

MORRISON CREEK METROPOLITAN WATER & SANITATION DISTRICT

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Email: [gdromero@mcwater.org](mailto:gdromero@mcwater.org)

\_May 16\_, 2024

Tailwaters at Stagecoach, LLC

ATTN: Mr. Nick Salter

5 Murray Road, Unit B-4

Edwards, CO 81632

[www.saltboxcustomhomes.com](http://www.saltboxcustomhomes.com)

ATTN: Mr. Tim McGuire

Contour Design Collective

164 Railroad Avenue

Minturn, CO 81645

[tmcguire@contourdesigncollective.com](mailto:tmcguire@contourdesigncollective.com)

RE: Commitment Letter for District Central Water & Sewer Service to Subdivision Tailwaters At Stagecoach

Dear Messrs.. Salter and McGuire:

You or an entity controlled by you are the owner and/or developer of property described by the Routt County Assessor as Lot Pin: 961052001, located in the SW1/4SW1/4 of Section 32, T4N, R84W of the 6<sup>th</sup> PM and in Lots 8 and 9 of Section 5, T3N, R84W of the 6<sup>th</sup> PM, as described in Deed recorded at Reception No. 844865, known or to be known as Tailwaters At Stagecoach (the "Subject Property"), which is located within the boundaries of the Morrison Creek Metropolitan Water & Sanitation District (the "District"). Said Subject Property consists of approximately 89.17 acres currently zoned high density residential (HDR). You are proposing to re-subdivide the Subject Property into multiple (approximately 200) new residential lots (the "Project"), and you are requesting central municipal water service and sanitary sewer collection service from the District to all of the subdivided residential lots in the Subject Property.

This letter shall serve as the conditional agreement and commitment of the District that it will make available to the Subject Property the existing sewage disposal trunklines and water distribution trunklines and appurtenances of the District, and shall serve the Subject Property with central collection and treatment of raw sewage and central water service, but only AFTER completion of construction of the Major Water Infrastructure Improvements described generally in subsection (p) below, AND PROVIDED, however, that this commitment is also conditioned upon and subject to each of the following:

(a) As used in the letter, Tailwaters at Stagecoach, LLC, a Colorado limited liability company, is sometimes referred to as the “Developer,” and the term “Engineer” shall be such person or firm as chosen by the District Manager of the District for consultation.

(b) Construction, maintenance and operation of water and sewer trunk lines, service lines and appurtenances on and to the Subject Property shall be subject to all terms, limitations and provisions of the District’s rules and regulations, policies and specifications for mainline construction in effect from time to time.

(c) A District sewage collection trunk line and a District central water trunk line are not currently inside the boundary of the Subject Property. The Developer shall engage a licensed civil design engineer, at Developer’s sole cost, to design appropriate extensions of the District’s sewage collection trunkline and water main trunkline to and into and within the Subject Property to provide such sewage collection and potable municipal water services to the Project. Such design layout is subject to modification requirements imposed by the General Manager of the District. Such water and sewer trunkline extensions to and within the Subject Property with appropriate service line extensions to Lots within the Project shall be installed at the sole cost of the Developer, without reimbursement. The Developer must confer with the District Manager and the District Engineer regarding the lay-out and locations of such water and sewer trunkline extensions, and the locations of such extensions and service lines for serving your entire Project.

(d) Prior to construction of any water and sewer trunk lines or appurtenances on or to or within the Subject Property, the Developer shall prepare and submit, at Developer’s sole cost two (2) copies of the final plans and specifications for the water and sewer improvements to the District Manager for written approval. The Manager shall engage an independent Engineer as needed to aid in the review and approval or approval with conditions or disapproval of the plans and specifications for the Project, and the costs to the District for such Engineer’s services to the District shall be reimbursed to the District by the Developer.

(e) Developer shall execute a subdivision improvements agreement with Routt County (or the District if necessary) committing to complete the installation of the required water and sewer trunk lines to the Subject Property as described under paragraph (c) above, and within the Subject Property for availability to all subdivided lots, with appropriate service line lateral connections to the boundaries of all such lots. A copy of such agreement must be submitted to the District Manager for review and approval. Such improvements agreement will be secured by a Bank letter of credit in a form acceptable to the District Manager and the District’s general counsel, in an amount equal to not less than 125% of the estimated cost of completion of such required water and sewer trunk lines and appurtenances.

(f) Developer will be solely responsible for maintenance, repair and replacement of such water and sewer trunk line extensions and the service line connections, and shall promptly repair or replace defects in material or workmanship which occur or become apparent until final acceptance by written resolution of all or part of such trunkline extensions duly and properly adopted by the Board of Directors of the District. Final acceptance may not occur until at least

one year has passed after preliminary acceptance, and final acceptance is contingent upon satisfactory performance of the water and sewer facilities installed by Developer to and within the Subject Property. The District has no obligation or duty to accept the water or sewer system trunk line extensions and service line connections constructed by Developer until they have been completed, accepted on final inspection, and Developer has performed all requirements of this commitment letter.

(g) Prior to preliminary acceptance of the water and sewer trunk line extensions to and within the Subject Property, the Developer shall prepare and furnish to the District Manager, at Developer's sole cost, a complete set of reproducible as-built drawings showing all extended sewer lines, service line locations to stub-out, and manholes, and all extended water lines, service line extensions to stub-out, and fireplugs, along with three point location of the same, and showing the surveyed location of the utility easements to be dedicated to the District, and the recording data reference for any other utility easement proposed to be used by the Developer. Such information shall also be provided in appropriate electronic format.

(h) No central water or sewer service shall be supplied, or building permits approved, by the District to any subdivided or re-subdivided lots within the Subject Property until and unless the water & sewer system extensions and service line connections and related appurtenances constructed to and within the Subject Property passes the inspection and testing by the Manager of the District, have received written preliminary acceptance by the Board of Directors of the District, the District has received unencumbered utility easements in form and content acceptable to the District's general counsel for the location of all trunk lines and appurtenances not located within dedicated and accepted Routt County road rights of way, and Developer has paid to the District the New Water Tank Project Assessment described and computed in accordance with paragraph (p) below. In addition, pursuant to paragraph (p) below, the number of residences within the Subject Property which may be connected into the water system extensions and service line connections is severely limited until and unless the owners/developers of other "special areas" described in such paragraph (p) have also paid to the District their respective New Water Tank Project Assessments. Upon completion of the trunk line improvements to and within the Subject Property, the Developer shall advise the District Manager of the availability of the trunk lines and appurtenances for such testing and inspection, and shall coordinate a mutually convenient time for such inspection to take place. No testing or inspections shall take place between November 15 and the following June 1.

(i) The sewer trunk line extensions and water trunk line extensions to serve the Subject Property shall be located within deeded or dedicated public rights of way or within unencumbered utility easements granted of record to the District. The District recommends that such utility easements to the District be dedicated on the plat of the subdivision(s) of the Subject Property, using dedication and acceptance wording supplied and approved by the District.

(j) Service lines to subdivided lots within the Subject Property shall be stubbed out at the time of construction of the water and sewer mains to the vicinity of each lot boundary on the side of the roadway where the Lot is located, and at an appropriate location as determined by the

District Manager, so that completion of service lines to a constructed residence on such Lot will not require a utility excavation road crossing to access a main line.

(k) Water and sewer service connection lines within the Subject Property shall each serve a single lot only. Service lines shall not be used to serve 2 or more lots and any line that serves 2 or more lots shall be subject to prior approval of the District Manager and shall be deemed to be a trunk line, meeting the specifications set by the District Manager, and situated within public rights-of-way or within an unencumbered utility easement granted of record to the District.

(l) Developer of the Subject Property shall convey all water distribution & sewage collection trunk line extensions and appurtenances, including specialty items approved by and to be maintained by the District, to the District, together with a perpetual and unencumbered easement 20 feet wide providing reasonable pedestrian and vehicular access of District employees and contractors to same, except to the extent any part of such water or sewer trunk line extensions and appurtenances and access thereto is located within existing public easements or rights-of-way or within private utility easements already owned by the District, all in the form prepared by counsel for the District. If requested by the District, the Developer shall provide to the District appropriate title insurance commitments by a reputable title insurer acceptable to the District's counsel showing that such deeds and conveyances will vest title in such water & sewer system trunk lines and appurtenance easements in the District, without lien or encumbrance or title defect, upon recording. Such conveyance shall occur prior to final acceptance of the new trunk lines and appurtenances by the District.

(m) All cost and expense, including engineering and design, permitting, construction and testing, of the water and sewage systems to and within the Subject property shall be borne and paid for solely by the Developer. The Developer shall reimburse to the District any costs incurred by the District in reviewing Developer's plans and construction, in inspections of the work of Developer, and in completing the transfer of title to the extensions and necessary easements, including costs of the District for its Engineer and general counsel in performing such related work, including reviewing the Service Request Letter. The Developer shall reimburse to the District any costs incurred by the District in preparation and finalization of this commitment letter and agreement. The Developer shall use only such contractors as are approved in advance by the Manager of the District, whose approval shall not be unreasonably withheld.

(n) This conditional commitment and agreement is subject to breakdown of facilities, accidents, acts of God, emergencies, and governmental intervention and termination of service beyond the control of the District.

(o) Additional water and sewer infrastructure may be required, whether inside or outside of the Subject Property, by the District after the Developer prepares and delivers to the District Manager its preliminary water and sewer facilities plans for the entirety of the Subject Property pursuant to subsection (c) above, and again after Developer prepares and delivers to the District its final plans and specifications pursuant to subsection (d) above, and after evaluation of the

preliminary and final plans and specifications by the Engineer for the District pursuant to section (d) above. Design and construction of such additional infrastructure shall be at the cost of the Developer and not the District.

(p) The Subject Property subject to this Commitment Letter is one of 4 development areas within Stagecoach for which the District has been requested to provide central municipal water and central wastewater collection and treatment services. The four such development areas are described generally as follows:

1. The Subject Property; and
2. The Landaulet Project area within Snokomo Estates parcels; and
3. The Golf Course/South Shore area previously owned by Stahl and expected to be part of the Stagecoach Mountain Ranch development; and
4. The remainder of the Stagecoach Mountain Ranch development other than the Golf Course/South Shore area, including certain lands adjoining the ski area as are annexed and included in the future into the boundary of the District.

The Subject Property and Landaulet Subdivision area property and the Golf Course/South Shore property are sometimes hereinbelow collectively referred to as the “New Water Tank Special Areas.” All 4 of such development areas listed above are sometimes hereinafter collectively referred to as the “2024 Special Areas.”

The District is constrained in its future ability to provide central municipal water and central sewage collection/treatment services to such four development areas by reason of insufficiency of certain water supply infrastructure, and by reason of limitations on the physical capacity and CDPHE permit capacity limitations on the District’s newly constructed wastewater treatment plant, all as described below. In addition the District is also constrained in its future ability to provide central sewage collection/treatment to such 4 development areas by its moral obligation to retain a material portion of capacity in its newly constructed wastewater treatment plant facilities to be able to service a considerable portion of the legacy lots, numbering in excess of 1,500 lots, which were created, platted and sold in subdivisions created by the Woodmoor Corporation from 1970 to 1974 (the “Legacy Lots”).

Pursuant to a study conducted by a third party for the District in 2023, the District identified the need for an additional water storage tank of at least 500,000 gallons in size, an additional water pressure reducing station and water booster station associated with such new tank, and related plumbing and electric and roadway improvements, estimated to cost in 2023 pricing approximately \$2.5 Million dollars, all such new infrastructure to be located in the NE area of the District close to the District’s owned parcel containing its current Stagecoach Wells 2 and 2R (herein called the “Major Water Infrastructure Improvements”). Such Major Water Infrastructure Improvements must be planned, sites obtained, designed, governmentally approved and permitted, and an equitable portion of the total anticipated costs thereof fully funded by the Developer prior to actual interconnection of any lots in the Subject Property to the District’s water trunklines and potable water delivery system. The design engineer and construction contractors

for such Major Water Infrastructure Improvements shall be selected by the District in its sole discretion. The \$2.5 Million estimated cost for such Major Water Infrastructure Improvements shall be adjusted annually in January of each year including 2024 to reflect recognized construction cost index increases and refinement of design and engineering and estimated costs for such Improvements (the “Adjusted \$2.5 Million Cost”), AND will be further adjusted upon completion of construction of such Major Water Infrastructure Improvements to reflect the actual total costs of design, engineering, land acquisition costs, legal and permitting costs, and construction costs to complete construction of the Major Water Infrastructure Improvements (the “Final \$2.5 Million Cost”). The District does not have sufficient financial reserves, or borrowing capacity, to fund the construction of the Major Water Infrastructure Improvements without the advance cash funding of the entire Adjusted \$2.5 Million Cost by the Developer and the owners/developers of the Landaulet Subdivision Project and the Golf Course/South Shore Project, and without the supplemental cash funding from such owners/developers of the amount by which the Final \$2.5 Million Cost exceeds the Adjusted \$2.5 Million Cost.

The equitable share of responsibility for payment to the District of the Adjusted \$2.5 Million Cost and any additions thereto within the Final \$2.5 Million Cost of the Major Water Infrastructure Improvements should be based upon the EQRs of residential densities anticipated in the build-out of the residential and commercial densities proposed in the Subject Property and the Landaulet Subdivision Project and the Golf Course/South Shore Project as described in the final development plans and platting for such projects as approved by the Routt County Board of Commissioners. Contributions of tap-on fees, if any, from Legacy Lots should not be taken into account in determining such equitable sharing. On a preliminary basis, such 3 projects currently propose to Routt County the following numbers of EQRs of residential and commercial densities within the 3 projects:

	Name of Project	Number of EQRs Proposed	Percentage of all EQRs
1.	Subject Property	160 EQRs	36%
2.	Landaulet Subdivision	50 EQRs	11%
3.	Golf Course/ South Shore	233.55 EQRs	53%
		TOTAL	100%

Such Percentages of EQRs for such 3 projects will be finally set and determined by the District and may be adjusted by the District depending upon the densities approved by Routt County during the development planning process of each such project.

Due to such constraints as above described, the Board of Directors of the District will pursuant to C.R.S. §32-1-1006(3), declare and create, as soon as practicable after the platting of the Subject Property into residential lots by Developer, a “special area” consisting of all of the Subject Property, to be known as the “Tailwaters at Stagecoach Special Area.” Such Tailwaters at Stagecoach Special Area shall be governed by and entitled to the benefits of all Rules and Regulations and fees, impositions, assessments, service charges, tap on fees, as applicable to all other lands within the District, BUT SHALL BE SUBJECT TO THE LIMITATIONS OF THIS

COMMITMENT LETTER INCLUDING THE MORATORIUM LIMITATIONS set forth below, AND in addition the District shall levy and assess at the time of creation of such Tailwaters at Stagecoach Special Area, against all lots and parcels and the residences and commercial structures thereafter constructed thereon within such Special Area, special “surcharge assessments” in addition to water and sewer tap-on fees and service charges and availability of service charges, and other special charges, as described as follows and as described in paragraph (q) below, all to be described as “surcharge assessments” by the District:

A. Prior to the connection of the very first residence within the platted Property into the District water supply system, the Developer shall pay in cash to the District a “New Water Tank Project Assessment” equal to the final Percentage of EQRs allocated to the Subject Property by the District as described above. In similar manner, the District will require the payment in cash to the District of a New Water Tank Project Assessment from the other two New Water Tank Special Areas prior to any connection of any residences in such other two areas to the District water supply system, based upon the final percentage of EQRs allocated to such other two areas by the District as described above. After payment of such Assessment to the District by the Developer for the Subject Property, the District will permit the connection of residential structures on platted lots within the Subject Property into the District municipal water lines and system UNTIL a total of 20 residences within all 3 New Water Tank Special Areas have been substantially constructed and interconnected with the District municipal water system, at which time the District shall impose a moratorium and suspension of any further connections of residential or commercial structures within the entirety of the New Water Tank Special Areas until the full amount of the Adjusted \$2.5 Million Cost has been paid from all 3 of such Special Areas to the District. In similar manner, until the owners/developers of all 3 of the New Water Tank Special Areas have all paid to the District their respective New Water Tank Project Assessments, the District will prohibit the connection of more than 20 residential structures on all platted lots within all 3 of the New Water Tank Special Areas to the District municipal water lines and system, so that, until the full amount of the Adjusted \$2.5 Million Cost has been paid from all 3 such Special Areas to the District, there shall be no more than 20 residential connections within such Special Areas collectively which may be permitted by the District to connect to the water supply system of the District.

B. When the owners/developers of all 3 of the New Water Tank Special Areas have all paid to the District their respective New Water Tank Project Assessments as described above, totaling the amount of the Adjusted \$2.5 Million Cost, then the restrictions on the number of residences within all 3 of the New Water Tank Special Areas shall be removed and terminated by the District Board of Directors.

C. When the District has completed construction and installation of the Major Water Infrastructure Improvements, the District will compare the final costs thereof with the prepaid Adjusted \$2.5 Million cost funded by the developers of the New Water Tank Special Areas, and to the extent that such final costs exceed such Adjusted \$2.5 Million Cost, shall invoice and bill the respective developers of each such New Water Tank Special Area, including the Developer of the Project on the Subject Property described in this Letter, the allocated final Percentage of

EQRs of each of their Areas applied to such excess of costs, and such amount so invoiced and billed shall be due and payable in cash to the District within 60 days after such billing (the “Final New Water Tank Project Assessment Addition”). Such Addition shall bear interest at the rate of 18% per annum until paid, from and after 60 days after such billing. If Developer of the Subject Property fails to pay such Final New Water Tank Project Assessment Addition within such 60 days after billing from the District, then the Board of Directors may impose a moratorium and suspension of any further connections of new residences on lots within the Subject Property until such payment, and any accrued interest thereon, is paid in full.

D. Upon payment by the Developer of the New Water Tank Project Assessment for the Subject Property to the District, the District will commit that, for a period of 10 years after receipt of such payment, the District will pay (not more frequently than semi-annually) back to the Developer or its written assignee 50% of the water service tap-on fees actually collected in cash by the District from the residential housing development constructed within the Subject Property, without interest, but not to exceed in cumulative reimbursements to such Developer the sum of the New Water Tank Project Assessment plus the Final New Water Tank Project Assessment Addition to the Subject Property paid by the Developer to the District. At the end of such 10-year period, the reimbursement commitment of the District from water service tap-on fees within the Subject Property shall prospectively cease and be null and void.

The Resolution of the Board of Directors creating the Tailwaters at Stagecoach Special Area, and documentation ancillary thereto, shall be recorded by the District in the Routt County Clerk and Recorder’s office, and the terms and provisions of such Resolution shall be binding upon and a burden upon all lands within the Subject Property.

(q) The District has nearly completed the construction of a new wastewater treatment plant on its property in the South Shore area (the “New Sewer Plant”). It is expected that the CDPHE permit for the New Sewer Plant will contain a limitation of 350,000 gpd of sewage effluent processed through the Plant. Currently, the average daily maximum amount of sewage effluent processed in the existing sewage treatment plant is 100,000 gpd. However, the District has determined that the maximum sewage effluent from the addition of full build-out of the four 2024 Special Areas, together with a reasonably assumed additional volume of residential construction of Legacy Lots, will exceed the capacity of the New Sewer Plant and exceed the capacity limitations in the permitting for the New Sewer Plant. Therefore, in order to prepare for the eventual necessity of additional and further expansion of the District’s wastewater treatment system and New Sewer Plant, the District must impose additional financial surcharge assessment provisions on the four 2024 Special Areas in the creation of such Special Areas, while at the same time preserving a material portion of the existing capacity of the New Sewer Plant for future residential development on the Legacy Lots. Therefore, in the creation by the District of the 2024 Special Areas as described in paragraph (p) above, including the creation of the Tailwaters at Stagecoach Special Area, the Subject Property shall be subject to the obligation and responsibility that, from and after the date that the maximum daily sewage effluent through the New Sewer Plant exceeds 60% of the CDPHE permit capacity for such New Sewer Plant, every connection of a new residence or commercial connection thereafter occurring within the Subject Property shall



require the payment of not only the then-existing Sanitary Sewer Tap-on Fee for such connection but, in addition, a “Surcharge Sanitary Sewer Tap-on Fee” equal to 200% of such then-existing Sanitary Sewer Tap-on Fee rate, i.e., the cost to connect such residence or commercial structure to the District’s sanitary sewer system will be TRIPLE the then-existing Sanitary Sewer Tap-on Fee rate applicable to all other areas of the District outside of the 2024 Special Areas. The District will then commit to deposit the 200% addition in each instance into a then newly-created “Future Sewer Plant Expansion Reserve Fund” and will manage and invest such Reserve Fund in a prudent manner. When the amount of funds within such Reserve Fund are equal to or exceed the estimated cost of a further expansion of the New Sewer Plant, AND the District has obtained a new CDPHE permit capacity commitment that is expected to be sufficient to provide for the sanitary sewer treatment in all of the 2024 Special Areas at buildout, then the District intends to terminate prospectively such Surcharge Sanitary Sewer Tap-on Fees within the 2024 Special Areas. IF the maximum daily sewage effluent through the New Sewer Plant exceeds 70% of the CDPHE permit capacity for such New Sewer Plant, and at that time the District has not received a new permit or non-cancelable commitment for a new permit from CDPHE for an expansion of the maximum capacity of the Sewer Plant, then the District Board of Directors may declare a moratorium and suspension of any new connection of a new residence or commercial connection thereafter occurring within the Subject Property until such new permit or commitment is obtained by the District. As a rough guideline, the District currently estimates that the necessity to commence imposing the Surcharge Sanitary Sewer Tap-On Fees within the 2024 Special Areas will occur when approximately two-thirds of the residential build-out has occurred within all of the 2024 Special Areas collectively.

(r) Provision of service of water and sewage disposal by the Morrison Creek Metropolitan Water & Sanitation District is, of course, subject to all rules and regulations of the District now and hereafter adopted, and is contingent upon prompt payment of all tap fees, availability of service fees and user charges and special area assessments imposed from time to time by the District. At the present time, the District imposes service charges and tap-on fees and availability of service fees, and the District reserves all rights and privileges to alter, increase, decrease, or delete any such charges and fees in the future. The District imposes availability of service fees to residential lots whose boundaries are within 100 feet of water and/or sewer main lines of the District, including such main lines as may be constructed by the Developer for the Subject Property. The District reserves all rights and privileges to alter, increase, decrease, or delete any such availability of service fees in the future. Tap-on fees for water and sewer services shall be paid in full prior to the commencement of construction of residential buildings on the Subject Property, based upon the building permit application and design information for such residences as delivered to the Manager of the District, and using the District’s tap-on fees calculator regulation. Any supplemental tap-on fees shall be due and payable prior to the provision of potable water services to structures within the Project if the actual building structures as constructed are materially different from the information provided to the Manager prior to construction.

(s) The future expansion of the District’s wastewater treatment plant for receipt and treatment of sewage from the District growth may include buildings and/or traffic circulation

and/or parking areas beyond the boundary of the current site owned by the District, into an area of the Subject Property adjoining the District site along the northeast border of the Subject Property. Hence, it may be necessary for the District to acquire a site south of the District current wastewater treatment parcel of about 1 to 2 acres within the Subject Property. Therefore, the District and Developer will enter into negotiations for the conveyance by Developer of up to 2 acres within the Subject Property, either in fee simple or by appropriate perpetual easements, for such future District purposes in connection with the expansion, upon such terms and conditions as may mutually be agreed upon by Developer and the District

Please acknowledge your receipt of this letter and agreement to its terms by your signature below. This letter and agreement is not assignable by you or the Developer to a successor owner of the Subject Property without the prior written consent of the District Manager, and this letter and agreement will terminate automatically if the trunk line extensions to and within the Subject Property as contemplated above are not completed within 24 months after the date of execution of this letter and agreement by the District Manager below. The person signing below for the Developer warrants and represents that he/she is authorized to sign this letter and agreement on behalf of, and to be binding upon, the owner of the Subject Property and the Developer, and in the event such warranty and representation is not true and accurate, this letter is void and of no effect.

Sincerely,



Geovanny Romero  
District Manager

AGREED AND ACKNOWLEDGED:  
TAILWATERS AT STAGECOACH, LLC,

By \_\_\_\_\_  
Nick Saltbox, General Manager

cc: Kristy Winsor, Alan Goldich Routt County Planning Department  
Board of Directors, MCMWSD  
Thomas R. Sharp, District counsel