Each District shall be responsible for the operations, maintenance, repair and capital improvements for the tracts owned by the respective District.

b. Clubhouse and Pool. The Clubhouse and Pool is jointly owned by the Districts. If one District fails to appropriate or provide funding for the Clubhouse and Pool and the other District determines to provide the required funding, the District providing the funding may impose fees for the use of the Clubhouse and Pool by property owners and residents who own or reside within the District that failed to provide funding (for example, a "membership fee"). If funding is not provided by either District 1 or District 2, the other District is not

obligated to provide funding for the Clubhouse and Pool, in which case, the Clubhouse and Pool will be closed until funding is provided.

9. Term and Termination. This Agreement shall expire on December 31, 2025. Thereafter, this Agreement shall automatically renew on January 1 of each year until terminated, subject to the annual appropriation of the Districts.

This Agreement may be terminated by either District at any time by providing 30 days written notice to the other District. The terminating District shall provide the funding required for the Shared Costs for the year of termination, with such termination effective for the fiscal year following the year of termination.

10. Notices. Any notices, demands, or other communications required or permitted to be given in writing hereunder shall be hand delivered, sent by First Class Mail, FedEx or UPS, or via e-mail, addressed to the Parties at the addresses set forth below, or at such other address as either party may hereafter designate by written notice to the other party given in accordance herewith.

To Erie Highlands Metropolitan District No. 1:

Erb Law, LLC
Attn: Jeffrey Erb, Esq.
8480 E. Orchard Road, Suite 3650
Greenwood Village, CO 80111
Email: jerb@erblawllc.com
Tele: 303-626-7125

To Erie Highlands Metropolitan District No. 2:

Fritsche Law, LLC
Attn: Joan Fritsche, Esq.
3900 E. Mexico Ave., Suite 300
Denver , CO 80210
Email: joan@fritschelaw.com
Tele: 303-833-4223

11. Entire Agreement/Modification. This Agreement, including all Exhibits, constitutes the entire Agreement between the Parties and sets forth the rights, duties, and obligations of each to the other as of the effective date of this Agreement. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both Parties.

12. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other of the provisions of this Agreement, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided herein, nor shall the waiver of any default hereunder be deemed a waiver of any subsequent default hereunder.

13. Counterparts/Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Electronic or facsimile signatures will be treated as originals and shall evidence each party's approval and acceptance of the Agreement.

14. Controlling Law/Venue. This Agreement shall be governed by and construed in accordance with the law of the State of Colorado and any disputes shall be heard in the district court for Weld County, Colorado.

15. Assignment. This Agreement may not be assigned in whole or in part by any District without the prior written consent of the other District.

16. Immunity and Appropriations. By entering into this Agreement, the Districts do not waive or release any of the rights, defenses, monetary limitations or protections afforded to them under the Colorado Governmental Immunity Act, C.R.S. §§24-10-101, *et seq.*, or common law sovereign immunity. Further, nothing in this Agreement is intended to constitute a multi-year fiscal obligation of the Districts under the Colorado Constitution, Art. X, Section 20, and any future year fiscal or monetary obligation of the Districts is subject to duly authorized appropriations by their respective Boards of Directors.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective the date of mutual execution. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

ERIE HIGHLANDS METROPOLITAN
DISTRICT NO. 1



By: Josh Malm

Its: Board President

ATTEST:



By: Sam Mayer

Its: Secretary

ERIE HIGHLANDS METROPOLITAN
DISTRICT NO. 2



By: Mitchell Gonzales

Its: Board President

ATTEST:



By: Keith Kauffman

Its: Secretary