

MASTER METER CONTRACT

THIS MASTER METER CONTRACT is entered into this 15th day of July, 2008 between the CITY OF TRINIDAD, COLORADO, a Municipal Corporation, hereinafter referred to as the "Seller" and SANTA FE TRAIL RANCH METROPOLITAN DISTRICT, a Special District, hereinafter referred to as "Buyer",

WITNESSETH THAT:

WHEREAS, the Santa Fe Trail Ranch Metropolitan District is located south of the City of Trinidad, in Las Animas County, described in Attachment "A" and includes the partially developed Santa Fe Trails Ranch Subdivision; and

WHEREAS, approximately 132 homes have been built in the subdivision, and it is projected that as many as 317 additional homes may be built over the next 15 years; and

WHEREAS, the Seller owns and operates a water supply distribution system, which has the capacity to serve both the existing and projected home sites within the District.

WHEREAS, Buyer and Seller entered into a Water Purchase Contract dated September 21, 1998 whereby Buyer took delivery of water for residential and domestic use from the Seller and Seller reserved water taps for future development within the subdivision;

WHEREAS, the Buyer desires to continue to take delivery of water for residential and domestic use from the Seller; and

WHEREAS, the Buyer desires Seller to continue to reserve sufficient water taps to accommodate the maximum build out of the subdivision; and

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth.

A. The Seller Agrees:

1. To furnish the Buyer at the point of delivery hereinafter specified during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the State of Colorado in such quantity as maybe required by the Buyer.
2. To furnish water at available pressure from a point of connection with a two-inch (2") tap on the existing six-inch (6") water line adjacent to the Holiday Inn.
3. To reserve sufficient water taps to accommodate the maximum build out of homes (449 tracts) until December 31, 2018, and to restrict purchase of those taps to the Buyer or the owners of each individual tract. No individual water taps shall be installed after December 31, 2018 without the written consent of the Seller.
4. To use reasonable diligence to provide a regular and uninterrupted supply of service to the Buyer, but shall not be liable to the Buyer for damages, breach of contract, or otherwise, for failure, suspension, diminution, or other variations of service occasioned by any cause beyond the control and without the fault or negligence of the Seller. Such causes may

include, but are not restricted to, acts of God or of the public enemy, fires, floods, epidemics, quarantine restrictions, strikes, or failure or breakdown of transmission line or other facilities.

5. To furnish the Buyer each month, with an itemized statement of the amount of water furnished the Buyer during the preceding month.

B. The Buyer Agrees:

1. To pay the Seller within the specified time period each month for water delivered, the purchase price of such water to be at the applicable rate for water service outside the corporate limits of the Seller, as set forth in the Code of Ordinances of the City of Trinidad subject to any future amendments or revisions of said Code of Ordinances.

2. To pay the Seller the sum of three thousand one hundred fifty dollars (\$3,150.00) per individual tap issued for residential and domestic use within the District, which amount shall constitute a Plant Investment Fee (PIF) as specified in Section 12-67(2) of the Code of Ordinances of the City of Trinidad, setting forth the PIF assessed for a three-fourths inch (3/4") diameter tap under the Water Plant Investment Fee-Rural fee schedule, most recently amended in Ordinance No. 1579.

3. To pay to the Seller in addition to the Plant Investment Fee, an additional fee of two thousand dollars (\$2,000.00) for each individual tap to pay for the cost to the City to acquire additional water rights to offset the volume of water to be consumed by the Buyer. This amount is based on a value of ten thousand dollars (\$10,000.00) per acre foot of water and an estimated volume of 0.20 acre feet of annual usage per dwelling. Water usage shall be reviewed every two (2) years determine whether the estimated volume of annual usage per dwelling is accurate.

4. To advise the Seller of the issuance by Las Animas County of all building permits or other documents or licenses authorizing the construction or placement of improvements for human occupancy by owners or occupants on tracts of land located within the District. The Buyer's obligation to pay PIF and the Water Rights Acquisition Fee, set forth in Sections B.2. and B.3. of this Contract for individual residential taps shall be triggered by the installation of each individual residential tap. No individual water tap shall be installed until such payment has been made by the Buyer to the Seller. It shall be the responsibility of the District to take any steps required to prevent the installation of any individual water taps within the District without prior payment of the PIF and the Water Rights Acquisition Fee. In the event that an individual water tap is installed without prior payment of the PIF and Water Rights Acquisition Fee, the Buyer shall be liable to the Seller for the amount equal to double the PIF and Water Rights Acquisition Fee.

5. To obtain from the Seller a water-tap/service permit prior to the activation of any residential water tap.

6. To install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or vault and required devices of standard type for properly measuring the quantity of water delivered to the Buyer, and to calibrate such metering equipment whenever requested by Seller, but not more frequently than once every twelve (12) months, and the necessary pressure sustaining valve, automatic closure valve, control valves and chlorination equipment. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous reading of any meter disclosed by test to be inaccurate shall be corrected for the two months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the

amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Buyer shall be read each month. An appropriate official of the Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

C. It is further understood and agreed between the Buyer and Seller as follows:

1. That the Seller will at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Buyer with quantities of water required by the Buyer. Temporary or partial failures to deliver water shall be remedied with all reasonable dispatch. The use of water outside the corporate limits shall be subject to the paramount rights of users within the corporate limits. In the event that there is a scarcity or shortage of water and the Seller has insufficient water to provide for users both within and without the corporate limits, the Seller may reduce, curtail, or shut off the supply of water to the Buyer's consumers during such period of scarcity or shortage in the same manner as the supply of water to the users outside the corporate limits is reduced, curtailed or shut. Off. Seller may also impose reasonable regulations and restrictions for the use of water outside of its corporate limits which are different from those that are applicable to the use of water within its corporate limits.
2. That the provisions of this Contract pertaining to the amount of plant investment fee and the water rights acquisition fee set forth in Sections B.2. and B.3 of this contract, and schedule of rates to be paid by the Buyer for water delivered are subject to modification pursuant to amendment of the Code of Ordinances of the City of Trinidad. Other provisions of this Contract may be modified or altered by mutual agreement of the parties hereto.
3. That this Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Buyer will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.
4. That in the event of any occurrence rendering the Buyer incapable of performing under this Contract, any successor of the Buyer, limited to a municipality or other governmental unit or water association comprised solely of any or all of the purchasers of land tracts comprising the Santa Fe Trail Ranch Metropolitan District of Buyer, whether the result of legal process, assignment or otherwise, shall succeed to the rights of the Buyer hereunder.
5. The Buyer shall not install any pumping or storage equipment without prior written consent of the Seller. Buyer shall provide water to the tracts comprising the Santa Fe Trail Ranch Metropolitan District for urban; residential and limited livestock (horses) use only. Buyer may not provide water for commercial or industrial use and each water tap authorized by this contract may be utilized by the deeded property owner only.
6. In compliance with City policy and the Code of Ordinances, the Buyer shall provide all necessary documents, including rights of ways agreements, deed covenants, roadway crossing permits and copies of properly issued county building permits prior to the activation of any of the taps authorized herein for each proposed residential home sites within the Santa Fe Trail Ranch Metropolitan District.
7. In addition to the payments of the fees set forth in Sections B.2. and B.3. of this Contract, no residential water tap shall be issued for a given tract of land until completion of the following: Execution of an agreement to apply for or consent to annexation of land by the owner of any tract of land to be served by a residential water tap requiring such owner to sign a petition to annex such land to the City of Trinidad without an election within ten (10) days after request by the

City and to not sign or initiate a petition for an annexation election.

8. The venue of any action in law or equity brought under the terms of this Contract shall be in the District Court, sitting in and for the County of Las Animas, State of Colorado and by the signing of the Contract, the parties consent hereto that the said venue shall be in Las Animas County, Colorado,

9. This Contract shall be binding on the heirs, successors, and assigns of the parties.

10. In the event of any material breach of any of the terms of this Contract by either of the parties hereto, the other may terminate this Contract upon thirty (30) days written notice to the other.

11. All notices which are required or which may be given thereunder shall be considered as properly given if delivered in writing, personally, or sent by certified mail, postage prepaid, and addressed as follows:

If to the SELLER

City Clerk  
City of Trinidad  
P.O. Box 880  
135 North Animas Street Trinidad, CO 01002

If to the BUYER:

Santa Fe Trail Ranch Metropolitan District  
c/o The Century Financial Group  
109 W. Main Street  
Trinidad, CO 81082

IN WITNESS WHEREOF, the parties have signed this Contract this 15th day of July, 2008.

CITY OF TRINIDAD, COLORADO

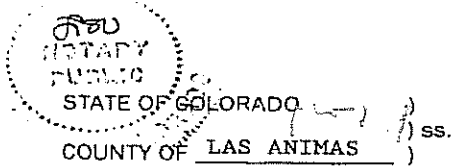
By Joseph A. Reorda  
Joseph A. Reorda, Mayor

ATTEST:

Audra Fatur  
Audra Fatur, City Clerk

SANTA FE TRAIL RANCH  
METROPOLITAN DISTRICT

BY: *Robert L. Scott*  
Robert L. Scott, President



SUBSCRIBED AND SWORN TO before me this 16th day of July, 2008, in the County of  
Las Animas, State of Colorado by Robert L. Scott

*Pamela Ajizil*  
Notary Public

My Commission Expires: 02/11/2011