

AGREEMENT FOR WATER SERVICE
BETWEEN
HUNT FAMILY LLC
AND
THE ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

THIS AGREEMENT is made and entered into this 20th day of FEBRUARY, 2001, by and between HUNT FAMILY LLC (Owner), and the Arapahoe County Water and Wastewater Authority ("Authority"), collectively referred to as the "Parties".

RECITALS

1. Owner owns (or has under contract to purchase) property, (Subject Property) described in Exhibit A to this Agreement, which Owner intends to develop and request residential water service from the Authority, for a total of water tap equivalents not to exceed 378.
2. The Subject Property is located outside the Arapahoe Water and Sanitation District (District) and the current service area of the Authority.
3. The District is now dissolved pursuant to a court order entered on March 4, 1996 (Order of Dissolution). Under the plan of dissolution, dated July 7, 1995 (Plan of Dissolution) which is incorporated into the Order of Dissolution, the District continues to levy an ad valorem tax for purposes of raising revenues to pay its general obligation debt which the District incurred in acquiring its water rights, and constructing its water and wastewater facilities, and the Authority provides all the services which the District formerly provided.
4. The Authority is willing to provide residential water service to property outside the District where the property owner enters into a service contract with Authority which defines the terms and conditions of service.
5. Because property outside of the District is not subject to the District's property tax assessed to pay the District's general obligation debt incurred in acquiring the District's water rights, water infrastructure and wastewater infrastructure, the Authority charges property outside the district an extraterritorial service fee in addition to the service fees charged to taxpaying users within the District to compensate the District for the extraterritorial property owner's use of that portion of the District's infrastructure financed by the District's general obligation debt.
6. The Authority is willing to provide residential service to the Subject Property under the terms and conditions of this agreement. The Owner is willing to accept the terms and conditions of this Agreement in order to receive residential water service to the Subject Property.
7. This is a companion agreement to separate water purchase agreements under which the Authority will acquire specified nontributary and not-nontributary water rights underlying the property described in Exhibit A. This Agreement is specifically contingent on the Authority closing

on the water rights for each of the three separate parcel groups, described in Exhibit A.

AGREEMENT

The Parties agree as follows:

8. Water Services. The Authority agrees to provide residential water services at appropriate water pressure to the Subject Property for the number of residential water tap equivalents shown in Exhibit A, in a manner consistent with its rules and regulations. It is understood that since Owner previously has sold the underlying nontributary groundwater to the Authority, Owner shall be required to pay a payment in lieu of water rights dedication to the Authority for the water necessary to serve the parcels described in Exhibit A. The price for the payment in lieu of water rights dedication shall be the greater of the price the Authority paid Owner for the underlying water rights, or the price established for payments in lieu of water rights dedications under the Authority's rules and regulations, as amended from time to time. The water service provided to the Exhibit A property shall be sufficient to provide residential in-house domestic use, fire protection, and municipal services. Additional water service beyond the water tap equivalents depicted in Exhibit A may be made available to the Subject Property, only upon mutual agreement of the parties, upon terms which do not impede the Authority's ability to serve its service area as it exists at the time of the request for additional service.

9. Construction of Water Lines. Except as provided below, Owner shall be responsible for the construction of water lines, and all additional facilities that need to be located within the Subject Property that are necessary to serve the Subject Property. The Authority shall bear the cost of well development and a trunk water line, which connects its wells and water rights to its principal service area. All lines shall be constructed to Authority design requirements and constructed in conformance with Authority approved designs. No connection shall be made to Authority water lines until the Authority has accepted the water lines as meeting Authority standards for design and construction. The point of connection with the Authority's water supply shall be determined at the time of design of the water distribution system to serve the Subject Property. The attached Exhibit B is a first approximation of the Authority's intended well and collection system locations. Subsequent changes to the well and collector pipeline locations shall be coordinated between the Authority and Owner, to the extent possible, without limiting the Authority's discretion to locate wells and water lines consistent with its governmental business interests.

10. Dedication of Well Sites and Related Easements. Owner shall dedicate at no cost to the Authority, appropriate sites and easements as are necessary for the Authority to provide water service to the Subject Property and for the Authority to develop its water rights underlying the Subject Property. Identification and conveyance of the necessary well sites will be completed by separate agreement, to be concluded by mutual consent of the parties. If such well sites and easements need to be adjusted during the Owner's platting process, the Authority agrees to cooperatively work with Owner on relocating water system sites and easements at Owners expense.

11. Ownership of Water Lines. All water lines and appurtenances within the Subject Property, except service lines (connecting houses with the Authority water lines at the respective lot

lines), shall be conveyed to the Authority for ownership and maintenance, subject to final acceptance. The Authority will not accept water lines and appurtenances that do not satisfy Authority standards. Newly constructed facilities shall be conveyed with a one-year warranty period, such that any defect discovered within the first year after conveyance shall be cured at Owner expense. Water lines and appurtenances shall also be conveyed with properly executed easements in a form approved by the Authority, at no cost to the Authority.

12. Tap Fees. No water service line shall be connected to Authority water lines until such time as the applicable water tap fee in effect at the time of connection has been paid. Owner understands that the extraterritorial tap fee is greater than the in-district tap fee, by an amount established by the Authority board of directors and amended from time to time, no to exceed more than 50% greater than the in-district water tap. The present extraterritorial tap fee applicable to the Subject Property is \$10,800.00 per water only tap.

13. Monthly Service Charge. The Authority shall collect monthly service fees from the Subject Property in a manner consistent with its rules and regulations. The Subject Property shall be subject to an extraterritorial service fee. This fee is intended to compensate for the fact that the Subject Property is not subject to the District's property tax, yet will utilize infrastructure financed by the District's general obligation debt, and paid by the District's property tax. The extraterritorial fee shall be set by the Authority board of directors in a manner consistent with its applicable rules and regulations, not to exceed 150% of the in-district service fee.

14. Effect of Subsequent Inclusion. In the event that the Subject Property is ever included into the District, the Subject Property shall no longer be charged the extraterritorial service fee, but will be charged in the same manner as similar property already included within the District. The Subject Property shall be subject to the same inclusion procedures, terms and conditions as any other property seeking inclusion, including a fee in lieu of water rights dedication, without regard to the fact that the Subject Property already receives service from the Authority. Because the Subject Property is located in Elbert County, there can be no assurance at the time of the formation of this contract, that a petition for inclusion of the Subject Property into the District would receive all necessary approvals and that the Subject Property can be formally included into the District.

15. Adjustment of Service Charges. The service charge imposed pursuant to this Agreement will be adjusted along with service fees charged to the remainder of the service area of the Authority in accord with applicable rules and regulations of the Authority.

16. Term of Agreement. This Agreement shall be perpetual in length and in full force and effect from the effective date of execution by both Parties.

17. Parties to Exercise Good Faith. The Authority and the Owner agree to devote their best efforts and to exercise good faith in implementing the provisions of this Agreement.

18. Amendment. This Agreement may be amended in writing by the Parties hereto or their successors in interest.

19. Effect of Invalidity. If any portion of this Agreement is deemed invalid or



unenforceable by a court of competent jurisdiction as to either Party or as to both Parties, such invalidity or unenforceability shall not cause the entire Agreement to be terminated.

20. Enforcement. The Authority and the Owner agree that this Agreement may be enforced in law or equity, for specific performance, injunctive or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado.

21. Recording of Agreement. This Agreement shall be recorded with the Clerk and Recorder of Elbert County. Its terms are intended on being binding upon the Parties and their successors in interest. The terms of this Agreement are expressly intended to run with the land.

22. Use of Existing Ranch Wells. Owner shall be entitled to continue to use all existing and permitted wells, either domestic or stock, as they exist on the Subject Property as of the date of this Agreement for purposes identified in the well permits. This is water that is not subject to the water rights acquisitions between Owner and the Authority. Pumping volumes on the wells shall not to exceed the pumping limits expressed on the well permits. Nothing herein shall prohibit Owner from continuing to use existing tributary wells or from constructing new tributary wells on the Subject Property.

23. Contingency. This contract is contingent on the Authority acquiring the water rights underlying the Subject Property from the Owner either by sale or lease purchase. To the extent that the Authority is unable to acquire the entire portfolio of water rights underlying the Subject Property through no fault of its own, this contract may be terminated by the Authority except as to those areas of the Property for which the Authority has obtained releases water rights as of the date of termination.

IN WITNESS WHEREOF, the above Parties hereto have caused this Agreement to be executed.

HUNT FAMILY LLC

Manager

Date: 3/12/01

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

President

Secretary

Date: 2/28/2001



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EXHIBIT A

Legal Description of Subject Property

Hunt 1 Parcels (4) 67 Residential Equivalents total¹
(approximately 1075 acres)

Parcel 1

Section 27; the E½ of the E½ of Section 28; all in Township 6 South, Range 64 West of the 6th P.M., in Elbert County, Colorado.

Parcel 2:

A parcel of land located in Section 28, Township 6 South, Range 64 West of the 6th P.M. more particularly described as follows:

Beginning at the North ¼ corner of said Section 28; Thence S 89° 21' 06" E along the North line of said Section 28 a distance of 1,306.58 feet to the Northeast corner of the Northwest quarter of the Northeast quarter of said Section 28; Thence S 00° 06' 18" E along the East line of the Northwest quarter of the Northeast quarter of said Section 28, a distance of 1,000 feet; Thence S 89° 46' 14" W, a distance of 1,000 feet; Thence S 10° 39' 22" W, a distance of 859.35 feet to a point on the centerline of a 60 foot wide ingress and egress easement; Thence N 88° 11' 54" W along said centerline, a distance of 623.56 feet; Thence N 00° 42' 40" E, a distance of 1,848.96 feet to a point on the North line of said Section 28; Thence S 89° 21' 06" E along the North Line of said Section 28, a distance of 450.90 feet to the point of beginning.

Parcel 3:

A Parcel of land in the Southwest quarter and in the West half Southeast Quarter of Section 28, Township 6 South, Range 64 West of the 6th Principal Meridian, Elbert County, Colorado, more particularly described as follows:

Beginning at the Southwest corner of said Section 28 and considering the South Line to Bear North 89 degrees 42 minutes 14 seconds East with all bearings herein contained relative thereto; Thence North 89 degrees 42 minutes 14 seconds East along said South line a distance of 3952.55 feet to the Southeast corner of the West half Southeast Quarter; thence North 0 degrees 13 minutes 46 seconds West along the East line of the West half Southeast quarter for 1465.06 feet; thence South 89 degrees 46 minutes 14 seconds West a distance of 1529.80 feet; thence North 83 degrees 22 minutes 14 seconds West a distance of 2428.91 feet to the West line of the Southwest quarter; thence South 0 degrees 08 minutes 09 seconds West along said West line a distance of 1759.78 feet to the point of beginning.



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Parcel 4:

A tract of land in the W ½, E ½, NE ¼, SW ¼, of Section 28, Township 6 South, Range 64 West of the 6th P.M., more particularly described as follows:

Commencing at the Northeast corner of the NW¼ NE¼ of said Section 28 and considering the East line of the W½, E½ of said Section 28 to bear S 0° 13' 46" E with all bearings herein contained relative thereto:

thence S 0° 13' 46" E along the East line, a distance of 1000.00 feet to the Point of Beginning;
 thence S 89° 46' 14" W, 1000.00 feet;
 thence S 10° 39' 22" W, 2805.47 feet;
 thence N 89° 46' 14" E, 1529.80 feet to the East line of the W½, E½ of Section 28;
 thence N 0° 13' 46" W, 2754.99 feet to the Point of Beginning.

Hunt 2 Parcel (1 parcel) 147 Residential Equivalents total ¹
 (Approximately 2500 acres)

All of Section 17; the W½ of Section 20; all of Section 29; and the NE¼, the N½SE¼, and the N½SE¼SE¼ of Section 31, all in Township 6 South, Range 64 West, 6th P.M.; and all of Section 25 in Township 6 South, Range 65 West of the 6th P.M., in Elbert County, Colorado.

Hunt 3 Parcels 126 Residential Equivalents total ¹
 (Approximately 1700 acres)

Section 21; section 22; the E ½ of the E ½ of Section 20; and the W ½ of Section 27; all in Township 6 South, Range 63 West of the 6th P.M, in Elbert County, Colorado

¹ Units may all be ascribed to one of the above parcels to the exclusion of the others, at Owner's sole discretion.



EXHIBIT B

**First Approximation of Authority Wells and Collection System
On Subject Property**



FIRST AMENDMENT
AGREEMENT FOR WATER SERVICE
BETWEEN
HUNT FAMILY LLC
AND
THE ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

Recitals

1. On February 28, 2001, Hunt Family LLC (Owner), and the Arapahoe County Water and Wastewater Authority ("Authority"), collectively referred to as the "Parties", entered into an Agreement For Water Service (Agreement) pertaining to property identified in Exhibit A of the Agreement.
2. Paragraph 9 of the Agreement specified an Exhibit B, which was to provide a first approximation of the Authority's intended well and collection system locations.
3. The Parties did not proceed with the development of an Exhibit B to the Agreement as part of the initial Agreement. The Parties desire to amend the Agreement, striking out any reference to Exhibit B, and making it clear that the Parties will determine the location of well, tank and collector pipeline locations at a future date by mutual agreement.

Amendment

The Parties hereby agree to amend the initial Agreement, by amending paragraph 9 to read as follows:

9. Construction of Water Lines. Except as provided below, Owner shall be responsible for the construction of water lines, and all additional facilities that need to be located within the Subject Property that are necessary to serve the Subject Property. The Authority shall bear the cost of well development and a trunk water line, which connects its wells and water rights to its principal service area. All lines shall be constructed to Authority design requirements and constructed in conformance with Authority approved designs. No connection shall be made to Authority water lines until the Authority has accepted the water lines as meeting Authority standards for design and construction. The point of connection with the Authority's water supply shall be determined at the time of design of the water distribution system to serve the Subject Property. Specific locations for wells, water lines and water tank(s) shall be determined by mutual consent of the Parties. The attached Exhibit B is a first approximation of the Authority's intended well and collection system locations. Subsequent changes to the well and collector pipeline locations shall be coordinated between the Authority and Owner, to the extent possible, without limiting the Authority's discretion to locate wells and water lines consistent with its governmental business interests.

All remaining provisions of the contract are to remain in effect as written.



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HUNT FAMILY LLC

Manager

Date: 4/14/02

ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY

President

Secretary

Date: John R. [Signature] 4/03/02