

LIBERTY DRAW
METROPOLITAN DISTRICT NOS. 1-7

WATER RULES AND REGULATIONS

Adopted and Administered by the Liberty Draw Metropolitan District Nos. 1-7

Approved to be effective July 13, 2023

ARTICLE I
GENERAL

1.1 Authority

The Liberty Draw Metropolitan District Nos. 1-7 (collectively, the “Districts”) are quasi-municipal corporations and political subdivisions with those powers of a special district which are specifically granted for carrying out the objectives and purposes of the Districts.

Liberty Draw Land Developer, LLC, its heirs, affiliates, successors and assigns (collectively, the “Owner”) is the owner and/or developer of Liberty Draw Subdivision (“Property”), respectively, located in the City of Evans, Colorado. Liberty Draw Metropolitan District No. 1 (“Operating District” or “LDMD1”) shall be responsible for administering these Rules and Regulations.

1.2 Purpose

The purpose of this consolidated body of Water Rules and Regulations is to ensure an orderly and uniform administration of irrigation water operations in the Property. These Water Rules and Regulations apply to *both* the Potable Water System and the Non-Potable Water System (collectively the “Water System”), which are both managed and controlled by the City of Evans (“City”) or another public entity providing potable water service to Property. These Water Rules and Regulations are meant to reinforce and supplement the City’s own rules and regulations for their Potable Water System and Non-Potable Water System.

1.3 Policy

The authority of the Districts to adopt by-laws, rates, rules and regulations is expressly conferred by Colorado statute. The Executive Board of Directors of LDMD1 hereby declares that the policies, procedures, rules and regulations (“Rules and Regulations”) hereinafter set forth will serve a public use and are necessary to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the Districts.

1.4 Scope

These Rules and Regulations shall be treated and considered as comprehensive regulations governing the operations and functions of the Districts with regard to the Water System. These Rules and Regulations are meant to supplement and reinforce the City’s rules and regulations regarding the Water System. The City’s rules and regulations shall be deemed incorporated fully into these Rules and Regulations. In the event of any direct conflict between the City’s rules and regulations and these Rules and Regulations, the City’s rules and regulations should control.

1.5 Intent of Rules and Regulations

It is intended that these Rules and Regulations shall be liberally construed to affect the general purposes set forth herein, and that each and every part thereof is separate and distinct from all other parts. No omission or additional material set forth in these Rules and Regulations shall be construed as an alteration, waiver or deviation from any grant of power, duty or responsibility, or limitation or restriction, imposed or conferred upon the Districts by virtue of statutes now existing or subsequently amended, or under any contract or agreement existing between the Districts and any other governmental entity. Nothing contained herein shall be so construed as to prejudice or affect the right of the Districts to secure the full benefit and protection of any law which is now enacted or may subsequently be enacted by the Colorado General Assembly pertaining to the affairs of the Districts. Any ambiguity, conflict, omission or question of interpretation of these Rules and Regulations shall be determined in the sole discretion of LDMD1's Board of Directors.

1.6 Amendment

It is specifically acknowledged that Owner initially, and then LDMD1, once the Water System has been constructed and transferred for ownership, operation and maintenance, shall have the power to amend these Rules and Regulations, and such amendments must be approved in writing. Except where an amendment expressly requires the consent of the City, the Districts and the Owner, these Rules and Regulations may be altered, amended or added to from time to time and such alterations, additions or amendments shall be binding and of full force and effect as of the date of their adoption by Owner or the Operating District following construction and transfer of the system. Any alteration, amendment or addition to the City's rules and regulations pursuant to the City's procedures shall be incorporated into these Rules and Regulations without additional notice or amendment in writing. These Rules and Regulations are subject to, and may not conflict with, the Subdivision Improvements Agreements for the Property as recorded in the office of the Clerk and Recorder of Weld County, Colorado.

1.7 Miscellaneous.

1.7.1 Usage and Titles. All words and phrases shall be construed and understood according to the common and approved usage of the language, but technical words and phrases and such others as may have acquired a particular and appropriate meaning in the law shall be construed and understood according to such particular and appropriate meaning. The title of any heading in these Rules and Regulations shall not be deemed in any way to restrict, qualify, or limit the effect of the provisions set forth in the section or subsection set forth under each heading.

1.7.2 Severability. Should any section, subsection, sentence, clause or phrase of these Rules and Regulations be judicially determined invalid or unenforceable, such judgment shall not affect, impair, or invalidate the remaining provisions of these Rules and Regulations, the intention being that the various sections and provisions hereof are severable.

1.7.3 Interpretation. Any dispute over interpretation of these Rules and Regulations, or concerning their application in any particular case, shall be submitted to the LDMD1 Board of Directors, and its decision shall be final and conclusive.

1.7.4 Limitation. The Rules and Regulations are implemented by the Districts in furtherance of certain rights and powers conferred by statute. The Rules and Regulations are not to be construed as a limitation upon any general or specific powers of the Districts, or as an expression by the Districts of only certain limited powers which they intend to use.

1.7.5 Prior Offenses. Nothing in these Rules and Regulations shall affect any offense or act committed or done, or any obligation, penalty or forfeiture incurred by any person or under any contract or right established or occurring before the effective date of these Rules and Regulations.

1.7.6 No Damages for Failure to Enforce. Nothing herein contained shall create any right to damages against the Districts, their directors, officers, agents or employees for the Districts' failure to enforce any or all of these Rules and Regulations.

1.7.7 Availability of Service. Water service shall be available only in accordance with these Rules and Regulations and on the basis of the charges established therefore and subject to all penalties and charges for violation thereof, or any applicable statutes, and subject to the availability of facilities and capacity.

1.7.7 Control and Operation of Facilities. All water facilities and property of the Districts shall be under the management of LDMD1, the Liberty Draw Metropolitan District No. 1 ("LDMD1"), the Manager, and the City. Except as set forth in the Declaration of Covenants, Conditions and Restrictions for Liberty Draw Metropolitan District Nos. 1-7 for Liberty Draw Subdivision and (referred to as the "Declaration"), no other person shall have any right to enter upon, inspect, operate, adjust, change, alter, move, or relocate any portion of the Districts' facilities without the Districts' prior written consent.

1.7.8 Inspections. All inspections, observations, testing and reviews performed by LDMD1 whether of private premises to ensure compliance with these Rules and Regulations, or of LDMD1's property and facilities, are performed for the sole and exclusive benefit of the Districts. No liability shall attach to LDMD1 by reason of any such inspections, observations, testing or reviews, or by reason of any denial or issuance of any approval or permit for any work subject to the authority or jurisdiction of the Districts.

1.7.9 Ownership of Facilities. LDMD1 exercises all rights and responsibilities attendant to the water facilities owned by or which will be owned by the Liberty Draw Metropolitan District No. 1 ("LDMD1") or the City after the construction and dedication of the water system. A map of the facilities and their respective ownership is outlined in **Exhibit A.**

1.7.10 Ownership of Water Rights. Ownership or the right to use water rights necessary for provision of water service by the Districts shall be acquired by the Owner and dedicated to the City and shall be sufficient to provide the Districts with adequate supply of water for the development contemplated, for the areas proposed to be served, and for all service obligations undertaken by the Districts.

The Districts may transfer ownership of water rights to the City after the construction and dedication of the system, but only if the City agrees to take over all ownership, operation and maintenance of the water system and all related improvements.

1.7.11 No Use of Potable Water Delivered through Potable Mains Meters and Service Lines For Irrigation. Each lot is served by a metered non-potable (not safe for human consumption) irrigation system. A backflow prevention device shall be installed by builder on each non-potable service. The City will supply non-potable water for outdoor irrigation and potable (safe for human consumption) water for indoor use. The indoor and outdoor water will be delivered through separate delivery systems.

1.7.12 Limitations on Water Usage Per Year. The City may set limitations on potable and non-potable water usage. The Districts may also limit non-potable water usage. If a user exceeds the limitations, a significant surcharge will be applied to all non-potable water use for the remainder of the year. Water usage limitations will follow the City's water usage limitations and users should refer to the City for such limitations and other information on usage.

1.7.13. Irrigation systems. All lawns shall have an automatic irrigation system approved by the Architectural Control Committee for the Districts and shall be submitted in conjunction with the landscape plan. No underground manual irrigation system will be approved. Overspray from irrigation systems shall not encroach onto other properties.

1.7.14 Water Delivery. Non-potable water will be delivered directly to your irrigation system and potable water will be delivered directly to your home, and the City will manage and bill you for your water usage. The Liberty Draw Metropolitan District No. 1 may also enforce water restrictions separate from the City if necessary. You may not use potable water through a hose or sprinkler for outdoor irrigation. If this occurs, the City will impose additional surcharges and/or fines and may require additional water to be dedicated. The current surcharge and fines can be found by searching for regulations on the City of Evans website www.evanscolorado.gov or by contacting the City of Evans directly.

ARTICLE II DEFINITIONS

Unless the context specifically indicates otherwise, the meaning of the terms used herein shall be as follows:

- 2.1 **“Equivalent Dwelling Unit”** or **“Single Family Equivalent Dwelling Unit”** means a use which is estimated to have an impact upon the Water System equal to that of the average usage of a Dwelling Unit.
- 2.2 **“Districts”** means Liberty Draw Metropolitan District Nos. 1-7.
- 2.3 **“Gender”** the use of any gender shall be applicable to all genders.
- 2.4 **“Irrigation Water System”** or **“Non-Potable Water System”** means any water main line, appurtenances, accessories or portion thereof owned, leased, or maintained by or for the Districts in connection with the Property’s management, administration, control and/or provision of Non-potable Water service or irrigation water within the Property’s boundaries.
- 2.5 **“Manager”** of the Districts means the person or entity retained by the LDMD1 Board of Directors to administer and supervise the affairs of the Districts and their employees.
- 2.6 **“LDMD1”** or **“District No. 1”** means Liberty Draw Metropolitan District No. 1, which shall be responsible for the installation, operation and maintenance of the Non-Potable Water System and for the administration of the Rules and Regulations throughout Liberty Draw Metropolitan District and their service area.
- 2.7 **“Non-Potable Water”** is all non-potable water administered, managed, controlled or provided by the City and/or LDMD1 for the Non-Potable Water System.
- 2.8 **“Permit”** means the written permission to connect to or enlarge the use for the Irrigation Water System of the Districts pursuant to the Rules and Regulations of the Districts.
- 2.9 **“Person”** means any entity of any nature, whether public or private.
- 3.1 **“Potable Water”** is all potable water administered, managed, controlled or provided by the City for the Potable Water System.
- 2.10 **“Rules and Regulations”** means these Water Rules and Regulations of the Districts, including all amendments and policies as set forth in the Districts’ minutes and resolutions.
- 2.11 **“Service Line”** means any privately owned and maintained pipe, line or conduit used or to be used to provide irrigation water service from Water Main and water meter (which are owned by the City and/or the Districts), whether the pipe, line or conduit is connected or not.
- 2.12 **“Shall”** or **“May”** whenever “shall” is used herein, it shall be construed as a mandatory direction. Whenever “may” is used herein, it shall be construed as a permissible, but not mandatory direction.

- 2.13 **“Singular and Plural”** as pertains to these Rules and Regulations, the singular includes the plural and the plural includes the singular wherever applicable.
- 2.14 **“Water Main”** and/or **“Main Line”** means any pipe, piping, or system of piping used as a conduit for water in the Water System and owned, operated, maintained, leased or controlled by the Districts and/or the City.
- 2.15 **“Water System”** means the City’s Potable and Non-Potable Water System and owned, operated, maintained, leased or controlled by the City and/or the Districts.

Any other term not herein defined shall be defined as presented in the “Glossary - Water and Sewage Control Engineering”, A.P.H.A., A.W.W.A., A.S.C.E. and F.W.S.A., latest editions.

ARTICLE III
OWNERSHIP AND OPERATION OF FACILITIES

3.1 Responsibilities of LDMD1

Except as otherwise provided by these Rules and Regulations, LDMD1 is responsible for the administration of the Rules and Regulations, which shall be carried out in a sound and economical manner, in accordance with these Rules and Regulations and the Declaration, LDMD1 shall not be liable or responsible for inadequate service or interruption of service brought about by circumstances beyond its control.

3.2 Limitation of Liability of District

By agreeing to receive Potable and Non-Potable Water from the Water System, lot owners expressly stipulate that no claim for damage shall be made against the Districts or LDMD1 by reason of the following: breakage of any water main line by LDMD1’s personnel; interruption of water service and the conditions resulting therefrom; breaking of any main line, service line, valve, pipe, or meter; failure of the water supply; shutting off or turning on water; making of connections or extensions; damage caused by water running or escaping from open or defective faucets; burst service lines or other facilities not owned by the Districts; damage to sprinkler systems or other appliances or apparatuses, devices or equipment used for irrigation of property, resulting from shutting off or turning on of water, or from inadequate, excessive or sporadic pressures.

3.3 Rights and Authority

LDMD1 shall have no responsibility for notification to customers of any of the foregoing conditions. All water users within the Districts shall be obligated to connect to the City’s Water System unless otherwise agreed to in writing by the City. LDMD1 reserves the right to discontinue service to any property, at any time, for any reason deemed necessary or appropriate.

LDMD1 shall have the right to revoke service to any property for violations of these Rules and Regulations in accordance with the procedures set forth in these Rules and Regulations.

LDMD1 and/or the City reserves the right to terminate service to any user of the Water System. Unless otherwise provided herein, LDMD1 or the City shall give written notice to such user of the LDMD1's or the City's intention to terminate service. Under no circumstance shall any user be entitled to or obtain, claim or assert any perpetual right to water service from the City, LDMD1 or in any District easements, Water Mains or connections, whether under contract or otherwise, and such user shall be bound by all Rules and Regulations of the City and the Districts as altered or amended from time to time governing the administration and use of, and charges for water service from, the City's Water System.

Service limitations and prohibitions under any law or which may be contained within any contractual agreement of the Districts with any other governmental body shall also constitute prohibitions and limitations upon any user of the facilities of the Water System, except as may be provided by special permit.

3.4 Ownership of Facilities

All existing and future Main Lines and treatment works connected with and forming an integral part of the Potable Water System are owned by the City and upon any future transfer from the Developer or Owner to the City shall become and remain the property of the City, unless any contract provides otherwise. Said ownership will remain valid whether the Main Lines and treatment works are constructed, financed, paid for, or otherwise acquired by the City and/or the Districts, or by other persons.

3.4.1 Ownership of Water Facilities. For water service, the City shall own, operate and maintain the Main Line, up to and including the curb stop valve. The lot owner is responsible for the maintenance of the remaining portion of the service line serving his property.

3.5 Right of Entry, Inspection and Maintenance Powers and Authority of District Agents

Authorized employees of LDMD1, the Districts, the Manager, LDMD1 or other personnel authorized by the Manager, bearing proper credentials and identification (collectively, "Authorized Personnel"), shall be permitted by the customer/owner to enter upon all properties at reasonable times for the purpose of installation, replacement, repair, maintenance, inspection, observation, measurement, sampling, and testing of any water meter, meter pit if one exists, curb stop valve and/or box, radio frequency device if one exists, sump pump, water service lines and District's easements in accordance with the provisions of these Rules and Regulations. The granting of right of entry by the customer/owner is a condition precedent and a condition subsequent to the provision of water service by LDMD1 and/or the City. Refusal to permit such access to Authorized Personnel in the performance of their duties may result in immediate termination of water service to the premises, and/or may cause additional charges to the customer at the

discretion of LDMD1 and/or the City. Failure to permit such inspection, observation, measurement, sampling and/or testing upon the written request of the Authorized Personnel may result in a presumption that permission is being denied to avoid discovery of a violation that would result in the disconnection of service to the property by the party failing to permit such activity.

3.6 Modification, Waiver and Suspension of Rules

The LDMD1 Board of Directors or the Manager, acting on instructions of the LDMD1 Board of Directors, shall have the sole authority to waive, suspend, or modify these Rules and Regulations, and any such waiver, suspension or modification must be in writing, signed by the Board of Directors or the Manager. Such waiver shall not be deemed an amendment of the Rules and Regulations. No waiver will be deemed a continuing waiver.

ARTICLE IV USE OF WATER SYSTEM

Water services will be furnished to property included within the Districts subject to the Rules and Regulations by the City and/or the Districts, and subject to fees, rates, charges and tolls as provided herein and as imposed by the City. It is currently contemplated that water service under this Article IV is being provided by the City for the sole use of users within the Property.

4.1 Unauthorized Tampering with Water System

4.1.1 Unauthorized Use. No unauthorized person shall uncover, use, alter, disturb, or make any connection with, or opening onto, use, alter, or disturb the Water System without first obtaining written approval from the City and LDMD1. Unauthorized uses of, or tampering with, the Water System includes, but is not limited to, a change in the customer's/owner's equipment, service or use of property, an unauthorized turn-on or turn-off of water service, burying valve boxes, or modifying any water meter.

4.1.2 Malicious Damage to Water System. No person shall maliciously, willfully, or negligently, break, damage, destroy, cover, uncover, deface or tamper with any portion of the Water System.

4.1.3 Violators Prosecuted. Any person who shall violate the provisions of this Article IV shall be prosecuted to the full extent of Colorado law.

4.1.4 Violators Fined. Any person violating any of the provisions of these Rules and Regulations may become liable to the Districts for payment of a \$1,000.00 fine or fines as otherwise established at the discretion of the LDMD1, plus any expense, loss or damage occasioned by reason of such violation following notice and an opportunity for a hearing. Such costs shall constitute assessments of fees, tolls, charges and other impositions permitted under the Special District Act, Sections 32-1-101, and 32-1-1001 C.R.S., and shall have the lien priority described in that statute. A fine imposed under

this Section does not preclude the City from imposing its own finds for violating the City's rules and regulations.

4.2 Use of Water System

4.2.1 Notice of Changes and Repairs of Leaks. The customer/owner shall notify the City and LDMD1 prior to any expansion or addition to the service or use of the property served by the Water System and upon any change of ownership of said property. Each customer shall be responsible for all costs associated with the construction and maintenance of the length of the service line to the curb stop or property line, whichever is closer to the Main Line. Service lines shall be constructed in accordance with specific instructions to be obtained from the LDMD1 prior to commencing construction.

Leaks or breaks in the service line shall be repaired by the customer within seventy-two (72) hours of obtaining knowledge of a leak or from the time of notification of such condition by LDMD1 or the City. If satisfactory progress toward repairing said leak has not been completed within the same time period, the Manager shall shut off the service until the leaks or breaks have been repaired; in addition, LDMD1 and/or the City shall have the right to effect the repair, and the costs therefore shall constitute a lien on and against the property of such customer as security for payment of such costs, as provided for by Section 38-33.3-316, C.R.S.

4.3 Watering Schedule, Non-Potable Water System – Restrictions of Use

The Irrigation Water System shall be subject to any and all restrictions on irrigation and water use imposed, or that may be imposed, by the City including, but not limited to, the City of Evans Municipal Code 13.04.200. In addition, if conditions of supply so limit the water supply of the Irrigation Water System that unrestricted water use may endanger the adequacy of that supply, the LDMD1 Board of Directors, exercising its discretion in the protection of the health, safety, and welfare of residents, may adopt emergency water use restrictions and such additional regulations and restrictions as are reasonably calculated under all conditions to conserve and protect that supply and to ensure a regular flow of water through the system in addition any City restrictions. Emergency water use regulations and restrictions shall remain in force and effect until the LDMD1 Board of Directors determines that the conditions requiring their imposition no longer exist. A day constitutes a 24-hour day from 12:00 am to 11:59 pm.

4.3.1 General Use Restrictions. Irrigation sprinklers shall only be operated between the hours of 7 pm and 9 am. Drip irrigation systems may be operated between the hours of 6 pm and 11 am. These use restrictions may be altered on a periodic basis and shall be updated by the District and posted on the District website and users shall be advised of any changes and where the updated rules and regulations are available for review.

4.3.2 Alternating Water Days.

Even Numbered Single Family Addresses: Watering permitted three (3) days per week on Tuesdays, Thursdays and Sundays only, during the periods set forth above.

Odd Numbered Single-Family Addresses: Watering permitted three (3) days per week on Mondays, Wednesdays and Saturdays only, during the periods set forth above.

* This schedule will not be enforced until two (2) weeks after the installation of the initial sod on any new construction, but may be enforced anytime thereafter.

4.3.3. Watering Duration Restrictions. Irrigation sprinklers shall only be operated for twenty (20) minutes at a time/zone. Longer durations are not necessary, excessive use violations will be enforced and fines implemented as necessary. When seeding or planting new grass, sod or landscaping, a waiver may be requested but must be approved prior to implementation.

4.4 Drought Restrictions.

During periods of drought or shortage, the board of directors for the Districts shall order the reduction of delivery of non-potable irrigation water from 3 days to 2 days per week. This Section of the Rules and Regulations shall not be amended or modified without the prior written consent of the City. The Districts shall work cooperatively with the City on adopting appropriate drought restrictions and further limitations of days property owners may water their lots and yards. The intent of the Districts is to promote water conservation and prohibit excessive irrigation.

The Districts will adopt appropriate water conservation and drought restrictions and guidelines for property within the Districts or receiving service to the Districts in the case of a drought and shall update and advise the City of any restrictions in an effort to disclose information and coordinate any drought mitigation or water conservation efforts.

4.5 Water Meters and Meter Pit

The installation of the potable and non-potable water meters and meter pit shall be constructed by the lot purchaser and will be installed as per the guidelines and rules and regulations of the Districts.

ARTICLE V
RATES AND CHARGES

Article Intentionally Left Blank. Please refer to the City's rates and charges for further information.

ARTICLE VI
MISCELLANEOUS PROVISIONS

6.1 Claims Against LDMD1.

In the event any person claims to have suffered an injury of any kind by LDMD1 or by a director or employee thereof related to the provision of irrigation water services, such person shall, within one hundred eighty (180) days after the discovery of such injury, advise the Manager by written notice of intent to make a claim. In the notice, such person shall accurately describe the date, time, location and circumstance of the event complained of; the name and address of the person or persons entitled to relief; name of any individuals involved; a statement of the nature and extent of the injury claimed to have been suffered; the amount of monetary damages suffered and the relief requested.

6.2. Construction of Rules and Regulations.

6.2.1 Interpretation. Any dispute over interpretation of the Rules and Regulations, or concerning their application in any particular case, shall be submitted to the Board, and their decision shall be final and conclusive.

6.2.2 Headings. The headings which appear in the Rules and Regulations are for the purpose of identification and do not constitute any part of the Rules and Regulations.

6.2.3 Severability. If any provisions of the Rules and Regulations are held invalid for any reason by a court of competent jurisdiction as part of a judgment, judicial decree, court order or otherwise, such adjudication shall not affect in any manner or particular any of the provisions contained in the Rules and Regulations, and the remaining Rules and Regulations shall remain in full force and effect.

6.2.4 Limitation. The Rules and Regulations are implemented by the Board in furtherance of certain rights and powers conferred by statute. The Rules and Regulations are not to be construed as a limitation upon any general or specific powers of the Board, or as an expression by the Board of only certain limited powers which it intends to use.

6.2.5 Conflict. In the event of a conflict between these Rules and Regulations and the City's rules and regulations related to the Water System, the City's rules and regulations should control.

6.3 Supplement to Law.

The provisions of these Rules and Regulations shall be in addition to and in supplement of the terms and provisions of the Declaration and the laws of the State of Colorado. To the extent there is a conflict between these Rules and Regulations and the Declaration, the Declaration shall control except that it is the Owner's and the Districts' intention that the documents be read together and harmonized to the extent possible for the effective and efficient operation of the Water System and for the benefit of owners and customers. Amendments to these Rules and Regulations are incorporated into the Declaration by reference.

EXHIBIT A

MAP OF WATER SYSTEMS AND RELATED IMPROVEMENTS

EXHIBIT B

Potable and Non-Potable Water Meter(s) and Meter Pit Detail and Layout

The installation of the potable and non-potable water meter(s) and meter pit shall be constructed by the lot purchaser and will be installed as per Exhibit B (*see attached diagram*).