

MORRISON CREEK METROPOLITAN WATER & SANITATION DISTRICT

24490 Uncompahgre Road Oak Creek, Colorado 80467

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

August 27, 2024 -- FINAL

Steamboat Sponsor, LLC  
c/o Discovery Land Company  
14605 N 73<sup>rd</sup> Street  
Scottsdale, AZ 85260


SMV Stagecoach Ski Mountain, LLC  
Stagecoach Mountain Ventures, LLC  
P.O. Box 7130  
Denver, CO 80207

RE: Conditional Commitment Letter for District Central Water & Sewer Service to Stagecoach Mountain Ranch development

Gentlemen:

Steamboat Sponsor, LLC, and SMV Stagecoach Ski Mountain, LLC, are the owners of the real property in Routt County, Colorado, adjacent to the boundary of the Morrison Creek Metropolitan Water and Sanitation District, a Colorado special district (the "District"), as more particularly described on Exhibit "A" attached to this letter, consisting of 3,480 acres, more or less (the "Annexation Lands"). In addition, SMV Stagecoach Ski Mountain, LLC, also owns the real property in Routt County, Colorado, which is described in the ownership declaration and was subjected to the recorded Plat of Stagecoach Mountain Ranch, recorded at Reception No. 844548, Routt County Clerk and Recorder's office, consisting of 3,501.04 acres, more or less (the "Stagecoach Mountain Ranch Platted Lands"). SMV Stagecoach Ski Mountain, LLC, is also the owner of the Ski Base Stagecoach, Plat File 7196, dated 8/8/1972, consisting of 12.44 acres, more or less (the "Ski Base Parcel"). The Annexation Lands plus the Stagecoach Mountain Ranch Platted Lands plus the Ski Base Parcel are hereinafter collectively referred to as the "SMR Project Land." Steamboat Sponsor, LLC, and SMV Stagecoach Ski Mountain, LLC, have contracted to convey the SMR Project Land to Discovery Land Company ("Discovery"), and Discovery has proposed to the District and to Routt County the development of a comprehensive residential, commercial, and recreational resort development within the SMR Project Land (hereinafter referred to as the "SMR Mountain Project.")

Discovery may also acquire ownership from SMV Stagecoach Ski Mountain, LLC, or an affiliated entity, of certain lands lying east of the SMR Project Land and lying south of and abutting the boundary of the UYWCD lands constituting the Stagecoach Reservoir, being

  
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described as all that property described on Exhibit “A” to the Deed from Brian T. Stahl to Acorn Inn, a California partnership, as recorded on April 1, 2015, at Reception No. 756823, Routt County Clerk and Recorder records, except and excluding Stagecoach Mountain Ranch Platted Lands (the “Golf Course/South Shore SMR Property”). Such Property is proposed by Discovery for development of a Golf Course and Golf Course residential development (the unplatted lands), together with a replatting of certain lands within the South Shore Subdivision lying east of such Golf Course residential development, on the peninsula area of South Shore Subdivision lying west of Little Morrison Cove. Discovery may propose a comprehensive residential, commercial, and recreational resort development within the Golf Course/South Shore SMR Property, but such Property is NOT included in the terms and provisions of this letter, and any conditional commitment of the District to provide water and sanitary sewer services to the Golf Course/South Shore SMR Property shall be only by SEPARATE conditional commitment letter issued by the District (the “Golf Course Commitment Letter”).

Steamboat Sponsor, LLC, and SMV Stagecoach Ski Mountain, LLC and Discovery Land Company, or their assignee affiliates, are hereinafter referred to as “you” or “Developer.” You or the Developer intend and propose to complete the SMR Mountain Project within the SMR Project Land, and you are requesting central municipal water service and sanitary sewer collection service from the District to all of the subdivided residential lots and commercial lots in the SMR Project Land.

First, the District notes that Steamboat Sponsor, LLC, and SMV Stagecoach Ski Mountain, LLC, filed on or about May 31, 2024, with the District a Petition for Inclusion of the Annexation Lands into the boundary of the District (the “Inclusion Petition”), inasmuch as such Annexation Lands are currently located outside of the boundary of the District. Such Inclusion Petition shall be processed by the District in the manner required by the statutes of Colorado and the District’s recently adopted Inclusion Policy, being a comprehensive amendment to the Rules and Regulations of the District. Such process includes requirements for the Board of Directors of the District to hold and conduct a public hearing on the Inclusion Petition, and if the Board approves or conditionally approves the Petition, the requirement for such approval or conditional approval to be made by District Resolution which must then be filed with the District Court in and for Routt County, Colorado, and thereafter such Court shall conduct such proceedings as required by Colorado statutes which may lead to the Order and Decree of such Court including and annexing the Annexation Lands into the boundary of the District. By statute, the decision of the Board of Directors of the District to deny, approve, or approve with conditions the Inclusion Petition is in the sole discretion of the Board and is not subject to judicial review or referendum by the District’s electors. Therefore, this letter is wholly conditional upon the ultimate (a) approval and entry of a lawful Resolution and Order approving or conditionally approving the inclusion of the Annexation Lands into the boundary of the District, AND (b) entry of a final and non-appealable Order and Decree of the District Court including the Annexation Lands into the boundary of the District, all by no later than December 31, 2025. If such Board resolution and such final and non-appealable Court order and decree are not completed by December 31, 2025, this Letter and all of its terms shall automatically be terminated and be null and void on and after such date.



Subject to the above annexation contingency, this letter shall serve as the conditional agreement and commitment of the District that it will make available to the SMR Project Land the existing sewage disposal trunklines and wastewater treatment plant and sewage appurtenances and the water wells and treatment facilities and water distribution trunklines and water appurtenances of the District, and shall serve the SMR Project Land with central collection and treatment of raw sewage and central potable water service, but PROVIDED, however, that this commitment is also conditioned upon and subject to each of the following:

(a) As used in the letter, Steamboat Sponsor, LLC, and SMV Stagecoach Ski Mountain, LLC, or Stagecoach Mountain Ventures, LLC, or Discovery Land Company, are hereinafter referred to as “you” or “Developer.” 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 and within the SMR Project Land, and of water tanks, pressure reducing valves, booster pump stations, fireplugs, and other municipal water infrastructure, new water wells and raw water chlorination and treatment facilities, and lift stations, sewage clean outs, manholes, and other wastewater collection infrastructure, and all appurtenances thereto (in all, “Water and Sewer New Infrastructure”), shall be subject to all terms, limitations and provisions of the District’s rules and regulations, policies and specifications for construction in effect from time to time.

(c) The Developer shall engage a licensed civil design engineer, at Developer’s sole cost, to design appropriate extensions of the District’s sewage collection trunklines and water main trunklines to and into and within the SMR Project Land to provide such sewage collection and potable municipal water services to the SMR Mountain Project, and to otherwise design the required Water and Sewer New Infrastructure. Such design layout is subject to modification requirements imposed by the General Manager of the District. Design, review, materials, construction and installation, testing, and completion of such water and sewer trunkline extensions to and within the SMR Project Land with appropriate service line extensions to Lots within the SMR Mountain Project, and the other Water and Sewer New Infrastructure, shall all be installed at the sole cost and expense 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 New Infrastructure, and the locations thereof for serving your entire SMR Mountain Project. Such Water and Sewer New Infrastructure shall include such new water tanks, booster pump stations, pressure reducing stations, wells, potable water chlorination and treatment facilities, sewage lift stations, and other new infrastructure and appurtenances as required by the General Manager of the District to provide for the serving of the entire SMR Mountain Project by the District, all of which shall be the sole cost and expense of the Developer.

(d) Prior to construction of any Water and Sewer New Infrastructure on or to or within the SMR Project Land, 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 New Infrastructure

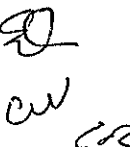
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improvements to the District Manager for written approval. The Manager shall engage an independent Engineer as needed to aid in the review and approval or approval with conditions or disapproval of the plans and specifications for the SMR Mountain 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 desired by the District in lieu of the County) committing to complete the installation of the required Water and Sewer New Infrastructure to and within the SMR Project Land as described under paragraph (c) above, for availability to all subdivided lots, with appropriate service line lateral connections to the boundaries of all such lots. A copy of any subdivision improvements agreement with Routt County must be submitted to the District Manager for review and approval, whose review shall be limited to Water and Sewer New Infrastructure including water and sewer trunk lines and related appurtenances and service line connections and whose approval shall not be unreasonably withheld. 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 New Infrastructure.

(f) Developer will be solely responsible for maintenance, repair and replacement of all Water and Sewer New Infrastructure including trunk line extensions and the service line connections to the curb stop (for water) or sewer clean-out (for sewer), 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 Infrastructure 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 such Water and Sewer New Infrastructure facilities installed by Developer to and within the SMR Project Land. The District has no obligation or duty to accept the Water and Sewer New Infrastructure constructed by Developer until they have been completed, and accepted on final inspection, and Developer has performed all requirements of this commitment letter applicable to such part of the Water and Sewer New Infrastructure and related appurtenances and service line connections, subject to the District's Rules and Regulations. For new raw water wells, the Developer shall utilize the conditional well water rights owned by the District, and the District shall own the conditional and absolute water rights for all of its wells.

(g) Prior to preliminary acceptance of the water and sewer trunk line extensions and other Water and Sewer New Infrastructure to and within the SMR Project Land, 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 parts of the Water and Sewer New Infrastructure including three point location of the several parts of 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 easements 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 SMR Project Land until and unless the Water and Sewer New Infrastructure including water & sewer system extensions and service line connections and related appurtenances constructed to and within the SMR Project Land passes the preliminary 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 or fee simple ownership in form and content acceptable to the District's general counsel for the location of all trunk lines and appurtenances and other elements of the Water and Sewer New Infrastructure not located within dedicated and accepted Routt County road rights of way, and Developer has paid all fees and costs required in connection with the annexation and inclusion into the District of the Annexation Land and has complied with all terms of any annexation or inclusion agreement entered into between the Developer and the District. Upon completion of the trunk line improvements and other Water and Sewer New Infrastructure to and within the SMR Project Land, the Developer shall advise the District Manager of the availability of the trunk lines and appurtenances and Infrastructure 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 and appurtenances to serve the SMR Project Land 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 SMR Project Land, using dedication and acceptance wording supplied and approved by the District. The new water tanks, water pump stations, pressure reducing valve stations, wells, raw water treatment facilities, and sewage lift stations, shall be located within fee simple deeded parcels of land conveyed by Developer to the District, free and clear of any encumbrances, by instruments acceptable to the General Manager and general counsel to the District. The Developer shall dedicate on each plat of the SMR Project Land a non-exclusive easement to the District for the benefit of the employees, agents, and contractors of the District for ingress/egress and access on and over all roadways not dedicated to Routt County as public roads, including private and limited-access streets and roads, within the SMR Project, for access of persons, vehicles, and equipment for the purposes of maintenance, operation, repair, construction, improvement, and replacement of District facilities including the Water and Sewer New Infrastructure. Potable water from the District shall not be supplied to or used for irrigation of parks and open space without the prior approval of the District, which shall not unreasonably be withheld. Potable water from the District shall not be supplied to or used for snowmaking on the Stagecoach Mountain ski area.

(j) Service lines to subdivided lots within the SMR Project Land 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 or commercial facility on such Lot will not require a utility excavation road crossing to access a main line.

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(k) Water and sewer service connection lines within the SMR Project Land 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 SMR Project Land shall convey all of the Water and Sewer New Infrastructure (except for water and sewer service lines) and including 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 public rights-of-way or within private utility easements already owned by the District or conveyed to the District by Developer or within fee simple titled parcels owned by or conveyed to 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 and fee simple parcels 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 or other Water and Sewer New Infrastructure by the District.

(m) All cost and expense, including engineering and design, legal, permitting, construction and testing, of the Water and Sewer New Infrastructure systems to and within the SMR Project Land 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 and fee simple parcels, including costs of the District for its Engineer and general counsel in performing such related work, including reviewing the Service Request Letter and the planning submittals to Routt County or other governmental or permitting agencies. The Developer shall reimburse to the District any costs incurred by the District in preparation and finalization of this conditional commitment to serve 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 or delayed but may be conditioned.

(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 SMR Project Land, 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 SMR



Project Land 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 SMR Project Land 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 Tailwaters at Steamboat Project Land; and
2. The Landaulet Project area within Snokomo Estates parcels; and
3. The Golf Course/South Shore SMR Property; and
4. The SMR Project Land.

The Tailwaters at Steamboat Project Land and Landaulet Subdivision area property and the Golf Course/South Shore SMR 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 or within 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 the total anticipated costs thereof fully funded by in equitable proportions by the owners/developers of the Tailwaters at Stagecoach Project Land and Landaulet Project land and the Golf Course/South Shore SMR Property prior to the connection to the District’s water trunklines and potable water delivery system of lots within each such three

projects. 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 owners/developers of the Tailwaters at Stagecoach Subdivision Project and the Landaulet Subdivision Project and the Golf Course/South Shore SMR Land, 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 Tailwaters at Stagecoach Project Land and the Landaulet Subdivision Project and the Golf Course/South Shore SMR Land 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.	Tailwaters at Stagecoach Project	160 EQRs	36%
2.	Landaulet Subdivision	50 EQRs	11%
3.	Golf Course/ South Shore	<u>233.55 EQRs</u>	<u>53%</u>
	TOTAL	443.55	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 finalization of 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 each of the above 3 projects into residential lots by the owners/developers thereof, a “New Water Tank Special Area” consisting of the respective lands included in such platting, each of which shall also be known as a “Special Area.” Each of such Special Areas 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 THE SEPARATE CONDITIONAL COMMITMENT TO SERVE LETTERS FROM THE DISTRICT FOR SUCH SPECIAL AREAS INCLUDING THE MORATORIUM LIMITATIONS SET FORTH IN SUCH SEPARATE CONDITIONAL COMMITMENT TO SERVE LETTERS AS AMENDED BY ANY FIRST AMENDMENTS TO SUCH LETTERS, and shall be subject to provisions, included in such other Letters as amended, for the District to levy and assess at the time of creation of each such 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 in the conditional commitment to serve letters issued by the District for such Special Areas.

(q) The District has constructed 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 such 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, including the SMR Project Land, 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, there shall also be created for the SMR Project Land, like the creation of the New Water Tank Special Areas as described in paragraph (p) above, a “special area” consisting of the SMR Project Land. Such special area, and the 3 other 2024 Special Areas 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 SMR Project Land and the other 3 2024 Special Areas 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

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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 SMR Project Land and the other 3 2024 Special Areas 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 SMR Project Land. 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 SMR Project Land, 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 SMR Mountain Project if the actual building structures as constructed are materially different from the information provided to the Manager prior to construction.

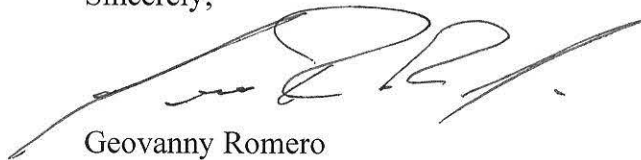
(s) The future raw water supply of the District for potable water delivery purposes may include a surface water treatment plant which would treat Yampa River diversions pursuant to the Water Treatment Plant No. 1 Right or storage water contracted from Stagecoach Reservoir or Yamcolo Reservoir. Hence, it will be necessary for the District to acquire a site south of Stagecoach Reservoir of about 1 to 2 acres, and ancillary easements for access thereto and for installation of underground piping to deliver such raw water to such surface water treatment plant. Therefore, the District and Developer will enter into negotiations in connection with any separate commitment letter to supply the Golf Course/South Shore SMR Land or in setting the terms and conditions for inclusion and annexation of the Annexation Land now outside of the boundary of the District, for the conveyance by Developer of up to 2 acres within the Golf Course/South Shore SMR Land together with right of ingress and egress thereto and together with easements for an underground raw water delivery line to such plant, upon such terms and conditions as may mutually be agreed upon by Developer and the District. The inclusion of such negotiated terms and conditions shall be part of the Resolution of the Board and the Order and Decree of the



District Court in connection with the inclusion of the Annexation Lands into the boundary of the District. The District will not provide potable municipal water service or raw water or water transmission or delivery infrastructure for snow making within the Subject Property.

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 SMR Project Land 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 SMR Project Land as contemplated above are not completed by November 1, 2026. The persons signing below for the Developer warrant and represent that he/she is authorized to sign this letter and agreement on behalf of, and to be binding upon, the owner of the SMR Project Land and the Developer, and in the event such warranty and representation is not true and accurate, this letter is void and of no effect. THIS SMR PROJECT LAND COMMITMENT LETTER SUPERSEDES AND REPLACES ALL PRIOR LETTERS FROM THE DISTRICT TO YOU OR ANY OF YOU WHICH RELATE TO THE SUBJECT PROPERTY, AND SUCH PRIOR LETTERS ARE NULL AND VOID.

Sincerely,



Geovanny Romero  
District Manager

AGREED AND ACKNOWLEDGED:

Steamboat Sponsor, LLC  
c/o Discovery Land Company

By:   
\_\_\_\_\_  
Ed Divita, Authorized Signatory

8/27, 2024  
Date

SMV Stagecoach Ski Mountain, LLC  
Stagecoach Mountain Ventures, LLC

By:   
\_\_\_\_\_  
Chris Wittemeyer, General Manager

Aug. 27, 2024  
Date

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

EXHIBIT "A"

TOWNSHIP 3 NORTH RANGE 84 WEST OF THE SIXTH PRINCIPAL MERIDIAN:

SECTION 18: LOTS 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, E1/2SW1/4

SECTION 19: LOT 1, E1/2NW1/4

Containing Approximately 600 Acres; AND

TOWNSHIP 3 NORTH RANGE 85 WEST OF THE SIXTH PRINCIPAL MERIDIAN:

SECTION 11: LOTS 3, 6, 7, 8, 9, 10, 11, 12, 13

SECTION 13: LOTS 1, 5, 7, 8, SE1/4, E1/2SW1/4, S1/2NE1/4

SECTION 14: LOTS 1, 2, 7, 8, 9, 10, 14, 15, and LOT 13 EXCEPTING THAT PORTION OF SAID LOT 13 in SECTION 14 CONVEYED IN WARRANTY DEED RECORDED AT RECEPTION NO. 769334 ON JUNE 16, 2016.

SECTION 23: LOTS 1, 2, 3, 6, 7, 8, 9, 10, 11

SECTION 24: ALL

SECTION 25: ALL, EXCEPTING LOTS 3 and 4

SECTION 26: LOTS 3, 4, 10, SE1/2 of Lot 9, and THAT PORTION OF THE NE1/4NE1/4 of SECTION 26 AS CONVEYED BY SPECIAL WARRANTY DEED RECORDED AT RECEPTION NO. 853076 ON MAY 14, 2024.

Containing Approximately 2,880 Acres

COUNTY OF ROUTT, STATE OF COLORADO

References to Dependent Resurveys are:

- The Dependent Resurvey of Township 3 North, Range 84 West, of the 6th Principal Meridian, Colorado accepted by the General Land Office April 3, 1918 and;
- The Dependent Resurvey of Township 3 North, Range 85 West, of the 6th Principal Meridian, Colorado accepted by the General Land Office September 7, 1916;
- Both on file with the Bureau of Land Management, Department of the Interior.

Approximate acreage was calculated using standard Aliquot Part designations (20/40/80/160/320/640) across all lots and parts, and are not field measured or calculated from specific figures on said Dependent Resurveys.

The above legal description prepared by Thomas F Kelly, a Colorado State Professional Land Surveyor #38813 on June 24, 2024.

CW &  
[Signature]