

EXHIBIT 2

DC9018563

SPY

ANNEXATION AGREEMENT
(Country Acres Annexation No. 1 and No. 2)

AGREEMENT made this 22 day of February, 1990, by and between THE TOWN OF CASTLE ROCK, and Colorado municipal corporation, 680 N. Wilcox Street, Castle Rock, Colorado 80104, ("Town"), and 2607 EAST HIGHWAY 86 PARTNERSHIP, a Colorado general partnership, ("Owner").

WHEREAS, Owner desires to annex certain property to the Town, to be known as Country Acres Annexation, more particularly described in Exhibits 1 and 2 (the "Property").

WHEREAS, Town is willing to allow the annexation and development of the Property in accordance with these terms and conditions.

NOW, THEREFORE, in consideration of these mutual promises, the parties agree as follows:

1. **Annexation Premises.** Owner warrants to the Town that the Property is contiguous, or can be lawfully brought into contiguity with the Town boundaries as required by applicable statute, and that all other elements and conditions necessary for annexation have been met. Owner further warrants that it has exclusive ownership and control over the Property, has full authority and power to enter into this Agreement, and that all lienholders against the Property, if any, have joined in this Agreement, as evidenced by the certificate of ownership and encumbrance attached as Exhibit 3.

2. **Definitions:**

Approving Documents

(a) Ordinance No. 90-02, annexing that portion of the Property described in Exhibit 1 thereto.

(b) Ordinance No. 90-03, annexing that portion of the Property described in Exhibit 2 thereto and approving the Annexation Agreement.

(c) Ordinance No. 90-04, amending the zoning district map of the Town of Castle Rock, Colorado, (rezoning the property described in Exhibits 1 and 2 thereto from zoning classification RR to PD).

Public Improvements. "Public Improvements" shall mean streets and street striping, curbs, gutters, sidewalks, bike paths, bridges, culverts, drainage structures, water and sewer mains, transmission and service lines, manholes, fire hydrants, sewage lift stations, non-electric traffic and street signs, street lighting and such other improvements which are required to be built by Owner and dedicated to Town, under Town regulations.

Redevelopment. "Redevelopment" shall mean the erection of any structure requiring the issuance of a building permit other than the erection of a replacement structure for the present temporary accessory structure now located on the Property, provided that such replacement structure does not exceed 2,000 square feet.

Warranty. "Warranty" shall mean the express promise made by the Owner that all Public Improvements constructed by Owner are and shall be free from defective design, material and workmanship, and are designed and constructed to Town standards. The warranty period for all Public Improvements shall be two (2) years from and after the date of their written acceptance by Town. The Warranty extended by Owner shall be the exclusive Warranty with respect to Public Improvements and shall be in lieu of all other warranties, express or implied.

3. **Municipal Utilities.** The existing private water and sewer systems servicing the Property may be maintained until Redevelopment occurs or January 1, 2005, whichever occurs first, at which time Owner, at its expense, shall connect to the municipal water and sewer system, concurrently with and as condition to, Redevelopment of the Property. If such connection is not completed within the required time, the Town may thereafter connect the premises to the water, water and sewer, or sewer system, as applicable, of the Town and shall have a lien against the Property for the cost of making the connection and such lien may be foreclosed by certification of Town's cost to the Douglas County Treasurer to be placed on the tax roll and collected in the same manner as delinquent ad valorem property taxes. At such time as municipal services are provided, they shall be provided at the same rates, charges and fees (including development fees, other authorized fees and exactions) as charged to other users, similarly situated in Town, in accordance with this Agreement and ordinances and resolutions in effect at the time such charges are assessed.

4. **Compliance With Regulations.** Owner shall develop the Property in accordance with this Agreement, all ordinances, codes and regulations of the Town, the minimum standards and design criteria of the Town, and with the Approving Documents. At the time of Redevelopment, all Public Improvements required thereunder shall be constructed.

5. **Water.** Owner shall convey to Town all water and water rights appurtenant to the Property concurrently with annexation in accordance with section 3.20.030 of the Municipal Code and Resolution No. 89-51; reserving such rights as necessary to continue to provide the existing private water supply to the property in accordance with the terms of this Agreement. Owner shall retain sole responsibility for maintenance of the private water supply and completing its proper abandonment when required, as provided above.

6. **Transportation Improvements.** Town shall not require transportation improvements to be made on the Property until such time as Redevelopment of the Property takes place. "Transportation Improvements" include parking areas, curb, gutter and sidewalks, acceleration and deceleration lanes, access entryways, and non-electric traffic control devices. At the time of Redevelopment, owner shall construct such transportation improvements as are required under applicable Town standards then in effect. Those improvements, if any, required by the jurisdiction permitting expanded access on the what is now designated as State Highway 86 shall be to the standards of such jurisdiction.

7. **Public Land Dedication Policy.** Due to the limited area of the Property, cash in lieu of public land dedication shall be required at the time of Redevelopment. The amount of such cash payment shall be determined pursuant to the applicable Town ordinance in effect at the time of Redevelopment.

8. **Recreation Center Development Fee.** In the event that residential uses for the Property are chosen at Redevelopment, Owner shall pay to the Town a recreation center development fee of \$26.50 per dwelling unit at the time of final subdivision plat approval.

9. **Owner Reliance.** Owner is entering into this Agreement and in reliance upon the Town's concurrent approval of the Preliminary Site Plan and Planned Development ordinance. If Town fails to approve Approving Documents by appropriate ordinance or resolution of if an initiative or referendum is passed at any time which substantially amends or alters this contract and/or any of the Approving Documents, or if the Town through its legislative powers unilaterally amends or alters the approved Preliminary Site Plan or the Planned Development ordinance in a material manner, the Town will not object to the Owner disconnecting a portion or all of the Property from the Town under any applicable provisions of Colorado law, provided the Town has not taken action in reliance on the annexation to its detriment.

10. **Owner Default.** In the event of default by Owner under the provisions of this Agreement, Town reserves the right to withhold building permits, certificates of occupancy, or any other permits and approvals for the Property, in addition to its other lawful remedies.

11. **Parties Bound.** This Agreement shall be binding upon and inure to the benefit of the parties and the successors in interest to the Property. The covenants of Owners are real covenants which shall bind successive owners of the Property, irrespective of the specific reference of this Agreement in the instrument transferring title to the Property.

12. **Changes Only in Writing.** Any and all changes to this Agreement, in order to be mutually effective and binding upon the parties and their successors, must be in writing and duly executed by the parties or successors.

13. **Attorney's Fees.** In any litigation concerning this Agreement the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

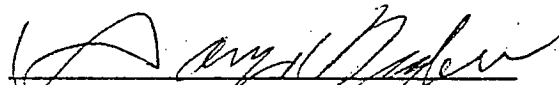
14. **Recordation.** This Agreement shall be recorded with the Douglas County Clerk and Recorder concurrently with the annexation map.

APPROVAL OF THE TOWN COUNCIL

This Agreement was considered by the Town Council of the Town of Castle Rock, Colorado, on February 22, 1990 and Resolution No. 90-03 was passed by a vote of 7 for and 0 against approving this Agreement and directing the Mayor of the Town of Castle Rock and the Town Clerk to execute such Agreement. The approval of this Agreement shall lapse in 90 days, unless within such period Owner furnishes all necessary submittals, executes all of the Approving Documents requiring its signature and pays all applicable annexation and zoning fees. Recordation of this document constitutes certification that the Owner has complied with this condition.

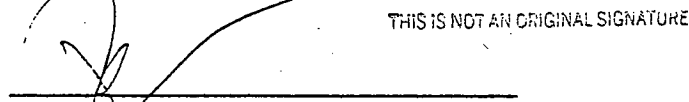
ATTEST: THIS IS NOT AN ORIGINAL SIGNATURE

TOWN OF CASTLE ROCK THIS IS NOT AN ORIGINAL SIGNATURE


Gary R. Higbee, Town Clerk


W. H. Schechter, Jr., Mayor

APPROVED AS TO FORM:


THIS IS NOT AN ORIGINAL SIGNATURE
Robert J. Slentz, Town Attorney

STATE OF COLORADO)
COUNTY OF Douglas) ss.

The foregoing instrument was acknowledged before me this 26th day of February 1990, by W. H. Schechter, Jr., as Mayor and Gary R. Higbee, as Town Clerk of the Town of Castle Rock, Colorado, a municipal corporation.

Witness my hand and official seal.

My Commission expires: 1-27-92

THIS IS NOT AN ORIGINAL SIGNATURE

[SEAL]

Julie Lynn Heath
Notary Public

APPROVAL BY THE OWNER AND LIENHOLDER

2607 EAST HIGHWAY 86 PARTNERSHIP,
a Colorado General Partnership

THIS IS NOT AN ORIGINAL SIGNATURE

By: Cliff Epps, General Partner
Cliff Epps, General Partner

LIENHOLDER CONSENT AND JOINDER

The undersigned beneficiary of that certain lien created by document recorded as Reception No. 8733725, Douglas County, Colorado, by execution of this instrument agrees that the upon recordation, its interest under the lien in the real property described in Exhibit 1 and 2 shall be junior and subordinate to this Annexation Agreement and the covenants of Owner to Town contained herein. Further, the undersigned lienholder joins in the dedication of the water rights to the Property in accordance with paragraph 5 of this Agreement.

FIRSTBANK OF CASTLE ROCK, N.A.

Melvin J. Sorensen, President
By: Melvin J. Sorensen, President

THIS IS NOT AN ORIGINAL SIGNATURE

COLORADO)
COUNTY OF Douglas) ss.

The foregoing instrument was acknowledged before me this 18th day of June, 1990, by Clift Epps, General Partner, of 2607 East Highway 86 Partnership, a Colorado General Partnership.

Witness my hand and official seal.

THIS IS NOT AN ORIGINAL SIGNATURE

My Commission expires: 10/8/90

[SEAL]

Karen E. Schubert
Notary Public

COLORADO)
COUNTY OF Douglas) ss.

The foregoing instrument was acknowledged before me this 25th day of June, 1990, by Melvin J. Sorensen as President of FirstBank of Cast Lienholder. Rock, N.A.,

Witness my hand and official seal.

My Commission expires: May 6, 1994

THIS IS NOT AN ORIGINAL SIGNATURE

[SEAL]

Sharon L. Thompson
Notary Public

EXHIBIT 1

-----PROPERTY DESCRIPTION-----

A tract of land lying partially in the Southeast $\frac{1}{4}$ of Section 1 and partially in the Northeast $\frac{1}{4}$ of Section 12, all in Township 8 South, Range 67 West of the 6th Principal Meridian in Douglas County, Colorado and more particularly described:
Commencing at the $\frac{1}{4}$ corner common to said Sections 1 and 12;
Thence N $0^{\circ}52'E$ 181.60 feet on the North-South centerline of said Section 1;

Thence East 334.58 feet to intersect the Westerly line of Mrs. Clara Christensen's property;

Thence S $8^{\circ}58'W$ on said Westerly line a distance of 316.26 feet to intersect the Northerly Right of Way line of State Highway No. 86 at a point from whence the said State Highway Brass Cap Right of Way Marker for Station 73 plus 02.1 bears N $89^{\circ}28'26"E$ a distance of 168.10 feet;

Thence Westerly on said Northerly Right of Way line around a curve to the right whose radius is 1086 feet, a chord distance of 293.86 feet N $79^{\circ}43'24.5"W$ to intersect the North-South centerline of said Section 12 aforementioned;

Thence N $0^{\circ}51'E$ on said North-South centerline 78.4 feet to the point of beginning.

EXCEPT the North 12.22 feet of the above Tract
Said Tract contains 2.016 acres.

9018563 - 08/01/90 15:28 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER
B0924 - P0127 - \$40.00 - 7/ 8

