

PROFESSIONAL SERVICES AGREEMENT

This **PROFESSIONAL SERVICES AGREEMENT** (“Agreement”) is made and entered into as of this 19th day of November, 2015, by and between **VDW METROPOLITAN DISTRICT NO. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado (the “District”), and **METROSTUDY, INC.**, (the “Consultant”), collectively, the “Parties.”

RECITALS

WHEREAS, the District was organized pursuant to the laws of the State of Colorado in order to construct, operate and maintain certain public facilities, improvements, and infrastructure in accordance with its approved service plan; and

WHEREAS, pursuant to Section 32-1-1001(1)(d)(I), C.R.S., the District is permitted to enter into contracts affecting the affairs of the District; and

WHEREAS, the District desires to procure a Market Study and CMA Analysis within the Northern Colorado Market Area; and

WHEREAS, the Consultant represents that it has that degree of specialized expertise and holds all required licenses necessary to perform the services contemplated herein; and

WHEREAS, the District desires to engage the Consultant to perform such services as are needed by the District and the Consultant is willing to provide such services to the District for reasonable consideration; and

WHEREAS, the Parties hereto desire to enter into this Agreement to establish the terms and conditions by which the Consultant shall provide such services to the District.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the sufficiency of which is hereby acknowledged, the Parties do hereby agree as follows:

COVENANTS AND AGREEMENT

1.0 SERVICES PROVIDED BY CONSULTANT

1.1 Scope of Services. The Consultant shall provide such professional services as are set forth in **Exhibit A** attached hereto and incorporated herein (the “Services”). The District may request the Consultant to perform additional services. Any requests for additional services shall be described in a work order, as attached hereto as **Exhibit B** (“Work Order”), and shall be executed by the Parties prior to the performance of any additional services by the Consultant. No Work Order shall be authorized by the District unless funds have been appropriated for payment as provided in Section 7.8 hereof. The Consultant shall have no right or authority, express or implied, to take any action, expend any sum, incur an obligation, or otherwise obligate the District in any

manner whatsoever, except to the extent specifically provided in this Agreement. The District reserves the right to solicit and contract with other or additional contractors for the performance of the Services.

1.2 Professional Practices. All Services to be provided by the Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence, and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. The Consultant shall be responsible for providing, at the Consultant's sole cost and expense, all management, supervision, labor, materials, administrative support, supplies and equipment necessary to perform the Services, all in accordance with this Agreement.

1.3 Representation. The Consultant represents that it is familiar with all laws that may affect its performance of this Agreement and shall advise the District of any changes in any laws that may affect the Consultant's performance of this Agreement. The Consultant represents that it shall perform the Services required by this Agreement in compliance with all applicable Federal and Colorado laws including but not limited to, those laws related to minimum hours and wages, hiring illegal aliens as set forth in Section 6.0 hereof, occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the Services required pursuant to this Agreement.

1.4 Subcontractors. The Consultant is solely and fully responsible to the District for the Services to be provided pursuant to this Agreement, including all acts and omissions of subcontractors and persons employed by them. The Consultant will require any subcontractor to obtain the required insurance coverage pursuant to Section 5.0 hereof and to agree to indemnify the District in the same manner as the Consultant pursuant to Section 7.5 hereof.

1.5 Responsibility for Errors. The Consultant shall be responsible for its work and results pursuant to this Agreement. The Consultant, when requested, shall furnish clarification and/or explanation as may be required by the District, regarding any Services rendered pursuant to this Agreement, at no additional cost to the District. In the event that an error or omission attributable to the Consultant occurs, the Consultant shall, at no cost to the District, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of the District and participate in any meeting required with regard to the correction at no cost to the District.

2.0 Compensation and Billing

2.1 Compensation. Compensation for satisfactory performance of the Services shall be based on the fee/rate schedule set forth in **Exhibit A** attached hereto and incorporated herein, and shall not exceed \$17,850, subject to annual appropriations by the District as set forth in Section 7.8 hereof.

2.2 Additional Work. The Consultant shall not receive compensation for any additional services unless the District and the Consultant have executed a Work Order for the additional work,

as more particularly described in Section 1.1 and as attached hereto as **Exhibit B**. It is specifically understood that oral requests and/or approvals of such additional work and additional compensation shall be barred and are unenforceable. Any approved Work Orders resulting in additional compensation to be paid by the District shall be subject to annual appropriations by the District as set forth in Section 7.8 hereof.

2.3 Method of Billing. The Consultant shall submit invoices of the Services performed to the District for approval on a progress basis by the 5th day of each month. Said invoices shall be based on the total of all Services provided by the Consultant which have been completed to the District's sole satisfaction. The District shall pay Consultant's invoice within forty-five (45) days from the 5th day of each month. Each invoice shall describe in detail the Services performed and the associated time for completion.

3.0 TIME OF PERFORMANCE

3.1 Commencement and Completion of Work. The Services to be performed pursuant to this Agreement shall commence upon execution of this Agreement (the "Effective Date"). Failure to commence work in a timely manner and/or to diligently pursue work to completion may be grounds for termination of this Agreement.

3.2 Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or Parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, riots, acts of war, or any other condition beyond the reasonable control of a party.

4.0 TERM AND TERMINATION

4.1 Term. This Agreement shall commence upon execution of the Agreement by Consultant and the District, and receipt of the retainer fee, in the amount specified in Exhibit A attached hereto, by Consultant.

4.2 Notice of Termination. The District may terminate this Agreement prior to its expiration and completion of the Services for convenience or for cause, in whole or in part, by delivery to the Consultant of a written notice of termination at least five (5) days prior to the effective date of termination. Such notice shall specify the extent of termination and the effective date. If the Consultant is found in violation of any provision of this Agreement, the Consultant shall be liable for actual and consequential damages to the District. In the event of such termination, the Consultant shall immediately stop rendering services pursuant to this Agreement unless otherwise directed by the District. The Consultant may terminate this Agreement, with cause, by delivery to the District of written notice of termination at least five (5) days prior to the effective date of termination. The Consultant shall stop rendering services pursuant to this Agreement upon the effective date of termination.

4.3 Compensation. In the event of termination by either party, the District shall pay the Consultant only for those Services satisfactorily performed, as determined by the District, up to the effective date of termination. Compensation for work in progress shall be prorated as to the

percentage of work completed as of the effective date of termination, as applicable. In ascertaining the Services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the Services contemplated herein whether delivered to the District or in the possession of the Consultant.

4.4 Documents. In the event of termination of this Agreement by either party, all documents, including all Work Product as described in Section 7.1 hereof, prepared by the Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the District if all undisputed amounts owed to the Consultant are paid within ten (10) days of delivery of the effective date of termination, at no cost to the District. Any use of uncompleted documents without specific written authorization from the Consultant shall be at the District's sole risk and without liability or legal expense to the Consultant.

5.0 RESERVED

6.0 ILLEGAL ALIEN PROVISIONS

6.1 Certification. Prior to the execution of this Agreement, the Consultant shall certify to the District, as attached hereto as **Exhibit C**, that at the time of certification, it does not knowingly employ or contract with an illegal alien who will perform work pursuant to this Agreement and that the Consultant will participate in either the E-Verify Program administered by the U.S. Department of Homeland Security and the Social Security Administration, or in the Colorado Department of Labor and Employment's Employment Verification Program (the "Department Program"), as further described in Section 6.6 herein, in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work pursuant to this Agreement.

6.2 Prohibited Acts. The Consultant shall not:

(A) Knowingly employ or contract with an illegal alien to perform work pursuant to this Agreement; or

(B) Enter into a contract with a subcontractor that fails to certify to the Consultant that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work pursuant to this Agreement.

6.3 Verification.

(A) The Consultant has confirmed the employment eligibility of all employees who are newly hired for employment to perform work pursuant to this Agreement through participation in either the E-Verify Program or the Department Program.

(B) The Consultant shall not use either the E-Verify Program or the Department Program procedures to undertake pre-employment screening of job applicants while this Agreement is being performed.

(C) If the Consultant obtains actual knowledge that a subcontractor performing work pursuant to this Agreement knowingly employs or contracts with an illegal alien, the Consultant shall:

(i) Notify the subcontractor and the District within three (3) days that the Consultant has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(ii) Terminate the subcontract with the subcontractor if, within three (3) days of receiving the notice required pursuant to subparagraph (i) hereof, the subcontractor does not stop employing or contracting with the illegal alien; except that the Consultant shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

6.4 Duty to Comply with Investigations. The Consultant shall comply with any reasonable request by the Colorado Department of Labor and Employment (the "Department") made in the course of an investigation conducted pursuant to Section 8-17.5-102 (5), C.R.S. to ensure that the Consultant is complying with the terms and conditions contained under Section 6.0 of this Agreement.

6.5 Breach. If the Consultant violates any provision set forth under Section 6.0 herein, the District may terminate the Agreement for breach of the Agreement. If the Agreement is so terminated, the Consultant shall be liable for actual and consequential damages to the District. The District shall notify the Colorado office of the Secretary of State if the Consultant violates any provision set forth under Section 6.0 herein and the District terminates the Agreement.

6.6 Department Program. If the Consultant participates in the Department Program in lieu of the E-Verify Program, the Consultant shall notify the Department and the District of such participation. The Consultant shall, within twenty (20) days after hiring an employee who is newly hired for employment to perform work under the Agreement, affirm that the Consultant has examined the legal work status of such employee, retained file copies of the documents required by 8 U.S.C. Sec. 1324a, and has not altered or falsified the identification documents for such employees. The Consultant shall provide a written, notarized copy of the affirmation to the District.

7.0 GENERAL PROVISIONS

7.1 Ownership of Work Product. Any and all Work Product, as such term is defined herein, created, prepared, and/or produced by the Consultant pursuant to this Agreement shall become the sole and exclusive property of the District under all circumstances, whether or not the

Consultant completes the Services set forth hereunder or the Agreement is terminated. Upon request by the District, all Work Product shall be delivered to the District in hard copy and in an electronic format compatible to the District's computer applications at the Consultant's expense. Upon payment to the Consultant for its Services, the District shall have the right to use and re-use all Work Product resulting from the Consultant's efforts performed pursuant to this Agreement in any way or manner deemed appropriate by the District. Any modification of the documents, without written verification, completion, or adaptation by the Consultant, as appropriate for the specific purpose intended, will be at the District's sole risk and without liability or legal exposure to the Consultant or to its officers, directors, members, partners, agents, employees, and subcontractors. The District's use of any or all such Work Product for its own purposes shall not be a violation of any patent or copyright thereof. The Consultant agrees that the copyright and other intellectual property rights (as are applicable) in and to any component of the Work Product, and to the design and content of the Work Product, are hereby assigned and shall belong exclusively to the District. Upon request by the District, the Consultant shall promptly execute whatever legal documents or other materials that the District deems necessary to secure, perfect, or substantiate the District's exclusive rights and interest in any Work Product created pursuant to this Agreement. For purposes of this Agreement, "Work Product" includes, but is not limited to, any and all finished or unfinished design, development and/or construction documents, drawings, reports, writings, data, studies, graphics, maps, plans, specifications, electronic files and other documents, materials and information, in every form and/or format, which the Consultant prepared and/or used in connection with this Agreement. All drawings, specifications and other documents prepared by the Consultant pursuant to this Agreement are not intended or represented to be suitable for reuse by the District or others on extensions of the work or on any other project.

7.2 Independent Contractor Status. The Consultant is an independent contractor and nothing contained herein shall be construed as constituting any relationship with the District other than that of owner and independent contractor, nor shall it be construed as creating any relationship whatsoever between the District and any of the Consultant's employees. Neither the Consultant nor any of the Consultant's employees are or shall be deemed employees of the District. The Consultant is not, and shall not act as, the agent of the District. The employees who assist the Consultant in the performance of the Services shall at all times be under the Consultant's exclusive direction and control and shall be employees of the Consultant and not employees of the District. The Consultant shall pay all wages, salaries, and other amounts due the Consultant's employees in connection with the performance of the Services and shall be responsible for all reports and obligations respecting such employees including, without limitation social security tax, income tax withholding, unemployment compensation, worker's compensation, employee benefits and similar matters. Further, the Consultant has sole authority and responsibility to employ, discharge, and otherwise control the Consultant's employees. The Consultant has sole authority and responsibility as principal for the Consultant's agents, employees, subcontractors and all others the Consultant hires to perform or assist in performing the Services.

7.3 Modification. This Agreement may not be amended, modified, or changed, in whole or in part, without a written agreement executed by both the District and the Consultant.

Additional services to be provided pursuant to the terms and conditions of this Agreement shall be authorized via Work Order, as provided in Section 1.1 hereof.

7.4 **RESERVED.**

7.5 Indemnification. The Consultant shall indemnify, defend, assume all responsibility for, and hold harmless the District and each of its directors, officers, consultants, employees, servants, agents, and authorized volunteers, from and against any and all claims, demands, suits, actions, proceedings, judgments, losses, damages, injuries, penalties, costs, and expenses (including reasonable attorneys' fees), and liabilities arising, or alleging to arise, directly or indirectly, in whole or in part, from any intentional or negligent acts or omissions of the Consultant or any of its subcontractors, agents, employees, representatives, or suppliers in connection with the Consultant's performance, duties, and obligations pursuant to this Agreement; provided, however, that the Consultant shall not be liable for any claim, loss, damage, injury or liability caused by the negligence or fault of the District or any third party under the control or supervision of the District. In the event the Consultant's insurance policies do not provide for the defense, indemnification, or holding harmless of the District, the Consultant shall only indemnify, defend, and hold harmless the District from all such claims to the extent and for an amount by the degree or percentage of negligence or fault attributable to the Consultant or its employees or its agents, representatives, subcontractors, or suppliers. If the Consultant is providing architectural, engineering, surveying, or other design services, then the extent of the Consultant's obligation to defend, indemnify, or hold harmless the District may be determined only after the Consultant's liability or fault has been determined by adjudication, alternative dispute resolution, or otherwise resolved by mutual agreement between the Consultant and the District. The obligations of the indemnifications extended by the Consultant to the District under this Paragraph shall survive termination or expiration of this Agreement.

7.6 Governmental Immunity. Nothing in this Agreement shall be construed to be a waiver, in whole or in part, of any right, privilege, or protection afforded the District or its Board of Directors, officers, employees, servants, agents, or authorized volunteers, pursuant to the Colorado Governmental Immunity Act, Section 24-10-101, *et seq.*, C.R.S.

7.7 Liability of the District. No provision, covenant or agreement contained in this Agreement, nor any obligations herein imposed upon the District shall constitute or create an indebtedness or debt of the District within the meaning of any Colorado constitutional provision or statutory limitation.

7.8 Subject to Annual Appropriations. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The District's payment obligations hereunder, including for any Work Orders authorized pursuant to Section 1.1 hereof, are subject to annual appropriations. The District has appropriated sufficient funds for this Agreement for the current fiscal year and for fiscal year 2016. Any extension of this Agreement or any approved additional services to be provided pursuant to a Work Order by the Consultant resulting in additional compensation to be paid by the District shall be subject to annual appropriations by the District.

7.9 Notices. Any notices, demands, or other communications required or permitted to be given by any provision of this Agreement shall be in writing and may be personally delivered; sent by certified mail, return receipt requested; sent by electronic mail, delivery receipt requested; or sent by a nationally recognized receipted overnight delivery service for earliest delivery the next day. Any such notice shall be deemed to have been given as follows: when personally delivered to the party to whom it is addressed; when mailed, three delivery (3) days after deposit in the United States mail, postage prepaid; when by electronic mail, on the day sent if sent on a day during regular business hours (9 a.m. to 5 p.m.) of the recipient, otherwise on the next day at 9 a.m.; and when by overnight delivery service, one (1) day after deposit in the custody of the delivery service. The addresses for mailing, transmitting, or delivering notices shall be as follows:

If to the District: VDW Metropolitan District No. 1
Attention: Peggy Dowswell
1627 E. 18th Street
Loveland, CO 80538
Email: PeggyD@PinnacleConsultingGroupInc.com

Copy to: Icenogle Seaver Pogue, PC.
Attn: Alan D. Pogue
4725 S. Monaco St., Suite 225
Denver, Colorado 80237
Email: APogue@ISP-law.com

If to the Consultant: Metrostudy, Inc.
Attention: Tom Hayden or John Covert
9033 East Easter Place, Suite 116
Centennial, CO 80112
Email: thayden@metrostudy.com;
jcovert@metrostudy.com

7.10 No Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence of event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

7.11 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

7.12 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect

the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance.

7.13 Attorneys' Fees. In the event that litigation is brought by either party hereto in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any terms, conditions, or provisions hereof.

7.14 No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of the District and the Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under, or to this Agreement.

7.15 Conflicts. The terms of this Agreement may be used to construe the intent of the Parties in connection with any Exhibit, including any Work Orders, and any Addendums and Amendments attached hereto, and shall be read as nearly as possible to make the provisions of any such Exhibits, Addendums, and Amendments and this Agreement fully effective. Should any irreconcilable conflict arise between the terms of this Agreement and the provisions of any such Exhibits, Addendums, or Amendments, the provisions of this Agreement shall prevail.

7.16 Headings. The headings, captions and titles contained herein are intended for convenience and reference only and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

7.17 Binding Agreement. This Agreement shall inure to and be binding upon the respective Parties hereto and their successors and permitted assigns.

7.18 Entire Agreement. This Agreement, including all Exhibits attached hereto, constitutes the entire Agreement between the Parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations.

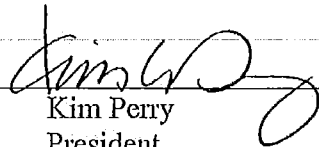
7.19 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

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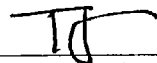
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

VDW METROPOLITAN DISTRICT NO. 1:



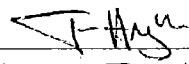
By: Kim Perry
Its: President

ATTEST:



By: Tom Hall
Its: Secretary

METROSTUDY, INC.



By: Tom Hayden
Its: Sr. Consultant

EXHIBIT A
SCOPE OF SERVICES AND FEES



9033 E. Easter Place, Suite 116
Centennial, CO 80112

phone 720.493.2020
fax 720.493.9222
web www.metrostudy.com

November 17, 2015

To: **Mr. Josh Kane**
Van de Water Metropolitan District Nos. 1-3 ("Client")
c/o McWhinney
2725 Rocky Mountain Avenue, Suite 200
Loveland, Colorado 80538
(970) 962-9990
joshk@mcwhinney.com

From: **Tom Hayden & John Covert**
Metrostudy, Inc. ("Metrostudy")
9033 East Easter Place, Suite 116
Centennial, CO 80112
720.493.2020
thayden@metrostudy.com
jcovert@metrostudy.com

Project: **Van de Water Metropolitan Districts #1-3 Market Study and CMA Analysis within the Northern Colorado Market Area ("Project")**

Dear Mr. Kane,

Thank you for taking the time to review this proposal to evaluate the competitive market for the Van de Water community located to the south of Eisenhower Boulevard at the intersect between Sculptor Drive and Mountain Lion Drive, within the City of Loveland, in Larimer County. The goal of this research is to provide Van de Water District Nos. 1-3 with an assessment of the competitive position of both the active and future-planned parcels within the Van de Water community in the local housing market and against other competing communities, home prices by product segment, and a build-out model forecast of home absorption over time. Metrostudy will evaluate the current and proposed residential programs within the community, anticipated to include a total of 579 for-sale new homes, with a mix of 4 to 5 product lines ranging from traditional single-family lots (multiple builders on lot frontages between 50' and 60'), to attached multi-plex housing, in the context of the surrounding Competitive Market Area ("CMA"), and offer our opinion on how much market share this community will draw.

In order to do this Metrostudy will evaluate the CMA for housing demand, active and future lot supply, and new home competition to determine the likely pace of absorption for the existing and proposed product. This will include a forecast of the broader market and the anticipated shape and quality of the housing and economic recovery moving forward, and an analysis of the strengths of the Van de Water plan and position.

The analysis will involve field research and a compilation of Metrostudy statistical data and other economic information. The proposed market analysis report is a condensed version of our more detailed market study, **in coordination with D.A. Davidson & Co. for metropolitan districts**, to include approximately 10-15 pages of written narrative commentary in an Executive Summary format with appropriate illustrations and tables, and an Exhibit Package at the end of the report.

The role of Metrostudy is to provide an independent, third-party opinion on the local economy, housing market, and strategies based on our proprietary new housing survey and local market knowledge. Our analysis will be guided by local market dynamics, but also by current and projected economic trends, and the nature of the subject property itself, its characteristics and surrounding uses. We will convey our findings in the following form:

Scope of Services

I. Analysis of the Regional, and Local Markets

- Economic Analysis - We will first analyze the economy focusing on the rate of employment growth in recent years, as well as the types of jobs being created. This analysis will conclude with commentary on employment projections, which will help establish the expectations for future demand. Any factors that may influence a buyer's ability to make a purchase will also be briefly discussed such as household incomes, housing affordability, and proximity to employment.
- Demographic Analysis – An overview of the most recent available demographic information for the Northern Colorado Market and CMA will be prepared and will reveal trends in population and household changes, and will provide base level information on the income levels and age ranges of the area's population.
- Population and Household Growth – Third party forecasts of population and household growth will be included in order to assess the level of growth that is predicted for the region and competitive market area.

II. Local Area and Site Analysis

- Review all relevant material (e.g. site plans, conceptual drawings, prior market studies, pertinent agreements, etc.)
- Metrostudy will physically inspect the property and chronicle its surrounding land uses, such as proximity to retail and services, access, mobility, schools, and employment centers.
- Present information on current and pending infrastructure improvements in the area. Based on the features of the site, we will provide observations on its Strengths and Weaknesses.

III. Analysis of the Competitive Market Area

- Analyze the CMA, which will be defined by Metrostudy and based on our local market insight, and assess CMA housing starts trends, vacant developed and future lots, home closings and levels of new home inventory by product type and price point for single-family detached and attached segments.
- Prepare a *Competitive Community Analysis*, which will include all relevant information such as a project description, number of lots, lot sizes, active builders, and historical sales rates. Metrostudy will physically inspect these communities.

IV. Conclusions and Recommendations

- Evaluate the current developed and future lot supply of comparable projects to determine percent built-out and how long each community will potentially compete with the Subject Property. A Van de Water CMA absorption model within the construct of an overall CMA build-out model will be provided, looking forward approximately ten years.
- An additional demand analysis model is then also provided through the length of the build-out model, measuring the levels of potential demand at

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several rates of CMA market capture growth over time within the forecast of the Northern Colorado Market.

- Offer Metrostudy's conclusions about the marketability of the proposed plan, opportunities and constraints, and summary of any lessons learned in comparable environments.
- Provide conclusions based on client provided product type for competitive positioning, any alternative recommendations based on product type, size, and/or price point segmentation.
- Present any key marketing considerations in today's environment.

Research Design and Analysis

Metrostudy will employ accepted market research, economic and statistical models, illustrative tables and graphs, photographs and maps identifying market areas and project locations in the subject area.

Time Requirements

Understanding the Metropolitan District's schedule of events and Metrostudy current consulting commitments, Metrostudy estimates that it can begin work on this study starting Monday, November 30th, 2015 based upon satisfactory execution of this agreement and payment of the retainer fee. **Metrostudy requires approximately 4 to 6 weeks to deliver a completed study and present findings (Target Date: January 8th, 2015).** Should Metrostudy be able to begin earlier, we will notify Client and do so. Should we uncover any information during the course of our study that could have significant impact on your project; we will report that information as discovered.

All final start and completion times will be finalized upon the execution of this agreement.

Fee and Payment

The fee for this engagement is seventeen thousand (\$17,000) dollars (the "Fee"). Metrostudy requests fifty (50%) percent as a retainer to begin work on the project, and the final fifty (50%) percent **plus a maximum of \$850 (5% of fee) to cover travel and other expenses** will be due and payable upon delivery of the Report and is in no way contingent on closing of the district. Should the Client significantly increase the scope of the engagement, as outlined herein, the Client will be informed in writing that Metrostudy intends to bill an additional amount for said charges along with an estimate of those charges, which shall not exceed \$195 per hour, or \$1,500 per day. Time requirement in this instance would include the need for personal appearances, testimony, or other business-related services provided on behalf of the Client by Metrostudy personnel beyond the scope of work encompassed by the original study.

Limiting Conditions

This letter sets forth our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide. The Client is responsible for representations about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the projected results. There will usually be difference between projected and actual results because events and circumstances frequently do not occur as expected, and the differences may be material. Our report will contain a statement to that effect. We will not express any form of assurance on the achievability of any pricing or absorption estimates or reasonableness of the underlying assumptions. We have no responsibility to update our report for events and circumstances occurring after the

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date of our report. Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services outlined in this letter. The use of this report is limited to Van de Water Metropolitan District Nos. 1-3 and its development partners. All analysis contained in this report will be treated with strict confidentiality by Metrostudy.

Decision Please advise if the Client requires additional information or explanation regarding this proposal. Metrostudy looks forward to completion of an accurate, reliable and actionable study, which will positively impact your results. To engage Metrostudy for this project, please complete the following Authorization and deliver to Metrostudy with payment of the retainer fee (an invoice will be provided upon receipt of the agreement).

This proposal expires 10 days from the date printed on Page 1.

Sincerely,

Sent unsigned – electronic delivery

Tom Hayden
Senior Consultant – Western U.S.

John Covert
Regional Director – Colorado / New Mexico

CC: Sam Sharp
Brooke Hutchens
D.A. Davidson & Co.

Kim Perry
McWhinney

Agreement Acceptance: Van de Water Metropolitan District Nos. 1-3

Signature		Printed Name	
			\$8,500
Company or Partnership		Date	Retainer Fee

EXHIBIT B
WORK ORDER

WORK ORDER

Pursuant to Section 1.1 of that certain Professional Services Agreement, dated November 19, 2015, between Metrostudy, Inc. ("Consultant") and VDW METROPOLITAN DISTRICT NO. 1 ("District"), the District hereby authorizes Consultant to provide the additional services described herein and Consultant hereby agrees to provide such services, subject to the terms and conditions set forth herein.

Article 1 – Description of Services

Consultant shall provide to the District the additional services described in Exhibit 1 attached to this Work Order. Such additional services shall be provided in the same manner and subject to the same requirements as Consultant is required to provide the "Services" in the Professional Service Agreement.

Article 2 – Compensation

In consideration for the additional services to be provided by Consultant pursuant to Article 1 of this Work Order, Consultant shall be paid the amount(s) as set forth in **Exhibit 1** attached hereto and in accordance with the procedures set forth in Section 2.0 of the Professional Services Agreement. The District has appropriated sufficient funds to compensate Consultant for the additional services described herein.

Except as otherwise provided herein, the terms and conditions of the Professional Services Agreement remain in full force and effect and are applicable to the performance of this Work Order.

IN WITNESS WHEREOF, the Parties have executed this Work Order as of the ____ day of _____, 20__.

VDW METROPOLITAN DISTRICT NO. 1

CONSULTANT:

By: _____

Title: _____

By: _____

Date: _____

Title: _____

Date: _____

EXHIBIT 1
(To Work Order)

EXHIBIT C

CERTIFICATION REGARDING ILLEGAL ALIENS

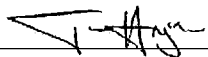
**CERTIFICATION
REGARDING ILLEGAL ALIENS**

To: VDW METROPOLITAN DISTRICT NO. 1

I, TOM HAYDEN, as Sr. Consultant of Metrostudy, Inc., the prospective "Consultant" for that certain contract for Market Study and CMA Analysis services ("Agreement") to be entered into with VDW Metropolitan District No. 1, do hereby certify on behalf of said Consultant that, as of the date of this Certification, Consultant does not knowingly employ or contract with an illegal alien who will perform work pursuant to this Agreement and that Consultant will participate in either the E-Verify Program administered by the U.S. Department of Homeland Security and the Social Security Administration, or in the Colorado Department of Labor and Employment's Employment Verification Program pursuant to Section 8-17.5-102(5)(c), C.R.S. in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work pursuant to this Agreement.

Executed on the 9th of DECEMBER, 2015.

METROSTUDY, INC.



By: TOM HAYDEN
Its: Sr. Consultant