

**KARMAN LINE ADDITION NO. XXX
ANNEXATION AGREEMENT**

THIS ANNEXATION AGREEMENT "Agreement", dated this ____ day of _____, 20__, is between the City of Colorado Springs, a home rule city and Colorado municipal corporation ("City"), and Norris Ranch Joint Venture, LLC, a Colorado Limited Liability Company ("Owner" or "Property Owners").

I.
INTRODUCTION

The Owner own 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 of funds for the 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 upon the recording with the El Paso County Clerk and Recorder (the "Records") of each of the following: (1) this Agreement; (2) the annexation plat; (3) the special warranty deed, and irrevocable consent to the appropriation, withdrawal, and use of groundwater (in the form of Exhibit B attached hereto) (the "Deed"); and (4) the annexation ordinance.

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

III.
LAND USE

The Owner has proposed and submitted to the City for approval the Karman Line Land Use Plan (File No. MAPN-23-0002). Owner agree to comply with the approved Karman Line Land Use Plan and any subsequent amendment thereto (the "Karman Line 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 City, through the Planning and Development Department ("City Planning), agrees to recommend that the initial zone for the Owner's Property shall be A/SS-O (Agricultural with Streamside Overlay) upon annexation. The City and the Owner acknowledge that the "A (Agricultural)" zoning for the Property is only a holding zone until the Owner is ready to develop all or portions of the Property. At the time of development of all or portions of the Property, the Owner will be required to petition the City for a specific zoning designation that is appropriate for development of the subject portion of the Property being proposed for development, all in compliance with the Karman Line Plan. At that time, a full public process is recommended to discuss potential land uses. No potential land uses are established with this Agreement. The Owner acknowledges that the Property may also be subject to an Avigation Easement to be imposed over the entire Property. Owner acknowledge and understand that the City Council determines what an appropriate zone designation is for all or portions of the Property, and that the recommendation for zoning in this Agreement does not bind the Planning Commission or City Council to adopt the recommended zone for the Property.

B. Change of Zoning. Any future change of zone request for all or any portion of the Property shall conform to the Karman Line Plan, as approved or as amended by the City in the future. Rezoning in accord with the zones reflected on the Karman Line Plan will occur prior to actual development of the site in accordance with applicable provisions of the Code of the City of Colorado Springs 2001, as amended (the "City Code").

V.
PUBLIC FACILITIES

A. General. As land is annexed into the City it is anticipated that land development will occur. In consideration of this land development, the City requires public facilities and improvements to be designed, extended, installed, constructed, dedicated and conveyed as part of the land development review and construction process. Public facilities and improvements are those improvements to property which, after being constructed by the Owner and accepted by the City, shall be maintained by the City or another public entity. Generally, the required public facilities and improvements and their plan and review process, design criteria, construction standards, dedication, conveyance, cost recovery and reimbursement, assurances and guaranties, and special and specific provisions are addressed in Chapter 7, Article 7 of the City Code (the "Subdivision Code"). Public facilities and improvements include but are not necessarily limited to: 1.) Utility facilities and extensions for water, wastewater, fire hydrants, electric, gas, streetlights, telephone and telecommunications (For water, wastewater, gas and electric utility service, refer to Chapter 12 of the City Code and Section VI. "Utilities Services" and Section VII. "Water Rights" of this Agreement.); 2.) Streets, alleys, traffic control, sidewalks, curbs and gutters, trails and bicycle paths; 3.) Stormwater infrastructure to control, treat, detain, and convey stormwater; 4.) Arterial roadway bridges; 5.) Parks; 6.) Schools; and 7.) Other facilities and improvements warranted by a specific land development proposal.

It is understood that all public facilities and improvements shall be subject to the provisions of the Chapter 7, Article 7 of the City Subdivision Code, unless otherwise specifically provided for under the terms and provisions of this Agreement. Those specifically modified public facilities and improvements provisions are as follows:

B. Metropolitan Districts. The Owner and City agree that the Property will be within the boundaries of XXXX Metropolitan District No. XX through XXX (the "Metro District(s)") to be created immediately after annexation of the Property to finance, design, extend, install and construct specific public facilities and improvements as identified in this Agreement and as permitted by law. The public facilities and improvements include, among other things, various tracts for landscaping and drainage, public utility and off-site utility infrastructure, all as identified in the Karman Line Plan, development plans, and/or plats for the Property. The Owner agrees that all

such public facilities and improvements shall be identified in such land use plans, development plans, plats and/or construction documents for the Property, and that except as set forth in this Agreement or in any other agreement between the City and the Owner, such public facilities and improvements will be the responsibility of the Owner to finance, design, extend, install, construct, and maintain. Where public improvements are referenced in this Agreement and indicate construction, financing or operation by the Owner, the Owner shall be allowed to utilize the Metro Districts for such purposes to the extent legally allowed.

C. Streets, Bridges and Traffic Control. Unless agreed to elsewhere in this Agreement the Owner agrees to construct, at the Owner's expense, those streets, bridges and/or traffic improvements adjacent to or within the Property. These improvements shall also include mutually acceptable dedications of right-of-way and easements, and extension of streets and right-of-way. The provisions of City Code §§ 7.4.304.F (Reimbursements) and 7.4.305 (Arterial Roadway Bridges) are excluded. City participation or reimbursement for Arterial Streets and Arterial Bridges within the Property will not be allowed.

1. On-Site or Adjacent Streets: Owner agrees to comply with timing and phasing of construction responsibilities outlined specifically on the Karman Line Plan.

2. Off-Site Streets and Bridges:

a. Owner agrees to comply with the timing and phasing of construction responsibilities outlined specifically on the Karman Line Plan, or any other applicable land use plan.

b. The Owner shall construct, at the Owner's expense, that portion of Bradley Road located between Marksheffel Road and Curtis Road to a six (6) lane Principal Arterial. To the extent that the Owner constructs such improvements, the Owner shall be entitled to cost recovery of a portion of its costs and expenses pursuant to the terms of the Cost Sharing Agreement(s).

c. The Owner shall construct, at the Owner's expense, that portion of Curtis Road located between Bradley Road and Irwin Road to a four (4) lane Principal Arterial. To the extent that the Owner constructs such improvements, the Owner shall be entitled to cost recovery of a portion of its costs and expenses pursuant to the terms of the Cost Sharing Agreement(s).

d. With respect to the intersection of Bradley Road, Curtis Road and Drennan Road (the "Curtis Intersection"), the Owner will be responsible for constructing improvements that provides a 90-degree intersection along with traffic control device(s) as determined by future Traffic Impact Study (TIS). To the extent that the Owner constructs such improvements, the Owner shall be entitled to cost recovery of a portion of its costs and expenses pursuant to the terms of the Cost Sharing Agreement(s).

3. Traffic Control Devices. Owner shall construct, at the Owner's expense, those traffic and street signs, striping, and traffic control devices, and permanent barriers, together with all associated conduit for all streets within or contiguous to the Property as determined necessary by the City and in accord with uniformly applied criteria set forth by the City.

D. Drainage. A Final Drainage Report shall be prepared and submitted by the Owner to the City and approved by the Stormwater Enterprise. Final Drainage Reports and Plans shall be prepared and submitted by the Owner to the City and approved by the Stormwater Enterprise, prior to recording subdivision plats. **Drainage Basin Planning Studies for any unstudied major drainage basins must be prepared and submitted by the Owners to the City and approved by the Stormwater Enterprise prior to Final Drainage Report approval.** Owner shall comply with all drainage criteria, standards, policies and ordinances in effect at the time of development,

including but not limited to the payment of any drainage, arterial bridge and detention pond fees and the reimbursement for drainage facilities constructed. **The Owners shall provide full spectrum detention for all developed areas; to be owned and maintained by the Owner. Owner shall be responsible for conformance with the Jimmy Camp Creek Drainage Basin Planning Study. Miscellaneous basin fees must be paid for all unstudied areas in the annexation area. Owner shall be responsible for all analysis required to design and construct channel improvements in the annexation area. Channel improvements will be owned and maintained by the Owner.**

E. Parks: The Owner shall comply with City Code and Parkland Dedication Ordinance.

F. Schools: The Owner shall comply with any applicable City Code sections, with respect to school dedications.

G. Improvements Adjacent to Park and School Lands. Streets and other required public improvements adjacent to park lands dedicated within the Property will be built by the Owner without reimbursement by the City. Streets and other required public improvements, including utilities, adjacent to school lands dedicated within the Property will be built by the Owner and eligible for reimbursement by the School District for fifty percent 50% of all associated costs.

VI. UTILITY SERVICES

A. Colorado Springs Utilities' ("UTILITIES") Services: UTILITIES' water, non-potable water, wastewater, electric, streetlight, and natural gas services ("Utility Service" or together as "Utility Services") are available to eligible customers upon connection to UTILITIES' facilities or utility systems on a "first-come, first-served" basis, provided that (among other things) the City and UTILITIES determine that the applicant has paid all applicable fees and meets all applicable requirements of the City Code, UTILITIES Tariffs, Utilities Rules and Regulations ("URRs"), and Line Extension and Service Standards ("Standards") for each Utility-Service application. In addition, the availability of Utility Services is contingent upon the terms detailed herein and the dedication or conveyance of real and personal property, public rights-of-way, private rights-of-way, or easements that UTILITIES determines are required for the extension of any proposed Utility Service from UTILITIES' utility system facilities that currently exist or that may exist at the time of the proposed extension or connection.

The Owner shall ensure that the connections and/or extensions of Utility Services to the Property are in accordance with this Agreement and with the requirements of City Code and UTILITIES' Tariffs, URRs and Standards, and Pikes Peak Regional Building Department codes in effect at the time of Utility Service connection and/or extension. The Owner acknowledges responsibility for the costs of any extensions necessary to provide Utility Services to the Property or to ensure timely development of integrated utility systems serving the Property and areas outside the Property as determined by UTILITIES in accordance with City Code, URRs and Standards.

The Owner acknowledges that UTILITIES' connection requirements shall include the Owner's payment of all applicable charges and fees, including without limitation, development charges, recovery agreement charges, advance recovery agreement charges, contributions-in-aid of construction, water resource fees, impact fees, and other fees or charges applicable to the requested Utility Service. Because recovery agreement charges, advance recovery agreement charges, and contributions-in-aid of construction may vary over time and by location, the Owner is responsible for contacting UTILITIES' Customer Contract Administration at (719) 668-8111 to ascertain which fees or charges apply to the Property in advance of development of the Property.

B. Dedications and Easements: Notwithstanding anything contained in Article XI of this Agreement to the contrary, the Owner, at the Owner's sole cost and expense, shall obtain for the benefit of UTILITIES, if the

underlying property is not owned by the Owner, and/or dedicate by plat and/or convey by recorded document if the underlying property is owned by the Owner, all property (real and personal) and easements that UTILITIES reasonably determines are required for any utility-system facilities necessary to serve the Property or to ensure development of an integrated utility system. The Owner will dedicate or acquire and dedicate appropriate sites for utility facilities, including but not limited to electric substations, electric transmission and distribution lines and infrastructure, gas regulator station(s), gas mains, City Gate Station(s) wastewater collection mains and pipelines, lift stations and force mains, water tanks and control valves, and water transmission and distribution mains and pipelines, fire protection mains, and facilities necessary to install and maintain UTILITIES' fiber optic network. UTILITIES shall determine the location and size of all property necessary to be dedicated or otherwise conveyed.

The Owner shall provide UTILITIES all written, executed conveyances prior to or at the time of platting or prior to the development of the Property as determined by UTILITIES.

Further, all dedications and conveyances of real property must comply with the City Code, the City Charter, and UTILITIES Tariffs, URRs, and Standards, and shall be subject to UTILITIES' environmental review. Neither the City nor UTILITIES has any obligation to accept any real property interests. All easements by separate instrument shall be conveyed using UTILITIES' then-current Permanent Easement Agreement form without modification unless approved by UTILITIES.

If the Owner, with prior written approval by UTILITIES, relocates, requires relocation, or alters any existing utility facilities within the Property, then the relocation or alteration of these facilities shall be at the Owner's sole cost and expense. If UTILITIES determines that the Owner's relocation or alteration requires new or updated easements, then the Owner shall obtain and assign and/or convey those easements prior to relocating or altering the existing utility facilities using UTILITIES' then-current Permanent Easement Agreement form without modification unless approved by UTILITIES. UTILITIES will only relocate existing gas or electric facilities during time frames and in a manner that UTILITIES determines will minimize outages and loss of service.

C. Extension of Utility Facilities by UTILITIES:

Due to the proximity of this Annexation relative to existing UTILITIES' facilities with capacity to serve the Property, extensions of said facilities will take more time than normal. If the Owner requests to accelerate the schedule for UTILITIES' design and/or construction of utility facilities, the Owner will be responsible for the cost of accelerated design and/or construction pursuant to a time and materials agreement by separate instrument to be negotiated between the Owner and UTILITIES at such time.

1. Natural Gas and Electric Facilities:

- a. Wholesale Service. UTILITIES reserves the right to serve the Property by contracting with third-party utility providers to purchase wholesale natural gas and/or electric service to serve the Property; provided, however, that the Owner will be advised of all agreements with such third party utility providers to the extent such agreements impact the Owner. This interim wholesale service will be to UTILITIES and all properties within the Annexation will only receive utility service from UTILITIES per City Code. All natural gas and electric service to the Property will be at standard service rates as determined in the UTILITIES' Tariffs. In addition, the Owner will pay to UTILITIES natural gas and electric costs not captured in UTILITIES' standard service rates, which may include but is not limited to wheeling charges, measurement fees and any other fees reasonably assessed to UTILITIES by the wholesale service providers.

b. Permanent Electric Service

1. Offsite and Onsite Feeder Infrastructure

If UTILITIES contracts with third-party utility providers to purchase wholesale electric service to serve the Property on an interim basis, the Owner will not be responsible for infrastructure described in this section; however, if UTILITIES does not contract with third-party utility providers for this purpose, and the Owner wishes to accelerate provision of UTILITIES' electric service to the Property, the Owner will be responsible for the cost of design, permitting and construction of the following electric infrastructure required to serve the demand of the Property: 600-amp mainline connecting to and fed from a UTILITIES specified substation, or other connection point approved by UTILITIES, to the Property and all appurtenances thereto. The Owner will initiate design and construction of the above-described electric infrastructure and will coordinate with UTILITIES to ensure the infrastructure is designed and installed in accordance with applicable Standards. The Owner may construct on the Property no more than 3,500 single-family equivalents (SFE) with traditional electric service (with natural gas) or 750 SFE with electrification (resistive heating) before a secondary feed and substation are constructed to serve the Property, unless otherwise agreed to by UTILITIES.

2. Non-Standard Service Configuration

The Owner acknowledges that until permanent electric facilities are constructed in accordance with UTILITIES' Standards to provide necessary redundancy and reliability to the Property, the offsite 600-amp mainline feeder is considered a non-conforming radial feed. In the event of an outage, the Property may be without electric service for an extended period(s) of time until repairs are made, and service is restored; provided, however, that UTILITIES will use commercially reasonable efforts to minimize the duration of any such power outage and restore service as soon as reasonably possible. Due to this unique service characteristic, the Owner shall provide written notice of this condition in its contracts to future prospective owner(s) of any land within the Property.

3. Regional Improvements

UTILITIES will design, permit, and construct, such substations, substation transformers and transmission lines as UTILITIES determines, in its sole discretion, to be necessary to provide permanent electric service to the Property and future growth of the City. The Owner shall contribute to regional improvements as defined in URRs, Tariffs, and Standards as revised.

4. Onsite Distribution Infrastructure

UTILITIES will design and construct all electric distribution facilities within the Property in accordance with UTILITIES' Tariffs, URRs and Standards.

5. Stranded Assets

Operation and maintenance of electric infrastructure is funded by rates. Infrastructure not utilized to full capacity is not sustainable. Should necessary temporary service not be provided by a third party utility provider, several miles of electric infrastructure needed to serve the Property will cross areas where connections are not likely to occur. To the extent there are future annexations that will result in additional connections to the infrastructure, UTILITIES will include cost recovery requirements in the applicable annexation agreements. As such, the Owner will be required to offset the costs of operation and maintenance of the electric system extensions that connect the Property to the

system existing as of the date this Agreement is approved by City Council. The costs to be borne by the Owner shall include the annual operation and maintenance costs and depreciation of any portion of assets extended to serve the Property not utilized by adjacent properties. On an annual basis, UTILITIES will calculate these costs based on the life expectancy and the total installation cost of the subject infrastructure and provide notice to the Owner of such costs. The Owner will pay the costs to UTILITIES on demand. Upon request, from time to time, UTILITIES will provide the Owner with an accounting of the payments made under this provision. The costs to be borne by the Owner shall be reduced to the extent the infrastructure serves other properties. Prior to conveying any lots or parcels of the Property to any party or parties other than the Owner, the Owner will create an entity and this obligation will be assigned to and assumed by such entity to ensure that these costs are paid by one party each year.

6. Revenue Guarantee Contract

In accordance with UTILITIES' URRs, UTILITIES, in its sole discretion, may require the Owner to enter into (and the Owner will require a special district or other entity created to satisfy the requirements of Section XI.C.5., above, to assume) a Revenue Guarantee Contract for the extension of any electric service or facilities.

7. Electric Service Territory Statutory Compensation Fees

If any portion of the Property is located outside UTILITIES' electric service territory prior to annexation, then upon annexation:

- a. The Owner shall be solely responsible for providing the just compensation for electric distribution facilities and service rights specified in C.R.S. §§ 40-9.5-204 plus all costs and fees, including but not limited to, attorneys' fees that UTILITIES incurs as a result of or associated with the acquisition of such electric service territory; and
- b. The Owner shall be solely responsible for all costs: (1) to remove any existing electric distribution facilities within the Property that were previously installed by the then-current electric service provider ("Electric Existing Facilities"); and (2) to convert any overhead electric lines to underground service lines ("Conversion") as determined by UTILITIES.
- c. Within 30 days of the Owner's receipt of an invoice for the following:
 1. The Owner shall pay the former electric service provider, directly, for the just compensation specified in C.R.S. §§ 40-9.5-204 (1) (a) and 40-9.5-204 (1) (b); and
 2. If the former electric service provider removes the Electric Existing Facilities, then the Owner shall pay the former electric service provider directly for the removal of any Electric Existing Facilities.
 3. Further, the Owner shall pay UTILITIES the just compensation specified in C.R.S. §§ 40-9.5-204 (1) (c) and 40-9.5-204 (1) (d) within 30 days of the Owner's receipt of an invoice for such costs.
 4. The Owner shall also pay for any Conversion required by UTILITIES as a result of such annexation concurrent with the execution of a contract between the Owner and UTILITIES that specifies the terms of Conversion.

c. Permanent Natural Gas Service

1. Offsite and Onsite Feeder Infrastructure

The Owner will be responsible for the cost of design, permitting and construction of the following natural gas infrastructure required to serve the demand of the Property: 150-pound gas main(s) and district regulator stations to connect the existing or future City Gate to the Property and all appurtenances thereto. UTILITIES will initiate design and construction of natural gas infrastructure and will continue to diligently work in order to allow for conversion of the natural gas systems from the interim providers to UTILITIES' systems, if interim natural gas provisions are implemented. The Owner will reimburse UTILITIES for design, permitting, and construction costs within 30 days of the Owner's receipt of invoices.

2. Regional Improvements

UTILITIES will design, permit, and construct, such City Gates and compressors stations, UTILITIES determines, in its sole discretion, to be necessary to provide permanent natural gas service to the Property and future growth of the City. The Owner shall contribute to regional improvements as defined in URRs, Tariffs, and Standards as revised.

3. Onsite Distribution Infrastructure

UTILITIES will design and construct all natural gas facilities within the Property in accordance with UTILITIES' Tariffs, URRs and Standards.

4. Stranded Assets

Operation and maintenance of natural gas infrastructure is funded by rates. Infrastructure not utilized to full capacity is not sustainable. Natural gas infrastructure needed to serve the Property will cross areas where connections are not likely to occur. To the extent there are future annexations that will result in additional connections to the infrastructure, UTILITIES will include cost recovery requirements in the applicable annexation agreements. As such, the Owner will be required to offset the costs of operation and maintenance of the natural gas system extensions that connect the Property to the system existing as of the date this Agreement is approved by City Council. The costs to be borne by the Owner shall include the operation and maintenance and annual depreciation of any portion of assets extended to serve the Property not utilized by adjacent properties. On an annual basis, UTILITIES will calculate these costs based on the life expectancy and the total installation cost of the subject infrastructure and provide notice to the Owner of such costs. The Owner will pay the costs to UTILITIES on demand. Upon request, from time to time, UTILITIES will provide the Owner with an accounting of the payments made under this provision. The costs to be borne by the Owner shall be reduced to the extent the infrastructure serves other properties. Prior to conveying any lots or parcels of the Property to any party or parties other than the Owner, the Owner will create an entity and this obligation will be assigned to and assumed by such entity to ensure that these costs are paid by one party each year.

5. Greenhouse Gas Emissions

Given new and changing regulations regarding greenhouse gas (GHG) emissions, UTILITIES may require improvements above and beyond requirements in effect at the time of annexation, such as beneficial electrification, battery storage, solar, or other options, to meet regulatory

requirements; provided, however, that UTILITIES agrees that all such UTILITIES' requirements shall be uniformly applied to all similarly situated UTILITIES' customers. Further, the Owner acknowledges that UTILITIES may refuse new connections to its natural gas service system if state or federal regulations dictate or if UTILITIES determines such action is necessary or desirable to meet state GHG emission reduction targets; provided, however, that UTILITIES agrees that any such refusal of new connections shall be uniformly applied to all similarly situated prospective UTILITIES' customers.

6. Natural Gas Service Territory Just Compensation Fees

If any portion of the Property is located outside UTILITIES' natural gas service territory prior to annexation, then upon annexation:

- a. The Owner shall be solely responsible for providing any just compensation to the incumbent service provider for natural gas distribution facilities and service rights, plus all costs and fees, including but not limited to, attorneys' fees that UTILITIES incurs as a result of or associated with the acquisition/invasion of such natural gas service territory; and
- b. The Owner shall be solely responsible for all costs to remove any existing natural gas distribution facilities within the Property that were previously installed by the incumbent natural gas service provider; and
- c. The Owner shall pay UTILITIES the just compensation and other fees within 30 days of the Owner's receipt of an invoice for such costs.

d. Cost Recovery

The Owner may request reimbursement from future developments taking benefit from the natural gas and electric offsite feeder infrastructure installed as dictated by this Agreement. UTILITIES does not currently have a process for collecting cost recovery for natural gas and electric infrastructure but will include requirements for contributions in future annexation agreements to the extent appropriate.

2. Water Service and Facilities:

a. Offsite and Onsite Feeder Infrastructure

The Owner must extend, design, permit and construct all potable water infrastructure required to serve the demand of the Property including without limitation: pump stations, water transmission and distribution mains and all appurtenances thereto to and within the Property at the Owner's sole cost and expense in accordance with City Code and UTILITIES' Tariffs, URRs, and Standards in effect at the time of each specific request for water service. The Owner shall convey all water service infrastructure installed pursuant to this paragraph to UTILITIES in accordance with Standards. Consistent with City Code § 7.7.1102 (B), the Owner shall complete the design and installation, and obtain preliminary acceptance of such utility facilities, prior to UTILITIES' approval of the Owner's water service requests. Notwithstanding the above requirements, UTILITIES may enter into cost-sharing agreements with the Owner for water system expansions based on a determination of benefit to UTILITIES, in UTILITIES' sole discretion.

b. Regional Improvements

UTILITIES will design, permit, and construct, such treatment plants and tanks in its sole discretion, to

be necessary to provide permanent water service to the Property and future growth of the City. The Owner shall contribute to regional improvements as defined in URRs, Tariffs, and Standards as revised.

c. Onsite Distribution Infrastructure

The Owner must extend, design, permit and construct all water distribution facilities and any water service lines to and within the Property at the Owner's sole cost and expense in accordance with City Code and UTILITIES' Tariffs, URRs, and Standards in effect at the time of each specific request for water service. The Owner shall convey all water service infrastructure installed pursuant to this paragraph to UTILITIES in accordance with Standards. Consistent with City Code § 7.4.303 (B), the Owner shall complete the design and installation, and obtain preliminary acceptance of such utility facilities, prior to UTILITIES' approval of the Owner's water and wastewater service requests.

d. Cost Recovery

In the event UTILITIES or other developers design and construct other water system improvements UTILITIES determines are needed to ensure an integrated water system is available to serve the Property, the Owner shall be required to pay cost recovery for the engineering, materials, and installation costs incurred by UTILITIES, other water providers with whom UTILITIES has contractual obligations regarding service to the Property, or the other developer for its design, construction, upgrade, or improvement of any water pump stations, water suction storage facilities, water transmission and distribution pipelines, or other water system facilities and appurtenances. If the Owner is required to construct regional improvements, they will be eligible for cost recovery in accordance with UTILITIES' Tariffs, URRs, and Standards. If other developments take benefit from offsite and onsite feeder infrastructure benefitting the Property, the Owner may enter into cost recovery or cost sharing agreements with the other parties receiving benefit.

e. Water Quality Plan

The Owner is required to submit a Water Quality Plan when the Owner submits utility construction plans to UTILITIES. Water Quality Plan must show how the Owner will comply with applicable regulations. Water Quality Plan is subject to UTILITIES' review and approval. Any costs associated with complying with Water Quality Plan requirements shall be borne by the Owner. This may include the cost of temporary pumping, and/or onsite temporary chlorination facilities, including design, permitting, construction, operation, materials, labor, equipment, and water at the current commercial rate. UTILITIES may waive or reduce the requirements in this paragraph at its sole discretion.

f. Stranded Assets

Operation and maintenance of water service infrastructure is funded by rates. Infrastructure not utilized to full capacity is not sustainable. Several miles of water infrastructure needed to serve the Property will cross areas where connections are not likely to occur. To the extent there are future connections to the infrastructure, the Owner may be entitled to cost recoveries as provided in the URRs and Standards. As such, the Owner will be required to offset the costs of operation and maintenance of the water system extensions that connect the Property to the system existing as of the date this Agreement is approved by City Council. The costs to be borne by the Owner shall include the operation and maintenance costs and annual depreciation of any portion of assets extended to serve the Property not utilized by adjacent properties. On an annual basis, UTILITIES will calculate these costs based on the life expectancy and the total installation cost of the subject infrastructure and provide notice to the Owner of such costs. The Owner will pay the costs to UTILITIES on demand. Upon request, from time to time, UTILITIES will

provide the Owner with an accounting of the payments made under this provision. The costs to be borne by the Owner shall be reduced to the extent the infrastructure serves other properties. Prior to conveying any lots or parcels of the Property to any party or parties other than the Owner, the Owner will create a special district or other entity and this obligation will be assigned to and assumed by such entity to ensure that these costs are paid by one party each year.

3. Wastewater Service and Facilities

a. Wholesale Service

- i. In order to provide wastewater service to the Property, UTILITIES may enter into an agreement with a third-party wastewater service provider, whereby UTILITIES would purchase wholesale wastewater service to serve the Property. In addition to all infrastructure the Owner is responsible as set forth in subparagraphs (a)(ii) and (b), below, the Owner shall also be responsible for the design, permitting and construction of all wastewater infrastructure needed to connect to the wastewater system of the third-party wastewater service provider. All wastewater service to the Property will be at standard service rates as determined in UTILITIES' Tariffs. The Owner will pay to Utilities wastewater costs not captured in UTILITIES' standard tariff rates, which may include fees assessed to UTILITIES by the wholesale service providers, including fees and charges resulting from connection to the third-party wastewater service provider's system. The Owner acknowledges that UTILITIES provision of wastewater service to portions of the Property is contingent upon UTILITIES execution of an agreement with a third-party wastewater service provider.
- ii. Metering Vault. Pursuant to any wholesale wastewater service agreement between UTILITIES and the third-party wastewater service provider, and in accordance with applicable design and construction standards, the Owner shall be responsible for designing and constructing the wastewater metering vault(s) and any appurtenances required to track and record wastewater flows transported from the Property through UTILITIES' wastewater collection system and delivered to the interconnect point(s) with the third-party wastewater provider's wastewater collection and treatment system.

b. Infrastructure

The Owner must extend, design, and construct all wastewater collection system facilities, wastewater pump stations, and wastewater service lines to and within the Property at the Owner's sole cost and expense in accordance with City Code and UTILITIES' Tariffs, URRs and Standards in effect at the time of each specific request for wastewater service. Consistent with City Code § 7.4.303 (B), the Owner shall complete the design and installation, and obtain preliminary acceptance of such utility facilities, prior to UTILITIES' approval of the Owner's wastewater service requests. Notwithstanding the above requirements, UTILITIES may enter into cost-sharing agreements with the Owner for wastewater system expansions based on a determination of benefit to UTILITIES, in UTILITIES' sole discretion.

c. Cost Recovery

In the event UTILITIES or other developers design and construct other wastewater system improvements UTILITIES determines are needed to ensure an integrated wastewater system is available to serve the Property, the Owner shall be required to pay cost recovery for the engineering, materials, and installation costs incurred by UTILITIES or the other developer for its design, construction, upgrade, or improvement of any wastewater pump stations, wastewater pipeline facilities, or other wastewater collection facilities and appurtenances in accordance with the URRs.

d. Stranded Assets

Operation and maintenance of wastewater service infrastructure is funded by rates. Infrastructure not utilized to full capacity is not sustainable. Several miles of wastewater infrastructure needed to serve the Property will cross areas where connections are not likely to occur. To the extent there are future connections to the infrastructure, the Owner may be entitled to cost recoveries as provided in the URRs and Standards. As such, the Owner will be required to offset the costs of operation and maintenance of the wastewater system extensions that connect the Property to the system existing as of the date this Agreement is approved by City Council. The costs to be borne by the Owner shall include the operation and maintenance costs and annual depreciation of any portion of assets extended to serve the Property not utilized by adjacent properties. On an annual basis, UTILITIES will calculate these costs based on the life expectancy and the total installation cost of the subject infrastructure and provide notice to the Owner of such costs. The Owner will pay the costs to UTILITIES on demand. Upon request, from time to time, UTILITIES will provide the Owner with an accounting of the payments made under this provision. The costs to be borne by the Owner shall be reduced to the extent the infrastructure serves other properties. Prior to conveying any lots or parcels of the Property to any party or parties other than the Owner, the Owner will create a special district or other entity and this obligation will be assigned to and assumed by such entity to ensure that these costs are paid by one party each year.

4. Utility Service Center

The Owner agrees to pay a fee of \$3,131.96 per acre for the portion of the Property depicted on Attachment 1, which is a total of 2,321.03 acres, (the "Utility Service Center Fee") as the Owner's pro rata share of capital cost of a new UTILITIES' service center (the "Utilities Service Center"). The Utilities Service Center is expected to be located at UTILITIES' Advanced Technology Campus property located at the southwest corner of Drennan Road and Foreign Trade Zone Boulevard; provided however, that it is within the discretion of UTILITIES to determine the location of the Utilities Service Center provided that such location allows UTILITIES' service response times for the Property to be in compliance with all applicable regulations. The Utilities Service Center is necessary to ensure efficient service response times for all utility services provided by UTILITIES to the Property and other property included in UTILITIES' service territories in the future. The Utility Service Center Fee will be due and payable with the recordation of the annexation plat and this Agreement.

E. Limitation of Applicability: The provisions of this Agreement set forth the requirements of the City and UTILITIES in effect at the time of annexation of the Property. These provisions shall not be construed as a limitation upon the authority of the City or UTILITIES to adopt different ordinances, rules, regulations, resolutions, policies or codes which change any of the provisions set forth in this Agreement so long as these provisions apply to the City generally and are in accord with the then-current tariffs, rates, regulations and policies of UTILITIES. City Code, UTILITIES' Tariffs, URRs and Standards shall govern the use of all Utilities Services.

F. Southeastern Colorado Water Conservancy District: Notice is hereby provided that upon annexation, and as a condition of receiving water service from UTILITIES, the Property must be included in 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. Further, notice is hereby provided that, after inclusion of the Property into the boundaries of the District, the Property shall be subject to a property tax mill levy or other payment in lieu of taxes for the purposes of meeting the financial obligations of the District. The Owner acknowledges that water service for the Property will not be made available by UTILITIES until the Property is formally included within the boundaries of the District. District inclusion requires consent by the Bureau of Reclamation ("Reclamation"). The Owner shall be responsible for taking all actions necessary for

inclusion of the Property into the boundaries of the District, including but not limited to, any action required to obtain Reclamation's consent to include the Property into the District.

VII. WATER RIGHTS

As provided in the Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater ("Deed"), which is attached to this Agreement and hereby incorporated by reference, Owners grant to the City, all right, title and interest to any and all groundwater underlying or appurtenant to and used upon the Property, and any and all other water rights appurtenant to the Property (collectively referred to as "the Water Rights"), together with the sole and exclusive right to use the Water Rights and all rights of ingress and egress required by the City to appropriate, withdraw and use the Water Rights. The Deed conveying the Water Rights shall be executed by the Owners concurrently with this Agreement and shall be made effective upon the date of the City Council's final approval of the annexation of the Property. The Deed shall be recorded concurrent with the recording of the annexation agreement, annexation plat, and annexation ordinance at the El Paso County Clerk and Recorder's office.

Furthermore, pursuant to C.R.S. § 37-90-137(4), as now in effect or hereafter amended, on behalf of Owners and all successors in title, Owners irrevocably consent to the appropriation, withdrawal and use by the City of all groundwater underlying or appurtenant to and used upon the Property.

In the event the City chooses to use or further develop the Water Rights that have been conveyed, Owners agree to provide any and all easements required by the City prior to the construction and operation of any City well or water rights related infrastructure on the Property. Wells constructed by the City outside the Property may withdraw groundwater under Owners' Property without additional consent from Owners.

Upon annexation of the Property, any wells or groundwater developed by Owners prior to annexation will become subject to UTILITIES' applicable Tariffs, URRs, Standards, and rates as amended in the future. Owners' uses of groundwater shall be subject to approval by the City and UTILITIES, and shall be consistent with City Code, UTILITIES' Tariffs, URRs, Standards, and the City's resolutions and policies for the use of groundwater now in effect or as amended in the future. No commingling of well and City water supply will be permitted.

VIII. FIRE PROTECTION

The Owner understands and acknowledges that the Property may be excluded from the boundaries of the Hanover & Ellicott Fire Districts (the "Fire Districts") under the provisions applicable to special districts, Article 1 of Title 32 C.R.S., and as otherwise provided by law. Upon request by the City, the entity owning the Property at the time of the City's request agrees to apply to the Fire Districts for exclusion of the Property from the Fire Districts. The Owner understands and acknowledges that the Owner, its heirs, assigns and successors in title are responsible for seeking any exclusion from the Fire Districts and that the City has no obligation to seek exclusion of any portion of the Property from the Fire Districts. The Colorado Springs Fire Department ("CSFD") will need a minimum of 4 acres of land dedicated for one double-company fire station, a fire engine, and a brush truck, which will be provided by the developer at a time determined by the CSFD, based upon predicted or actual call volume and distribution. The necessary land, construction of all stations, and purchase of all firefighting apparatus shall be provided by the developer in a size and design determined by the CSFD. Refunds at the time of building permit will be provided for a sum not to exceed \$ _____ as established under the standard fee and funding agreements for annexations.

Commented [BE1]: Owner must provide inventory of all well permits and water rights with documentation from the Colorado Division of Water Resources (or other source) identifying all known water rights or deeds associated with the property to be annexed. If there are no wells or water rights, owner must provide letter stating as such. If wells or water rights exist, CSU reserves the right to revise content in this section to reflect the specific conditions under which said rights and/or wells may be used, if permissible.

IX.
FIRE PROTECTION FEE

The Owner shall be subject to the requirements of City Code § 7.5.532 regarding Citywide Development Impact Fees.

X.
POLICE SERVICE FEE

The Owner shall be subject to the requirements of City Code § 7.5.532 regarding Citywide Development Impact Fees.

XI.
PUBLIC LAND DEDICATION

Owner agrees that all land dedicated or deeded to the City for municipal or utility purposes, including park and school sites, shall be platted and all applicable development fee obligations paid.

Owner agrees that any land dedicated or deeded to the City for municipal or utility purposes, including park and school sites, shall be free and clear of liens and encumbrances. All fees that would be applicable to the platting of land that is to be dedicated to the City (including park and school land) shall be paid by Owner. Fees will be required on the gross acreage of land dedicated as of the date of the dedication in accord with the fee requirements in effect as of the date of the dedication. All dedications shall be platted by the Owner prior to conveyance, unless otherwise waived by the City.

In addition, any property dedicated by deed shall be subject to the following:

- A. All property deeded to the City shall be conveyed by General Warranty Deed.
- B. Owners shall convey the property to the City within 30 days of the City's written request.
- C. Any property conveyed to the City shall be free and clear of any liens and/or encumbrances.
- D. All property taxes levied against the property shall be paid by the Owners through the date of conveyance to the City.
- E. An environmental assessment of the property must be provided to the City for review and approval, unless the City waives the requirement of an assessment. Approval or waiver of the assessment must be in writing and signed by an authorized representative or official of the City.

XII.
SPECIAL PROVISIONS

Not applicable.

XIII.
ORDINANCE COMPLIANCE

Owner 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.

XIV.
ASSIGNS AND DEED OF TRUST HOLDERS

As used in this Agreement, the term "Owner", shall also mean any of the heirs, executors, personal representatives, transferees, or assigns of the Owner 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 Owner unless specifically assigned to another person.

Owner affirmatively state that there exist no outstanding deeds of trust or other similar liens or encumbrances against the Property.

XV.
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 Owner and all other persons who may purchase land within the Property from the Owner or any persons later acquiring an interest in the Property. Any refunds made under the terms of this Agreement shall be made to the Owner 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.

XVI.
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."

XVII.
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.

XVIII.
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.

XIX.
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 authorized pursuant to the City Code. The Police Service Fee, Fire Protection Fee and any other fee provided for in this Agreement shall be in addition to, and not in lieu of, any impact fee or development requirement required by or authorized pursuant to 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 Owners and City shall continue to be bound by all terms and provisions of this Agreement.

XX.
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: _____
Yemi Mobolade, Mayor

ATTEST:

BY: _____
Sarah B. Johnson, City Clerk

APPROVED AS TO FORM:

BY: _____
Lisa O'Boyle, City Attorney

DRAFT

OWNER:

[OWNER: CONFIRM OWNERSHIP LEGAL ENTITY]

By: _____

Name: _____

Title: _____
(Owner)

ACKNOWLEDGMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__ , by
_____, as _____ for and on behalf of **[Add in here
OWNER/ENTITY typed out]**

Witness my hand and notarial seal.
My commission expires: _____

Notary Public

DRAFT

DEED OF TRUST HOLDER:

[OWNER: TO CONFIRM THIS PORTION FOR ADDITION TO THE AGREEMENT AS NEEDED]

By: _____

Title: _____

ACKNOWLEDGMENT

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____,
by _____ as _____.

Witness my hand and notarial seal.
My commission expires: _____

Notary Public

DRAFT

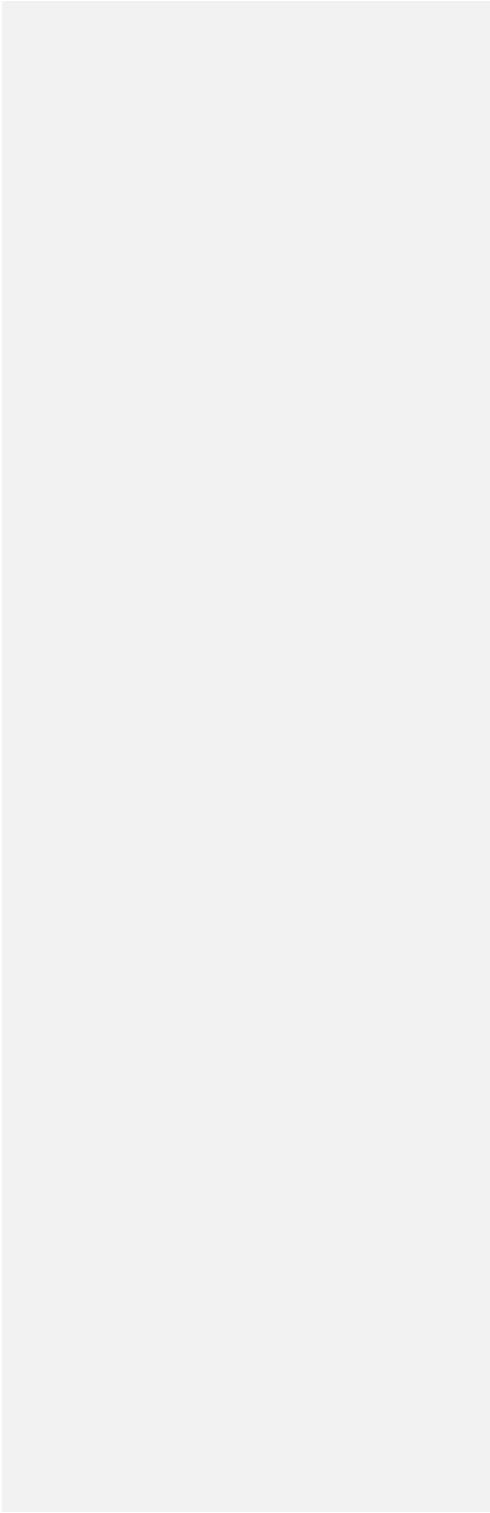


EXHIBIT A

LEGAL DESCRIPTION

[STAFF WILL ADD LEGAL DESCRIPTION: OWNER PROVIDE STAMPED/SIGNED LEGAL]

DRAFT

EXHIBIT B

**SPECIAL WARRANTY DEED AND IRREVOCABLE CONSENT
TO THE APPROPRIATION, WITHDRAWAL AND USE OF GROUNDWATER
Karman Line Addition No. XXX**

(Owner) ("Grantor(s)"), whose address is PO Box1385, Colorado Springs, Colorado, in consideration of the benefits received pursuant to the Karman Line Addition No. XXX Annexation Agreement dated _____ ("Annexation Agreement"), which is executed by Grantor(s) concurrently with this Special Warranty Deed, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, sell and convey to the City of Colorado Springs, Colorado ("Grantee"), whose address is 30 S. Nevada Avenue, Colorado Springs, CO 80903, all right, title, and interest in any and all groundwater underlying or appurtenant to and used upon the property described in Exhibit A ("Property") and any and all other water rights appurtenant to the Property collectively referred to as the "Water Rights", together with the sole and exclusive right to use the Water Rights and all rights of ingress and egress required by the Grantee to appropriate, withdraw and use the Water Rights; and Grantor(s) warrants title to the same against all claims arising by, through, or under said Grantor(s). The Water Rights include but are not limited to those described in Exhibit B.

Furthermore, pursuant to C.R.S. § 37-90-137(4) as now exists or may later be amended, Grantor(s), on behalf of Grantor(s) and any and all successors in title, hereby irrevocably consent in perpetuity to the appropriation, withdrawal and use by Grantee of all groundwater underlying or appurtenant to and used upon the Property.

This Special Warranty Deed and the consent granted herein shall be effective upon the date of the City of Colorado Springs-City Council's final approval of the Annexation Agreement.

Executed this _____ day of _____, 20____.

GRANTOR(s):

By: _____

Name: _____

Its: _____

STATE OF _____)

) ss.

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____,
by _____, Grantor.

Witness my hand and official seal.

My Commission Expires: _____

(SEAL)

Notary Public

Accepted by the City of Colorado Springs:

By: _____ this _____ day of _____, 20____
Real Estate Services Manager

By: _____ this _____ day of _____, 20____.
Colorado Springs Utilities Customer Utility Connections Manager

Approved as to Form:

By: _____ Date: _____
City Attorney's Office

DRAFT

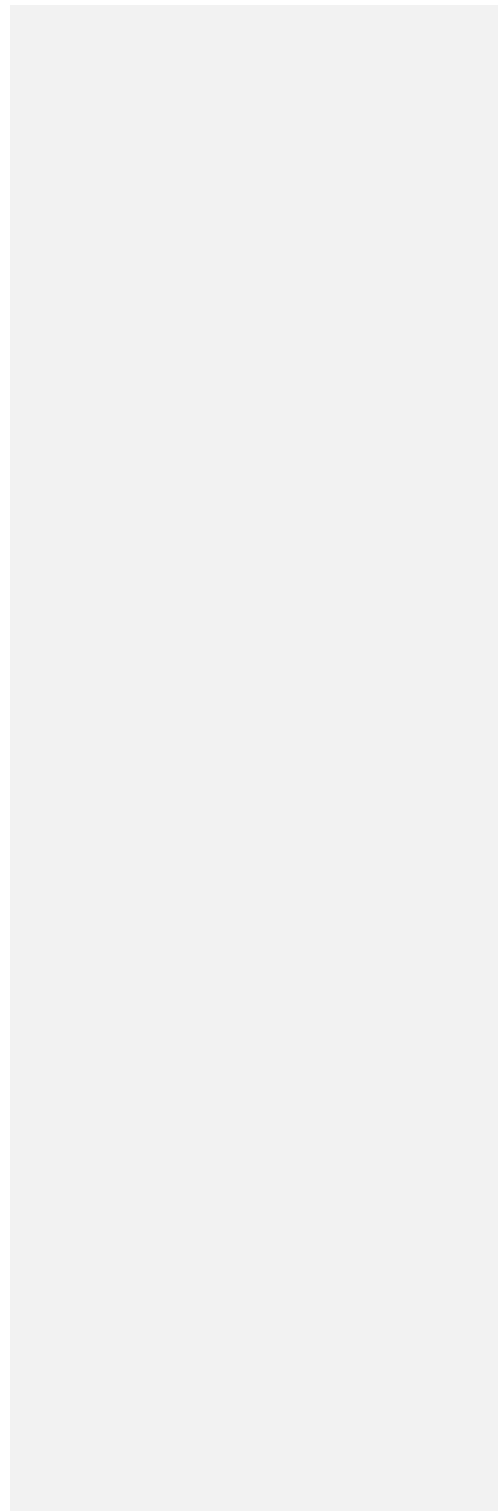


Exhibit A
LEGAL DESCRIPTION

To the
Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater
executed by Norris Ranch Joint Venture, LLC, a Colorado Limited Liability Company, Grantor(s) on
_____.

[STAFF: Include legal description signed and stamped by Professional Licensed Surveyor]

DRAFT

Exhibit B

Commented [SGG2]: See comment above in Section VII. Water Rights from CSU

To the
Special Warranty Deed and Irrevocable Consent to the Appropriation, Withdrawal and Use of Groundwater
executed (Owners), Grantor(s) on _____.

Decreed Groundwater Rights

Case No.
Court:
Source:
Amount:
Date of Decree:
Name of Owner:

Permitted Groundwater

Permit No.
Date of Permit:
Source:
Amount:
Name of Owner:
Legal Description of Well or other structure:

Surface Water Rights

Name of Water Right:
Case No.
Court:
Source:
Amount:
Date of Decree:
Name of Owner:

DRAFT