

**SECOND AMENDED AND RESTATED
INTERGOVERNMENTAL AGREEMENT**

THIS SECOND AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into by and between HILLCREST WATER AND SANITATION DISTRICT ("Hillcrest"), MANSFIELD HEIGHTS WATER AND SANITATION DISTRICT ("Mansfield"), CHERRY HILLS NORTH METROPOLITAN DISTRICT ("Cherry Hills North"), CHERRY HILLS VILLAGE SANITATION DISTRICT ("Cherry Hills Sanitation") and DEVONSHIRE HEIGHTS WATER AND SANITATION DISTRICT ("Devonshire") to be effective for all purposes as of January 1, 2011. Each of the parties to this Agreement may be referred to individually as a District and collectively as the Districts. Each of the Districts is a quasi-municipal corporation and political subdivision of the State of Colorado.

WITNESSETH:

WHEREAS, Hillcrest, Mansfield and Devonshire entered into that certain Subconnectors' Agreement dated February 20, 1962 (the "1962 Agreement") relating to the construction, use, maintenance and replacement of an outfall sanitary sewer main extending from East Oxford Avenue and South Dahlia Street along a varied course in a northwesterly direction (the "Outfall Line"); and

WHEREAS, the Outfall Line is connected to an existing sewer main maintained and operated by the Metropolitan Wastewater Reclamation District ("Metro") located at or near the intersection of South University Boulevard and Flora Place; and

WHEREAS, Hillcrest caused the Outfall Line to be constructed in 1962 of vitreous clay sewer pipe; and

WHEREAS, Hillcrest owns the Outfall Line; and

WHEREAS, Hillcrest and Cherry Hills North entered into that certain Flow Through Agreement dated March 5, 1981 (the "1981 Agreement") relating to the use, maintenance and replacement of the Outfall Line; and

WHEREAS, Hillcrest, Mansfield and Cherry Hills North entered into that certain Intergovernmental Agreement dated January 14, 1994 (the "1994 Agreement") relating to the use, maintenance and replacement of the Outfall Line; and

WHEREAS, the 1994 Agreement established the Hillcrest Outfall Operating Committee (the "Committee"); and

WHEREAS, pursuant to the 1994 Agreement the Committee was delegated the responsibility and authority to oversee the operation and maintenance of the Outfall Line, including repairs and replacements as deemed necessary to maintain the function and integrity of the Outfall Line; and

WHEREAS, the 1994 Agreement established the Outfall Line Operating Fund (the "Outfall Line Fund"); and

WHEREAS, Hillcrest, Mansfield and Cherry Hills North amended the 1994 Agreement by that certain First Amendment dated June 11, 1999 (the "1999 Agreement"); and

WHEREAS, Hillcrest and Cherry Hills Sanitation entered into that certain Connectors Agreement dated August 1, 1997 (the "1997 Agreement"); and

WHEREAS, Paragraph 5(c) of the 1997 Agreement established that Cherry Hills Sanitation would not be a member of the Committee but would be billed for its share of any repairs and other operational costs applicable to the Outfall Line " . . . in an equitable manner in accordance with the same formula now applicable to other connectors subject to such future and

TW

non-discriminatory changes to such formula as Hillcrest and other members of the Committee may reasonably determine appropriate"; and

WHEREAS, Hillcrest, Mansfield and Cherry Hills North entered into the Amended and Restated Intergovernmental Agreement ("2009 Agreement") disbanding the Committee; and

WHEREAS, the Districts desire to have one agreement memorializing the rights and interests of all parties who currently use the Trunk Line; and

WHEREAS, the Districts desire to memorialize their collective agreement regarding the continued use, operation and maintenance of the Outfall Line, including any repairs to or replacements of the same which may be necessary from time to time; and

WHEREAS, the Districts are authorized to contract with one another pursuant to Section 29-1-201, et seq., C.R.S., and Article XIV, Section 18(2)(a) of the Colorado Constitution; and

WHEREAS, the Districts desire to share certain engineering, administrative, operation, ongoing maintenance costs, and capital replacement costs associated with the Outfall Line, including, without limitation, the establishment of appropriate reserves, (collectively, the "Maintenance Costs"), and agree that such cost sharing arrangement will benefit the current and future taxpayers and residents of each of the Districts; and

WHEREAS, the Districts desire to cooperatively fund the Maintenance Costs pursuant to and in accordance with the cost sharing allocation established in this Agreement, as the same may be adjusted from time to time as further set forth herein; and

WHEREAS, the Districts acknowledge and agree that it is their intent that Hillcrest shall undertake any and all activities required for the operation and maintenance of the Outfall Line for the benefit of residents and taxpayers in the Districts and the Districts shall advance funds to

Hillcrest as necessary to allow Hillcrest to accomplish the same as more particularly set forth below; and

WHEREAS, in order to provide for the efficient, managed and coordinated funding of the Maintenance Costs, the Districts desire to enter into this Agreement to govern the relationship between the Districts and memorialize their respective obligations with respect to cooperatively funding the Maintenance Costs; and

WHEREAS, Hillcrest has entered into a Special Connectors Agreement with Metro Wastewater Reclamation District ("Metro") for sewage treatment and disposal; and

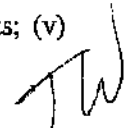
WHEREAS, the Districts each contribute to the annual Metro cost of sewage treatment and disposal in accordance with the cost sharing allocation established in this Agreement, as the same may be adjusted from time to time as further set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein, and other good and valuable consideration, the adequacy of which is hereby acknowledged, the Districts hereby enter into this Amended and Restated Intergovernmental Agreement as follows:

I.

PURPOSE

1. Purpose. The purposes of this Agreement are to: (i) amend and restate all those pre-existing agreements between and among the Districts related to the Outfall Line and described herein; (ii) identify the Outfall Line Maintenance (as defined below) to be undertaken and performed by Hillcrest; (iii) identify the Maintenance Costs to be jointly funded by the Districts; (iv) establish the initial allocation of Maintenance Costs between the Districts; (v)



establish the process by which such Maintenance Costs are to be funded by the Districts; and (vi) resolve disputes that have arisen between Devonshire and Hillcrest under the 1962 Agreement.

2. Outfall Line - General Background. The Districts agree that Hillcrest shall have sole responsibility to oversee the Outfall Line Maintenance. The Districts recognize that the Outfall Line was constructed over forty years ago and is subject to deterioration occasioned by age, soil conditions, earth movement, root intrusion and other similar causes. The Districts acknowledge and agree that continued integrity of the Outfall Line is in the public interest and vital to the health, welfare and safety of all homeowners served. The Districts further recognize that each has a responsibility to participate in the Maintenance Costs.

3. Description of Outfall Line Maintenance and Maintenance Costs. The Outfall Line Maintenance to be undertaken by Hillcrest on behalf of the Districts is as generally described in Exhibit A, as the same may be amended from time to time by written agreement of the Districts. All direct costs incurred by Hillcrest in providing the Outfall Line Maintenance shall be deemed "Maintenance Costs" under this Agreement, including but not limited to annual insurance premium costs related to insuring the Outfall Line and the portion of Hillcrest's engineering, management, professional consultant, and other administrative costs which are associated with performing the Outfall Line Maintenance. The Districts expressly intend that the Maintenance Costs shall be shared between and among the Districts pursuant to the cost sharing allocation set forth in Section III.1.A., below, which cost-sharing allocation is based in part on the current sewer tap allocation of the Districts within the geographical area served by the Outfall Line.

4. Allocation of Annual Sewage Treatment and Disposal Costs. The Districts expressly intend that the Metro annual sewage treatment and disposal costs shall be shared

between and among the Districts pursuant to the cost sharing allocation set forth in Section III.1.B., below, which cost-sharing allocation is based on the current sewer tap allocation of the Districts within the geographical area served by the Outfall Line.

II.

PRIOR AGREEMENTS

The 1962 Agreement, the 1981 Agreement, the 1994 Agreement, the 1997 Agreement, the 1999 Agreement, and the 2009 Agreement are hereby terminated in their entirety, assuming that Cherry Hills Sanitation becomes a party to this agreement. In the event that Cherry Hills Sanitation does not become a party to this agreement, the 1997 Agreement will continue to govern Cherry Hills Sanitation's rights and obligations as stated therein.

III.

ALLOCATION AND PAYMENT OF COSTS

I. Allocation of Costs

A. Maintenance Costs - Cost Sharing Allocation. As of the date of this Agreement, and for purposes of allocating cost sharing for Maintenance Costs, the number of single-family or equivalent sanitary sewer taps assigned to each District and the percentage of the total being served through the Outfall Line are as follows:

I Hillcrest	288	39.0%
Mansfield	163	22.1%
Devonshire	39	5.2%
Cherry Hills North	144	19.5%
Cherry Hills Sanitation	105	14.2%
Total:	739	100%

As sanitary sewer taps or equivalent taps are added to or subtracted from the Outfall Line, the above percentages will be recalculated. With respect to Devonshire's allocation, in the event

a tap is subtracted from the Outfall Line, that tap will be subtracted from Hillcrest's current responsibility for the costs associated with 13 of Devonshire's 52 taps. In the event a tap from within Devonshire is added to the Outfall Line, Devonshire will have the responsibility for the costs associated with any such additions. In addition, if a District consolidates with another District or dissolves in accordance with Colorado law (with another District assuming the service obligation for the dissolving District or such other arrangement as may be set forth in the controlling plan for dissolution), the above percentages will be recalculated. The recalculated percentages will be delivered to the Districts at the addresses referenced in Section VI.10 "Notice".

All Districts agree to pay their respective share of the Maintenance Costs based upon the cost sharing allocation set forth in the table above, when invoiced by Hillcrest in accordance with Section III.4., below. Invoices are due and payable as set forth in Section III.6., below.

B. Annual Sewage Treatment and Disposal Costs - Cost Sharing Allocation. As of the date of this Agreement, and for purposes of allocating cost sharing for Annual Sewage Treatment and Disposal Costs, the number of single-family or equivalent sanitary sewer taps assigned to each District and the percentage of the total being served through the Outfall Line are as follows:

District	Number of Single-Family Equivalent Sewer Taps	Percentage of Total
Hillcrest	275	37.2%
Mansfield	163	22.1%
Devonshire	52	7.0%
Cherry Hills North	144	19.5%
Cherry Hills Sanitation	105	14.2%
Total:	739	100%

As sanitary sewer taps or equivalent taps are added to or subtracted from the Outfall Line, the above percentages will be recalculated. In addition, if a District consolidates with another

District or dissolves in accordance with Colorado law (with another District assuming the service obligation for the dissolving District or such other arrangement as may be set forth in the controlling plan for dissolution), the above percentages will be recalculated. The recalculated percentages will be delivered to the Districts at the addresses referenced in Section VI.10 "Notice".

All Districts agree to pay their respective share of the Annual Sewage Treatment and Disposal Costs based upon the cost sharing allocation set forth in the table above. Invoices are due and payable as set forth in Section III.6., below.

2. Outfall Line Fund. As of the date of this Agreement, Hillcrest has approximately \$4,524.26 in the Outfall Line Fund, which funds are currently on deposit with ColoTrust. Hillcrest shall maintain a minimum balance of Five Thousand Dollars (\$5,000.00) in the Outfall Line Fund. Arrangements will be made with ColoTrust (or such other banking institution with which the Outfall Line Fund is maintained in the future) to provide the Districts with no less frequent than quarterly statements (or preferably monthly statements as ColoTrust distributes monthly statements) of the balance in the Outfall Line Fund.

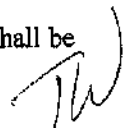
3. Outfall Line Annual Report. On October 1 of each year during the term of this Agreement (beginning with October 1, 2011), Hillcrest shall prepare and distribute to each of the Districts an annual report which contains the following information: (1) a summary of Outfall Line Maintenance and Maintenance Costs undertaken by Hillcrest from September 1 of the prior year in which the report is generated through August 31 of the current year (the Outfall Line fiscal year); (2) copies of invoices that were paid during the Outfall Line fiscal year; (3) an estimate of costs anticipated from September 1 through December 31 of the current year; (4) a summary of deposits made to the Outfall Line Fund and payments made from the Outfall Line

TW

Fund during the report period; (5) a summary of Outfall Line Maintenance and Maintenance Costs anticipated to be undertaken by Hillcrest during the next ensuing calendar year, including a summary of contracts with service providers to provide such Outfall Line Maintenance, if applicable; and (6) a preliminary budget for the next ensuing calendar year which reflects anticipated Maintenance Costs expected to be incurred by Hillcrest during such period and the allocated shares of the Districts (collectively, the "Annual Report"). The form of Annual Report to be used is attached hereto as Exhibit B. The Districts will be given an opportunity to review the Annual Report and file written comments, if any, with Hillcrest on or before November 1st of each year. If no written comments on the Annual Report are received by Hillcrest, the same will be deemed approved by the Districts for all purposes.

Each District that is a party to this Agreement agrees to provide Hillcrest its year-end financial statements no later than March 1st of the following year. In addition, Hillcrest can request copies of approved financial statements or other public information from each District as it deems appropriate. In addition, each District agrees to include its pro rata share of anticipated Maintenance Costs into its annual budget, although the payment of each District's pro rata share of Maintenance Costs will at all times remain subject to annual appropriation. The Board of Directors of Hillcrest shall retain sole authority and discretion for establishing the annual budget for Maintenance Costs.

Should it be necessary to expend funds on maintenance of or capital improvements to the outfall line that exceed \$200,000 (the Maximum Maintenance Costs) Hillcrest agrees that it will call a meeting of the Districts' representatives. At the meeting the parties will discuss the timing and all other aspects of the proposed project. Should any representative call for a vote, Hillcrest will poll the Districts present and by a majority vote of the Districts present, the project shall be



approved or disapproved, and if disapproved, then Hillcrest may submit one or more alternative proposals for approval or disapproval by majority vote of the Districts. The Maximum Maintenance Costs amount shall be adjusted annually, up or down, by the amount of cumulative change in the Bureau of Labor Statistics Denver/Boulder Consumer Price Index for all urban consumers, or a successor index selected by the Districts if that Index becomes unavailable.

For purposes of Article X, Section 20 of the Colorado Constitution, Hillcrest and the other Districts designate the Districts' joint operation of the Outfall Line Fund as an enterprise and Hillcrest agrees not to take any action that might disqualify the Outfall Line Fund's enterprise status. Disbursements from the Outfall Line Fund shall be made pursuant to and in accordance with the provisions of this Agreement.

4. Payment of Maintenance Costs. Should the anticipated Maintenance Costs deplete existing fund balances in the Outfall Line Fund below the minimum provided in Section III.2., Hillcrest will notify each participating District in writing of the deficit and request that each District contribute its pro rata share of the deficit in the Outfall Line Fund in accordance with the cost sharing allocation set forth in Section III.1.A., above. The Board of Directors of Hillcrest or its manager will determine the point at which additional funds will be requested from the Districts to pay Maintenance Costs or to restore a deficit in the Outfall Line Fund. Each District agrees to fund said request within thirty (30) days of receiving the notice of the fund deficit; provided, however, that if the amount requested by Hillcrest exceeds the budgeted amount reported by Hillcrest in its last annual report, then each District shall make good faith efforts to fund Hillcrest's request within 30 days after notice from Hillcrest, but shall have 90 days after notice from Hillcrest to fund the request. In emergency situations Hillcrest may

TW

proceed at its own discretion and notify the Districts of amounts due after any emergency where Maintenance has been initiated by Hillcrest and/or where Maintenance Costs have been incurred.

5. Administrative Costs. The parties to this agreement hereby acknowledge that there will be direct costs associated with the administration of the Outfall Line, which costs may include preparation of the annual accounting of Outfall Line activities, preparation of billing to the participating entities for reimbursement of maintenance and/or capital costs, coordinating receipt of proposals for maintenance and/or capital improvements, and other direct costs which may occur. Further, all administrative costs including engineering fees shall be documented with detailed hourly rates and time spent directly attributed to the maintenance project, including all supporting documentation. All Districts agree to pay their respective share of these direct administrative costs based upon the cost sharing allocation noted in Section III.1.A. above. In addition, it is understood by all parties to this Agreement that no costs other than third-party costs will be paid out of the Outfall Line Fund.

6. Late Payments. Any payment required to be made under this Agreement shall be made within thirty (30) days after notice being given by Hillcrest (or 90 days for payment requests in excess of Hillcrest's most recent budget in its annual report), and if not paid will be subject to a late payment penalty calculated at the rate of five percent (5%) per month or a fraction thereof (total penalty not to exceed 25% of invoice amount), and interest calculated at the rate of one percent (1%) per month or fraction thereof. Any late payments and/or interest received can be used for the benefit of any District that has funded the applicable shortfall, or if the applicable shortfall had not been funded, it will remain in the Outfall Line Fund.

7. Outfall Line Insurance. It is agreed that public liability and property damage insurance coverage for the Outfall Line be separated from the insurance held for the balance of

TW

the Hillcrest sanitary sewage collection system, and that a separate policy be established for this purpose if available, in such amount or amounts as reasonably determined by the Board of Directors of Hillcrest. Hillcrest will be named as the primary insured under said policy, and each of the remaining Districts will be named as additional insureds. The annual premium cost shall be a part of the Maintenance Costs and will be paid out of the Outfall Line Fund.

8. Remaining Capacity in Outfall line. The Outfall Line and any and all remaining capacity, including the right to sell taps and receive tap fee revenue, shall be considered the sole property of Hillcrest for all purposes. Any tap fee revenue received by Hillcrest during the term of this Agreement shall be deposited into the Outfall Line Fund in order to fund Maintenance Costs. If sewer taps are added during the term of this Agreement, the cost sharing allocation tables set forth at Sections III.1.A. and III.1.B above, shall be updated accordingly.

IV.

OTHER RESPONSIBILITIES

Each District recognizes a responsibility to continually evaluate its individual sewer collection system and taps made into same to prevent groundwater infiltration or the discharge of water other than sewage into the collection systems from residential sump pumps, swimming pools or other sources. No sump pumps, swimming pool connections or other water sources are permitted to discharge water into any sanitary sewer collection facility which in turn discharges into the Outfall Line. Each District agrees that infiltration or introduction of water from sources other than domestic sewage into its collection system increases the flow measured at the Metro wastewater metering facility resulting in increased service fees paid by all property owners served by the Outfall Line.

TW

It is further agreed by all Districts that should evaluation of the Outfall Line determine that extraneous water is entering the Outfall Line, that the District(s) responsible will take appropriate action within its service area(s) to substantially eliminate such water. It is also agreed that each District will adopt Rules and Regulations pertaining to the introduction of extraneous waters.

V.

NON-PAYMENT OF MAINTENANCE COSTS

In the event any District fails to pay its share of the Maintenance Costs within ninety (90) days after the invoice is sent by Hillcrest, such amounts to be determined in accordance with the terms of this Agreement, Hillcrest, at its option and in the exercise of its sole discretion, has the following rights to enforce collection of the Maintenance Costs then due or owing:

1. Bill the users within the defaulting District(s) directly for the Maintenance Costs;
2. Exercise any other remedy available at law or in equity.

The Districts acknowledge and agree that in the event of any litigation or other proceeding undertaken by Hillcrest to enforce the collection of Maintenance Costs, the winning party shall be entitled to recover its costs incurred in the collection of amounts due from the defaulting District(s), including reasonable attorneys' fees.

In the event that Hillcrest fails to undertake the Outfall Line Maintenance required by this Agreement or defaults in any of its other obligations specified herein, any District may provide a written notice to Hillcrest specifying the nature of the default, which written notice shall be given in accordance with Section VI.10 of this Agreement. Hillcrest shall have ten (10) days from the date the written notice is delivered to respond to the default and thirty (30) days to cure the default, unless Hillcrest and the non-defaulting District(s) agree in writing to a different cure

period under the circumstances then existing. If Hillcrest fails to cure the default within the specified time period or otherwise continues to fail to undertake the Outfall Line Maintenance, contemplated by this Agreement, the Committee shall be considered reinstated for all purposes and the responsibility for Outfall Line operation, maintenance, repairs and replacements as necessary to maintain the function and integrity of the Outfall Line shall vest in the Committee.

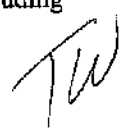
The Committee will consist of two members from each District; with each District having one vote. The Committee will select a Chairman, and the Chairman is responsible for scheduling meetings as necessary, and facilitating the purposes of the Committee. The Committee may use the services of a management firm to assist and coordinate its activities. The Committee will cause to have informative minutes taken of all proceedings and distribution of said minutes to the Districts. The Committee will promptly report all maintenance and repair work performed.

VI.

MISCELLANEOUS PROVISIONS

1. Assignability. This Agreement may not be assigned or delegated without the prior written consent of the Districts.

2. Relationship of the Districts. By executing this Agreement, no District shall be deemed to assume any liability for intentional or negligent acts, errors, or omissions of the other Districts, or any officer or employee thereof. No agent, employee or volunteer of any District hereto shall be deemed an agent, employee or volunteer of the other Districts under this Agreement. Nothing herein is intended to or waives any District's immunities at law, including provisions of the Governmental Immunity Act.



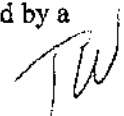
3. No Third Party Beneficiaries. Nothing in this Agreement is intended to create or grant to any third party or person any right or claim for damages or the right to bring or maintain any action at law.

4. Non-waiver of Rights. No waiver of default by any District of any of the terms, covenants and conditions hereof to be performed, kept and observed by the other Districts shall be construed or shall operate as a waiver of any subsequent default of any of the terms, covenants or conditions herein contained.

5. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected thereby; and in lieu of each such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and which will be legal, valid and enforceable.

6. Integration. This Agreement is intended as the complete integration of all understandings between the Districts and constitutes the entire agreement between the Districts with respect to the subject matter herein. No prior agreement concerning the subject matter of this Agreement shall have any force of effect, except for the 1997 Agreement if Cherry Hills Sanitation elects not to enter into this Agreement.

7. Modification. Modification or waiver of this Agreement or any covenant, condition or provision set forth herein shall not be valid unless in writing and duly executed by a majority of the Districts.



8. Governing Law and Jurisdiction. This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Colorado, and the Districts agree that the venue and jurisdiction over any claim arising from this Agreement shall lie in the District Court of Arapahoe County.

9. Term. The term of this Agreement shall be perpetual, unless otherwise terminated by mutual written agreement of the Districts. Within sixty (60) days of the termination of this Agreement, any funds remaining in the Outfall Line Fund shall be distributed to the Districts in accordance with the cost sharing allocation set forth in Section III.1.A., above.

10. Notice. Any written notice required by this Agreement shall be deemed delivered on the happening of any of the following: (1) hand delivery to the persons at the addresses below; (2) delivery by facsimile with confirmation of receipt (to be followed by the mailing of a copy of said notice); or (3) within three (3) days of being sent via U.S. Mail, return receipt requested, first class mail, postage prepaid, addressed as follows:

Hillcrest: Hillcrest Water and Sanitation District
c/o Community Resource Services, LLC
3855 N. Lewiston Street, Suite 140
Aurora, CO 80011

With copy to: Grimshaw & Haring, P.C.
1700 Lincoln Street, Suite 3800
Denver, CO 80203
Attn: Matthew R. Dalton

Mansfield: Mansfield Heights Water and Sanitation
District
c/o Community Resource Services, LLC
3855 N. Lewiston Street, Suite 140
Aurora, CO 80011

Cherry Hills North: Cherry Hills North Metropolitan District
c/o Darcy Beard
P. O. Box 3110
Parker, CO 80134

Cherry Hills Sanitation: Cherry Hills Village Sanitation District
3333 South Bannock Street
Englewood, CO 80110

Devonshire: Devonshire Heights Water and Sanitation District
Schroder Management
2070 Wagonmound Trl.
Las Cruces, NM 88012

and

George Hadji
39 Sedgwick Drive
Cherry Hills Village, CO 80113

Each District shall have the right, by giving written notice to the other Districts, to change the address at which its notices are to be received.

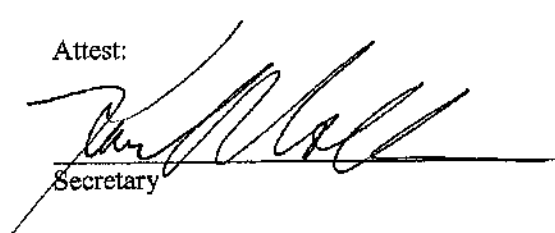
11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

Made and entered into as of the date first written above.

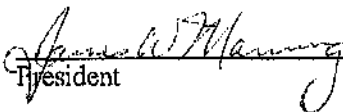
HILLCREST WATER AND SANITATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: 
President

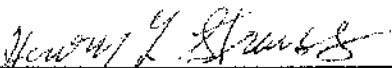
Attest:


Secretary

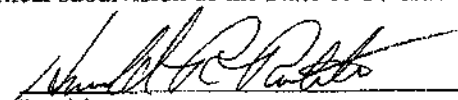
MANSFIELD HEIGHTS WATER AND
SANITATION DISTRICT, a quasi-municipal
corporation and political subdivision of the
State of Colorado

By: 
President

Attest:


Secretary

CHERRY HILLS NORTH METROPOLITAN
DISTRICT, a quasi-municipal corporation and
political subdivision of the State of Colorado

By: 
President

Attest:


Secretary

CHERRY HILLS VILLAGE SANITATION
DISTRICT, a quasi-municipal corporation and
political subdivision of the State of Colorado

By: _____
President

Attest:

Secretary

DEVONSHIRE HEIGHTS WATER AND
SANITATION DISTRICT, a quasi-municipal
corporation and political subdivision of the
State of Colorado

By: George E. Hurd
President

Attest:

Walter B. Jones
Secretary

EXHIBIT A

Outfall Line Maintenance

As used in this Agreement "Outfall Line Maintenance" shall mean any and all activities deemed necessary by the Board of Directors of Hillcrest, or its manager, to maintain the function and integrity of the Outfall Line, including such activities as: routine operation and maintenance of the Outfall Line; repairs and capital replacements designed to keep the Outfall Line in proper working order or extend the useful life of the Outfall Line; engineering, inspection and other investigations as deemed necessary to determine the condition of the Outfall Line and identify specific deficiencies that should be addressed; and flushing and cleaning the Outfall Line at periodic intervals.

TW

EXHIBIT B

Form of Annual Report

HILLCREST OUTFALL LINE
ANNUAL MAINTENANCE REPORT

SUMMARY OF OUTFALL MAINTENANCE

<u>Period</u>	<u>Description of Maintenance/Repairs</u>	<u>Actual Costs</u>
Sept 1 (prior year) to August 31 (current year)		
Anticipated Maintenance Sept 1 – Dec 31 (current year)		

OUTFALL ACCOUNTING OF TRANSACTIONS

<u>DEPOSITS</u>	<u>From:</u>	<u>Amount</u>
Sept 1 (prior year) to Aug 31 (current year)		
Anticipated Maintenance Sept 1 – Dec 31 (current year)		

ANTICIPATED MAINTENANCE WITH COSTS ESTIMATES – NEXT 2011

<u>Contractor</u>	<u>Description of Maintenance/Repairs</u>	<u>Cost Estimate</u>
PRELIMINARY BUDGE FOR NEXT ENSUING CALENDAR 2011 (TO BE INSERTED)		

**AMENDED AND RESTATED
INTERGOVERNMENTAL AGREEMENT**

THIS AMENDED AND RESTATED INTERGOVERNMENTAL AGREEMENT (the "Agreement") is made and entered into by and between HILLCREST WATER AND SANITATION DISTRICT ("Hillcrest"), MANSFIELD HEIGHTS WATER AND SANITATION DISTRICT ("Mansfield"), CHERRY HILLS NORTH METROPOLITAN DISTRICT ("Cherry Hills North"), and CHERRY HILLS VILLAGE SANITATION DISTRICT ("Cherry Hills Sanitation") to be effective for all purposes as of October 1, 2009. Each of the parties to this Agreement may be referred to individually as a District and collectively as the Districts. Each of the Districts is a quasi-municipal corporation and political subdivision of the State of Colorado.

WITNESSETH:

WHEREAS, Hillcrest, Mansfield and the Devonshire Heights Water and Sanitation District ("Devonshire") entered into that certain Subconnectors' Agreement dated February 20, 1962 (the "1962 Agreement") relating to the construction, use, maintenance and replacement of an outfall sanitary sewer main extending from East Oxford Avenue and South Dahlia Street along a varied course in a northwesterly direction (the "Outfall Line"); and

WHEREAS, the Outfall Line is connected to an existing sewer main maintained and operated by the Metropolitan Wastewater Reclamation District ("Metro") located at or near the intersection of South University Boulevard and Flora Place; and

WHEREAS, Hillcrest caused the Outfall Line to be constructed in 1962 of vitreous clay sewer pipe; and

WHEREAS, Hillcrest owns the Outfall Line; and

WHEREAS, Hillcrest and Cherry Hills North entered into that certain Flow Through Agreement dated March 5, 1981 (the "1981 Agreement") relating to the use, maintenance and replacement of the Outfall Line; and

WHEREAS, Hillcrest, Mansfield and Cherry Hills North entered into that certain Intergovernmental Agreement dated January 14, 1994 (the "1994 Agreement") relating to the use, maintenance and replacement of the Outfall Line; and

WHEREAS, the 1994 Agreement established the Hillcrest Outfall Operating Committee (the "Committee"); and

WHEREAS, pursuant to the 1994 Agreement the Committee was delegated the responsibility and authority to oversee the operation and maintenance of the Outfall Line, including repairs and replacements as deemed necessary to maintain the function and integrity of the Outfall Line; and

WHEREAS, the 1994 Agreement established the Outfall Line Operating Fund (the "Outfall Line Fund"); and

WHEREAS, Hillcrest, Mansfield and Cherry Hills North amended the 1994 Agreement by that certain First Amendment dated June 11, 1999 (the "1999 Agreement"); and

WHEREAS, Hillcrest and Cherry Hills Sanitation entered into that certain Connectors Agreement dated August 1, 1997 (the "1997 Agreement"); and

WHEREAS, Paragraph 5(c) of the 1997 Agreement established that Cherry Hills Sanitation would not be a member of the Committee but would be billed for its share of any repairs and other operational costs applicable to the Outfall Line " . . . in an equitable manner in accordance with the same formula now applicable to other connectors subject to such future and

non-discriminatory changes to such formula as [Hillcrest] and other members of the Committee may reasonably determine appropriate"; and

WHEREAS, the Districts desire to memorialize their collective agreement regarding the continued use, operation and maintenance of the Outfall Line, including any repairs to or replacements of the same which may be necessary from time to time; and

WHEREAS, the Districts are authorized to contract with one another pursuant to Section 29-1-201, et seq., C.R.S., and Article XIV, Section 18(2)(a) of the Colorado Constitution; and

WHEREAS, the Districts desire to share certain engineering, administrative, operation, ongoing maintenance costs, and capital replacement costs associated with the Outfall Line (collectively, the "Maintenance Costs"), and agree that such cost sharing arrangement will benefit the current and future taxpayers and residents of each of the Districts; and

WHEREAS, the Districts desire to cooperatively fund the Maintenance Costs pursuant to and in accordance with the cost sharing allocation established in this Agreement, as the same may be adjusted from time to time as further set forth herein; and

WHEREAS, the Districts acknowledge and agree that it is their intent that Hillcrest shall undertake any and all activities required for the operation and maintenance of the Outfall Line for the benefit of residents and taxpayers in the Districts and the Districts shall advance funds to Hillcrest as necessary to allow Hillcrest to accomplish the same as more particularly set forth below; and

WHEREAS, the Districts acknowledge and agree that the Committee shall be disbanded as of the effective date of this Agreement; and

WHEREAS, in order to provide for the efficient, managed and coordinated funding of the Maintenance Costs, the Districts desire to enter into this Agreement to govern the relationship

between the Districts and memorialize their respective obligations with respect to cooperatively funding the Maintenance Costs; and

WHEREAS, Hillcrest has entered into a Special Connectors Agreement with Metro Wastewater Reclamation District ("Metro") for sewage treatment and disposal; and

WHEREAS, the Districts each contribute to the annual Metro cost of sewage treatment and disposal in accordance with the cost sharing allocation established in this Agreement, as the same may be adjusted from time to time as further set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein, and other good and valuable consideration, the adequacy of which is hereby acknowledged, the Districts hereby enter into this Amended and Restated Intergovernmental Agreement as follows:

I.

PURPOSE

1. Purpose. The purposes of this Agreement are to: (i) amend and restate certain pre-existing agreements between and among the Districts related to the Outfall Line; (ii) identify the Outfall Line Maintenance to be undertaken and performed by Hillcrest; (iii) identify the Maintenance Costs to be jointly funded by the Districts; (iv) establish the initial allocation of Maintenance Costs between the Districts; and (v) establish the process by which such Maintenance Costs are to be funded by the Districts.

2. Outfall Line - General Background. The Districts agree that Hillcrest shall have sole responsibility to oversee the Outfall Line Maintenance. The Districts recognize that the Outfall Line was constructed over forty years ago and is subject to deterioration occasioned by age, soil conditions, earth movement, root intrusion and other similar causes. The Districts

acknowledge and agree that continued integrity of the Outfall Line is in the public interest and vital to the health, welfare and safety of all homeowners served. The Districts further recognize that each has a responsibility to participate in the Maintenance Costs.

3. Description of Outfall Line Maintenance and Maintenance Costs. The Outfall Line Maintenance to be undertaken by Hillcrest on behalf of the Districts is as generally described in Exhibit A, as the same may be amended from time to time by written agreement of the Districts. All direct costs incurred by Hillcrest in providing the Outfall Line Maintenance shall be deemed "Maintenance Costs" under this Agreement, including but not limited to annual insurance premium costs related to insuring the Outfall Line and the portion of Hillcrest's engineering, management, professional consultant, and other administrative costs which are associated with performing the Outfall Line Maintenance. The Districts expressly intend that the Maintenance Costs shall be shared between and among the Districts pursuant to the cost sharing allocation set forth in Section III.1., below, which cost-sharing allocation is based on the current sewer tap allocation of the Districts within the geographical area served by the Outfall Line.

4. Allocation of Annual Sewage Treatment and Disposal Costs. The Districts expressly intend that the Metro annual sewage treatment and disposal costs shall be shared between and among the Districts pursuant to the cost sharing allocation set forth in Section III.1., below, which cost-sharing allocation is based on the current sewer tap allocation of the Districts within the geographical area served by the Outfall Line.

II.

PRIOR AGREEMENTS

The 1962 Agreement, the 1981 Agreement, the 1994 Agreement, the 1997 Agreement, and the 1999 Agreement are hereby terminated in their entirety, except for that portion of the 1962 Agreement pertaining to Devonshire's participation in the Outfall Line's Maintenance Costs and service.

III.

ALLOCATION OF MAINTENANCE COSTS

1. Maintenance Costs - Cost Sharing Allocation. As of the date of this Agreement, the number of single-family or equivalent sanitary sewer taps and the percentage of the total being served through the Outfall Line are as follows:

Hillcrest	275 confirmed	37.3%
Mansfield	163 confirmed	22.1%
Devonshire	52 confirmed	7.1%
Cherry Hills North	144	19.5%
Cherry Hills Sanitation	103 confirmed	14.0%
Total:	737	100%

As sanitary sewer taps or equivalent taps are added to or subtracted from the Outfall Line, the above percentages will be recalculated. In addition, if a District consolidates with another District or dissolves in accordance with Colorado law (with another District assuming the service obligation for the dissolving District or such other arrangement as may be set forth in the controlling plan for dissolution), the above percentages will be recalculated. The recalculated

percentages will be delivered to the Districts at the addresses referenced in Section VI.10 "Notice".

All Districts agree to pay their respective share of the Maintenance Costs based upon the cost sharing allocation set forth in the table above, when invoiced by Hillcrest in accordance with Section III.4., below.

2. Outfall Line Fund. As of the date of this Agreement, Hillcrest has approximately Four Thousand Three Hundred Seventy Dollars (\$4,370.00) in the Outfall Line Fund, which funds are currently on deposit with ColoTrust. Hillcrest shall maintain a minimum balance of Five Thousand Dollars (\$5,000.00) in the Outfall Line Fund. Arrangements will be made with ColoTrust (or such other banking institution with which the Outfall Line Fund is maintained in the future) to provide the Districts with no less frequent than quarterly statements (or preferably monthly statements as ColoTrust currently distributes monthly statements) of the balance in the Outfall Line Fund.

3. Outfall Line Annual Report. On October 1 of each year during the term of this Agreement (beginning with October 1, 2009), Hillcrest shall prepare and distribute to each of the Districts an annual report which contains the following information: (1) a summary of Outfall Line Maintenance and Maintenance Costs undertaken by Hillcrest from September 1 of the prior year in which the report is generated through August 31 of the current year (the Outfall Line fiscal year), and an estimate of costs anticipated from September 1 through December 31 of the current year; (2) a summary of deposits made to the Outfall Line Fund and payments made from the Outfall Line Fund during the report period; (3) a summary of Outfall Line Maintenance and Maintenance Costs anticipated to be undertaken by Hillcrest during the next ensuing calendar year, including a summary of contracts with service providers to provide such Outfall Line

Maintenance, if applicable; and (4) a preliminary budget for the next ensuing calendar year which reflects anticipated Maintenance Costs expected to be incurred by Hillcrest during such period (collectively, the "Annual Report"). Supporting documentation will be included with the Annual Report. The form of Annual Report to be used is attached hereto as Exhibit B. The Districts will be given an opportunity to review the Annual Report and file written comments, if any, with Hillcrest the later of November 1st of each year, or within thirty (30) days of receipt of the Annual Report from Hillcrest. If no written comments on the Annual Report are received by Hillcrest, the same will be deemed approved by the Districts for all purposes. Each District which is a party to this Agreement agrees to provide Hillcrest its year-end financial statement no later than March 1st of the following year. In addition, Hillcrest can request copies of approved financial statements or other public information from each District as it deems appropriate. In addition, each District agrees to include its pro rata share of anticipated Maintenance Costs into its annual budget, although the payment of each District's pro rata share of Maintenance Costs will at all times remain subject to annual appropriation. The Board of Directors of Hillcrest shall retain sole authority and discretion for establishing the annual budget for Maintenance Costs.

Should it be necessary to expend funds on maintenance of or capital improvements to the outfall line that exceed \$200,000 annually (the Maximum Maintenance Costs) Hillcrest agrees that it will call a meeting of the Districts' representatives. The Maximum Maintenance Costs amount shall be adjusted annually, up or down, by the amount of cumulative change in the Bureau of Labor Statistics Denver/Boulder Consumer Price Index for all urban consumers, or a successor index selected by the Districts if that Index becomes unavailable. At the meeting the parties will discuss the timing and all other aspects of the proposed project. Should any representative call for a vote, Hillcrest will poll the representatives present and by a majority

vote of those present, the project shall either proceed as presented or be changed to address the concerns of the majority.

For purposes of Article X, Section 20 of the Colorado Constitution, Hillcrest and the other Districts designate the Outfall Line Fund an enterprise fund and Hillcrest agrees not to take any action that might disqualify the Outfall Line Fund's enterprise status. Disbursements from the Outfall Line Fund shall be made pursuant to and in accordance with the provisions of this Agreement.

4. Payment of Maintenance Costs. Should the anticipated Maintenance Costs deplete existing fund balances in the Outfall Line Fund below the minimum provided in Section III.2., Hillcrest will notify a representative of each participating District in writing of the deficit and request that each District contribute its pro rata share of the Maintenance Costs in accordance with the cost sharing allocation set forth in Section III.1., above. The Board of Directors of Hillcrest or its manager will determine the point at which additional funds will be requested from the Districts to pay the Maintenance Costs. Each District agrees to fund said request within thirty (30) days of receiving the notice of the fund deficit. In emergency situations Hillcrest may proceed at its own discretion and notify the Districts of amounts due after any emergency where Maintenance has been initiated by Hillcrest and/or where Maintenance Costs have been incurred.

5. Administrative Costs. The parties to this agreement hereby acknowledge that there will be direct costs associated with the administration of the Outfall Line, which costs may include preparation of the annual accounting of Outfall Line activities, preparation of billing to the participating entities for reimbursement of maintenance and/or capital costs, coordinating receipt of proposals for maintenance and/or capital improvements, and other direct costs which

may occur. All administrative costs including engineering fees shall be documented with detailed hourly rates and time spent directly attributed to the maintenance project, including all supporting documentation. All Districts agree to pay their respective share of these direct administrative costs based upon the cost sharing allocation noted in Section III.1. above. In addition, it is understood by all parties to this Agreement that no costs other than third-party costs will be paid out of the outfall line reserve.

6. Late Payments. Any payment required to be made under this Agreement shall be made within thirty (30) days after notice being given by Hillcrest, and if not paid will be subject to a late payment penalty calculated at the rate of five percent (5%) per month or a fraction thereof (total penalty not to exceed 25% of invoice amount) and interest calculated thereon at the rate of one percent (1%) per month or fraction thereof. Any late payments and/or interest received can be used for the benefit of any district that has funded the applicable shortfall, or if the applicable shortfall had not been funded, it will remain in the Outfall Line Fund.

7. Outfall Line Insurance. It is agreed that public liability and property damage insurance coverage for the Outfall Line be separated from the balance of the Hillcrest sanitary sewage collection system, and that a separate policy be established for this purpose, in such amount or amounts as determined by the Board of Directors of Hillcrest. Hillcrest will be named as the primary insured under said policy, and each of the remaining Districts will be named as additional insureds. The annual premium cost shall be a part of the Maintenance Costs and will be paid out of the Outfall Line Fund.

8. Remaining Capacity in Outfall line. The Outfall Line and any and all remaining capacity, including the right to sell taps and receive tap fee revenue, shall be considered the sole property of Hillcrest for all purposes. Any tap fee revenue received by Hillcrest during the term

of this Agreement shall be deposited into the Outfall Line Fund in order to fund Maintenance Costs. If sewer taps are added during the term of this Agreement, the cost sharing allocation table set forth at Section III.1 above, shall be updated accordingly.

IV.

OTHER RESPONSIBILITIES

Each District recognizes a responsibility to continually evaluate its individual sewer collection system and taps made into same to prevent groundwater infiltration or the discharge of water other than sewage into the collection systems from residential sump pumps, swimming pools or other sources. No sump pumps, swimming pool connections or other water sources are permitted to discharge water into any sanitary sewer collection facility which in turn discharges into the Outfall Line. Each District agrees that infiltration or introduction of water from sources other than domestic sewage into its collection system increases the flow measured at the Metro wastewater metering facility resulting in increased service fees paid by all property owners served by the Outfall Line.

It is further agreed by all Districts that should evaluation of the Outfall Line determine that extraneous water is entering the Outfall Line, that the District(s) responsible will take appropriate action within its service area(s) to substantially eliminate such water. It is also agreed that each District will adopt Rules and Regulations pertaining to the introduction of extraneous waters.

V.

NON-PAYMENT OF MAINTENANCE COSTS

In the event any District fails to pay its share of the Maintenance Costs within ninety (90) days, such amounts to be determined in accordance with the terms of this Agreement, Hillcrest,

at its option and in the exercise of its sole discretion, has the following rights to enforce collection of the Maintenance Costs then due or owing:

1. Bill the users within the defaulting District(s) directly for the Maintenance Costs;
2. Exercise any other remedy available at law or in equity.

The Districts acknowledge and agree that in the event of any litigation or other proceeding undertaken by Hillcrest to enforce the collection of Maintenance Costs, the winning party shall be entitled to recover its costs incurred in the collection of amounts due from the defaulting District(s), including reasonable attorneys' fees.

In the event that Hillcrest fails to undertake the Outfall Line Maintenance required by this Agreement or defaults in any of its other obligations specified herein, any District may provide a written notice to Hillcrest specifying the nature of the default, which written notice shall be given in accordance with Section VI.10 of this Agreement. Hillcrest shall have ten (10) days from the date the written notice is delivered to respond to the default and thirty (30) days to cure the default, unless Hillcrest and the non-defaulting District(s) agree in writing to a different cure period under the circumstances then existing. If Hillcrest fails to cure the default within the specified time period or otherwise continues to fail to undertake the Outfall Line Maintenance, contemplated by this Agreement, the Committee shall be considered reinstated for all purposes and the responsibility for Outfall Line operation, maintenance, repairs and replacements as necessary to maintain the function and integrity of the Outfall Line shall vest in the Committee.

The Committee will consist of two members from each District; with each District having one vote. The Committee will select a Chairman, and the Chairman is responsible for scheduling meetings as necessary, and facilitating the purposes of the Committee. The Committee may use the services of a management firm to assist and coordinate its activities. The Committee will

cause to have informative minutes taken of all proceedings and distribution of said minutes to the Districts. The Committee will promptly report all maintenance and repair work performed.

VI.

MISCELLANEOUS PROVISIONS

1. Assignability. This Agreement may not be assigned or delegated without the prior written consent of the Districts.
2. Relationship of the Districts. By executing this Agreement, no District shall be deemed to assume any liability for intentional or negligent acts, errors, or omissions of the other Districts, or any officer or employee thereof. No agent, employee or volunteer of any District hereto shall be deemed an agent, employee or volunteer of the other Districts under this Agreement. Nothing herein is intended to or waives any District's immunities at law, including provisions of the Governmental Immunity Act.
3. No Third Party Beneficiaries. Nothing in this Agreement is intended to create or grant to any third party or person any right or claim for damages or the right to bring or maintain any action at law.
4. Non-waiver of Rights. No waiver of default by any District of any of the terms, covenants and conditions hereof to be performed, kept and observed by the other Districts shall be construed or shall operate as a waiver of any subsequent default of any of the terms, covenants or conditions herein contained.
5. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then the legality, validity and enforceability of the remaining provisions of this Agreement will not be

affected thereby; and in lieu of each such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and which will be legal, valid and enforceable.

6. Integration. This Agreement is intended as the complete integration of all understandings between the Districts and constitutes the entire agreement between the Districts with respect to the subject matter herein. No prior agreement concerning the subject matter of this Agreement shall have any force of effect, except for that portion of the 1962 Agreement pertaining to Devonshire.

7. Modification. Modification or waiver of this Agreement or any covenant, condition or provision set forth herein shall not be valid unless in writing and duly executed by a majority of the Districts.

8. Governing Law and Jurisdiction. This Agreement and all disputes arising hereunder shall be governed by the laws of the State of Colorado, and the Districts agree that the venue and jurisdiction over any claim arising from this Agreement shall lie in the District Court of Arapahoe County.

9. Term. The term of this Agreement shall be perpetual, unless otherwise terminated by mutual written agreement of the Districts. Within sixty (60) days of the termination of this Agreement, any funds remaining in the Outfall Line Fund shall be distributed to the Districts in accordance with the cost sharing allocation set forth in Section III.1., above.

10. Notice. Any written notice required by this Agreement shall be deemed delivered on the happening of any of the following: (1) hand delivery to the persons at the addresses below; (2) delivery by facsimile with confirmation of receipt (to be followed by the mailing of a

copy of said notice); or (3) within three (3) days of being sent via U.S. Mail, return receipt requested, first class mail, postage prepaid, addressed as follows:

Hillcrest: Hillcrest Water and Sanitation District
c/o Community Resource Services, LLC
3855 N. Lewiston Street, Suite 140
Aurora, CO 80011

With copy to: Grimshaw & Haring, P.C.
1700 Lincoln Street, Suite 3800
Denver, CO 80203
Attn: Matthew R. Dalton

Mansfield: Mansfield Heights Water and Sanitation
District
c/o Community Resource Services, LLC
3855 N. Lewiston Street, Suite 140
Aurora, CO 80011

Cherry Hills
North: Cherry Hills North Metropolitan District
c/o Darcy Beard
P. O. Box 3110
Parker, CO 80134

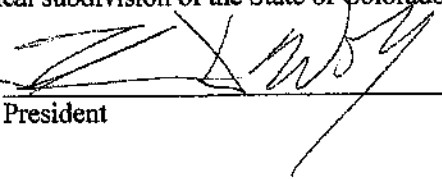
Cherry Hills
Sanitation: Cherry Hills Village Sanitation District
3333 South Bannock Street
Englewood, CO 80110

Each District shall have the right, by giving written notice to the other Districts, to change the address at which its notices are to be received.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

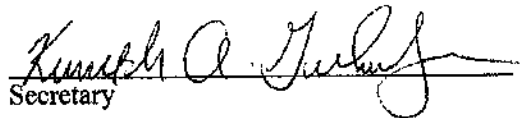
Made and entered into as of the date first written above.

HILLCREST WATER AND SANITATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: 

President

Attest:



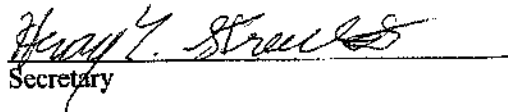
Secretary

MANSFIELD HEIGHTS WATER AND SANITATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: 

President

Attest:




Secretary

CHERRY HILLS NORTH METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: 
President

Attest:


Secretary

CHERRY HILLS VILLAGE SANITATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado

By: _____
President

Attest:

Secretary

EXHIBIT A

Outfall Line Maintenance

As used in this Agreement "Outfall Line Maintenance" shall mean any and all activities deemed necessary by the Board of Directors of Hillcrest, or its manager, to maintain the function and integrity of the Outfall Line, including such activities as: routine operation and maintenance of the Outfall Line; repairs and capital replacements designed to keep the Outfall Line in proper working order or extend the useful life of the Outfall Line; engineering, inspection and other investigations as deemed necessary to determine the condition of the Outfall Line and identify specific deficiencies that should be addressed; and flushing and cleaning the Outfall Line at periodic intervals.

EXHIBIT B

Form of Annual Report

HILLCREST OUTFALL LINE
ANNUAL MAINTENANCE REPORT

SUMMARY OF OUTFALL MAINTENANCE

<u>Period</u>	<u>Description of Maintenance/Repairs</u>	<u>Actual Costs</u>
Sept 1 (prior year) to Aug 31 (current year)		
Anticipated Maintenance Sept 1 - Dec 31 (current year)		

OUTFALL ACCOUNTING OF TRANSACTIONS

<u>DEPOSITS</u>	<u>From:</u>	<u>Amount</u>
Sept 1 (prior year) to Aug 31 (current year)		
Anticipated Maintenance Sept 1 - Dec 31 (current year)		

<u>PAYMENTS</u>	<u>To:</u>	<u>Amount</u>
Sept 1 (prior year) to Aug 31 (current year)		
Anticipated Maintenance Sept 1 - Dec 31 (current year)		

ANTICIPATED MAINTENANCE WITH COST ESTIMATES - NEXT YEAR

<u>Contractor</u>	<u>Description of Maintenance/Repairs</u>	<u>Cost Estimate</u>
-------------------	---	----------------------

PRELIMINARY BUDGET FOR NEXT ENSUING CALENDAR YEAR
(TO BE INSERTED)

