

RULES AND REGULATIONS

GOVERNING

**FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**

adopted and enforced pursuant to a

Resolution of

Fossil Ridge Metropolitan District Nos. 1-3

**RULES AND REGULATIONS
GOVERNING
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 1
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 2
FOSSIL RIDGE METROPOLITAN DISTRICT NO. 3**

Adopted and Enforced By

Fossil Ridge Metropolitan District Nos. 1-3

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**RULES AND REGULATIONS
GOVERNING
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Resolution of

Fossil Ridge Metropolitan District Nos. 1-3

PREAMBLE:

The Boards of Directors of Fossil Ridge Metropolitan District Nos. 1-3 have adopted the following Rules and Regulations pursuant to § 32-1-1001(1)(m), C.R.S., by way of a resolution, attached hereto as **Exhibit A**, to provide for the orderly and efficient conduct of the business and affairs of the Districts and the community known as Solterra.

The Boards of Directors of Fossil Ridge Metropolitan District Nos. 1-3 expressly reserve the right to make revisions to these Rules and Regulations and all exhibit and appendices attached hereto from time to time in order to provide for the orderly construction, management, operation and control of the public facilities and services of the Districts and to promote the health, and safety and welfare of the residents and property owners in Solterra. These Rules and Regulations are supplementary to, and are not to be construed as any abridgement of, the lawful rights of the Boards to manage the Districts as outlined in the Colorado Revised Statutes governing special districts. These Rules and Regulations specifically supersede in their entirety any and all prior rules and regulations of the Districts and Solterra.

ARTICLE 1. DEFINITIONS

Board or **Boards of Directors** shall refer to the Boards of Directors of Fossil Ridge Metropolitan District Nos. 1-3, the governing bodies of the Districts.

Customer shall mean any person or entity which receives services from the Districts.

District No. 1 shall mean Fossil Ridge Metropolitan District No. 1, or its Board of Directors.

District No. 2 shall mean Fossil Ridge Metropolitan District No. 2, or its Board of Directors.

District No. 3 shall mean Fossil Ridge Metropolitan District No. 3, or its Board of Directors.

District Manager shall mean the independent contractor engaged by the Districts to perform such services, with and to the extent authorized by the Districts.

District Services shall mean any of the services authorized by the Service Plan, as the same may be amended from time to time, to be provided by the Districts.

Districts shall mean Fossil Ridge Metropolitan District No. 1, Fossil Ridge Metropolitan District No. 2 and Fossil Ridge Metropolitan District No. 3.

Fee Schedule shall mean the schedule of fees charged by the Districts, as the same may be amended from time to time, on file with the District Manager, and attached hereto as **Exhibit B**.

Person shall mean any person or entity.

Property Owner or **Owner** shall mean the record owner of real property within the boundaries of the Districts.

Rules and Regulations shall mean these Rules and Regulations adopted by the Districts' Boards of Directors, including all amendments, policies and resolutions of the Districts which may be adopted from time to time.

Solterra shall mean the property constituting the legal boundaries of the Districts as they currently exist, and as may be amended in the future by any and all inclusions or exclusions conducted in accordance with Title 32 of the Colorado Revised Statutes.

Service Plan shall mean that document entitled "Amended and Restated Service Plan for Fossil Ridge Metropolitan District No. 1, Fossil Ridge Metropolitan District No. 2, Fossil Ridge Metropolitan District No. 3," dated August 22, 2006, as amended from time to time.

Shall or **May** whenever "shall" is used herein it shall be construed as a mandatory direction; whenever "may" is used herein it shall be construed as a permissible, but not mandatory direction.

ARTICLE II. GENERAL

2.1 SCOPE OF RULES AND REGULATIONS. These Rules and Regulations shall be treated and considered as new and comprehensive rules and regulations governing the operations and management of the Districts. Any and all prior rules and regulations of the Districts shall be deemed specifically superceded hereby.

The Boards of Directors have determined to adopt these Rules and Regulations in order to assist the Districts and their management staff in implementing the decisions and policies of the

Boards. It is intended that any Person desiring to transact business with the Districts as an Owner or developer of property or a resident within the boundaries of the Districts shall comply with these Rules and Regulations. It is further intended that the District Manager and the management staff shall utilize these Rules and Regulations as a tool for assuring uniform treatment to Persons within the Districts and fair response to issues which confront the Districts. The District Manager shall provide copies of these Rules and Regulations to any Person who requests them for a fee, as the same is determined by the Board from time to time. No Person shall be entitled to any exemption from the applicability of these Rules and Regulations due to the failure of that Person to become familiar with policies and standards of the Districts contained herein, and in supplements hereto.

2.2 GENERAL PURPOSE AND AUTHORITY. The purpose of these Rules and Regulations is to provide for the orderly construction, management, operation and control of the public utility systems, facilities, improvements and services of the Districts, including additions, extensions and connections thereto. The Districts are governmental entities and political subdivisions of the State of Colorado and bodies corporate with all powers of public or quasi-municipal corporations which are specifically granted or implied for carrying out the objectives and purposes of the Districts. The Districts construct, operate and maintain certain facilities for their benefit and that of property owners and residents within their boundaries.

2.3 PUBLIC HEALTH, SAFETY AND WELFARE. It is hereby declared that the Rules and Regulations hereinafter set forth serve a public interest and are necessary for the protection of the health, safety, prosperity, security, and general welfare of the residents and property owners of the Districts.

2.4 RULES OF CONSTRUCTION. These Rules and Regulations governing Fossil Ridge Metropolitan District Nos. 1-3, adopted and enforced by a Resolution of Fossil Ridge Metropolitan District Nos. 1-3, are promulgated pursuant to statute in the exercise of the Boards' discretion to provide a tool for management of the Districts and for the orderly provision of essential services. It is intended that these Rules and Regulations shall be liberally construed to effect the general purposes set forth herein, and that each and every part hereof is separate and distinct from all other parts. No refusal, failure or omission of the Boards or their agents to apply or enforce these Rules and Regulations shall be construed as an alteration, waiver, or deviation herefrom or from any grant of power, duty or responsibility, or any limitation or restriction upon the Boards of Directors or the Districts by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the Districts and any other entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the Districts to secure the full benefit and protection of any law now in effect or may subsequently be enacted by the Colorado General Assembly pertaining to the governmental or proprietary affairs of the Districts. The Boards reserve the right to construe any provision hereof in their sole discretion in order to effectuate lawful purposes of the Districts and to attempt to ensure orderly and non-discriminatory treatment of all Persons or entities subject to these Rules and Regulations now or in the future. In all circumstances, these Rules and Regulations shall be construed in the broadest sense possible to enable the Districts to perform its functions in accordance with law.

The Rules and Regulations must be complied with by all Persons absent receipt of a proper written waiver approved by the Boards. It is the responsibility of each resident and Property Owner to obtain and read the Rules and Regulations of the Districts, as adopted and enforced by the Districts. No Person shall obtain, by virtue of the Rules and Regulations, any right or cause of action against the Districts or their management arising as a result of the enforcement or lack of enforcement of the Rules and Regulations by the Districts.

2.5 AMENDMENT/MODIFICATION/WAIVERS. The Boards shall retain the power to amend these Rules and Regulations as they deem appropriate. Neither notice of such amendments nor public hearing shall be required to be provided by the Districts prior to exercising their amendment, modification or waiver powers. The Districts have the power to revise their Rules and Regulations from time to time either by formal action of the Boards or by implication and have the authority to waive the application of their Rules and Regulations to their own activities, or to the activities of others. Supplemental policies of the Districts may be adopted from time to time in order to assist the Boards and their management staff in managing the affairs of the Districts. When possible, copies of such policies shall be attached hereto as addenda to **Exhibit C**. Additional documents affecting these Rules and Regulations may be added by Board resolution from time to time. The Boards, or the District Manager acting on instructions of the Boards, shall have the sole authority to waive, suspend or modify these Rules and Regulations. Any Person claiming the benefit of such waiver, suspension or modification shall be required to obtain a written waiver signed by the District Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver shall be deemed a continuing waiver.

2.6 CONFLICTS. In case of any conflict between any provision of these Rules and Regulations, the Districts shall be entitled to resolve such conflict in their own favor at the Districts' sole discretion, it being the intention of the Boards that these Rules and Regulations shall be construed or interpreted by the Districts in such a manner so as to maximize the ability of the Districts to govern and manage the Districts and their facilities.

2.7 DEFINITIONS FOR TERMS USED IN RULES AND REGULATIONS. Unless the context specifically states otherwise, the meaning of the terms used herein shall be as set forth herein.

2.8 GENERAL POLICIES. The Districts articulate herein their rules, regulations, and policies for the provision of public services and facilities, and for management and operation of the same. From time to time, the Boards of Directors adopt official policies of the Districts. On occasion, such policies are reflected in official "resolutions" or "policies" of the Boards of Directors. **Exhibit D** attached hereto contains official policies of the Districts incorporated into formal "resolutions" as of the date of adoption of these Rules and Regulations. Additional exhibits may be added to these Rules and Regulations from time to time either by addition to **Exhibit D** in the case of adoption of resolutions or policies, or by the addition of new exhibits. Additional policies may also be found in the minutes of the Districts' Board meetings. To the extent any policy found in minutes of the Board meetings which pre-date and conflict with any resolution of the Boards, the resolution shall be deemed to supersede the minutes, unless the

Boards determine otherwise, after such conflict is brought to the attention of the Boards. To the extent policies found in the minutes of meetings post-date resolutions of the Districts and conflict with such resolutions, the policy stated in the minutes shall be binding unless the Boards determine otherwise after such conflict is brought to the attention of the Boards. The Districts shall have the right, at all times, to repeal and re-enact resolutions of the Boards unless any resolution specifically states that it is irrevocable. A number of informal policies of the Districts may exist which are known to the District Manager and the Districts' Board of Directors. In any case where a Person has questions about District policies, questions may be directed to the District Manager who has the authority to respond, or who may refer such requests to the Board. In all circumstances, the Boards of Directors retain the authority and responsibility for the policies of the Districts.

ARTICLE III. DESCRIPTION OF THE DISTRICTS

3.1 PURPOSE OF THE DISTRICTS. The Districts were organized with the authority to provide certain services and facilities to residents and property owners within the area generally known as "Solterra." The Districts are quasi-municipal corporations and political subdivisions of the State of Colorado and, as such, exercise certain governmental powers for the benefit of their constituents. Pursuant to their Service Plan, the Districts have the authority to provide water, street, traffic and safety controls, television relay and translator, transportation, parks and recreation, sanitation, and mosquito and pest control services to the extent of their available resources. The Districts have power to tax properties within their boundaries and to impose fees for services available from or provided by the Districts. The Districts derive their powers from Colorado statutes and from their Service Plan. The Service Plan contains general information about the facilities, services, and powers of the Districts and may be amended from time to time to deal with the evolving needs of the Districts. The Districts have the authority to construct facilities and improvements for District services as they deem expedient, in accordance with the authority granted to the Districts in their Service Plan. The Districts' Service Plan is an "enabling document" granting to the Districts certain powers and authorities. The Service Plan does not impose upon the Districts any responsibility which they are not required to accept pursuant to state law or which it does not specifically accept by official decision of the Boards.

3.2 THE GOVERNING BODY. The Districts are governed by elected Boards of Directors. Each Board may consist of up to five individuals who, as residents or property owners within the Districts, are qualified to serve as directors. Directors are generally elected to four-year terms at elections held in May of even-numbered years. The Board elects from its membership a president, vice-president, treasurer, and appoints a secretary.

3.3 DISTRICT BOARD MEETINGS. Meetings of the Boards of Directors are subject to the "Sunshine Law" of the State of Colorado and are open to the public. From time to time the Boards meet in "Executive Session" to receive legal advice or to discuss ongoing contract negotiations, litigation matters, or other legally privileged matters. Executive sessions are held in accordance with Colorado law and are closed to the general public. Minutes of meetings are prepared for each meeting and, after approval by the Boards, are available for public

inspection. The Districts' policy is not to tape record its meetings, and it does not attempt to maintain a verbatim transcript of its discussions.

3.4 DISTRICT MANAGEMENT. The Districts are managed by a professional management staff engaged by the Boards. The District Manager oversees the day-to-day administration of the Districts and operation of District facilities. All employees and consultants of the Districts serve at the will of the Boards. The District Manager operates within approved guidelines established by the Boards and exercises only that discretion which is granted by the Boards as necessary for day-to-day operations and for implementation of Board decisions and policies.

3.5 DISTRICT SERVICES AND FACILITIES. In general terms, the Districts attempt to provide the water, street, traffic and safety controls, parks and recreation, sanitation, and mosquito and pest control services and improvements within the Districts. The Districts' Service Plan contains maps which show the current and projected location of District services and facilities, and provides a general description of those facilities. Reference is made to the Service Plan for general descriptions of services and facilities which may be provided by the Districts. The Districts have powers of eminent domain to condemn private properties for public use.

3.6 SUBDIVISION AND ZONING REFERRALS. The Districts have no authority over subdivision, zoning or other land use matters for property within the Districts. Jefferson County controls land use decisions within the boundaries of the Districts, with the exception of certain land use decisions related to public facilities constructed by the Districts.

3.7 FEES, RATES, TOLLS, PENALTIES AND CHARGES. The Districts have the power to charge various fees, rates, tolls, penalties and charges and may impose taxes for services and facilities provided by the Districts. In most cases the failure of a resident or Property Owner to pay such fees creates a right in the Districts to claim a lien on the affected property and to foreclose on that lien. The Districts exercise such power for the overall benefit of the Districts and reserve the right to exercise its discretion on a case-by-case basis in determining whether to claim a lien and foreclose it. The Districts may, from time to time, seek input from the public on proposed changes to its fees, rates, tolls, penalties and charges.

3.8 OTHER PUBLIC UTILITIES. Electric, natural gas, telephone and cable television services are available within the Districts and are provided by various commercial companies.

ARTICLE IV. OWNERSHIP AND OPERATION OF FACILITIES

4.1 DISTRICT FACILITIES. Systems constructed by the Districts shall be operated and maintained by the Districts pursuant to these Rules and Regulations.

4.2 DISTRICT OWNERSHIP. All improvements constituting any part of Districts systems shall be the sole property of the Districts, unless otherwise specifically agreed by the

Districts or Customer. Notwithstanding that Customers shall be entitled to receive service from the Districts pursuant to these Rules and Regulations, no legal or equitable ownership in Districts systems or improvements shall be deemed to exist in favor of any Person other than the Districts.

4.3 RIGHT OF ENTRY. The District Manager, employees of the Districts, or other personnel authorized by the District Manager, bearing proper credentials and identification, shall be permitted by all residents or owners within the Districts to enter upon all properties or appurtenances for the purpose of installation, replacement, repair, maintenance, inspection, or observation reasonably necessary in connection with the services and facilities provided by the Districts. The granting of Right of Entry by the resident or landowner is a condition precedent and a condition subsequent to the provision of services by the Districts. Refusal to permit such access to District personnel in the performance of their duties may result in discontinuation of services to the property in question, or cause additional charges to the resident or owner for increased costs or damages sustained as a result of refusing the Right of Entry.

4.4 LIMITATION OF LIABILITY OF DISTRICTS. Except as provided by the Colorado Governmental Immunity Act, 24-10-101 *et seq.*, C.R.S., it is expressly stipulated that no claim for damage shall be made against the Districts by reason of any action or inaction of the Boards in connection with any improvements or facilities for which the Districts have operations or maintenance responsibility.

ARTICLE V. RULES CONCERNING DISTRICT SERVICES AND FACILITIES

5.1 ENTITLEMENT TO DISTRICT SERVICES. District Services will be provided by the Districts to all Customers, subject to these Rules and Regulations. No Person which does not pay applicable fees and other related charges, as may be adopted by the Boards and as may be updated from time to time, or provide evidence that appropriate fees have been paid for the benefit of such Person or entity shall be entitled to continued service. It shall be incumbent upon the applicant for District Services to furnish satisfactory evidence of payment of applicable fees whenever such evidence is requested by the Districts. Notwithstanding that a Person has paid appropriate fees for service, no Person shall be entitled to receive continued District Services if property taxes or other fees due from such Person or entity have become delinquent. District Services shall be suspendable or revocable at the Districts' discretion upon non-payment of any valid fees or charges owing to the Districts or any other violation of these Rules and Regulations. In the event of non-payment, the Customer shall be given not less than five (5) days advance notice in writing of the revocation, such notice to be determined as of the date of mailing.

5.2 DISTRICT SERVICES TO PERSONS OUTSIDE THE DISTRICTS' BOUNDARIES. Charges for District Services to Persons outside the Districts' boundaries shall be determined in the sole discretion of the Board of Directors. It is expected that charges for District Services for Persons owning property or residing outside the Districts' boundaries shall equal at least the actual cost of District Services, plus, at a minimum, the estimated mill levy payments and other fees for which such property would be responsible if it were included in the Districts. In every case where the Districts furnish services to Persons owning property or

residing outside the District boundaries, the Districts reserve the right to discontinue service when, in the judgment of the Board of Directors, it is in the best interest of the Districts to do so, except as may be limited by written agreement.

5.3 INCLUSION OR EXCLUSION OF PROPERTY. Owners of located outside the boundaries of the Districts may propose inclusion (annexation) of such property into the Districts. Persons who own property within the boundaries of the Districts may seek to have their property excluded from the Districts. All requests for inclusion of property within the boundaries of the Districts shall be made pursuant the provisions of § 32-1-401, *et seq.*, C.R.S. All requests for exclusion of property shall be considered pursuant to the provisions of § 32-1-501, *et seq.*, C.R.S.

5.4 TAMPERING. No unauthorized Person shall uncover, use, alter, or disturb the Districts' facilities or improvements without first obtaining a written authorization from the Districts. No Person shall maliciously, willfully, or negligently, break, damage, destroy, uncover, deface or tamper with any portion of the Districts' facilities or improvements. Any Person who violates the provisions of this Section shall be prosecuted to the full extent of Colorado law.

5.5 VIOLATIONS. Any Person violating any of the provisions of these Rules and Regulations shall become liable to the Districts for any expense, loss or damage occasioned by reason of such violation, and upon non-payment thereof, shall be assessed a penalty in an amount set forth in the Districts' Fee Schedule, which penalty shall be a lien upon the violator's property as allowed by § 32-1-1001, C.R.S., as amended, or a lien upon the Property to which the violator was providing services at the time of the violation in question, whichever the District Manager deems appropriate. In the event the Districts determine to revoke or suspend District Services to any Person or entity for violation of any of the provisions of these Rules or Regulations, the Districts shall not be liable for any claim for damage resulting therefrom.

5.6 FEES FOR SERVICES. Development fees, service charges, miscellaneous fees, and other applicable fees or charges shall be in the amounts stated in any fee resolution adopted by the Boards of Directors, as represented in **Exhibit B**.

Following efforts to collect overdue payments of any fee or charge assessed by the Districts under these Rules and Regulations and/or Colorado law, if it becomes necessary for the Districts to initiate foreclosure proceedings as allowed by § 32-1-1001(1)(j), C.R.S., as amended, the Districts shall in each such case be entitled to assess all legal fees, costs of collection, and a foreclosure penalty against the subject property in an amount set forth in the Districts' Fee Schedule, which penalty shall be payable in full upon assessment and shall be included in the lien then being foreclosed. Payment of said foreclosure penalty and any and all other fees outstanding against the subject Property shall be a precondition to the resumption of District Services.

ARTICLE VI. HEARINGS

6.1 APPLICABILITY. The hearing and appeal procedures established by this Article shall apply to all complaints concerning the interpretation, application, or enforcement of

the Rules and Regulations of the Districts, as they now exist or may hereafter be amended. The hearing and appeal procedures established by this Article shall not apply to complaints arising out of the interpretation of the terms of District contracts or complaints which arise with regard to personnel matters which shall be governed exclusively by the Districts' personnel rules as the same may be amended from time to time.

6.2 COMPLAINT. Complaints concerning the interpretation, application, or enforcement of Rules and Regulations of the Districts must be presented in writing to the District Manager, or such representative as he or she may designate. Upon receipt of a complaint, the District Manager or designated representative, after a full and complete review of the allegations contained in the complaint, shall take such action and/or make such determinations as may be warranted and shall notify the complainant of the action or determination by mail within fifteen (15) days after receipt of the complaint. Decisions of the District Manager which impact the Districts financially will not be binding upon the Districts unless approved by the Boards at a special or regular meeting of the Boards.

6.3 HEARING. In the event the decision of the District Manager or his representative is unsatisfactory to the complainant, a written request for formal hearing may be submitted to the District Manager or such hearing officer as the District Manager may appoint within twenty (20) days from the date written notice of the decision was mailed. A deposit in the amount of \$250 shall be made with the Districts along with the request for the hearing. This amount shall be retained by the Districts to cover the costs of the hearing until the final decision following such hearing. The amount shall be refunded to the complainant if the District Manager renders a final decision in favor of the complainant.

Upon receipt of the request, if it be timely and if any and all other prerequisites prescribed by these Rules and Regulations have been met, the District Manager or hearing officer shall conduct a hearing at the Districts' convenience but in any event not later than fifteen (15) days after the submission of the request for formal hearing. The formal hearing shall be conducted in accordance with and subject to all pertinent provisions of these Rules and Regulations. Decisions of the District Manager which impact the Districts financially will not be binding upon the Districts unless approved by the Boards of Directors at a special or regular meeting of the Boards.

6.4 RULES. At the hearing, the District Manager or hearing officer shall preside. The complainant and representatives of the Districts shall be permitted to appear in person, and the complainant may be represented by any Person of his/her choice or by legal counsel.

The complainant or his/her representative and the Districts' representatives shall have the right to present evidence and arguments; the right to confront and cross-examine any Person; and the right to oppose any testimony or statement that may be relied upon in support of or in opposition to the matter complained. The District Manager or hearing officer may receive and consider any evidence which has probative value commonly accepted by reasonable and prudent Persons in the conduct of their affairs.

The District Manager or hearing officer shall determine whether clear and convincing grounds exist to alter, amend, defer, or cancel the interpretation, application, and/or enforcement of the Rules and Regulations that are the subject of the complaint. The decision shall be based upon evidence presented at the hearing. The burden of showing that the required grounds exist to alter, amend, defer, or cancel the action shall be upon the complainant.

6.5 FINDINGS. Subsequent to the formal hearing, the District Manager or hearing officer shall make written findings and an order disposing of the matter and shall mail a copy thereto to the complainant not later than fifteen (15) days after the date of the formal hearing.

6.6 APPEALS. In the event the complainant disagrees with the findings and Order of the District Manager at the formal hearing, the complainant may, within fifteen (15) days from the date of their mailing, file with the District a written request for an appeal thereof to the Boards of Directors. The request for an appeal shall set forth with specificity the facts or exhibits presented at the formal hearing upon which the complainant relies and shall contain a brief statement of the complainant's reasons for the appeal. The Districts shall in response compile a written record of the appeal consisting of: (1) a transcript of the recorded proceedings at the formal hearing; (2) all exhibits or other physical evidence offered and reviewed at the formal hearing; and (3) a copy of the written findings and Order. The Boards shall consider the complainant's written request and the written record on appeal at the next regularly scheduled meeting held not earlier than ten (10) days after the filing of the complainant's request for appeal. Such consideration shall be limited exclusively to a review of the record on appeal and the complainant's written request for appeal. No further evidence shall be presented by any party to the appeal and there shall be no right to a hearing *de novo* before the Boards of Directors.

6.7 BOARD FINDINGS. The Boards of Directors shall make written findings and an order concerning the disposition of the appeal presented to it and shall cause notice of the decision to be mailed to the complainant within thirty (30) days after the hearing. The Boards of Directors will not reverse the decision of the District Manager or hearing officer unless it appears that such decision was contrary to the manifest weight of the evidence made available at the formal hearing.

6.8 NOTICES. A complainant shall be given notice of any hearing before the District Manager, the hearing officer, or before the Boards of Directors, by certified mail at least seven (7) calendar days prior to the date of the hearing, unless the complainant requests or agrees to a hearing in less time. When a complainant is represented by an attorney, notice of any action, finding, determination, decision, or order affecting the complainant shall also be served upon the attorney.

EXHIBIT A
Resolution Approving Rules and Regulations

**JOINT RESOLUTION OF
FOSSIL RIDGE METROPOLITAN DISTRICT NOS. 1-3
REGARDING
ADOPTION OF RULES AND REGULATIONS AND POLICIES AND PROCEDURES**

WHEREAS, Fossil Ridge Metropolitan District Nos. 1-3 (the "Districts") are special districts organized pursuant to the laws of the State of Colorado and in accordance with an "Amended and Restated Service Plan" prepared for the Districts, as approved by the City of Lakewood, Colorado and the District Court of Jefferson County, Colorado; and

WHEREAS, The Districts each have the power and authority to provide services pursuant to the Amended and Restated Service Plan including: water, streets, traffic and safety controls, television relay and translator, transportation, park and recreation, sanitation, and mosquito and pest control; and

WHEREAS, the combined boundaries of the Districts make up the community known as "Solterra," which property is constituted by the legal boundaries of the Districts as they currently exist, as amended in the future by any and all inclusions or exclusions conducted in accordance with Title 32 of the Colorado Revised Statutes; and

WHEREAS, on or about _____, 2007 the Districts entered into an intergovernmental agreement (the "Master IGA"), which provides for the implementation of principles and objectives set forth in the Amended and Restated Service Plan regarding the financing, construction, operation and maintenance of facilities, and regarding administration of the affairs of the Districts including the collection, management and expenditures of funds of the Districts; and

WHEREAS, as described in the Restated Service Plan and in the Master IGA, the Districts are responsible for managing the construction and operation of facilities and improvements needed for Solterra, and are responsible for providing the funding and tax base need to support the Districts' financing plan for capital improvements; and

WHEREAS, pursuant to the Master IGA, all rules and regulations, and amendments thereto, placed in force by the Districts from time to time concerning the operation of facilities and provision of services shall be as fully enforceable in all of the Districts.

NOW, THEREFORE, pursuant to § 32-1-1001(1)(m), C.R.S., by and through their respective boards of directors, in order to assure proper coordination of the powers and authorities of the Districts and to provide for the orderly and efficient conduct of the business and affairs of Solterra, the Districts each hereby independently and jointly:

RESOLVE to adopt the Rules and Regulations entitled "Rules and Regulations Governing Fossil Ridge Metropolitan District No. 1, Fossil Ridge Metropolitan District No. 2 and Fossil Ridge Metropolitan District No. 3" dated ~~2/13~~ 2007 (the "Rules and Regulations") and the Policies and Procedures entitled "Policies and Procedures Governing the Recreation Center and Recreation

Amenities for Solterra" dated Feb 13, 2007, (the "Policies and Procedures") for the purpose of governing Solterra; and

RESOLVE to incorporate the "Joint Resolution Concerning the Imposition of District Fees" and the "Joint Resolution Concerning Use of Recreational Facilities by Non-Residents and Non-Property Owners" as previously adopted by the Districts into the Rules and Regulations under Exhibit B (collectively, the "Fee Resolutions"); and

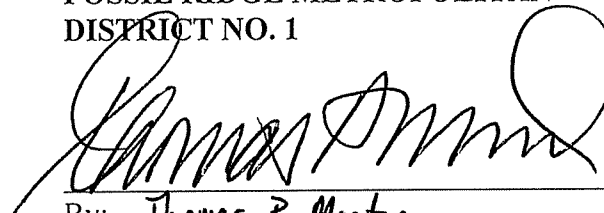
RESOLVE to adopt the "Policies and Procedures Governing the Recreation Center and Recreation Amenities for Solterra" as contained in Exhibit C to the Rules and Regulations for the purpose of governing the procedures by which recreation facilities are operated and maintained and rules pertaining to access of such facilities; and

RESOLVE that the Districts may waive the application of the Rules and Regulations and the Policies and Procedures as to itself without formal board action, and may waive the same as respects other persons or entities by action of its Board; and

FURTHER RESOLVE that the Boards of Directors each expressly reserves the right to make revisions to the Rules and Regulations, the Policies and Procedures and the Fee Resolutions, from time to time in a manner consistent with the Consolidated Service Plan in order to properly manage the Districts, and to promote the health, safety and welfare of the residents and property owners in Solterra.

ADOPTED AND APPROVED THIS 13th DAY OF February, 2007.

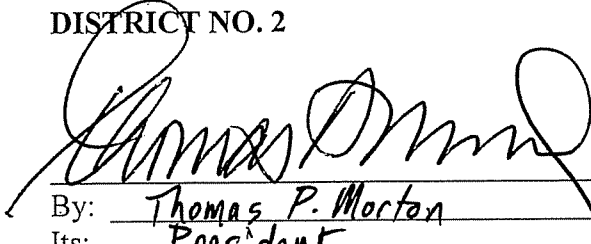
**FOSSIL RIDGE METROPOLITAN
DISTRICT NO. 1**


By: Thomas P. Morton
Its: President

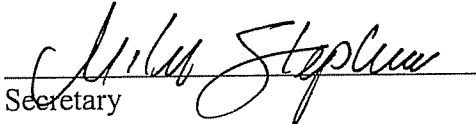
ATTEST:


Secretary

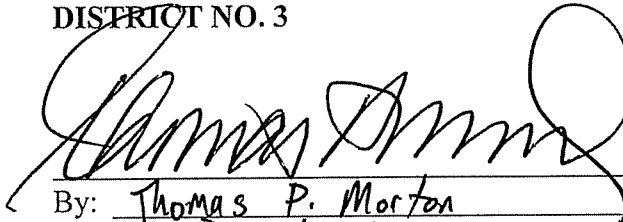
FOSSIL RIDGE METROPOLITAN
DISTRICT NO. 2


By: Thomas P. Morton
Its: President

ATTEST:


Secretary

FOSSIL RIDGE METROPOLITAN
DISTRICT NO. 3


By: Thomas P. Morton
Its: President

ATTEST:

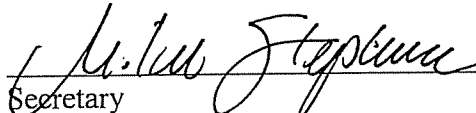

Secretary

EXHIBIT B
Fee Schedule

EXHIBIT C
Supplemental Policies

EXHIBIT D
Official Policies and Resolutions