

DISTRICT SERVICE CONTRACT

THIS DISTRICT SERVICE CONTRACT ("Agreement") is made and entered into on May 1, 2013, by and between **Waterfall Metropolitan District No. 1**, a quasi-municipal corporation and political subdivision of the State of Colorado (the "District"), and **Bath Inc.** ("Contractor"), collectively the "Parties".

For consideration herein set forth, the Parties agree as follows:

1. Scope of Services. Contractor shall perform such services for the District as outlined in the Scope of Services attached hereto as **Exhibit A** and incorporated herein by reference ("Services"). Contractor shall, at its own expense, provide all Services in a good and workmanlike manner and in accordance with any and all approved plans, documents, and specifications described in Contractor's proposal to provide such Services to the District; furnish, or cause to be furnished, all labor, materials, equipment, permits and accessories, as necessary, to provide such Services; and take all precautions necessary for safely and prudently conducting the Services required by this Agreement, including maintaining insurance as required by Paragraph 3 of this Agreement.

2. Compensation. The District hereby agrees to pay to Contractor the amounts required for the completed Services at the unit prices set forth in the Contractor's proposal/quote attached hereto as Exhibit A. It is specifically understood and agreed that the **Contractor's quotation dated April 24, 2013**, and attached hereto as Exhibit A, with the Scope of Services to be performed hereunder, are each and all included in and made a part of this Agreement.

Invoicing shall be done on a monthly basis reflecting completed and accepted work done on a progress of completion basis. Invoices shall be submitted to the District by the 5th of the month for work completed in the preceding month. The invoices will be reviewed for accuracy and processed for the partial payment. The District reserves the right to inspect all services completed and invoiced for payment to ensure services have been provided in accordance with this Agreement. In the event inspected services are not accepted for payment by the District, the District shall notify Contractor in writing that Contractor is in default and has two (2) days to cure said default. The District shall be entitled to pursue all remedies provided by law and in equity if Contractor fails to cure the default.

3. Insurance. This Agreement shall not be in force nor take effect until said Contractor has furnished and delivered to the District proof of adequate workmen's compensation and liability insurance in force and effect, as provided herein, for the duration of the project. The District shall be listed as additional insured on the General and Auto Liability policy, which must be reflected on the required insurance certificate (Acord 25). General Liability and Auto Liability coverage shall be primary. Waiver of subrogation applies to General Liability and Workers Compensation insurance.

At all times during the term of this Agreement, Contractor shall carry and maintain, at its sole cost and expense, no less than the following liability insurance coverage limits (unless otherwise crossed out or adjusted by the Parties, any such changes shall be initialed and dated by both Parties):

(1) Commercial General Liability Insurance:

General Aggregate	\$ 2,000,000
Products and Completed Operations	\$ 2,000,000
Personal and Advertising Injury	\$ 1,000,000
Each Occurrence	\$ 1,000,000
Damage to Rented Premises	\$ 100,000
Medical Expenses (Any one person)	\$ 5,000

(2) Comprehensive Automobile Liability Insurance shall include all motor vehicles owned, hired, leased, or borrowed, with a minimum combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence.

(3) Workmen's Compensation and Employer Liability Insurance

Worker's Compensation	Per Colorado Statutes
Employers' Liability	\$ 1,000,000

(4) Umbrella: \$ 1,000,000

In addition, unless otherwise crossed out and initialed and dated by both Parties, the following coverage shall be obtained by Contractor, on an occurrence basis:

(1) Inland Marine including Builder's Risk, Installation Floater, Contractor's Equipment

4. Term. The term of this Agreement shall begin on the date set forth above, shall be effective as of such date regardless of the date of execution hereof, and shall expire upon completion of the Services described in Paragraph 1 of this Agreement. Funding for this Agreement shall be subject to annual appropriations by the District as provided in Paragraph 9 herein.

5. Termination. The District reserves the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by delivery of a written notice of termination to Contractor at least thirty (30) days prior to the effective date of termination. Contractor may terminate this Agreement, with cause, by delivery of written notice of termination to the District at least thirty (30) days prior to the effective date of termination. Such notice shall specify the extent of termination and the effective date. Contractor shall stop rendering services under this Agreement upon the effective date of termination. In the event of termination by either Party, the District shall pay Contractor for all of

the work satisfactorily performed prior to the designated termination date. Compensation for work in progress shall be prorated as to the percentage of work completed as of the date of notice of termination or the effective date of termination, as applicable. In ascertaining the services actually rendered hereunder up to the date of notice of termination or the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress pertaining to the work contemplated herein.

6. Illegal Aliens.

A. Certification. Prior to the execution of this Agreement, Contractor shall certify to the District, as attached hereto as **Exhibit B**, that at the time of certification, it does not knowingly employ or contract with an illegal alien who will perform work under this Agreement and that Contractor will participate in either the E-Verify Program administered by the U.S. Department of Homeland Security and the Social Security Administration, or in the Colorado Department of Labor and Employment's Employment Verification Program (the "Department Program"), as further described in Section 6.F. herein, in order to confirm the employment eligibility of all employees who are newly hired for employment to perform work under this Agreement.

B. Prohibited Acts. Contractor shall not:

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

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

C. Verification.

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

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

(3) If Contractor obtains actual knowledge that a subcontractor performing work under this Agreement knowingly employs or contracts with an illegal alien, Contractor shall:

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

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

D. Duty to Comply With Investigations. Contractor shall comply with any reasonable request by the Colorado Department of Labor and Employment (the "Department") made in the course of an investigation conducted pursuant to Section 8-17.5-102 (5), C.R.S. to ensure that Contractor is complying with this Section 6 of the Agreement.

E. Breach. If Contractor violates a provision of this Section 8, the District may terminate the Agreement for breach of the Agreement. If the Agreement is so terminated, Contractor shall be liable for actual and consequential damages to the District. The District shall notify the Colorado office of the Secretary of State if Contractor violates a provision of this Section 6 of the Agreement and the District terminates the Agreement.

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

7. Notice. Any notice given in writing under this Agreement shall be delivered either personally or by certified mail to the following addresses:

To the District:

Waterfall Metropolitan District No. 1
C/o Pinnacle Consulting Group Inc.
Attention: Carla Hawkins
Pinnacle Consulting Group Inc
5110 Granite Street, Suite C
Loveland, CO 80538
970-669-3611/970-669-3612F
Email: carlah@pinnacleconsultinggroupinc.com

Copy to:

Icenogle, Seaver & Pogue, PC.
Attention: Alan D. Pogue
4725 South Monaco Street, Suite 225
Denver, Colorado 80237
303-292-9100/303-292-9101F

Email: apogue@isp-law.com

To Contractor:

Bath Inc.
Attn: Kevin Laman
2000 East Prospect Rd.
Fort Collins, CO 80525
970-488-1707/970-484-0470F
Email: klaman@bathlandscape-irrigation.com

8. Ownership of Work Product. Any and all Work Product, as such term is defined herein, created, prepared, and/or produced by Contractor under this Agreement shall become the sole and exclusive property of the District under all circumstances, whether or not Contractor completes the Services set forth hereunder or the Agreement is terminated. Upon request by the District, all Work Product shall be delivered to the District in hard copy and in an electronic format compatible to the District's computer applications at Contractor's expense. Provided that Contractor has been paid for its Services, the District shall have the right to use and re-use all Work Product resulting from Contractor's efforts performed under this Agreement in any way or manner deemed appropriate by the District. The District's use of any or all such Work Product for its own purposes shall not be a violation of any patent or copyright thereof. Contractor agrees that the copyright and other intellectual property rights (as are applicable) in and to any component of the Work Product, and to the design and content of the Work Product, are hereby assigned and shall belong exclusively to the District. Upon request by the District, Contractor shall promptly execute whatever legal documents or other materials that the District deems necessary to secure, perfect, or substantiate the District's exclusive rights and interest in any Work Product created under this Agreement. For purposes of this Agreement, "Work Product" includes, but is not limited to, any and all finished or unfinished design, development and/or construction documents, drawings, reports, writings, data, studies, graphics, maps, plans, specifications, electronic files and other documents, materials and information, in every form and/or format, which Contractor prepared and/or used in connection with this Agreement.

9. Subject to Annual Appropriations. The District does not intend hereby to create a multiple-fiscal year direct or indirect debt or other financial obligation whatsoever. The District's payment obligations hereunder are subject to annual appropriations. The District has appropriated sufficient funds for this Agreement for the current fiscal year. Any Services resulting in additional compensation and as approved by the District shall be subject to annual appropriations by the District.

10. Indemnification. Contractor hereby agrees to indemnify, assume all responsibility for, and hold harmless the District and its directors, officers, consultants, employees, servants, agents, and authorized volunteers, from and against any and all claims, demands, suits, actions, proceedings, judgments, losses, damages, injuries, penalties, costs, and expenses (including reasonable attorneys' fees), and liabilities arising, or alleging to arise, directly or indirectly, in whole or in part, from any acts or omissions of the Contractor or any of its subcontractors, agents or employees or employees, in connection with Consultant's performance, duties, and obligations

under this Agreement; provided, however, that Contractor shall not be liable for any claim, loss, damage, injury or liability arising out of the sole negligence of the District, its directors, officers, consultants, employees, servants, agents, or authorized volunteers.

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

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

13. Assignment. No portion of the Agreement shall be sublet, assigned or otherwise disposed of except with the written consent of the District, and such consent when given shall not be construed to relieve the Contractor of any responsibility for the fulfillment of this Agreement. Written consent will be given only after the District has been assured that each proposed subcontract is evidenced in writing and that it contains all pertinent provisions and requirements of the prime contract.

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

15. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance.

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

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

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

(Remainder of Page Left Intentionally Blank.)

EXHIBIT A

SCOPE OF SERVICE AND CONTRACTOR'S QUOTE



Bath Inc. Phone 970-488-1707
2000 East Prospect Rd.
Fort Collins, Colorado 80525 Fax 970-484-0470

Pricing Response

Date: April 24, 2013
To: Carla Hawkins
Email: CarlaH@pinnacleconsultinggroupinc.com
Re: OCR / Highway 34 Reseeding

Scope: Reseed previously seeded area between OCR sign the retention pond north of the sidewalk with Dryland seed as specified or equal. The area will be re-filled to create a proper seed bed, drill seeded and hydromulched based on the following square footage:

6500 SF	\$1,908.00
4000 -6500 SF @	\$.30/SF**
4000SF or less	\$1200.00 minimum

**** Parties will agree on exact square footage prior to work commencing. Weather permitting, work to be completed prior to June 1, 2013.**

Please contact me with any questions you may have.

Thank you,

Kevin Laman

Bath Inc.

970-488-1707 Phone

970-484-0470 Fax

klaman@bathlandscape-irrigation.com

EXHIBIT B

CERTIFICATION REGARDING ILLEGAL ALIENS

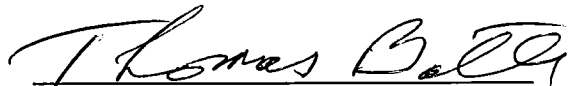
**CERTIFICATION
REGARDING ILLEGAL ALIENS**

To: **WATERFALL METROPOLITAN DISTRICT NO. 1**

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

Executed on the 3rd of May, 2013.

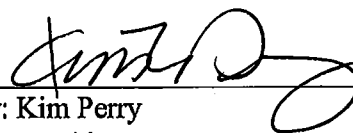
BATH Inc.



By: Thomas Bath
Its: President

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

WATERFALL METROPOLITAN DISTRICT NO. 1



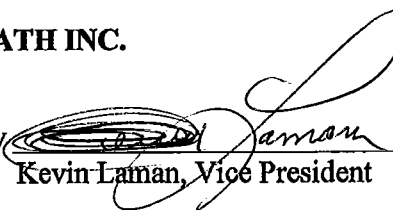
By: Kim Perry
Its: President

ATTEST:



By: Jay Hardy
Its: Secretary

BATH INC.

By:  V.P.
Kevin Laman, Vice President