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ANNEXATION AND DEVELOPMENT CONTRACT

BETWEEN

THE TOWN OF CASTLE ROCK

AND

CASTLE PINES LAND COMPANY

MAHER RANCH

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ANNEXATION AND DEVELOPMENT CONTRACT
(MAHER RANCH ANNEXATION)

THIS AGREEMENT made this 29th day of January, 1987, 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 CASTLE PINES LAND COMPANY, a Colorado limited partnership, 482 Happy Canyon Road, Castle Rock, CO 80104, 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 Maher Ranch, 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:

Castle Pines Land Company
482 Happy Canyon Road
Castle Rock, CO 80104

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1.3. OWNERS. The OWNERS of THE LAND are:

Jack A. Vickers III
482 Happy Canyon Road
Castle Rock, CO 80104

Francis J. Martorano
Mary Martorano
805 Pawnee Trail
Castle Rock, CO 80104

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, CO 80104

DEVELOPER:

Castle Pines Land Company
482 Happy Canyon Road
Castle Rock, CO 80104

OWNERS:

Jack A. Vickers III
482 Happy Canyon Road
Castle Rock, CO 80104

Francis J. Martorano
Mary Martorano
805 Pawnee Trail
Castle Rock, CO 80104

With A Copy To:

Sherman & Howard
4582 S. Ulster Street Parkway
Suite 700
Denver, CO 80237
Attn: Rebecca L. Wilcox

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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.

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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 on 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) Resolution No. 87-18, stating TOWN'S finding that the Petition for Annexation of THE LANDS described in Exhibit "A" thereto substantially complies with Section 31-12-107(1) C.R.S., and stating the TOWN'S intent to annex such LANDS (Phase 1).

(b) Resolution No. 87-19, stating TOWN'S finding that the Petition for Annexation of THE LANDS described in Exhibit "A" thereto substantially complies with Section 31-12-107(1) C.R.S., and stating the TOWN'S intent to annex such LANDS (Phase 2).

(c) Resolution No. 87-20, stating TOWN'S finding that the Petition for Annexation of THE LANDS described in Exhibit "A" thereto substantially complies with Section 31-12-107(1) C.R.S., and stating the TOWN'S intent to annex such LANDS (Phase 3).

(d) Resolution No. 87-21, stating TOWN'S finding that the Petition for Annexation of THE LANDS described in Exhibit "A" thereto substantially complies with Section 31-12-107(1) C.R.S., and stating the TOWN'S intent to annex such LANDS (Phase 4).

(e) Resolution No. 87-22, stating TOWN'S finding that the Petition for Annexation of THE LANDS described in Exhibit "A" thereto substantially complies with Section 31-12-107(1) C.R.S., and stating the TOWN'S intent to annex such LANDS (Phase 5).

(f) Ordinance No. 87-13, annexing THE LANDS described in Exhibit "A" thereto (Phase 1).

(g) Ordinance No. 87-14, annexing THE LANDS described in Exhibit "A" thereto (Phase 2).

(h) Ordinance No. 87-15, annexing THE LANDS described in Exhibit "A" thereto (Phase 3).

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(i) Ordinance No. 87-16, annexing THE LANDS described in Exhibit "A" thereto (Phase 4).

(j) Ordinance No. 87-17, annexing THE LANDS described in Exhibit "A" thereto (Phase 5).

(k) Resolution No. 87-23, a resolution approving the execution of this Agreement.

(l) Ordinance No. 87-18, the Planned Development Ordinance.

(m) Preliminary Site Plan, dated December 15, 1986.

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 liabil-

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ity. 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

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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

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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

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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..

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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

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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.

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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

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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 REQUIREMENTS. 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.

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SECTION XIII.

PUBLIC IMPROVEMENTS AND 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

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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, or 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 the Castle Rock Municipal Code, Chapter 3.12, and the capital plant investment fees as established pursuant to the Castle Rock Municipal Code,

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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 unenforceable, 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 AND 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.

APPROVAL OF THE BOARD OF TRUSTEES

This Contract was considered by the Board of Trustees of the TOWN of Castle Rock, Colorado, at their regular public meeting held on January 29, 1987, and a Resolution No. 87-23 was passed by a vote of 6 for and 0 against approving this Contract and directing the Mayor of the TOWN of Castle Rock and the TOWN Clerk to execute such Contract.

APPROVAL BY THE DEVELOPER

This Contract has been considered and approved by the DEVELOPER as evidenced by the DEVELOPER'S signature hereon as of the date thereof.

TOWN OF CASTLE ROCK

By: [Signature] Date
Mayor
Town of Castle Rock

ATTEST:

[Signature]
Town Clerk Date

Approved as to form:
[Signature]
Town Attorney Date

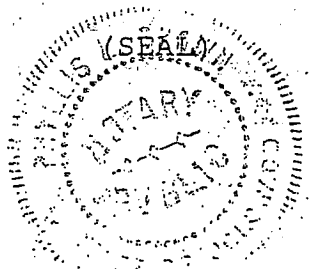
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STATE OF COLORADO)
)
COUNTY OF DOUGLAS) SS.

The foregoing instrument was acknowledged before me this 3rd day of February, 1987, by 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

DEVELOPER:

CASTLE PINES LAND COMPANY, a Colorado limited partnership

By: Jack A. Vickers III
Jack A. Vickers III, as its attorney-in-fact

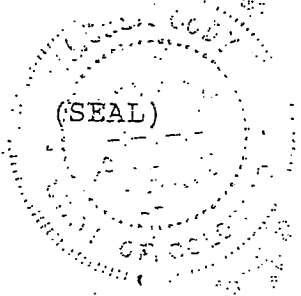
STATE OF COLORADO)
)
COUNTY OF DOUGLAS) SS.

The foregoing instrument was acknowledged before me this 30th day of January, 1987, by Jack A. Vickers III, as attorney-in-fact of Castle Pines Land Company, a Colorado limited partnership.

WITNESS my hand and official seal.

My Commission expires August 19, 1987
1935 So. Nome
Aurora, CO 80014

My commission expires:



Angela Cody
Notary Public

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SECTION XX.

ADDITIONAL PROVISIONS

20.1. DISTRICT. The parties acknowledge that the Maher Ranch Metropolitan District Nos. 1 through 5, quasi-municipal corporations and political subdivisions of the State of Colorado, and one or more other special DISTRICTS (collectively the "DISTRICTS") are to be organized by the DEVELOPER for the purpose of providing certain water, sanitation, storm and surface drainage services and facilities, irrigation water facilities, park and recreation facilities, street improvements, traffic and safety controls and devices, fire protection facilities, and transportation facilities within and without the LAND, as all such services, facilities and improvements are described in the form of that certain Intergovernmental Agreement between the TOWN and the DISTRICTS attached hereto and incorporated herein as Exhibit "B" by this reference (the "INTERGOVERNMENTAL AGREEMENT") and that certain Service Plan for Maher Ranch Metropolitan District Nos. 1-5 attached hereto as Exhibit "C" and incorporated herein by this reference, as may be amended in the future, (the "SERVICE PLAN"). The DEVELOPER or DISTRICTS intend to dedicate to the TOWN for ultimate maintenance by TOWN those PUBLIC IMPROVEMENTS or "FACILITIES" so identified in the INTERGOVERNMENTAL AGREEMENT.

20.2. OVERSIZING. Notwithstanding the provisions of Section 3.4 or any other provisions to the contrary in the Agreement, OVERSIZING for purposes of this Agreement shall mean that difference between the dimension or capacity specified in the SERVICE PLAN of the DISTRICTS regarding PUBLIC IMPROVEMENTS for the needs of the LAND to be served and that additional dimension or capacity which is required by the TOWN.

20.3. PUBLIC IMPROVEMENTS. In addition to the provisions of Section 3.5 of the Agreement, PUBLIC IMPROVEMENTS shall mean those improvements defined as "FACILITIES" in the INTERGOVERNMENTAL AGREEMENT and SERVICE PLAN.

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20.4. WARRANTY. Notwithstanding the provisions of Section 3.7 of the Agreement, those PUBLIC IMPROVEMENTS identified in the INTERGOVERNMENTAL AGREEMENT shall be warranted by DEVELOPER or DISTRICTS from and after the date of their acceptance by the TOWN for the period of time specified in the INTERGOVERNMENTAL AGREEMENT.

20.5. INSPECTIONS, LIABILITY. Notwithstanding the provisions of Section 5.2 of the Agreement, the TOWN agrees to perform inspections in a timely manner and as provided in the INTERGOVERNMENTAL AGREEMENT and to provide appropriate assistance, in order to insure that all construction of PUBLIC IMPROVEMENTS and "FACILITIES" as defined in the INTERGOVERNMENTAL AGREEMENT and all construction of private improvements within the LAND meet all applicable TOWN minimum standards and design criteria; provided, however, that to the extent TOWN allows DEVELOPER or DISTRICTS to adopt design guidelines, criteria and standards regarding such PUBLIC IMPROVEMENTS and FACILITIES, such adopted design guidelines, criteria and standards shall control and be substituted for TOWN minimum standards and design criteria. In the event such adopted design guidelines do not meet or exceed current TOWN minimum standards they shall be subject to TOWN approval at the time of platting.

20.6. ACCEPTANCE OF PUBLIC IMPROVEMENTS AND PUBLIC LAND DEDICATION. Notwithstanding the provisions of Section 5.3 of the Agreement, failure by the TOWN to accept such required PUBLIC IMPROVEMENTS, following acceptable inspection thereof in accordance with the Intergovernmental Agreement, shall entitle DEVELOPER or DISTRICTS to deduct the cost of operating and maintaining such PUBLIC IMPROVEMENTS from any fees or payments of any kind owed to the TOWN. In addition, notwithstanding the provisions of Section 5.3 of the Agreement, DEVELOPER or DISTRICTS agree that they will maintain the parks without credit or reimbursement from the TOWN within the LAND for no more than five years after the date of this Agreement and the DEVELOPER or DISTRICTS shall be responsible for all maintenance, repair and

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replacement of such parks during that five year period. DEVELOPER or DISTRICTS agree that the TOWN shall approve all improvements made by DEVELOPER or DISTRICTS to the parks as provided in the INTERGOVERNMENTAL AGREEMENT. DEVELOPER or DISTRICTS agree to dedicate the parks to the TOWN within five years after the date of this Agreement, and upon inspection and acceptance of such parks, the TOWN shall thereafter be responsible for all maintenance, repair and replacement of such parks.

20.7. APPROVAL OF PRIVATE AMENITIES. Notwithstanding the provisions of Section 5.4 of the Agreement, the TOWN'S approval of any REQUIRED PRIVATE IMPROVEMENTS and amenities within the LAND which shall not be dedicated to the TOWN shall be limited to determining whether such REQUIRED PRIVATE IMPROVEMENTS are constructed in substantial compliance with approved plans, and the TOWN shall accept no responsibility regarding such REQUIRED PRIVATE IMPROVEMENTS and amenities.

20.8. POLICE, OTHER GOVERNMENTAL SERVICES. Section 5.5 of the Agreement should be revised to include the language "fire protection" after the words "police protection" in line two of that Section.

20.9. COMPLIANCE. Notwithstanding the provisions of Section 6.1 of the Agreement, DEVELOPER or DISTRICTS agree that they will develop the LAND in accordance with the Agreement, the INTERGOVERNMENTAL AGREEMENT, the SERVICE PLAN and with the APPROVING DOCUMENTS submitted and made a part hereof.

20.10. WATER NEEDS OF LAND. Notwithstanding the provisions of Section 7.2(a), the needs of the proposed uses within the LAND shall be as provided below, and where a particular use is not addressed by this Section, the TOWN shall make an administrative determination based upon available information. The relative water requirements for various uses within the LAND shall be determined with reference to an a residential Equivalent Residential Unit (EQR). One residential EQR shall be deemed to require 336 gallons per day. Such water need not underlie the part of the LAND described on the final plat.

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Demonstration of such water availability shall be made by means of a water study prepared at DEVELOPER'S expense by a qualified water engineer. Prior to submission of the first preliminary plat on the LAND, DEVELOPER shall submit such study to the TOWN. Thereafter, as each subsequent preliminary plat is submitted, a letter relating anticipated consumption within such preliminarily platted area to said water study shall be presented to the TOWN. Water use criteria to be used in relating such potable consumption to the supply of water shall be determined as provided in TOWN Resolution No. 86-30 in effect as of the date of this Agreement.

Where such TOWN Resolution No. 86-30 does not set forth criteria for particular uses, DEVELOPER may propose the criteria for such uses, subject to the TOWN'S approval utilizing generally accepted criteria.

20.11. INFRASTRUCTURE, CAPITAL IMPROVEMENTS, OVER-SIZING. Notwithstanding the provisions of Section 7.4 of the Agreement, the DEVELOPER or DISTRICTS shall be responsible for the construction of capital plant facilities necessary in order to provide for the water system for the LAND including, but not limited to, wells, pumps, treatment facilities, reservoirs and transmission lines as provided in the SERVICE PLAN and the INTERGOVERNMENTAL AGREEMENT. If the DEVELOPER or DISTRICTS refuse or fail to construct such capital plant facilities as provided in the INTERGOVERNMENTAL AGREEMENT and the SERVICE PLAN, then the TOWN shall retain the ultimate responsibility, in consideration for the development fees charged and collected as provided in Section 20.23 below, to complete within a reasonable period of time all such necessary capital plant improvements for the municipal water system including wells, pumps, treatment facilities, reservoirs and transmission lines. The DEVELOPER or DISTRICTS shall be solely responsible to build and construct, in accordance with the DISTRICTS' SERVICE PLAN, potable water delivery system infrastructure required for the LAND and as necessary to meet the needs of the LAND. Such infrastructure

shall include all mains, fire hydrants, valves and connections, pump stations and any other necessary facilities for the delivery of water throughout the LAND as provided in the DISTRICTS' SERVICE PLAN. In the event the SERVICE PLAN requires that water mains be engineered and constructed which exceed 12 inches in diameter, it shall be presumed that the first 12 inches shall service the LAND and shall accordingly be paid for by the DEVELOPER or DISTRICTS and the OVERSIZING shall be the responsibility of the TOWN. If TOWN engineers determine that the oversized main has been engineered and constructed to service the LAND only, then the DEVELOPER or DISTRICTS shall pay the entire cost of such line; provided, however, if DEVELOPER or DISTRICTS disagree that the oversized main has been engineered and constructed to service the LAND only, then DEVELOPER or DISTRICTS shall be entitled to submit the matter to arbitration as provided in Section 20.38 below. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the costs thereof, the DEVELOPER or DISTRICTS shall secure written bids from no less than two contractors for the placement of such line. Such bids will include a breakdown of costs for such line as a 12 inch line and the cost of the oversized line. The TOWN'S proportionate cost for the increased sizing shall be determined by calculating the actual cost difference between the 12 inch line and the oversized line, with the difference being the TOWN'S responsibility. 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 15 days of submittal then DEVELOPER or DISTRICTS may proceed with the bid which it deems most appropriate under the circumstances. The TOWN shall pay its proportion after final inspection and acceptance of the line upon completion thereof within 30 days following the date of submission of a statement to the TOWN from the DEVELOPER or DISTRICTS which shall include invoices and contractor billings. The TOWN acknowledges and agrees that, to the extent the DIS-

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TRICTS construct the capital plant facilities and improvements specified in this Section, the DEVELOPER shall be released from its obligations hereunder.

20.12. SEVERANCE. Notwithstanding the provisions of Section 7.6 of the Agreement, the DEVELOPER shall be allowed to transfer surplus water to other lands owned by DEVELOPER within the corporate limits of the TOWN, and may also transfer any available excess water to and from the Castle Pines Commercial PUD within the corporate limits of the TOWN. In addition, DEVELOPER may, with the prior consent of TOWN, transfer available excess water to other property that is located within the corporate limits of the TOWN, owned by DEVELOPER or related entities. In the event DEVELOPER receives a bona fide third-party offer, it desires to accept, to purchase such surplus water, DEVELOPER shall, pursuant to the notification requirements set forth in this Agreement, give 30 days' written notice to the TOWN of such offer and DEVELOPER'S intention to sell such 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 30 day period. TOWN'S purchase of such water shall be at the price established by TOWN Ordinance in effect at the date of DEVELOPER'S notice to the TOWN. Payment shall be made by TOWN to DEVELOPER upon the purchase of such water, or by DEVELOPER to TOWN under DEVELOPER'S first right of refusal, in the form of credits, or if no credits are available then in cash, cashier's or certified check. If TOWN declares a TOWN-wide emergency regarding its water supply, then TOWN will be entitled to acquire surplus water from DEVELOPER and to defer payment by TOWN for such water until such time as TOWN is able to pay, provided that the TOWN shall pay interest to DEVELOPER on any unpaid amount at the rate of 3% over the prime interest rate of United Bank of Denver, as announced from time to time. If all other developers, or districts or entities controlling water for other developments within TOWN are obligated by TOWN to deed surplus water to TOWN, then DEVELOPER or DISTRICTS will

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agree to deed surplus water, exclusive of available excess water transferred by DEVELOPER to the Castle Pines Commercial PUD or to other lands within the corporate limits of the TOWN owned by DEVELOPER or related entities. Surplus water for purposes of this provision shall be determined after the last building permit for 100% of the total maximum development approved for the LAND has been issued by the TOWN.

20.13. INFRASTRUCTURE, OVERSIZING. Notwithstanding the provisions of Section 8.2 of the Agreement, if a reuse system is agreed to be economically feasible, DEVELOPER or DISTRICTS shall be responsible for construction of a TOWN approved reuse irrigation system within the LAND. If the DEVELOPER or DISTRICTS refuse or fail to construct such reuse irrigation systems as provided in the INTERGOVERNMENTAL AGREEMENT and the SERVICE PLAN, then the TOWN shall construct and maintain such capital plant facilities as are necessary to provide effluent to the LAND for irrigation purposes and the TOWN shall be entitled only to those fees provided in Section 20.23 below. Such capital plant facilities shall include the necessary transmission lines to transport such effluent to the boundary of the LAND. DEVELOPER or DISTRICTS shall be solely responsible to build and construct in accordance with the DISTRICTS' SERVICE PLAN, 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, valves and connections and other necessary facilities for the delivery of irrigation effluent throughout the LAND as provided in the DISTRICTS' SERVICE PLAN. In the event the DISTRICTS' SERVICE PLAN requires that the irrigation mains be engineered and constructed which exceed 12 inches in diameter it shall be presumed that the first 12 inches shall service the LAND and shall, accordingly, be paid for by the DEVELOPER or DISTRICTS. Any OVERSIZING shall be the responsibility of the TOWN. If TOWN engineers determine that the oversized main has been engineered and constructed to ser-

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vice the LAND only, then the DEVELOPER or DISTRICTS shall pay the entire costs of such line; provided, however, if DEVELOPER or DISTRICTS disagree that the oversized main has been engineered and constructed to service the LAND only, then DEVELOPER or DISTRICTS shall be entitled to submit the matter to arbitration as provided in Section 20.38 below. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the costs thereof, the DEVELOPER or DISTRICTS shall follow the procedures set forth in Section 20.11 above with regard to bids and their submission to the TOWN.

20.14. DEVELOPER'S RESPONSIBILITY. Notwithstanding the provisions of Section VIII of Agreement, the TOWN acknowledges and agrees that, to the extent the DISTRICTS construct the reuse irrigation system specified in Section 20.13 above, the DEVELOPER shall be released from its obligations thereunder.

20.15. SEWER POLICY INFRASTRUCTURE, OVERSIZING. Notwithstanding the provisions of Section 9.1 of the Agreement, the DEVELOPER or DISTRICTS shall be responsible for the construction of capital plant facilities as are necessary to provide sanitary sewer service to the LAND as provided in the INTERGOVERNMENTAL AGREEMENT and SERVICE PLAN. If DEVELOPER or DISTRICTS refuse or fail to construct such capital plant facilities as provided in the INTERGOVERNMENTAL AGREEMENT and the SERVICE PLAN, then the TOWN shall provide and maintain such capital plant facilities as are necessary to provide sanitary sewer service to the LAND and shall be entitled only to those fees provided for in Section 20.23 below. The DEVELOPER or DISTRICTS shall be solely responsible to build and construct in accordance with the DISTRICTS' SERVICE PLAN all sewage collection system infrastructure required for the LAND and necessary to meet the needs of the LAND as provided in the DISTRICTS' SERVICE PLAN and INTERGOVERNMENTAL AGREEMENT. Such infrastructure shall include all mains, valves and connections, pump stations and other necessary facilities for the recovery of sewage from the LAND as provided in the DISTRICTS' SERVICE PLAN

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and INTERGOVERNMENTAL AGREEMENT. In the event the SERVICE PLAN acquires sewer mains be engineered and constructed which exceed 12 inches in diameter it shall be presumed that the first 12 inches shall service the LAND and shall accordingly be paid for by the DEVELOPER or DISTRICTS and that the OVERSIZING shall be the responsibility of TOWN. If TOWN engineers determine that the oversized main has been engineered and constructed to service the LAND only, then the DEVELOPER or DISTRICTS shall pay the entire costs of such line; provided, however, if DEVELOPER or DISTRICTS disagree that the oversized main has been engineered and constructed to service the LAND only, then DEVELOPER or DISTRICTS shall be entitled to submit the matter to arbitration as provided in Section 20.38 below. Prior to the construction of any such line for which the TOWN is to be responsible for a portion of the costs thereof, the DEVELOPER or DISTRICTS shall follow the procedure set forth in Section 20.11 above with regard to bids and their submission to the TOWN.

20.16. GENERAL STREET POLICY. Notwithstanding the provisions of Section 11.1 the TOWN agrees that to the extent the TOWN allows DEVELOPER or DISTRICTS to adopt design guidelines, criteria and standards regarding such public policies and private improvements, such adopted design guidelines, criteria and standards shall control and be substituted for TOWN minimum standards and design criteria. In the event such adopted design guidelines do not meet or exceed current TOWN minimum standards they shall be subject to TOWN approval at the time of platting.

20.17. TITLE DOCUMENTS. The parties agree that the use of the LAND for purposes intended by the TOWN as provided in Section 12.4 shall mean the use of the LAND as provided in the Master Plan.

20.18. ENGINEERING, CONSTRUCTION. Notwithstanding the provisions of Section 13.1 of the Agreement, the parties agree that all PUBLIC IMPROVEMENTS shall be engineered and constructed in accordance with the DISTRICTS' SERVICE PLAN and

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shall be properly dedicated and accepted by to the TOWN as provided in the INTERGOVERNMENTAL AGREEMENT.

20.19. COMPLETION OF PUBLIC IMPROVEMENTS. DEVELOPER or DISTRICTS agree that prior to the issuance by TOWN of the first building permit within a separately final platted area of the LAND, that DEVELOPER or DISTRICTS shall at their option have, in an amount sufficient to complete the PUBLIC IMPROVEMENTS required by the TOWN for that final platted portion of the LAND, either: (i) bond financing by the DISTRICTS or (ii) a letter of credit, bond, surety, or other guarantee for the benefit of the TOWN (in the event a performance bond is posted it shall be in the amount of 125% of the amount necessary to complete the PUBLIC IMPROVEMENTS required by the TOWN for that final platted portion of the LAND). If PUBLIC IMPROVEMENTS are complete for that final platted portion of the LAND then this Section 20.19 shall not be applicable. DEVELOPER or DISTRICTS agree that in the event bond financing by the DISTRICTS is provided that DEVELOPER or DISTRICTS shall establish separate escrow funds necessary for the completion of such PUBLIC IMPROVEMENTS required for that final platted portion of the LAND, with escrow instructions for the bond trustee to allow the TOWN to use such escrowed funds to complete such required PUBLIC IMPROVEMENTS in the event the DEVELOPER or DISTRICTS fail or refuse to complete such PUBLIC IMPROVEMENTS.

20.20. ACCEPTANCE WARRANTY. Notwithstanding the provisions of Section 13.4 of the Agreement, acceptance of all PUBLIC IMPROVEMENTS by the TOWN shall be in accordance with the INTERGOVERNMENTAL AGREEMENT, and all PUBLIC IMPROVEMENTS shall thereafter be subject to a one or two year WARRANTY as set forth in the INTERGOVERNMENTAL AGREEMENT.

20.21. FAILURE TO APPROVE, DISCONNECTION. Notwithstanding the provisions of Section 14.2 of the Agreement, if there is an adjudicated material breach of the Agreement or the INTERGOVERNMENTAL AGREEMENT by the TOWN, and the Court awards damages without specific performance and only specific perfor-

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mance will remedy the breach, the TOWN covenants that it will not object to the DEVELOPER or DISTRICTS or OWNERS disconnecting a portion or all of the LAND from the TOWN under any applicable provisions of Colorado law.

20.22. DEVELOPER DEFAULT. The parties agree that in connection with Section 14.3 of the Agreement, that the TOWN shall have the remedies in said Section 14.3 only in the event of a material default by DEVELOPER, and the TOWN reserves the right to withhold pending permits and Certificates of Occupancy or other permits and approvals within the LAND; however, such Certificates of Occupancy may be withheld only if the development of the LAND is within the last final plat or the last 15% of the entire developable area.

20.23. TOWN FEES. In addition to Section 15.1, the TOWN agrees that to the extent the DEVELOPER or DISTRICTS construct or provide for (by payment or otherwise) the wholesale water and sewer facilities for the LAND and the treatment of water and sewer for the LAND, the TOWN'S Water Development Fee (as defined in the INTERGOVERNMENTAL AGREEMENT and the Castle Rock Municipal Code) and Sewer Development Fee (as defined in the INTERGOVERNMENTAL AGREEMENT and the Castle Rock Municipal Code) will be waived. In addition, the TOWN agrees that the DEVELOPER or DISTRICTS will be entitled to a credit for costs expended by the DEVELOPER or DISTRICTS to regional or local reuse facilities or similar, related facilities, in the amount of a 200% credit for such costs against the Irrigation Water Development Fee (as defined in the INTERGOVERNMENTAL AGREEMENT and the Castle Rock Municipal Code), provided that the DEVELOPER or DISTRICTS provide the TOWN with a gallon of raw water for each gallon of effluent from the LAND. DEVELOPER shall be entitled to apply such credits as DEVELOPER deems appropriate to equivalent residential units within the LAND. The TOWN agrees that it shall not impose or establish any other fee, rate, toll, charge, penalty or tax, including without limitation, an occupancy tax, room tax or an entertainment tax upon or against

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OWNERS of the LAND or residents or property owners of the DISTRICTS organized for the benefit of the LAND unless the same are imposed upon all residents of the TOWN similarly situated whether such residents reside within special districts or not. The TOWN shall not require as a condition to site plan approval, plat approval, issuance of Certificates of Occupancy or building permits, or any other condition of continued development activities, any payment of any kind except to the extent the same are imposed upon all residents and/or owners of property in the TOWN unless otherwise agreed to in writing by DEVELOPER or DISTRICTS. The parties agree that to the extent the DISTRICTS or any other special district, whether or not formed by DEVELOPER, are obligated for TOWN fees, then, upon payment, the DEVELOPER shall be released from any obligations regarding such fees. The TOWN further agrees that any fee imposed against DEVELOPER or DISTRICTS pursuant to this Agreement, if any, shall be used by TOWN only for the specified purpose of such fee and no other use of such fee shall be allowed. TOWN agrees in particular, but not as a limitation to the preceding sentence, to use the Water Resource Fees, if any, charged against DEVELOPER or DISTRICTS only to acquire replenishable water supplies. The TOWN further agrees to account for any such fees collected from DEVELOPER or DISTRICTS.

20.24. RECOUPMENT. DEVELOPER or DISTRICTS shall be entitled to recoupment of off-site costs including:

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

(b) Costs of any off-site facilities, including, without limitation, roadway, street lights, drainage and sewer and water structure construction. Time for such recoupment, insofar as it relates to private persons, shall be for a period of ten years after the date of completion of all such improvements to which DEVELOPER or DISTRICTS are entitled to recoupment.

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(c) TOWN shall provide that 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. DEVELOPER shall comply with the administrative provision of any recoupment provision in effect in order to insure that the costs expended are properly approved by TOWN for recoupment at the time of expenditure.

20.25. OFF-SITE ROAD IMPROVEMENTS.

(a) Crowfoot Valley Road. As a condition of annexation, DEVELOPER or DISTRICTS agree(s) to be responsible for supplying the right-of-way necessary and for widening and paving of Crowfoot Valley Road to four lanes with acceleration and deceleration lanes; provided, however, that to the extent the DISTRICTS assume the obligation for such improvements by obtaining financing for such improvements, the DEVELOPER shall be relieved from the obligations hereunder. This comprises the entire responsibility of DEVELOPER or DISTRICTS for improvements to Crowfoot Valley Road for the LAND. DEVELOPER or DISTRICTS shall be entitled to recoupment as provided in Section 20.24 above for such improvements to Crowfoot Valley Road. The parties agree that any further improvements to Crowfoot Valley Road in addition to obtaining the right-of-way and construction of four lanes with acceleration and deceleration lanes shall be the TOWN'S sole responsibility. In the event the TOWN determines that such improvements to Crowfoot Valley Road should be placed in an alternate alignment (other than within the present Crowfoot Valley Road right-of-way) DEVELOPER or DISTRICTS will nonetheless provide to TOWN a sum equal to the cost of the improvements without realignment described above towards the cost of such improvements within such realigned right-of-way; provided, however, that any costs in addition to the sum paid by DEVELOPER or DISTRICTS will be at TOWN'S expense. It is under-

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stood and agreed that DEVELOPER and DISTRICTS shall have the absolute right to refuse to approve such realignment of Crowfoot Valley Road. In addition to the above-described improvements, DEVELOPER or DISTRICTS shall be entitled to credit against Street Oversizing Fees for supplying traffic safety signs and signalization required for Crowfoot Valley Road located outside the boundary of the LAND.

(b) Secondary Access. Upon the earlier of five years after the date of mutual execution of this Agreement or the issuance of 1,000 Certificates of Occupancy for residences within the LAND, the DEVELOPER or DISTRICTS shall be obligated to complete a right-of-way necessary to develop a secondary access to the LAND to the north or east of the LAND, and the TOWN will assist with condemnation proceedings necessary to acquire such secondary right-of-way. The parties agree that the TOWN shall issue no more than the 1,000 Certificates of Occupancy for the LAND until such secondary access to the LAND is completed. DEVELOPER or DISTRICTS and TOWN agree that Evalena Road and Mesa Drive will be kept as emergency secondary access roadways, and DEVELOPER or DISTRICTS shall be responsible for maintaining Mesa Drive within the LAND as an all weather access road, until such time as the secondary access to the north or east is available. The parties agree that at such time as DEVELOPER or DISTRICTS are able to provide secondary access to the LAND and the DEVELOPER or DISTRICTS desire not to use Mesa Drive for secondary access, and if TOWN determines it is in the TOWN'S best interests, then the TOWN has agreed to assist with vacation of the Mesa Drive right-of-way. The parties agree that to the extent the DISTRICTS assume the obligation for the improvements under this Section by obtaining financing for such improvements, the DEVELOPER shall be relieved from the obligations hereunder. DEVELOPER or DISTRICTS shall have no further responsibilities regarding improvements to Mesa Drive or Evalena Road except as provided in this Section.

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(c) Silver Heights Interchange. As a condition of annexation, DEVELOPER or DISTRICTS agree(s) to participate with others to finance the improvements to Silver Heights Interchange on a fair and equitable pro rata basis with other benefitting property owners. DEVELOPER or DISTRICTS will participate in the cost of reconstruction of the interchange on a fair and equitable pro rata basis with other benefitting property owners through a general improvement, special improvement or special district or association of such DISTRICTS. DEVELOPER may satisfy its obligations regarding Silver Heights Interchange with a letter of credit, bond or cash at DEVELOPER'S option for such improvements; provided, however, that to the extent the DISTRICTS assume the obligation for such improvements by obtaining financing for such improvements, the DEVELOPER shall be released from the obligations hereunder. To the extent that recoupment is appropriate for rights-of-way required for such improvements to the Silver Heights Interchange then DEVELOPER or DISTRICTS agree to pay recoupment to the entity that paid for such right-of-way, and in the event DEVELOPER or DISTRICTS acquire any right-of-way required for such improvements, DEVELOPER or DISTRICTS shall only be entitled to recoupment for such rights-of-way acquired from third parties subsequent to the date of this Agreement. This comprises the entire responsibility of DEVELOPER or DISTRICTS for improvements to Silver Heights Interchange for the LAND.

The parties agree that in the event DEVELOPER or DISTRICTS, at DEVELOPER or DISTRICTS' option, desires to satisfy its obligations regarding the Silver Heights Interchange by applying its pro rata portion to the new interchange to be constructed on U.S. Highway I-25 north of the Silver Heights Interchange (the "New Interchange"), then DEVELOPER or DISTRICTS agree to enter into an intergovernmental agreement with the TOWN, the appropriate metropolitan district within the Castle Pines Commercial Development, the appropriate Meadows Metropolitan District and the Villages at Castle Rock Metropolitan

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Districts regarding the allocation of financial obligations regarding the Silver Heights Interchange, the New Interchange, and a third interchange to be constructed on U.S. I-25 south of the Silver Heights Interchange (the "South Interchange"). The intergovernmental agreement regarding the three above-described interchanges shall provide that in the event the cost of acquiring rights-of-way for such interchanges are included in the cost of one or more of such interchanges in determining the total cost of such interchange improvement, then the cost of acquiring rights-of-way necessary for the interchanges shall be included in total costs of all of the interchanges. In the event the above-described entities either fail or refuse to enter into such an agreement, for any reason, regarding the Silver Heights Interchange, the New Interchange and the South Interchange, then DEVELOPER or DISTRICTS shall not be entitled to allocate its obligations regarding the Silver Heights Interchange to the New Interchange, and DEVELOPER or DISTRICTS obligations regarding the Silver Heights Interchange shall be as provided in the preceding paragraph of this Section 20.23(c).

(d) To the extent recoupment under Section 20.24 applies, DEVELOPER or DISTRICTS shall be entitled to recoupment, as provided in Section 20.24 for the above off-site road improvements described in this Section 20.25.

(e) The parties agree that the off-site road improvements described in this Section 20.25 comprise all of the obligations of DEVELOPER or DISTRICTS regarding off-site road improvements for the LAND.

20.26. METROPOLITAN DISTRICTS. It is the intention of the DEVELOPER to present petitions of the OWNERS of the LAND for organization of the DISTRICTS, pursuant to and in accordance with Title 32, Article 1, Colorado Revised Statutes, as amended. It is the intention of TOWN to consider such petitions pursuant to statute and approve the DISTRICTS in conformity with the Petition for Organization of the DISTRICTS as defined in the INTERGOVERNMENTAL AGREEMENT, the Resolution of Approval as

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defined in the INTERGOVERNMENTAL AGREEMENT, the SERVICE PLAN, the INTERGOVERNMENTAL AGREEMENT, and the Order of the District Court as defined in the INTERGOVERNMENTAL AGREEMENT.

(a) TOWN agrees to approve the DISTRICTS in the form of multiple DISTRICTS, not to exceed six in number, and a Master District, without further agreement of the Board of Trustees.

(b) Whenever, under the provisions of this Agreement, 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 Agreement or any Facility or Facilities or other PUBLIC IMPROVEMENT as defined in the DISTRICTS' organizational documents, that duty may be delegated by DEVELOPER without consent of TOWN to the DISTRICTS or any other metropolitan districts provided the provision or maintenance thereof is within the scope of authority of the DISTRICTS and/or metropolitan districts.

(c) In the event the DISTRICTS shall fail or refuse to provide the PUBLIC IMPROVEMENTS or Facilities specified in the DISTRICTS' SERVICE PLAN, which improvements DEVELOPER would otherwise complete, then DEVELOPER shall construct, operate and maintain such PUBLIC IMPROVEMENTS or Facilities pursuant to the provisions of the SERVICE PLAN and this Agreement, and receive such credits as are provided for in Section 20.23 of this Agreement.

(d) Whenever the DISTRICTS convey land to TOWN which was previously conveyed to the DISTRICTS by DEVELOPER, TOWN shall credit said land as against the public land dedication requirement of DEVELOPER.

(e) Failure of the TOWN to approve the DISTRICTS in substantial conformity with the provisions of this Section shall give rise to a right of disconnection of the LAND pursuant to this Agreement.

20.27. SILVER HEIGHTS WATER AND SANITATION DISTRICT.
TOWN agrees upon request of DEVELOPER to commence and/or join

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with DEVELOPER in proceedings necessary to exclude the LAND from the Silver Heights Water and Sanitation District, including, but not limited to, commencing an action before the District Court in order to exclude the LAND from the Silver Heights Water and Sanitation District. The parties agree that the DEVELOPER shall provide all documentation required for and prosecute such action in District Court in cooperation with the TOWN and that such action will be at no cost to the TOWN. The parties agree that in the event the LAND is not excluded from the Silver Heights Water and Sanitation District within a reasonable period of time, due to action or inaction of TOWN as determined by DEVELOPER, then DEVELOPER shall be entitled to terminate this Agreement and to disconnect the LAND as provided in this Agreement.

20.28. COOPERATION.

(a) TOWN agrees to cooperate with DEVELOPER, prior to annexation, to the extent legally permissible in applying for new or amended permits, and in adopting new plans or amending existing plans, whenever so required by any governmental entity having proper jurisdiction and authority. TOWN agrees also that it will ratify and adopt the approved Planned Unit Development Master Plan for the LAND as a part of the TOWN'S Master Plan. TOWN agrees that annexation of the LAND by the TOWN shall automatically amend the TOWN'S Master Plan regarding the LAND.

(b) TOWN and DEVELOPER recognize that the status of the TOWN as a management agency over the LAND prior to annexation may not be uncontested and that it may be necessary to work with Douglas County, the present designated management agency for all portions of unincorporated Douglas County, to submit jointly certain requests or obtain certain approvals. Therefore, TOWN agrees to solicit the cooperation of Douglas County in submitting any amendments and requests while the annexation action is pending.

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(c) TOWN agrees to cooperate with DEVELOPER, prior and subsequent to annexation, to the extent legally permissible, to work with DRCOG in including the LAND as an Urban Service Area in the DRCOG Regional Development Framework.

20.29. UPDATE TO COMPREHENSIVE MASTER PLAN. Upon annexation of the LAND, DEVELOPER or DISTRICTS agree that they shall be responsible for the pro rata costs for the update of the Castle Rock Comprehensive Master Plan dated July 1982 and the Utility Master Plan, based upon the number of EQRs within the LAND as approved by the TOWN divided by the total number of EQRs of projects involved in such update. DEVELOPER or DISTRICTS agree to pay their pro rata share upon completion of such update and upon written request by the TOWN for such payment.

20.30. NEIGHBORHOOD PARKS. Upon annexation of the LAND, DEVELOPER will commit to dedicate 15 acres of open space to the TOWN for use as neighborhood parks designated on the approved Planned Unit Development Master Plan for the LAND. All water underlying the dedicated acreage shall be retained by DEVELOPER for use on the LAND. As provided in Section 20.6 above, DEVELOPER or DISTRICTS shall be responsible for the repair and maintenance of the neighborhood parks within the LAND for a maximum of five years after the date of this Agreement, provided that the TOWN has approved the improvements to be constructed within the neighborhood parks as provided in the INTERGOVERNMENTAL AGREEMENT. DEVELOPER or DISTRICTS agree that the parks and all water necessary to serve the parks shall be dedicated to the TOWN within five years after the date of this Agreement and at such time as the TOWN accepts such neighborhood parks, the TOWN shall be solely responsible for maintenance, repair and replacement of such parks.

20.31. SCHOOL PROVISION. The school district's request for 25 acres to be used for school sites shall come from the present open space or public space dedication requirements, with the location of the sites designated on the approved Planned Unit Development Master Plan for the LAND. Under no

circumstances shall the school district be obligated to accept LAND for a school site if the only means of access is by bridges across drainage area.

20.32. PEDESTRIAN SYSTEM. DEVELOPER or DISTRICTS agree(s) that the LAND shall be provided with a hiking/biking/sidewalk/trail system as provided in the Maher Ranch Trail System Map to be attached to the Master Plan of the LAND, which shall be constructed to meet all applicable TOWN minimum standards and design criteria; provided, however, that to the extent TOWN allows DEVELOPER or DISTRICTS to adopt design guidelines, criteria and standards regarding such pedestrian system, such adopted design guidelines, criteria and standards shall control and be substituted for TOWN minimum standards and design criteria.

20.33. COMMUNITY CENTER FEE. Upon annexation of the LAND, DEVELOPER or DISTRICTS will commit to pay to TOWN a community center fee of \$25.64 per residential unit approved within the LAND, which fee shall be paid in full by the DISTRICTS to the TOWN upon issuance of the first bond issue by the DISTRICTS but no later than December 31, 1987. If TOWN does not complete construction of a recreation center by December 31, 1989, then TOWN shall promptly reimburse DISTRICTS the community center fee paid by the DISTRICTS under this Section.

20.34. FIRE/POLICE STATION. The parties agree that a two-bay fire/police substation will be built on a site mutually agreed upon by the TOWN and DEVELOPER within the LAND to serve as a fire and police substation for the TOWN. The parties agree that the DEVELOPER or DISTRICTS' obligation regarding such substation will be 60% of the costs of such substation and DEVELOPER or DISTRICTS shall be entitled to a credit against its Capital Plant Investment Fees of 40% of the cost of such substation. In addition, the DEVELOPER or DISTRICTS shall be obligated to provide the TOWN with a Class A pumper truck for which DEVELOPER or DISTRICTS shall be entitled to a 100% credit against its Capital Plant Investment Fees. DEVELOPER or DIS-

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DISTRICTS will be obligated to build the substation prior to the issuance of 100 Certificates of Occupancy within the LAND. The property upon which the substation is to be constructed will be a portion of the public land dedication from the DEVELOPER or DISTRICTS to the TOWN.

20.35. INTERGOVERNMENTAL COST SHARING AGREEMENT.

Upon annexation of the LAND, DEVELOPER or DISTRICTS will commit to pay TOWN a fee of \$4.50 per Equivalent Residential Unit approved within the LAND pursuant to the TOWN'S Intergovernmental Cost Sharing Agreement to be executed by TOWN, DEVELOPER and the other developers within the corporate limits of the TOWN after January 1, 1987, which fee shall be paid on the date required of all other developers under the Agreement.

20.36. REVIEW OF DEVELOPMENT.

The TOWN shall have the right to review residential development by DEVELOPER within the LAND, as such residential development relates to industrial and commercial development by the DEVELOPER within the property approved by the TOWN as the Castle Pines Commercial Planned Development, which is located within the boundaries of the TOWN.

20.37. GOOD FAITH.

The parties shall enter into this Agreement in good faith, and they agree to cooperate with each other to minimize possible conflicts over the interpretation and application of this Agreement.

20.38. ARBITRATION.

If any controversy or claim arising out of this Agreement cannot be settled by the parties, the controversy or claim shall be settled by any individual or corporation selected by the written agreement of the parties or, if they cannot agree, by arbitration in accordance with the then applicable provisions of the Colorado Uniform Arbitration Act of 1975, as it may be amended, and judgment on such arbitration award may be entered in any court having jurisdiction.

20.39. ASSIGNMENT TO DISTRICTS.

TOWN agrees that DEVELOPER'S rights and obligations under this Agreement shall be freely assignable by DEVELOPER to the DISTRICTS without consent from the TOWN, and to the extent DISTRICTS assume such rights

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EXHIBIT A

Parcel 1:

LEGAL DESCRIPTION - First Annexation of The Maher Ranch
P.U.D. to the Town of Castle Rock

A portion of the Northeast quarter of Section 26, Township 7 South, Range 67 West of the 6th Principal Meridian, Douglas County, Colorado being described as follows:

BEGINNING at the East quarter corner of said Section 26 as monumented by a 3/8 inch rebar and considering the East line of the Northeast quarter of said Section 26 to bear North 01°40'30" West, to the Northeast corner of said Section 26 as monumented by a 1 inch pipe with all bearings contained herein relative thereto; thence Westerly along the Northerly boundary of the Town of Castle Rock, South 89°15'11" West, 479.74 feet; thence departing said Northerly boundary, North 10°47'26" East, 1199.30 feet; thence South 12°17'04" East, 1199.30 feet to the POINT OF BEGINNING of this description.

Parcel 2:

LEGAL DESCRIPTION - Second Annexation of The Maher Ranch
P.U.D. to the Town of Castle Rock

A portion of land located in the Northeast quarter of Section 26, the Southeast quarter of Section 23, the Southwest quarter of Section 24, and the Northwest quarter of Section 25 all of which are in Township 7 South, Range 67 West of the 6th Principal Meridian, Douglas County, Colorado being described as follows:

BEGINNING at the East quarter corner of said Section 26 as monumented by a 3/8 inch rebar and considering the East line of the Northeast quarter of said Section 26 to bear North 01°40'30" West, to the Northeast corner of said Section 26 as monumented by a 1 inch pipe, with all bearings contained herein relative thereto; thence along the Northerly boundary of the Town of Castle Rock, North 12°17'04" West, 1199.30 feet; thence South 10°47'26" West, 1199.30 feet; thence departing said Northerly boundary, North 03°48'02" East, 4800.00 feet; thence North 89°15'11" East, 94.56 feet; thence South 05°04'32" East, 3691.82 feet; thence South 44°26'09" West, 300.00 feet; thence South 01°40'30" East, 329.00 feet; thence South 05°59'28" West, 567.11 feet to the POINT OF BEGINNING of this description.

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Parcel 3:

LEGAL DESCRIPTION - Third Annexation of Maher Ranch P.U.D. the Town of Castle Rock

A parcel of land lying in Section 23, the West 1/2 of Section 24, the Northwest 1/4 of Section 25 and the North 1/2 of Section 26, all in Township 7 South, Range 67 West of the 6th Principal Meridian, Douglas County, Colorado being described as follows:

BEGINNING at the Northeast corner of said Section 23, as monumented by a brass cap, L.S. 2692, and considering the North line of the Northeast 1/4 of said Section 23 to bear South 89°40'00" West to the North quarter corner of said Section 23, as monumented by a No.5 rebar, with all bearings contained herein relative thereto; thence along the North line of the Northwest 1/4 of said Section 24, North 89°15'43" East, 1320.00 feet to the Northwest corner of the Northwest 1/4 of the Northwest 1/4 of said Section 24; thence along the East line of the Northwest 1/4 of the Northwest 1/4 of said Section 24, South 01°20'53" East, 1316.72 feet to the Southeast corner of the Northwest 1/4 of the Northwest 1/4 of said Section 24; thence along the North line of the Southeast 1/4 of the Northwest 1/4 of said Section 24, North 89°04'45" East, 1320.82 feet to the Northeast corner of the Southeast 1/4 of the Northwest 1/4 of said Section 24; thence along the East line of the West 1/2 of said Section 24, South 01°22'34" East, 3964.97 feet to the South quarter corner of said Section 24; thence along the East line of the Northwest 1/4 of said Section 25, South 01°18'33" East, 1312.04 feet to the Northerly right-of-way of County Road No. 43; thence along said Northerly right-of-way, along a non-tangent curve the left having a central angle of 23°13'45", a radius of 581.37 feet, an arc length of 235.70 feet and a chord which bears South 39°31'25" West, 243.09 feet; thence continuing along said Northerly right-of-way, South 27°54'33" West, 164.61 feet; thence departing said Northerly right-of-way, North 70°19'36" West, 158.00 feet; thence North 48°19'51" West, 1401.50 feet; thence South 44°26'09" West, 1310.00 feet; thence North 05°04'32" West, 3691.82 feet; thence South 89°15'11" West, 94.56 feet; thence South 03°48'02" West, 4800.00 feet; thence North 33°50'38" West, 811.67 feet; thence South 88°39'34" West, 300.25 feet; thence North 26°05'31" West, 528.12 feet; thence North 40°45'55" West, 253.32 feet; thence South 89°46'32" West, 360.25 feet; thence North 54°30'45" West, 1424.51 feet; thence North 00°30'34" West, 488.48 feet; thence South 88°40'47" East, 436.64 feet to the South quarter corner of said Section 23; thence along the South line of the Southeast 1/4 of said Section 23, North 89°34'52" East, 1069.78 feet; thence departing said South line, North 00°56'00" East, 990.00 feet; thence North 89°34'46" East, 300.00 feet; thence North 00°56'00" East, 1112.93 feet; thence South 89°34'50" West, 728.32 feet to a point of curvature; thence along a non-tangent curve to the right having a central angle of 15°13'47", a radius of 289.00

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feet, an arc length of 77.03 feet and a chord which bears South 29°37'04" West, 76.80 feet; thence South 37°13'58" West, 253.01 feet; thence South 89°34'50" West, 1144.98 feet; thence North 00°56'00" East, 883.57 feet to the South line of the Northwest 1/4 of said Section 23; thence along said South line, North 89°08'05" West, 1980.45 feet to the West quarter corner of said Section 23; thence along the West line of the Northwest 1/4 of said Section 23, North 03°04'39" West, 528.55 feet; thence departing said West line, North 89°02'29" East, 1190.97 feet; thence North 00°08'33" East, 713.96 feet to the South line of the Northwest 1/4 of the Northwest 1/4 of said Section 23; thence along said South line, North 89°21'26" East, 82.72 feet to the Southeast corner of the Northwest 1/4 of the Northwest 1/4 of said Section 23 and the Southwest corner of Lot 13, Block 2 of Happy Canyon Ranches Subdivision; thence along the South line of said Lot 13, South 89°48'41" East, 1312.48 feet to the Southeast corner of said Lot 13; thence along the East line of said Lot 13, North 02°23'21" West, 1289.54 feet to the North quarter corner of said Section 23; thence departing said East line and along the North line of the Northeast 1/4 of said Section 23, North 89°40'00" East, 830.04 feet to the Westerly line of the Public Service Company right-of-way as recorded in book 156, page 409 in the office of the Douglas County Clerk and Recorder; thence along said Westerly line, South 34°24'40" East, 3315.36 feet to the East line of the Southeast 1/4 of said Section 23; thence along said East line, North 01°17'00" West, 105.15 feet to the East quarter corner of said Section 23; thence along the East line of the Northeast 1/4 of said Section 23, North 01°20'16" West, 371.14 feet to the Easterly line of said Public Service Company right-of-way; thence along said Easterly line, North 34°24'40" West, 2740.40 feet to the North line of the Northeast 1/4 of said Section 23; thence along said North line, North 89°40'00" East, 1495.70 feet to the POINT OF BEGINNING of this description.

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Parcel 4:

LEGAL DESCRIPTION - Fourth Annexation of the Maher Ranch
P.U.D. to the Town of Castle Rock

A portion of Lot 2 of the proposed Sanders Hill Amended plat, lying in the Southeast quarter of Section 22, Township 7 South, Range 67 West, of the 6th Principal Meridian, Douglas County, Colorado, being described as follows:

Commencing at the East quarter corner of said Section 22 as monumented by a 3/4" inch rebar and considering the East line of the Southeast quarter of said Section 22 to bear South 00°19'14" West, to the Southeast quarter of said Section 22 as monumented by a 1/2" inch rebar with all bearings contained herein relative thereto; thence along the East line of said Southeast quarter, South 00°19'14" West, 1618.60 feet, to the POINT OF BEGINNING of this description; thence departing said East line South 89°24'14" West, 707.58 feet; thence North 12°17'46" West, 447.14 feet; thence South 61°51'03" East, 910.45 feet, to the POINT OF BEGINNING.

Parcel 5:

LEGAL DESCRIPTION - Fifth Annexation of the Maher Ranch
P.U.D. to the Town of Castle Rock

A portion of Lot 2 of the proposed Sanders Hill Amended plat, lying in the Southeast quarter of Section 22, Township 7 South, Range 67 West, of the 6th Principal Meridian, Douglas County, Colorado being described as follows:

BEGINNING at the East quarter corner of said Section 22 as monumented by a 3/4" inch rebar and considering the East line of the Southeast quarter of said Section 22 to bear South 00°19'14" West, to the Southeast corner of said Section 22 as monumented by 1/2" inch rebar with all bearings contained herein relative thereto; thence along the East line of said Southeast quarter South 00°19'14" West, 1618.60 feet; thence departing said East line, North 61°51'03" West, 910.45 feet; thence North 40°32'07" East, 1154.18 feet; thence North 00°19'14" East, 309.84 feet; thence North 88°03'24" East, 60.00 feet to the POINT OF BEGINNING

and obligations that DEVELOPER shall be released from such rights and obligations under this Agreement.

20.40. ANNEXATION MAP. TOWN agrees that it shall allow DEVELOPER or DISTRICTS to make minor amendments to the Annexation Map to include property into the LAND as a result of minor boundary and fence line changes, without TOWN imposing any additional obligations or requirements on the LAND, the DEVELOPER, or the DISTRICTS under this Agreement.

20.41. CONDEMNATION. To the extent it will be necessary for DISTRICTS to condemn properties outside the boundaries of the LAND for PUBLIC IMPROVEMENTS, the TOWN agrees that it will assist with such condemnation procedures.

20.42. EXEMPTION FROM SUBDIVISION. TOWN agrees to grant DEVELOPER and/or OWNER an exemption from subdivision under applicable TOWN subdivision ordinances for five parcels of property within the LAND, which parcels are necessary to establish boards of directors for the DISTRICTS.

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EXHIBIT B
TO
ANNEXATION AND DEVELOPMENT CONTRACT
BETWEEN
THE TOWN OF CASTLE ROCK
AND
CASTLE PINES LAND COMPANY

INTERGOVERNMENTAL
AGREEMENT

BETWEEN

THE TOWN OF CASTLE ROCK
AND
MAHER RANCH METROPOLITAN

DISTRICT NO. 1

DATED: _____, 19__

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INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT is made this ___ day of _____, 19___, by and between the TOWN OF CASTLE ROCK, a municipal corporation in Douglas County in the State of Colorado organized and existing under and by virtue of the Constitution and laws of the State of Colorado (the "Town") and MAHER RANCH METROPOLITAN DISTRICT NO. 1, a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and acting pursuant to the provisions of Article 1 of Title 32, Colorado Revised Statutes, as amended (the "District").

RECITALS

WHEREAS, the District lies entirely within the boundaries of the Town of Castle Rock; and

WHEREAS, as required by Section 32-1-204.5, C.R.S., as amended, the Service Plan of the District was approved by Resolution of the Board of Trustees of the Town on _____, 19___; and

WHEREAS, the Town's approval of such Service Plan was based upon the terms, provisions and limitations of this Intergovernmental Agreement and the Service Plan which were filed with the Town being incorporated into the Order of the

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District Court in and for the County of Douglas creating the District; and

WHEREAS, the Order of the District Court incorporates this Intergovernmental Agreement by reference and directs the Board of Directors of the District at its organizational meeting to authorize and execute the Intergovernmental Agreement and specifies that the services and facilities to be provided by the District and the statutory powers of the District are limited as provided in this Intergovernmental Agreement and the Service Plan; and

WHEREAS, Section 18(2)(a) of Article XIV of the Constitution of the State of Colorado provides that nothing in that Constitution shall be construed to prohibit the State or any of its political subdivisions from cooperating or contracting with one another or with the government of the United States to provide any function, service or facility lawfully authorized to each of the cooperating or contracting units, including the sharing of costs, the imposition of taxes, or the incurring of debt; and

WHEREAS, Part 2 of Article 1 of Title 29 of the Colorado Revised Statutes, as amended, authorizes and enables governments of the State of Colorado to enter into cooperative agreements or contracts; and

WHEREAS, the District has been duly formed for the purpose of providing for the electors of the District and for

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the use of the general public, certain water, sanitation and storm and surface drainage services and facilities, fire protection facilities, irrigation water facilities, park and recreation facilities, street improvements, traffic and safety controls and devices, and transportation facilities, as all such services, facilities and improvements are referred to herein and in the Petition for Organization of the District, the Resolution of Approval, the Service Plan, and the Order of the District Court creating the District (all as hereinafter defined); and

WHEREAS, the District proposes to sell its Bonds (as hereinafter defined) or otherwise obtaining financing, for the purpose of providing funds with which to acquire, construct, install and/or complete the facilities and improvements described above and to provide, or cause to be provided, Water Facilities, Sanitation Facilities, Storm and Surface Drainage Facilities, Fire Protection Facilities, Irrigation Water Facilities, Park and Recreation Facilities, Street Improvements, Street Lighting, Traffic and Safety Controls and Devices, and Transportation Facilities, (collectively referred to as the "Facilities") as hereinafter defined; and

WHEREAS, the District proposes to enter into cooperative agreements with other districts organized within the Maher Ranch P.U.D., and with other special districts,

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associations, authorities and governmental entities for the purpose of sharing the costs of financing and constructing the Facilities, and for other lawful purposes of the District; and

WHEREAS, pursuant to the Constitution and all other laws of the State of Colorado, the Town is currently providing water, irrigation water, sanitation, storm drainage services, park and recreation services and facilities, street improvements, traffic and safety controls and devices, fire protection facilities and transportation facilities within the developed areas of the Town outside the District; and

WHEREAS, the Town has consented to the formation of the District in order to facilitate the financing, acquisition, construction and provision of the services, Facilities and improvements described herein, provided that such consent was based upon the terms, conditions and limitations of this Intergovernmental Agreement; and

WHEREAS, except as otherwise provided herein, the District shall have the right to exercise and perform all the powers and duties of a metropolitan district organized for the purposes set forth herein; and

WHEREAS, the services, Facilities, and improvements to be provided by the District will be financed in whole or in part by a mill levy imposed upon all taxable property within the District, which property is benefited by such

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services, Facilities and improvements and/or will also be financed with Facilities Development Fees, Service Charges, Service Charge surcharges, Availability Of Service Or Facilities Charges, and other revenues legally available to the District, (including payments made or received pursuant to agreements with other special districts,) which will be established by the District and which may be pledged or applied to the payment of debt service on Bonds or other obligations issued or incurred by the District; and

WHEREAS, the Board of Directors is empowered by law to administer, operate and maintain all services, Facilities and improvements provided by the District; and

WHEREAS, the District desires to secure from the Town certain services; the Town is interested in ensuring that certain things be accomplished by the District in order to protect the public health, safety and welfare; and the Town and the District now desire to determine by this Agreement, the extent of the services, Facilities and improvements to be undertaken by the District and the Town, and to identify other mutual agreements and understandings between them;

NOW THEREFORE, for and in consideration of the mutual undertakings herein contained, and other good and valuable consideration, the parties covenant and agree as follows:

ARTICLE I

Term of Agreement

SECTION 1.1 Effective Date of the Agreement;

Term. This Agreement shall become effective upon its execution and delivery, and shall continue until terminated by mutual agreement of the parties or as otherwise provided herein.

ARTICLE II

Definitions, Interpretation, Exhibits

SECTION 2.1. Definitions.

(1) "Agreement" shall mean this Intergovernmental Agreement and any amendments and supplements hereto.

(2) "Annexation Agreement" shall mean that certain Annexation and Development Contract between the Town of Castle Rock and _____ recorded in the Douglas County Clerk and Recorder's office on _____, 198__, in book ____, commencing on page _____.

(3) "Availability Of Service Or Facilities Charges" shall mean those charges permitted to be assessed by the District pursuant to C.R.S. § 32-1-1006(1)(h), as amended from time to time.

(4) "Bonds" shall mean bonds, notes, certificates, debentures, contracts or other evidences of indebtedness or borrowing issued or incurred by the District pursuant to law.

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(5) "Capital Plant Investment Fee" shall mean that fee imposed by the Town pursuant to Castle Rock Municipal Code 3.16.030, as amended from time to time.

(6) "District" shall mean Maher Ranch Metropolitan District No. 1, a quasi-municipal corporation and political subdivision of the State of Colorado organized and existing under Article 1 of Title 32, Colorado Revised Statutes, as amended, and its successors, in the Town of Castle Rock, Douglas County, State of Colorado.

(7) "Facilities" shall mean the Water Facilities, Irrigation Water Facilities, Sanitation Facilities, Storm and Surface Drainage Facilities, Park and Recreation Facilities, Street Improvements, Street Lighting, Fire Protection Facilities, Traffic and Safety Controls and Devices and Transportation Facilities as defined herein and described in the Service Plan both within and outside the boundaries of the District. This term shall also include such additional or alternative facilities as are proposed by the District and approved in writing by the Town.

(8) "Facilities Development Fees" shall mean those fees to be imposed and collected, or paid, by the District for connection to the Facilities constructed or acquired by the District and for the right to use District Facilities.

(9) "Fire Protection Facilities" shall mean such fire protection facilities as the District is authorized by

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law to provide including, but not limited to, fire stations, fire protection and fire fighting equipment, ambulance services, emergency medical services, rescue units, and diving and grappling services, and all necessary incidental and appurtenant facilities, land and easements, together with extensions of, and improvements to, said system within and outside the boundaries of the District, all as from time to time determined to be required by the District.

(10) "Irrigation Water Facilities" shall mean a non-potable irrigation water, pumping and transmission system, land and easements, as required, and incidental and appurtenant properties and facilities.

(11) "Order of the District Court" shall mean the order of the District Court, Douglas County, Colorado creating Maher Ranch Metropolitan District No. 1, dated _____, 198__.

(12) "Oversizing" or "Oversized" shall be defined as such terms are defined in the Annexation Agreement, which definitions are incorporated herein by this reference.

(13) "Park and Recreation Facilities" shall mean such park and recreation facilities as the District is authorized by law to provide including, but not limited to, a pedestrian and bike trail system, landscaped open space (to include street entry landscaping and signage), parks, recreation structures and facilities, picnic areas, ball

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fields, parking lots, ponds, fountains and all necessary, incidental and appurtenant properties and facilities, all as from time to time determined to be required by the District.

(14) "Person" shall mean any individual, association, corporation, partnership, or any public body, or other legal entity.

(15) "Petition for Organization" shall mean the petition for organization of the District filed with the District Court, Douglas County, Colorado on _____, 198__.

(16) "Plans" shall mean the plans, documents, drawings and specifications prepared by or for the District for the construction, installation or acquisition of any of the Facilities, including any addendum thereto and any change order, revision, and/or modification thereof approved by the parties hereto as may be required herein.

(17) "Plant" shall mean the Castle Pines Metropolitan District sewage treatment plant, identified as the "Castle Pines Plant", or other sewage treatment facility, in the Service Plan of Maher Ranch Metropolitan District No. 1, including expansions or modifications thereto.

(18) "Resolution of the Town" shall mean the resolution of the Board of Trustees of the Town of Castle Rock, Colorado, dated _____, 198__, approving the

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Service Plan for Maher Ranch Metropolitan District No. 1 and this Agreement.

(19) "Sanitation Facilities" shall mean such sanitation facilities and services as the District is authorized by law to provide including, but not limited to, storm or sanitary sewers, or both, flood and surface drainage facilities, treatment and disposal works and facilities, sewage treatment plants, sanitary sewer trunk or interceptor sewers, land application equipment, drainage facilities necessarily related to the construction of the sanitary sewer collection and transmission system, land and easements, and all necessary or proper equipment, facilities and appurtenances thereto, all as from time to time determined to be required by the District. This term shall also include the provision by the District, by construction, purchase, or otherwise, of sanitation facilities or capacity in sanitation facilities outside the District in cooperation and by agreement with the Town, other special districts, and/or the Castle Pines Metropolitan District.

(20) "Service Charges" shall mean the periodic charges imposed by the Town pursuant to Town ordinances, as amended from time to time, or by the District, which are billed to ultimate consumers of services provided by the Town or the District to cover the costs of providing such services.

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(21) "Service Plan" shall mean that plan entitled "Service Plan for Maher Ranch Metropolitan District No. 1, Town of Castle Rock, Douglas County, Colorado" dated _____, 198__, which is incorporated herein by this reference.

(22) "Storm and Surface Drainage Facilities" shall mean such drainage facilities as the District is authorized by law to provide, including, but not limited to, flood and surface drainage facilities constructed pursuant to Town approved plans, including collection and detention facilities, land and easements, and incidental and appurtenant properties and facilities, all as from time to time determined to be required by the District.

(23) "Street Improvements" shall mean such street improvements as the District is authorized by law to provide both within and outside the District's boundaries, to include, but not to be limited to, the necessary street improvements, sidewalks, bridges, parking facilities, curbs and gutters, paving, lighting, grading, landscaping, and other street improvements including culverts and other drainage facilities, conduits, land and easements, and all necessary devices and incidental and appurtenant facilities, all as from time to time determined to be required by the District.

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(24) "Street Lighting" shall mean and be referred to as lighting devices installed along streets and in other public areas both within and outside the District's boundaries for purposes of supplemental illumination during periods of darkness.

(25) "Street Oversizing Fee" shall mean that fee imposed by the Town pursuant to Castle Rock Municipal Code 3.12.030, as amended from time to time.

(26) "Tap Fees" shall mean that certain fee imposed by the Town pursuant to Castle Rock Municipal Code 13.12.070, as amended from time to time.

(27) "Town" shall mean the Town of Castle Rock, Douglas County, State of Colorado, a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Colorado and its successors.

(28) "Traffic and Safety Controls and Devices" shall mean such traffic and safety controls and devices as the District is authorized by law to provide both within and outside the District's boundaries on streets and highways together with all necessary, incidental, and appurtenant facilities, land, and easements, all from time to time determined to be required by the District.

(29) "Transportation Facilities" shall mean a transportation system which may include but shall not be

limited to buses, vehicles and other means of conveyance, park and ride facilities and all necessary incidental and appurtenant properties and facilities together with extensions of and improvements to said system.

(30) "Warranty" shall mean the express promise made by the District that the Facilities are and shall be free from defective materials and workmanship discovered within the appropriate Warranty Period for the Facilities from and after the date of their acceptance by Town pursuant to Section 5.5 hereof (which date will commence the Warranty Period). The Warranty extended by the District hereunder shall be the exclusive Warranty extended hereunder with respect to Facilities constructed hereunder and shall be in lieu of all other warranties, express or implied.

(31) "Warranty Period" for streets, sidewalks, curbs, gutters and bikepaths shall be two (2) years, and for all other Facilities shall be one (1) year.

(32) "Water Facilities" shall mean such water facilities as the District is authorized by law to provide within and outside the boundaries of the District for water supplies for domestic and other public and private purposes by any available means, and all water, water rights and necessary or proper wells, reservoirs, treatment works and facilities, to include, but not be limited to, a water acquisition and supply, treatment, storage, distribution and

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transmission system for the District, land and easements, and incidental equipment and appurtenances thereto all as from time to time determined to be required by the District. This term shall also include the acquisition of treatment and storage facilities, or capacity therein, outside the District by contract.

SECTION 2.2. Interpretation. In this Agreement unless the context otherwise requires:

(a) The terms "herein," "hereunder," "hereby," "hereto," "hereof" and other similar terms, refer to this Agreement as a whole and not to any particular article, section or subdivision hereof; the term "heretofore" means before the date of execution of the Agreement, the term "now" means at the date of execution of this Agreement, and the term "hereafter" means after the date of execution of this Agreement.

(b) All definitions, terms, and words shall include both the singular and the plural.

(c) Words of the masculine gender include correlative words of the feminine and neuter genders.

(d) The captions or headings of this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision, article, or section of this Agreement.

(e) All schedules, exhibits, addenda referred to herein are incorporated herein by this reference. The Annexation Agreement is not generally incorporated herein; the terms and provisions of the Annexation Agreement are incorporated herein only as its terms or provisions are specifically incorporated herein by references contained in other provisions herein.

ARTICLE III

Construction and Financing of Facilities

SECTION 3.1. Facilities and Services. In

accordance with the terms of this Agreement, the District shall, from time to time, design, acquire, construct, install and/or complete the Facilities, at its sole cost and expense, except to the extent Oversizing expenses are paid by the Town, and except to the extent other persons may contribute to the construction of such Facilities. The District may finance the same in whole or in part by sale of its Bonds or by receipt of Facilities Development Fees or other payments from persons or entities desiring capacity in, or the right to use, the Facilities. The Town has consented to the organization of the District to provide the Facilities and services described in the Petition for Organization in accordance with this Agreement. The Town retains the right to require any of the Water Facilities, Irrigation Water

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Facilities and Sanitation Facilities to be Oversized and agrees to pay the cost attributable to such Oversizing according to the provisions set forth in the Annexation Agreement which govern Oversizing; said provisions are incorporated herein by this reference.

SECTION 3.2. Standards, Specifications, Construction and Acceptance, Change Orders. The District agrees that all Town ordinances, resolutions, standards, specifications and procedures, as they may exist from time to time, and as the same are set forth in the Annexation Agreement, shall be fully applicable to the Facilities and to the construction thereof. The location of Facilities shall be shown on the Plans and must be approved by the Town. Material deviations from the location of Facilities must be approved by the Town. Every connection to the District's Water Facilities, Irrigation Water Facilities and Sanitation Facilities shall be permitted under the same provisions as required for attachment to water and sanitation facilities constructed by the Town. The District shall not construct Facilities until Plans for construction of Facilities have been approved by the Town unless the Town fails to respond to a request for approval by the District within the time period set forth in this paragraph. The District shall not accept from contractors any Facilities which are not constructed to all applicable Town specifications in effect at the time of

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commencement of construction. The Town's review of District Plans shall be completed within forty-five (45) days of the date the Plans are presented to the Town for approval. The Town shall review such Plans in good faith to enable the District to construct the Facilities in a timely manner. Failure by the Town to review the Plans and to respond in writing within such forty-five (45) day period following the request by District for approval shall constitute approval by the Town of the Plans as submitted. If the Town has responded to a request for approval and has commented on the Plans requesting changes or additional information, the review period set forth in this paragraph shall be extended for an additional fifteen (15) days after presentation by the District of such changes or additional information to the Town to enable the Town to complete its review. The Town's review and approval of Plans or specifications shall not give rise to any liability by the Town to the District. Once agreed to by the Town and District, the Plans for the Facilities or other public improvements shall not be amended except by written change orders. In the event the party requesting such change order does not receive a written reply within fifteen (15) days of the date of such request, the other party's consent thereto shall be presumed.

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SECTION 3.3. Cooperation in Obtaining Permits

and Approvals. Town and District agree to cooperate in obtaining the necessary permits and approvals necessary to construct or operate any Facility. Town agrees to apply for any such permits or approvals in its name or in the joint names of the Town and District. In the event Town should for any reason fail or refuse to so cooperate, District may independently pursue such permits or approvals and Town shall not act, or fail to act, so as to delay or prevent District from obtaining such permits or approvals. At the request of the District and at the earliest possible date, the Town agrees that as a management agency, it shall seek inclusion of the District within the service area in the DRCOG 208 Clean Water Plan and shall seek designation of the District as part of the Town's Urban Service Area in the DRCOG Regional Development Framework, however such plans may be named by DRCOG in the future.

SECTION 3.4. Authorization of Bonds and Use of Proceeds. In addition to other financing methods available to the District, the District may finance the Facilities by Bonds to be issued and sold from time to time in aggregate amounts not to exceed the amounts set forth in the Service Plan as the Board of Directors of the District shall determine in its sole discretion and in a manner consistent with and subject to the provisions of this Agreement. The

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proceeds of Bonds or other District financings may be used to finance the refunding of prior Bonds; to finance the provision, acquisition, construction, installation and completion of any and all Facilities; to pay engineering, legal, financial and other professional fees and expenses incurred by the District; to pay attorneys' fees, underwriter's discounts, and other costs of Bond issuance including but not limited to the costs of any credit enhancement devices; to fund necessary reserves or capitalized interest; to pay the costs relating to the organization of the District, and for any other lawful purpose of the District. No series of Bonds shall be refunded by the District if such refunding would have the effect of extending the final maturity of such series of Bonds to a date more than forty (40) years from the date of the initial issuance of that series of Bonds without the prior written consent of the Town.

SECTION 3.5. Joint Recreation Facilities or Areas. Upon written request of the Town, the District shall participate in the acquisition of one or more recreational facilities or areas within the Town provided that:

(a) The acquisition of such recreation facilities or areas shall occur on or after May 1, 1987 and on or before May 1, 1992;

(b) All then existing political subdivisions of the state formed after August 14, 1984 which have boundaries which are exclusively within the boundaries of the Town and which have the legal authority to provide such recreation facilities and areas shall be required to participate in the acquisition or financing of the recreational facilities or areas on substantially the same basis as the District;

(c) The maximum contribution of each such political subdivision for the acquisition of such recreational facilities or areas shall not exceed an amount equal to \$25.64 multiplied by the total number of residential dwelling units which may be constructed within the political subdivision pursuant to the applicable zoning regulations of the Town.

(d) The Town, in its sole discretion, may accept contributions of real or personal property which may be utilized for recreational purposes from any or all such political subdivisions and shall credit such contributions of real or personal property against the amount determined under (c) based upon the Town's determination of the fair market value of such real or personal property.

SECTION 3.6. Park-School Facilities. The District and Town will endeavor to cooperate with the Douglas

County School District, Number Re-1 regarding joint use (park-school) facilities.

SECTION 3.7. Construction of Facilities Within District by Town. Nothing contained herein shall be construed to prevent the construction of any necessary public improvement within the District by Town should the District fail or refuse to construct said improvement. In the event District fails or refuses to construct Facilities which are needed to serve property within the District according to final plats approved by the Town, Town shall have the right, but not the obligation except as set forth in the Annexation Agreement, to construct such Facilities which right may be delegated by the Town to the owner of the property without consent of the District. Any such Facilities constructed by the Town shall be paid for by the Town. Except to the extent the Town pays for Oversizing, in no event shall Town construct public improvements or connect to the Water, Sanitation or Irrigation Water Facilities within the District if such construction or connection would, in the opinion of an independent engineering consultant (chosen by mutual agreement of the Town's engineer and the District's engineer), adversely affect the availability of water, irrigation water and/or sanitation services or Facilities to property owners within the District.

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ARTICLE IV

Rates, Fees, Tolls, Charges and Taxes

SECTION 4.1. One-Time Fees. The rights of the Town to impose rates, fees, tolls, charges and taxes upon the District or its residents or property owners, shall be governed by this Agreement and by Section 20.26 of the Annexation Agreement, the provisions of which are incorporated herein by this reference. The Town shall not impose any rates, fees, tolls, charges, or taxes upon the District or its residents or property owners except as the same are imposed within the Town at large. The District may impose the following types of one-time capital investment fees in connection with Facilities furnished or obtained by the District: Facilities Development Fees. The initial Facilities Development Fee to be imposed by the District shall be not less than \$6,300 per equivalent residential unit. It is agreed by the parties hereto that the actual amount of the Facilities Development Fee imposed by the District shall be determined by the District with reference to its financial needs, and shall not be considered as reimbursement or payment to the District of amounts corresponding to development fees identified in the Castle Rock Municipal Code. Said Facilities Development Fees may be increased or decreased in the sole discretion of the Board of Directors of the District but shall never be less than the

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sum total of the Town's water, irrigation water, and sewer development fee. No tap or connection to the Water Facilities, Irrigation Water Facilities, or Sanitation Facilities shall be permitted by District unless and until Town has received all Tap Fees, Capital Plant Investment Fees, and Street Oversizing Fees and any other lawfully imposed fees, from persons or entities desiring such taps, and unless and until the District has received all Facilities Development Fees from the Person obligated to pay the same. The District shall not impose entrance or admission fees upon the general public for admission to the public open space areas within the District.

SECTION 4.2. Service Charges. After acceptance of the Facilities by Town for operation and maintenance, the Town may impose Service Charges, and the District may impose Service Charges for Facilities which it operates and/or maintains and may also impose Service Charge surcharges for other Facilities.

SECTION 4.3. Taxes. The District may levy ad valorem taxes without limitation as to the rate or amount upon taxable property within the District in accordance with applicable statutes for all lawful purposes.

SECTION 4.4. Other Charges. The District may impose Availability Of Service Or Facilities Charges pursuant to applicable statutes. Other fees, rates, tolls, charges, or penalties not specifically identified herein and not in

direct conflict with Town fees, may be imposed by the District. Notwithstanding anything contained in this Agreement to the contrary, in the event the Town refuses or fails to accept Facilities for operations, repairs, maintenance and ownership pursuant to Article V hereof, District shall be permitted to impose Service Charges, or other fees, rates, tolls, charges and penalties in order to defray the costs to the District of performing functions which the Town is obligated to perform pursuant to Article V hereof. With respect to other fees, rates, tolls, charges and penalties which the District may impose, the District shall deliver its resolution to the Town whereby such fees, rates, tolls, charges and penalties are imposed which shall notify the Town that it has thirty (30) days from the effective date of said resolution to object to such resolution, in which case the District shall not impose such fees, rates, tolls, charges or penalties until the Town and the District have come to written agreement thereon.

SECTION 4.5. District to Collect Revenues. All Facilities Development Fees, Service Charges, Service Charge surcharges, and other charges imposed by the District and referred to in Sections 4.1, 4.2 and 4.4 above shall be collected by the District. The District shall use the Town's EQR schedule for determining such fees and charges. The Town shall ensure that all applicable District Facilities Development Fees have been collected prior to the Town's

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issuance of a building permit to the owner of the property to which service will be provided. The District shall pay to Town an administrative fee equal to three and one-half percent (3.5%) of all Availability Of Service Or Facilities Charges collected by the District, and shall also pay to Town an administrative fee equal to one percent (1%) of all other fees and charges collected by the District which are permitted by law. The District agrees to deliver a copy of any resolution of the Board of Directors of the District establishing fees or amending previously established fees to Town at least thirty (30) days after the effective date of such resolution. Ad valorem taxes shall not be collected by Town but shall be collected by the County Treasurer and remitted to the District, and shall not be subject to any administrative fee payment. Town fees collected by the District shall be remitted to the Town within thirty (30) days of receipt.

ARTICLE V

Operation, Repair, Maintenance and Ownership of Facilities

SECTION 5.1. Maintenance of Water Facilities, Irrigation Water Facilities and Sanitation Facilities. In consideration of the District's financing, construction and dedication of the Water Facilities, Irrigation Water Facilities, and Sanitation Facilities to the Town upon completion of such Facilities or upon completion of operable

portions of such Facilities, and upon acceptance of such Facilities by Town pursuant to Section 5.5 hereof, the Town agrees to operate, maintain, repair and/or replace the Water Facilities, Irrigation Water Facilities and the Sanitation Facilities. The Town shall have no obligation to operate, maintain, repair and/or replace such Facilities which have not been constructed to all applicable Town specifications and accepted by Town as provided for herein. The Town shall operate, maintain, repair and/or replace the Water Facilities, Irrigation Water Facilities and the Sanitation Facilities in accordance with its standard policies and procedures, in such manner and to such extent as the Town maintains other similar facilities within the Town. The District shall furnish the Town with a complete record, including but not limited to "as built" drawings, of all Water Facilities and Sanitation Facilities which Town has accepted. The Town shall at all times, have full right of access to said Facilities and shall be permitted to make such repairs, modifications, or connections as it determines to be necessary or desirable without liability by the Town to the District.

SECTION 5.2. Maintenance of Parks; Repair, Maintenance and Replacement of Recreation Facilities. For a period of five (5) years following completion of the Park and Recreation Facilities, the District shall operate and maintain all Park and Recreation Facilities, and shall repair

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or replace, or cause to be maintained, repaired or replaced, all Park and Recreation Facilities excepting street entry signs and medians without a right to credits against fees owed to the Town (with appropriate provisions being made upon dissolution of the District for their perpetual maintenance). Upon the expiration of such five (5) year period, the Town shall assume and perform such functions except for operation and maintenance of street entry landscaping and street entry signage which shall be performed by the District. The Town shall at all times have full right of access to Park and Recreation Facilities, and shall be permitted to make such repairs, modifications or replacements as it determines to be reasonable or necessary. The Town shall have no obligation to operate and maintain Park and Recreation Facilities which have not been constructed to all applicable Town specifications and accepted by the Town.

SECTION 5.3. Repair, Maintenance and Replacement of Storm and Surface Drainage Facilities, Traffic and Safety Controls and Devices, Fire Protection Facilities, Transportation Facilities, and Street Lighting. The Town shall maintain, repair or replace, or cause to be maintained, repaired or replaced all Storm and Surface Drainage Facilities, Traffic and Safety Controls and Devices, Transportation Facilities, Fire Protection Facilities, and Street Lighting dedicated to and accepted by Town. The Town shall at all times have full right of access to said

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Facilities and shall be permitted to make such repairs, modifications or replacements as it determines to be reasonable or necessary. The Town shall have no obligation to operate and maintain Facilities which have not been constructed to all applicable Town specifications and accepted by Town.

SECTION 5.4. Repair, Maintenance and Replacement of Street Improvements. The Town shall maintain, repair or replace, or cause to be maintained, repaired or replaced all Street Improvements to include street sweeping and snow removal. The Town shall at all times have full right of access to said Street Improvements and shall be permitted to make such repairs, modifications or replacements as it determines to be reasonable or necessary. The Town shall have no obligation to operate and maintain Street Improvements which have not been constructed to all applicable Town specifications and accepted by Town.

SECTION 5.5. Acceptance of Facilities by Town; Acceptance for Continual Maintenance. Upon completion of construction of Facilities, and upon compliance by the District with the requirements of this Section 5.5, the Town shall accept such Facilities for continual maintenance. The procedure for accomplishing the acceptance of Facilities is as follows:

Within sixty (60) days after issuance of the first Certificate of Occupancy within the District, or immediately

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after completion of publication of notice of final payment to the contractor for the construction of Facilities or portions thereof, whichever occurs last, the District shall request inspection and acceptance of Facilities or other public improvements by written notification of completion and written request for inspection and acceptance delivered to Town's Building/Construction Inspector or other official designated by Town for receipt of such notice. Acceptance shall be evidenced by a letter signed by said official which shall not be unreasonably withheld. Said acceptance letter, or a letter specifically enumerating and describing those defects which preclude Town's acceptance of the Facilities or other public improvements shall be mailed to the District within thirty (30) days after the written request for acceptance, provided such inspection may be reasonably accomplished within such thirty (30) days. If such inspection cannot be accomplished, Town shall, within thirty (30) days after the written request for acceptance, notify the District in writing as to the additional time required, but in no event to exceed an additional thirty (30) days after the written request for acceptance. Failure of Town to respond to a written request for inspection and acceptance within said thirty (30) day period (or failure to accept or reject the Facilities within the additional time period provided for above) shall constitute acceptance of the installations tendered for acceptance, and the District's

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Warranty and Warranty Period shall commence on the thirty-first (31st) day following the date of the letter requesting inspection and acceptance of the Facilities or other improvements. Expiration of the Warranty Period shall not be a condition precedent to acceptance of Facilities by the Town. The Warranty and Warranty Period otherwise shall commence upon acceptance of the Facilities by Town and shall expire on the first or second anniversary date of such acceptance, depending on the length of the Warranty Period. The Warranty extended by District hereunder with respect to Facilities or other public improvements constructed hereunder shall be in lieu of all other warranties by the District, expressed or implied. All construction contracts entered into by the District for construction of Facilities shall name the Town as an intended third party beneficiary which shall be entitled to enforce the terms and conditions of such construction contracts without the requirement of joining the District as a party to any action brought by the Town. The District agrees to cooperate with the Town in pursuing remedies against the contractors.

In the event Town and the District are unable to agree as to what modifications need to be made to any Facility or other public improvement to secure its acceptance by Town, such dispute shall be resolved through private arbitration by one qualified independent engineer selected by mutual agreement, or in the event agreement cannot be reached

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as to one engineer, each party shall select a qualified engineer who shall select a third engineer, in which case the majority decision shall be binding upon the parties. In the event the result of such arbitration is in District's favor, the Warranty Period shall be deemed to have commenced thirty (30) days after the date upon which said Facility or other public improvements were completed. The costs of such arbitration shall be paid by the party deemed in error at the conclusion of such arbitration, or the arbitrator may award costs on any basis deemed equitable. Failure by the Town to accept Facilities, other than Park and Recreation Facilities during the five (5) year period set forth in Section 5.2, pursuant to the terms of this Agreement shall entitle the District to deduct the costs of operating and maintaining such Facilities from any fees or payments of any kind owed to the Town.

It is agreed that the District may construct the Facilities in phases according to the Service Plan and that reasonable deviations from the phasing plan shall be permitted. Facilities which the District obtains or constructs in phases shall be accepted by the Town in phases.

With the exception of landscaping on street medians and entry features which shall be owned, operated and maintained by the District, upon acceptance of the Facilities pursuant to this Section 5.5, Town shall accept for continual maintenance all dedicated or deeded Facilities and other

public improvements and such other improvements which are mutually agreed to be constructed and deeded to the Town or dedicated to the public. Such maintenance shall not apply to defective materials or workmanship during the Warranty Period.

Upon acceptance of the Water, Irrigation Water and Sanitation Facilities, the Town shall be the sole owner of all water, irrigation water, and sanitation taps within the District.

Acceptance of Facilities by the Town and expiration of the Warranty Period without delivery of notice by the Town to the District of defects in the Facilities shall be conclusive evidence of the construction of such Facilities to all applicable Town specifications.

SECTION 5.6. Ownership of Facilities. Prior to completion and acceptance by the Town the District shall own the Facilities. Upon acceptance by the Town, the Facilities shall be conveyed to Town by quit claim or special warranty deed and/or bill of sale, or such other instrument as is appropriate to transfer the type of Facilities to be conveyed free and clear of encumbrances, except for easements, patents, and reservations of record, if any. The Facilities shall be constructed in rights-of-way or easements which shall also be dedicated to the Town or on property owned by the Town. The District and its agents shall have access to such rights-of-way or easements owned by the Town and the

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Town shall not interfere with the District in the lawful exercise of the powers of the District for the purpose of construction, extension, or enlargement of the Facilities by the District and for all other District purposes set forth herein, and in the Petition and Service Plan.

SECTION 5.7. No Surety Required. District shall be required to provide Warranty but shall not be required to provide surety for such Warranty, unless surety is required pursuant to other agreements. Surety shall be provided by contractors for the labor and materials bonds and performance bonds referred to in Section 5.5.

SECTION 5.8. Damage to Street Improvements. Notwithstanding the obligations of the Town contained in this Article V, the Town shall not be responsible during the Warranty Period for the repair and/or replacement of streets, curbs, gutters, and/or sidewalks, nor of residential or commercial structures and related improvements within the District which are damaged by builders, their contractors or subcontractors during the period of the construction. Such damage may be repaired by the Town but only if the total cost of such repair and/or replacement is paid to the Town by the party causing such damage. The District shall not be responsible, nor have the obligation, to compel the party causing the damage to complete or pay the costs of the repair and/or replacement of damaged Street Improvements after they have been accepted by the Town. The Town agrees that it

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shall, as a condition precedent to granting a certificate of occupancy or similar permit to the owner of the property or improvements, require the owner of the property or improvements to repair and/or replace the damaged structures to the satisfaction of the Town and District or, in the alternative, to require the owner of the property or improvements to deposit the total cost thereof or an appropriate bond with the Town for the purpose of paying for, or securing the payment of the costs of needed repairs and/or replacements which shall then be completed by the Town.

ARTICLE VI

Special Covenants

SECTION 6.1. Restrictions on Expansion of District's Powers. The parties hereto acknowledge that the District was approved by the Town to be organized solely for the purpose of providing, acquiring, constructing, installing and completing the Facilities as described in this Agreement and providing or causing to be provided the services described in the Petition for Organization and the Service Plan. It is not now the intention of the parties hereto that the District should engage in any activity, purpose, service or function except as stated in this Agreement and in the Service Plan or as required to accomplish the purposes herein stated. In conformance with the statements of purpose herein expressed, the District, acting by and through its duly

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constituted Board of Directors, and its duly elected and serving officers, covenants and agrees that it will not at any time during the term of this Agreement, engage in any activity other than the provision, acquisition, construction, installation and completion and financing of such Facilities, services and improvements described in this Agreement and in the Service Plan and that it will not engage in, or seek power or authority to engage in, any service or activity outside its boundaries, as they may be changed from time to time, except, (1) as such Facility, service or activity is described in the Service Plan or is necessary to the provision of Facilities or services within its boundaries, (2) except for streets or other Facilities which are to be constructed or acquired outside of its boundaries in connection with any authority or any other intergovernmental joint venture approved by the Town and/or (3) except in such cases where the Town specifically, by resolution, requests an inclusion of additional lands within the District's boundaries or service area. District shall be entitled to enter into agreements with any districts formed within the Maher Ranch Planned Unit Development, and with other special districts, when organized, without consent of the Town, for the purpose of sharing the cost of Facilities and/or for the purpose of financing, constructing, operating and maintaining the Facilities. Town agrees not to interfere with the

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exercise by District of any of its lawful powers except as the exercise thereof is specifically limited herein.

SECTION 6.2. Condition on Changes of District's Boundaries. The District further covenants and agrees that it will neither cause any additional territory outside the boundaries of the approved Maher Ranch Planned Unit Development Plan (P.U.D.) to be included within the District's boundaries, nor permit any territory now included in the P.U.D. to be excluded from the District unless the same is included in one of the other metropolitan districts which will serve the P.U.D. without first obtaining Town approval. No approval of the Town shall be required for inclusions or exclusions of territory which comply with the terms of this Section 6.2. However, no property shall be excluded from the District if Bonds have been issued to finance Facilities. If a mutually agreeable multi-party agreement among the Town, the District, and the owner of land petitioning for inclusion into the District is consummated, the District may expand its boundaries to include such additional lands located outside the P.U.D. as are designated by Town.

SECTION 6.3. Indemnification. The District will indemnify and hold the Town free and harmless from any loss, claim, damage, tax, penalty, liability, disbursement, litigation expense, attorneys' fees and expenses or court costs arising out of, or in any way relating to the issuance

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or sale of the Bonds and the execution or performance of this Agreement, except for such obligations which the Town has expressly accepted pursuant to this Agreement, including but not limited to those obligations described in Article VI and except for any of the above which may arise as a result of Town's negligence or willful or intentional misconduct.

SECTION 6.4. Dissolution of District; Disposition of Facilities. At such time as all Facilities contemplated under this Agreement, the Service Plan for Maher Ranch Metropolitan District No. 1, the Petition for Organization, the Resolution of the Town approving the Petition, and the Order of the District Court creating the District have been acquired, constructed, installed and completed, and upon payment of all Bonds of the District, or provision having been made for such payment, Town may, subject to applicable statutory provisions, petition the board of directors of the District for dissolution of the District, and the District may, subject to applicable statutory provisions, be dissolved. Upon such petition, the Board of Directors of the District, shall promptly and in good faith, take the necessary steps to dissolve the District pursuant to the provisions of Title 32, Part 7, Colorado Revised Statutes, as the same may be amended, repealed and reenacted or replaced with comparable legislation. At the time of such dissolution, all Facilities not previously conveyed to Town shall be so conveyed. Nothing contained in this Section

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shall be deemed to specify an exclusive method for accomplishing dissolution. In the event all of the matters set forth as conditions precedent to dissolution of the District have been met, Town has petitioned for a dissolution of the District, and for whatever reason such dissolution is not accomplished, the District agrees that it will not thereafter collect Facilities Development Fees.

SECTION 6.5. District Reimbursement of Certain Town Expenses. Town shall be entitled to submit an invoice to the District for payment of reasonable costs incurred by the Town for formation of the District. If District approves such costs, which approval shall not be withheld unreasonably, District shall pay said invoice within a reasonable period of time thereafter.

SECTION 6.6. Recoupment. Town agrees that it shall pay full and complete recoupment to District pursuant to Castle Rock Municipal Code 13.08, as amended from time to time, for Facilities constructed by District outside the Maher Ranch P.U.D. prior to permitting connection or use to such Facilities by users or property owners located outside the Maher Ranch P.U.D.

SECTION 6.7. Additional Warranties. The parties hereto warrant that each has the full right, power and authority to enter into, perform, and observe this Agreement. Neither the execution of this Agreement by either of the parties hereto, the consummation of the transactions

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contemplated hereunder, nor the fulfillment of, nor the compliance with the terms and conditions of this Agreement by either party will conflict with, or result in the breach of any terms, conditions, or provisions of, or constitute a default under, or result in the imposition of any prohibited lien, charge, or encumbrance of any nature under any agreement instrument, indenture, or any judgment, order or decree to which the Town or District are parties, or by which the Town or District are bound.

SECTION 6.8. Instruments of Further Assurance.

The Town and the District covenant that they will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged, and delivered such acts, instruments and transfers as may reasonably be required for the performance of their obligations hereunder.

SECTION 6.9. Governmental Authority. Town and

District shall comply with any and all valid state and federal laws covering the subject of this Agreement and any and all valid orders, regulations or licenses issued pursuant to any federal or state law governing the subject of this Agreement.

SECTION 6.10. Conservation Trust Fund. District

agrees that it will not create a Conservation Trust Fund nor will it certify to the Department of Local Affairs that it has created such trust fund pursuant to the provisions of C.R.S. 29-21-101, as amended, provided however, it is

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understood and agreed that the District may create such fund and so certify in the event Town fails or refuses to do so, or in the event that the District's proportionate share would not pass to Town as the result of District's failure to create such fund and so certify.

ARTICLE VII

Use Of Castle Pines Wastewater Treatment Plant; Treatment Services

SECTION 7.1. District's Use of Castle Pines Plant. It is contemplated by Town and District that Town will utilize the Castle Pines Plant to provide sewage treatment services to the inhabitants and other approved liquid waste generating establishments within the District. Town agrees to use its best efforts to cooperate with District in obtaining the necessary final approvals for use of the Plant. Such approvals shall include, but not be limited to, approval of expansions of the Urban Service Area of the Town and an amendment to the DRCOG 208 Water Quality Plan to include the District in the service area of the Plant in order to permit sewage and wastewater generated within the District to be treated at the Plant, and also including site approvals, discharge permits, sludge disposal permits, and any special use or zoning approvals which may be required. District may purchase existing or future capacity in the Plant at a price to be determined by reference to agreements between the Town

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and the Castle Pines Metropolitan District, and shall be identified by an amendment to this Agreement.

SECTION 7.2. Expansion of Plant Capacity. Town further agrees to exercise its best efforts to cooperate in obtaining the necessary final approvals for expansion of the capacity of the Plant, or to construct, at the District's expense, such additional sewage and wastewater disposal facilities as may be necessary to fully serve the sewage and wastewater disposal needs of the District.

ARTICLE VIII

Miscellaneous

SECTION 8.1. 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

If to the District: Maher Ranch Metropolitan
District No. 1

Castle Rock, CO 80104

Changes in addresses shall be made by notice to the parties given in conformance with this section.

SECTION 8.2. Liability of Town. No provision, covenant or agreement contained in this Agreement, nor any obligations herein imposed upon the Town, nor the breach

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thereof, nor the issuance and sale of any Bonds by the District shall constitute or create an indebtedness of the Town within the meaning of any Colorado constitutional provision or statutory limitation. The Town shall have no obligation whatsoever to repay any debt or liability of the District.

SECTION 8.3. Assignment. No transfer or assignment of this Agreement or of any rights herein or hereunder shall be made by either party without the prior written consent of the other, which consent shall not be unreasonably withheld.

SECTION 8.4. Amendments. This Agreement and the Exhibits attached hereto, may be amended only in writing upon consent of the parties hereto. Said amendment or amendments shall be approved by resolution of the Board of Trustees of the Town and resolution of the Board of Directors of the District, and signed by the mayor of the Town and chairman and president of the District, and filed with the Douglas County District Court.

SECTION 8.5. Approvals. Unless otherwise provided herein, all approvals of the Town required herein shall be in writing from the Town Administrator, or his designee.

SECTION 8.6. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the

Town and the District and their respective successors and assigns.

SECTION 8.7. 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.

SECTION 8.8. No Waiver. Any waiver or delay in enforcement of one or more terms of this Agreement shall not constitute a waiver of the remaining terms. Any waiver or delay in enforcement regarding any breach of this Agreement shall not constitute a waiver of any terms of the Agreement.

SECTION 8.9. Entire Agreement. This Agreement contains the entire agreement between the parties hereto concerning the subject matter hereof and supersedes all prior conversations, proposal, negotiations, understandings, and agreements, whether written or oral.

SECTION 8.10. Reports. Copies of all reports required to be filed by the District pursuant to C.R.S. 32-1-104(2) and 32-1-823(1), as amended, or which may be requested by the Town pursuant to C.R.S. 32-1-207(3)(c), as amended, shall be delivered by District to Town in a timely manner.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names and

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attested by their duly authorized officers, all as of the date first above written.

TOWN OF CASTLE ROCK

By: _____ Mayor

(SEAL)

ATTEST:

Town Clerk

MAHER RANCH METROPOLITAN DISTRICT NO. 1

By: _____ Chairman and President

(SEAL)

ATTEST:

Secretary

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STATE OF COLORADO)
) SS.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by _____, as Mayor and _____ as Town Clerk of the Town of Castle Rock, a municipal corporation, and _____ as Town Clerk.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

(SEAL)

STATE OF COLORADO)
) SS.
COUNTY OF DOUGLAS)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__ by _____, Chairman and President and _____, Secretary of Maher Ranch Metropolitan District No. 1.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

(SEAL)

8728944 - 10/08/87 12:54 - REITA A. CRAIG DOUGLAS CO. COLO. CLERK & RECORDER 101/ 192
B0752 - P0224 - \$650.00

EXHIBIT C
TO
ANNEXATION AND DEVELOPMENT CONTRACT
BETWEEN
THE TOWN OF CASTLE ROCK
AND
CASTLE PINES LAND COMPANY

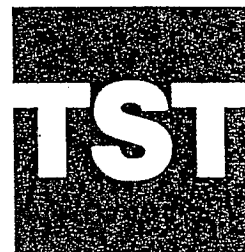
SERVICE PLAN

FOR THE

MAHER RANCH

METROPOLITAN DISTRICT NO. 1
METROPOLITAN DISTRICT NO. 2
METROPOLITAN DISTRICT NO. 3
METROPOLITAN DISTRICT NO. 4
METROPOLITAN DISTRICT NO. 5

JANUARY 1987



TARANTO
STANTON
& TAGGE

CONSULTING
ENGINEERS

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January 15, 1987

Re: Maher Ranch Metropolitan Districts

Project No. 10-527-002

Maher Ranch Metropolitan Districts
482 Happy Canyon Road
Castle Rock, Colorado 80104

Attn: Board of Directors

Gentlemen:

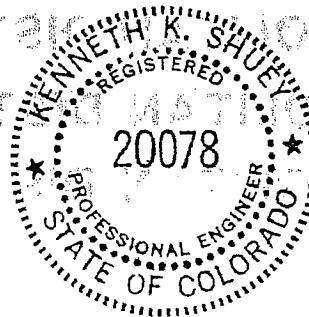
We are pleased to submit the Service Plan for the Maher Ranch Metropolitan Districts in accordance with our contract for professional services.

This plan details the purposes of the Districts and illustrates the need to form the Districts separate from all other existing entities. Also shown is the projected phasing of construction along with the estimated costs for this construction. A projected financial plan which shows the financial viability of the proposed Districts is also included.

If we can provide any additional information or clarify any comments, please contact us.

Sincerely,

Kenneth K. Shuey
Kenneth K. Shuey, P.E.



Donald N. Taranto

Donald N. Taranto, P.E.
TARANTO, STANTON & TAGGE
CONSULTING ENGINEERS



Enclosure

KKS/DNT:kdm

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CONSOLIDATED
SERVICE PLAN

for

MAHER RANCH METROPOLITAN DISTRICT NO. 1
MAHER RANCH METROPOLITAN DISTRICT NO. 2
MAHER RANCH METROPOLITAN DISTRICT NO. 3
MAHER RANCH METROPOLITAN DISTRICT NO. 4
and
MAHER RANCH METROPOLITAN DISTRICT NO. 5

DOUGLAS COUNTY, COLORADO

Prepared For: Maher Ranch Metropolitan Districts.
482 Happy Canyon Road
Castle Rock, Colorado 80104

Prepared By: Taranto, Stanton & Tagge
Consulting Engineers
748 Whalers Way
Building D
Fort Collins, Colorado 80525

Calkins, Kramer, Grimshaw & Harring
1700 Lincoln Street - Suite 3800
Denver, Colorado 80203

Date: January 1987

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B0752 - P0227 - \$638.00

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SERVICE PLAN

I. INTRODUCTION

A. General Overview

This Service Plan represents a consolidated service plan for Maher Ranch Metropolitan District No. 1, Maher Ranch Metropolitan District No. 2, Maher Ranch Metropolitan District No. 3, Maher Ranch Metropolitan District No. 4 and Maher Ranch Metropolitan District No. 5. Maher Ranch Metropolitan District No. 1 (the "Master District") will be the entity responsible for constructing, acquiring, completing, and/or operating and maintaining all facilities and services needed for the entire Maher Ranch Planned Unit Development (the "Project"). The financing for such facilities and services will be provided by Maher Ranch Metropolitan District No. 2, Maher Ranch Metropolitan District No. 3, Maher Ranch Metropolitan District No. 4 and Maher Ranch Metropolitan District No. 5 (referred to as the "Sub-Districts"). Since the provision of essential services and improvements, and financing therefore, is dependent upon the needs and financial capabilities of land within the entire Project, this consolidated Service Plan contains all of the information necessary for approval of the Master District and each of the Sub-Districts. The Financial Plan contained herein contains a consolidated financial analysis of the financial capability of the entire Project. Each of the Sub-Districts will provide financing necessary for construction by the Master District of facilities and services needed within the boundaries of each Sub-District based upon a pro-rata allocation of the costs of such facilities and the financial resources of the Sub-Districts. The Sub-Districts shall not be permitted to construct facilities except as such responsibility may be delegated to them by the Master District or unless the Master District refuses to construct needed facilities. The

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Sub-Districts shall not be permitted to contract with entities other than the Master District for the provision of essential facilities and improvements within their respective boundaries. This is essential since the financial viability of all of the Districts is dependent upon pro-rata financial contributions by each of the Sub-Districts to the Master District. Ultimately, the Master District is expected to build all of the facilities needed for the entire Project. However, it is anticipated that the Master District will construct facilities in phases determined according to the needs of each phase of development of the Project. A separate Sub-District will be organized to finance the costs of each phase of facilities. A system of plant investment fees (tap fees) will be established by the Master District to be paid to the Master District by the Sub-Districts in return for capacity in the water and sanitation facilities and for the right to use the streets, park and recreation improvements, transportation and other improvements to be constructed by the Master District. Interdistrict agreements between the Master District and the Sub-Districts will be executed to ensure long-term service to all property within the Project. A discussion of the proposed structure of the interdistrict agreements is contained in this Service Plan.

All customers and users within the Project will be billed for services based upon a uniform system of service charges to similar classes of users. Operation and maintenance of the facilities will be handled by the Town or by the Master District pursuant to intergovernmental agreements to be negotiated between the Town and the Master District. It is anticipated that the first phase of the development will be included in Maher Ranch Metropolitan District No. 2.

The original boundaries of the Master District and each Sub-District are identified in this Service Plan. The boundaries of the Master District do not encompass the entire Project. However, the "Service Area" of the Master District will cover the

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entire Project and will include the area contained in each of the Sub-Districts. The Master District will have the authority to serve its entire Service Area as well as areas outside the Service Area to which the Master District determines service can be provided in an economical manner.

Upon completion of build-out within the Project, it is anticipated that the Master District and the Sub-Districts may be consolidated into a single district or dissolved. In such event, each phase of development, and corresponding Sub-District, will remain responsible for its individual indebtedness.

It is anticipated that the Sub-Districts will issue general obligation bonds in order to purchase capacity in, and otherwise obtain the right to use, Master District facilities. All Districts will have authority to issue all forms of indebtedness based upon their individual ability to repay such obligations, and will also have authority to issue revenue obligations. The primary sources of revenue to the Master District will be payments made to it by the Sub-Districts, although it is also anticipated that service charges, interest income on construction funds, and tax collections may also be sources of revenue for the Master District. The primary sources of revenue to the Sub-Districts will be ad valorem taxes and facilities development fees, as well as other revenues similar to those available to the Master District.

The proposed financing, construction and service arrangements between the Master District and the Sub-Districts are intended to localize the cost of constructing facilities to specific areas served by those facilities thus reducing the costs which residents of one area might otherwise have to pay for facilities serving other areas. This approach will enable financing, construction, and operation of all facilities needed by the Project to be coordinated, and thereby maintaining a proper balance of tap fees, property taxes, and user charges.

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The use of the Master District as the facilities and service-providing entity for the Project assures that the administration and control of the facilities will not be fragmented. It is anticipated that this mechanism will guarantee responsible expansion and control of the development as approved by the Town.

B. Statutory Requirements for Approval

This service plan (Service Plan) sets forth a proposal for the formation of Maher Ranch Metropolitan District No. 1, Maher Ranch Metropolitan District No. 2, Maher Ranch Metropolitan District No. 3, Maher Ranch Metropolitan District No. 4 and Maher Ranch Metropolitan District No. 5 within the Town of Castle Rock. The proposed District will serve a development known as the "Maher Ranch P.U.D." ("Project"). The Project contains approximately 817 acres of land to be developed as a residential development. The Districts will perform an integral role in the Project by providing necessary public services such as water, sewer, streets, traffic and safety, park and recreation, transportation, fire, and related improvements.

The Service Plan is submitted in accordance with the requirements of Article 1 of Title 32 of the Colorado Revised Statutes, as amended (the "Special District Act"). The major purpose of the Service Plan is to produce satisfactory evidence that the requirements for Town approval of the proposed Districts, as set forth in Sections 32-1-203(2) and (2.5), C.R.S., as amended, have been met:

1. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special districts;
2. The existing service in the area to be served by the proposed special districts is inadequate for present and projected needs;

3. The proposed special districts are capable of providing economical and sufficient service to the area within their proposed boundaries;
4. The area to be included in the proposed special districts has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
5. Adequate service is not, or will not be, available to the area through the county, or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
6. The facility and service standards of the proposed special districts are compatible with the facility and service standards of each county within which the proposed special district is to be located and each municipality which is an interested party under section 32-1-204(1) C.R.S.;
7. The proposal is in substantial compliance with a master plan adopted pursuant to section 30-28-106, C.R.S.;
8. The proposal is in compliance with any duly adopted county, regional or state long-range water quality management plan for the area; and
9. The creation of the proposed special districts will be in the best interests of the area proposed to be served.

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C. Statutory Contents of Service Plan

Pursuant to the requirements of the Special District Act, this Service Plan consists of a financial analysis and an engineering plan showing how the facilities and services of the proposed Districts will be provided and financed. The following items required by C.R.S. 32-1-202, et seq. are included in various sections of this Service Plan:

1. A description of the proposed services;
2. A financial plan showing how the proposed services are to be financed including the proposed operating revenue derived from property taxes for the first budget year of the Districts, which shall not be materially exceeded except as authorized pursuant to section 32-1-207 or 29-1-302, C.R.S.;
3. A preliminary engineering or architectural survey showing how the proposed services are to be provided;
4. A map of the proposed Districts' boundaries and an estimate of the population and valuation for assessment of the proposed Districts;
5. A general description of the facilities to be constructed and the standards of such construction, including a statement of how the facility and service standards of the proposed Districts are compatible with the facility and service standards of any county within which all or any portion of the proposed special Districts are to be located, and of municipalities and special districts which are interested parties pursuant to section 32-1-204(1), C.R.S.;

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6. A general description of the estimated cost of acquiring land, engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the organization and initial operation of the Districts.
7. A description of any arrangement or proposal agreement with any political subdivision for the performance of any services between the Districts and such other political subdivision.

C. Statutory Powers and Services

Each of the Districts shall have the ability to exercise all powers to provide the facilities and services described herein within the framework of this Service Plan in accordance with the Special District Act, as either may be amended from time to time. Those powers are:

1. The powers of metropolitan districts as described in C.R.S. Sections 32-1-1001 and 32-1-1004, as amended;
2. The acquisition, construction, completion, installation and/or operation and maintenance of parks and recreational facilities including, but not limited to, parks, bike paths and pedestrian ways, open space, landscaping, golf courses, cultural activities, community recreational centers, water bodies, irrigation facilities, and other active and passive recreational facilities and programs, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the Districts;

3. The acquisition, construction, completion, installation and/or operation and maintenance of a complete local sanitary sewage collection and transmission system which may include, but shall not be limited to, collection mains and laterals, transmission lines, and/or storm sewer, flood and surface drainage facilities and systems, including detention/retention ponds and associated irrigation facilities, and all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and without the boundaries of the Districts;
4. The acquisition, construction, completion, installation and/or operation and maintenance of facilities and/or services for a system of traffic and safety controls and devices on streets and highways and at railroad crossings, including signalization, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the Districts;
5. The acquisition, construction, completion, installation and/or operation and maintenance of street improvements, including curbs, gutters, culverts, and other drainage facilities, sidewalks, bridges, overpasses, bike paths and pedestrian ways, interchanges, median islands, paving, lighting, grading, landscaping, irrigation, and parking lots and structures, together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of and improvements to said facilities within and without the boundaries of the Districts;

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6. The acquisition, construction, completion, installation and/or operation and maintenance of a system to transport the public by bus, rail, or any other means of conveyance, or combination thereof, or pursuant to contract, including park and ride facilities and parking lots, structures, and facilities; together with all necessary, incidental and appurtenant facilities, land and easements, and all necessary extensions of and improvements to said facilities or systems within and without the boundaries of the Districts;
7. The acquisition, construction, completion, installation and/or operation and maintenance of a complete potable and nonpotable local water supply, storage, transmission, and distribution system, which may include, but shall not be limited to, transmission lines, distribution mains and laterals, irrigation facilities, storage facilities, land and easements, and all necessary, incidental, and appurtenant facilities, together with extensions of and improvements to said system within and without the boundaries of the Districts; and
8. The acquisition, construction, completion, installation and/or operation and maintenance of a complete fire protection system including, but limited to, fire stations, fire protection and fire fighting equipment, ambulance services, emergency medical services, rescue units, and diving and grappling services, and all necessary, incidental and appurtenant facilities, land and easements, together with extensions of and improvements to said system within and outside the Districts.

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E. Board Powers

The powers of the Districts, as listed above, will be exercised by the respective Boards of Directors of the Districts to the extent necessary to provide the services contemplated in this Service Plan. In addition to the above powers, the Boards of Directors of the Districts shall have the following authority:

1. To amend the Service Plan as needed, subject to applicable statutory procedures;
2. To forego the financing and construction of certain improvements if such improvements would be best developed by another entity or if it determined by the Boards that financing and construction of certain improvements is not economically feasible;
3. To provide additional services or exercise additional authority in order to perform all functions permitted by implication of the Special District Act; and
4. To cooperate or contract with other governmental entities to provide regional services or facilities, and to share the costs involved.

All activities of the Districts will be undertaken in accordance with and pursuant to the procedures and conditions contained in provisions of the Special District Act and other applicable statutes, as the same may be amended from time to time, and pursuant to provisions contained in the proposed Intergovernmental Agreements with the Town. Each District will be free to act independently subject to the overall limitations of this Service Plan.

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II. NEED FOR THE DISTRICTS

A. Existing Facilities

The Project area is generally undeveloped and vacant and has few, if any, public facilities available. There are currently no entities within the Project area which, in our opinion, consider it to be practical, feasible, or in their best interest to extend existing improvements into the Project on a basis comparable to that being proposed in this Service Plan. It is not considered economically feasible to provide the facilities needed by the Project without organized service by the proposed Districts. Accordingly, it is necessary that the proposed Districts be organized for the purposes described herein.

B. Existing and Proposed Districts

1. Water and Sewer. A portion of the Project lies within the Silver Heights Water and Sanitation District. However, for several reasons it is not anticipated that the Silver Heights District will provide potable water, water treatment and sanitary sewer treatment services to the Project.
2. Park and Recreation. The Project is proposed to be annexed to the Town of Castle Rock which will not construct the park and recreation facilities needed by the Project.
3. Streets and Safety. The Project is proposed to be annexed to the Town of Castle Rock. However, for several reasons it is not anticipated that the Town will provide the majority of the streets and safety improvements required by the Project.