

**LANTERNS FILING NO. 3
SUBDIVISION IMPROVEMENTS AGREEMENT**

DATE: December 31, 2019.

PARTIES: **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 Wilcox Street, Castle Rock, Colorado 80104 (“Town”).

LANTERNS CFC LLC, a Colorado limited liability company, **LANTERNS KDC LLC**, a Colorado limited liability company, and **LANTERNS SLC LLC**, a Colorado limited liability company, **LANTERNS RLC LLC**, a Colorado limited liability company, 12460 1st Street, P.O. Box 247, Eastlake, Colorado 80614-0247, and **TOLL SOUTHWEST, LLC**, a Delaware limited liability company, 10 Inverness Drive East, Englewood, Colorado 80112 (collectively, “Subdivider”).

RECITALS:

A. Subdivider desires to plat certain property as the Lanterns Filing No. 3 subdivision (“Subdivision”), more particularly described in the attached *Exhibit 1* (“Property”).

B. The subdivision regulations of the Castle Rock Municipal Code require that the Subdivider construct the public improvements necessary to provide municipal utilities and services to the Subdivision in accordance with Town regulations. By this Agreement the parties address the conditions for construction of such improvements and certain other issues concerning development of the Subdivision.

C. This Agreement is intended to protect the Town from any liability or cost which may result from the failure of the Subdivider to complete construction of such public improvements to Town standards. This Agreement is not made for the benefit of any other party and Town makes no representation to any owner of a lot or tract within the Subdivision that all necessary Subdivision infrastructure will be completed by the Town in the event of a default by Subdivider.

COVENANTS:

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

Section 1. Definitions. The following words when capitalized in the text shall have the meanings indicated:

Agreement: this Lanterns Filing No. 3 Subdivision Improvements Agreement.

Code: the Castle Rock Municipal Code, as amended.

Development Agreement: the Lanterns Amended and Restated Development Agreement dated October 31, 2014, recorded in the Records on December 8, 2014 at Reception No. 2014071296.

Development Exactions: the fees and charges imposed by Town under the Town Regulations on development, including the Development Impact and System Development Fees.

Development Impact Fees: the fees currently imposed under Chapter 3.16 of the Code.

Director: the Director of Development Services, or designee.

Improvements: the water, wastewater, storm water drainage, transportation, Landscaping or other systems or infrastructure required to serve the Subdivision as identified and described in the Plans (whether on-site or off-site), which upon their completion are to be dedicated to the Town for operation and maintenance by the Town.

Landscaping: the landscaping required on public areas, streetscapes, or tracts as prescribed in the Site Development Plan, including any landscaping guidelines.

Lanterns PD: the Lanterns PDP, 3rd Amendment recorded in the Records on December 8, 2014 at Reception No. 2014071295.

Plans: the description of the Improvements on the construction drawings approved concurrently with the Plat and related documents.

Plat: the final subdivision plat for the Subdivision as approved by the Town.

Property: the property described in the attached *Exhibit 1*.

Records: the public records of Douglas County, Colorado maintained by the Clerk and Recorder.

Site Development Plan: a site development plan for any portion of the Subdivision as approved by the Town.

Subdivision: the Lanterns Filing No. 3 subdivision.

Town Regulations: the Code, inclusive of the Town technical design criteria manuals, as the same may be amended from time to time.

Certain other terms are defined elsewhere in this Agreement. Section references are to the numbered sections of this Agreement.

Section 2. Construction of Improvements. The Improvements shall be constructed in strict accordance with the Plans, or to the extent not otherwise provided in the Plans, in accordance with applicable Town Regulations.

In the event Subdivider has not obtained all necessary Town permits and approvals and commenced construction of the Improvements within one year of the date of recordation of this Agreement, the Town's authorization under this Agreement shall lapse. As a condition to commencement of construction of any of the Improvements thereafter, Subdivider shall demonstrate to the Town Council good cause for the delay and its good faith intention and financial ability to proceed and complete the Improvements for the Subdivision; provided that Subdivider shall not be required to resubmit a land use application for the Subdivision.

Improvements must be completed not later than one year after the date of issuance of the first construction permit, provided that the completion date may be extended by the Director for up to 6 months if justified due to adverse weather, material unavailability, or other unanticipated and unavoidable circumstances beyond the control of Subdivider, as determined by the Director. Subdivider may develop the Property and construct the Improvements in phases as approved by the Town, and such acceptance, release of Security and issuance of building permits and certificates of occupancy shall be addresses on a phase by phase basis.

Section 3. Restrictions Pending Completion of Improvements. The Property shall not qualify for building permits until the Improvements are substantially completed, except when authorized by the Director, as further provided in this section. Substantial completion occurs when the Improvement is functional and operable in all material respects, although not completed to the standard required for formal acceptance by the Town for operation and maintenance. The Property shall not qualify for certificates of occupancy unless the Improvements have been initially accepted by the Town as provided in section 4.

The Director, in his/her absolute discretion, may authorize issuance of one or more designated building permits prior to substantial completion, if unusual and unanticipated circumstances warrant granting a relaxation of the substantial completion requirement. In such event, the Director may impose the condition that all work must cease under such building permit if the Improvements are not substantially completed by the date specified in the permit. In no event shall the Director authorize the issuance of a building permit unless there is adequate emergency access to the site and the water system is completed sufficiently to provide adequate fire flows for fire protection.

Section 4. Acceptance of Improvements. Upon substantial completion of the Improvements, Subdivider may request inspection. Town shall make inspection within 5 working days of the date Subdivider requests final inspection, and Town shall notify Subdivider of non-conforming work within 5 working days after the inspection is made.

Subdivider shall have 30 days from the date of receipt of Town's inspection report to remedy the non-conforming work unless the remedial work is delayed due to weather conditions, in which event the work shall be completed as soon as reasonably feasible thereafter.

With cure of non-conforming work, receipt of record drawings and initial acceptance of the Improvements by Town, Subdivider shall promptly convey its interest in the Improvements by document in the form attached as *Exhibit 2*. With conveyance of the Improvements and receipt of the warranty surety, the applicable warranty period commences.

Section 5. Improvements Security. In accordance with Town Regulations, Subdivider shall provide Town with a letter of credit, cash escrow deposit or performance bond to secure construction of the Improvements. The amount of the Security shall be dependent on the form of Security provided, calculated in accordance with the Town Regulations ("Security"). The form of the Security is subject to approval by the Town Attorney. The Security shall be irrevocable for a period or term extending 60 days beyond the Completion Date. "Completion Date" shall mean the date the Town gives initial acceptance for the Improvements. Security which has a term expiring on or before 60 days after the Completion Date shall contain a provision that unless renewed or substitute Security is provided, prior to its expiration date, it may be called by the Town for lack of adequate Security. The Security shall be delivered to Town prior to and as a condition of the issuance of the first public works permit. The warranty portion of the Security shall be released as authorized in the Town Regulations.

The purpose of the Security is to provide Town with the financial resources to mitigate any public health and safety hazards and/or re-grade and re-vegetate the Subdivision and/or complete construction or installation of any of the Improvements, should Subdivider default in its obligation to complete the Improvements (the "Remedial Work"). The Town retains the absolute discretion to determine what Remedial Work, if any is undertaken by Town on the Improvements, in the event of such default. Any portion of the Security not utilized in the Remedial Work shall be returned to the obligor on the Security, or to Subdivider in the event a letter of credit or cash escrow is furnished by Subdivider.

With Town's initial acceptance of the Improvements, the Security shall be reduced to 15% of the actual construction cost of the Improvements in accordance with Town Regulations. The warranty portion of the Security shall be released as authorized in the Town Regulations.

Section 6. Landscaping.

A. Landscaping is required in connection with the Improvements and in connection with the private improvements on the Property as follows: (i) Subdivider shall make commercially reasonable efforts to complete all Landscaping pertaining to the Improvements prior to initial acceptance of the Improvements as prescribed in the Plans; and (ii) Subdivider shall make commercially reasonable efforts to complete all applicable Landscaping pertaining to private improvements or tracts on the Property prior to the issuance of a certificate of occupancy for related private improvements.

B. In the event Subdivider is unable to complete installation of the Landscaping in accordance with Subparagraph A, above, the following provisions shall apply:

1. Subdivider shall make a cash deposit to the Town in the amount of 100% of the estimated complete cost of the applicable Landscaping, to be held by the Town as security for completion of the Landscaping ("Landscape Deposit").
2. The amount of the Landscape Deposit shall be determined by the Town after review of the cost estimate of completion furnished by the Subdivider's landscape architect or contractor;
3. The Landscape Deposit must be made prior to and as a condition to:
 - a. Initial acceptance of the Improvements under A(i); above; or
 - b. Prior to the issuance of a certificate of occupancy for the private improvements under A(ii), above.
4. The Landscape Deposit shall not accrue interest;
5. Subdivider shall have 180 days from the date the Landscape Deposit is deposited with Town to complete the applicable Landscaping;
6. Within 10 days of completion of the Landscaping and acceptance by the Town, Town shall return the Landscape Deposit to Subdivider;
7. If at the end of the 180 day period the applicable Landscaping has not been completed and accepted by Town, Town may use the Landscape Deposit to the extent necessary to complete the Landscaping, provided Town will not be obligated to spend any Town funds to complete the applicable Landscaping in the event the Landscape Deposit is insufficient to fund completion; and
8. Town shall return to Subdivider any portion of the Landscape Deposit which remains after the Town has completed the Landscaping within 10 days after completion of such Landscaping.

Section 7. Water Supply. 87.33 SFE are required to meet the water demand requirements for the Subdivision. 87.33 SFE of the "Water Credit" provided in Article V of the Development Agreement have been applied to meet such water demand requirements (the "Subdivision Water Credit"). Town shall not require additional water rights or water resources as a condition to issuance of land use approvals within the Subdivision, so long as the aggregate water demand from development does not exceed the Subdivision Water Credit as computed in accordance with the Town Regulations.

To the extent that the water demand created by development on the Property (computed in accordance with Town Regulations), exceeds the Subdivision Water Credit, Subdivider must provide additional water resources computed in accordance with Town Regulations sufficient to meet the demand in excess of the initial Subdivision Water Credit.

Absent compliance with this section, Town may withhold development approvals or construction or building permits on the Property for any proposed use, which, after taking into account all previous development on the Property, that will create an aggregate water demand in excess of the Subdivision Water Credit (as the same may be subsequently augmented in accordance with this section). Should the Subdivision Water Credit not be fully utilized after full development of the Subdivision, the remaining SFE shall revert to the Lanterns Water Bank, as provided in the Development Agreement.

Section 8. Water Efficiency Plan. Pursuant to 5.08 of the Development Agreement, the Property is subject to a Water Efficiency Plan. The requirements under the Water Efficiency Plan shall be incorporated into all residential lot conveyance documents and the private covenants and restrictions for the Property. In the event Town Regulations contain more restrictive conservation measures than provided in the Water Efficiency Plan, the Town Regulations shall govern.

Section 9. Crystal Valley Interchange Contribution. Pursuant to 6.07 of the Development Agreement, concurrently with and as a condition to recordation of the Plat and this Agreement, Subdivider shall cause to be deposited into an escrow account established in accordance with the terms of the Development Agreement and the escrow agreement generally in the form attached as *Exhibit 3*, \$814,929, which amount represents fifty percent of the Interchange Assessment, as defined in the Development Agreement. At such time as the amount payable pursuant to this Section 9 and the like amount payable pursuant to the Lanterns Filing No. 2 Subdivision Improvements Agreement is paid, no further Interchange Assessment shall be payable by Subdivider provided that the Site Development Plan pertaining to the Subdivision is not amended in the future resulting in an increase in the traffic impact attributable to the Subdivision, in which event such additional traffic impact may result in a proportionate increase in the Interchange Assessment.

Section 10. Additional Transportation Improvements. In the event any portion of the remaining property within the Lanterns PD is rezoned with a use that increases traffic counts, pursuant to an updated traffic impact analysis, (i) the conveyance of additional right of way, (ii) construction of additional transportation improvements, and (iii) addition contribution toward the Crystal Valley Interchange may be required as a condition to approval of such rezoning request. This provision shall be a requirement in all subdivision improvements agreements for the properties with the Lanterns PD.

Section 11. Water Conservation Regulations. The landscaping of the Property shall conform to the Town's adopted water conservation requirements in effect at the time of the building permit application.

Section 12. Construction Damage. Subdivider shall be responsible for any extraordinary damage to existing roadways or public improvements internal to the Subdivision, resulting from the gross negligence of contractors working on the Improvements or private improvements. Subdivider may assign responsibility and liability for such construction damage to the builders within the Subdivision. Town consents to such assignment, without relieving Subdivider of the obligation to repair damage, in the event the assignee fails to do so as a result of construction traffic from the Subdivision. Provided

however, where a third party assumes the role of Subdivider by applying for a public works permit and constructing public works for dedication to the Town, such third party shall be considered to be the Subdivider for purposes of this section and shall be responsible to the Town for construction damage.

Section 14. Application of Development Agreement. The Development Agreement may contain certain other conditions and requirements which apply to the development of the Property. The enumeration in this Agreement of certain of obligations triggered under the phasing plan of the Development Agreement is not inclusive of all such obligations. In the event of a conflict between the Development Agreement and this Agreement, the Development Agreement shall govern and control.

Section 15. Default. The following occurrences constitute a default by the Subdivider:

- (a) failure to commence or complete construction of the Improvements within the time periods prescribed in Section 3, above;
- (b) failure to cure the defective construction of any Improvements within the applicable cure period;
- (c) Subdivider has breached, or caused a breach of any other provision of this Agreement.

As a condition to Town's right to exercise its remedies for default, Town shall give written notice to Subdivider of the occurrence of an event of default. Subdivider shall have thirty (30) calendar days from the receipt of such notice to cure the default. If timely cure of the noticed default(s) is not accomplished, Town shall thereafter be entitled to pursue its remedies against Subdivider.

Section 16. Town's Rights Upon Default. When any event of default occurs and has not been timely cured, the Town may:

- (a) if the applicable Improvements have not been timely completed, call the Security in accordance with its terms, and apply the Security for the Remedial Work. Subdivider grants to Town and, if applicable, the surety, and their employees, agents and contractors, a non-exclusive right and easement to enter onto the Subdivision after an uncured default for the purpose of undertaking the Remedial Work;
- (b) if Improvements have not been timely completed, withhold issuance of building permits, certificates of occupancy and tap connections for which the Improvements have not been completed or accepted;
- (c) record a notice of non-compliance with this Agreement in the Records to provide record notice of Subdivider's default, which notice shall promptly be released by Town upon cure of the default; and

- (d) bring suit against Subdivider for money damages and/or equitable relief for breach of this Agreement.

Section 17. Indemnification. Subdivider indemnifies and holds Town harmless from and against all claims, costs and liability of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of construction or repair of the Improvements by Subdivider.

Section 18. No Waiver. No waiver of any provision of this Agreement will be deemed or constitute a waiver of any other provision, nor will it be deemed or constitute a continuing waiver unless expressly provided for by a written amendment to this Agreement signed by both Town and Subdivider, nor will the waiver of any default under this Agreement be deemed a waiver of any subsequent default or defaults of the same type. The Town's failure to exercise any right under this Agreement will not constitute approval of any wrongful act by the Subdivider or the acceptance of any Improvement.

Section 19. Attorney's Fees. Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. If the court awards relief to both parties, each will bear its own costs in their entirety.

Section 20. Notice. Any notice required or permitted by this Agreement will be deemed effective when personally delivered in writing or by facsimile, or three (3) days after notice is deposited with the U.S. Postal Service, postage prepaid, certified, and return receipt requested and addressed as follows:

If to Town: Town of Castle Rock
 Attn: Town Attorney
 100 Wilcox Street
 Castle Rock, CO 80104

If to Subdivider: Lanterns CFC LLC
 Lanterns KDC LLC
 Lanterns SLC LLC
 12460 1st Street
 PO Box 247
 Eastlake, CO 80614-0247

Toll Southwest, LLC
 10 Inverness Drive East
 Englewood, CO 80112

Section 21. Recordation. This Agreement shall be recorded with the Clerk and Recorder's Office of Douglas County, Colorado and shall be binding upon the assigns, successors, and grantees of Subdivider in the same manner as if such third parties were signatories to this Agreement.

Section 22. Immunity. Nothing contained in this Agreement constitutes a waiver of the Town's sovereign immunity under any applicable state law.

(Signature pages to follow)

Unofficial Copy

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson
Lisa Anderson, Town Clerk

David L. Corliss
David L. Corliss, Town Manager

Approved as to form:

Robert J. Slentz
Robert J. Slentz, Town Attorney



STATE OF Colorado)
) ss.
COUNTY OF Douglas

The foregoing instrument was acknowledged before me this 31 day of December, 2019 by Lisa Anderson as Town Clerk and David L. Corliss as Town Manager for the Town of Castle Rock, Colorado.

Witness my official hand and seal.
My commission expires: 6-16-23

(SEAL)

Roberta Schonher
Notary Public



EXHIBIT 1

LEGAL DESCRIPTION – THE LANTERNS FILING NO. 3

A PARCEL OF LAND BEING A PART OF SECTION 26, TOWNSHIP 8 SOUTH, RANGE 67 WEST OF THE SIXTH PRINCIPAL MERIDIAN, TOWN OF CASTLE ROCK, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 26 AND CONSIDERING THE NORTH LINE OF THE NORTHWEST QUARTER OF SAID SECTION 26, BEING MONUMENTED AT THE NORTHWEST CORNER BY A STONE WITH CHISELED "X" AND AT THE NORTH QUARTER CORNER BY A 2-1/2" ALUMINUM CAP ON A 1" PIPE – LS 6935, TO BEAR SOUTH 89°50'08" EAST, 2627.39 FEET WITH ALL BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 22°36'56" EAST A DISTANCE OF 2256.23 FEET TO A POINT ON THE BOUNDARY OF THE LANTERNS FILING NO. 1 PLAT, RECORDED AT RECEPTION NO. 2019064453 IN THE RECORDS OF THE DOUGLAS COUNTY CLERK AND RECORDER SAID POINT BEING THE POINT OF BEGINNING;

THENCE ALONG THE BOUNDARY OF SAID THE LANTERNS FILING NO. 1 PLAT THE FOLLOWING THIRTY-FIVE (35) COURSES:

1. THENCE NORTH 78°41'43" EAST, A DISTANCE OF 93.80 FEET TO A POINT OF CURVATURE;
2. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 328.50 FEET, A CENTRAL ANGLE OF 07°33'10", AN ARC LENGTH OF 43.30 FEET, THE CHORD OF WHICH BEARS NORTH 82°28'18" EAST, 43.27 FEET;
3. THENCE NORTH 86°14'53" EAST, A DISTANCE OF 30.63 FEET TO A POINT OF CURVATURE;
4. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1161.50 FEET, A CENTRAL ANGLE OF 03°45'07", AN ARC LENGTH OF 76.06 FEET, THE CHORD OF WHICH BEARS NORTH 88°07'27" EAST, 76.04 FEET;
5. THENCE NORTH 90°00'00" EAST, A DISTANCE OF 53.67 FEET TO A POINT OF CURVATURE;
6. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 255.00 FEET, A CENTRAL ANGLE OF 36°08'52", AN ARC LENGTH OF 160.88 FEET, THE CHORD OF WHICH BEARS SOUTH 71°55'34" EAST, 158.22 FEET TO A POINT OF REVERSE CURVATURE;
7. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 221.00 FEET, A CENTRAL ANGLE OF 18°30'17", AN ARC LENGTH OF 71.38 FEET, THE CHORD OF WHICH BEARS SOUTH 63°06'16" EAST, 71.07 FEET TO A POINT OF REVERSE CURVATURE;
8. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 300.00 FEET, A CENTRAL ANGLE OF 11°30'30", AN ARC LENGTH OF 60.26 FEET, THE CHORD OF WHICH BEARS SOUTH 66°36'10" EAST, 60.16 FEET;
9. THENCE SOUTH 60°50'55" EAST, A DISTANCE OF 289.96 FEET;
10. THENCE SOUTH 62°45'20" EAST, A DISTANCE OF 14.04 FEET;
11. THENCE SOUTH 64°17'35" EAST, A DISTANCE OF 214.98 FEET TO A POINT OF CURVATURE;

12. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 795.00 FEET, A CENTRAL ANGLE OF $02^{\circ}12'43''$, AN ARC LENGTH OF 30.69 FEET, THE CHORD OF WHICH BEARS SOUTH $63^{\circ}11'14''$ EAST, 30.69 FEET TO A POINT OF REVERSE CURVATURE;
13. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 589.00 FEET, A CENTRAL ANGLE OF $17^{\circ}08'55''$, AN ARC LENGTH OF 176.29 FEET, THE CHORD OF WHICH BEARS SOUTH $70^{\circ}39'20''$ EAST, 175.63 FEET TO A POINT OF REVERSE CURVATURE;
14. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 178.00 FEET, A CENTRAL ANGLE OF $03^{\circ}24'57''$, AN ARC LENGTH OF 10.61 FEET, THE CHORD OF WHICH BEARS SOUTH $77^{\circ}31'19''$ EAST, 10.61 FEET;
15. THENCE SOUTH $75^{\circ}48'50''$ EAST, A DISTANCE OF 50.18 FEET TO A POINT OF CURVATURE;
16. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 222.00 FEET, A CENTRAL ANGLE OF $14^{\circ}41'38''$, AN ARC LENGTH OF 56.93 FEET, THE CHORD OF WHICH BEARS SOUTH $83^{\circ}09'39''$ EAST, 56.78 FEET TO A POINT OF COMPOUND CURVATURE;
17. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 600.00 FEET, A CENTRAL ANGLE OF $15^{\circ}07'23''$, AN ARC LENGTH OF 158.37 FEET, THE CHORD OF WHICH BEARS NORTH $81^{\circ}55'50''$ EAST, 157.91 FEET TO A POINT OF REVERSE CURVATURE;
18. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 8.00 FEET, A CENTRAL ANGLE OF $88^{\circ}23'32''$, AN ARC LENGTH OF 12.34 FEET, THE CHORD OF WHICH BEARS SOUTH $61^{\circ}26'05''$ EAST, 11.15 FEET TO A POINT OF NON-TANGENCY;
19. THENCE NORTH $72^{\circ}45'41''$ EAST, A DISTANCE OF 136.50 FEET TO A POINT OF NON-TANGENT CURVATURE;
20. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 399.00 FEET, A CENTRAL ANGLE OF $01^{\circ}11'44''$, AN ARC LENGTH OF 8.33 FEET, THE CHORD OF WHICH BEARS NORTH $17^{\circ}50'11''$ WEST, 8.33 FEET TO A POINT OF REVERSE CURVATURE;
21. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 6.50 FEET, A CENTRAL ANGLE OF $101^{\circ}28'18''$, AN ARC LENGTH OF 11.51 FEET, THE CHORD OF WHICH BEARS NORTH $32^{\circ}18'06''$ EAST, 10.07 FEET TO A POINT OF COMPOUND CURVATURE;
22. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 290.50 FEET, A CENTRAL ANGLE OF $35^{\circ}27'36''$, AN ARC LENGTH OF 179.79 FEET, THE CHORD OF WHICH BEARS SOUTH $79^{\circ}13'57''$ EAST, 176.93 FEET;
23. THENCE SOUTH $61^{\circ}30'09''$ EAST, A DISTANCE OF 139.58 FEET TO A POINT OF CURVATURE;
24. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 1048.00 FEET, A CENTRAL ANGLE OF $04^{\circ}40'15''$, AN ARC LENGTH OF 85.43 FEET, THE CHORD OF WHICH BEARS SOUTH $59^{\circ}10'02''$ EAST, 85.41 FEET TO A POINT OF REVERSE CURVATURE;
25. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 200.00 FEET, A CENTRAL ANGLE OF $28^{\circ}24'28''$, AN ARC LENGTH OF 99.16 FEET, THE CHORD OF WHICH BEARS SOUTH $71^{\circ}02'09''$ EAST, 98.15 FEET TO A POINT OF REVERSE CURVATURE;
26. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 380.00 FEET, A CENTRAL ANGLE OF $13^{\circ}15'33''$, AN ARC LENGTH OF 87.94 FEET, THE CHORD OF WHICH BEARS SOUTH $78^{\circ}36'37''$ EAST, 87.74 FEET;
27. THENCE SOUTH $71^{\circ}58'50''$ EAST, A DISTANCE OF 173.64 FEET TO A POINT OF CURVATURE;
28. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 375.00 FEET, A CENTRAL ANGLE OF $08^{\circ}37'28''$, AN ARC LENGTH OF 56.45 FEET, THE CHORD OF WHICH BEARS SOUTH

67°40'06" EAST, 56.39 FEET TO A POINT OF REVERSE CURVATURE;

29. THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 107.00 FEET, A CENTRAL ANGLE OF 42°32'57", AN ARC LENGTH OF 79.46 FEET, THE CHORD OF WHICH BEARS SOUTH 84°37'50" EAST, 77.65 FEET TO A POINT OF REVERSE CURVATURE;

30. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 147.00 FEET, A CENTRAL ANGLE OF 11°07'09", AN ARC LENGTH OF 28.53 FEET, THE CHORD OF WHICH BEARS NORTH 79°39'16" EAST, 28.48 FEET;

31. THENCE NORTH 85°12'50" EAST, A DISTANCE OF 69.75 FEET;

32. THENCE NORTH 77°55'07" EAST, A DISTANCE OF 27.54 FEET TO A POINT OF CURVATURE;

33. THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 8.50 FEET, A CENTRAL ANGLE OF 35°03'49", AN ARC LENGTH OF 5.20 FEET, THE CHORD OF WHICH BEARS SOUTH 22°19'04" EAST, 5.12 FEET;

34. THENCE SOUTH 04°47'10" EAST, A DISTANCE OF 5.00 FEET;

35. THENCE NORTH 85°12'50" EAST, A DISTANCE OF 61.00 FEET;

THENCE SOUTH 04°47'10" EAST, A DISTANCE OF 175.39 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 13.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 21.21 FEET, THE CHORD OF WHICH BEARS SOUTH 49°47'10" EAST, 19.09 FEET;

THENCE SOUTH 04°47'10" EAST, A DISTANCE OF 45.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 13.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 21.21 FEET, THE CHORD OF WHICH BEARS SOUTH 40°12'50" WEST, 19.09 FEET;

THENCE SOUTH 04°47'10" EAST, A DISTANCE OF 88.28 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 272.50 FEET, A CENTRAL ANGLE OF 17°18'44", AN ARC LENGTH OF 82.34 FEET, THE CHORD OF WHICH BEARS SOUTH 03°52'12" WEST, 82.02 FEET;

THENCE SOUTH 12°31'35" WEST, A DISTANCE OF 153.08 FEET TO A POINT OF CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 13.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 21.21 FEET, THE CHORD OF WHICH BEARS SOUTH 32°28'25" EAST, 19.09 FEET;

THENCE SOUTH 12°31'35" WEST, A DISTANCE OF 45.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 13.50 FEET, A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 21.21 FEET, THE CHORD OF WHICH BEARS SOUTH 57°31'35" WEST, 19.09 FEET;

THENCE NORTH 77°28'25" WEST, A DISTANCE OF 45.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE LEFT HAVING A RADIUS OF 13.50 FEET, A CENTRAL

ANGLE OF 90°00'00", AN ARC LENGTH OF 21.21 FEET, THE CHORD OF WHICH BEARS NORTH 32°28'25" WEST, 19.09 FEET;

THENCE NORTH 77°28'25" WEST, A DISTANCE OF 128.95 FEET;

THENCE SOUTH 13°13'45" WEST, A DISTANCE OF 222.82 FEET;

THENCE SOUTH 32°31'51" WEST, A DISTANCE OF 141.53 FEET;

THENCE SOUTH 76°32'45" WEST, A DISTANCE OF 64.67 FEET;

THENCE NORTH 19°05'05" WEST, A DISTANCE OF 115.00 FEET TO A POINT OF NON-TANGENT CURVATURE;

THENCE ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 49.50 FEET, A CENTRAL ANGLE OF 32°18'50", AN ARC LENGTH OF 27.92 FEET, THE CHORD OF WHICH BEARS SOUTH 87°04'20" WEST, 27.55 FEET TO A POINT OF TANGENCY;

THENCE NORTH 76°46'15" WEST, A DISTANCE OF 7.00 FEET;

THENCE SOUTH 13°13'45" WEST, A DISTANCE OF 115.00 FEET;

THENCE NORTH 76°46'15" WEST, A DISTANCE OF 150.00 FEET;

THENCE NORTH 77°03'45" WEST, A DISTANCE OF 49.27 FEET;

THENCE NORTH 84°21'08" WEST, A DISTANCE OF 46.46 FEET;

THENCE SOUTH 89°14'35" WEST, A DISTANCE OF 99.52 FEET;

THENCE SOUTH 84°20'54" WEST, A DISTANCE OF 94.89 FEET;

THENCE NORTH 41°00'21" WEST, A DISTANCE OF 60.11 FEET;

THENCE NORTH 39°10'23" WEST, A DISTANCE OF 99.84 FEET;

THENCE NORTH 20°06'24" WEST, A DISTANCE OF 85.05 FEET;

THENCE NORTH 11°29'53" WEST, A DISTANCE OF 40.57 FEET;

THENCE NORTH 00°48'00" WEST, A DISTANCE OF 96.63 FEET;

THENCE SOUTH 89°11'60" WEST, A DISTANCE OF 139.37 FEET;

THENCE NORTH 00°48'00" WEST, A DISTANCE OF 101.50 FEET;

THENCE SOUTH 89°11'60" WEST, A DISTANCE OF 45.00 FEET;

THENCE SOUTH 00°48'00" EAST, A DISTANCE OF 101.50 FEET;

THENCE SOUTH 89°11'60" WEST, A DISTANCE OF 120.00 FEET;

THENCE SOUTH 76°31'55" WEST, A DISTANCE OF 93.43 FEET;

THENCE SOUTH 56°49'37" WEST, A DISTANCE OF 76.75 FEET;

THENCE SOUTH 47°42'26" WEST, A DISTANCE OF 329.84 FEET;

THENCE NORTH 40°34'45" WEST, A DISTANCE OF 948.40 FEET;

THENCE NORTH 20°28'23" WEST, A DISTANCE OF 777.18 FEET TO THE POINT OF BEGINNING.

Unofficial Copy

(Exemplar – Not for Execution)

EXHIBIT 2
PUBLIC IMPROVEMENTS CONVEYANCE AND INITIAL ACCEPTANCE

TRANSFEROR:

TRANSFeree: Town of Castle Rock, a municipal corporation ("Town")
100 Wilcox Street
Castle Rock, Colorado 80104

Transferor has caused to be constructed certain public improvements and facilities described in the attached **Exhibit A** (the "Improvements"), as required by Town to serve the Lanterns Filing No. 3 subdivision. Town will assume the obligation for maintenance and operation of the Improvements, located in rights-of-way, easements or other real property owned by Town, upon the conveyance of the Improvements to Town.

THEREFORE, Transferor grants, conveys and transfers to Town all its interest (real or personal) and title to the Improvements subject to the following:

1. Transferor warrants to Town that Transferor has a good title to the Improvements, free and clear of any lien, claim or right of any third party in or to the Improvements, and Transferor will defend Town's title to the Improvements against the claim of any third party.
2. Transferor warrants that the Improvements are located within the easement, right-of-way or other real property interest designated by the Town for siting of the Improvements. Town acknowledges receipt of as-built drawings of the Improvements dated _____.
3. Transferor warrants that, as constructed, all Improvements are in conformance with the current Town of Castle Rock standards and the approved construction plans, and are free from defects in design, material or workmanship. This warranty is for the period prescribed in Title 15 of the Town's Municipal Code commencing with the date of acceptance made below.
4. Transferor represents that the approximate amount of direct costs of construction of the Improvements (excluding engineering, financing, insurance, etc.), as determined in accordance with usual and customary construction accounting practices is as follows:

Water _____

Wastewater	_____
Stormwater	_____
Streets	_____
Parks and recreation	_____
TOTAL	_____

- Transferor concurrently submits to Town the surety attached as **Exhibit B** in the amount of 15% of the above total to secure Transferor's warranty obligation on the Improvements.

TRANSFEROR:

By: _____

Its: _____

ACCORDINGLY, Town accepts for ownership and maintenance of the Improvements effective _____, 20__.

TOWN OF CASTLE ROCK

Engineering Division

Unofficial Copy

EXHIBIT 3
(Exemplar - Not for Execution)

ESCROW AGREEMENT

This Escrow Agreement is entered into by and between the **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, whose address is 100 Wilcox Street, Castle Rock, CO 80104 ("Town") and **LANTERNS CFC LLC**, a Colorado limited liability company, **LANTERNS KDC LLC**, a Colorado limited liability company, **LANTERNS SLC LLC**, a Colorado limited liability company, **LANTERNS RLC LLC**, a Colorado limited liability company, whose address is 12460 1st Street, PO Box 247, Eastlake Colorado 80614 and **TOLL SOUTHWEST LLC**, a Delaware limited liability company, (collectively, "Owners") and **LAND TITLE GUARANTEE COMPANY**, a corporation organized and existing under the laws of the State of Colorado, whose address is 3033 East First Avenue, Suite 600, Denver, CO 80206 ("Escrow Agent").

RECITALS

A. Pursuant to the terms and conditions set forth the in the Lanterns Amended and Restated Development Agreement dated October 31, 2014, recorded in the Douglas County public records on December 8, 2014 at Reception No. 2014071296 ("Development Agreement"), Owners are required to participate in the joint funding of the Crystal Valley Parkway/Douglas Lane Interchange.

B. Pursuant to the terms of the Development Agreement, Owners are required to deposit fifty percent of the Escrow Assessment, as defined in the Development Agreement, as a condition to recordation of the first subdivision plat creating residential lots ("Initial Deposit"). In addition, Owners are required to deposit the remaining fifty percent of the Escrow Assessment concurrently with and as a condition to recordation of the second subdivision plat creating residential lots ("Supplemental Deposit").

C. Town and Owners desire to establish an escrow account for such funding in to enable the recordation of the Lanterns Filing No. 2 Subdivision Improvements Agreement ("Escrow"). The Escrow shall be disbursed in accordance with the terms of the Development Agreement.

D. This Escrow Agreement sets forth the terms and conditions by which the Escrow Agent shall hold and disburse the escrow funds.

COVENANTS

NOW, THEREFORE, in consideration of the matters described above, the mutual covenants contained in this Agreement, and other good and valuable consideration, the Town, Owners and Escrow Agent agree as follows:

Section 1. Escrow Funds. Escrow Agent acknowledges receipt of \$814,929 from the Owners as the Initial Deposit in compliance with the terms of the Development Agreement. Escrow Agent also acknowledges that it will receive the Supplemental Deposit at a later date, pursuant to the terms of the Development Agreement. Collectively, the Initial Deposit and all Supplemental Deposit shall be referred to as the "Escrow Funds."

Section 2. Disbursement of Escrow Funds. Upon receipt of a request for disbursement from Town, and subject to the terms of the Development Agreement, Escrow Agent shall disburse all or a portion of the Escrow Funds as directed by Town within ten (10) days of receipt of such disbursement request.

Section 3. Interest. Interest on the Escrow Funds shall accrue to principal. All interest or accrued earnings shall be disbursed with principal.

Section 4. Additional Deposits. This Agreement may be amended by joint agreement of the parties to allow for additional deposits of funds per the Development Agreement.

Section 5. Termination of this Agreement. This Escrow Agreement shall terminate upon entire disbursement of the Escrow Funds.

Section 6. Duties of Escrow Agent. The Duties of Escrow Agent shall be as follows:

- A. During the term of this Escrow Agreement, Escrow Agent shall hold and disburse the Escrow Funds in accordance with the terms and provisions of this Agreement.
- B. The Town and Owners agree and acknowledge that Escrow Agent: (1) assumes no personal liability in connection with this Agreement for an act it may do or omit to do hereunder while acting in good faith; and (2) may seek advice from its own counsel, accountants, brokers or other persons reasonably believed by it, in good faith, to be an expert in the matters upon which they were consulted, and shall be fully protected in any action taken or suffered by it in good faith in accordance with such advice.
- C. If a dispute should develop concerning the Escrow Funds, then in any such event, Escrow Agent shall deliver the Escrow Funds in accordance with the joint written instructions received from the Town and Owners by Escrow Agent. If no such instructions are received within thirty (30) days after Escrow Agent has issued a written request for instructions from the Town and Owners, Escrow Agent shall have the right to pay the Escrow Funds into a court of competent jurisdiction and interplead the Town and Owners,

and then Escrow Agent shall be discharged from any obligation in connection with this Agreement.

- D. Escrow Agent shall deposit and invest all Escrow Funds received under this Escrow Agreement in a Federal Deposit Insurance Corporation (FDIC) insured institution ("Institution"). All deposits shall earn interest at the rate paid by the Institution and such interest shall become part of the Escrow Funds and qualify for disbursement. Under no circumstances shall Escrow Agent be liable for loss of funds due to bank, savings and loan association, or other institutional failure, including employees or agents thereof, suspension or cessation of business, or any action or inaction of the part of the bank, savings and loan association, or other institution, or any delivery service transporting funds to and from such institution.
- E. Escrow Agent shall provide an accounting of all Escrow Funds to the Town and Owners upon written request.
- F. Escrow Agent may act in reliance upon any writing or signature, which Escrow Agent, in good faith, believes to be genuine, and may assume the validity and accuracy of any statement or assertion contained in such writing.
- G. Escrow Agent may act in reliance on any person purporting to give any writing, notice, advice, or instruction in connection with the provisions hereof, which it believes, in good faith, has been duly authorized to do so.
- H. Escrow Agent shall execute and deliver all forms required by Federal, State and other governmental agencies relative to the Escrow Funds.

Section 7. Compensation and Reimbursement of Escrow Agent. In consideration for the services to be rendered under and pursuant to this Agreement by Escrow Agent to the Town and Owners, Escrow Agent shall be entitled to receive \$500.00 out of the Escrow Funds at the execution of this Agreement. Thereafter, each disbursement, after the first four (4) disbursements, of Escrow Funds shall be made at a charge of \$10.00 to be paid out of the Escrow Funds.

The Escrow Agent shall be entitled to reimbursement in full out of the Escrow Funds for all costs, expenses, charges, fees, or other payments ("Fees and Expenses") made or to be made by Escrow Agent in the performance of Escrow Agent's duties and obligations under this Agreement. Escrow Agent is hereby directed to disburse to itself in payment of Fees and Expenses from the Escrow Funds, at any time and from time to time, as to the same may be due and owing. Escrow Agent is authorized to withhold any Fees and Expenses due and owing from the Clerk of the Court upon interpleader.

Section 8. Assignment. The duties and obligations of the Town, Owners and Escrow Agent shall not be assigned or delegated without the prior written approval of all parties.

Section 9. Notice. Any instruction, notice or demand to, upon or by any part to this Agreement shall be in writing and may be delivered personally, by U.S. or private mail, courier, telefax, or telegram. Notice shall be deemed given on the first business date said notice is received by the party to whom notice is given, or two (2) business days after the date of deposit in the U.S. Mail. The respective addresses of the parties as set forth in this Agreement, as updated by the last notice of change of address filed with the Escrow Agent by the respective parties, shall be used by all the parties in mailing any notice, demand, or declaration to either party. Telephone or other oral instruction, notice, or demand shall not be accepted by or binding upon any party.

Section 10. Indemnification. The Town, and Owners, to the extent permitted by law, agree to indemnify and hold Escrow Agent harmless from and against any and all claims, actions, causes of action, judgments, damages, injury, loss, liability, costs and expenses arising out of or in any way resulting from or under this Agreement, except for Escrow Agent's willful misconduct or gross negligence.

Section 11. Miscellaneous. Time is of the essence of this Escrow Agreement, and of each and every covenant, term, condition, and provision.

The captions appearing under the section number designations of this Escrow Agreement are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions of this Agreement.

It is agreed that this Escrow Agreement shall be governed, construed, and enforced in accordance with the laws of the State of Colorado.

This Escrow Agreement shall constitute the entire agreement between the Parties concerning the Escrow. Any prior or contemporaneous understanding or representation of any kind preceding or on the date of the execution of this Escrow Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

Any modification of this Escrow Agreement or additional obligation assumed by any party in connection with this Escrow Agreement shall be binding only if evidenced in writing, signed by each party or any authorized representative of each party.

The parties agree to execute whatever papers and documents may be necessary to effectuate the terms of this Escrow Agreement.

The below signed individuals affirm that they have full authority of their respective organizations to enter into this agreement and that all of the actions and documentation required to bind their respective organizations to the terms of this Escrow Agreement have been authorized and completed.

If any term or provision of this Agreement shall be held illegal and unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.

The Town and Owners shall execute and deliver to Escrow Agent all forms required by Federal, State, and other governmental agencies relative to the Escrow Funds.

(Signatory Block Omitted)

Unofficial Copy