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**THIRD AMENDMENT TO
CARDIFF GLEN SUBDIVISION IMPROVEMENTS AGREEMENT**

This Third Amendment to the Cardiff Glen Subdivision Improvements Agreement ("Third Amendment") is entered into as of April 13th, 2004 by and between STUDIO 3 LAND COMPANY, LLC a Colorado limited liability company ("Developer") and the CITY OF GLENWOOD SPRINGS, COLORADO ("City").

A. The City and Developer are parties to that certain Cardiff Glen Subdivision Improvements Agreement dated June 22, 1999 and recorded June 24, 1999, Book 1136 and Page 905, and Reception No. 547817, in the records of the Clerk and Recorder of Garfield County, Colorado ("Original Subdivision Agreement"). The Original Subdivision Agreement was amended by the First Amendment to Cardiff Glen Subdivision Improvements Agreement dated April 5, 2001 and recorded April 6, 2001, Book 1243 at Page 502, and Reception No. 578838, in the records of the Clerk and Recorder of Garfield County, Colorado ("First Amendment"), and further amended by the Second Amendment to Cardiff Glen Subdivision Improvements Agreement recorded December 4, 2003, Book 1544 at Page 507, and Reception No. 642296, in the records of the Clerk and Recorder of Garfield County, Colorado ("Second Amendment"). The Original Subdivision Agreement, as amended by the First Amendment and Second Amendment, may also be referred to as the "SIA."

C. Developer and City now desire to further amend the SIA as described in this Third Amendment.

NOW THEREFORE, in consideration of the covenants, terms and conditions herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the SIA is amended as follows:

1. PUBLIC IMPROVEMENTS - PHASES ONE AND TWO. All Public Improvements associated with Phase 1 of Cardiff Glen are complete and have been accepted by the City. The warranty period for Phase 1 Public Improvements has expired and the Developer has no further obligations concerning those improvements. All Public Improvements associated with Phase 2 of Cardiff Glen are complete. The one-year warranty period for the Phase 2 Public Improvements will commence upon submittal to the City of mylars and an electronic copy of the as-built plans, together with an engineer's certificate, for the Phase 2 Public Improvements.

2. PHASING SCHEDULE. The Schedule of Phasing in the SIA shall be deleted and replaced in its entirety with the Phasing Schedule attached as Exhibit A and incorporated herein.

3. UTILITY AND DRAINAGE EASEMENTS. The easements referenced in the last three sentences of Paragraph 8 of the Original Subdivision Agreement / SIA have all been obtained to the City's satisfaction.

Return to:

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Page 1 of 9

CITY OF GLENWOOD SPRINGS
101 WEST 8th STREET
GLENWOOD SPRINGS, CO 81601

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2 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

4. DEED RESTRICTIONS. Paragraph 9 of the Original Subdivision Agreement / SIA concerning Deed Restrictions is deleted in its entirety. The City desires to continue to promote affordable housing, and as such agrees with the Developer to negotiate in good faith concerning a potential future agreement whereby a limited number of units within Cardiff Glen might be deed restricted in the event the City obtains grants and provides subsidies that adequately compensate the Developer for selling such units at below market rates.

5. FRONTIER HISTORICAL SOCIETY DONATION. The Developer has completely satisfied its obligations under Paragraph 10 of the Original Subdivision Agreement / SIA concerning the Frontier Historical Society Donation.

6. SUMMERVILLE PARK IMPROVEMENTS. The Developer has completely satisfied its obligations under Paragraph 11 of the Original Subdivision Agreement / SIA concerning Summerville Park improvements.

7. DOMESTIC WATER SYSTEM. Paragraph 12 of the Original Subdivision Agreement / SIA described the Developer's obligations concerning improvements to the City's potable water storage and distribution system (the "Potable Water System"), and provided for reimbursements and credits to the Developer for funding such improvements, which together were incorporated into a Cost Sharing Agreement between the City, the Developer and Park East Development Company, LLC ("PEDC") recorded on September 8, 1999 at Book 1149 Page 529, Reception No. 551753, in the records of the Clerk and Recorder of Garfield County, Colorado ("Water and Sewer Cost Sharing Agreement"). The improvements to the Potable Water System, as described in the SIA and in the Water and Sewer Cost Sharing Agreement, have been completed and accepted by the City and the Developer has completely satisfied any and all obligations concerning such improvements to the Potable Water System. Notwithstanding the previous sentence, following platting of remaining portions of Cardiff Glen, the Developer will be responsible for installing on-site potable water lines as part of the Public Improvements to serve such future platted portions of Cardiff Glen. The Developer shall continue to be entitled to all credits, reimbursements and any other rights as provided in the Water and Sewer Cost Sharing Agreement and the SIA. Specific calculations of the Credits due to the Developer are discussed in Paragraph 10 of this Third Amendment, below.

8. RAW WATER IRRIGATION. Paragraph 13 of the Original Subdivision Agreement / SIA described the Developer's obligations concerning a raw water irrigation system to serve Cardiff Glen and other limited areas of the City (the "Raw Water Irrigation System"), and provided for reimbursements and credits to the Developer for such funding a portion of that system, which together were incorporated into a Cost Sharing Agreement Regarding Raw Water Irrigation System between the City, the Developer, PEDC and the Roaring Fork School District RE-1 ("School District") dated April 6, 2000 ("Raw Water Agreement"). The Raw Water Irrigation System has been completed but not yet accepted by the City. The Developer shall continue to participate in repairs to the system, at the pre-determined pro-rata cost sharing percentage of 10.9%, until such time as the City accepts the Raw Water Irrigation System at

which time the warranty period for such improvements shall begin to run. Developer shall continue to be entitled to all credits, reimbursements and any other rights as provided in the Raw Water Cost Sharing Agreement and the SIA including but not limited to additional funds spent until the Raw Water Irrigation System is accepted by the City. Specific calculations of the Credits due to the Developer are discussed in Paragraph 10 of this Third Amendment, below.

9. WATER FACILITIES FEE CREDITS. Developer is entitled to water system improvement fees credits per the SIA, Water and Sewer Cost Sharing Agreement, and Raw Water Cost Sharing Agreement. For purposes of these credits, the pre-designated EQR value shall be \$3,354.21. Phase 1 and Phase 2 of Cardiff Glen have used 60 credits to date. Based on the formula described in the SIA, Water and Sewer Cost Sharing Agreement, and Raw Water Agreement, 27 units of credit currently remain available to the Developer; 5 units of credit remain for the potable, Domestic Water System improvements (described in Paragraph 8 of this Third Amendment, above) and 22 units of credit remain for the Raw Water Irrigation System (described in Paragraph 9 of this Third Amendment, above). The calculations of credits in the previous sentence are based on the Developer's contribution of approximately \$218,024 towards improvements to the Potable Water System (which, divided by the EQR value of \$3,354.21 results in 65 credits – 60 of which have been used to date) and Developer's contribution of approximately \$73,793 towards the Raw Water System (which, divided by the EQR value of \$3,354.21 results in 22 credits – none of which have been used to date). In the event the Developer contributes any additional funds for repairs to the Raw Water System, the Developer shall be entitled to additional credits in accordance with the terms of the SIA and Raw Water Agreement. Once all credits described above are used, the Developer shall continue to receive a 25% reduction in all water system improvements fees throughout the remainder of Cardiff Glen as long as raw water is used for irrigation.

10. SEWER BOTTLENECKS. Paragraph 14 of the Original Subdivision Agreement / SIA described the Developer's obligations concerning prepayment of sanitary sewer system fees to fund certain off-site sanitary sewer improvements, and provided for reimbursements and credits to the Developer for such prepayment, which together were incorporated into the Water and Sewer Cost Sharing Agreement. To date, no Sewer Fee Prepayment has been required by the City or made by the Developer. Instead, the Developer has paid sanitary sewer system fees on a per-unit basis for each unit constructed. The City has completed the off-site sanitary sewer improvements necessary to serve Cardiff Glen and no longer needs or requires any prepayment of sanitary sewer system fees from the Developer (nor any of the other related obligations, including without limitation surety for such prepayment). The standard process of the Developer paying one half of the per-unit sanitary sewer system fee at the time of building permit and the remaining one half at the time of issuance of certificate of occupancy shall continue through completion of Cardiff Glen. The sanitary sewer system fees for Cardiff Glen shall be the city-wide fee rate of \$2,443.33 per unit for 2004, which may be increased yearly by City Council at a rate of up to 5%.

11. TRAFFIC IMPROVEMENTS. Paragraph 16 of the Original Subdivision Agreement / SIA shall be deleted in its entirety and replaced with the following:

Developer agrees to improve County Road 116 (Airport Road) from the western-most point of Cardiff Glen to Morgan Street in accordance with the "Cardiff Glen P.U.D. - County Road 116 (Airport Road) Specifications and Scope of Improvements" by Pinnacle Design Consulting Group, Inc., dated April 9, 2004 ("Airport Road Improvements"), a copy of which is attached as Exhibit B and incorporated herein. An engineer's estimate of costs to construct the Airport Road Improvements is attached as Exhibit C and incorporated herein. Construction of the Airport Road Improvements shall begin during Phase 3 and shall be substantially completed prior to completion of the units in Phase 4. No letters of credit or other surety shall be required in connection with the Airport Road Improvements. Upon completion of the Airport Road Improvements, Developer shall have no further obligation for any off-site traffic or roadway improvements. The Developer and the City shall calculate the Developer's financial obligation under paragraph 16 of the Original Subdivision Agreement for Developer's pro rata share of the Four Mile/Midland Avenue intersection improvements and for improvements to Airport Road adjacent to Cardiff Glen (the "Original Obligation"). Any costs incurred by Developer for construction of the Airport Road Improvements per this Third Amendment which exceed the Original Obligation shall be subject to a cost recovery plan for reimbursement of the Developer for such excess costs, under terms and conditions acceptable to both the Developer and the City.

12. MISCELLANEOUS IMPROVEMENTS. The Developer has completely satisfied its obligations under Paragraph 17 of the Original Subdivision Agreement / SIA concerning additional Public Improvements as specified in plan documents.

13. DRAINAGE LIABILITY. The Developer has completely satisfied its obligations under the last sentence of Paragraph 18 of the Original Subdivision Agreement / SIA concerning reimbursement of costs for acquiring or condemning drainage easements or rights of way in connection with Cardiff Glen.

14. CONFLICTS. The terms and conditions of this Third Amendment shall control in the event of any conflict with the terms and conditions of the SIA, Water and Sewer Cost Sharing Agreement, and Raw Water Cost Sharing Agreement (the "Existing Agreements"). Except as modified by this Third Amendment, the Existing Agreements remain in full force and effect.

15. COUNTERPARTS. This Third Amendment may be executed in one or more counterparts which, when taken together, shall constitute but one and the same agreement.

16. EXHIBITS: The following Exhibits are attached to this Third Amendment and incorporated herein:

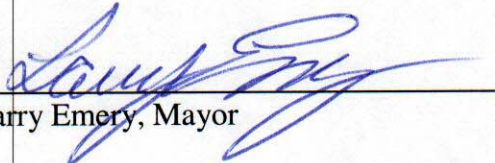


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5 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

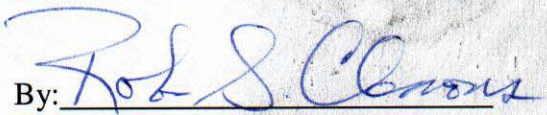
- Exhibit A – Phasing Schedule
- Exhibit B – Cardiff Glen P.U.D. – County Road 116 (Airport Road)
Specifications and Scope of Improvements by Pinnacle
Design Consulting Group, Inc., dated April 9, 2004
- Exhibit C – Pinnacle Design Consulting Group, Inc. Cost Estimate for
Airport Road Improvements dated April 9, 2004

IN WITNESS WHEREOF, the parties have signed this Agreement to be effective upon
the date on which the last of the parties signs below.

CITY OF GLENWOOD SPRINGS, COLORADO

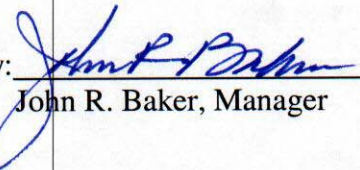
By: 
Larry Emery, Mayor

Attest:

By: 
Robin S. Clemens, City Clerk

STUDIO 3 LAND COMPANY, LLC

By: 
Thomas G. Stevens, Manager

By: 
John R. Baker, Manager



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6 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

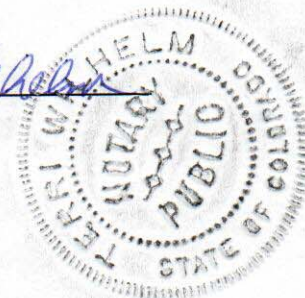
STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

The foregoing instrument was acknowledged before me this 12th day of April, 2004 by Larry Emery as Mayor of the City of Glenwood Springs, Colorado.

WITNESS my hand and official seal.

My commission expires: 06/16/2007

Jenni Wilhelm
Notary Public



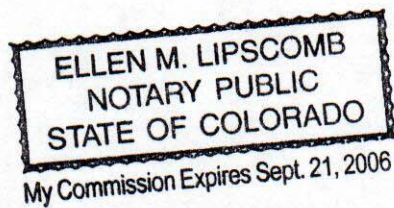
STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

The foregoing instrument was acknowledged before me this 13th day of April, 2004 by Thomas G. Stevens and John R. Baker as Managers of Studio 3 Land Company, LLC, a Colorado limited liability company.

WITNESS my hand and official seal.

My commission expires: _____

Cecilia Gier
Notary Public





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7 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

EXHIBIT A

Third Amendment to Cardiff Glen Subdivision Improvements Agreement

PHASING SCHEDULE

PHASE	Description of Phase	Estimated Timing	Public Improvements
1	Lots 67-91	Complete	All Public Improvements related to Phase 1 have been completed and accepted by the City
2	Lots 37-63 Lots 93-94	Complete	All Public Improvements related to Phase 2 have been completed
3	Lots 1-36	Begin 2004	Fanning Place, Tetters Lane and Clark Street – as necessary to serve Lots 1-36
4	Lot 92	Begin 2005	None
5	Lots 95-96	Begin 2005	None
6	Lot 97	Begin 2006	None

Notes regarding Phasing Schedule:

1. The timing and sequence of this Phasing Schedule is subject market conditions and any changes deemed necessary by the Developer.
2. The timing for completion of Grand River Park is per the Second Amendment to the Cardiff Glen Subdivision Improvements Agreement.

EXHIBIT B

Third Amendment to the Cardiff Glen Subdivision Improvements Agreement

**PINNACLE DESIGN
CONSULTING GROUP, INC.**
0805 BUCK POINT ROAD
CARBONDALE, CO 81623
970-963-2170 OFFICE • 970-704-0215 FAX

**CARDIFF GLEN P.U.D. – COUNTY ROAD 116 (AIRPORT ROAD)
SPECIFICATIONS AND SCOPE OF IMPROVEMENTS
April 9, 2004**

1. Improve existing roadway for approximately 780 L.F. from the southwest property corner to the southeast property corner of the Cardiff Glen Subdivision.
2. Remove existing asphalt and all contaminated base course material.
3. Excavate, remove, and stabilize the existing sub-base below the proposed new base course section for a total width of 34 feet.
4. The final street section design will include two 11' asphalt lanes with 6' shoulders on each side, along with any required Class 1 base course for subgrade stabilization. Additionally, the street section will include 4" of hot bituminous pavement (placed in 2" lifts) on top of 6" of Class 6 aggregate base course.
5. Drainage improvements will include the addition of two valley pans across Clark Street and Morgan Street. Three drywells will also be added along on the north side of the street improvements to facilitate storm water infiltration.
6. Final grading will be designed to minimize surface drainage from collecting along the new road section.
7. Approximately 3" of topsoil will be placed along the clear zones and will be revegetated.
8. Landscaping will be installed along the north side of County Road 116 (Airport Road) adjacent to Cardiff Glen consisting of grass seeding and street trees.
9. A sidewalk 5' in width will be installed along the north side of County Road 116 (Airport Road) adjacent to Cardiff Glen at the same time as a connecting sidewalk is installed by the City or some other party from and along Midland Avenue.
10. All work will be performed in accordance with current City of Glenwood Springs standards and Specifications.



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9 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

EXHIBIT C

Third Amendment to the Cardiff Glen Subdivision Improvements Agreement

**Pinnacle Design Consulting Group, Inc.
Cost Estimate for Airport Road Improvements
April 9, 2004**

[ATTACHED]

4/9/2004

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10 of 10 R 51.00 D 0.00 GARFIELD COUNTY CO

**PINNACLE DESIGN
CONSULTING GROUP, INC.**

EXHIBIT "C"

**AIRPORT ROAD IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST**

MATERIAL QUANTITIES & COSTS

ITEM DESCRIPTION	QUANTITY	UNIT	UNIT COST	SUB-TOTAL
Mobilization	1	LS	\$1,500.00	\$1,500.00
Unclassified Excavation	1600	CY	\$18.00	\$28,800.00
Traffic Control (est.)	1	LS	\$3,000.00	\$3,000.00
Concrete V-Pan	2	EA	\$800.00	\$1,600.00
Concrete Drywell	3	EA	\$1,600.00	\$4,800.00
4" Grade "CX" Hot Bituminous Pavement	530	EA	\$50.00	\$26,500.00
14" Deep Class 6 Aggregate Base Course	1840	TON	\$20.00	\$36,800.00
60" Wide Concrete Sidewalk (north side only)	3650	SF	\$5.00	\$18,250.00
6" Class 6 Aggregate Base Course Under Sidewalk	148	TON	\$22.00	\$3,247.69
Finish Grading	15600	SF	\$0.25	\$3,900.00
Finish Grading/Topsoil	280	CY	\$8.00	\$2,240.00
Hydroseeding	7300	SF	\$0.10	\$730.00
Street Trees	20	EA	\$200.00	\$4,000.00
Total				\$135,367.69