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RETA A. DRAIN
DOUGLAS COUNTY

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ANNEXATION AND DEVELOPMENT CONTRACT

BETWEEN

THE TOWN OF CASTLE ROCK

AND

JAMES R. HILL COMPANY

(HERITAGE FARM ANNEXATION)

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ANNEXATION AND DEVELOPMENT CONTRACT
(HERITAGE FARM ANNEXATION)

THIS AGREEMENT made this 15th day of November,
1984, by and between THE TOWN OF CASTLE ROCK, a Colorado
municipal corporation, 318 Fourth Street, Castle Rock, CO
80104, hereinafter sometimes referred to as "TOWN",
and JAMES R. HILL COMPANY

6467 South Dayton Street

Englewood, CO 80111

hereinafter sometimes referred to as "DEVELOPER", is as
follows:

WITNESSETH:

WHEREAS, DEVELOPER desires to annex and develop certain
lands within the TOWN of Castle Rock, to be known as
HERITAGE FARM

more particularly described in Exhibit "A", (hereinafter
"THE LAND" or "LAND") attached hereto and made a part hereof;
and

WHEREAS, the TOWN desires and is willing to allow the
annexation and development of such LAND in accordance with
the agreements and conditions hereinafter set forth:

WHEREAS, the parties hereto desire to set forth the
respective duties and responsibilities of each with respect
to the annexation and development of THE LAND;

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

SECTION I.

PARTIES, ADDRESSES & NOTICE

1.1 TOWN The TOWN OF CASTLE ROCK is a statutory municipal corporation organized and empowered in accordance with the statutory authority conferred upon it through the Colorado Revised Statutes.

1.2 DEVELOPER The DEVELOPER is _____
JAMES R. HILL COMPANY

1.3 OWNER The OWNERS of the LAND are:
Rangeview Ranch, a Colorado limited partnership
Keith M. Williams, general partner

1.4 ADDRESSES, NOTICE The parties' addresses are as listed below. Any and all notices required to be given in accordance with this Agreement are deemed to have been given three (3) days following the date the same is deposited in the United States mail, first-class, postage prepaid, to the other party hereto at the addresses hereinafter noted, or to such other party or address as either party may designate in writing.

TOWN:

TOWN of Castle Rock
318 Fourth Street
Castle Rock, Colorado 80104

DEVELOPER:

JAMES R. HILL COMPANY

6467 South Dayton Street

Englewood, CO 80111

OWNERS:

Rangeview Ranch

c/o Keith M. Williams

5230 West Rowland Avenue

Littleton, CO 80123

SECTION II

ANNEXATION PREMISES

2.1 CONTIGUITY DEVELOPER warrants to the TOWN that the LAND is contiguous, or can be lawfully brought into contiguity with the TOWN, and that all other further elements and conditions necessary for annexation have been met.

2.2 AUTHORITY DEVELOPER further warrants that it has full ownership or control over the LAND and has full authority and power to enter into the within Agreement. In support thereof, DEVELOPER submits with its annexation petition, either a title commitment or an ownership and encumbrance certificate to the LAND.

SECTION III

DEFINITIONS

3.1 ADMINISTRATIVE PROJECT AREA The "ADMINISTRATIVE PROJECT AREA" shall mean a geographical area which has been agreed upon by TOWN and DEVELOPER as an appropriate area or phase for determining the amount of surety, if any, to be required to insure the completion of public improvements. ADMINISTRATIVE PROJECT AREAS may include all or any part of one or more areas described in any plat or site plan.

3.2 APPROVING DOCUMENTS "APPROVING DOCUMENTS" shall mean and refer to those documents set forth in Section IV of this contract.

3.3 DEVELOPMENT CONTROL "DEVELOPMENT CONTROL" shall mean the comprehensive supervision of construction of

all IMPROVEMENTS within an ADMINISTRATIVE PROJECT AREA as such supervision is necessary to insure conformity and compliance with the provisions of this contract, the Planned Unit Development Ordinance and Preliminary Site Plan adopted and approved contemporaneously with this contract, together with all subsequent approved Final Plats, Final Site Plans and modifications. DEVELOPMENT CONTROL shall be exercised by DEVELOPER, its Successors, Representatives, Designees, Agents and Assigns.

3.4 OVERSIZING "OVERSIZING" is that difference between the dimension or capacity reasonably required in any PUBLIC IMPROVEMENTS for the needs of the LAND to be served and that additional dimension or capacity which is required by TOWN.

3.5 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 to be built by the DEVELOPER and dedicated to TOWN.

3.6 REQUIRED PRIVATE AMENITIES "REQUIRED PRIVATE AMENITIES" shall mean those private improvements built by the Developer and required by the TOWN as a condition of

final plat or site approval and which are utilized as an offset in behalf of the DEVELOPER against necessary public land dedication or as a credit against fees owed.

3.7 WARRANTY "WARRANTY" shall mean the express promise made by the DEVELOPER that such PUBLIC IMPROVEMENTS are and shall be free from defective materials and workmanship. The warranty period for streets, sidewalks, curbs, gutters and bikepaths, shall be two (2) years and all other PUBLIC IMPROVEMENTS shall be for a period of one (1) year from and after the date of their initial acceptance by TOWN (as used herein the term "initial acceptance" shall mean that acceptance by TOWN which will commence the one or two year warranty period). The WARRANTY extended by DEVELOPER shall be the exclusive WARRANTY with respect to PUBLIC IMPROVEMENTS constructed hereunder and shall be in lieu of all other warranties thereon, express or implied.

3.8 WET WATER "WET WATER" is defined as actual raw water available to the TOWN which is reasonably capable of treatment to State Health Department potable standards and which is further available for delivery to the TOWN's water system.

SECTION IV

APPROVING DOCUMENTS

4.1 DOCUMENTS Concurrently with the execution of this Agreement, the TOWN is approving the following:

(a) Ordinance No. 84-31 annexing the lands described in Exhibit "A" hereto;

(b) Resolution No. 84-32, A resolution approving the execution of this Contract;

(c) Ordinance No. 84-32, the Planned Development Ordinance;

(d) Preliminary Site Plan, dated October 9, 1984, revised October 22, 1984

4.2 COLLECTIVE TITLE All of the above documents shall be collectively referred to herein as the APPROVING DOCUMENTS.

SECTION V

GENERAL

TOWN OBLIGATIONS

5.1 UTILITY SERVICES, RATES The TOWN shall provide to the LAND, water, sewer and irrigation services 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. The TOWN shall insure that its utility service systems are adequate to provide necessary services to approved and developed areas within the LAND.

5.2 INSPECTIONS, LIABILITY The TOWN agrees to perform inspections in a timely manner as requested and required, and to provide appropriate assistance, in order to insure that all construction of public facilities and improvements and all construction of private improvements within the LAND meets all applicable TOWN minimum standards and design criteria. No such inspection or assistance shall pass or transfer any responsibility or liability from DEVELOPER to TOWN for workmanship or quality of the materials, for compliance with engineering or regulation requirements, or for any other liability. In other words, the TOWN makes no warranties based upon its inspections and waives no DEVELOPER liabilities thereon.

5.3 ACCEPTANCE OF PUBLIC IMPROVEMENTS AND PUBLIC LAND DEDICATION The TOWN agrees to accept and maintain all required PUBLIC IMPROVEMENTS following acceptable inspection thereof, and all dedicated public lands, parks and open space. Inspection, acceptance and maintenance thereafter of such PUBLIC IMPROVEMENTS shall in no way serve to relieve or mitigate DEVELOPER's full warranty responsibility.

5.4 APPROVAL OF PRIVATE AMENITIES The TOWN agrees to approve all required private improvements and amenities without acceptance of further responsibility thereon.

5.5 POLICE, OTHER GOVERNMENTAL SERVICES The TOWN agrees to provide to the LAND police protection and all

other available government services to the same extent and degree as TOWN is providing to all others similarly situated in the community.

5.6 TOWN COOPERATION The TOWN agrees to fully cooperate and assist DEVELOPER in all applications, filings, permits and other actions necessary or appropriate to fulfill the conditions and requirements of this Agreement.

SECTION VI

GENERAL DEVELOPER OBLIGATIONS

6.1 COMPLIANCE The DEVELOPER understands the benefits derived from annexation to the TOWN and is therefore desirous of fulfilling all the standard and additional provisions of this Agreement. Therefore the DEVELOPER agrees that it will develop the LAND 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 submitted and made a part hereof.

6.2 FIRE DISTRICT DEVELOPER shall have the responsibility of making and diligently pursuing, at DEVELOPER's expense, an application for exclusion of THE LAND from the fire district in which it is now situated. TOWN will fully cooperate in this application.

SECTION VII

WATER

7.1 WET WATER POLICY Notwithstanding any provisions within this Agreement which may imply to the contrary, the

TOWN does not own or control water or water sources for production of WET WATER for the development of the LAND. The parties therefore understand that any and all development of the LAND is absolutely dependent upon DEVELOPER providing adequate water and water sources. DEVELOPER must prove, prior to the approval of each and every plat within the LAND, that necessary WET WATER is available to the platted area through production or distribution. Except as otherwise provided herein, DEVELOPER, at the time of final platting shall deed to the TOWN and dedicate upon each final plat free and clear of all liens and encumbrances such water and water rights as are sufficient to provide a WET WATER supply to the platted property.

7.2 WATER NEEDS OF LAND

(a) The needs of the proposed uses within the LAND shall be determined by utilizing TOWN ordinances and resolutions where applicable and as in effect at the time of platting. Where a particular use is not addressed by ordinance or resolution, the TOWN shall make an administrative determination based upon available information.

(b) The DEVELOPER shall receive appropriate credit against the determined water needs based upon conservation practices which appear as final site plan and plat restrictions. The

amount of said credit shall initially be an assumed amount agreed upon by TOWN and DEVELOPER. Said credit shall be subject to subsequent modification as agreed upon by TOWN and DEVELOPER based upon actual consumption rates over time.

(c) No water availability requirement shall be necessary for the LAND to the extent that an approved effluent irrigation system has been installed by DEVELOPER for use thereon.

(d) Credit in the amount approved by the office of the State Engineer and/or District Water Court shall be given to the DEVELOPER against water supply requirements of the TOWN for that portion of the water produced through a TOWN approved water supply augmentation plan when the water produced can be used by the TOWN for the purpose for which it is intended under applicable regulations of the State Department of Health, as such portion directly relates to effluent and return flow water produced from the LAND and utilized in the plan. The TOWN shall diligently pursue approval of such a plan by the State Engineer and/or the District Water Court.

(e) Production of WET WATER shall be as granted by the office of the State Engineer and credit

against water availability requirements shall be in the same amount as granted by the office of the State Engineer and/or the District Water Court.

7.3. WATER DOCUMENTS The TOWN may require any and all documentation deemed appropriate to prove availability and delivery of water, including, but not limited to, title work, drilling permits, well test reports, other available engineering data, water decrees, etc.

7.4 INFRASTRUCTURE CAPITAL IMPROVEMENTS, OVERSIZING
The TOWN shall retain the ultimate responsibility, in consideration for development fees charged and collected, to complete necessary capital plant improvements for the municipal water system including wells, pumps, treatment facilities, reservoirs and transmission lines. The DEVELOPER shall be solely responsible to build and construct, in accordance with TOWN minimum standards and design criteria, potable water delivery system infrastructure required for the LAND and to meet the needs of the LAND. Such infrastructure shall include all mains, service lines, fire hydrants, valves and connections, pump stations and any other necessary facilities for the delivery of water throughout the LAND. In the event water mains are required to be engineered and constructed which exceed 12" in diameter it shall be presumed that the first 12" shall service the LAND and shall accordingly be paid for by the DEVELOPER and that the oversizing shall be the responsibility

of TOWN. However, if the TOWN engineers determine that the oversized main has been engineered and constructed substantially to service the LAND only, then the DEVELOPER shall pay the entire cost of such line. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the cost thereof, the DEVELOPER shall secure written bids from no less than two (2) contractors for the placement of such line. Such bids are to include a breakdown of material and labor for such line in a 12" mode and in its oversized mode in order that the TOWN may determine its proportioned cost for the increased sizing which shall be determined by calculating the actual cost difference in labor and material between a 12" line and the oversized line. Such bids are to be submitted to the TOWN for analysis and approval prior to the construction of the line. Should the TOWN fail to approve or disapprove any bid in writing within fifteen (15) days of submittal, then the DEVELOPER may proceed with the bid which it deems most appropriate under the circumstances. The TOWN shall pay its portion after final inspection and acceptance of the line upon completion thereof, and within thirty (30) days following the date of submission of an appropriate statement to the TOWN from the DEVELOPER which shall include invoices and contractor billings.

7.5 CONNECTION, OWNERSHIP Based upon appropriate engineering criteria, the TOWN shall advise DEVELOPER where DEVELOPER'S infrastructure is to be attached to the TOWN's system. Once such infrastructure is engineered, constructed, inspected, approved and accepted, and connected to the TOWN's water system, it shall become solely owned by the TOWN, subject to the WARRANTY.

7.6 SEVERANCE To the extent that the LAND, at the time of the last final plat or after ninety (90%) percent build out, whichever occurs later, has an agreed upon surplus of water (total appurtenant non-tributary and/or tributary sources plus augmentation credits based upon effluent and return flows less total water requirements based upon approved uses as adjusted for irrigation reuse and conservation system implementation), the DEVELOPER shall be allowed to transfer such surplus water to other lands owned by DEVELOPER within the corporate limits of the Town of Castle Rock. DEVELOPER may transfer such surplus water to other lands not owned by him within the corporate limits of the Town of Castle Rock, but only after offering said surplus water to the Town of Castle Rock at the cash-in-lieu of water rate in effect by TOWN Resolution or Ordinance at the time of the offer. DEVELOPER shall, pursuant to the notification requirements set forth in this contract, give thirty (30) days written notice to the TOWN of his intention to sell said surplus water. In

the event TOWN desires to purchase such water, it shall give written notification to DEVELOPER of its intention to do so within such thirty (30) day period. Payment shall be made by applying credit against Development Fees to the extent of the value of such surplus water. If insufficient credits exist to pay in full for such surplus water, the TOWN shall pay the balance due, after applying such credits, to the DEVELOPER in cash within sixty (60) days of the date of said notice.

7.7 CASH IN LIEU OF WATER, CREDITS Understanding their rights and obligations contained hereinabove, the parties further agree, that under appropriate circumstances the TOWN may accept cash in lieu of WET WATER, or the parties may also make arrangements for DEVELOPER to construct capital plant improvements as an offset against WET WATER requirements or certain development fees.

SECTION VIII

IRRIGATION

8.1 IRRIGATION POLICY The TOWN has adopted a policy requiring all DEVELOPERS to utilize a three-pipe infrastructure system (water, sewer and irrigation). Such three-pipe system shall be utilized in all use areas other than residential areas. In residential areas, with TOWN approval, DEVELOPER may utilize such three-pipe system. In the event DEVELOPER

deems installation of said three-pipe system within any non-residential area to be technically infeasible and/or not economically justifiable, DEVELOPER shall present evidence of such infeasibility or lack of economic justification to TOWN. TOWN shall review the evidence submitted by DEVELOPER and the Board of Trustees shall make a determination either requiring or not requiring the installation of said three-pipe system.

8.2 INFRASTRUCTURE, OVERSIZING The TOWN shall construct and maintain such capital plant facilities as are necessary to provide effluent to the LAND for irrigation purposes. Such capital plant facilities shall include the necessary transmission line to transport such effluent to the boundary of the LAND. Such effluent shall be provided to users within the LAND at the same rates and connection charges as are then applicable and charged to other users similarly situated within the TOWN pursuant to ordinance or resolution of the TOWN. DEVELOPER shall be solely responsible to build and construct, in accordance with TOWN minimum standards and design criteria, all irrigation delivery system infrastructure required upon the LAND to meet the needs of those portions of the LAND which are served by an irrigation system. Such infrastructure shall include all mains, service lines, valves and connections and other necessary facilities for the delivery of irrigation effluent throughout the LAND. In the event

irrigation mains are required to be engineered and constructed which exceed 12" in diameter, it shall be presumed that the first 12" shall service the LAND and shall accordingly be paid for by the DEVELOPER and that the oversizing shall be the responsibility of TOWN. However, if the TOWN engineers determine that the oversized main has been engineered and constructed to service the LAND only, then the DEVELOPER shall pay the entire cost of such line. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the cost thereof, the DEVELOPER shall follow the procedures set forth in Paragraph 7.4 with regard to bids and their submission to the TOWN.

8.3 CONNECTION, OWNERSHIP It shall be the responsibility of the DEVELOPER to connect to the TOWN's irrigation water system at the point at which the TOWN's system abuts the LAND. Once the irrigation infrastructure to be constructed by DEVELOPER is engineered, constructed, inspected, approved and accepted, and connected to the TOWN's irrigation system, it shall become solely owned by the TOWN.

8.4 IRRIGATION OF PUBLIC DEDICATED LANDS DEVELOPER agrees that DEVELOPER will make such provisions as are reasonably necessary to facilitate TOWN's connection to such system for the purposes of irrigation of dedicated lands. The costs of such connection and of the internal irrigation system for the dedicated lands shall be TOWN's responsibility.

8.5 TOWN RESPONSIBILITY FOR IRRIGATION SYSTEM TOWN's responsibility to provide a reuse irrigation system and extension, and all costs associated with such system and extension, shall not result in any development fee being charged upon the LAND, either to users of the reuse irrigation system or users of the potable irrigation system, that is not being charged TOWN wide.

8.6 CREDITS Understanding their rights and obligations contained hereinabove, the parties further agree that under appropriate circumstances the TOWN and DEVELOPER may enter into an agreement whereby the DEVELOPER will construct capital plant improvements and offset certain development fees.

SECTION IX

SEWER

9.1 SEWER POLICY, INFRASTRUCTURE, OVERSIZING The TOWN shall provide and maintain such capital plant facilities as are necessary to provide sanitary sewer service to the LAND. The DEVELOPER shall be solely responsible to build and construct, in accordance with TOWN minimum standards and design criteria, all sewage collection system infrastructure required for the LAND and to meet the needs of the LAND. Such infrastructure shall include all mains, service lines, valves and connections, pump stations and other necessary facilities for the recovery of sewage from the LAND. In the event sewer mains are required to be engineered and constructed

which exceed 12" in diameter it shall be presumed that the first 12" shall service the LAND and shall accordingly be paid for by the DEVELOPER and that the oversizing shall be the responsibility of TOWN. However, if the TOWN engineers determine that the oversized main has been engineered and constructed substantially to service the LAND only, then the DEVELOPER shall pay the entire cost of such line. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the cost thereof, the DEVELOPER shall follow the procedures set forth in Paragraph 7.4 with regard to bids and their submission to the TOWN.

9.2 CONNECTION, OWNERSHIP Based upon appropriate engineering criteria, the TOWN shall advise DEVELOPER where DEVELOPER'S infrastructure is to be attached to the TOWN'S system. Once such infrastructure is engineered, constructed, inspected, approved and accepted, and connected to the TOWN'S sewer system, it shall become solely owned by the TOWN.

9.3 CREDITS Understanding their rights and obligations contained hereinabove, the parties further agree that under appropriate circumstances the TOWN and DEVELOPER may enter into an agreement whereby the DEVELOPER will construct capital plant improvements and offset certain development fees.

SECTION X

DRAINAGE

10.1 DRAINAGE POLICY The DEVELOPER understands its legal responsibilities with respect to storm water drainage on the LAND. In this regard, DEVELOPER shall submit drainage plans to the TOWN as required by the TOWN Subdivision Regulations and Standard Construction Specifications and shall build all necessary drainage structures including, but not limited to, storm sewers, detention ponds, dams, curbs and gutters, storm drains and other appurtenant structures as may be necessary to meet its obligations hereunder.

SECTION XI

STREETS

11.1 GENERAL STREET POLICY Unless otherwise specifically agreed upon in the additional provisions of this Agreement, or, at the time of approval of any Final Plat, all streets within the LAND shall be engineered and constructed in accordance with the TOWN's minimum standards and design criteria.

11.2 PRIVATE STREETS In the event that the TOWN approves certain local private streets, the requirement of sidewalks, curbs and gutters may be waived along said private streets, so long as reasonable pedestrian access is provided by a system of pedestrian and/or bike paths. Other specifications required for publicly dedicated streets may be modified or waived in TOWN's discretion.

SECTION XII

PUBLIC LAND DEDICATION

12.1 PUBLIC LAND DEDICATION POLICY It is recognized by the parties that any annexation and development to the TOWN, not only increases the burden upon public utilities and services, but also creates a substantial need for additional public lands for open space, parks, schools and other public facilities. In this regard, DEVELOPER agrees to dedicate to the TOWN at the time of final platting certain parcels of property as shown on the Preliminary Site Plan approved contemporaneously with this Agreement. Credit for all water and water rights appurtenant to such dedicated parcels shall be reserved to the DEVELOPER subject to a reduction for the WET WATER needs of the dedicated parcels.

12.2 PUBLIC IMPROVEMENT EXTENSION Except as provided in Paragraph 8.4 above, DEVELOPER shall bear the responsibility for extending utilities, streets, sidewalks, curbs, gutters, and bike paths through and adjacent to such dedicated lands as the same are located upon approved final site development plans or plats, and, where appropriate, DEVELOPER may seek recoupment in accordance with applicable TOWN Recoupment Ordinances.

12.3 SOLE REQUIREMENT Except as may be otherwise provided herein, any and all requirements for public lands within THE LAND made by TOWN, any school district or other public entity, shall be met solely from the public lands to be dedicated pursuant to this Section.

12.4 TITLE DOCUMENTS Prior to the acceptance by the TOWN of any tract or parcel of ground to be utilized for public purposes, other than streets, easements and rights-of-way, DEVELOPER shall provide TOWN with sufficient title work to show that the property is free and clear of all liens and encumbrances which might preclude the LAND from being utilized for the purposes intended by the TOWN. Upon acceptance of the conditions of title, such public property shall be deeded to TOWN by Special Warranty Deed. DEVELOPER shall retain such rights-of-way and easements as may be necessary for DEVELOPER to have access to construct utility lines, detention areas or other required PUBLIC IMPROVEMENTS under this Agreement.

SECTION XIII

PUBLIC IMPROVEMENTS &

REQUIRED PRIVATE AMENITIES

13.1 ENGINEERING, CONSTRUCTION Except as required in any other provision of this Agreement or in the Approving Documents, all PUBLIC IMPROVEMENTS shall be engineered and constructed in accordance with TOWN minimum standards and design criteria and shall be properly dedicated upon each plat or deeded to the TOWN.

13.2 SURETY The completion of all PUBLIC IMPROVEMENTS shall be insured by appropriate means as set forth by TOWN Ordinance. The TOWN may also require and/or accept performance protection upon REQUIRED PRIVATE AMENITIES.

13.3 FAILURE TO COMPLETE Where certain PUBLIC IMPROVEMENTS and REQUIRED PRIVATE AMENITIES have been required by the TOWN, until they are satisfactorily completed, the TOWN may withhold further pending permits and certificates of occupancy from the DEVELOPER. However, certificates of occupancy may be withheld only if the development of the LAND is in the last final plat or last 15% of the entire developable area.

13.4 ACCEPTANCE, WARRANTY Acceptance of all PUBLIC IMPROVEMENTS by the TOWN shall be in accordance with TOWN Ordinance and all PUBLIC IMPROVEMENTS shall thereafter be subject to a one or two year WARRANTY as set forth in Paragraph 3.7 and/or by TOWN Ordinance.

SECTION XIV

PERFORMANCE OF OBLIGATIONS - REMEDIES

14.1 DEVELOPER RELIANCE DEVELOPER is entering into this Agreement and undertaking the obligations imposed upon DEVELOPER herein in reliance upon the TOWN's concurrent approval of the DEVELOPER's Preliminary Site Plan and Planned Unit Development Ordinance. Performance of DEVELOPER's obligations hereunder is expressly conditioned upon DEVELOPER being permitted by TOWN to develop the LAND in substantial conformity with said approved Site Plan and Ordinance.

14.2 FAILURE TO APPROVE, DISCONNECTION If TOWN fails to approve the APPROVING DOCUMENTS by appropriate ordinance

or Resolution or if an initiative or referendum is passed at any time which substantially amends or alters this contract and/or any of the APPROVING DOCUMENTS, of if the TOWN through its legislative powers unilaterally substantially amends or alters the approved Preliminary Site Plan or the Planned Unit Development Ordinance, the TOWN covenants that it will not object to the OWNER disconnecting a portion or all of the LAND from the TOWN under any applicable provisions of Colorado Law, providing the TOWN has not taken action in reliance hereon to its detriment.

14.3 DEVELOPER DEFAULT In the event of default by DEVELOPER under the provisions of this Agreement, for which no surety has been posted with TOWN by DEVELOPER, TOWN reserves the right to withhold building permits, Certificates of Occupancy, or any other permits and approvals within the LAND, however, Certificates of Occupancy may be withheld only if the development of the LAND is in the last final plat or last fifteen (15%) percent of the entire developable area.

14.4 NON-EXCLUSIVE REMEDY It is understood and agreed by the parties hereto that the specific remedies provided in this Agreement are not exclusive and that the parties hereto shall have all available remedies in law or equity including but not limited to, specific performance and injunctive relief.

SECTION XV

DEVELOPER'S AGREEMENT TO PAY CERTAIN TOWN FEES

15.1 TOWN FEES DEVELOPER agrees to pay street oversizing fees as established pursuant to Castle Rock Municipal Code, Chapter 3.12, and the capital plant investment fees as established pursuant to Castle Rock Municipal Code, Chapter 3.16, as said chapters may be amended. Said Chapters 3.12 and 3.16 as amended, are incorporated herein by this reference. If for any reason these chapters are held by a court of competent jurisdiction to be invalid or unenforcible, DEVELOPER agrees that the terms of such ordinances shall remain as terms of this Agreement (pursuant to the most recent amendment thereof), and that such fees may continue to be charged by TOWN as an exaction upon the LAND pursuant to the terms of this Agreement. Further, any and all fees recovered prior to such ruling shall also be deemed to have been properly received by the TOWN as an exaction under this Agreement. It is further agreed however, that DEVELOPER, its heirs, successors or assigns shall not be required to pay such fees pursuant to this Agreement unless this provision is incorporated in all annexation contracts entered into by the TOWN subsequent to the date hereof.

SECTION XVI

DISTRICTS

16.1 DISTRICTS TOWN agrees to cooperate with DEVELOPER in the approval of such Districts as may be deemed by TOWN

and DEVELOPER to be reasonably necessary to construct or maintain PUBLIC IMPROVEMENTS, utilities or other improvements of a quasi-public nature which are not to be dedicated to TOWN.

SECTION XVII
COLORADO LAW

17.1 APPLICABLE LAW This Agreement shall be construed in accordance with the laws of the State of Colorado.

SECTION XVIII
BINDING EFFECT

18.1 PARTIES BOUND This Agreement shall be binding upon and inure to the benefit of the parties hereto, the LAND, and all successors, representatives, designees, agents and assigns of the parties, whether designated herein or otherwise as developers or sub-developers of all or any portion of the LAND.

SECTION XIX
CHANGES & ADDITIONAL PROVISIONS

19.1 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 hereto or their respective heirs, successors or assigns.

19.2 ADDITIONAL SPECIFIC CONDITION CONTROLS Additional provisions are attached hereto. Whenever the terms of said additional provisions are contrary to the provisions contained above in this Agreement, the terms contained in said additional provisions shall control.

(Additional Conditions commence on page 28)

SECTION XX

ADDITIONAL PROVISIONS

20.1 RECOUPMENT. TOWN shall provide for DEVELOPER recoupment of offsite costs including:

(a) Costs of easements and rights-of-way (costs of easement or fee title procurement, administrative and legal costs).

(b) Costs of roadway and drainage structure construction. Time for such recoupment, insofar as it relates to private persons, shall be for a period of ten years.

Recoupment will be due, from the owners of all lands annexed subsequent to the date of this agreement, on an "ability to serve" basis, rather than at the time of actual connection to, or utilization of, said improvements, with said amounts being payable, in full, at the time the first final plat is approved for any such owner.

20.2 WELL PERMIT APPLICATIONS. While it is understood and agreed that water and water rights are to be dedicated to TOWN at time of final plat approval pursuant to the provisions of Section VII hereof, DEVELOPER agrees, that upon request of TOWN, DEVELOPER will fully cooperate with TOWN in the filing of any necessary applications for well permits to facilitate the production of such water.

20.3 WELL SITES. In the event TOWN determines that a well site or sites are required upon the LAND in locations other than those areas designated upon the approved preliminary P.U.D. Site

Plan for public dedication TOWN agrees to administratively adjust the boundaries of the such designated public land dedication areas so that an equivalent amount of land will be released from the requirement of public land dedication at a mutually agreed location.

20.4 METROPOLITAN DISTRICTS. It is the intention of the DEVELOPER to, within ninety (90) days, present petitions of the owners of the LAND for organization of metropolitan districts, pursuant to and in accordance with Title 32, Article 1, Colorado Revised Statutes 1973, as amended, or present petitions for inclusion into an existing metropolitan district. (Failure of DEVELOPER to present such petitions within said ninety (90) day period shall not prevent consideration and approval of the same, but may, in the TOWN'S discretion, terminate DEVELOPER'S right to disconnect as set forth in Sub-paragraph (j) hereof.) It is the intention of TOWN to consider such petition pursuant to statute and approve a metropolitan district in conformity with the following provisions:

(a) Said district shall be permitted to provide water improvements, sewer improvements, street improvements, re-use or irrigation improvements, drainage improvements, safety control improvements, park and recreation improvements and transportation services.

(b) The resolution approving said districts shall incorporate by reference a facilities plan and form of Intergovernmental Agreement which shall be in substantial conformity with facilities plans and intergovernmental agreements previously approved by the TOWN.

(c) Whenever, under the provisions of this Contract, DEVELOPER has the duty to engineer, furnish material for, install, construct, warrant, maintain, repair or otherwise provide or maintain any public improvement as defined in this Contract or any Facility of Facilities or other public improvement as defined in the district's organizational documents that duty may be delegated by DEVELOPER to the metropolitan district provided the provision or maintenance thereof is within the scope of authority of the metropolitan district.

(d) For such period of time as the metropolitan district is providing the water, sewer and irrigation water facilities as described in the metropolitan district organizational documents TOWN shall collect water, sewer and irrigation development fees on behalf of such districts within the LAND, and TOWN shall not collect said fees on its own behalf except as otherwise provided in the Intergovernmental Agreements. Other fees now in existence (tap fee, street oversizing fee and capital plant investment fee) shall be charged by and for TOWN, subject to the provisions contained in the Intergovernmental Agreements.

(e) For such period of time as the metropolitan district is providing water, sewer, and irrigation water facilities, and as a consequence of the metropolitan districts' provision of such Facilities, DEVELOPER will not be entitled to credits against future development fees as provided in this Contract. Nothing contained in this Contract shall in any way effect the

granting of such credits for any public improvement to be constructed by DEVELOPER in the future pursuant to the applicable provisions of the Contract.

(f) In the event the metropolitan district shall fail or refuse for any reason to provide the public improvements or Facilities that DEVELOPER is responsible to construct, operate or maintain pursuant to the provisions of this Contract, DEVELOPER shall construct, operate and maintain such public improvements or Facilities pursuant to the provisions of this Contract, and receive such credits against development fees as are provided for in paragraph 20.5.

(g) In the event the metropolitan district shall fail or refuse to provide the public improvements or Facilities that TOWN is responsible to construct, operate or maintain pursuant to the provisions of this Contract, TOWN shall construct, operate and maintain such public improvements or Facilities pursuant to the provisions of Contract, and charge such development fees as are then charged for provision of the public improvements so constructed. In such event DEVELOPER, its successors or assigns, shall reimburse the TOWN for the actual and reasonable expenses incurred by TOWN in re-assuming TOWN'S responsibilities under Contract.

(h) Whenever any metropolitan district conveys land to TOWN which was previously conveyed to metropolitan district by DEVELOPER, TOWN shall credit said land as against the public land dedication requirement of DEVELOPER.

(i) DEVELOPER and TOWN agree that at the time for recording of each final plat with the lands described in

Contract, DEVELOPER and TOWN shall cause a "Statement of Information" in substantially similar form to that attached as Exhibit B hereto to be executed and placed of public record at the time of filing of said final plat.

(j) Failure of the TOWN to approve a metropolitan district in substantial conformity with the provisions of this section shall give rise to a right of disconnection of the LAND pursuant to Paragraph 14.2 of this Agreement.

(k) In those areas of the LAND utilizing potable water for irrigation and served by a metropolitan district, the TOWN will collect the water and sewer development fees on behalf of the district. Fees would be determined by the district, subject to the provisions of the intergovernmental agreement between the TOWN and district. In such cases the metropolitan district providing such service would not be entitled to any irrigation water development fee, but a fee in lieu of the irrigation water development fee, and in an equal amount to the irrigation water development fee which would be ordinarily be charged within such district, shall instead be retained by the TOWN for the purpose of having alternate water resources. In those areas of the LAND utilizing irrigation (re-use) systems, water, sewer and irrigation development fees will be collected by the TOWN on behalf of the district and paid to the district.

20.5 CREDITS AGAINST DEVELOPMENT FEES. In the event that the Metropolitan District fails or refuses to provide the public improvements or facilities that DEVELOPER is responsible to construct, operate or maintain pursuant to the provisions of this contract, or in the event that the TOWN and DEVELOPER agree to

DEVELOPER'S performance of certain TOWN responsibilities, DEVELOPER shall receive a credit against TOWN development fees as set forth herein.

(a) DEVELOPER shall receive a credit against TOWN development fees in an amount equal to all TOWN approved costs to DEVELOPER in providing such component.

(b) In the event such development fees are increased during such time as DEVELOPER has not recovered all amounts due it upon creditable expenditures, fifty percent (50%) of the amount of any and all such increases shall be forgiven until such time as DEVELOPER is due no further credit from TOWN.

(c) TOWN reserves the right to prepay credits owed DEVELOPER at any time, in which case such credits, as to both the present development fees and forgiveness of any increases to such fees, shall cease.

(d) An estimate of all costs subject to credit shall be certified to TOWN, in a form reasonably acceptable to TOWN, prior to the creation of an obligation to expend funds by DEVELOPER, and actual costs incurred shall be certified to TOWN within one hundred twenty (120) days following completion of the work to which such costs relate, in order to be eligible for such credit. TOWN shall have the right to object to the reasonableness of the amount of such proposed costs, and in the event agreement cannot be reached between TOWN and DEVELOPER such dispute may be resolved judicially, or by private arbitration if agreed to by the parties, provided that during the pendency of such resolution, DEVELOPER may proceed with the work for which costs are in dispute, and provided further that

the amount finally determined to be reasonable shall be the amount of the credit against future development fees allowed DEVELOPER.

(e) For purposes of determining the amount of credits against the forgiveness of increases in development fees, the amount of any development fee pursuant to ordinance as of the date that DEVELOPER certifies the actual cost of such improvements to TOWN shall control, notwithstanding the fact that said improvements may be accepted by TOWN at a later date.

(f) Wherever engineering and legal fees are recoverable in the form of credits hereunder, it is understood and agreed that such fees are those which relate to activities of DEVELOPER in the provision of systems ordinarily constructed by TOWN as distinguished from such engineering and legal costs as may be incurred in acquiring and adjudicating water rights.

20.6 EXISTING COUNTY ROADS. Until existing county roads within the LAND are either brought to applicable TOWN specifications (at which time TOWN will undertake full maintenance responsibility) or vacated by the TOWN, DEVELOPER agrees to perform routine maintenance of said roadways. TOWN agrees to provide snow removal service to the same standards as in other similarly situated areas within the TOWN both before and after the date said roads are brought to applicable TOWN specifications. DEVELOPER agrees to contribute, along with others so affected, its pro rata share towards the improvement and maintenance of off-site county roads impacted by the development. Such pro rata share to be determined by a traffic count.

20.7 CASH IN LIEU OF PUBLIC LAND DEDICATION. Public land dedication requirements for the LAND shall be as set forth by ordinance or resolution of the TOWN as of the date of TOWN approval of these documents. To the extent such ordinances or resolutions require the provision of cash in lieu of lands for public school purposes DEVELOPER may, in substitution for such cash in lieu of payments, provide property at a location other than upon the LAND which is approved by TOWN, in consultation with representatives of the school district, for school purposes.

(a) Public land dedication requirements for the LAND shall be as set forth by ordinance or resolution of the TOWN as of the date of TOWN approval of these documents. To the extent such ordinances or resolutions require the provision of cash in lieu of lands for public school purposes DEVELOPER may, in substitution for such cash in lieu of payments, provide property at a location other than upon the LAND which is approved by TOWN, in consultation with representatives of the school district, for school purposes. It is understood and agreed that no cash in lieu of land payments for public school purposes shall be required until such time as the student impact generated from the LAND exceeds the capacity of the ten (10) acre school site provided as identified upon the approved preliminary site plan. Based upon the student generation projections for the LAND provided by the Douglas County School District RE-1, dated October 12, 1984, (attached hereto as Exhibit "C"), this point in time will be reached at the time a final plat is approved which contains the six hundred and fortieth (640th) dwelling unit upon the LAND. At the time of

approval of such plat, and at the time of approval of each plat thereafter, (until such time as cash has been provided in lieu of 16.13 acres) cash in lieu of public land dedication payment shall be made to TOWN for school purposes based upon the student generation for year around schools as set forth in Exhibit "C" and based upon the fair market, undeveloped value of the LAND (as zoned per Ordinance 84-32) as determined by appraisal. In the event the TOWN and DEVELOPER are able to agree upon an appraiser, such appraiser's determination shall be binding. In the event the parties are unable to so agree, each shall select an appraiser, said two appraisers shall select a third and the average determination of said three appraisers shall be binding.

(b) DEVELOPER, pursuant to the approved preliminary site plan, is to provide 247 acres for an Equestrian Center and trail system as a private recreational amenity. DEVELOPER further agrees to provide one outdoor swimming pool and one outdoor tennis court for each 150 dwelling units with the S.F.C., S.F.C. (1), S.F.C. (2) and CT Use Areas as identified in the approved P.U.D. Ordinance 84-32. In addition, at least one outdoor pool and two outdoor tennis courts are to be provided within the EC Area as identified in said Ordinance. In consideration of such private amenities being provided, and in further consideration of the public land dedications as indicated upon the approved preliminary site plan for park, school and reservoir purposes, it is agreed that cash in lieu of public land shall be provided for four (4) acres. It is further agreed that the value of such land for cash in lieu of

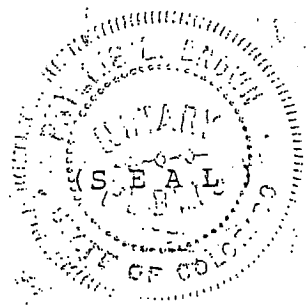
land purposes is \$7,500.00 per acre; for a total cash in lieu of payment of \$30,000.00 in full satisfaction of all public land dedication requirements of the LAND excepting the cash in lieu of payment for the 16.13 acres for school purposes as set forth in Subsection (a) above. Such payment will be made to TOWN at the time of approval of the first final plat upon the LAND or within 180 days of the date of Board of Trustees' approval of this Agreement whichever comes first.

20.8 LIMITATION ON DEVELOPMENT. DEVELOPER shall be restricted to 200 residential certificates of occupancy upon the LAND until such time as a second access is completed to the existing Pleasant View Drive at a point on the western boundary of the LAND.

George J. Kennedy, as Mayor and
Richard R. Wilson as Town Clerk of the Town of Castle
Rock, Colorado, a municipal corporation.

Witness my hand and official seal.

My commission expires: 10-22-88



Phyllis L. Brown
Notary Public
318 Fourth St.
Address
Castle Rock, Co. 80104

DEVELOPER
JAMES R. HILL COMPANY

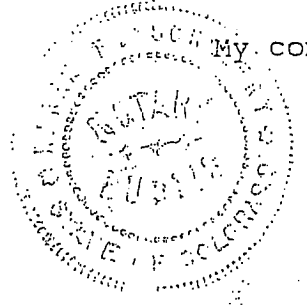
By: James R. Hill
James R. Hill, (Date)

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me
this 15th day of November, 1984, by James R. Hill

Witness my hand and official seal.

My commission expires: 10/18/86



Karen E. Schubert
Notary Public
316 Wilcox Street
Address
Castle Rock, CO 80104

EXHIBIT "A"

PROPERTY DESCRIPTION

The S 1/2 of the NW 1/4 and the SW 1/4 of Section 28; the E 1/2 of Section 32; the N 1/2 of the NW 1/4, the SW 1/4 of the NW 1/4 and the NW 1/4 of the SW 1/4 of Section 33, Township 7 South, Range 66 West of the 6th P.M.; and Lot 1, Block 8, Castle Oaks Filing No. 1, County of Douglas, State of Colorado being more particularly described as follows:

Beginning at the Southeast corner of said Section 32; Thence S 89° 32' 37" W. along and with the South line of said Section 32 with all bearings contained herein relative thereto a distance of 2655.14 feet to the South 1/4 corner of said Section 32; Thence N 00° 19' 01" W along and with the North-South center line of said Section 32 a distance of 5282.83 feet to the North 1/4 of said Section 32; Thence N 89° 22' 36" E along and with the North line of the Northeast 1/4 of said Section 32 a distance of 2652.87 feet to the Northeast corner of said Section 32; Thence N 00° 22' 02" W along and with the West line of said Section 28 a distance of 3999.92 feet; Thence N 89° 21' 57" E a distance of 2631.69 feet to the North-South center line of said Section 28; Thence S 00° 25' 38" E along and with said North-South centerline a distance of 3986.05 feet to the South 1/4 corner of said Section 28; Thence S 00° 19' 35" E along and with the North-South centerline of said Section 33 a distance of 1325.11 feet; Thence S 89° 07' 07" W a distance of 1317.79 feet; Thence S 00° 20' 03" E a distance of 2647.76 feet; Thence S 89° 13' 35" W a distance of 1317.41 feet to the West line of said Section 33; Thence S 00° 20' 31" E along and with said West line a distance of 1322.64 feet to the Point of Beginning.

ALONG WITH: Lot 1, Block 8, Castle Oaks Filing No 1, County of Douglas, State of Colorado.

Containing 730.62 acres more or less.

EXHIBIT "E"

STATEMENT OF INFORMATION REGARDING
METROPOLITAN DISTRICT NO. _____

BE ADVISED THAT _____ SUBDIVISION is located in
_____ Metropolitan District No. _____.

The _____ Metropolitan District No: _____ is a special district, formed pursuant to the laws of the State of Colorado by Order of the District Court in the County of Douglas, State of Colorado, for the purpose of constructing public improvements. Those improvements have been and are to be paid for from moneys raised from bond issues. The bond issues, are to be paid by certain fees and charges and a property tax levied on all the real property lying within the boundaries of the Metropolitan District. The mill levy may vary from year to year in the future as needs for payments of principal and interest on said bonds, and for administrative costs, require. When the bonds or other obligations of the District, or any refunding of the same has been accomplished, the Metropolitan District may be dissolved.

The _____ Metropolitan District No. _____ is in the city limits of Castle Rock but is not a part of the town government of Castle Rock. However, its powers and activities are controlled substantially by an Intergovernmental Agreement between the Metropolitan District and the Town of Castle Rock, a copy of which can be obtained from the Town Clerk of the Town of Castle Rock. The intergovernmental agreement, among other things, provides that the Metropolitan District may not engage in any activity, purpose, service or function except to construct the improvements described therein, nor will it add any additional territory to its boundaries, nor permit any territory now included within its boundaries to be excluded, without the written approval of the Board of Trustees of the Town of Castle Rock, except minor inclusions and exclusions as permitted pursuant to the Intergovernmental Agreement.

The above statement is approved by the President of _____ Metropolitan District No. _____ and by the Board of Trustees of the Town of Castle Rock, Colorado.

President, _____
_____ Metropolitan
District No. _____

Mayor, Town of Castle Rock

DOUGLAS COUNTY SCHOOL DISTRICT RE. 1

Wilcox Street

Castle Rock, Colorado 80104

OCT 15 1984

BOOK 505 PAGE 714

[303] 688-3975

Dr. Richard O'Connell
Superintendent

October 12, 1984

Mr. Paul Mannino
Castle Rock Planning Department
318 4th Street
Castle Rock, CO 80104

RE: Rancho Monte Vista Annexation

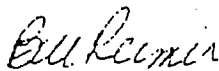
Dear Paul:

The attached sheet summarizes projected impacts for the Rancho Monte Vista project. In summary, the expected student population totals over 1,400 children. Land donation requirements by our standard formula total 28.81 acres. Consideration for year-round schools would reduce dedication amounts to 26.13 acres.

The developer has provided a 20 acre elementary school/park site in the project. We believe that our needs would represent but 10 acres of the site. Therefore, we would request cash-in-lieu of land for 16.13 acres to complete school requirements. The amount for cash-in-lieu should be resolved as part of the annexation contract.

Please call me if there are questions.

Very truly yours,



William P. Reimer
Executive Director of Auxiliary Services

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DC8610129

FIRST AMENDMENT
TO AND RATIFICATION OF
ANNEXATION CONTRACT
JAMES R. HILL COMPANY
(HERITAGE FARM ANNEXATION)

This first amendment ("First Amendment") to that certain contract entitled "Annexation and Development Contract Between The Town of Castle Rock and James R. Hill Company (Heritage Farm Annexation) ("Contract"), entered into between the Town of Castle Rock, State of Colorado, a Colorado municipal corporation, and James R. Hill d/b/a James R. Hill Company and Rangeview Ranch, a Colorado limited partnership, by Keith M. Williams, general partner, on November 15, 1984, is entered into this 2nd day of May, 1986, between the said Town of Castle Rock, hereinafter "Town" and the said James R. Hill Company, hereinafter "Developer" and Rangeview Ranch, hereinafter "Owner". Said Contract provided for the annexation of the real property described in Exhibit A to Contract, which real property is identified therein and in this First Amendment as (the "Land").

WITNESSETH:

WHEREAS, certain matters have arisen which were unanticipated at the time Town and Developer entered into Contract; and

WHEREAS, Owner desires to become a party to this First Amendment and be subject to the rights and responsibilities herein contained; and

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained the parties hereto agree to amend Contract as follows:

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SECTION I
SCOPE OF AMENDMENT

1.1 Scope of Amendment. Whenever the provisions of this First Amendment vary from the provisions set forth in Contract the provisions of this First Amendment shall control and be binding upon and inure to the benefit of the parties; their successors and assigns. In all other and further respects the provisions of Contract shall remain in full force and effect and be binding upon the parties and their successors and assigns.

SECTION II
AGREEMENT TO CREATION OF SPECIAL IMPROVEMENT DISTRICT

2.1 Special Improvement District. Owner agrees to execute that document entitled "PETITION FOR IMPROVEMENTS AND CREATION OF SPECIAL IMPROVEMENT DISTRICT", a copy of which is attached to this First Amendment as Exhibit A.

SECTION III
PROVISION OF WATER TO LAND

3.1 Town's Provision of Water. In consideration of Owner's agreement to participate in the creation of special improvement district as hereinabove stated, Town agrees to provide water to the Land from the Town's existing water system for the first 200 equivalent single family residential units to be constructed upon the Land. (Equivalent single family residential units shall be defined pursuant to Town of Castle Rock Resolution No. 84-2 as presently adopted.) Town shall provide said water until such time as the water needs of the Land reach 200 equivalent single family residential units as so defined. On or before the date upon which the water needs of the Land reach said point, Developer and Owner or metropolitan district(s) shall cause facilities for the production

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of "wet" water as defined in Contract to be installed upon Land to provide for the water needs of Land. It is understood that it is the intent of this provision that the water needs served initially by the 200 equivalent single family residential units of capacity provided by Town shall ultimately be provided by facilities to be constructed by Developer and Owner or metropolitan district(s) and that said 200 units shall at such time again become part of the general water supply capacity of the Town.

SECTION IV
PROVISION OF FACILITIES BY METROPOLITAN DISTRICT(S)

4.1 Metropolitan district(s), (if formed pursuant to the provisions of the Contract), will have the responsibility to provide "wet" water to the Land together with the means to develop and deliver such water, including the 200 units referred to in Section III above. Therefore, in the event such metropolitan district is formed, development fees shall be charged by Town for said 200 units and shall be paid to the metropolitan districts less any handling fee as provided for by subsequent intergovernmental agreement between Town and the proposed metropolitan district(s). In the event such facilities are provided by Developer rather than metropolitan district(s) the provisions of Section V shall control.

SECTION V
CREDITS AGAINST DEVELOPMENT FEES

5.1 Improvements Deemed Wholesale, Credits Provided. The entire principal amount expended by the Special Improvement District created as set forth hereinabove shall be considered to have been expended for wholesale water facilities of the Town. That amount is currently estimated to be \$272,500.00. Unless such facilities are

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provided by metropolitan district(s), (in which case the provisions of Section III will control), said amount, or such amended principal amount as is finally expended, shall be creditable as against Town Water Development Fees in the manner set forth in Section XX, Paragraph 20.5 of the Annexation Contract which is the subject of this Amendment. Amounts creditable shall be deemed to be a prepurchase of capacity in the Town's water system and such capacity as such amounts would purchase as of the date of this agreement shall be available to the Developer until such time as all creditable amounts have been recovered by Developer. In that such amounts represent a prepurchase of capacity in the Town's water system as a whole any changes in such system which result in the Land's being served in another pressure zone, from an alternate source of supply or other such change will not require additional contributions on the part of the Owner or Developer to the extent system components are provided pursuant to this Agreement.

SECTION VI
MISCELLANEOUS

6.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Town:

Town of Castle Rock
318 Fourth Street
Castle Rock, CO 80104

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If to the Developer: James R. Hill d/b/a
James R. Hill Company
9763 E. Crestline Circle
Englewood, CO 80111

If to the Owner: Rangeview Ranch
c/o Keith M. Williams
5230 West Rowland Avenue
Littleton, CO 80123

6.2 Amendments. This First Amendment may be amended in writing, which said amendment or amendments shall be approved by the Board of Trustees of the Town and the Developer and the Owner, and signed by the Mayor of the Town and the Developer and General Partner of the Owner.

6.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Town and the Developer and the Owner and their respective successors and assigns.

6.4 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

6.5 No Waiver. The waiver or delay in enforcement of one or more terms of this Agreement shall not constitute a waiver of the remaining terms. The waiver or delay in enforcement regarding any breach of this Agreement shall not constitute a waiver of any terms of the Agreement.

6.6 Ratification of Contract. Contract (that certain annexation contract entered into November 15, 1984), to which this

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amendment relates is hereby ratified by Town and Owner. It was intended by all parties, (including Developer who hereby signifies such intent) that Owner should be a party and signatory to Contract and that all provisions thereof should be binding upon and inure to the benefit of Owner as well as the other parties hereto.

6.7 Owner not to be Construed as Developer. Notwithstanding any provision herein contained or any provision contained in Contract the term "Owner" as used herein and in Contract shall mean and refer to the owner of the real property described in Contract and said owner shall not be deemed to be developer for purposes of taxation or for any other purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names and attested by their duly authorized officers, all as of the date first above written.

TOWN OF CASTLE ROCK

By: *George J. Kennedy*
George J. Kennedy, Mayor

ATTEST:

Richard R. Wilson
Richard R. Wilson,
Town Clerk

JAMES R. HILL d/b/a
JAMES R. HILL COMPANY

By: *James R. Hill*
James R. Hill

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EXHIBIT "A"

STATE OF COLORADO)	
)	<u>PETITION FOR IMPROVEMENTS</u>
COUNTY OF DOUGLAS)	<u>AND CREATION OF</u>
)	<u>SPECIAL IMPROVEMENT DISTRICT</u>
TOWN OF CASTLE ROCK)	

The undersigned property owners hereby petition the Board of Trustees of the Town of Castle Rock, Colorado, for the creation of a special improvement district and for the construction, installation, and acquisition of certain water system improvements therein, the entire costs of which are to be assessed against the undersigned property owners. This petition is submitted pursuant to Section 31-25-503, C.R.S. In accordance therewith, the petitioners hereby state:

1. The special improvement district petitioned for shall be a single district, to be designated "Special Improvement District No. 1986-1", and shall consist of two (2) noncontiguous parcels, a legal description of which is set forth in Exhibit A attached hereto and incorporated herein by reference.

2. The undersigned constitutes one hundred percent (100%) of the property owners to be assessed, and pursuant to Section 31-25-503(4.5), C.R.S., such property owners hereby request waiver of the notice, publication, and hearing provided for in Section 31-25-503(4), C.R.S.

3. A description of the improvements petitioned for and the estimated costs thereof are set forth in Exhibit B attached hereto and incorporated herein by reference.

4. The requested method of assessment is as follows: the total costs of the improvements to be constructed, installed, and acquired, including all related costs, shall be assessed against the property described in Exhibit A on an area basis, within Area A and Area B, so that the percentage of the total costs assessed against each acre or portion thereof is equal to the percentage such acre or portion thereof is of all the property within Area A and Area B described in Exhibit A.

The assessment against the property in Area A shall be \$346,032 and shall be apportioned on a per acre basis of \$483.21 per acre on the basis of 716.11 acres of land subject to assessment.

The assessment against the property in Area B shall be \$853,968 and shall be apportioned on a per acre basis of \$3,849.82 per acre on the basis of 221.82 acres of land subject to assessment.

Upon the division of property into plats, lots or other subdivisions of the property described in Exhibit A, the costs shall be apportioned to each parcel at the time of approval of

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such parcel by the Town, so that each parcel shall bear a proportionate share of the total costs of improvements within each Area on a per acre basis.

At the time of dedication to and acceptance by the Town of the portion of each subdivision determined to be for public use, (i.e., streets, public park and recreation property and open space) the owner of the property shall pay the assessment in full against each acre or portion thereof that is apportioned for public use and the Town shall receive such dedicated land free and clear of the assessment.

5. The above method of assessment will result in an equitable method of distributing the costs of the improvements petitioned for, so that the assessment will not exceed the special benefit conferred upon the property in the district by such improvements.

6. The undersigned also request the Town to issue its special assessment bonds in accordance with law for the purpose of paying the costs of constructing, installing, and acquiring the improvements, and requests issuance of such bonds and adoption of an ordinance assessing the property in Exhibit A as soon as the costs of the improvements can be ascertained, and before construction.

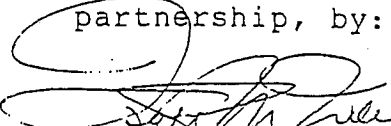
7. The undersigned recognizes that the Town may incur costs and potential liabilities in connection with the improvements, the bonds, and the district, and hereby offers to enter into an agreement with the Town concerning such matters, substantially in the form of Exhibit C attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, We have hereunto set our hands this 29th day of April, 1986.

By:  P. Lee

For: First Capitol Corporation

Rangeview Ranch, a limited partnership, by:


General Partner

8610129 - 06/16/86 15:56 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER - 10/ 34
B0646 - P0669 - \$102.00

EXHIBIT A

DESCRIPTION OF PROPERTY TO BE ASSESSED

8610129 - 06/16/86 15:56 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER
B0646 - P0670 - \$102.00 - 11/ 34

AREA A

The S 1/2 of the NW 1/4 and the SW 1/4 of Section 28; the E 1/2 of Section 32; the N 1/2 of the NW 1/4, the SW 1/4 of the NW 1/4 and the NW 1/4 of the SW 1/4 of Section 33, Township 7 South, Range 66 West of the 6th P.M.; and Lot 1, Block 8, Castle Oaks Filing No. 1, County of Douglas, State of Colorado being more particularly described as follows:

Beginning at the Southeast corner of said Section 32; Thence S 89° 32' 37" W along and with the South line of said Section 32 with all bearings contained herein relative thereto a distance of 2655.14 feet to the South 1/4 corner of said Section 32; Thence N 00° 19' 01" W along and with the North-South center line of said Section 32 a distance of 5282.83 feet to the North 1/4 of said Section 32; Thence N 89° 22' 36" E along and with the North line of the Northeast 1/4 of said Section 32 a distance of 2652.87 feet to the Northeast corner of said Section 32; Thence N 00° 22' 02" W along and with the West line of said Section 28 a distance of 3999.92 feet; Thence N 89° 21' 57" E a distance of 2631.69 feet to the North-South center line of said Section 28; Thence S 00° 25' 38" E along and with said North-South centerline a distance of 3986.85 feet to the South 1/4 corner of said Section 28; Thence S 00° 19' 35" E along and with the North-South centerline of said Section 33 a distance of 1325.11 feet; Thence S 89° 07' 07" W a distance of 1317.79 feet; Thence S 00° 20' 03" E a distance of 2647.76 feet; Thence S 89° 13' 35" W a distance of 1317.41 feet to the West line of said Section 33; Thence S 00° 20' 31" E along and with said West line a distance of 1322.64 feet to the Point of Beginning.

ALONG WITH: Lot 1, Block 8, Castle Oaks Filing No 1, County of Douglas, State of Colorado.

AREA D

A parcel of land lying in portions of Section 13, Township 8 South, Range 67 West and Section 18, Township 8 South, Range 66 West of the 6th F.M., County of Douglas, State of Colorado being more particularly described as follows:

Beginning at the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 13 and considering the East line of the Northeast 1/4 of Section 13 to bear North 00°36'29" West as per Bell Companies Survey 1982, with all bearings contained herein relative thereto; thence North 00°36'29" West a distance of 859.50 feet; thence South 39°59'39" West a distance of 614.83 feet; thence North 00°00'21" West a distance of 460.00 feet; thence North 89°59'39" East a distance of 510.00 feet; thence North 88°59'39" East a distance of 1146.19 feet; thence South 00°03'51" East a distance of 1321.28 feet; thence North 39°04'32" East a distance of 1316.66 feet; thence South 00°00'06" West a distance of 661.37 feet; thence North 89°06'12" East a distance of 560.00 feet; thence South 00°00'05" West a distance of 661.69 feet; thence North 89°07'51" East a distance of 533.99 feet to the Northerly line of that easement described in Book 176 at Page 315, as filed in the Douglas County Clerk and Recorder's office; thence along said Northerly easement line the following courses: North 62°38'56" East a distance of 45.54 feet; thence North 31°35'31" East a distance of 47.04 feet; thence North 89°07'51" East a distance of 786.05 feet to the Westerly R.O.W. of Ridge Road; thence departing said Northerly easement line and along said Westerly R.O.W., South 00°52'08" East a distance of 60.00 feet to the point of intersection with the Southerly line of that easement described in said Book 176, at Page 315; thence the following courses along the said Southerly easement line: South 87°51" West a distance of 726.05 feet to a point of curvature; thence along a curve to the left having a central angle of 39°05'31", a radius of 45.27 feet, an arc length of 30.89 feet, and a chord that bears South 69°35'06" West a distance of 30.29 feet to the point of tangency; thence South 50°02'20" West a distance of 532.02 feet to a point of curvature; thence along a curve to the right having a central angle of 49°05'43", a radius of 741.58 feet, an arc length of 635.44 feet, and a chord that bears South 74°35'12" West a distance of 616.18 feet to the point of tangency; thence North 80°51'57" West a distance of 64.90 feet to a point of curvature; thence along a curve to the left having a central angle of 20°40'30", a radius of 956.80 feet, an arc length of 345.26 feet, and a chord that bears South 88°47'48" West a distance of 343.39 feet to the point of tangency; thence South 8°27'33" West a distance of 21.77 feet to a point of curvature; thence along a curve to the left having a central angle of 25°29'30", a radius of 854.17 feet, an arc length of 380.03 feet, and a chord that bears South 65°42'48" West a distance of 376.91 feet to the point of tangency; thence South 52°58'03" West a distance of 69.18 feet to a point of curvature; thence along a curve to the left having a central angle of 05°00'33", a radius of 929.05 feet, an arc length of 81.22 feet, and a chord that bears South 50°27'46" West a distance of 81.20 feet to the point of tangency; thence departing said Southerly easement

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B0646 - P0672 - \$102.00

line North 42°02'30" West a distance of 60.00 feet to a point on a non-tangent curve; thence along said non-tangent curve to the right having a central angle of 03°28'53", a radius of 989.05 feet, an arc length of 60.10 feet, and a chord that bears North 49°41'57" East a distance of 60.09 feet to a point on the northerly line of said easement thence departing said Northerly line North 37°11'44" West a distance of 198.83 feet to a point of curvature; thence along said curve to the left having a central angle of 58°14'10", a radius of 73.63 feet, an arc length of 176.48 feet and a chord that bears North 6°18'49" West a distance of 168.98 feet to the point of tangency; thence South 84°34'06" West a distance of 332.67 feet; thence North 0°39'10" West a distance of 294.45 feet; thence South 89°54'08" West a distance of 2556.98 feet; thence South 00°52'36" East a distance of 29.50 feet; to a point on the north R.O.W. of Lake Gulch Road as defined on a monumented land survey by Bell Companies in March 1982; thence the following courses along the said northerly R.O.W. of Lake Gulch Road; North 41°31'14" West a distance of 73.46 feet to a point of curvature; thence along said curve to the right having a central angle of 04°16'00", a radius of 5729.58 feet, an arc length of 426.67 feet; and a chord that bears North 39°23'14" West a distance of 426.57 feet to the point of tangency; thence South 52°44'46" West a distance of 0.00 feet; thence North 37°15'14" West a distance of 478.50 feet; to a point of curvature; thence along said curve to the left having a central angle of 12°31'13", a radius of 2658.03 feet; an arc length of 80.83 feet and a chord that bears North 43°30'50" West a distance of 79.68 feet to the point of tangency; thence departing the northerly R.O.W. of Lake Gulch Road North 83°30'18" East a distance of 668.53 feet; thence North 00°55'58" West a distance of 934.70 feet; thence South 89°59'51" East a distance of 1667.26 feet to the Point of Beginning, containing 221.82 acres more or less.

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B0646 - P0673 - \$102.00
14/ 34

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS AND ESTIMATE OF COSTS

Description of Improvements

Improvements include 2.0 M.G. buried, concrete, clear-water storage reservoir (not included in Special Improvement District); a 24/18-inch transmission pipeline to provide service to and from this reservoir; an 18-inch transmission line through the Oaks at Castle Rock, connecting the proposed 24/18-inch transmission pipeline to the proposed tank, with the Town's distribution system located near Baldwin Park; and modifications to the M-1 Water Treatment Plant and Pump Station.

Cost of Improvements

The project costs (subsequently defined) are to be funded from the following sources:

o Cash Contribution from the Villages at Castle Rock Metropolitan District No. 1	\$186,000
o Share of Bond Sale for Heritage Farms (Area A)	\$272,500
o Share of Bond Sale for The Oaks at Castle Rock (Area B)	\$672,500
TOTAL	\$1,131,000

The costs of the Improvements are as follows:

Green Zone Transmission Line to Tank

24-inch DIP, 7300 ft.	\$307,000
18-inch DIP, 5600 ft.	\$179,000
Rock Excavation	\$40,000
Valves and Appurtenances	\$39,000
Modifications to M-1	\$20,000
Design, Sureveying, Soils, and Inspection	\$41,000
Legal and Administrative	\$47,000
Contingencies	\$69,000
TOTAL	\$731,000

The Oaks Transmission Line

18-inch DIP, 700 ft.	\$28,000
12-inch DIP, 7050 ft.	\$176,000
Rock Excavation	\$68,000
Valves and Appurtenances	\$25,000
PRV Vault	\$23,000
Design, Survey, Soils, and Inspection	\$32,000
Legal and Administrative	\$16,000
Contingencies	\$32,000

TOTAL	\$400,000
GRAND TOTAL	\$1,131,000

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Boettcher Company, Inc.

TOWN OF CASTLE ROCK
 DOUGLAS COUNTY, COLORADO
 SPECIAL ASSESSMENT BONDS RU. 1986-1
 Debt Service Report
 \$1,200,000.00
 Dated Date 5/ 1/1986
 Delivery Date 5/ 1/1986

Date	Principal	Coupon	Interest	Periodic Payment	Annual Payment (12/31)
12/ 1/1986			\$60,830.00	\$60,830.00	\$60,830.00
6/ 1/1987			\$52,140.00	\$52,140.00	\$104,280.00
12/ 1/1987			\$52,140.00	\$52,140.00	
6/ 1/1988	\$120,000	7.7500%	\$52,140.00	\$172,140.00	\$224,280.00
12/ 1/1988			\$47,490.00	\$47,490.00	
6/ 1/1989	\$120,000	8.0000%	\$47,490.00	\$167,490.00	\$214,980.00
12/ 1/1989			\$42,690.00	\$42,690.00	
6/ 1/1990	\$120,000	8.2500%	\$42,690.00	\$162,690.00	\$205,380.00
12/ 1/1990			\$37,740.00	\$37,740.00	
6/ 1/1991	\$120,000	8.5000%	\$37,740.00	\$157,740.00	\$195,480.00
12/ 1/1991			\$32,640.00	\$32,640.00	
6/ 1/1992	\$120,000	8.6500%	\$32,640.00	\$152,640.00	\$185,280.00
12/ 1/1992			\$27,450.00	\$27,450.00	
6/ 1/1993	\$120,000	8.8000%	\$27,450.00	\$147,450.00	\$174,900.00
12/ 1/1993			\$22,170.00	\$22,170.00	
6/ 1/1994	\$120,000	9.0000%	\$22,170.00	\$142,170.00	\$164,340.00
12/ 1/1994			\$16,770.00	\$16,770.00	
6/ 1/1995	\$120,000	9.1500%	\$16,770.00	\$136,770.00	\$153,540.00
12/ 1/1995			\$11,280.00	\$11,280.00	
6/ 1/1996	\$120,000	9.3000%	\$11,280.00	\$131,280.00	\$142,560.00
12/ 1/1996			\$5,700.00	\$5,700.00	
6/ 1/1997	\$120,000	9.5000%	\$5,700.00	\$125,700.00	\$131,400.00
12/ 1/1997					
Totals	\$1,200,000		\$757,250.00	\$1,957,250.00	\$1,957,250.00

Use of Proceeds:
 Cost of Construction - \$945,000
 Capitalized Interest - 160,000
 (through 12-1-87)
 Project Administration - 5,000
 Costs of Issuance - 47,000
 Underwriter's Discount - 43,000
 Par Amount of Issue \$1,200,000

Net Effective Interest Rate 9.402941%
 Bond Years to Maturity 8500.00
 Average Life to Maturity 7.0813
 Accrued Interest to Delivery Date \$ 0.00

Participation Percentage:
 The Oaks (71.164%) \$853,968
 Heritage Farms (28.836%) \$346,032

EXHIBIT C

FORM OF PROPOSED AGREEMENT

8610129 - 06/16/86 15:56 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER
B0646 - P0676 - \$102.00 - 17/ 34

AGREEMENT

THIS IS AN AGREEMENT by and between:

THE TOWN OF CASTLE ROCK, Colorado,
a municipal corporation (the "Town")

and

First Capitol Corporation
a Colorado corporation

and

Rangeview Ranch, a limited partnership
(collectively the "Property Owners".)

WHEREAS, the Property Owners are the owners of certain real property within the Town, which property is described in Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, the Property Owners are desirous of causing to be constructed, installed, and acquired various water system improvements to provide water to the Property Owner's Oaks of Castle Rock and Heritage Farm Project in the Town, such improvements being more particularly described in Exhibit B attached hereto and incorporated herein by reference (the "Project"); and

WHEREAS, pursuant to applicable law, the Property Owners have petitioned the Town to create a special improvement district (the "District"), issue special assessment bonds (the "Bonds"), and construct, install, and acquire the Project; and

WHEREAS, the Property Owners desire that a particular method of assessment be utilized for determining the amount of the assessment to be levied against their property, that particular improvements be constructed, and that particular properties be included within the District; and

WHEREAS, in order to protect the Town from potential liabilities and costs in connection therewith, and in order to allow the Property Owners to obtain the type of improvements and

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B0646 - P0677 - \$102.00 18/ 34

be assessed in the manner they desire, the Property Owners have offered to enter into this Agreement; and

WHEREAS, in consideration of the mutual covenants and promises contained herein, the Town and the Property Owners agree as follows:

1. The Project to be constructed, installed, and acquired shall consist of the water system improvements described in Exhibit B attached hereto and incorporated herein by reference, with such variations or modifications which may later prove to be necessary. The estimated total cost of the Project, including all related costs, is \$1,200,000, plus an amount not exceeding 6% additional for any costs of inspection, collection, and incidentals.

2. The property which should be included within the District and assessed for the entire cost of the Project is the property described in Exhibit A attached hereto and incorporated herein by reference (the "District Property"). The Property Owners realizes that, while other properties may arguably be benefited by the Project, the District Property receives the greatest benefits, and the Property Owners consent to limiting the property to be included within the District and assessed for the cost of the Project to the District Property. In addition to the other matters addressed herein, the Property Owners hereby agree not to make, and hereby waive and surrender any and all right to make any protest or objection to or before the Board of Trustees or any court, agency, or other public body concerning the limiting of the properties to be assessed for the entire cost of the Project to the District Property.

3. The total cost of the Project shall be assessed against the District Property equally, on an area basis, so that the percentage of the total costs assessed against each acre or portion thereof is equal to the percentage such acre or portion thereof is of all the District Property.

The assessment against the property in Area A shall be \$346,032 and shall be apportioned on a per acre basis of \$483.21

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B0646 - F0678 - \$102.00

per acre on the basis of 716.11 acres of land subject to assessment.

The assessment against the property in Area B shall be \$853,968 and shall be apportioned on a per acre basis of \$3,849.82 per acre on the basis of 221.82 acres of land subject to assessment.

Upon the division of property into plats, lots or other subdivisions of the property described in Exhibit A, the costs shall be apportioned to each parcel at the time of approval of such parcel by the Town, so that each parcel shall bear a proportionate share of the total costs of improvements within each Area on a per acre basis.

At the time of dedication to and acceptance by the Town of the portion of each subdivision determined to be for public use, (i.e., streets, public park and recreation property and open space) the owner of the property shall pay the assessment in full against each acre or portion thereof that is apportioned for public use and the Town shall receive such dedicated land free and clear of the assessment.

The Property Owners agree that the above method of assessment will result in an equitable distribution of the costs so that the assessment will not exceed the benefit conferred upon the District Property by the Project. The Property Owners agree that the above estimated assessment, plus an amount not exceeding 6% for any additional costs of inspection, collection, and incidentals previously not provided for within the bond issue, may be less than the market value increase of such property as a result of the Project. In addition to other matters addressed herein, the Property Owners hereby agree not to make, and hereby waive and surrender any and all right to make any protest or objection to or before the Board of Trustees or any court, agency, or other public body concerning the amount of the assessment against the District Property, as estimated herein.

4. In consideration of the Town taking the action to create the District and construct the Project in accordance with this Agreement, the Property Owners do hereby themselves, on

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B0646 - P0679 - \$102.00 20/ 34

behalf of their heirs, executors, administrators, successors, and assigns, generally release and forever hold harmless the Town, its officers, and representatives, free from any and all known or unknown claims, demands, actions, and causes of action of any type or nature arising out of, or in any manner directly or indirectly related to, the validity of or any alleged defects in the ordinances, resolutions, motions, contracts, or other matters adopted or executed, or to be adopted or executed, concerning the creation of the District, the issuance of special assessment bonds by the District, the construction, installation, and acquisition of the Project, and the levy and collection of assessments by the District (the "Proceedings"); provided however, that such Proceedings shall not be inconsistent herewith.

5. The Property Owners expressly covenant with the Town never to institute or participate in any suit or action at law or in equity against the Town by reason of any claim, demand, action, or cause of action of any type or nature arising out of, or in any manner directly or indirectly related to the validity of the Proceedings. Any and all defects in the Proceedings, whether procedural or substantive, are hereby waived by the Property Owners.

6. The Property Owners having full knowledge of their right to appear in person or to be represented by counsel at any hearing on the District, agree to make no formal oral or written objection with respect to the matters referred to herein.

7. The covenants of the Property Owners contained herein shall be binding upon their heirs, executors, administrators, successors, and assigns, and shall run with the land. This Agreement shall be recorded with the Douglas County Clerk and Recorder as provided by law.

8. The Property Owners have executed a Certificate of Ownership and Authority in connection with this Agreement, which is attached hereto as Exhibit C and incorporated herein by reference.

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B0646 - P0680 - \$102.00

9. This Agreement constitutes the entire agreement of the parties and may not be changed except by a written amendment subscribed to by the Town and the Property Owners.

10. This Agreement shall be governed by the laws of the State of Colorado.

11. It is further understood and agreed that if any of the provisions hereof should contravene, or be invalid under, the laws of the particular state, county, or jurisdiction where used, such contravention or invalidity shall not invalidate this Agreement, the intention being that the various provisions and sections hereof are severable.

WHEREAS, the parties have executed this Agreement this _____ day of _____, 1986.

(S E A L)

TOWN OF CASTLE ROCK, COLORADO

Town Clerk

Mayor

(S E A L)

ATTESTED:

By: _____
David R. Dennig
Title: President

By: _____
Joann Carson
Title: Secretary

(S E A L)

RANGEVIEW RANCH, A LIMITED PARTNERSHIP
By General Partner

By: _____
General Partner

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B0646 - P0681 - \$102.00

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this
____ day of _____, 1986, by _____
and _____ as officers of First Capitol
Corporation, a Colorado corporation.

WITNESS my hand and official seal.

Subscribed and sworn to before me this ____ day of
_____, 1986.

(NOTARY
SEAL)

Notary Public

My commission expires _____

STATE OF COLORADO)
) ss.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this
____ day of _____, 1986, by _____
as general partner of Rangeview Ranch, a limited partnership.

WITNESS my hand and official seal.

Subscribed and sworn to before me this ____ day of
_____, 1986.

(NOTARY
SEAL)

Notary Public

My commission expires _____

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B0646 - P0682 - \$102.00

STATE OF COLORADO)
)
COUNTY OF DOUGLAS) ss.
)
TOWN OF CASTLE ROCK)

The foregoing instrument was acknowledged before me this _____ day of _____, 1986, by _____ and _____ as Mayor and Town Clerk, respectively, of the TOWN OF CASTLE ROCK, COLORADO, a municipal corporation.

WITNESS my hand and official seal.

Subscribed and sworn to before me this _____ day of _____, 1986.

(NOTARY SEAL)

Notary Public

My commission expires _____

8610129 - 06/16/86 15:56 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER
B0646 - P0683 - \$102.00 - 24/ 34

EXHIBIT A

(Attach legal description of District Property)

8610129 - 06/16/86 15:56 - RETA A. CRAIN DOUGLAS CO. COLO. CLERK & RECORDER 25/ 34
B0646 - P0684 - \$102.00

AREA A

The S 1/2 of the NW 1/4 and the SW 1/4 of Section 28; the E 1/2 of Section 32; the N 1/2 of the NW 1/4, the SW 1/4 of the NW 1/4 and the NW 1/4 of the SW 1/4 of Section 33, Township 7 South, Range 66 West of the 6th P.M.; and Lot 1, Block 8, Castle Oaks Filing No. 1, County of Douglas, State of Colorado being more particularly described as follows:

Beginning at the Southeast corner of said Section 32; Thence S 89° 32' 37" W along and with the South line of said Section 32 with all bearings contained herein relative thereto a distance of 2655.14 feet to the South 1/4 corner of said Section 32; Thence N 00° 19' 01" W along and with the North-South center line of said Section 32 a distance of 5282.83 feet to the North 1/4 of said Section 32; Thence N 89° 22' 36" E along and with the North line of the Northeast 1/4 of said Section 32 a distance of 2652.87 feet to the Northeast corner of said Section 32; Thence N 00° 22' 02" W along and with the West line of said Section 28 a distance of 3999.92 feet; Thence N 89° 21' 57" E a distance of 2631.69 feet to the North-South center line of said Section 28; Thence S 00° 25' 38" E along and with said North-South centerline a distance of 3986.85 feet to the South 1/4 corner of said Section 28; Thence S 00° 19' 35" E along and with the North-South centerline of said Section 33 a distance of 1325.11 feet; Thence S 89° 07' 07" W a distance of 1317.79 feet; Thence S 00° 20' 03" E a distance of 2647.76 feet; Thence S 89° 13' 35" W a distance of 1317.41 feet to the West line of said Section 33; Thence S 00° 20' 31" E along and with said West line a distance of 1322.64 feet to the Point of Beginning.

ALONG WITH: Lot 1, Block 8, Castle Oaks Filing No 1, County of Douglas, State of Colorado.

AREA B

A parcel of land lying in portions of Section 13, Township 8 South, Range 67 West and Section 18, Township 8 South, Range 66 West of the F.M., County of Douglas, State of Colorado being more particularly described as follows:

Beginning at the Northeast corner of the Southeast 1/4 of the Northeast 1/4 of said Section 13 and considering the East line of the Northeast 1/4 of Section 13 to bear North 00°36'29" West as per Bell Companies Survey 1982, with all bearings contained herein relative thereto; thence North 00°36'29" West a distance of 859.50 feet; thence South 89°59'39" West a distance of 614.83 feet; thence North 00°00'21" West a distance of 460.00 feet; thence North 89°59'39" East a distance of 610.00 feet; thence North 88°59'39" East a distance of 1146.19 feet; thence South 00°03'51" East a distance of 1321.28 feet; thence North 89°04'32" East a distance of 1316.66 feet; thence South 00°00'06" West a distance of 661.37 feet; thence North 89°06'12" East a distance of 660.00 feet; thence South 00°00'05" West a distance of 661.69 feet; thence North 89°07'51" East a distance of 533.99 feet to the Northerly line of that easement described in Book 176 at Page 315, as filed in the Douglas County Clerk and Recorder's office; thence along said Northerly easement line the following courses: North 62°38'56" East a distance of 45.54 feet; thence North 31°35'31" East a distance of 47.04 feet; thence North 89°07'51" East a distance of 786.05 feet to the Westerly R.O.W. of Ridge Road; thence departing said Northerly easement line and along said Westerly R.O.W., South 00°52'08" East a distance of 60.00 feet to the point of intersection with the Southerly line of that easement described in said Book 176, at Page 315; thence the following courses along the said Southerly easement line: South 07°51" West a distance of 726.05 feet to a point of curvature; thence along a curve to the left having a central angle of 39°05'31", a radius of 45.27 feet, an arc length of 30.89 feet, and a chord that bears South 69°35'06" West a distance of 30.29 feet to the point of tangency; thence South 50°02'20" West a distance of 532.02 feet to a point of curvature; thence along a curve to the right having a central angle of 49°05'43", a radius of 741.58 feet, an arc length of 635.44 feet, and a chord that bears South 74°35'12" West a distance of 616.18 feet to the point of tangency; thence North 80°51'57" West a distance of 64.90 feet to a point of curvature; thence along a curve to the left having a central angle of 20°40'30", a radius of 956.80 feet, an arc length of 345.26 feet, and a chord that bears South 88°47'48" West a distance of 343.39 feet to the point of tangency; thence South 78°27'33" West a distance of 21.77 feet to a point of curvature; thence along a curve to the left having a central angle of 25°29'30", a radius of 854.17 feet, an arc length of 380.03 feet, and a chord that bears South 65°42'48" West a distance of 376.91 feet to the point of tangency; thence South 52°58'03" West a distance of 69.18 feet to a point of curvature; thence along a curve to the left having a central angle of 05°00'33", a radius of 929.05 feet, an arc length of 81.22 feet, and a chord that bears South 50°27'46" West a distance of 81.20 feet to the point of tangency; thence departing said Southerly easement

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ing North 42°02'30" West a distance of 60.00 feet to a point on a non-tangent curve; thence along said non-tangent curve to the right having a central angle of 03°28'53", a radius of 989.05 feet, an arc length of 60.10 feet, and a chord that bears North 49°41'57" East a distance of 60.09 feet to a point on the northerly line of said easement thence departing said Northerly line North 37°11'44" West a distance of 198.85 feet to a point of curvature; thence along said curve to the left having a central angle of 58°14'10", a radius of 73.63 feet, an arc length of 176.48 feet and a chord that bears North 6°18'49" West a distance of 168.98 feet to the point of tangency; thence South 84°34'06" West a distance of 332.67 feet; thence North 0°39'10" West a distance of 294.45 feet; thence South 89°54'08" West a distance of 2556.98 feet; thence South 00°52'36" East a distance of 29.50 feet; to a point on the north R.O.W. of Lake Gulch Road as defined on a monumented land survey by Bell Companies in March 1982; thence the following courses along the said northerly R.O.W. of Lake Gulch Road; North 41°31'14" West a distance of 73.46 feet to a point of curvature; thence along said curve to the right having a central angle of 04°16'00", a radius of 5729.58 feet, an arc length of 426.67 feet; and a chord that bears North 39°23'14" West a distance of 426.57 feet to the point of tangency; thence South 52°44'46" West a distance of 0.00 feet; thence North 37°15'14" West a distance of 478.50 feet; to a point of curvature; thence along said curve to the left having a central angle of 12°31'13", a radius of 2658.03 feet; an arc length of 80.83 feet and a chord that bears North 43°30'50" West a distance of 79.68 feet to the point of tangency; thence departing the northerly R.O.W. of Lake Gulch Road North 83°30'18" East a distance of 668.53 feet; thence North 00°55'58" West a distance of 934.70 feet; thence South 89°59'51" East a distance of 1667.26 feet to the Point of Beginning, containing 221.82 acres more or less.

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EXHIBIT B

Description of Improvements

Improvements include 2.0 M.G. buried, concrete, clear-water storage reservoir (not included in Special Improvement District); a 24/18-inch transmission pipeline to provide service to and from this reservoir; an 18-inch transmission line through the Oaks at Castle Rock, connecting the proposed 24/18-inch transmission pipeline to the proposed tank, with the Town's distribution system located near Baldwin Park; and modifications to the M-1 Water Treatment Plant and Pump Station.

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EXHIBIT C

(Attach Certificate of Ownership and Authority)

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CERTIFICATE OF OWNERSHIP AND AUTHORITY

I, the undersigned officer of First Capitol Corporation, a Colorado corporation (the "Property Owner"), which entity is contracting with the Town of Castle Rock, Colorado, in connection with the creation of a special improvement district for the purpose of financing certain water system improvements, which contract is dated May 2, 1986, (the "Agreement") hereby certify as follows:

1. The Property Owner is a corporation duly organized and validly existing under the laws of the State of Colorado.

2. The Agreement has been duly executed, acknowledged, and delivered on behalf of the Property Owner by David R. Denny, as President of the Property Owner, and the seal of the Property Owner has been affixed thereto and attested by Joann L. Carson, as Corporate Secretary of the Property Owner.

3. The Agreement constitutes the valid and binding obligation of the Property Owner enforceable in accordance with its terms.

4. The Property Owner is the fee owner of the District Property designated as Area B, as described in Exhibit A to the Agreement.

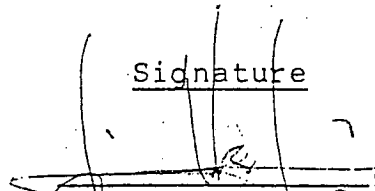
5. The execution by the Property Owner of the Agreement and the performance by the Property Owner of its obligations thereunder are within the Property Owner's powers in its capacity as a corporation, require no consent or approval of or filing, other than filings in the ordinary course of the Property Owner's business, with any governmental or other regulatory agency, and do not conflict with or constitute a breach of or default under, any indenture, commitment, agreement, or other instrument to which the Property Owner is a party or by which it is bound or under any existing law, rule, regulation, ordinance, judgment, order, or decree to which the Property Owner is subject.

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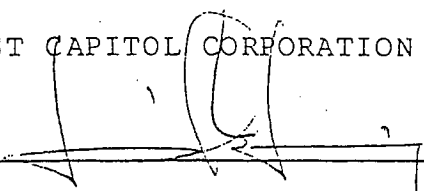
6. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any court, public board, or body pending or, to the best of our knowledge, threatened against the Property Owner (nor to the best of our knowledge is there any basis therefor) which in any way would adversely affect the validity or enforceability of the Agreement.

7. Each of the below-named individuals whose signatures appear on the Agreement was at the time of the acts as aforesaid and is on the date hereof the duly elected or appointed incumbent in the office of the Property Owner indicated after his name and the signature set forth opposite his name is his genuine signature and each such officer was and is duly authorized to perform such acts:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>DAVID R DENNIG</u>	<u>PRESIDENT</u>	
<u>JOANN L. CARSON</u>	<u>CORPORATE SECRETARY</u>	<u>Joann L. Carson</u>

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the official corporate seal of First Capital Corporation a Colorado corporation, this 29th day of April, 1986.

(S E A L)

FIRST CAPITOL CORPORATION
By: 
Title: PRESIDENT

ATTESTED:
By: Joann L. Carson
Title: Corporate Secretary

CERTIFICATE OF OWNERSHIP AND AUTHORITY

I, the undersigned General Partner of Rangeview Ranch, a limited partnership (the "Property Owner"), which entity is contracting with the Town of Castle Rock, Colorado, in connection with the creation of a special improvement district for the purpose of financing certain water system improvements, which contract is dated May 2, 1986, (the "Agreement") hereby certify as follows:

1. The Property Owner is a limited partnership duly organized and validly existing under the laws of the State of Colorado.

2. The Agreement has been duly executed, acknowledged, and delivered on behalf of the Property Owner by KETH M. Williams, as General Partner of the Property Owner.

3. The Agreement constitutes the valid and binding obligation of the Property Owner enforceable in accordance with its terms.

4. The Property Owner is the fee owner of the District Property designated as Area A, as described in Exhibit A to the Agreement.

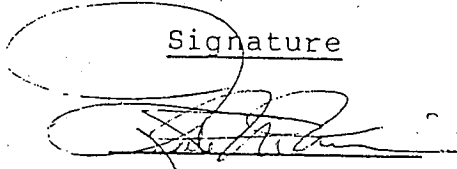
5. The execution by the Property Owner of the Agreement and the performance by the Property Owner of its obligations thereunder are within the Property Owner's powers in its capacity as a limited partnership, that it has received consent from the requisite number of limited partners to sign such Agreement, and does not conflict with or constitute a breach of or default under, any indenture, commitment, agreement, or other instrument to which the Property Owner is a party or by which it is bound or under any existing law, rule, regulation, ordinance, judgment, order, or decree to which the Property Owner is subject.

6. There is no action, suit, proceeding, inquiry, or investigation at law or in equity, or before or by any court, public board, or body pending or, to the best of our knowledge, threatened against the Property Owner (nor to the best of his

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knowledge is there any basis therefor) which in any way would adversely affect the validity or enforceability of the Agreement.

7. The below-named individuals whose signature appears on the Agreement was at the time of the acts as aforesaid and is on the date hereof the General Partner of the Property Owner indicated after his name and the signature set forth opposite his name is his genuine signature and such officer was and is duly authorized to perform such acts:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>KEITH M. Williams</u>	General Partner	

IN WITNESS WHEREOF, I have hereunto set my signature this 29th day of April, 1986.

RANGEVIEW RANCH, a Limited Partnership by


General Partner

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**SECOND AMENDMENT TO
ANNEXATION AND DEVELOPMENT CONTRACT
(Heritage Farm/Rangeview Ranch)**

DC00025659

DATE: January 13, 2000.

PARTIES: **TOWN OF CASTLE ROCK**, a home rule municipal corporation, 680 N. Wilcox Street, Castle Rock, Colorado 80104 ("Town").

RANGEVIEW RANCH PARTNERSHIP, a Colorado limited partnership, c/o Keith M. Williams, 7436 E. Chaparral Road, No. 236B, Scottsdale, AZ 82550, ("Partnership").

RECITALS:

A. The Partnership is the owner of the Rangeview Ranch, also known as Heritage Farm (the "Property"), which Property is located in the County of Douglas and the Town of Castle Rock. A legal description of the Property is attached as **Exhibit 1**.

B. The Town and James R. Hill Company, the previous owner of the Property, entered into an Annexation and Development Contract dated November 15, 1984, recorded on November 6, 1985 beginning in Book 685 at Page 669 (the "Annexation Contract"), pursuant to which the Town annexed the Property and allowed for the development thereof.

C. Concurrently with the execution of the Annexation Contract, the Town approved certain documents respecting the annexation of the Property, including Ordinance No. 84-31 (which approved the annexation), Resolution No. 84-32 (approving execution of the Annexation Contract), Ordinance 84-32 (the Planned Development Ordinance) and Preliminary Site Plan, dated October 9, 1984, as revised October 22, 1984, (the "PUD") (together, the "Approving Documents").

D. In 1985, the Partnership, along with another property owner petitioned for the Town to include the Property in a special improvement district. By Resolution No. 86-19, the Town Council approved an agreement with such property owners for creation of Special Improvement District 1986-1 (the "SID") and the imposition of special assessments pursuant thereto against the Property. By Ordinance No. 86-18, the Town approved formation of the SID, the construction of improvements and the issuance of SID bonds. By Ordinance No. 88-08, the SID Assessment against the Property was fixed at \$267,135.70 (the "Assessment") (together, the "SID Documents"). The Partnership has paid the Assessment in full.

E. In conjunction with formation of the SID, the parties entered into the First Amendment and Ratification of Annexation Contract on May 2, 1986 recorded on June 16, 1986 beginning in Book 646 at Page 660 (the "First Amendment"), pursuant to which, among other things, the Partnership acquired rights to water service from the Town.

F. The parties desire to enter into this Second Amendment to clarify certain of the Town's obligations under the Annexation Contract, the First Amendment, and the Approving Agreements (together, the "Property Agreements") with respect to water service, by granting the Town certain entitlements and credits to the Property.

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

COVENANTS:

Section 1. Supersession. The First Amendment is superseded in its entirety by this Second Amendment and therefore the First Amendment shall be of no further force or effect.

Section 2. Town Obligations. The Town shall extend a water line between the Town's water system and the Property boundary, and shall construct all necessary capital and other improvements required to provide potable water to the Property (the "Water Improvements"), not later than one hundred and eighty (180) days following the recordation of the first final subdivision plat of the Property. The Town's obligation to provide for the Water Improvements shall include the construction of all necessary off-site improvements, including the construction (or provision for) water storage facilities, wells, pumps, treatment facilities, reservoirs and transmission lines, required to physically deliver potable water to the Property.

Section 3. Owner Obligations. The Owner shall be solely responsible for the construction of, in accordance with all Town Regulations, all improvements within the boundaries of the Property necessary for the delivery of potable water throughout the Property, including all delivery systems, service lines, fire hydrants, valves and connections, pump stations and any other necessary facilities required by Town Regulations. In addition, subject to the provisions of section 4 below, the Owner shall pay the water development fees ("Water Fees") in accordance with Town Regulations.

Section 4. Water Development Fee Credits. The Water Fees payable by Owner in connection with the development of the Property shall be discounted by the Town by twenty-five percent (25%) for the first two hundred fifty (250) single family equivalents ("SFE's") constructed on the Property, and ten percent (10%) for the next one hundred (100) SFE's. As a result of this section 4, the Owner's shall only be obligated to pay seventy-five percent (75%) of the Water Fee otherwise payable by a developer pursuant to Town Regulations for the first two hundred fifty (250) SFE's and ninety percent (90%) for the next one hundred (100) SFE's. "Water Fees" as used herein excludes the renewable water fee imposed under 13.12.085 of the Castle Rock Municipal Code which is not subject to the credit set forth above, and which therefor is payable in full.

Section 5. Release. The parties acknowledge that the SID Documents have been fully performed and that neither party has any claim or right against the other party arising under the SID Documents.

Section 6. Conflicts. To the extent of any conflict between any provision contained in this Second Amendment and the Property Agreements (excluding the First Amendment which is superseded in its entirety), the terms contained herein shall control and be binding on the parties and their successors and assigns notwithstanding such conflict. By executing this Second Amendment below, each party acknowledges and agrees that, except as expressly and specifically set forth herein, the terms and conditions of the parties set forth in the Property Agreements (excluding the First Amendment) shall survive and continue in full force and effect, and shall be binding upon the parties and their successors and assigns.

Section 7. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the Town:

Town Attorney
Town of Castle Rock
680 N. Wilcox Street
Castle Rock, CO 80104

If to the Owner:

Keith M. Williams
Rangeview Ranch Partnership
7436 E. Chaparral Road, No. 236B
Scottsdale, AZ 85250

Copy to:

Daniel W. Rumsey
The Mongagne Group, LLC
335 Detroit Street, No. 406
Denver, CO 80206

Section 8. Binding Effect. This Second Amendment shall inure to the benefit of, and shall be binding upon, the Town and the Owner and their respective successors and assigns.

Section 9. Severability. In the event any provision of this Second Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10. No. Waiver. The waiver or delay in enforcement of one or more terms of this Second Amendment shall not constitute a waiver of the remaining terms.

Exhibit 1

RANGEVIEW RANCH

LEGAL DESCRIPTION

PARCEL A

THE SOUTH ¼ OF THE NORTHWEST ¼, AND THE SOUTHWEST ¼ OF SECTION 28;
THE EAST ½ OF SECTION 32, EXCEPT THAT PART THEREOF LYING WITHIN THE RIGHT OF WAY OF STATE HIGHWAY NO. 86;
THE NORTH ½ OF THE NORTHWEST ¼, THE SOUTHWEST ¼ OF THE NORTHWEST ¼ AND THE NORTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 33. EXCEPT PART LYING WITHIN RIGHT OF WAY FOR STATE HIGHWAY NO. 86;
ALL IN TOWNSHIP 7 SOUTH, RANGE 66 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO

PARCEL B

LOT 1, BLOCK 8, CASTLE OAKS FILING NO. 1, COUNTY OF DOUGLAS, STATE OF COLORADO.

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