

**FLYING HORSE RANCH ADDITION NO. 2 ANNEXATION
ANNEXATION AGREEMENT**

THIS ANNEXATION AGREEMENT, dated this ___ day of _____, 2014, is between the City of Colorado Springs, a home rule city and Colorado municipal corporation ("City"), and Pulpit Rock Investments, LLC ("Owner" or "Property Owner").

I.
INTRODUCTION

The Owner owns all of the real property located in El Paso County, Colorado, identified and described on the legal description attached as Exhibit A (the Property).

The growth of the Colorado Springs metropolitan area makes it likely that the Property will experience development in the future. The Owner will be required to expend substantial amounts for installation of infrastructure needed to service the Property and, therefore, desires to clarify Owner's obligations for installation of or payment for any off-site infrastructure or improvements and with regard to the City's agreements with respect to provision of services to the Property and cost recoveries available to Owner. Subject to the terms and conditions set forth in this Agreement, both the City and Owner wish to annex the Property into the City to ensure its orderly development. In consideration of the mutual covenants contained in this Agreement, the receipt and sufficiency of which are acknowledged by each of the parties, the City and Owner agree as follows.

II.
ANNEXATION

The Owner has petitioned the City for annexation of the Property as set forth in Exhibit A. The annexation will become effective upon final approval by the City Council and the recording of the annexation plat and annexation ordinance with the El Paso County Clerk and Recorder.

All references to the Property or to the Owners' Property are to the Property described in Exhibit A except as otherwise indicated.

III.
LAND USE

The Property is included in the Flying Horse Master Plan. The Owner will comply with this Master Plan or an amended Master Plan approved in accord with applicable provisions of the Code of the City of Colorado Springs 2001, as amended or recodified ("City Code").

IV.
ZONING

A. Zoning. The Planning Department of the City agrees to recommend that the initial zone for the Property shall be a split zone. The northern portion of the strip described as powers and north is 0.759 acres and is to be zoned A (Agricultural) upon annexation. The southern portion of the strip described as powers and south is 0.917 acres and to be zoned PUD (Planned Unit Development; single family residential). *Owners* acknowledge and understand that the City Council determines what an appropriate zone is for the Property, and this recommendation does not bind the Planning Commission or City Council to adopt an A and PUD zone for the Property.

B. Change of Zoning. A change of zone request shall conform to the Master Plan, as approved or as amended by the City in the future.

C. Phasing. Subject to adjustment as reasonably necessary to respond to market conditions, phasing of development within the Property is anticipated to be in substantial conformance with the phasing plan submitted and approved in conjunction with the Flying Horse Master Plan.

V.
COMPLIANCE WITH FLYING HORSE RANCH ANNEXATION AGREEMENT

Although included within the Flying Horse Master Plan, the Property was not included in the Flying Horse Ranch Annexation Agreement, and the provision contained in this Agreement shall only apply to the Property describe in Exhibit A and not to any of the property described in the 2004 Flying Horse Ranch Annexation Agreement recorded January 22, 2004.

However, upon annexation of the Property, Owner understands and agrees that all the provision of the 2004 Flying Horse Ranch Annexation Agreement will extend to the Property as if it originally had been included in the 2004 Flying Horse Ranch annexation, and the Property will be subject to and included in the 2004 Flying Horse Ranch Annexation Agreement.

Without limitation, but by way of explanation, the Property is subject to the following provision in the Flying Horse Ranch Annexation Agreement:

- Section 5 - Public Facilities
- Section 6 - Utilities
- Section 7 - Groundwater Consent
- Section 8 – Parks
- Section 9 – Public Land Dedication
- Section 11 – Fire Protection
- Section 16 – Special Taxing District

VI.
SPECIAL PROVISIONS

Southeastern Colorado Water Conservancy District: Notice is hereby provided that upon annexation the Property is subject to subsequent inclusion into the boundaries of the Southeastern Colorado Water Conservancy District ("District") pursuant to C.R.S. § 37-45-136 (3.6) as may be amended, and the rules and procedures of the District and shall be subject thereafter to a property tax mill levy for the purposes of meeting the financial obligations of the District. CSU will make best efforts to get the Property included within the District boundaries, however, the Owner acknowledges that inclusion of the Property within the District's boundaries is subject to approval by the U.S. Bureau of Reclamation ("Reclamation"). Accordingly, CSU makes no guarantee that the Property will be included within the District's boundaries and the Owner accepts any such risks. The Owner agrees to provide any additional information that may be required to facilitate CSU obtaining the necessary approvals for District boundary inclusion.

VII.
ORDINANCE COMPLIANCE

Owners will comply with all tariffs, policies, rules, regulations, ordinances, resolutions and codes of the City which now exist or are amended or adopted in the future, including those related to the subdivision and zoning of land, except as expressly modified by this Agreement. This Agreement shall not be construed as a limitation upon the authority of the City to adopt different tariffs, policies, rules, regulations, ordinances, resolutions and codes which change any of the provisions set forth in this Agreement so long as these apply to the City generally.

VIII.
ASSIGNS AND DEED OF TRUST HOLDERS

Where as used in this Agreement, the term "the Owners" or "Property Owners," shall also mean any of the heirs, executors, personal representatives, transferees, or assigns of the Owners and all these parties shall have the right to enforce and be enforced under the terms of this Agreement as if they were the original parties hereto. Rights to specific refunds or payments contained in this Agreement shall always be to the Owners unless specifically assigned to another person.

By executing this Agreement, the deed of trust holder agrees that: (1) should it become owner of the Property through foreclosure or otherwise that it will be bound by the terms and conditions of this Agreement to the same extent as Owner; and (2) should it become owner of the Property, any provisions in its deed of trust or other agreements pertaining to the Property in conflict with this Agreement shall be subordinate to and superseded by the provisions of this Agreement.

IX.
RECORDING

This Agreement shall be recorded with the Clerk and Recorder of El Paso County, Colorado, and constitute a covenant running with the land. This Agreement shall be binding on future assigns of the Owners and all other persons who may purchase land within the Property from the Owners or any persons later acquiring an interest in the Property. Any refunds made under the terms of this Agreement shall be made to the Owners and not subsequent purchasers or assigns of the Property unless the purchase or assignment specifically provides for payment to the purchaser or assignee and a copy of that document is filed with the City.

X.
AMENDMENTS

This Agreement may be amended by any party, including their respective successors, transferees, or assigns, and the City without the consent of any other party or its successors, transferees, or assigns so long as the amendment applies only to the property owned by the amending party. For the purposes of this article, an amendment shall be deemed to apply only to property owned by the amending party if this Agreement remains in full force and effect as to property owned by any non-amending party.

Any amendment shall be recorded in the records of El Paso County, shall be a covenant running with the land, and shall be binding on all persons or entities

presently possessing or later acquiring an interest in the property subject to the amendment unless otherwise specified in the amendment."

XI.
HEADINGS

The headings set forth in the Agreement for the different sections of the Agreement are for reference only and shall not be construed as an enlargement or abridgement of the language of the Agreement.

XII.
DEFAULT AND REMEDIES

If either Owner or City fails to perform any material obligation under this Agreement, and fails to cure the default within thirty (30) days following notice from the non-defaulting party of that breach, then a breach of this Agreement will be deemed to have occurred and the non-defaulting party will be entitled, at its election, to either cure the default and recover the cost thereof from the defaulting party, or pursue and obtain against the defaulting party an order for specific performance of the obligations under this Agreement and, in either instance, recover any actual damages incurred by the non-defaulting party as a result of that breach, including recovery of its costs and reasonable attorneys' fees incurred in the enforcement of this Agreement, as well as any other remedies provided by law.

XIII.
GENERAL

Except as specifically provided in this Agreement, City agrees to treat Owner and the Property in a non-discriminatory manner relative to the rest of the City. In addition, any consent or approval required in accord with this Agreement from the City shall not be unreasonably withheld, conditioned or delayed. City agrees not to impose any fee, levy or tax or impose any conditions upon the approval of development requests, platting, zoning or issuance of any building permits for the Property, or make any assessment on the Property that is not uniformly applied throughout the City, except as specifically provided in this Agreement or the City Code. If the annexation of the Property or any portion of the Property is challenged by a referendum, all provisions of this Agreement, together with the duties and obligations of each party, shall be suspended, pending the outcome of the referendum election. If the referendum challenge to the annexation results in the disconnection of the Property from the City, then this Agreement and all its provisions shall be null and void and of no further effect. If the referendum challenge fails, then Owner and City shall continue to be bound by all terms and provisions of this Agreement.

XIV.
SEVERABILITY

If any provision of this Agreement is for any reason and to any extent held to be invalid or unenforceable, then neither the remainder of the document nor the application of the provisions to other entities, persons or circumstances shall be affected.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first written above.

CITY OF COLORADO SPRINGS

BY: _____
PRESIDENT OF CITY COUNCIL


ATTEST:

BY: _____
CITY CLERK

APPROVED AS TO FORM:

BY: _____
CITY ATTORNEY

PROPERTY OWNERS:
Douglas M. Stimple, CEO of
Elite Properties of America, Inc., Manager of
Pulpit Rock Investments, LLC



CEO of manager

ACKNOWLEDGMENT

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 16th day
of July, 2014, by Douglas M. Stimple, as CEO of Elite Properties of
America, Inc., which is the Manager of and on behalf of Pulpit Rock Investments,
LLC as Owner.

Witness my hand and notarial seal.

My commission expires: 12-02-2017

Christine L. Wise
Notary Public
Address: 6385 Corporate Drive
COLORADO SPRINGS, CO 80919

CHRISTINE L WISE
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID # 19874021718
MY COMMISSION EXPIRES DECEMBER 02, 2017

DEED OF TRUST HOLDER:

By: *Bill D Patterson*
Title: managing TRUSTEE

ACKNOWLEDGMENT

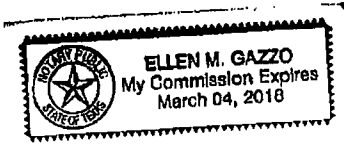
STATE OF TX)
COUNTY OF Harris) ss.

The foregoing instrument was acknowledged before me this 16 day
of July, 2014, by Bill D Patterson as
managing trustee.

Witness my hand and notarial seal.

My commission expires: 3-4-2018

Ellen M Gazzo
Notary Public
Address: 1115 Barkdull A
Houston, TX 77006



DEED OF TRUST HOLDER:

WELFARE BANK COLORADO
PHILIP TRUJILLO

By: PLT

Title: Vice President

ACKNOWLEDGMENT

STATE OF Colorado)
) ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 23rd day
of July, 2014, by Philip Trujillo as
Vice President.

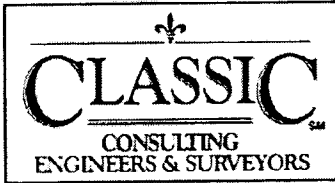
Witness my hand and notarial seal.

My commission expires: 5/18/18

MARGARET MARTIN
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20064016631
MY COMMISSION EXPIRES MAY 18, 2018

Margaret Martin
Notary Public
Address: 2005 Colorado Blvd.
Denver, CO 80222

EXHIBIT A



6385 Corporate Drive, Suite 101
Colorado Springs, Colorado 80919

(719)785-0790
(719) 785-0799(Fax)

JOB NO 1071 93-03
NOVEMBER 12, 2013
PAGE 1 OF 1

LEGAL DESCRIPTION:

THAT PORTION OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH P.M. LYING EAST OF AND ADJACENT TO THAT PARCEL OF LAND DESCRIBED IN DEEDS RECORDED OCTOBER 2, 1981 IN BOOK 3488 AT PAGES 63, 65, AND 67, IN THE CITY OF COLORADO SPRINGS, COUNTY OF EL PASO, STATE OF COLORADO.

BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE WESTERLY BOUNDARY OF TRACT A AS PLATTED IN FLYING HORSE NO. 26 RECORDED UNDER RECEPTION NO. 206712386, RECORDS OF EL PASO COUNTY, COLORADO, MONUMENTED AT BOTH ENDS BY A 1-1/2" ALUMINUM SURVEYORS CAP "CCES LLC PLS 30118", IS ASSUMED TO BEAR S01°14'32"E. A DISTANCE OF 625.69 FEET.

COMMENCING AT THE SOUTHEASTERLY CORNER OF GREY HAWK AT NORTH GATE FILING NO. 1 RECORDED UNDER RECEPTION NO. 206712248, RECORDS OF EL PASO COUNTY, COLORADO, SAID POINT BEING THE NORTHEASTERLY CORNER OF A PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED IN BOOK 3488 AT PAGE 63, 65 AND 67, SAID POINT ALSO BEING THE SOUTHWESTERLY CORNER OF A PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED UNDER RECEPTION NO. 206152664, SAID POINT ALSO BEING THE POINT OF BEGINNING:

THENCE N88°54'07"E, ON THE SOUTHERLY BOUNDARY OF SAID PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED UNDER RECEPTION NO. 206152664, A DISTANCE OF 52.84 FEET TO A POINT ON THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN SAID POINT BEING ON THE WESTERLY BOUNDARY OF TRACT A AS PLATTED IN FLYING HORSE NO. 26 RECORDED UNDER RECEPTION NO. 206712386;

THENCE S01°14'32"E, ON SAID EAST LINE AND SAID WESTERLY BOUNDARY AND THE SOUTHERLY EXTENSION THEREOF, A DISTANCE OF 1145.84 FEET TO A POINT ON THE SOUTH LINE OF THE NORTH HALF OF SAID SECTION 8, SAID POINT BEING ON THE NORTHERLY BOUNDARY OF BELLA SPRINGS FILING NO. 1, RECORDED UNDER RECEPTION NO. 200102105;

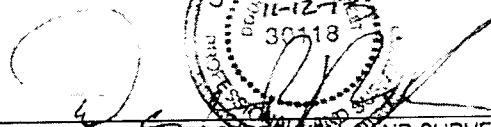
THENCE N89°54'24"W, ON SAID SOUTH LINE AND SAID NORTHERLY BOUNDARY, A DISTANCE OF 74.72 FEET TO A POINT ON THE SOUTHERLY EXTENSION OF THE EASTERLY BOUNDARY OF SAID PARCEL OF LAND DESCRIBED IN A DOCUMENT RECORDED IN BOOK 3488 AT PAGES 63, 65, AND 67;

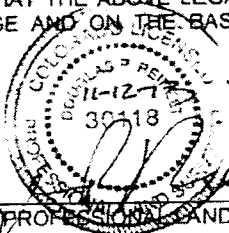
THENCE N00°08'53"W, ON SAID EASTERLY BOUNDARY AND THE SOUTHERLY EXTENSION THEREOF, A DISTANCE OF 1144.44 FEET TO THE POINT OF BEGINNING

CONTAINING A CALCULATED AREA OF 1.677 ACRES

LEGAL DESCRIPTION STATEMENT:

I, DOUGLAS P. REINELT, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY STATE THAT THE ABOVE LEGAL DESCRIPTION WAS PREPARED UNDER MY RESPONSIBLE CHARGE AND ON THE BASIS OF MY KNOWLEDGE, INFORMATION AND BELIEF, IS CORRECT.


DOUGLAS P. REINELT, PROFESSIONAL LAND SURVEYOR
COLORADO P.L.S. NO. 30118
FOR AND ON BEHALF OF CLASSIC CONSULTING,
ENGINEERS AND SURVEYORS, LLC



Nov 12, 2013
DATE