

MEMORANDUM OF UNDERSTANDING AND AGREEMENT CONCERNING THE PROPOSED SUBDIVISION OF COMMON AREA SIX AT SOUTH SHORE AT STAGECOACH

This Memorandum of Understanding and Agreement (hereinafter, "Agreement") is entered into this 6th day of February, 2024, by and between the Stagecoach Property Owners Association ("SPOA"), a Colorado non-profit corporation and Tri-State Generation and Transmission Association, Inc., a Colorado cooperative association ("Tri-State").

RECITALS:

A. Tri-State Ownership of Existing Lots at South Shore. Tri-State is the owner of the following Lots and parcels shown on the original plat of the residential subdivision known as "South Shore at Stagecoach:" Lots 60, 135, 136, Multi-Family Tract 1, the portion of Common Area 19 located east of Routt County Road 18A (hereinafter referred to as the, "TS portion of CA19"), the portion of Common Area 9 located west and south of the parcel owned by Morrison Creek Metropolitan Water and Sanitation District (hereinafter referred to as the, "TS portion of CA 9"), Common Area 13, and the portion of Common Area 6 located in the north one-half of the northwest quarter of Section 32 (hereinafter referred to as the "TS portion of CA 6").

B. Tri-State Proposal to Subdivide CA 6. Tri-State is also the owner of an approximately ten-acre parcel that borders the TS portion of CA 6 and is identified by Parcel ID number 950322001 (hereinafter referred to as the, "10-acre Parcel"). Tri-State now proposes to re-plat the TS portion of CA 6, along with the 10-acre Parcel, to form five new lots [hereinafter referred to singly as a, "New Lot" and together as, "New Lots"), each of which will have an area exceeding five acres. This division of the Tri-State portion of CA 6 and the 10-acre Parcel to form the New Lots is referred to hereinafter as the, "Re-Plat."

C. SPOA Ownership of CA 6. SPOA owns the portion of Common Area 6 in the South Shore at Stagecoach subdivision that is located in the south one-half of the northwest quarter of Section 32 (hereinafter referred to as the, "SPOA portion of CA 6").

D. Construction of an Access Road for the New Lots. To provide access to the New Lots, Tri-State proposes to construct a new Routt County standard gravel road from Shoshone Way, through Lot 60, and continuing into the interior of what is presently the TS portion of CA 6 (hereinafter referred to as the, "New Lots Road"). The approximate location of the road is shown in the map attached as Exhibit "A" which also shows the present intended approximate location of the New Lots. It is the intention of Tri-State that the New Lots Road will be constructed by Morrison Creek Metropolitan Water and Sanitation District (hereinafter referred to as, "Morrison Creek"), on terms to be negotiated separately by Tri-State and Morrison Creek. As consideration for the

construction of the road, Tri-State will convey certain real property interests to Morrison Creek, as more fully described below.

E. The Effect of Subdivision on Sanitary Vault Availability. The South Shore at Stagecoach subdivision, as originally platted, contained 218 Lots and 39 Multi-Family Tracts. Although the Morrison Creek sewage treatment plant is located at South Shore, it only serves, via pipeline, a few of the South Shore Lots. In order to obtain a building permit in Routt County, the applicant must have an approved method for disposing of sewage. Because of the lack of pipeline sewage service at South Shore and elsewhere in Stagecoach, Routt County and Morrison Creek entered into an "Intergovernmental Agreement", pursuant to which it was agreed that Routt County would allow a certain number of lots in various subdivisions to be issued building permits, even though they were not connected via pipeline to the sewage treatment plant, so long as the sewage from the residence on the lot was deposited in a sealed concrete "vault", and so long as Morrison Creek provided a service for removing the sewage from the vault and delivering it to the sewage treatment plant for disposal.

The number of building permits available under the Intergovernmental Agreement is determined by the land area of the subdivision. Since South Shore has an area of approximately 500 acres, approximately 100 vaults can be installed to dispose of residential waste. However, a number of the original South Shore Lots and Multi-Family Tracts were removed from residential use at the time the Stagecoach Reservoir was constructed. And there have been other changes to the Lots and Multi-family Tracts which have affected the availability of vaults. Also, a number of homes have been constructed since the time the Intergovernmental Agreement was signed, reducing the number of remaining permitted vaults. At the present time the number of remaining permitted vaults is approximately 50, even though there are still at least 150 Lots and Multi-Family Tracts without residences.

SPOA opposes any action by Tri-State that would result in an increase in the number of lots at South Shore eligible to receive one of the relatively few remaining permitted vaults. To avoid this result, Tri-State proposes that each New Lot will have an area of five acres or more. Under existing Routt County ordinances, this would allow the owner of the New Lot to construct a leach field for sewage disposal, rather than connect to a vault. Since SPOA's participation in this Agreement is contingent upon the foregoing, it is the intention of SPOA and Tri-State, that the New Lots will be encumbered by covenants requiring that any residence constructed on the Lot be connected to a leach field for sewage disposal.

SPOA also opposes any action by Tri-State that would result in the reduction of the number of permitted vaults currently available to Lot owners at South Shore. Since the development of the New Lots may result in the subtraction of the area of the New Lots from the South Shore total, it is not clear whether the proposed development will result in a reduction. For that reason it is the intention of SPOA that this agreement shall be

contingent on a finding by both Morrison Creek and Routt County that there will be no reduction in remaining permitted vaults.

F. New Lots Shall be Subject to the Stagecoach Covenants. It is the intention of both SPOA and Tri-State that the New Lots shall be subject to the Stagecoach Covenants. To satisfy this intention, the New Lots will be encumbered by a declaration, signed by Tri-State, to the effect that the title held by Tri-State is subject to the Stagecoach Covenants, as amended from time to time, and that these Covenants shall run with the land and be binding upon Tri-State's successors in title. The declaration will also clarify that each New Lot is to be treated as a single "Lot" under the Covenants. A separate document will be signed by SPOA, and filed simultaneously with the declaration, stating that SPOA accepts the addition of the New Lots to its jurisdiction and that each New Lot shall be treated as a single "Lot" under the Covenants.

G. Conveyance of Real Property to SPOA and Morrison Creek. The Parties have agreed that in return for SPOA's support of the Re-Plat, Tri-State will convey certain real property interests to SPOA, as more fully described below. The parties have also agreed that Tri-State will convey certain real property interests to Morrison Creek, although the conveyances to Morrison Creek will be subject to the satisfactory construction, by Morrison Creek, of the County- standard gravel road referred to above. These conveyances will happen only after all of the contingencies described below, including County approval of the Re-Plat, have been satisfied. To insure an orderly conveyance, Tri-State will sign and deliver to an escrow/title company of Tri-State's choice, prior to satisfaction of all the contingencies, conveyance documents in a form approved by SPOA.

H. Conveyance of Multi-Family Tract 1 a Material Condition of the Agreement. For SPOA, a material condition of its agreement is the conveyance by Tri-State of Multi-Family Tract 1. Morrison Creek wishes to acquire the property for the construction of future housing for employees. SPOA, for its part, is presently opposed to the construction of multi-family housing on the property, although SPOA's position on the matter may change in the future. SPOA would prefer to see the property used for other purposes to benefit the general membership of the Association. It is not necessary to resolve this difference at the present time. So, SPOA and Morrison Creek have agreed to hold title to the property jointly and continue their discussion about future use of the property. Tri-State initially proposed to retain title until Morrison Creek completes construction of the access road for the New Lots. However, Morrison Creek is not a party to this Agreement and SPOA is unwilling to condition conveyance of Multi-Family Tract 1 on future actions by Morrison Creek. The parties have agreed, therefore, that Tri-State will convey Multi-Family Tract 1 to SPOA upon satisfaction of the contingencies described herein. And SPOA has agreed that it will convey a one-half undivided interest in the property to Morrison Creek upon confirmation by Tri-State that Morrison Creek has completed the construction of the access road to the satisfaction of Tri-State.

NOW, THEREFORE, IT IS AGREED BY THE PARTIES AS FOLLOWS:

I. CONTINGENCIES.

1. Permitted Vaults. If either Morrison Creek or Routt County conclude, at any time prior to the filing of a plat, signed by the County, showing the New Lots, that the creation of the New Lots will result in a reduction in the number of remaining permitted vaults at South Shore, then this Agreement shall be null and void and have no further effect.

2. County Approval of the RePlat. If Routt County fails to approve the Re-Plat on terms acceptable to Tri-State, then this Agreement shall be null and void and have no further effect. Tri State shall be deemed to have accepted the Re-Plat if it signs the new plat and the said plat is also signed by the County and filed in the office of the County Recorder.

II. INITIAL ACTIONS TO BE TAKEN BY THE PARTIES

1. Filing of the Petition for a Re-Plat. Tri-State shall prepare and file a petition to the County requesting the consolidation and subdivision of the TS portion of CA 6 and the 10-acre Parcel into the New Lots. In connection with this petition, Tri-State is not limited to the configuration of the New Lots shown in Exhibit A but shall be free to draw proposed boundaries as it sees fit, provided, however, that each of the New Lots must qualify, under applicable County standards, for the construction of a leach field to dispose of waste. In order to prevent needless mis-understandings, Tri-State shall notify SPOA of the proposed boundaries of the New Lots prior to filing the petition with the County. SPOA shall support the petition, so long as it complies with the intentions of the parties, as stated above, throughout the approval process. SPOA shall have no obligation to pay any portion of, or reimburse Tri-State for, any expense incurred by Tri-State in connection with the petition or the approval process.

2. Confirmation that the Vault Contingency is Met. Once the petition for a Re-Plat has been filed, SPOA shall contact both Morrison Creek and the County and request written confirmation from each that the proposed New Lots will not result in a reduction in the number of remaining permitted vaults at South Shore.

3. New Lots Subject to the Covenants. SPOA shall prepare and submit to Tri-State for approval a form of declaration whereby Tri State agrees to subject the title of the New Lots to the Stagecoach Covenants. SPOA shall also prepare and submit to Tri-State for approval a form of document, to be signed by SPOA accepting jurisdiction of the New Lots. Once the form of the documents has

been agreed, Tri-State and SPOA shall sign the documents and deliver them to the title company acting as escrow in this transaction, as described below.

4. Opening of Escrow and Preparation of Conveyance Documents. Upon the filing with the County of the petition for a Re-Plat, the parties shall jointly open an escrow account at a title company selected by Tri-State. In this regard, the parties shall sign standard form escrow instructions reasonably requested by the title company. The purpose of the escrow is for the title company to hold signed conveyance documents until all contingencies have been satisfied. In this regard, the title company shall arrange for appropriate conveyance documents to be prepared and shall deliver copies to Tri-State and SPOA. Once the language of the conveyance documents has been agreed to by Tri-State and SPOA, the parties shall sign the documents and return them to the title company. The deadline for the parties to sign conveyance documents and deliver them to escrow shall be the date set for the meeting of the County Commissioners to approve the Re-Plat.

The conveyance documents to be prepared by the title company are as follows:

- a. A quitclaim deed conveying Tri-State's interest [if any] in the SPOA Portion of CA 6, to SPOA; and
- b. A special warranty deed conveying all of Tri-State's right title and interest in Common Area 13 to SPOA; and
- c. A special warranty deed conveying all of Tri-State's right, title and interest in the TS portion of Common Area 19 to SPOA; and
- d. A special warranty deed conveying all of Tri-State's right, title and interest in Multi-Family Tract 1 to SPOA; and
- e. A special warranty deed, to be signed by SPOA, conveying a one-half undivided interest in Multi-Family Tract 1 to Morrison Creek and a one-half undivided interest in Multi-Family Tract 1 to SPOA, as tenants in common; and
- f. A document, to be signed by Tri-State, the effect of which is to grant and/or convey to SPOA, in perpetuity, a twenty foot wide easement running along the rear and west boundaries of the TS Portion of Common Area 9, for the purpose of constructing recreational trails; and
- g. A special warranty deed, conveying all of Tri-State's right, title and interest in Lots 135,136 and the TS Portion of Common Area 9 (, subject to the twenty foot wide easement in favor of SPOA), to Morrison Creek.

The title company shall file the conveyance documents at the County Recorder's office, and deliver copies to the parties, upon receipt of instructions from both SPOA and Tri-State to the effect that any contingencies with respect to

the conveyances have been satisfied. The costs of the escrow shall be borne by the parties as follows: Tri-State shall pay the cost of preparing the conveyance documents. SPOA shall pay the cost of title insurance, and the commitment to provide such insurance, for property conveyed to SPOA, and all other costs shall be paid one-half by SPOA and one-half by Tri-State. There shall be no allocation between the parties with respect to real property taxes or SPOA assessments.

III. ACTIONS TO BE TAKEN BY THE PARTIES AFTER ALL CONTINGENCIES HAVE BEEN SATISFIED.

- 1. Declaration Submitting the New Lots to the Stagecoach Covenants.** Immediately after the filing of the new plat for the New Lots, Tri-State shall sign and file at the office of the County Recorder the declaration subjecting the New Lots to the Stagecoach Covenants. Immediately after the filing of the declaration by Tri-State, SPOA shall file the document accepting jurisdiction for the New Lots.
- 2. Quit Claim Deed for the SPOA Portion of CA 6.** SPOA and Tri-State shall instruct escrow to file the quit-claim deed conveying Tri-State's interest in the SPOA portion of CA 6 [if any] to SPOA.
- 3. Special Warranty Deed for Common Area 13.** SPOA and Tri-State shall instruct escrow to file the special warranty deed conveying all of Tri-State's right title and interest in Common Area 13 to SPOA.
- 4. Special Warranty Deed for TS Portion of CA 19.** SPOA and Tri-State shall instruct escrow to file the special warranty deed conveying all of Tri-State's, right, title and interest in the TS Portion of Common Area 19 to SPOA.
- 5. Special Warranty Deed for Multi-Family Tract 1.** SPOA and Tri-State shall instruct escrow to file the special warranty deed conveying all of Tri-State's right, title and interest in Multi-Family Tract 1 to SPOA.

IV. ACTIONS TO BE TAKEN BY THE PARTIES UPON COMPLETION OF THE ROAD PROVIDING ACCESS TO THE NEW LOTS

- 1. Special Warranty Deed for a One-Half Interest in Multi-Family Tract 1.** Upon completion of the road to the satisfaction of Tri-State, SPOA and Tri-State shall instruct escrow to file the special warranty deed conveying all of SPOA's right, title and interest in Multi-Family Tract 1 in equal shares to Morrison Creek and SPOA, as tenants in common.
- 2. Grant and/or Conveyance of Trail Easements Across CA 9.** Upon completion of the road to the satisfaction of Tri-State, SPOA and Tri-State shall instruct

escrow to file the document granting and/or conveying the twenty-foot rear and side trail easements across the TS Portion of CA 9 to SPOA. This document shall be filed prior to the deed conveying Lots 135, 136 and the TS Portion of CA 9.

3. Special Warranty Deed for Lots 135, 136 and the TS Portion of CA 9.

Upon completion of the road to the satisfaction of Tri-State, SPOA and Tri-State shall instruct escrow to file the special warranty deed conveying all of Tri-State's right, title and interest in Lots 135, 136 and The TS Portion of CA 9 to Morrison Creek.


V. GENERAL PROVISIONS

1. Time is of the Essence. Time is of the essence with respect to all actions of the parties described in this Agreement. In this regard, and without limiting the generality of the preceding sentence, the parties specifically agree to respond expeditiously to each other, as well as Routt County, and to attend meetings called by the County or either of the parties, upon reasonable notice.

2. Mutual Cooperation and Good Faith. The parties shall cooperate with each other, in good faith, to achieve the objectives and intended results described in this Agreement. This duty of good faith shall include the signing of such additional documents as shall be reasonably required.

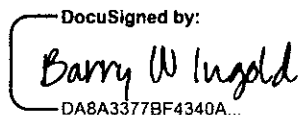
3. Colorado Law Applies. This Agreement shall be interpreted and enforced under the law, statutory and common, of the State of Colorado. Venue for any legal proceeding shall lie with the District Court in Steamboat Springs, CO.

STAGECOACH PROPERTY OWNERS ASSOCIATION

By: 
It's President Eli Nykamp

Dated: 2.1.24

TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

DocuSigned by:

DA8A3377BF4340A...

By: Barry W. Ingold

Dated: 2/6/2024

It's: Chief Operating Officer