

**STERLING RANCH
GENERAL DISCLOSURE AND COMMON QUESTIONS REGARDING STERLING
RANCH METROPOLITAN DISTRICTS NOS. 1-7 AND THE STERLING RANCH
COMMUNITY AUTHORITY BOARD**

(DECEMBER 2016)

GENERAL INFORMATION

This General Information Sheet has been prepared by the Sterling Ranch Community Authority Board (the “CAB”) and Sterling Ranch Colorado Metropolitan District No. 1, Sterling Ranch Colorado Metropolitan District No. 2, Sterling Ranch Colorado Metropolitan District No. 3, Sterling Ranch Colorado Metropolitan District No. 4, Sterling Ranch Colorado Metropolitan District No. 5, Sterling Ranch Colorado Metropolitan District No. 6, and Sterling Ranch Colorado Metropolitan District No. 7 (collectively, the “Districts”) to provide prospective property owners with general information regarding the CAB, the Districts and their operations. This information sheet is intended to provide an overview of pertinent information related to the CAB and the Districts and does not purport to be comprehensive or definitive. You are encouraged to independently review any applicable documents to confirm the accuracy and completeness of all statements contained herein.

HOW ARE THE DISTRICTS ORGANIZED?

The property within the Sterling Ranch development (“Development”) is located within the boundaries and/or service area of the Districts as described in the map attached hereto as **Exhibit A**. The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado organized in Douglas County (“County”). The Districts operate pursuant to Service Plans which were approved by the County on August 27, 2013 (the “Service Plans”). Sterling Ranch Colorado Metropolitan District No. 2, Sterling Ranch Colorado Metropolitan District No. 3, Sterling Ranch Colorado Metropolitan District No. 4, Sterling Ranch Colorado Metropolitan District No. 5, Sterling Ranch Colorado Metropolitan District No. 6, and Sterling Ranch Colorado Metropolitan District No. 7 serve as the “Financing Districts” to provide funding to the CAB. The Development is also within the South Metro Fire Rescue Authority.

Districts Boards of Directors

Each of the Districts is governed by a five (5) member Board of Directors. Board members are elected by the property owners within the Districts and are elected to staggered four-year terms of office. Any individual who resides within the boundaries of the Districts, or who owns or is under contract to purchase taxable real or personal property situated within the boundaries of the Districts, and is a registered voter in Colorado, is eligible to serve on the Districts’ Boards of Directors (the “Boards”). The Boards’ regular meeting dates and meeting location, as well as a copy of the Districts’ Service Plans, may be obtained from the Districts’ General Counsel or Manager:

Attorney:

McGeady Becher P.C.
450 E. 17th Avenue, Suite 400
Denver, Colorado 80203
(303) 592-4380

Manager:

CliftonLarsonAllen LLP
8390 E. Crescent Parkway, Suite 500
Greenwood Village, Colorado 80111
(303)779-5710

WHAT IS THE CAB?

The Districts entered into a Community Authority Board Establishment Agreement (the “CABEA”) dated January 6, 2014, which established the CAB. The Districts’ Service Plans and the CABEA provide that the CAB will own, operate, maintain, finance and construct the public improvements benefitting the development and that the Districts will contribute to the costs of construction, operation and maintenance of the public improvements benefitting the Development. The CAB is controlled by an eleven (11) member board of directors. The CABEA provides that Sterling Ranch Colorado Metropolitan District No. 1 shall have the right to appoint representatives to fill five (5) of the board seats and the remaining Districts have the right to each appoint representative to fill one (1) board seat.

WHAT ARE THE DISTRICTS’ POWERS, IMPROVEMENTS AND SERVICES?

The purpose of the Districts is to plan for, design, acquire, construct, install, and finance certain public improvements benefitting the Development, as defined in the Service Plans. The Districts are authorized to operate and maintain any part or all of the public improvements, which are not dedicated to the County or other appropriate jurisdictions. It is, however, intended that the CAB own, operate and maintain any such public improvements.

The property within the Development is subject to that certain Master Declaration of Covenants, Conditions and Restrictions for Sterling Ranch Planned Development (“Covenants”). The CAB is responsible for the enforcement of those Covenants, including, but not limited to design review approval. The Districts cooperate in the imposition and collection of fees for the provision of services described within the Covenants.

The Design Guidelines are comprised of the Design Principles, the Water Demand Management Initiatives, and the Technology Guidelines and Specifications, all of which are available, upon request, from the CAB’s Manager. The Design Principles include architectural, landscape and fencing standards, in addition to information on the design review process. The Water Demand Management Initiatives regulate the design, installation and operation of interior water fixtures, outdoor water features, landscaping and irrigation. The Initiatives also include information on water allotments and Sterling Ranch’s water allocation rate structure. The Technology Guidelines and Specifications provide specifications for home automation and irrigation control systems, and water, electric, solar and gas metering.

The CAB has also adopted Utilities, Parks and Open Space Rules and Regulations, copies of which are available, upon request, from the CAB’s Manager. These Rules and Regulations address water and sanitary sewer service, including rates, fees, charges, violations and penalties;

water conservation; tree lawn maintenance; the use of parks and open space; temporary signage; sidewalk maintenance; and wildfire mitigation.

The Districts have authority to issue debt in the aggregate amount of One Billion Eight Hundred Million Dollars (\$1,800,000,000) to provide and pay for public infrastructure improvement costs. The issuance of debt is to occur in compliance with the provisions of the Districts' Service Plans and the CABEA. Any issue of bonds will mature not more than 40 years from the date of issuance and the maximum interest rate is 18%.

In 2015, the CAB issued Twenty Three Million Five Hundred Ninety Thousand Dollars (\$23,590,000) in limited tax revenue bonds. Included in that amount is Two Million Ninety Thousand Dollars (\$2,090,000) issued at an interest rate of 7.75% and maturing in 2045; Seven Million Three Hundred Ninety Thousand Dollars (\$7,390,000) issued at an interest rate of 5.5% and maturing in 2035; and Fourteen Million One Hundred Ten Thousand (\$14,110,00) issued at an interest rate of 5.75% and maturing in 2045. All bonds will be repaid through ad valorem property taxes imposed by the Districts on all taxable property located within the Districts, together with any rates, fees, tolls, and charges imposed by the Districts.

WHAT ARE TAXES AND FEES IMPOSED ON PROPERTIES WITHIN THE DISTRICTS?

Ad Valorem Property Taxes

The Districts' primary source of revenue is from property taxes imposed on property within their boundaries. Sterling Ranch Colorado Metropolitan District No. 2, Sterling Ranch Colorado Metropolitan District No. 3, Sterling Ranch Colorado Metropolitan District No. 4, Sterling Ranch Colorado Metropolitan District No. 5, Sterling Ranch Colorado Metropolitan District No. 6, and Sterling Ranch Colorado Metropolitan District No. 7, as the Financing Districts and along with other taxing entities, certify a mill levy by December 15th of each year, which determines the taxes paid by each property owner in the following year. Sterling Ranch Metropolitan District No. 1 does not currently impose, and is not anticipated to impose, a mill levy. In accordance with the Service Plans, the maximum mill levy the Districts may impose for debt service is 50 mills, subject to adjustment as described below ("Debt Mill Levy Cap"). The Debt Mill Levy Cap remains in place until the principal amount of the respective District's outstanding general obligation bonds is 50% or less than the assessed valuation of taxable property in the District. When the threshold is met, the Debt Mill Levy Cap is no longer applicable.

The Districts' mill levy may also be adjusted due to changes in the statutory or constitutional method of assessing property tax or in the assessment ratio. The purpose of such adjustment is to assure, to the extent possible, that the actual tax revenues generated by the mill levy are neither decreased nor increased, as shown in the example below.

Example

| Tax Collection Year | Actual Value (V) | Assessment Ratio (R) | Assessed Value (AV) [V x R = AV] | Mill Levy/Rate¹ (M) | Amount of District Tax Due [AV x M] |
|----------------------------|-------------------------|-----------------------------|---|---------------------------------------|--|
| (a) 2017 | \$400,000 | 7.96% | \$31,840 | 75.000/0.075000 ² | \$2,388.00 |
| (b) 2018 | \$400,000 | 7.78% | \$31,120 | 76.735/0.076735 | \$2,387.99 |

¹ Each mill is equal to 1/1000th of a dollar

² 45.000 mills for debt service and 30.000 mills for operations and maintenance expenses

(a) If in 2017, the Actual Value of the Property is \$400,000, and the Assessment Ratio established by the State Legislature for that year is 7.96%, the Assessed Value of the Property is \$31,840 (i.e., \$400,000 x 7.96% = \$31,840). The District certified a 75.000 mill levy, which would generate approximately \$2,388 in revenue.

(b) If in 2018, the Actual Value of the Property remains at \$400,000, but if the Assessment Ratio established by the State Legislature for that year were to be 7.78%, the Assessed Value would be \$31,120 (i.e., \$400,000 x 7.78% = \$31,120). The District would need to certify a 76.735 mill levy in order to generate the same revenue as in 2017.

THE ABOVE EXAMPLE IS PROVIDED SOLELY FOR THE PURPOSE OF ILLUSTRATION AND IS NOT TO BE INTERPRETED AS A REPRESENTATION OF ANY ACTUAL CURRENT OR FUTURE VALUE, INCLUDING, BUT NOT LIMITED TO, ANY ACTUAL VALUE, ASSESSMENT RATIO, OR MILL LEVY OF THE DISTRICTS.

The Service Plans do not limit the amount of the mill levy the Districts may impose for operations and maintenance purposes.

Fees

The CAB imposes certain fees on property owners within the Development. The fee schedule is attached as **Exhibit B**. The CAB has the ability to impose, increase or modify the fees as determined by its Board.

WHERE CAN I GET ADDITIONAL INFORMATION?

Should you have any questions with regard to any of the matters discussed herein, please contact General Counsel for the CAB at the address and phone number listed above.

Purchaser's Signature Acknowledging Receipt:

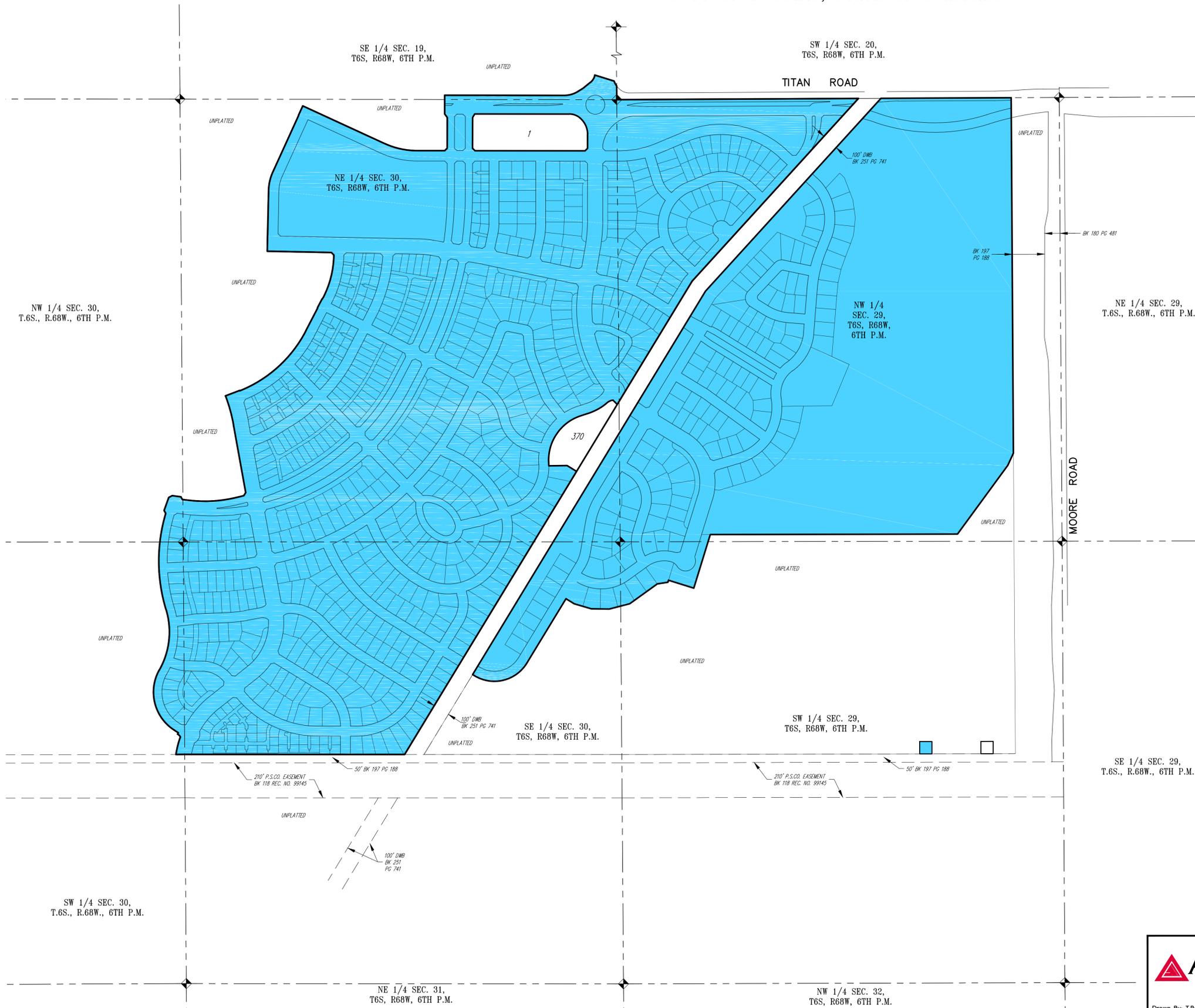
Date

EXHIBIT A

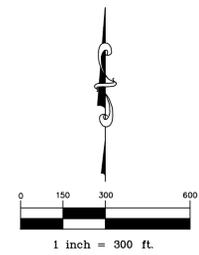
Map

STERLING RANCH COLORADO DISTRICT MAP

A PART OF SECTIONS 19, 29 AND 30, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN,
COUNTY OF DOUGLAS, STATE OF COLORADO.



STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 2

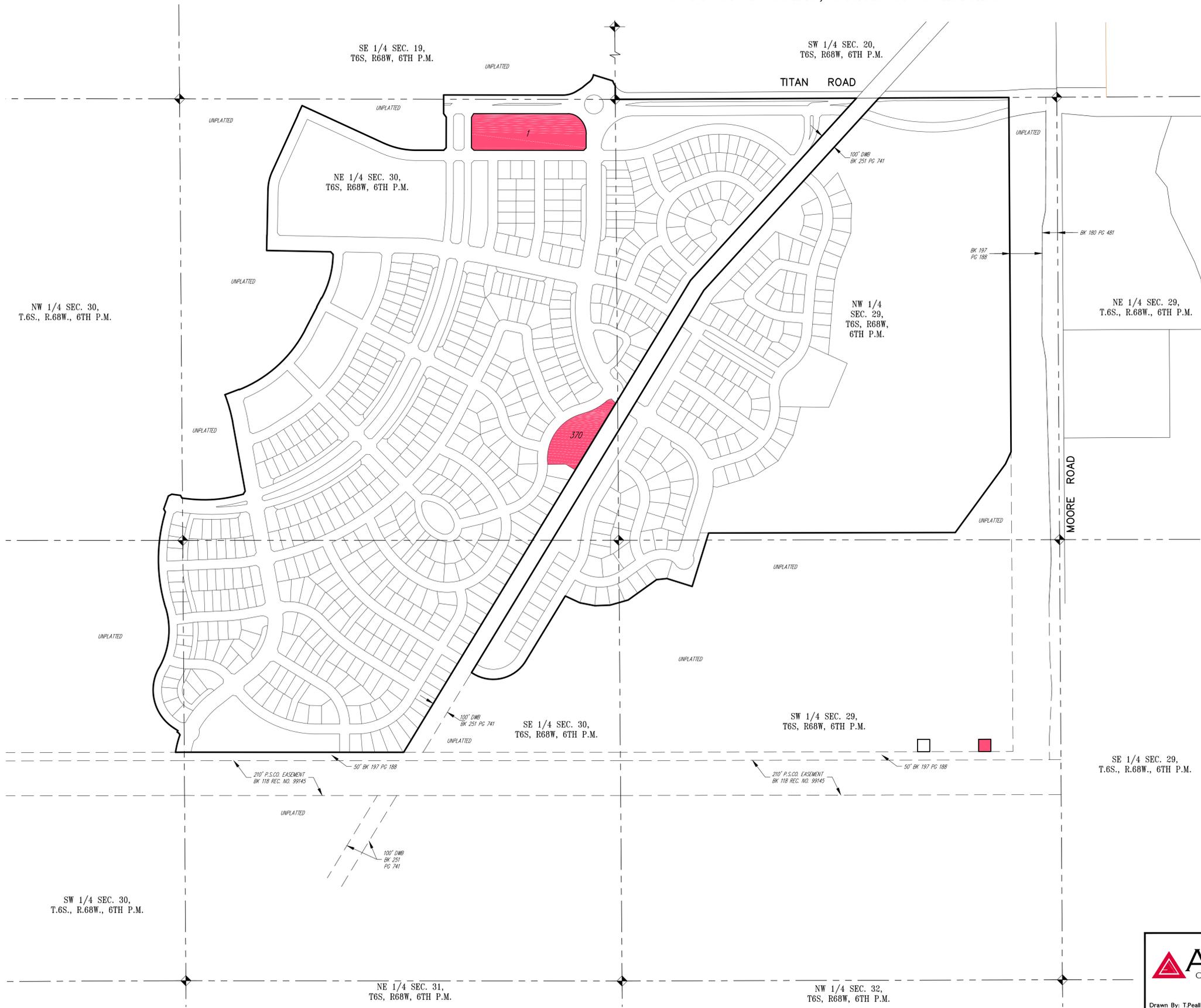


LAST REVISED 2016-12-12

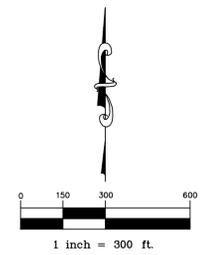
| | | | |
|---|---|--|-------------------------------------|
| 300 E. Mineral Ave., Suite 1 Littleton, Colorado 80122 Phone: (303) 713-1898 Fax: (303) 713-1897 www.aztecconsultants.com | DEVELOPER STERLING RANCH DEVELOPMENT COMPANY 1805 SHEA CENTER DRIVE, SUITE 210 HIGHLANDS RANCH, CO 80129 303.222.6800 | | DATE OF PREPARATION: 2015-05-13 |
| | Drawn By: T.Peall AzTec Proj. No: 54615-29 | | SCALE: 1" = 300' SHEET 1 OF 1 |

STERLING RANCH COLORADO DISTRICT MAP

A PART OF SECTIONS 19, 29 AND 30, TOWNSHIP 6 SOUTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN,
COUNTY OF DOUGLAS, STATE OF COLORADO.



STERLING RANCH COLORADO METROPOLITAN DISTRICT NO. 7



LAST REVISED 2015-12-17

| | | | |
|---|---|--|---|
| <p>AZTEC CONSULTANTS, INC.</p> <p><small>300 E. Mineral Ave., Suite 1 Littleton, Colorado 80122 Phone: (303) 713-1898 Fax: (303) 713-1897 www.aztecconsultants.com</small></p> | <p>DEVELOPER STERLING RANCH DEVELOPMENT COMPANY</p> <p><small>1805 SHEA CENTER DRIVE, SUITE 210 HIGHLANDS RANCH, CO 80129 303.222.6800</small></p> | | <p><small>DATE OF PREPARATION:</small> 2015-05-13</p> |
| | <p><small>Drawn By: T.Peall</small></p> <p><small>AzTec Proj. No.: 54615-29</small></p> | | <p><small>SCALE:</small> 1" = 300'</p> |
| <p><small>SHEET 1 OF 1</small></p> | | | |

EXHIBIT B

Fee Schedule

**STERLING RANCH COMMUNITY AUTHORITY BOARD
RULES AND REGULATIONS – UTILITIES
EXHIBIT B**

**Utility Rates, Charges and Restrictions
*Effective as of November 15, 2016***

I. DEFINITIONS

The following definitions apply to this section on Rates and Charges. Except as may be otherwise noted, all capitalized terms shall have the meanings defined in the Regulations – Utilities, Parks and Open Space of the Sterling Ranch Community Authority Board, as may be amended.

- A. Application: An application form, as designated by the Utility Director of the CAB to provide the necessary information for evaluating water or sanitary sewer service. The party filing the Application shall be the Applicant.
- B. Hydrant Permit: a permit issued by the CAB for temporary construction water.
- C. Multi-family Residential Dwelling Unit Service: A residential dwelling unit as defined above located in a single structure containing three or more residential dwelling units on a single lot.
- D. Non-Potable Irrigation Service: Service provided to any user who has been approved to use non potable water for irrigation purposes by the CAB. The rate may be a result of either contracting for use of non-potable (untreated) or reuse water.
- E. Nonresidential Service: Service to any nonresidential use (excluding service identified above or under Multi-Family Residential use), including, but not limited to, the following: retail, office, hotel, motel, restaurant, service facility, manufacturing, warehouse, recreation uses and various institutional uses such as museums, convention centers, hospitals, schools, places of worship, etc. A separate meter is required for each nonresidential structure requiring service. In order to be considered a single structure, the structure must have; a common foundation; a common wall; a common roof; and common ownership. If any of the above is missing the structure will be classified as multiple structures and require payment of Tap Fees for each structure.
- F. Residential Dwelling Unit Service: A residential dwelling unit is a structure or part of a structure containing one or more rooms and a single kitchen arranged, designed and intended as a unit for occupancy by one family living independently of others, including panelized, prefabricated, modular or other factory-produced buildings and mobile homes; but excluding therefrom hotels and motels.
- G. Sports Field Service: A sports field is defined as an area of turfgrass used and managed for organized sporting activities. The CAB recognizes that sports fields

experience significant usage outside of our normal irrigation season of April 15 to October 15. These activities can require supplemental irrigation water in order to keep fields in good condition and safe. Classification as a Sports Field Customer will provide the customer with an annual irrigation budget rather than a defined budget for each monthly billing cycle.

- H. CAB and Dominion: All property and facilities owned by the CAB, Dominion , and/or any of the Sterling Ranch Colorado Metropolitan District Nos. 1-7 shall be exempt from the payment of any and all Tap Fees described herein for property and facilities in Filing 1. For any property and facilities owned by CAB, Dominion and/or any of the Sterling Ranch Colorado Metropolitan District Nos. 1-7 in any Filing other than Filing 1, Tap Fees and all rates and charges described herein shall apply.
- I. Water Budget: Budget established for water use by each customer service type as shown in Exhibit A-1.
- J. Water Irrigation Service: Service for water irrigation available only for the common landscaped area of any Multi-Family Residential use or Nonresidential use.

II. TAP FEES

- A. Tap Fees to be paid for Lots and Non-residential Parcels in Filing 1 shall be paid as follows: any Applicant, Owner or Customer desiring Retail Water Service and Retail Wastewater Service from the CAB for Lots in Filing 1 shall pay to the CAB the Tap Fees as set forth in Appendix I attached hereto.
- B. Tap Fees to be paid for all Lots and Non-Residential Parcels, other than those Lots and Non-Residential Parcels in Filing 1, on or after January 1, 2017 shall be paid as follows: any Applicant, Owner or Customer desiring Retail Water Service and Retail Wastewater Service from the CAB shall pay to the CAB the Tap Fees as set forth below. The Tap Fees for all Customers shall include the Stormwater Tap Fees. Such Tap Fees shall be paid in addition to all other charges relating to water or sanitary sewer service described elsewhere in this section on Rates and Charges.

| Description | CAB Tap Fees Fees for Retail Service (as of November, 2016) | Dominion Tap Fees Fees for Wholesale Service (as of November, 2016) | Total Tap Fees (as of November, 2016) |
|-----------------------------------|---|--|---|
| Residential | | | |
| Single Family Water Tap (per EQR) | \$1,500 | \$22,500 | \$24,000 |
| Single Family Sewer Tap (per EQR) | \$700 | \$7,300 | \$8,000 |

| | | | |
|--|----------|-----------|------------------|
| Multi-Family Water Tap, per unit | \$1,125 | \$16,875 | \$18,000 |
| Multi-Family Sewer Tap, per unit | \$525 | \$5,475 | \$6,000 |
| Pool Tap | N/A | \$12,500 | \$12,500 |
| Non-Residential | | | |
| Indoor Water Tap (per EQR) | \$1,500 | \$22,500 | \$24,000 |
| Irrigation (Non-Residential) | | | |
| 5/8" | \$1,005 | \$15,075 | \$16,080 |
| 3/4" | \$1,500 | \$22,500 | \$24,000 |
| 1" | \$2,505 | \$37,575 | \$40,080 |
| 1 1/2" | \$4,995 | \$74,925 | \$79,920 |
| 2" | \$10,005 | \$150,075 | \$160,080 |
| 3" | \$25,005 | \$375,075 | \$400,080 |
| Sewer Tap (per EQR) | \$700 | \$7,300 | \$8,000 |
| Residential Stormwater Tap (per unit) | \$4,500 | N/A | \$4,500 |
| Non-Residential Stormwater Tap | ** | N/A | ** |

**Calculated on a case-by-case basis dependent on impervious area.

Note: Any Applicant who is a party to a contract for the purchase of Taps with the CAB, and who is not in default under the contract, shall pay Tap Fees at the rate and at the times set forth in such contract.

****Applicants, Owners and Customers are hereby notified that additional capital fees shall be due and owing for each Unit in Sterling Ranch in addition to the Tap Fees described above; the Tap Fees DO NOT equal the cumulative fees payable for each Sterling Ranch Unit.**

Please contact the CAB to obtain a current, comprehensive list of capital fees payable for each Sterling Ranch Unit type.

C. Tap Fee Payments and Applications

1. The Tap Fees for Residential Dwelling Units or structures containing Multi-Family Residential Dwelling Units shall be paid prior to receipt of a certificate of occupancy building permit; provided, however, that notwithstanding the foregoing, Tap Fees for Residential Dwelling Units for Sterling Ranch Filing 1 according to the Final Plat thereof recorded on November 6, 2015, as Reception No. 2015080636 in the office of the Douglas County Clerk and Recorder and the Sterling Ranch Filing 1, 1st Amendment, recorded on November 6, 2015, as Reception No. 2015080659, shall be paid in accordance with Appendix I attached hereto.

2. The Tap Fees for Nonresidential Service Water Irrigation Service and Open Space Irrigation Service shall be paid at the time of submittal of the Application for Water and Sewage Service, in accordance with the meter size as approved by the CAB.

The Applicant shall have filed this Application for Water and Sewage Service; obtained the CAB's approval thereof; and have executed an Industrial Pretreatment Plant or Industrial Sewer Agreement, if applicable prior to the application for a building permit.

3. Payment of Tap Fees may be made in advance of the above time limits as long as the following conditions are met:
 - a. For residential development a building permit from Douglas County has been obtained
 - b. For Non Residential development Douglas County has approved a Site Plan.
 - c. The uses for which Tap Fees are being paid are to be located with the CAB or within an area that the CAB is contractually obligated to serve.
 - d. The number of Residential Dwelling Units, Multi-Family Dwelling Units, or Nonresidential taps for which Tap Fees are being paid does not exceed the number allowed for the property upon which they are to be located.
4. After payment of the Tap Fee, the Applicant or owner has 365 days to complete the connection to the property. Said connection will be considered complete upon approval of the CAB of the installation of the required meter(s). Failure to complete the connection within such 365-day period requires the applicant or owner to pay the incremental cost, if any, necessary to adjust the amount paid to equal the Tap Fee current at the time of connection in order to complete the connection.

D. Temporary Service Connection Permit Charge

1. A charge of \$500 per year per equivalent shall be paid for temporary water service or temporary sanitary sewer service. A temporary service connection cannot exceed five years. Any Temporary Service Connection Permit Charge-s pursuant to this service will not be applied against the cost of the Tap Fee for permanent service.
2. An initial deposit of \$2,000 will be required to cover the cost of removal of the temporary connection if permanent service is not initiated within five years.

- E. The purpose of these Tap Fees is to allocate the cost of facilities equitably among the users of the facilities. The Utility Director shall interpret the provisions of this document in order to establish such equity.

III. CONSTRUCTION PERIOD FEES and PENALTIES

A. Water Meter, Construction Water and Inspection Fees and Penalties

The charge for providing and installing a meter, miscellaneous water usage during the construction period and inspection of the improvements shall be based on the size of the water meter in accordance with the following schedule:

| Meter Size | Meter Type | Meter Fee | | Construction Water Fee (a) | Inspection Fee (e) |
|------------|----------------------|-----------|---------|----------------------------|--------------------|
| | | Cost | Install | | |
| 3/4" | Siemens Dual Water | \$2,340 | \$35 | \$ 50 | \$150 |
| 3/4" | Siemens Single Water | \$1,800 | \$35 | \$ 50 | \$100 |
| 1" | Disc (Res.) | (b) | \$35 | \$ 78 | \$700 |
| 1 1/2" | Disc (Res.) | (b) | \$35 | \$ 140 | \$800 |
| 2" | Disc (Res.) | (b) | \$35 | \$ 265 | \$900 |
| 2" | Turbine | (b) | \$35 | \$ 265 | \$900 |
| 2" | Compound | (b) | \$35 | \$ 265 | \$900 |
| 3" | Turbine | (b) | \$35 | \$ 577 | \$900 |
| 3" | Compound | (b) | \$35 | \$ 577 | \$900 |

Notes:

- (a) One-time fee per meter for water used during construction period. This fee does not include water for landscaping installed prior to installation of a meter. Any landscaping installed prior to installation of a water meter shall be assessed a **\$250** fee plus a billing for water consumption based upon an estimate of water consumed.
- (b) The CAB shall charge the actual cost of the meter purchased based on the LIFO method of accounting.
- (c) All meters shall be installed at the Applicant or Owner's expense.
- (d) Meter size shall be as reviewed and approved by the CAB. Meter sizing shall be based on the specifications outlined in Manual M22 "Sizing Water Service Lines and Meters" as published by the American Water Works Association as may be modified from time to time by administrative directive of the CAB Utility Director. The water service line between the main and the meter shall be the same size as the meter, unless otherwise approved by the CAB Engineering Department.

- (e) The inspection fee is allocated between water and sanitary sewer service. Said fee covers the inspector's time for insuring that the water and sewer laterals are constructed per specifications as well as associated administrative costs of establishing the new account.
- (f) For each additional inspection required due to failure of the Owner or Customer to have facilities ready for the requested inspection, or if the facility has not been brought within specifications as noted on earlier inspections, an additional re-inspection fee of **\$100** will be charged.
- (g) All meters shall be installed prior to receipt of a Certificate of Occupancy from the Douglas County Building Department. The fine for failing to install a meter prior to receiving the Required Certificate of Occupancy shall be **\$1,000**.

B. Hydrant Meter Fees

1. Permit Fees

Temporary construction water may be provided by the CAB by application for and approval of a Hydrant Permit as approved by the Utility Director of the CAB, in accordance with the terms thereof. The permit will be accompanied by a deposit determined by the CAB which will be at least 25% greater than the replacement cost of the hydrant meter(s) subject to the Hydrant Permit and will be returned net of any damages to the meter or unpaid charges for hydrant water consumed.

2. Usage Fees

The minimum monthly charge shall be \$50. All usage shall be billed at the non-residential irrigation usage rate for 100% to 120% of budget. A \$25 late/non-reporting fee shall be assessed on any account not reporting their meter reading as required by the Hydrant Permit.

C. Plan Review Fees

All residential and non-residential properties will require a utility plan review fee based on the established categories. The fee is due upon submittal of plans for review.

| Category | Flat Fee | Incremental |
|--|----------|------------------------------|
| Residential Single Family Water Plan Review (per residence) | \$100 | \$2 per linear foot of water |
| Residential Multifamily Water Plan Review (per residence) | \$75 | and sewer |
| Basic Non-residential Remodel | \$150 | laterals from |
| Remodel Requiring Revised Plumbing | \$300 | water main to |
| Remodel Requiring External Improvements | \$500 | water meter |

IV. USER RATES AND CHARGES

The CAB bills for all customer usage classifications on a monthly basis, with the exception of stormwater charges, which are billed on a yearly basis. The charges are as follows:

A. Water Service Availability Charge

| Description | Fee per Monthly Bill (as of November, 2016) |
|------------------------------------|---|
| Residential | |
| Single Family (\$/month, per unit) | \$56.00 |
| Multifamily (\$/month, per unit) | \$42.00 |
| Non-Residential | |
| 3/4" | \$56.00 |
| 1" | \$66.00 |
| 1 1/2" | \$71.50 |
| 2" | \$110.00 |
| 3" | \$248.0 |
| 4" | \$496.00 |
| Irrigation | |
| 3/4" | \$56.00 |
| 1" | \$66.00 |
| 1 1/2" | \$71.50 |
| 2" | \$110.00 |
| 3" | \$248.0 |
| 4" | \$496.00 |

B. Indoor Water Consumption Charge

The rate structure assumes an individualized water budget using the average winter consumption (AWC). The AWC is the customer's actual water use for the months of December, January, and February and is based on a customer's individual water consumption characteristics. Accounts without an AWC history will be assigned 8,000 gallons per month as an initial AWC.

| | Tier | Fee per 1,000 gallons (as of November, 2016) |
|---------------|------------------|---|
| Tier 1 | <100% of AWC | \$6.65 |
| Tier 2 | 100% to 120% AWC | \$8.20 |
| Tier 3 | >120% of AWC | \$12.25 |

C. Outdoor Water Consumption Charge

| | Tier | Fee per 1,000 gallons (as of November, 2016) |
|---------------|------------------------------------|---|
| Tier 1 | Annual Water Allotment <100% | \$8.20 |
| Tier 2 | Annual Water Allotment 100% - 120% | \$12.25 |
| Tier 3 | Annual Water Allotment 120% - 140% | \$16.35 |
| Tier 4 | Annual Water Allotment >140% | \$20.00 |
| Tier 5 | Construction Water | \$11.75 |

D. Sanitary Sewer Charge

Sanitary sewer charges are comprised of two components – a yearly base fixed charge plus a volumetric usage charge. The usage charge is calculated using indoor water use only. All customers will pay the base fixed charge.

| Customer Class | Base Fixed Charge (as of November, 2016) | Fee per 1,000 gallons of Indoor Water Use (as of November, 2016) |
|-----------------------|---|---|
| Single Family | \$31.00 | \$6.65 |
| Multi Family | \$31.00 | \$6.65 |
| Non-Residential | \$52.00 | \$7.15 |

E. Stormwater Charge

The stormwater charge is a fixed annual fee that accompanies the water and sanitary sewer charges and shall apply to a Lot upon issuance of a certificate of occupancy from Douglas County. All Customers will pay the yearly stormwater charge invoiced in February of each year and the charge shall be due within thirty (30) days of invoice. The first billing to a Lot upon issuance of a certificate of occupancy shall be pro-rated for the

year as if the certificate of occupancy had been issued on the first day of the month in which it was issued.

| Customer Class | Fee per Year (as of November, 2016) |
|-----------------------|--|
| Single Family | \$150.00 |
| Multi Family | \$150.00 |
| Non-Residential | \$365.00 |

The CAB bills for all customer usage classifications on a monthly basis. The charges are as follows:

F. Street Lighting Charge

The Street Lighting charge is a fixed charge that accompanies the water and sanitary charges on a monthly basis. All customers will pay a street lighting charge.

| | Minimum Monthly Charge |
|------------------------|-------------------------------|
| Single Family | \$5.00 |
| Multi Family | \$5.00 |
| Non Residential | \$20.00 |

G. Service Outside CAB

For service pursuant to any or all of the foregoing paragraphs A, B or C outside of the boundaries of the Sterling Ranch Colorado Metropolitan District Nos. 1-7, such charges and Rates shall equal one and a half times the amount set forth in such paragraphs A, B and C; provided, however that Customers receiving service in accordance with the Chatfield Valley Water Supply Framework shall pay rates in accordance with the applicable Water Supply Agreement approved by Dominion Water and Sanitation District.

H. Backflow Prevention Device Penalty

Pursuant to Section 8.4 a penalty of \$15 per month (billed monthly) will be imposed and assessed for all CAB customers who have not installed a proper backflow prevention device.

I. Delinquent Payment Penalty

Pursuant to Section 8.5 of the Rules and Regulations, a penalty of \$10 will be assessed on all past due accounts.

J. Shutoff Posting Charge

A fee of \$20 will be assessed upon posting of notice of shut off.

K. Interest Charge

Interest at a rate of 12% per annum shall be assessed on the past due balance of accounts that have had service suspended.

L. Failure to Provide Access Penalty

A penalty based on the schedule below will be assessed for all customers who fail to provide access pursuant to Section 4.4 of the Rules and Regulations after proper notice has been provided.

| | First Billing Period | Second Billing Period | All Subsequent Billing Periods |
|---------|----------------------|-----------------------|--------------------------------|
| Penalty | \$50 | \$100 | \$250 |

M. Initial and Final Billing Charges

Requests for change in service that requires a meter reading and/or bill outside the normal billing cycle will be assessed a \$25 fee.

N. Disconnection and Reinstatement Charge

Charges for disconnection and reinstatement of service attributable to delinquent accounts will be assessed as follows: Charges for all services will be billed through the shut off date, and then resume when water is reinstated.

Actual disconnection and reinstatement \$125

O. Returned Check Fee

A fee shall be assessed for any dishonored checks as follows:

| | |
|-------------------|---|
| First Occurrence | Double the cost charged by bank |
| Second Occurrence | Triple the cost charged by bank |
| Third Occurrence | Notice pursuant to CRS 13-21-109(2) will be given and the CAB shall collect the amount due thereunder |

P. Bankruptcy

Upon receipt of written notification of bankruptcy, a final meter reading for the account will be ordered. The account will be final billed and a new account number established. Notation will be made on both accounts as to the details of the bankruptcy.

To continue service to the new account receipt of a deposit, equal to three times the average monthly bill rounded to the next highest \$5 increment, must be received within 10 working days of the mailing of notice. Notification of the required deposit will be made to the address by first class mail. Failure to make the required deposit will result in the shut off of service.

Until paid all such charges shall remain a perpetual lien on and against the property.

Q. Meter Testing Deposit

A deposit of \$25 shall accompany all written requests by customers to have their water meter tested.

R. Wastewater Treatment Surcharge

A surcharge may be charged to customers that discharge wastewater with higher oxygen demand or solids loadings than those found in typical domestic wastewater. These charges will cover the additional costs incurred to treat the wastewater. The surcharge is calculated using a formula specified in Exhibit A-3.

S. Charges for violation of Mandatory Outdoor Water Use Restrictions:

Compliance with the Mandatory Outdoor Water Use Restrictions (see Exhibit A-2) will be determined by CAB and the following charges for violations thereof shall apply:

- The first annual offense will result in a recorded violation documented by a letter.
- The second offense would result in a recorded violation documented by a letter and assessing a fee to the customer’s bill water bill.
- All following offenses would result in a recorded violation documented by certified letter and assessing a fee to the customer’s water bill as stated in the table below.

All violations would allow for a 10 day grace period prior to the next violation being recorded allowing for mail delivery and system corrections. Failure to pay charges will result in suspension of water service.

| Meter type/service | 1st | 2nd | 3rd | 4th | 5th | Subsequent |
|---------------------------|------------|------------|------------|------------|------------|-------------------|
| Residential | warning | \$50 | \$100 | \$250 | \$500 | water shut off |
| 1" or less | warning | \$100 | \$200 | \$500 | \$1,000 | water shut off |
| 1-1/2" or greater | warning | \$600 | \$1,200 | \$3,000 | \$6,000 | water shut off |

**STERLING RANCH COMMUNITY AUTHORITY
BOARD RULES AND REGULATIONS
EXHIBIT A -1**

Water Budget Definition and Calculation

I. Water Budget Calculation:

For each tap a Water Budget will be established by CAB that will serve as the benchmark for where different rate tiers take effect. The Water Budget for different types of customers shall be determined as follows:

A. Non-Residential Indoor Customers

Indoor Usage: Allowance for water budget is based on 189 kgal per ¾” equivalent as tabulated below:

| <u>Meter Size</u> | <u>Annual Water Budget</u> |
|-------------------|----------------------------|
| ¾" | 189,000 |
| 1" | 378,000 |
| 1.5" | 756,000 |
| 2" | 1,512,000 |
| 3" | 3,402,000 |

B. Non-Residential Irrigation Customers

For non-residential irrigation customers the outdoor irrigation budget will be calculated based on the actual number of irrigated square feet (irrigated area) including turf and landscape beds.

The customer is responsible for fully completing the Non-Residential Irrigators Water Budget Application.

1. The customer may utilize agents, contractors or management companies to complete the Application however the customer assumes responsibility for the application.
2. It is the responsibility of the customer to inform the CAB if any changes are made which change the irrigated area.
3. If the customer does not submit the completed Non-Residential Irrigators Water Budget Application the water budget will be based on **15%** of the total lot size.
4. If a customer believes that the measurement used to calculate their budget is incorrect the following administrative steps will be taken:

- The customer must report to the CAB the corrected measurement to be used as a basis for calculating the water budget in writing.
- The CAB will verify the information provided.
- A refund will be provided but is limited to the irrigation periods 2 years prior to when notice was given to the CAB.

Non-residential Irrigation Customers will fall into the following categories:

- Outdoor Irrigation Usage for Multi- Family common areas and Associations

Outdoor Usage: The amount of water necessary to apply the irrigation amounts shown in Section B below on an area equal to the actual irrigated area of landscape.

- Non-Residential

Outdoor Usage: The amount of water necessary to apply the irrigation amounts shown in Section B below on an area equal to the actual irrigated area of landscape.

- Sterling Ranch Community Authority Board

Outdoor Usage: The amount of water necessary to apply the irrigation amounts shown in Section B below on an area equal to the actual irrigated area of landscape.

- Sports Field Customers

Outdoor Usage: The amount of water necessary to apply to the actual irrigated area of landscape on an annual basis.

- Customers primarily using non-potable

Outdoor Usage: The amount of water necessary to apply to the actual irrigated area of landscape on an annual basis or as revised by contract.

C. Residential Water Customers/ Indoor Water Usage

1. Indoor Usage: Allowance for water budget is based on 189 kgal per $\frac{3}{4}$ "meter
2. Outdoor Usage: Allowance for the water budget shall be based upon the Outdoor Water Allotment established by the CAB for the Lot using the process and criteria set forth in the Water Demand Management Initiatives. The calculation of the area to be included in the Outdoor Usage shall include both the Lot and tree lawn from the back of curb to the sidewalk in the street right of way along the perimeter of their Lot.

**STERLING RANCH COMMUNITY AUTHORITY
BOARD RULES AND REGULATIONS
EXHIBIT A -2**

Water Conservation Measures

I. Water Use:

Consistent with the Water Demand Management Initiatives wasteful use of water is prohibited at all times. Examples of wasteful water use include:

- Excess water flowing in street gutters from irrigation or other outdoor uses,
- Unrepaired leaks or fixture malfunctions that lead to excess water use

II. Mandatory Outdoor Water Restrictions:

Consistent with the Water Demand Management Initiatives concerning Mandatory Outdoor Water Restrictions the following restrictions apply at all times:

- Outdoor irrigation is prohibited between the hours of **10:00 A.M. and 6:00 P.M. from May 1st to September 30th** with exception of prior approved daytime watering permit.
- Operation of an irrigation system for maintenance is allowed at any time. Maintenance is defined as actively observing an irrigation zone while it is operating to ensure that it is functioning properly. A person must be visible at the location of the zone while it is running. Each zone must be turned off prior to leaving the location and not left running until the completion of a cycle.
- Hand watering of landscape materials is allowed at any time. Hand watering is defined as the application of irrigation from a hose held in the hand with a shut off valve; or a water-conserving method such as a drip, trickle, micro spray, deep root watering device or watering can are used.
- Car washing is allowed at any time. However, if water for car washing is coming from a hose rather than a bucket, a hose end shut off device must be in use to prevent uninterrupted water flow.

III. Changes to Mandatory Outdoor Water Restrictions:

The mandatory Outdoor Water Restrictions imposed by the CAB's Rules and Regulations may be changed at any time by declaration of CAB Board of Directors at a regular or special board meeting. Such changes may include, but are not limited to:

- Mandatory day-of- week limits on irrigation
- Mandatory limits on the hours of watering

- Mandatory limits on the allowed run times of irrigation systems
- Mandatory prohibitions of all outdoor water use under severe water supply shortages

IV. Required Water Conservation Devices:

- A. The irrigation system of any Non-residential Irrigation Customers (Non Residential, industrial, combination, governmental or HOA common area irrigation system) that receives water from the CAB must be equipped with rain sensing shut-off devices approved as to number and type by the CAB.
- B. All rain sensors shall be installed, adjusted and set as follows:
1. to automatically shut off the irrigation system after 1/4" (one-fourth of an inch) of rainfall has been received and is recommended to be shut off after 1/8" (one-eighth of an inch).
 2. according to manufacturer's instructions in a location that will provide full exposure to rainfall such that accuracy of operation is assured and shall be maintained in good working condition.
- C. No person shall, with the intent of circumventing the purpose of this requirement, adjust either the rain sensor or irrigation system so that the rain sensor is not able to override and turn off the irrigation system after one-fourth inch of rain has fallen.
- D. A person commits a violation if, on premises owned, leased or managed by him or her, he or she:
1. Installs, or causes or permits the installation of, an irrigation system in violation of the above.
 2. Operates, or causes or permits the operation of, an irrigation system that does not comply with the above.

Violations will be subject to the warning and fees as shown below except in the case of failure to have a rain sensor device properly installed the fine will be \$250.

| Meter type/service | 1st | 2nd | 3rd | 4th | 5th | Subsequent |
|---------------------------|---------|-------|---------|---------|---------|------------|
| 1" or less | warning | \$100 | \$200 | \$500 | \$1,000 | water shut |
| 1-1/2" or greater | warning | \$600 | \$1,200 | \$3,000 | \$6,000 | water shut |

Appendix I
to Exhibit A of CAB Rules and Regulations - Utilities, Parking and Open Space

Filing 1 Residential Dwelling Unit Tap Fees Payment Schedule

(for Definitions see Development and Cost Sharing Agreement dated November 5, 2015)

Builder shall purchase Taps from the CAB for every Lot acquired by Builder pursuant to the Purchase Contract.

The Lots are being developed in eight separate Construction Phases.

Builder shall pay the Tap Fees pursuant to the following payment schedule which corresponds with the Construction Phases:

1. The Tap Fees for one half (1/2) of the Lots within the First Construction Phase will be paid on the Effective Date.
2. The Tap Fees for the remaining one half (1/2) of the Lots within the First Construction Phase will be paid upon Substantial Completion (all as defined in the Development and Cost-Sharing Agreement) of the Lots within the First Construction Phase.
3. The Tap Fees for one half (1/2) of the Lots within the Second Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the First Construction Phase.
4. The Tap Fees for the remaining one half (1/2) of the Lots within the Second Construction Phase will be paid upon Substantial Completion of the Lots within the Second Construction Phase.
5. The Tap Fees for one half (1/2) of the Lots within the Third Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Second Construction Phase.
6. The Tap Fees for the remaining one half (1/2) of the Lots within the Third Construction Phase will be paid upon Substantial Completion of the Lots within the Third Construction Phase.
7. The Tap Fees for one half (1/2) of the Lots within the Fourth Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Third Construction Phase.
8. The Tap Fees for the remaining one half (1/2) of the Lots within the Fourth Construction Phase will be paid upon Substantial Completion of the Lots within the Fourth Construction Phase.

9. The Tap Fees for one half (1/2) of the Lots within the Fifth Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Fourth Construction Phase.
10. The Tap Fees for the remaining one half (1/2) of the Lots within the Fifth Construction Phase will be paid upon Substantial Completion of the Lots within the Fifth Construction Phase.
11. The Tap Fees for one half (1/2) of the Lots within the Sixth Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Fifth Construction Phase.
12. The Tap Fees for the remaining one half (1/2) of the Lots within the Sixth Construction Phase will be paid upon Substantial Completion of the Lots within the Sixth Construction Phase.
13. The Tap Fees for one half (1/2) of the Lots within the Seventh Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Sixth Construction Phase.
14. The Tap Fees for the remaining one half (1/2) of the Lots within the Seventh Construction Phase will be paid upon Substantial Completion of the Lots within the Seventh Construction Phase.
15. The Tap Fees for one half (1/2) of the Lots within the Eighth Construction Phase (as defined in the Development and Cost-Sharing Agreement) will be paid upon Substantial Completion of the Lots within the Seventh Construction Phase.
16. The Tap Fees for the remaining one half (1/2) of the Lots within the Eighth Construction Phase will be paid upon Substantial Completion of the Lots within the Eighth Construction Phase.

**STERLING RANCH COMMUNITY AUTHORITY BOARD
RULES AND REGULATIONS – COVENANT ENFORCEMENT AND DESIGN REVIEW**

Fees and Charges

I. COVENANT ENFORCEMENT & DESIGN REVIEW FEES AND CHARGES

A. Covenant Enforcement Charges

| | |
|---|----------------------------|
| First Notice of Violation of the Documents | \$ <u>100</u> |
| Second Notice of Violation of the Documents | \$ <u>250</u> |
| Third Notice Violation of the Documents | \$ <u>500</u> |
| Continuing Violation | *Cost to Correct Violation |

*Based upon Continuing Violation of the Documents, the Cost for the CAB to Correct the Violation will be billed to the owner of the Lot in Violation of the Documents.

B. Design Review Services, Landscape Review, Improvement Review

| | |
|--|-----------------|
| DRC Design Review Fee per new Floor Plan | \$ <u>2,500</u> |
| DRC Landscaping Plan Review Fee | \$ <u>300</u> |
| DRC Lot Review Fee for Approved Floor Plan | \$ <u>150</u> |
| DRC Improvement Inspection Fee | \$ <u>100</u> |
| DRC Landscape Inspection Fee | \$ <u>100</u> |
| DRC Voluntary Water Audit Fee | \$ <u>250</u> |

C. Landscape Professional Registration Fees

| | |
|---|---------------|
| Design Professional Certification | \$ <u>350</u> |
| Installation Professional Certification | \$ <u>350</u> |

II. Utility Information

| | |
|---|------------------------|
| Predictive Analytics for Energy Consumption | \$ <u>12 per month</u> |
|---|------------------------|

