

SERVICE AGREEMENT

THIS SERVICE AGREEMENT is made and executed this _____ day of _____, 1992, by and among the Town of Parker, Colorado, a Colorado home-rule Municipal Corporation (the "Town"), the Parker Water and Sanitation District, a Colorado special district organized and existing under the provisions of Title 32 of the Colorado Revised Statutes (the "Water District"), the Cherry Creek South Metropolitan District No. 1, a Colorado Special District duly organized and acting pursuant to Article 1 of Title 32, Colorado Revised Statutes ("CCSMD"), Cherry Creek South Metropolitan District No. 2, a Colorado Special District duly organized and acting pursuant to Article 1, Title 32, Colorado Revised Statutes ("CCSMD No. 2") (both CCSMD and CCSMD No. 2 sometimes jointly being referred to as "CCSMD" or as "METRO DISTRICT") and Stroh Ranch Development Limited Partnership, a Delaware limited partnership ("Stroh").

RECITALS

WHEREAS the Town and Stroh's predecessors in interest entered into a certain Annexation Contract (the "Contract") dated as of June 18, 1984, concerning annexation into the Town of the real property more particularly described in Exhibit A to said Contract known as "Stroh Ranch," and in connection therewith, the Town and CCSMD entered into Intergovernmental Agreements (collectively, the "Agreement");

June 11, 1992

WHEREAS the Town, the Water District, CCSMD and CCSMD No. 2 have entered into a certain Water Storage Agreement dated March 26, 1990 (hereinafter referred to as the "Storage Agreement");

WHEREAS the Town, the Water District, Stroh, CCSMD and CCSMD No. 2 have entered into a certain Well Use Agreement dated _____, 1992 (hereinafter referred to as the "Well Use Agreement");

WHEREAS it is the desire, and assumed duty, of the Town and the Water District, pursuant to the Contract, the Agreement and the Storage Agreement described above, to provide water and sewer services to the real property known as the Stroh Ranch (which property is described in the Contract) subject to the terms and conditions of the Contract, the Agreement, the Storage Agreement and this Service Agreement;

WHEREAS it is the intent and desire of the parties hereto to assure that adequate water and sewer services are provided to those present and future residents who will reside on the Stroh Ranch property;

WHEREAS the parties hereto expressly reaffirm their rights and obligations as specified in the Contract and the Agreement and the Storage Agreement;

WHEREAS it is the overriding intent of the parties that, consistent with the rights and duties specified in the Contract, THE WELL USE AGREEMENT, the Agreement and the Storage Agreement, the Stroh Ranch property shall be served according to, and shall be subject to, all of the rules and regulations adopted from time to time by the Town and the Water District as though the Stroh

Ranch property was included into and was a part of the Water District, except that, until lawfully included within the Water District's boundaries by Court decree, the property within the Stroh Ranch shall not be subject to the ad valorem taxes imposed by the Water District; and

WHEREAS it is the desire of the parties to enter into this Service Agreement for the purpose of assuring the timely, proper, and good faith performance of the parties hereto.

NOW THEREFORE, for the consideration of the performance of the mutual promises and covenants herein contained, the parties do hereby agree as follows:

1. Provision of Water and Sewer Service to the Stroh Ranch.

The parties hereto specifically acknowledge and agree that the Water District shall provide water and sewer service to the Stroh Ranch property described in Exhibit A. Provision of water and sewer service to the Stroh Ranch property by the Water District pursuant to the provisions hereof and the terms of the Agreement and Storage Agreement shall satisfy the obligation of the Town and the Water District under the Contract, the Agreement and the Storage Agreement to provide water and sewer service to the Stroh Ranch property. In connection with the provision of water and sewer services to the Stroh Ranch property, effective upon execution of this Service Agreement by all parties hereto, the Water District shall be entitled to charge those costs which are identified in paragraph 4 hereof. However, unless otherwise specifically agreed, for so long as CCSMD provides the public improvements specified in

the Contract and the Agreement pursuant to the terms thereof, the Water District shall not be entitled to charge water users on the Stroh Ranch property a water tap fee, development fees or other one time charges for the use of water, except for the charge of permanent water storage described in the Storage Agreement, and any water development fee which is imposed District- and/or Town-wide and which is applicable to all water taps, even though the purchaser has provided water rights to the Water District, or has paid a water resources toll, and further provided that said water development fee shall be used for the purpose of purchasing or developing additional renewable resources for use by all customers of the Water District. The Water District or the Town (but not both) shall be allowed to charge a sewer tap fee to users of sewer services on the Stroh Ranch property consistent with the sewer tap fee charged by the Water District or the Town to other users of sewer services in the Water District or the Town; said sewer taps may be prepaid by Stroh or CCSMD in accordance with agreements with the Town or the Water District. It is the intent of the parties hereto that, consistent with the provisions of this Service Agreement, the Contract, the Well Use Agreement, the Agreement and the Storage Agreement, the Stroh Ranch property shall be served according to, and shall be subject to, all of the Rules and Regulations adopted from time to time by the Town and the Water District as though the Stroh Ranch property was included into and was a part of the Parker Water and Sanitation District; provided, however, that, except to the extent provided in paragraph 4 hereof,

until included into the Parker Water and Sanitation District by Court decree, the property within the Stroh Ranch shall not be subject to ad valorem taxes imposed by the Water District. For all other purposes, however, the Stroh Ranch property shall be treated and served as though the same were legally included within the Parker Water and Sanitation District.

2. Water.

2.0 The WATER DISTRICT shall furnish water service to the Stroh Ranch and Hess Ranch pursuant to the terms of this Service Agreement. The extent of the WATER DISTRICT'S obligation to furnish water service to THE LAND (which shall, for purposes of this Service Agreement, be defined as the Stroh Ranch and the Hess Ranch described in Exhibit B, when and if the Hess Ranch is annexed into, and becomes a part of, the Town shall be determined by multiplying the number of units sought to be platted by the water use criteria set forth in paragraph 2.1 hereof, which product shall then be multiplied by the SFE factors relative to the particular property (i.e. 0.70 acre-feet per SFE on Hess Ranch, when and if the Hess Ranch property receives water service from the Water District, and 0.504 acre-feet per SFE on Stroh Ranch) and shall arise when water rights have been conveyed pursuant to subparagraphs 2.1 and 2.4, and subject to the provisions of subparagraph 2.7 hereof. Once the water has been conveyed to the WATER DISTRICT, or has become a part of the WATER DISTRICT'S system, said units shall continue to be served on the same basis

as, and subject to the same limitations as, every other unit receiving water service from the WATER DISTRICT.

2.1 STROH shall demonstrate to the WATER DISTRICT'S reasonable satisfaction, water availability adequate for the uses shown upon each preliminary plat as well as the availability of PUBLIC IMPROVEMENTS constructed by STROH or CCSMD or otherwise made available by STROH or CCSMD for the diversion, treatment, conveyance and storage of water adequate for the uses shown upon each preliminary plat presented for the TOWN'S review. The WATER DISTRICT acknowledges that STROH has satisfied its obligation to show water availability and the availability of PUBLIC IMPROVEMENTS adequate for the uses shown on the final plat for Stroh Ranch Filings 2A, 2B, 2C, 3, and 4. STROH shall convey by special warranty deed such water rights, subject to continued inclusion in Stroh Ranch's augmentation plan, to the WATER DISTRICT of a quality (which, when treated, shall meet State Health Department standards) and quantity sufficient to provide for the uses shown on the final plat as approved. Provided, however, that DISTRICT shall reserve to STROH all rights to use all effluent and all return flows resulting from treatment or use of said water for inclusion in STROH'S water supply augmentation plans. The relative water requirements for various uses shall be determined with reference to a Single Family Equivalent ("SFE") which shall be deemed to require 0.504 acre feet of water per year for THE LAND described in Exhibit A (STROH RANCH) and 0.70 acre feet for THE LAND described in Exhibit B (HESS RANCH) (when and if the Hess Ranch is

annexed into the Town). Such water need not underlie the land described on the final plat in question. These relative water requirements shall be used solely for the purpose of determining the ultimate number of SFE'S which may be served on THE LAND, and shall not in any way vary the WATER DISTRICT'S obligation to supply water service as set out herein. The WATER DISTRICT acknowledges that STROH has demonstrated the legal availability of water to supply development on the Stroh Ranch by means of the Water Rights Decrees (the Decrees) in Cases No. 81CW415, 81CW416 and 83CW161, District Court Water Division No. 1. At the time of submission of each preliminary plat subsequent to the plats finally approved by the TOWN with respect to Stroh Ranch Filings 2A, 2B, 2C, 3 and 4, STROH shall submit a letter/report relating anticipated consumption within such preliminary platted area calculated as provided in this subparagraph 2.1 to STROH'S available water supply and showing the firm yield, the current ability to construct, finance or provide peaking capacity, and physical availability of water for the preliminarily platted area. The WATER DISTRICT may review the water supply available to STROH and may disapprove, in whole or in part, any preliminary plat for which STROH does not have sufficient water to supply the anticipated consumption as defined herein. If a plat is disapproved in whole or in part on the basis of inadequate water supply, the WATER DISTRICT shall provide STROH a written statement of all reasons the proposed water supply is deemed insufficient. Water use criteria to be used in relating such consumption to the supply of water shall be as follows:

Single Family	1 SFE for each unit to be platted
Single Family Cluster	1 SFE for each unit to be platted
Townhome/Patio Home	0.77 SFE for each unit to be platted
Multi-Family	0.66 SFE for each unit to be platted
Commercial-Office-Industrial	1 SFE for each 4122 Sq.Ft. Floor Area
Elementary School	1 SFE for each 23 Students
Junior High School	1 SFE for each 11 Students
Park	4 SFE for each Irrigated Acre to be platted

In instances where the criterion for a particular use is not set forth in this paragraph 2, or the Rules and Regulations of the WATER DISTRICT, the criteria for such uses may be proposed by STROH subject to WATER DISTRICT approval utilizing generally accepted criteria, which approval will not be unreasonably withheld. If conservation practices appear as restrictions upon the face of the approved final site plan, STROH shall be given full credit in determining SFEs and as evidence of reduction of water needs from the criteria set forth or agreed upon as provided in this subsection for any area subject to such site plans or plats. STROH shall further be credited by recognizing that water availability shall include that effluent or return flow water that may be lawfully used or provided under STROH'S approved water supply augmentation plan. After water rights are so dedicated and STROH has constructed or otherwise made available the PUBLIC IMPROVEMENTS necessary for the diversion, treatment, conveyance and storage of water necessary for the uses shown on each final plat, the WATER DISTRICT agrees that it will not restrict development or refuse to

issue necessary taps, permits or approvals for reasons relating to water availability. The WATER DISTRICT acknowledges that the PUBLIC IMPROVEMENTS necessary for the diversion, treatment, conveyance and storage of water for the uses shown on each final plat shall be deemed adequate by the WATER DISTRICT if constructed in accordance with plans approved by the TOWN or where appropriate the WATER DISTRICT in connection with the approval of said plat. In addition, the WATER DISTRICT agrees that once PUBLIC IMPROVEMENTS necessary for diversion, treatment, conveyance and storage have been constructed and finally accepted by the TOWN or where appropriate the WATER DISTRICT, for the uses shown on the applicable plat or for the uses contemplated for such PUBLIC IMPROVEMENTS when approved, STROH shall not be obligated to replace or enlarge such PUBLIC IMPROVEMENTS unless (i) STROH increases the uses or density from that shown on the final plat or from that contemplated for such PUBLIC IMPROVEMENTS when approved, or (ii) all parties to this Service Agreement otherwise agree to replace or enlarge such PUBLIC IMPROVEMENTS.

2.2 While it is understood and agreed that the water rights to be deeded to the WATER DISTRICT, pursuant to subparagraph 2.1 above, shall become a part of the WATER DISTRICT'S water supply, an amount of water equal to the amount deeded and dedicated pursuant to the provisions of said subparagraph 2.1, shall at all times be available to meet the uses shown on the final plat and approved densities thereon as such uses or densities are determined pursuant to the provisions of this paragraph 2.

2.3 The parties agree to cooperate fully in all matters concerning the development of the water and water system, including, but not limited to, securing of permits, implementation of augmentation plans and acquisition of all rights-of-way and easements.

2.4 All water rights deeded to the WATER DISTRICT pursuant to the provision of this paragraph 2 shall be conveyed free and clear of all liens. All water rights when conveyed shall be subject to a negative pledge on the part of the WATER DISTRICT to prevent encumbrance by the WATER DISTRICT provided however that said negative pledge shall not prohibit the WATER DISTRICT from issuing general obligation bonds, and shall be subject to the conditions and obligations of STROH'S or CCSMD'S approved augmentation plan. The instruments conveying water rights, and the exercise of those rights by the WATER DISTRICT, shall be subject to the provisions of this Service Agreement and the Well Use Agreement entered into between the parties. Until such time as STROH has conveyed to the WATER DISTRICT all water rights required of STROH as herein provided with respect to the Stroh Ranch, STROH shall have sole and exclusive discretion to grant or withhold consent to change or modify STROH'S water rights. The intent of this subparagraph 2.4 is to assure STROH of water service to the Stroh Ranch upon demand, subject to the limits of approved density levels on said property and subject to District-wide limitations on the ability of the WATER DISTRICT to produce and deliver treated water. The WATER DISTRICT shall have the sole authority to operate

all facilities which produce or divert the water rights which have been conveyed to the WATER DISTRICT pursuant to subparagraphs 2.1 and 2.4 of this paragraph 2.

2.5 The parties hereto have entered into a certain "Water Storage Agreement" dated March 26, 1990. The parties specifically agree to be bound by, and to abide by, the terms thereof in the provision of water storage to the Stroh Ranch.

2.6 STROH shall construct or otherwise make available the necessary outfall line adequate for the uses shown on the plats previously approved by the Town, specifically Stroh Ranch Filing Nos. 2A, 3 and 4 at a time agreed between the parties. STROH agrees to undertake the planning and design of the outfall line necessary to serve Stroh Ranch Filing Nos. 2A, 3 and 4, and to acquire necessary right-of-way with the cooperation of the TOWN or where appropriate the WATER DISTRICT.

2.7 Notwithstanding any other provision of this paragraph 2, nothing herein is intended to obligate the Water District to provide or to commit to provide water service to a greater number of SFEs on THE LAND than the number for which water rights are conveyed, calculated pursuant to subparagraph 2.1 of this paragraph 2.

2.8 In the event of any discrepancy or disparity between any provision of the Contract and this paragraph 2, the provisions of this paragraph shall supersede and control said provision of the Contract.

3. Sewer.

3.1 The TOWN states that it has duly constructed a new sewage treatment plant (the "Plant") including land application or other discharge facilities in a manner that will allow the TOWN and where appropriate the WATER DISTRICT to provide timely and adequate sewage treatment for the planned development on Stroh Ranch. In the event the TOWN sells the Plant to the WATER DISTRICT, then the WATER DISTRICT shall assume the obligation of the TOWN related to the Plant as provided in paragraph 13. Further, the TOWN states that it has obtained the inclusion of the Stroh Ranch within the service area of the Plant, and has obtained (as to the Stroh Ranch) amendment to the 208 water quality plan and other necessary approval and permits required to accomplish such inclusion; and Water District agrees that it will seek inclusion of the Hess Ranch Property (described in Exhibit B) within the Town of Parker's approved urban service area and corresponding amendment to the 208 Water Quality Plan at the earliest possible date. Developer, at its sole cost, shall prepare such petition for inclusion of the Hess Ranch and request for amendment, and the Town/Water District agrees to promptly submit the request with DRCOG seeking said inclusion of the Hess Ranch and amendment.

3.2 In the event the TOWN institutes any guaranteed sewer tap purchase program whereby, with respect to the Plant, Developers within the Town of Parker are allowed to purchase guaranteed sewer taps, STROH shall have the right to participate in such program and purchase a percentage of such taps offered in such program which

is not less than the ratio which the total number of zoned and unbuilt units within the Town without prior sewer commitment upon Stroh Ranch bears to the total number of zoned and unbuilt units without prior sewer commitment within the Town of Parker or where appropriate the WATER DISTRICT at the time such program is instituted; provided, however, that in no event shall less than 1500 sewer taps under such initial guaranteed sewer tap purchase program be offered for THE LAND. The TOWN and STROH acknowledge that they have entered into a guaranteed sewer tap purchase agreement for 917 sewer taps with respect to the plant. The remaining 583 sewer taps are subject to the provisions of this Section.

3.3 Any sewer taps offered by the TOWN or the WATER DISTRICT other than in a guaranteed tap purchase program shall be made available to STROH on the same basis as all other purchasers.

3.4 Treatment of THE LAND'S sewage at the Plant will require construction of an interceptor line or lines. The TOWN and where appropriate the WATER DISTRICT agrees to cooperate with STROH and/or CCSMD to provide any notification to government agencies and to cooperate in obtaining any approvals and certifications required for construction and operation of such interceptor line(s). The parties agree to exercise their best efforts in obtaining all required approvals for such interceptor line(s) in a timely manner.

3.5 The TOWN, and where appropriate the WATER DISTRICT, shall use its best efforts to service the entire development upon THE LAND, whether by utilization of the Plant, expansion of plant

capacity or the construction of another plant or plants. In the event the TOWN or WATER DISTRICT institute a guaranteed tap purchase program with respect to any new sewer plant, STROH shall have the right to purchase the same proportionate share of such taps as is set forth in Subsection 3.2 above, and, with respect to all other taps from said new sewer plant, shall have the rights set forth in Subsection 3.3 above.

3.6 STROH and the TOWN and where appropriate the WATER DISTRICT jointly agree to work cooperatively with each other and with other responsible government officials to determine and pursue the most desirable sewage treatment alternatives for THE LAND, including, but not limited to, consideration of direct discharge, land application and rapid infiltration systems.

3.7 Under any of the circumstances set forth herein, the TOWN, and where appropriate the WATER DISTRICT, shall permit STROH and/or CCSMD to connect with the TOWN'S and the WATER DISTRICT'S sewer system at such reasonably accessible and economically feasible locations as determined by the TOWN and where appropriate the WATER DISTRICT and STROH.

3.8 If, at any time, the TOWN/WATER DISTRICT lacks the legal authority or physical ability to provide sewage treatment for THE LAND in accordance with the preceding provisions, the TOWN/WATER DISTRICT agrees that it will cooperate in all respects and use its best efforts to assist STROH and/or CCSMD in obtaining all required approvals to construct and operate a permanent sewage treatment plant to service THE LAND, or to use the wastewater treatment

facilities of others until the TOWN/WATER DISTRICT can provide service. The TOWN/WATER DISTRICT shall further consent to and cooperate in maintaining all necessary approvals for temporary sewage facilities on THE LAND which may be necessary prior to completion of any permanent plant.

3.9 A portion of the cost of extending the sewer system from within THE LAND to a point of connection with the then existing TOWN and WATER DISTRICT system, as designated by the TOWN and where appropriate the WATER DISTRICT may be recoverable by the entity constructing said FACILITIES solely by recoupment from owners whose lands are benefited thereby pursuant to the recoupment provisions contained in the Rules and Regulations of the Water District provided, however, that to the extent the entity constructing said facilities constructs OVERSIZED facilities, reimbursement therefore shall be in a manner and time mutually agreed by the parties prior to construction of said OVERSIZED facilities.

3.10 Except pursuant to a guaranteed Purchase Plan as set forth in Subsection 3.2 above, in the event STROH advances funds to finance any portion of the costs of any treatment plant facilities of the TOWN and where appropriate the WATER DISTRICT, STROH'S sole method of repayment shall be the receipt of prepaid sewer tap fees for all funds advanced and, in addition, STROH shall have the first right for ten (10) years thereafter to use 80% of the percentage of that plant capacity so financed by OWNER/DEVELOPER.

3.11 Until such time as specifically conveyed to the WATER DISTRICT, the WATER DISTRICT shall acquire no right or claim to any effluent treated by the WATER DISTRICT under this SERVICE AGREEMENT and will take no action opposing STROH'S right to use or re-use such water in STROH'S augmentation plan or an exchange plan for Stroh Ranch. The parties agree to cooperate as to the measurement of said effluent and on all matters involved in STROH'S retention of dominion and control over such effluent.

4. Cost of Water and Sewer Services. The WATER DISTRICT shall provide water and sewer services to THE LAND at the same cost and on a comparable level of service as are furnished to other areas within the WATER DISTRICT. The term "same cost" for purpose of water and sewer service provided by the WATER DISTRICT includes the user fees and charges paid by residents of the WATER DISTRICT plus that part of the ad valorem taxes paid by the residents of the WATER DISTRICT which are used to maintain and operate the WATER DISTRICT. For purposes of this Service Agreement, the ad valorem tax component (the "Operations Component") shall be calculated by multiplying the mill levy to be assessed by the WATER DISTRICT specifically with respect to its operations (and not with respect to its bond indebtedness) times the assessed valuation of all real property within the boundaries of the METRO DISTRICT. The Operations Component shall be paid by the METRO DISTRICT to the WATER DISTRICT (and the WATER DISTRICT shall have no right to collect any portion of the Operations Component directly from landowners or water and/or sewer users on the Stroh Ranch) within

thirty (30) days after receipt by the METRO DISTRICT from time to time of real property taxes assessed by it with respect to the real property within the boundaries of the METRO DISTRICT in an amount calculated by multiplying the real property taxes received from the Treasurer by the METRO DISTRICT by a fraction in which the numerator is the operations mill levy of the WATER DISTRICT and the denominator is the total mill levy assessed by the METRO DISTRICT.

5. The CCSMD agree that at such time as all Water and Sewer Facilities with respect to the Stroh Ranch property have been constructed by the CCSMD and conveyed as required by the Contract and the Agreement, and all bond indebtedness incurred by the CCSMD in connection with the construction of the Water and Sewer Facilities has been duly satisfied by the CCSMD, the CCSMD will take such action as shall be necessary to cause termination of the authority of the CCSMD to construct and operate water and sewer facilities, or otherwise provide water and sewer services with respect to the Stroh Ranch property, at which time the Water District shall have the option of continuing to service the Stroh Ranch property and provide water and sewer services thereto pursuant to the terms of this Service Agreement, or the Water District may elect to terminate the Service Agreement if it duly includes the Stroh Ranch property into the Water District, so that the Water District will be required to continue to provide water and sewer services to the Stroh Ranch property as the Stroh Ranch property will be duly included in the Water District.

6. Permanent Water Storage. Permanent water storage shall be provided pursuant to the provisions of Section VI of the Contract, and the terms of the Storage Agreement.

7. Use of Lift Station and Outfall Line. Subject to the provisions of subparagraph 2.6 hereof, the Water District agrees to permit CCSMD to continue to use the Water District's Lift Station at the Country Meadows Substation and Outfall Line north from the Lift Station for the purpose of delivering from the Stroh Ranch sewage to the Water District's Sewer Treatment Plant, subject to the following: Stroh and/or the CCSMD shall construct or otherwise make available the necessary outfall line adequate for the uses shown on the plats previously approved by the Town, specifically Stroh Ranch Filing Nos. 2A, 2B, 2C, 3 and 4, at a time agreed between the parties. Stroh and/or the CCSMD agree to undertake the planning and design of the outfall line necessary to serve Stroh Ranch Filing Nos. 2A, 2B, 2C, 3 and 4, and to acquire necessary right-of-way with the cooperation of the Town or where appropriate the Water District, but at the sole cost of Stroh or CCSMD.

8. The parties acknowledge that Stroh is required pursuant to its duly approved water augmentation plan (the "Plan of Augmentation") with respect to the Stroh Water Rights (hereinafter defined), to provide the Colorado State Water Engineer with certain flow information to be obtained by metering. The CCSMD agrees that in connection with the construction of the Alternate Sewer Facilities, including the return flow line for treated effluent to

the Stroh Ranch, appropriate metering will be included as required by the Plan of Augmentation. The Water District acknowledges that its proposed water augmentation plan (the "District Augmentation Plan") will likewise require certain metering of water flows and that the Town's NPDES Operating License with respect to the New Plant requires certain monitoring of flows and discharge of treated effluent. The parties agree that unnecessary duplication of metering facilities will not have to be constructed.

9. The Contract reserves to Stroh for water availability purposes effluent or return flow water, and this concept has been incorporated into the Plan of Augmentation as a necessary component thereof. The Water District has agreed to cooperate fully in all matters concerning development of Stroh's Water Rights. The Water District agrees that in connection with its providing of water and sewer service to the Stroh Ranch as herein contemplated, it will abide by and duly perform all provisions in the Contract, this Service Agreement, the Well Use Agreement, and Agreements with respect to the provision of water and sewer services to the Stroh Ranch, including the Water District's duty to operate in accordance with the Plan of Augmentation. Any land application or discharge of effluent on Stroh Ranch, even though the same may be authorized under an approved augmentation plan, shall be accomplished in a manner consistent with and subject to the Water District's NPDES permit. The Town and the Water District agree that to the extent doing so will not result in violation of existing operating licenses with respect to the Old Plant or the New Plant or

otherwise be in violation of applicable law, the Town and the Water District will cause direct discharge of Stroh's treated effluent into Cherry Creek at the written direction of Stroh; provided, however, that it shall remain in the sole discretion of the Board of Directors of the Water District to determine when it is economically feasible for the Water District to implement direct discharge of effluent.

10. Conveyance of Water Rights. The Town and Water District agree that Stroh shall satisfy its obligation to the Town and Water District to convey certain of the Stroh Water Rights to the Water District as required by subparagraphs 2.1 and 2.4 hereof, pursuant to the terms thereof. The Water District agrees to accept title to said water rights pursuant to the provisions of said subparagraphs 2.1 and 2.4 hereof.

11. Subject to the provisions of paragraph 2, the Stroh Water Rights to be used to provide water service to the Stroh Ranch are those water rights or interests therein identified in the decrees in Case Nos. 81CW415 and 81CW161, and identified in paragraph No. 9 of the decree in Case No. 81CW416, and those rights represented by the Plan for Augmentation decreed in Case No. 81CW416 all as entered by the District Water Division No. 1, Colorado. The Water District's exercise of these water rights shall at all times be in strict conformity with the decrees in these cases and any decrees amending, supplementing or changing same. The Water District shall not be entitled to seek any change, modification or amendment to the decrees in Case Nos. 81CW415, 81CW416 or 83CW161, for any water

right of Stroh without first obtaining the expressed written consent of Stroh. Stroh shall have the sole discretion to determine whether to grant its consent.

12. As contemplated in paragraphs 2 and 3 hereof, the Water District has agreed at all times to provide full and complete water services and the Town and where appropriate the Water District have agreed at all times to provide full and complete sewer services to those portions of the Stroh Ranch for which water and sewer facilities have been constructed and conveyed and water rights have been conveyed and that the water from the water rights conveyed by Stroh shall at all times be available to meet the water needs of the Stroh Ranch and approved densities thereon. It is the intent of the parties that by this Service Agreement the Town be relieved of each and every obligation of the Contract to provide water service to the land and that the Water District assumes each and every obligation of the Town under the contract to provide water service to The Land, except as such contractual obligations of the town are expressly modified in this Service Agreement. It is understood and agreed that while the water rights to be conveyed by Stroh under the Contract shall become part of the Water District's water supply, an amount of water equal to the amount of water deeded and dedicated by Stroh pursuant to the Contract shall at all times be made available by the Water District to meet the water requirements of the Stroh Ranch and the approved density thereon as such requirements are specified in paragraph 2 hereof.

13. Sale of Plant. In the event the Town conveys the Plant to the Water District, Stroh and CCSMD agree that the Town, upon such conveyance and the due assumption by the Water District of the Town's obligations with respect to the Plant, shall be relieved of any and all obligation related in any way to sewer service under this Service Agreement, the Contract, and the Agreement. In the event the Town conveys the Plant to the Water District, the Water District and its successors and assigns shall be solely obligated to provide, and agree to provide, water and sewer service as required herein. In addition, in the event of such conveyance, the parties agree that the Water District shall be substituted for the Town under any Tap Purchase Agreements concerning the Plant and thereafter the obligations of the Town shall be those of the Water District, and all obligations of Stroh shall be owed to the Water District and shall be performed as required in said Tap Purchase Agreement.

14. Hess Ranch. Stroh is the owner of certain real property described in Exhibit B attached hereto known as the "Hess Ranch." The Water District, Stroh and the CCSMD agree that in the event Stroh is able to have the Hess Ranch annexed into the Town, the WATER DISTRICT will provide water and sewer services to the Hess Ranch on the same basis as set forth herein for the Stroh Ranch, except that the relative water requirement for various uses in the Hess Ranch shall be determined with reference to a Single Family Equivalent (SFE) which shall be deemed to require 0.70 acre-feet for the land described in Exhibit B.

15. Other Matters. This Service Agreement shall be binding upon the parties hereto and shall enure to the benefit of the parties hereto and their respective successors and assigns. The provisions of this Service Agreement shall be interpreted in conjunction with the provisions of the Contract and the Agreement; provided, however, that in the event of any discrepancy between any of the provisions of this Service Agreement and any provision of either the Contract or the Agreement, the provisions of this Service Agreement shall take precedence. The provisions of this Service Agreement shall be interpreted in accord with the laws of the State of Colorado. This Agreement may be modified only by a writing signed by all of the parties hereto, or their successors or assigns. No reference to the Contract contained herein shall impose any duty or obligation upon the WATER DISTRICT which is inconsistent with, or in addition to, the duties and obligations assumed by the WATER DISTRICT pursuant to this Service Agreement.

This Service Agreement shall be recorded against the real property described in Exhibit A to the Contract, and shall become a covenant running with said land, and shall be binding upon the heirs, successors, and assigns of any of the parties hereto: provided, however, any sub-developer or other assignees of Stroh who assumes obligations with respect to one (1) or more specific parcels of Stroh Ranch shall not be responsible for, nor shall their parcels be bound for obligations with respect to, any other parcel of said Ranch; and, provided further, the property of end users shall not be bound by the obligations of Stroh, sub-

developers, or their assigns. Nothing contained herein shall be construed to add or impose any burden or duty upon any owner of property described in Stroh Ranch except for those parties signatory hereto.

IN WITNESS WHEREOF, the undersigned have duly executed this Service Agreement as of the day and year first above written.

TOWN OF PARKER, COLORADO

Attest:

Carol Baumgartner, Clerk

By: _____

Greg B. Lopez, Mayor

PARKER WATER & SANITATION DISTRICT

Attest:

John Griffith, Secretary

By: _____

Douglas Neves, President

CHERRY CREEK SOUTH METROPOLITAN DISTRICT NO. 1

Attest:

Kenneth Hawley, Secretary

By: _____

Wayne Monson, President

STROH RANCH DEVELOPMENT LIMITED PARTNERSHIP

By: SRDLP, Inc., General Partner

By: _____

Robert G. Healy, President

CHERRY CREEK SOUTH METROPOLITAN
DISTRICT NO. 2

Attest:

_____, Secretary

By: _____
_____, President

EXHIBIT "A" TO
STROH RANCH ANNEXATION CONTRACT

A TRACT OF LAND BEING SECTIONS 32 AND 33 AND A PORTION OF SECTION 34, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, AND A PORTION OF SECTION 4, TOWNSHIP 7 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 33, SAID POINT BEING THE POINT OF BEGINNING; THENCE $S00^{\circ}12'46"W$ AND ALONG THE EAST LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 33 A DISTANCE OF 1327.94 FEET TO THE NORTHWEST CORNER OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34; THENCE $S89^{\circ}59'15"E$ AND ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 2645.31 FEET TO THE NORTHEAST CORNER OF THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 34; THENCE $S89^{\circ}59'29"E$ AND ALONG THE NORTH LINE OF THE SOUTH ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 1578.50 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 83; THENCE SOUTHERLY ALONG THE WESTERLY RIGHT-OF-WAY LINE OF COLORADO STATE HIGHWAY NO. 83, THE FOLLOWING 6 COURSES:

- 1) $S09^{\circ}16'32"E$ A DISTANCE OF 1760.26 FEET TO A POINT OF CURVE.
- 2) ALONG A CURVE TO THE RIGHT HAVING A DELTA OF $07^{\circ}39'48"$, A RADIUS OF 11,385.00 FEET, A DISTANCE OF 1522.75 FEET MEASURED ALONG THE ARC TO A POINT ON CURVE.
- 3) $S88^{\circ}23'16"W$ A DISTANCE OF 50.00 FEET TO A POINT ON CURVE.
- 4) ALONG A CURVE TO THE RIGHT WHOSE CENTER BEARS $S88^{\circ}23'16"W$ HAVING A DELTA OF $01^{\circ}00'00"$, A RADIUS OF 11,335.00 FEET, A DISTANCE OF 197.83 FEET MEASURED ALONG THE ARC TO A POINT ON CURVE.
- 5) $N89^{\circ}23'16"E$ A DISTANCE OF 50.00 FEET TO A POINT ON CURVE.
- 6) ALONG A CURVE TO THE RIGHT WHOSE CENTER BEARS $S89^{\circ}23'16"W$ HAVING A DELTA OF $02^{\circ}28'42"$, A RADIUS OF 11,385.00 FEET, A DISTANCE OF 492.46 FEET MEASURED ALONG THE ARC TO A POINT ON CURVE, SAID POINT BEING ON THE NORTH RIGHT-OF-WAY LINE OF STROH ROAD, ALSO KNOWN AS DOUGLAS COUNTY ROAD NO. 14;

THENCE $S89^{\circ}52'31"W$ AND ALONG THE NORTH RIGHT-OF-WAY LINE OF DOUGLAS COUNTY ROAD NO. 14, ALSO BEING A LINE 30.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 693.15 FEET TO A POINT ON THE WEST LINE OF THE SOUTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34; THENCE $N00^{\circ}09'26"E$ AND ALONG THE WEST LINE OF

THE SOUTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34, A DISTANCE OF 1294.89 FEET TO THE NORTHWEST CORNER OF THE SOUTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34; THENCE S89°55'15"W AND ALONG THE SOUTH LINE OF THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 1323.77 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 34; THENCE S00°10'47"W AND ALONG THE EAST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 1295.94 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF DOUGLAS COUNTY ROAD NO. 14; THENCE S89°52'44"W AND ALONG THE NORTH RIGHT-OF-WAY LINE OF DOUGLAS COUNTY ROAD NO. 14, ALSO BEING A LINE 30.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 2648.73 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 34; THENCE S00°14'14"W AND ALONG THE WEST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 34 A DISTANCE OF 30.00 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 34; THENCE S89°14'10"W AND ALONG THE NORTH LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 4 A DISTANCE OF 55.00 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF CROWFOOT VALLEY ROAD, ALSO KNOWN AS DOUGLAS COUNTY ROAD NO. 43; THENCE SOUTHWESTERLY ALONG THE WESTERLY LINE OF DOUGLAS COUNTY ROAD NO. 43, THE FOLLOWING 6 COURSES:

- 1) S00°07'12"E A DISTANCE OF 30.00 FEET.
- 2) S13°44'15"W A DISTANCE OF 395.09 FEET TO A POINT OF NON-TANGENT CURVE.
- 3) ALONG A CURVE TO THE RIGHT WHOSE CENTER BEARS N75°37'08"W HAVING A DELTA OF 38°51'38", A RADIUS OF 787.50 FEET, A DISTANCE OF 534.12 FEET MEASURED ALONG THE ARC TO A POINT OF TANGENT.
- 4) S53°14'30"W A DISTANCE OF 1023.50 FEET TO A POINT OF CURVE.
- 5) ALONG A CURVE TO THE LEFT HAVING A DELTA OF 27°42'02", A RADIUS OF 985.25 FEET, A DISTANCE OF 476.33 FEET MEASURED ALONG THE ARC TO A POINT OF NON-TANGENCY.
- 6) S25°31'26"W A DISTANCE OF 421.85 FEET;

THENCE S79°16'25"W A DISTANCE OF 696.67 FEET; THENCE N79°00'30"W A DISTANCE OF 197.36 FEET TO A POINT ON THE EAST LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4; THENCE S00°16'39"W AND ALONG THE EAST LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4 A DISTANCE OF 312.60 FEET TO THE SOUTHEAST CORNER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4; THENCE S89°50'13"W AND ALONG THE SOUTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4 A DISTANCE OF 2672.47 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4; THENCE N00°06'37"W AND ALONG THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 4 A DISTANCE OF 2567.15 FEET TO THE NORTHWEST CORNER OF SAID

SECTION 4; THENCE S89°41'14"W AND ALONG THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2642.45 FEET TO THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 32; THENCE S89°41'03"W AND ALONG THE SOUTH LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2642.21 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 32; THENCE N00°11'27"W AND ALONG THE WEST LINE OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2662.29 FEET TO THE WEST ONE-QUARTER CORNER OF SAID SECTION 32; THENCE N00°12'50"E AND ALONG THE WEST LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2659.41 FEET TO THE NORTHWEST CORNER OF SAID SECTION 32; THENCE N89°43'40"E AND ALONG THE NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2667.10 FEET TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION 32; THENCE N89°34'17"E AND ALONG THE NORTH LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32 A DISTANCE OF 2639.33 FEET TO THE NORTHEAST CORNER OF SAID SECTION 32; THENCE N89°34'25"E AND ALONG THE NORTH LINE OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 33 A DISTANCE OF 2648.17 FEET TO THE NORTH ONE-QUARTER CORNER OF SAID SECTION 33; THENCE N89°34'31"E AND ALONG THE NORTH LINE OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 33 A DISTANCE OF 2648.61 FEET TO THE POINT OF BEGINNING, CONTAINING 1913.674 ACRES,

AND

A TRACT OF LAND BEING A PORTION OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 27 AND A PORTION OF THE SOUTHEAST ONE-QUARTER OF SECTION 28, TOWNSHIP 6 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF DOUGLAS, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST ONE-QUARTER CORNER OF SAID SECTION 27, SAID POINT BEING THE POINT OF BEGINNING; THENCE N89°23'04"E AND ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 27 A DISTANCE OF 1980.00 FEET; THENCE S00°31'56"E A DISTANCE OF 933.76 FEET; THENCE S85°57'41"W A DISTANCE OF 2685.41 FEET; THENCE N00°31'56"W A DISTANCE OF 1093.52 FEET; THENCE N89°20'13"E A DISTANCE OF 700.38 FEET TO THE POINT OF BEGINNING, CONTAINING 62.386 ACRES.

AND

LOT 2, VETTER RANCH P.D.
COUNTY OF DOUGLAS
STATE OF COLORADO