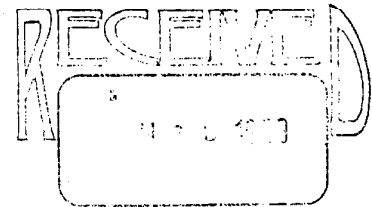


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**TOWN OF NEW CASTLE, COLORADO
ORDINANCE NO. 99-8
SERIES OF 1999**



LEAVENWORTH & TESTER, P.C.

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN
OF NEW CASTLE, COLORADO, APPROVING A ROAD,
WATER AND SEWER INFRASTRUCTURE AND TAP
PURCHASE AGREEMENT BETWEEN THE TOWN OF NEW
CASTLE, COLORADO, LAND DISCOVERY, INC. AND ERIC
C. WILLIAMS.

WHEREAS, the Town of New Castle (the "Town") is a home rule municipality, organized pursuant to Article XX of the Colorado Constitution; and

WHEREAS, the Town owns and operates potable water and wastewater facilities and provides water and wastewater services to customers within its service area; and

WHEREAS, Land Discovery, Inc. (hereinafter "LDI") and Eric C. Williams are the owners and developers of the Castle Valley Ranch, PUD ("CVR"), a planned unit development, located within the boundaries of the Town, which property is more particularly described in the attachments to Exhibit A attached hereto, a copy of which is available for inspection at the office of the Town Clerk; and

WHEREAS, certain water and wastewater infrastructure upgrades and improvements are required for the Town to provide continued water and wastewater services within the Town, including CVR; and

WHEREAS, the Town owns and operates a road network within the Town; and

WHEREAS, LDI has previously agreed to construct certain road improvements, including without limitation a road denominated "Castle Valley Boulevard" and has, to date, completed a portion of such boulevard; and

WHEREAS, the parties desire to amend LDI's obligations to construct Castle Valley Boulevard and set forth the terms and conditions upon which LDI may receive cost recovery from third parties for improvements associated with the construction of the third and fourth lanes of Castle Valley Boulevard other than that portion paved to four lane width prior to the effective date of this Ordinance; and

WHEREAS, the Town desires to construct a ten inch (10") looped water line within the Castle Valley Boulevard right-of-way; and



WHEREAS, LDI in conjunction with the Town has caused to be prepared a document entitled "Town of New Castle Infrastructure Development Program" ("Infrastructure Program") dated December 9, 1998, which document, among other things, outlines the master plan infrastructure upgrades and expansions necessary, over time, to the water and sewer system within the Town, and Castle Valley Boulevard and the construction of the looped water line, and which is included in the attachments to Exhibit A hereto and is available for inspection at the office of the Town Clerk; and

WHEREAS, the Town and LDI desire to enter into an agreement entitled "Road, Water and Sewer Infrastructure and Tap Purchase Agreement between the Town of New Castle, Colorado, and Land Discovery, Inc., a Colorado Corporation, and Eric C. Williams," a copy of which is attached hereto as Exhibit A and is incorporated herein by reference, and which is available for inspection at the office of the Town Clerk.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF NEW CASTLE, COLORADO:

1. The foregoing recitals are incorporated by reference herein as findings and determinations of the Town Council.

2. That certain Road, Water, and Sewer Infrastructure and Tap Purchase Agreement between the Town of New Castle, Colorado, and Land Discovery, Inc., a Colorado Corporation and Eric C. Williams, attached hereto as Exhibit A, incorporated herein by reference, and available for inspection at the office of the Town Clerk (hereinafter "Infrastructure Agreement"), is hereby approved. The Mayor and the Town Clerk are authorized to execute the Infrastructure Agreement on behalf of the Town.

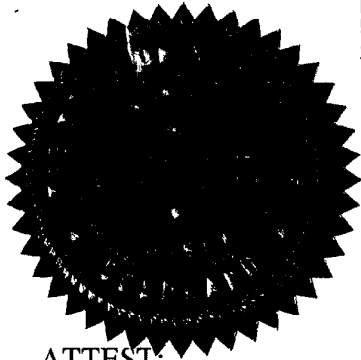
3. Following execution of the Infrastructure Agreement by all parties, the Clerk is directed to record said Infrastructure Agreement, including all of its exhibits, with the Clerk and Recorder of Garfield County. The costs of recording shall be paid by Land Discovery, Inc. promptly upon receipt of a billing for said costs from the Town Clerk.

INTRODUCED on April 6, 1999, at which time copies were available to the Council and to those persons in attendance at the meeting, read by title, passed on first reading, and ordered published in full and posted in at least two public places within the Town as required by the Charter.

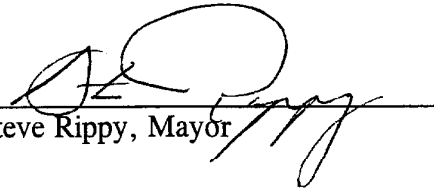
INTRODUCED a second time at a special meeting of the Council of the Town of New Castle, Colorado, on April 27, 1999, read by title and number, passed with amendments, approved, and ordered published as required by the Charter.



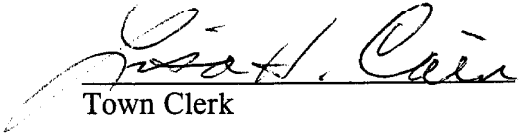
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TOWN OF NEW CASTLE, COLORADO

By: 
Steve Rippey, Mayor

ATTEST:


Town Clerk

**ROAD, WATER AND SEWER INFRASTRUCTURE
AND TAP PURCHASE AGREEMENT
BETWEEN THE TOWN OF NEW CASTLE, COLORADO
AND LAND DISCOVERY, INC., A COLORADO CORPORATION
AND ERIC C. WILLIAMS**

THIS AGREEMENT, is made and entered into this 27th day of April, 1999, by and between the TOWN OF NEW CASTLE, COLORADO and LAND DISCOVERY, INC. a Colorado corporation, and ERIC C. WILLIAMS (hereinafter collectively the "Parties");

WITNESSETH:

WHEREAS, the Town of New Castle (the "Town") is a home rule municipality, organized pursuant to Article XX of the Colorado Constitution; and

WHEREAS, the Town owns and operates potable water and wastewater facilities and provides water and wastewater services to customers within its service area; and

WHEREAS, Land Discovery, Inc. (hereinafter "LDI") and Eric C. Williams are the owners of the Castle Valley Ranch, PUD ("CVR"), a planned unit development, located within the boundaries of the Town, which property is more particularly described on Exhibit A attached hereto and incorporated herein by this reference; and

WHEREAS, certain water and wastewater infrastructure upgrades and improvements are required for the Town to provide continued water and wastewater services within the Town, including CVR; and

WHEREAS, the Town owns and operates a road network within the Town; and

WHEREAS, LDI has previously agreed to construct certain road improvements, including without limitation a road denominated "Castle Valley Boulevard" and has, to date, completed a portion of such boulevard; and

WHEREAS, the Parties desire to amend LDI's obligations to construct Castle Valley Boulevard and set forth the terms and conditions upon which LDI may receive cost recovery from third parties for improvements associated with the construction of the third and fourth lanes of Castle Valley Boulevard other than that portion paved to four lane width prior to the date of this Agreement; and

WHEREAS, the Town desires to construct a ten inch (10") looped water line within the Castle Valley Boulevard right-of-way as more particularly described below in Paragraph 4(A); and

WHEREAS, LDI in conjunction with the Town has caused to be prepared a document entitled "Town of New Castle Infrastructure Development Program" ("Infrastructure Program") dated December 9, 1998, which document, among other things, outlines the master plan infrastructure upgrades and expansions necessary, over time, to the water and sewer system within the Town, and Castle Valley Boulevard and the construction of the looped water line; and

WHEREAS, the Town and LDI desire to set forth here an agreement regarding the Infrastructure Program.

NOW, THEREFORE, for and in consideration of mutual promises and covenants contained herein, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated herein by reference and agreed to by the Parties as true and correct.

2. Infrastructure Development Program. Attached hereto as Exhibit B and incorporated herein by reference is the Infrastructure Program prepared by LDI and the Town. The Parties agree and acknowledge that this Agreement is premised upon said Infrastructure Program. To the extent the terms and conditions of this Agreement are in conflict with Exhibit B, the terms and conditions herein shall control.

3. Water and Sewer Infrastructure Development.

A. Future Improvements. As set forth in the Infrastructure Program, upgrades and improvements to the Town's water and wastewater facilities are required at the present time, and additional upgrades and improvements will be needed in the future, to serve users within the Town service area, including CVR. The Parties agree and acknowledge that the necessary improvements are as generally outlined in Exhibit B and will be constructed and paid for as generally outlined in Exhibit B. The water system upgrades and improvements ("Water Improvements") and sewer facilities ("Wastewater Improvements") which are the subject of this Agreement are described in Exhibit B in the exhibits to the Infrastructure Program. The Water Improvements and Wastewater Improvements are together referred to as the "Improvements," and a single one of the Improvements is referred to as an "Improvement." The Parties further agree and acknowledge that the Infrastructure Program represents the best determination of the Parties at the present time as to the master plan infrastructure upgrades and improvements that are necessary now, and are likely to be necessary in the future. However, modifications to the Water Improvements or Wastewater Improvements may be made in the future by mutual agreement of the Parties, which approval shall not be unreasonably withheld so long as such modification does not increase LDI's total out of pocket expenditures required under this Agreement; provided further that all Improvements, whether outlined in Exhibit B or otherwise, must be first approved by applicable local, state or federal agencies, if any. All Improvements

shall be constructed to standards and plans and specifications of the Town in conformity with any applicable local, state, or federal standards, as reasonably determined by the Town.

B. Construction Responsibility.

i. Water and Sewer Enterprise Funds. As generally outlined in Exhibit B, the Town has obtained a twenty (20) year loan from the Colorado Water Resources and Power Development Authority ("Water and Power Loan"), in the principal amount of \$917,076.00, for use by the Town for Wastewater Improvements, pursuant to that certain Loan Agreement Between Colorado Water Resources and Power Development Authority and Town of New Castle, Colorado, Acting by and through the Town of New Castle, Colorado, Water and Sewer Enterprise, dated January 1, 1999 (the "Water and Power Loan Agreement"). For purposes of this Agreement, the Town Water and Sewer Enterprise Fund is divided into three components. The "Operating Fund" is that portion of the Water and Sewer Enterprise Fund allocated for general operations, maintenance, and repair and is funded entirely from water and sewer service charges and service surcharges (if any) collected by the Town. The "Improvements Fund" is defined as that portion of the Water and Sewer Enterprise Fund allocated to fund the design and construction of the Improvements, and to make loan payments required by the Water and Power Loan Agreement. The Improvements Fund is funded by the proceeds of the Water and Power Loan and by tap fee revenues. The "Reserve Fund" is that portion of the Water and Sewer Enterprise Fund allocated to non-budgeted emergency repair and replacement of existing water and sewer infrastructure (including repair and replacement of the Improvements if repair or replacement becomes necessary after such Improvements have been constructed and have been accepted by the Town) if such repair and replacement cannot reasonably be made utilizing the Operating Fund and, only in the event that sufficient funds are unavailable when necessary from other sources of payment for the Water and Power Loan as described herein, to make payments toward the Water and Power Loan. Subject to the provisions set forth below, the Town may use any legal means to fund the Reserve Fund.

ii. Town's Use of Water and Power Loan and Tap Fee Proceeds. The proceeds of the Water and Power Loan include approximately \$350,000 of Wastewater Improvements that have already been constructed for which the Town will seek reimbursement. To the extent reimbursement is granted as part of the Water and Power Loan, the reimbursement funds will be used first to restore the Reserve Fund to a total of \$200,000 expressed in 1999 dollars (the "Reserves"), which amount shall be adjusted annually on January 1 of each year using the same rate utilized pursuant to Paragraph 3(C), below, and the remainder, if any, shall be allocated to the Improvements Fund. Any amounts held in the Reserve Fund in excess of the Reserves shall be immediately transferred to the Improvements Fund. So long as the balance in the Reserve Fund is equal to the Reserves, all additional proceeds from tap fees (including any tap fee surcharges) and from the Water and Power Loan shall be allocated to the Improvements Fund. The Town agrees to use the Improvements Fund to construct the Initial Upgrade and Phase II-A of the Wastewater Improvements, plus as much as is practical of Phase II-B of the Wastewater

Improvements, all as generally outlined in Exhibit B. The Town agrees to use its best efforts to construct such Improvements in a timely manner, in accordance with projected system demands. The Town agrees all water and sewer tap fees received after this date, except as required to be rebated, and until funding for all Improvements is completed, will be utilized only to maintain the Reserve Fund, to fund the design and construction of the Improvements, and to make loan payments required by the Water and Power Loan Agreement. Nothing herein shall prevent the Town from drawing upon the Reserve Fund below the Reserves, and the Town makes no promise or representation to keep the full Reserves in the Reserve Fund in the future; provided, however, the Town shall not draw the Reserve Fund to below \$68,000 to fund design or construction of the Improvements; further provided that nothing herein shall be interpreted to require the Town to take any action that would violate the terms and conditions of the Water and Power Loan Agreement, and to the extent anything herein conflicts with the terms of the Water and Power Loan Agreement, the terms of the Water and Power Loan Agreement shall control; and further provided that nothing herein shall prevent the Town, in its sole discretion, from obtaining or using other monies (including but not limited to grants, new loans, developer cash advances, general obligation or revenue bonds or borrowing, or short term financing) to fund construction of the Improvements.

iii. LDI's Obligations to Fund or Construct Improvements. To the extent sufficient funds are not then available from the Improvements Fund to design or construct Improvements when necessary to comply with state or federal requirements as determined by the Town Engineer, LDI will advance funds ("LDI Funds") to cover the shortfall in accordance with this Agreement. "LDI Funds" also includes all "actual construction costs" as defined below incurred by LDI related to the Improvements. Except as provided in subparagraph (iv), below, all Improvements to be constructed in whole or in part with LDI Funds may, at LDI's option, be constructed by LDI, if permitted by applicable law. If and when LDI elects to exercise such option, LDI shall provide a performance guarantee to secure such construction in accordance with Paragraph 6, below. Such construction shall not commence until and unless the Town has approved the plans and specifications for such Improvements in writing, which approval shall not be unreasonably withheld; provided, all such Improvements shall be constructed in accordance with applicable state and federal standards and as generally outlined in Exhibit B; provided further that, as to any Improvements constructed by LDI, the Town shall have the right to have its consulting engineer provide construction observation and/or inspection services, which costs shall be considered part of the actual construction costs of such project and paid for by LDI Funds. For purposes of this Agreement, "actual construction costs" shall mean the total out-of-pocket costs incurred in connection with the construction of Improvements, including without limitation costs expended for engineering design and review, regulatory approval, construction supervision, inspections, labor, and materials. During construction of any Improvement project constructed under this Agreement by either the Town or LDI, any deviation from the approved plans and specifications, and any change orders, shall be first reviewed and approved by the Town and LDI, approval of which shall not be unreasonably withheld. Despite anything to the contrary stated elsewhere in this Agreement, under no

circumstances shall the total of all LDI Funds required to be paid by LDI for all Improvements exceed One Million Dollars (\$1,000,000.00) expressed in 1999 dollars. For purposes of computing this payment cap at any time after 1999, the amount shall be computed using the same rate to be utilized at such time pursuant to Paragraph 3(C), below.

iv. Implementation: Public Bidding.

The Parties agree and acknowledge that construction of Improvements funded in whole or in part with LDI Funds may be required by applicable law to be publicly bid and awarded to the lowest responsible bidder. Nothing herein shall preclude LDI, its subsidiaries or affiliates, from preparing and submitting a bid for such Improvements. In the event of the construction of any Improvement with LDI Funds, the Town shall not be required to award a contract to a contractor other than LDI for such Improvement until and unless LDI has deposited with the Town an amount equal to the LDI Funds required for that contract (whether some or all of the contract bid amount), plus ten percent (10%) of the LDI portion of the cost for contingencies. In lieu of such deposit, LDI may, at its option, provide a performance guarantee in an equal amount in accordance with Paragraph 6, below. The Town shall maintain a separate accounting of all LDI Funds deposited with the Town, and such LDI Funds shall be placed in an interest bearing account, with interest accruing to the benefit of the account and to be used only for the Improvements. On completion of any Improvement constructed with LDI Funds and final settlement with the contractor(s), any LDI Funds remaining in the account shall be returned to LDI. If, due to change orders, cost overruns, or otherwise, such amount is insufficient to pay the cost of the Improvements, LDI shall be responsible for the deficit to the extent funds are not available in the Improvements Fund for this purpose. Each party shall have the right at reasonable times to examine all invoices and the books of the other party regarding any Improvement project constructed under this Agreement, plus the looped water line described below in Paragraph 4(A) and the Castle Valley Boulevard project referred to below. In the event the Improvement project is constructed by LDI, LDI shall not commence the construction until it has provided evidence to the Town, in a form satisfactory to the Town Attorney and Town Administrator, that LDI has adequate funds available for the construction of the project, including providing a performance guarantee in accordance with Paragraph 6, below.

Public bidding shall be mandatory for any particular project to construct Improvements if: (a) the construction project for such Improvements is to be funded jointly by the Town and LDI and the Town will advance \$25,000 or more for such project; or (b) LDI's projected costs for such Improvements exceed the Town Engineer's estimate of such costs by more than fifteen percent (15%). If public bidding is required, then LDI shall have no right to construct such Improvements itself unless it is selected as the lowest responsible bidder in accordance with applicable public bidding procedures, and LDI shall be treated the same as any other contractor submitting a bid for the project.

v. Timing.

Notwithstanding anything in this Agreement to the contrary, LDI shall initially advance LDI Funds for design and shall construct Phase I of the Water Plant Expansion, a portion of the Water Improvements described in Exhibit B. This advancement shall occur no later than sixty (60) days after the date of last execution of this Agreement.

For all other Improvements required to be funded by the Town or LDI under the terms of this Agreement, funds shall be advanced first for engineering and design work when necessary as determined by the Town Engineer in accordance with applicable Town, local, state, and federal standards. LDI shall provide the LDI Funds or the performance guarantee required by the preceding subparagraphs (i) through (iv) at the time when actual construction is necessary as determined by the Town Engineer or, if public bidding occurs, within thirty (30) days after the Town provides LDI notice of its decision to award a contract to a particular contractor.

C. Tap Credits for LDI Advances. As outlined in the attached Exhibit B, LDI shall receive tap credits for the actual construction costs incurred by LDI (in the event of construction of any of the Improvements by LDI), plus all LDI Funds advanced by LDI for the actual construction costs of Improvements constructed by the Town pursuant to this Agreement (whether utilizing its employees or another contractor, including LDI). The Parties agree that LDI shall receive a prepaid water and sewer tap credit (equal to one (1) EQR credit) (a "Prepaid Tap Credit") for each \$1,125.00 so incurred by LDI or advanced by LDI to the Town pursuant to this Agreement. The Parties further agree and acknowledge that the \$1,125.00 figure is expressed in 1999 dollars. Therefore, amounts incurred or advanced in the year 2000 and thereafter shall be discounted back to 1999 dollars annually, for purposes of determining the number of Prepaid Tap Credits, at the greater of a four percent (4%) discount rate per year or a discount equal to the consumer price index (All Items: Denver/Boulder). Such Prepaid Tap Credits shall apply to the first taps utilized or purchased within CVR and shall be utilized prior to any taps obtained by LDI by any other means. To enable LDI to obtain the appropriate benefit from such Prepaid Tap Credits, the Town agrees that it shall require all users to purchase taps in accordance with the Town of New Castle Municipal Code provisions at the then-existing tap fee rate; provided, however, that in no event shall the combined water and sewer tap fees imposed pursuant to the Town of New Castle Municipal Code be less than \$4,500.00. If the combined water and sewer tap fee in the Town is at any time, for any reason, less than \$4,500.00, LDI's obligation to construct Improvements and/or advance LDI Funds under this Agreement shall terminate without action by or notice to any person or entity. The Town shall rebate to LDI quarterly \$4,500.00 per EQR for all water and sewer taps purchased within CVR, or other property in the Town owned by LDI or its affiliate, and the remaining Prepaid Tap Credits of LDI shall be reduced by the number of taps sold by the Town within CVR and rebated to LDI. For purposes of this Agreement, a "tap" shall mean a combined water and sewer tap, and in the event that any water-only taps or sewer-only taps are sold, the Prepaid Tap Credits shall be prorated in accordance with the ratio of the water-only tap fee or the sewer-only

tap fee to the price of a combined water and sewer tap at the time of the sale.* Any tap fees collected by the Town in excess of \$4,500.00 per EQR may be retained by the Town. If LDI has any Prepaid Tap Credits remaining after full build-out of CVR (*i.e.*, when there are no more taps to be purchased for use within CVR), then the Town shall rebate \$4,500.00 to LDI for every other tap sold within the Town (*i.e.*, odd-numbered taps or even-numbered taps, but not both) beginning with the first tap sold during the calendar year after the Town has collected at least \$68,000.00 in tap fee revenues for such year, and the remaining Prepaid Tap Credits of LDI shall be reduced by one Prepaid Tap Credit for each \$4,500 so rebated. LDI shall have no right to rebate after full build-out for any taps sold by the Town unless and until \$68,000.00 in tap fee revenues has actually been collected during that year.

D. Tap Purchase Agreement. To help ensure that the Town has adequate funds to meet its debt service obligations under the Water and Power Loan, and to allow the Town to construct, to the extent of the Improvements Fund, the Improvements set forth in Exhibit B, it is estimated that it will be necessary for the Town to collect \$90,000.00 in water and sewer tap fee revenues per year from taps sold without a rebate obligation. To partially offset the risk associated with such debt service and the necessary tap sales, LDI agrees to pay to the Town up to \$45,000.00 per year as necessary to provide \$90,000.00 per year in total tap fee revenues after rebates to LDI. In exchange for such payment, LDI shall receive a "Tap Guarantee Credit" for the dollar amount of the payment. Such payment shall occur on December 31st of each year as necessary to help ensure that the sum of the tap fee revenues collected and not required to be rebated to LDI and the payment for the Tap Guarantee Credit equals at least \$90,000.00 in each calendar year. The grant of any tap discounts or rebates to any person or entity other than LDI after the date of this Agreement shall terminate LDI's obligation to construct Improvements or advance LDI Funds. At the end of each calendar year, the Town shall determine the total amount of tap fees collected by the Town minus the amount required to be rebated to LDI pursuant to Paragraph 3(C), above (the "Tap Fee Proceeds"). In computing the Tap Fee Proceeds, "tap fees collected by the Town" shall not include Prepaid Tap Credits obtained by LDI pursuant to Paragraph 3(C), above, nor shall it include tap fee surcharges collected by the Town, if any. If the total Tap Fee Proceeds are less than \$90,000.00, LDI shall pay the difference between the Tap Fee Proceeds and \$90,000.00, up to a maximum payment of \$45,000.00. If the total Tap Fee Proceeds are greater than \$90,000.00 in any calendar year, then the Town shall, by January 31 of the succeeding year, rebate to LDI an amount equal to the total tap fees collected in that calendar year, less \$90,000.00, until LDI's Tap Guarantee Credits have been repaid in full.

E. Illustrations. The following chart illustrates the provisions of Paragraphs 3(C) and (D) based upon hypothetical assumptions. These examples should not be construed as any promise or representation as to the actual discount rates to be applied, the actual tap fee rate to be charged by the Town in the future, the actual advancements to be made by LDI, or the projected pace of development of CVR or the Town in general:

A	B	C	D	E	F	G	H	I	J	K	L
Year	CVR build out?	LDI Advances after discount to 1999 Dollars ¹	Prepaid Tap Credits (PTCs) 1 credit per \$1,125	Taps Sold CVR	Other Taps Sold	PTC Rebate to LDI (\$)	Prepaid Tap Credits start/end	Tap Fee Rate (\$)	Tap Fee Proceeds (\$)	Tap Guar. Credit (TGC) start / end ² (\$)	TGC rebate to LDI by next Jan 31 (\$)
1999	no	112,500	100	10	20	45,000	0/90	4,500	90,000	0/0	0
2000	no	225,000	200	5	30	22,500	90/285	5,000	152,500	0/0	0
2010	no	11,250	10	10	5	45,000	20/20	8,000	75,000	0 / 15,000	0
2011	no	0	0	10	8	45,000	20/10	8,000	99,000	15,000/ 6,000	9,000
2018	yes	0	0	0	40	81,000 ³	20/2	16,000	559,000	20,000/ 0	20,000

A is a hypothetical year

B is "no" if there are taps remaining to be sold in CVR, otherwise B is "yes"

C is the amount actually advanced, discounted to 1999 dollars at a rate pursuant to ¶ 3(C), above

$D = C \div 1,125$

E is the number of taps sold by the Town within CVR during year A

F is the number of taps sold by the Town outside of CVR during year A

G: If B = "no" then $G = E \times 4,500$

If B = "yes" then G is the sum of every other tap sold after the Town has collected \$68,000, up to a maximum of H "start" $\times 4,500$

H "start" is H "end" for prior year; $H \text{ "end"} = H \text{ "start"} + D - (G \div 4,500)$

I is a hypothetical tap fee rate during year A

$J = (F \times I) + ((E \times I) - G)$

K "start" = K "end" for prior year; If $J < 90,000$, then $K \text{ "end"} = K \text{ "start"} + (90,000 - J)$;

If $J > 90,000$, then $K \text{ "end"} = K \text{ "start"} - L$

L: If $J > 90,000$, then $L = J - 90,000$ up to a maximum of K "start"; If $J < 90,000$, then $L = 0$

¹The hypothetical figures in this column are expressed in 1999 dollars. For year 2000, the actual amount advanced by LDI could be roughly \$234,000. For year 2010, the actual amount could be roughly \$17,320. These hypothetical figures are not meant to illustrate the actual method of applying any particular discount rate.

²When the TGC "start" amount is less than the "end" amount, this indicates a payment made by LDI on 12/31. The "end" amount means the credit remaining after any TGC rebate by the Town to LDI on 1/31 of the following year.

³LDI has no right to a PTC rebate until the Town has collected \$68,000, *i.e.*, after the 5th tap is sold by the Town (revenues from 4 taps = 64,000; revenues from 5 taps = 80,000). LDI then becomes entitled to a PTC rebate for the 6th, 8th, 10th taps, etc., for a total of 18 taps. $18 \times 4,500 = 81,000$.

F. Default by LDI of Provisions in Paragraphs 3(C) or (D). In the event of a default by LDI under either of the foregoing Paragraphs 3(C) or (D), which default is not cured within thirty (30) days after the date LDI receives notice of such default and demand to cure from the Town (or such longer period as is reasonably required for cure, if LDI commences cure within such 30-day period and diligently pursues cure to completion), LDI's right to a rebate for each Prepaid Tap Credit shall be reduced to \$1,125.00 per combined water and sewer tap, with the Town retaining the balance of the tap fee collected for such tap credit.

G. Termination. LDI's obligations to advance funds or to construct Improvements pursuant to Paragraph 3(B), and LDI's obligations to guarantee tap fee revenues pursuant to Paragraph 3(D), shall terminate upon: (i) the repayment of the Water and Power Loan; (ii) when LDI has received rebates for all of the Prepaid Tap Credits that it has received pursuant to Paragraph 3(C); or (iii) upon full build-out of CVR, whichever first occurs, but in no event sooner than three years from the effective date of this Agreement.

H. Water Storage. The Parties agree and acknowledge that, except as set forth herein, the cost of treated water storage is not a cost that is borne by the Town or financed with tap fee revenue obtained by the Town. Therefore, LDI and other future developers within the Town shall be required to construct treated water storage as necessary to serve their respective developments.

4. Looped Water Line.

A. Construction of Looped Water Line: LDI Participation. The Town desires to construct immediately in 1999, a ten inch (10") water line ("Looped Water Line") from the easterly terminus of the existing water line located within the Castle Valley Boulevard right-of-way within CVR, southeasterly in the existing and proposed Castle Valley Boulevard right-of-way, but outside of existing Castle Valley Boulevard Road Improvements, to the existing water line terminus within the Burning Mountain PUD, Phase II, as generally shown on attached Exhibit C, incorporated herein by reference. To the extent feasible, said construction shall be generally located outside that portion of the Castle Valley Boulevard right-of-way necessary for the construction of the first two lanes of Castle Valley Boulevard. The Parties recognize and agree that until the Town has obtained an easement or right-of-way for the extension of Castle Valley Boulevard through the property located north of Burning Mountain PUD and southeast of CVR, the installation of such Looped Water Line cannot occur; provided, however, that the Parties agree that construction of such line should commence as soon as possible once the Town obtains the necessary right-of-way or easements for this purpose.

LDI shall grant the Town a utility easement within the Castle Valley Boulevard 100 foot right-of-way, free and clear of all liens and encumbrances that would prevent the easement from being used for its intended purpose, for the Looped Water Line through CVR at the Town's request. Because the Looped Water Line shall be constructed within the proposed Castle Valley

Boulevard right-of-way within CVR, extending to the southeast property line of CVR, CVR will, in the future, benefit from such construction, and therefore LDI agrees to pay eight percent (8%) of the Looped Water Line actual construction costs. In the alternative, LDI may construct, at LDI's discretion and sole expense, that portion of the Looped Water Line located within CVR commencing at the existing terminus of the Looped Water Line in Castle Valley Boulevard and continuing generally south and east so as to amount to eight percent (8%) of the total project as reasonably determined by the Town Engineer; provided, however, that LDI agrees that it shall commence such construction, if LDI in its discretion determines to construct the line in lieu of payment of eight percent (8%) of the total actual construction costs, within thirty (30) days after demand by the Town to either construct the line or contribute its share of the engineer's estimate of total actual construction costs. Such request shall only occur when the Town is prepared to construct the balance of the Looped Water Line. If actual construction costs are more or less than the engineer's estimate, LDI shall pay or receive a rebate accordingly, unless LDI constructs a portion of the Looped Water Line as provided above. All construction shall be in accordance with plans and specifications as reasonably prepared by the Town and in accordance with applicable Town, local, state, and federal standards. In the event of construction by LDI, LDI shall reimburse the Town for the cost of construction observation/inspection by the Town's consulting engineer, which reimbursement shall be included in LDI's 8% obligation.

B. Allocation of Construction Cost. It is estimated at this time that the actual construction costs of the Looped Water Line (the actual construction costs for items identified in this Paragraph 4 shall be defined in the same manner as set forth in Paragraph 3, above) is approximately \$300,000.00. It is anticipated that these costs will be shared by the Town and third parties as follows:

<u>Development</u>	<u>Percentage</u>
Burning Mountain PUD	33.3%
Walters Center PUD	33.3%
CVR	8.0%
Town of New Castle	<u>25.4%</u>
Total	100.0%

In the event the Town is unable to obtain the participation of necessary third parties for the construction of the Looped Water Line, the Town reserves the right to advance such costs and impose a tap fee surcharge upon water users outside of CVR not contributing their full shares of such costs, to be paid at the time of tap purchases or land use approvals within the developments benefitted by such Looped Water Line as contemplated above. The Town reserves the right to recapture its contribution from third parties other than LDI.

C. Third Party Connections to Looped Water Line. Because the construction of the Looped Water Line may cause CVR financial harm by accelerating the need by CVR for a third treated water storage tank, the Town agrees that no additional taps after the date of this Agreement outside of CVR in excess of two hundred fifty (250) residential EQR (or commercial equivalent) shall be permitted to connect to the Looped Water Line until and unless either (i) additional treated water storage is constructed by such third parties desiring to make additional connections to the Looped Water Line; or (ii) such third parties provide a performance guarantee in a form and amount acceptable to the Town to secure construction of such additional treated water storage when actually required. Such performance guarantee shall be required no later than the time of approval of any final subdivision plat that provides for connection to the Looped Water Line in excess of the permitted 250 EQR, or upon any actual connection in excess of said 250 EQR, whichever first occurs, and shall be in an amount sufficient to provide for the treated water storage needs of the development shown on such plat or actually connected without a plat as determined by the Town Engineer plus 180,000 gallons. The Parties agree and acknowledge that such additional treated water storage will be deemed "actually required" for purposes of this Agreement when the available storage in Tank 2 located within CVR has been depleted as determined by the Town Engineer based upon the number building permits issued and needed for particular subdivision proposals. For purposes of this Agreement, said two hundred fifty (250) EQR shall only include 112 two-bedroom units and 57 three-bedroom units within Burning Mountain PUD, Phase II, 40 residential EQR on property within the Walters Center PUD, and 50 residential EQR (or commercial equivalent) within the 317.85 acres of property located north of Burning Mountain PUD and southeast of CVR and subject to a petition for annexation submitted to the Town on March 20, 1998 (hereinafter the "Faas Ranch"). Commercial and recreational taps within Burning Mountain PUD, Phase II, and the Walters Center PUD shall not be counted or considered as part of this total 250 EQR limit; provided, however, that all commercial and recreational uses within both the Walters Center PUD and Burning Mountain PUD, Phase II, shall be deemed to have their water storage requirements sufficiently provided from the existing one million gallon Town tank and shall not affect the storage capacities in any additional water storage tanks to be utilized by CVR. Moreover, if the owners/developers of the Burning Mountain PUD and the Walters Center PUD contribute their respective shares of construction costs of the Looped Water Line as described in the preceding Subparagraph (B), such owners/developers shall have no further obligations by virtue of this Agreement to construct or pay for treated water storage in connection with the build-out of their properties as proposed as of the date of this Agreement. For all references in this Agreement to a "Unit" or "Units" within the Faas Ranch, one "Unit" shall mean: a single-family home; a multi-family residential unit with three or more bedrooms; 1.25 multi-family residential units with less than three bedrooms per unit; 235 square feet of internal retail space; or 870 square feet of internal office space. No later than the time of final plat approval for the fifty-first (51st) Unit to be developed within the Faas Ranch, the owner(s) or developer(s) of the Faas Ranch shall provide the performance guarantee described above, which performance guarantee shall provide for the water storage needs of all Units platted and connected within the Faas Ranch as of that time, plus

180,000 gallons. If any plat and related subdivision improvements agreement provides for development in phases, the timing and extent of the performance guarantee shall reflect this.

D. Treated Water Storage Tank Site. The Town agrees to require the owner of the Faas Ranch, through which the Looped Water Line will traverse, to dedicate a treated water storage tank site in a location to be mutually agreed upon by the Town, LDI, and the owner of the Faas Ranch (approval of which shall not be unreasonably withheld), together with necessary easements for a service road, connecting pipelines (including a pipeline as necessary to serve CVR) and appurtenances; provided, that the minimum elevation for the tank site shall be 6,095 feet above sea level; further provided, that the tank site shall be located so as to provide adequate pressure within CVR without imposing unreasonable costs for pipeline(s) from the tank site to CVR. Such dedication shall occur no later than the time that additional treated water storage is "actually required" pursuant to Paragraph 4(C), above. Such site and easement dedication shall be at no cost to LDI or the Town and shall be conveyed free and clear of all liens and encumbrances which would impair or prevent the use of the easement for its intended purpose. The Parties agree that the Town, LDI, and the property owner dedicating the tank site and easements shall all have the right to participate in the construction of capacity in the proposed treated water storage tank upon payment of a pro-rata share of the cost of the construction of such tank. If the pipeline necessary to connect such tank to the Town system also provides and serves as a distribution line for the underlying property owner, the cost of the line shall be apportioned in accordance with this principle (*i.e.*, the cost of such line attributable to and to the extent functioning as a distribution line for the underlying property owner shall be borne by the underlying property owner, and the incremental cost of oversizing such line to serve the treated water storage tank shall be apportioned among the parties participating in such tank capacity).

5. Castle Valley Boulevard.

A. Construction of Castle Valley Boulevard. Castle Valley Boulevard is proposed as a four-lane arterial street to connect County Road 245 to the existing end of pavement within the Burning Mountain PUD, Phase II. LDI has, to date, constructed to completion approximately 3356 feet of Castle Valley Boulevard within CVR as a four-lane arterial street pursuant to specifications and standards approved by the Town ("Existing 4-Lane CVB"). LDI has partially constructed portions of the third and fourth lanes on the remaining portions of Castle Valley Boulevard, which are the responsibility of third parties under this Agreement ("Additional Completed 4-Lane Improvements"). Exhibit D attached hereto and incorporated herein by reference depicts the alignment of Castle Valley Boulevard as currently constructed and as proposed upon completion. Exhibit D further depicts the Existing 4-Lane CVB and the Additional Completed 4-Lane Improvements.

LDI has heretofore agreed with the Town that it would construct, at its sole expense, all four (4) lanes of that portion of Castle Valley Boulevard remaining to be constructed on the date of this Agreement. Such agreement was premised upon the current PUD zoning of CVR which would allow the construction of up to 2,400 residential units. At this time, LDI is proposing to significantly down zone CVR to a total density of no more than 1,400 units, 100,000 square feet of interior commercial space, and recreational uses as approved within CVR (the "Proposed Down-Zoning"). In the event the Town approves the Proposed Down Zoning by approving a revised PUD Master Plan Zoning, the Town agrees to release LDI from its obligations to construct Castle Valley Boulevard to a four-lane arterial street. Based upon traffic studies submitted to the Town by LDI, which have been reviewed, modified, and approved by the Town, the Town agrees that the traffic generated within CVR after the Proposed Down Zoning does not require the construction of Castle Valley Boulevard to more than two (2) lanes. Therefore, upon approval of the revised CVR PUD Master Plan Rezoning contemplated herein, the Town agrees that LDI's obligation shall be to construct Castle Valley Boulevard as a two-lane road from its present terminus in CVR to its existing terminus in Burning Mountain PUD in accordance with the standards and specifications attached hereto as Exhibit E and incorporated herein by reference. If such rezoning is approved and is not ultimately exceeded in CVR, and if LDI complies with its obligations to construct Castle Valley Boulevard as provided herein, the Town agrees not to deny approval of any future plats within CVR on the basis of insufficient road capacity of Castle Valley Boulevard.

The Town and LDI acknowledge and agree that: (i) the completion of the construction of two (2) lanes of Castle Valley Boulevard by LDI is necessary to serve the traffic needs of the Town; (ii) the continued construction of housing at CVR is necessary and beneficial to the Town; (iii) that upon continued development of CVR the health, safety and welfare of the residents of the Town will require the completion of Castle Valley Boulevard in a timely manner in order to relieve anticipated future traffic conditions on 7th Street, whether or not the Faas Ranch property is annexed into the Town; and (iv) that CVR will be allowed to develop up to 200 lots in addition to those contained within the existing; Filing 1 prior to the completion of Castle Valley Boulevard, provided, however, that LDI will and is diligently pursuing the construction of Castle Valley Boulevard as defined in Paragraph 5(C), below.

The developer(s) of the Faas Ranch shall be required to fund the actual construction costs of the third and fourth lanes of Castle Valley Boulevard, subject to the cost limitation set forth below, to standards and specifications as set forth in Exhibit E and in accordance with the Town Municipal Code and Public Works Manual; provided, however, that in the event of any conflict between Exhibit E and the Town Code or Public Works Manual, Exhibit E shall control. The design and construction of the third and fourth lanes shall include such revegetation as may be reasonably required by the Town. The purpose of such revegetation is to provide reasonable stability to earth that is disturbed during construction and not to provide landscaping, which landscaping shall be provided as part of subdivision improvement agreements for development adjacent to Castle Valley Boulevard. The developer(s) of the Faas Ranch shall be required to

provide a performance guarantee, in a form and amount acceptable to the Town, to secure construction of the third and fourth lanes no later than the time of final approval of a final subdivision plat for development of the fifty-first Unit to be located within the Faas Ranch. The developer(s) of the Faas Ranch shall be required to advance funds for construction by the Town of the third and fourth lanes at the time such lanes are actually required which, the Parties agree and acknowledge, shall occur when the level of service on Castle Valley Boulevard has reached service level "D" as reasonably determined by the Town Engineer; provided, however, that the developer(s) of the Faas Ranch shall not be required to advance more than \$320,000, expressed in 1999 dollars (the "Faas Contribution") and to be computed using the same index described in Paragraph 3(C), above, for such purposes. Such developer(s) may, at any time, liquidate the amounts due under this paragraph by paying to the Town an amount equal to Faas Contribution minus the amounts held in the "Faas Fund" as defined below in Paragraph 5(D)(ii). If the actual construction costs for the third and fourth lanes exceed the amount required to be advanced by the developer(s) of the Faas Ranch pursuant to this paragraph, then the Town shall pay the difference and shall be entitled to cost recovery pursuant to Paragraph 5(D)(ii), below.

The developer(s) of the Faas Ranch shall have the right to not less than four (4) intersection points on Castle Valley Boulevard each of which shall allow access to both sides of the roadway. The plans and specifications for design of the roadway are set forth in Exhibit E. The developer(s) of the Faas Ranch shall be responsible for the construction of all improvements at the access points provided to the developer(s) of the Faas Ranch at the time of approval of a final subdivision plat including such access points. All improvements and facilities which shall be necessary for vehicular access to the Faas Ranch shall be made at the sole cost and expense of the developer(s) of the Faas Ranch and shall be subject to the Town's regulations governing same provided that the developer(s) or owners of the Faas Ranch shall be entitled to continued access to the Faas Ranch for ranching operations at limited access points. The location of such access points shall be subject to the Town's written approval, which approval shall not be unreasonably withheld. The developer(s) of the Faas Ranch, at its sole cost, shall also be allowed to make connections to any utilities located in the right of way and may install pipe sleeving across the right of way to provide cross access for the Faas Ranch. In order to allow the developer(s) of the Faas Ranch to determine the necessity of such utilities and sleeves, the Town shall provide the developer(s) of the Faas Ranch with copies of the plans and specifications for any section of the roadway to be constructed within the Faas Ranch at least 60 days prior to construction of such section. The Town shall cause all utilities to be buried underground in the right of way except for usual surface appliances and fixtures. In order to ensure that all construction in the right of way does not adversely alter the historic water drainage patterns of the Faas Ranch, the Town will provide plans and specifications for said construction to the developer(s) of the Faas Ranch for their review and comment before construction begins so that the developer(s) of the Faas Ranch can make this determination. Any bike and pedestrian ways shall be located within the right of way of Castle Valley Boulevard. The Town shall construct and maintain fencing along the Castle Valley Boulevard right of way boundaries within the Faas Ranch sufficient (as reasonably determined by the Town) to control

and keep cattle and horses off of the right of way until such time as the first final subdivision plat for the Faas Ranch is approved, after which time the developer(s) of the Faas Ranch shall be solely responsible to maintain fencing as approved as part of the platting process. The Town shall otherwise maintain Castle Valley Boulevard in a reasonable condition including preservation of surface vegetation and general maintenance of all facilities installed in the right of way. Except as expressly provided herein, neither the owners nor the developer(s) of the Faas Ranch shall be required to pay for any maintenance or operational costs of any facility installed in the right of way except for those private facilities that directly serve or benefit the Faas Ranch, and except for generally applicable taxes imposed by the Town now or in the future. The Town shall cause the right of way to be monumented in accordance with applicable survey standards.

B. Condemnation of Right-of-Way. The Parties acknowledge that the owner of the Faas Ranch property has filed a petition to annex such property to the Town. As part of such annexation, the Town will require the dedication, at no cost to the Town or LDI, of a one hundred foot (100') wide right-of-way within the Faas Ranch for Castle Valley Boulevard, which dedication shall be free and clear of all liens and encumbrances which would prevent the property from being used for its intended purposes, including underground utilities. In the event the Town has not obtained such right-of-way by May 26, 1999, for any reason, the Parties agree that the Town shall diligently proceed with eminent domain proceedings to obtain such right-of-way, including the right of immediate possession. Prior to the Town's proceeding, the Town shall estimate the cost of such proceedings, including attorney fees, expert witness fees, the fair market value of the right-of-way acquisition, and damage to the remainder, if any. LDI agrees to deposit such amount with the Town within thirty (30) days of being notified of such estimate. The Town shall place the funds received in an interest bearing account, with interest accruing to the benefit of the account, and immediately proceed with eminent domain proceedings to obtain the right-of-way. In the event the deposit is insufficient to pay the costs of such proceedings, LDI shall pay the Town the additional cost within thirty (30) days of notice by the Town of such deficit. In the event there is a balance remaining in such account at the conclusion of the eminent domain proceedings, the Town shall pay to LDI the balance. Prior to the Town's proceeding with such eminent domain proceedings, a maximum amount payable by LDI shall be established by mutual agreement of the Parties hereto.

The Town agrees that, in the event it is necessary to proceed with eminent domain proceedings, the Town shall not annex the property adjacent to that portion of Castle Valley Boulevard obtained through such proceedings until and unless the owner of such property pays to the Town the actual cost incurred by LDI and the Town for such eminent domain proceedings, together with interest from the date of LDI's payment to the Town at the rate of eight percent (8%) per annum, compounded annually, which amount shall not increase to more than two (2) times the actual costs advanced by LDI. The right of LDI to such recovery shall terminate, regardless of payment, on December 31, 2020. Upon receipt of such amount by the Town, the Town shall pay said monies to LDI. It is the intent of this subparagraph that LDI

shall pay any and all costs incurred by the Town in connection with such eminent domain proceedings, including without limitation, legal fees and court costs, expert witness fees and costs, costs of appraisals obtained by the Town (and by the underlying property owner if required to be paid by the Town) and the amount of any condemnation award, whether by settlement or court decree, subject only to the maximum amount of these costs to be mutually agreed upon.

C. Timing of Construction by LDI. Upon notice to LDI by the Town that it has obtained the necessary right-of-way for that portion of Castle Valley Boulevard from its existing terminus in CVR to its existing terminus in Burning Mountain PUD and upon the Town's providing for the installation of necessary water and sewer line construction, LDI shall construct the first two lanes of Castle Valley Boulevard pursuant to the plans, specifications and standards approved by the Town and as set forth on attached Exhibit E. LDI shall commence construction within thirty (30) days after the right-of-way for Castle Valley Boulevard is obtained by the Town for the entire distance between the two existing terminuses of Castle Valley Boulevard described above, and LDI shall use its best efforts to complete such construction in 1999, but in no event later than one (1) year after commencement; provided, however, that LDI's date for commencement of construction shall be extended for any unusual weather conditions; and provided further that LDI shall not be required to commence or continue construction between November 1 of any year and March 1 of the following year. In addition, LDI shall construct and include in the plans for Castle Valley Boulevard such revegetation as may be reasonably required by the Town. The purpose of such revegetation is to provide reasonable stability to earth that is disturbed during construction and not to provide landscaping, which landscaping shall be provided as part of subdivision improvement agreements for development adjacent to Castle Valley Boulevard. The Town agrees that any utilities crossings of Castle Valley Boulevard not completed as part of LDI's construction will be made by borings. The costs of all utility crossings and/or sleeves for such purposes shall be borne by the property owner desiring such crossings or sleeves. LDI shall not be required to bear the costs of such crossings except as required within CVR. LDI agrees to reasonably cooperate with the Town and the developer(s) of the Faas Ranch or other affected properties for such purposes. LDI shall have no right to reimbursement from anyone, including the Town and the developer(s) of the Faas Ranch, for the costs of construction of the first two lanes of Castle Valley Boulevard.

D. Cost Recovery for Castle Valley Boulevard Improvements.

i. LDI. The Town agrees and acknowledges that LDI has incurred actual construction costs in the amount of \$314,896.08 in connection with the construction of the Additional Completed 4-Lane Improvements, which amount includes \$210,000 (the "Reimbursable Third and Fourth Lane Costs") for improvements constructed outside of the Faas Ranch. The Parties agree and acknowledge LDI is not entitled to any reimbursement for the costs of the Additional Completed 4-Lane Improvements except for the Reimbursable Third and Fourth Lane Costs. Recognizing that LDI would not have been required to construct such third

and fourth lanes, upon the approval of the revised PUD Master Plan Zoning referred to above, and based upon the traffic studies provided by LDI, as amended and approved by the Town, the Town agrees to reimburse LDI for the Reimbursable Third and Fourth Lane Costs, together with interest at the rate of eight percent (8%) per annum, compounded annually; provided, however, that such interest shall not begin to accrue until such time as construction of the third and fourth lanes is "actually required" as defined above. In order to provide said reimbursement to LDI from development that will utilize Castle Valley Boulevard as a main arterial, the Town agrees to impose a road impact fee payable at the time of any final plat approval by the Town after the effective date of this Agreement in the amount of \$1,000 per residential or equivalent commercial unit shown on any future final subdivision plat for property located: (a) within the Faas Ranch and (b) above the intersection of County Road 245 and North Midland Avenue (*i.e.*, any property primarily accessed by traveling generally northwest on County Road 245 from the intersection), including any property owned by LDI not annexed into the Town as of the effective date of this Agreement but excluding any portions of CVR within the Town limits as of the effective date of this Agreement. The Town shall have no obligation to provide reimbursement to LDI under this paragraph except to the extent that it actually collects the \$1,000 road impact fee, which amounts shall be remitted to LDI by the Town on a monthly basis after the receipt by the Town of such funds. Attached hereto as Exhibit F, and incorporated herein by reference, is an itemization of LDI's costs and a drawing showing the portions of Castle Valley Boulevard for which LDI is entitled to this reimbursement. To ensure that this cost reimbursement does not unreasonably impair the Town's ability to grow and plan for its future, the total reimbursable cost shall not exceed \$400,000.00 (regardless of whether the total would increase over that amount because of added interest), and LDI's right to reimbursement shall terminate in its entirety, regardless of whether or to what extent repaid, on December 31, 2020.

ii. Faas Ranch Developer(s). In addition to the road impact fee described above, and in order to facilitate funding of the construction of the third and fourth lanes when actually required, the Town agrees to impose a second road impact fee in the amount of \$750 per residential or equivalent commercial unit (the "Faas Ranch Road Fee") payable at the time of application for a building permit for any development within the Faas Ranch. The \$750 figure is expressed in 1999 dollars and shall be adjusted annually on January 1 using the same rate described in Paragraph 3(C). The Town shall collect and hold all proceeds from the Faas Ranch Road Fee in a separate interest-bearing account (the "Faas Fund") until such time as construction of the third and fourth lanes is actually required pursuant to this Agreement, at which time the amounts, including accrued interest, held in the Faas Fund shall be utilized for such purpose. The amount held in the Faas Fund shall operate as a credit toward any amounts required to be advanced by the developer(s) of the Faas Ranch pursuant to Paragraph 5(A), above, and the amount of the performance guarantee required from the developer(s) of the Faas Ranch in Paragraph 5(A) shall be adjusted annually on January 1 to reflect the amount of such credit then available. After construction is completed and the final actual construction costs have been determined, the Town shall rebate any monies remaining in the Faas Fund to the

developer(s) of the Faas Ranch and shall continue to collect the Faas Ranch Road Fee and provide rebates to said developer(s) on a monthly basis after the Town's receipt of such fees until the full amount advanced by said developer(s) pursuant to Paragraph 5(A) has been rebated, including interest at the rate of 8% from the time said developer(s) advance the funds; provided, however, that if the actual construction costs for the third and fourth lanes exceed the Faas Contribution in which case the Town will be required to advance additional sums to fund construction of the third and fourth lanes, then any monies remaining in the Faas Fund and the proceeds from the Faas Ranch Road Fee shall first be used to reimburse the Town for its advancements, with 8% interest from the time the Town advances such funds, and the developer(s) of the Faas Ranch shall not be entitled to any rebates under this paragraph until the Town has been fully reimbursed. If all anticipated building permits have been issued for development within the Faas Ranch and the proceeds from the Faas Ranch Road Fee are insufficient to provide full reimbursement to the Town or the developer(s) of the Faas Ranch, then the rights to reimbursement of the Town and such developer(s) shall terminate.

6. Performance Guarantee. LDI agrees to provide a performance guarantee to secure the construction of all improvements that LDI is required to construct by this Agreement, including but not limited to the Water Improvements and the Wastewater Improvements, the Looped Water Line, and that portion of Castle Valley Boulevard which LDI has the duty to construct. The performance guarantee(s) shall be in a form substantially similar to that attached hereto as Exhibit G or as otherwise hereafter agreed to by the Parties. The amount of the performance guarantee for the Water Improvements and the Wastewater Improvements shall be based upon actual bid costs (or estimated construction costs as approved by the Town Engineer if constructed by LDI without bidding), and the amount of the performance guarantee for Castle Valley Boulevard shall be as defined within the budget attached as Exhibit H, which is incorporated herein by reference. Any additional performance guarantees required by this Paragraph 6 shall be in an amount as may be reasonably determined by the Town. All of LDI's expenses incurred pursuant to this Paragraph 6 shall be included in the definition of "actual construction costs" for purposes of this Agreement.

7. LDI Default. In the event of a default by LDI of its obligations under this Agreement (other than Paragraph 3(C)), the Town shall provide LDI with a written notice of breach and demand to cure. In the event the default is not cured within thirty (30) days (or such longer time period as is reasonably required for cure, if LDI commences cure within such 30-day period and diligently pursues cure to completion), in addition to the remedies set forth in Paragraph 3(F), above, the Town may pursue any and all legal and equitable remedies available, including, without limitation, the following remedies which may be cumulative and shall not be exclusionary:

A. The refusal to issue to LDI any building permit or certificate of occupancy until cure; provided, however, that this remedy shall not be available to the Town until after the affidavit described in subparagraph B, below, has been recorded;

B. The recording with the Garfield County Clerk and Recorder of an affidavit, approved in writing by the Town Attorney and signed by the Town Administrator or his or her designee, stating that: (i) the terms and conditions of this Agreement have been breached by LDI and not cured by LDI as provided above; and (ii) the Town Council has approved the filing of the affidavit at a regular meeting after proper notice. At a regularly scheduled Town Council meeting, the Town Council shall either approve the filing of said affidavit or direct the Town Administrator to file an affidavit stating that the default has been cured. Upon the recording of such an affidavit, no further lots or parcels may be sold within CVR by LDI until the default has been cured. An affidavit signed by the Town Administrator or his or her designee stating that the default has been cured shall remove this restriction;

C. A demand that the security given for the completion of Improvements be paid, honored, or foreclosed upon (provided that such security shall be taken and used only for and to the extent necessary to cure such default);

D. The refusal to consider further development plans by LDI within CVR until cure;

E. Withholding any sums due to LDI from the Town pursuant to this Agreement; and/or

F. Any other remedy available at law.

Unless an affidavit as described in subparagraph B., above, has been recorded in the real estate records of the office of the Garfield County Clerk and Recorder, any person dealing with LDI shall be entitled to assume that no default by LDI has occurred hereunder unless a notice of default has been served upon LDI as described above, in which event LDI shall be expressly responsible for informing any such third party of the claimed default. The Parties agree that a default by LDI under this paragraph shall be deemed a default by LDI under any then existing site specific development plan(s) and final subdivision improvement agreement(s) for any portion of CVR, entitling the Town to take any and all remedies to the Town under such agreement(s). In the event LDI fails to advance money required to be advanced under this Agreement, and the Town, in its sole discretion, advances its funds, such amount shall bear interest until paid to the Town by LDI at the rate of one percent (1%) per month.

8. Town Default. In the event of a default by the Town of its obligations under this Agreement, LDI shall provide the Town with written notice of breach and demand for cure. In the event the default is not cured within 30 days (or such longer time period as is reasonably required for cure if the Town commences cure within such 30-day period and diligently pursues cure to completion), LDI may pursue any and all legal and equitable remedies available, which remedies shall be cumulative, including without limitation the following:

A. LDI may cease work (including without limitation planning, design or construction of any Improvements) and may refuse to commence or continue any work required by LDI under this Agreement or any contract or agreement entered into with LDI under or governed by the terms of this Agreement until cure;

B. LDI may refuse to make any payment which would otherwise be required of LDI under this Agreement until cure;

C. LDI may undertake one or more actions or proceedings against the Town for recovery of damages;

D. LDI may undertake one or more actions or proceedings for injunctive relief (which may include either or both compulsory or prohibitive injunctions, including without limitation relief in the nature of mandamus); and/or

E. Any other remedy available at law or in equity.

9. Ratification of 1989 Amended Annexation Agreement. The Town and LDI previously entered into an Amended Annexation Agreement dated May 30, 1989, which agreement is recorded in the Office of the Clerk and Recorder of Garfield County in Book 755 at Page 38, as Reception No. 401812. The Parties ratify and affirm the Amended Annexation Agreement, except as expressly modified herein. The Parties further agree that, in connection with the revised PUD Master Plan Zoning that has been applied for by LDI, such Amended Annexation Agreement may be superseded in its entirety or, at a minimum, those provisions relating to water rights dedication and parks will be reviewed and may be amended or modified as appropriate by mutual agreement of the Town and LDI. The Parties agree that this Agreement shall be interpreted and construed as an amendment to the Amended Annexation Agreement and, as such, enforceable as a contractual obligation of the Parties hereto.

10. Improvements Constructed by LDI. As to any Improvements (which term shall, for the purposes of this Paragraph 10, include the Looped Water Line and Castle Valley Boulevard) to be constructed by LDI (rather than the Town) pursuant to this Agreement, the following additional provisions shall apply:

A. Inspections. The Town shall have the right to make engineering inspections at reasonable intervals and at LDI's expense during construction of the Improvements. Inspection, acquiescence in or approval by any engineering inspector of the construction of any physical facilities, at any particular time, shall not constitute Town approval of any phase of construction of the Improvements. Town approvals shall be made only after completion of construction and in the manner hereinafter set forth. To assist the Town in monitoring the installation of the Improvements, a supervisor employed by LDI's general contractor shall inspect the Improvements on at least a weekly basis, and shall provide the Town Engineer with supervisor's

field and inspection notes relating to the installation of the Improvements. The supervisor shall regularly apprise the Town Engineer of the status of the work on the Improvements. Further, LDI at its own expense shall have an approved geotechnical engineer monitor the methods of construction and backfill to ensure such work is being completed in conformance with the approved plans and specifications, and accepted standards for such work. The geotechnical engineer shall conduct inspections and testing as reasonably directed by the Town Engineer. The Town agrees to respond to requests for interim inspections within two (2) business days and to respond not later than ten (10) business days after a request for a final inspection. Nothing in this paragraph shall be construed to constitute an acceptance by the Town of the improvements, which approval and acceptance shall only occur pursuant to subparagraphs B and C, below. All expenses under this subparagraph A shall be included in actual construction cost of the project.

B. Completion of Improvements: Approval. Except as otherwise provided herein, LDI shall complete any Improvements constructed by LDI within one (1) year of commencement subject only to conditions beyond LDI's control, such as acts of God or war, labor unrest, materials unavailability and weather conditions. Said one-year period may be extended in writing by Town staff for a period of up to six (6) months. Upon LDI's completion of construction of the Improvements, LDI or its engineer shall certify in writing that the Improvements have been completed in conformance with the approved plans and specifications. Thereafter, and within ten (10) business days after a request for final inspection by LDI, the Town Engineer shall inspect the Improvements and notify the Parties in writing and with specificity their conformity or lack thereof to the approved plans and specifications. LDI shall make all corrections necessary to bring the Improvements into conformity with the plans and specifications. LDI shall at its expense have "as-built" drawings prepared by a professional engineer and a registered land surveyor, which drawings shall include all legal descriptions the Town may reasonably require. LDI shall also prepare a summary of the actual construction costs of all Improvements to be dedicated to the Town. The "as-built" drawings and costs summary shall be forwarded to the Town for review and approval, which approval shall not be unreasonably withheld.

Once the as-built drawings and costs summary are approved, and any and all corrections are completed, the Town Engineer shall notify the Parties in writing that all Improvements are in conformity with the approved plans and specifications, and the date of such notification shall be known as the Acceptance Date.

C. Acceptance: Conveyance. Within thirty (30) days of the Acceptance Date, LDI shall execute a quit-claim deed to the Town conveying any interests it has in the Improvements. LDI shall also execute a bill of sale conveying any personal property included in the Improvements constructed by LDI to the Town, free and clear of all liens and encumbrances. Materials and workmanship of all Improvements constructed by LDI and conveyed to the Town shall be warranted for a period of twelve (12) months from the Acceptance Date.

11. Third Parties/Beneficiary Status. It is the intent of the Parties that the owners of the Faas Ranch parcel are to benefit from and be burdened by the applicable provisions of this Agreement, as evidenced by the Consent of Faas Ranch Owners/Developers, below, which, if executed, is made a part of this Agreement.

12. Voluntary Action of Developer. Notwithstanding any provision of the New Castle Municipal Code, LDI agrees that all terms and conditions of this Agreement, including specifically the payment of money and fees, the dedication of land, and the completion of off-site infrastructure improvements, are agreed to and constitute the voluntary actions of and contractual commitments to the Town by LDI.

13. Waiver of Defects. In executing this Agreement, LDI waives all objections it may have concerning defects, if any, in the formalities whereby it is executed, or concerning the power of the Town to impose conditions on LDI as set forth herein, and concerning the procedure, substance, and form of the ordinances or resolutions adopting this Agreement.

14. Modifications. This Agreement shall not be amended, except by subsequent written agreement of the Parties.

15. Release of Liability. It is expressly understood that the Town cannot be legally bound by the representations of any of its officers or agents or their designees except in accordance with the Town of New Castle Code and Ordinances and the laws of the State of Colorado, and that LDI, when dealing with the Town, acts at its own risk as to any representation or undertaking by the Town officers or agents or their designees which is subsequently held unlawful by a court of law; provided that LDI shall be released from any obligation it would otherwise have under this Agreement if in fact the Town cannot be legally bound by the representation made in this Agreement constitutes a failure of consideration for any promise or obligation of LDI under this Agreement. The Town represents that it is not knowingly taking any action that could not be legally upheld by entering into this Agreement.

16. Captions. The captions in this Agreement are inserted only for the purpose of convenient reference and in no way define, limit, or prescribe the scope or intent of this Agreement or any part thereof.

17. Assignment: Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, and assigns; provided, however, LDI may not assign its obligations and benefits under this Agreement except with the Town's prior written consent, which consent shall not be unreasonably withheld taking into consideration the financial worthiness of the assignee, and then only to a successor to LDI in all or part of the CVR property.

18. Invalid Provision. If any provisions of this Agreement shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision hereof, all of which other provisions shall remain in full force and effect. It is the intention of the Parties hereto that, if any provision of this Agreement is capable of two constructions, one of which would render the provision void, and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

19. Governing Law. The laws of the State of Colorado shall govern the validity, performance, and enforcement of this Agreement. Should either party institute legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue of such suit or action shall be in Garfield County, Colorado.

20. Attorneys' Fees; Survival. Should this Agreement become the subject of litigation to resolve a claim of default in performance by LDI or the Town, the prevailing party shall be entitled to attorneys' fees, expenses, and court costs. All rights concerning remedies and/or attorneys fees, expenses, and costs shall survive any termination of this Agreement.

21. Authority. Each person signing this Agreement represents and warrants that he is fully authorized to enter into and execute this Agreement, and to bind the party it represents to the terms and conditions hereof.

22. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall be deemed one and the same instrument.

23. Notice. All notices required under this Agreement shall be in writing and shall be hand-delivered or sent by registered or certified mail, return receipt requested, postage prepaid, to the addresses of the parties herein set forth. All notices so given shall be considered effective seventy-two (72) hours after deposit in the United States mail with the proper address as set forth below. Any party by notice so given may change the address to which future notices shall be sent.

Notice to Town:

Town of New Castle
P. O. Box 90
New Castle, CO 81647
Phone (970) 984-2311
Fax (970) 984-2312

With copy to:

Loyal E. Leavenworth, Esq.
Leavenworth & Tester, P.C.
P.O. Drawer 2030
Glenwood Springs, CO 81602
Phone (970) 945-2261
Fax (970) 945-7336

Notice to LDI and Eric C. Williams:

Land Discovery, Inc. and Eric C. Williams
0981 County Road 245
New Castle, CO 81647
Phone (970) 945-4664
Fax (970) 945-4665

With copy to:

Richard H. Krohn, Esq.
Dufford, Waldeck, Milburn & Krohn, L.L.P.
744 Horizon Court, Suite 300
Grand Junction, CO 81506
Phone (970) 241-5500
Fax (970) 243-7738

Notice to Faas Ranch
owner(s) and developer(s):

Faye Faas
214 Eighth Street, Suite 300
Glenwood Springs, CO 81601
Phone (970) 945-2823
Fax (970) 945-2823

With a copy to:

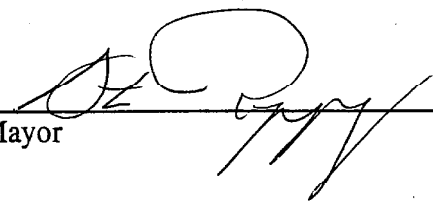
Brian L. Stowell, Esq.
Patrick & Stowell, P.C.
730 E. Durant St. #200
Aspen, CO 81611
Phone (970) 920-1028
Fax (970) 925-6847


24. Gender. Whenever the context shall require, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

25. Purpose of Eric C. Williams' Signature. The Parties agree that Eric C. Williams signs this Agreement below in his individual capacity only to bind the land he owns and does not assume, guarantee, or undertake any personal liability for any obligations of LDI pursuant to this Agreement.

WHEREFORE, the Parties hereto have executed duplicate originals of this Agreement on the day and year first written above.

TOWN OF NEW CASTLE, COLORADO


By 
Mayor

ATTEST:

Town Clerk

LAND DISCOVERY, INC.

By 
Eric C. Williams, President

ERIC C. WILLIAMS



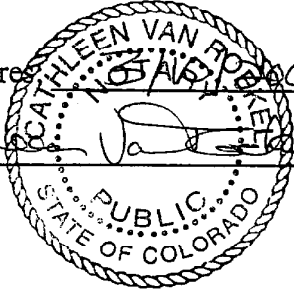
[Notary Blocks On Following Page]

STATE OF COLORADO)
) ss.
COUNTY OF GARFIELD)

Acknowledged, subscribed, and sworn to before me this 27th day of April, 1999, by Steve Rippy, as Mayor, and by Lisa H. Cain, as Clerk, for the Town of New Castle, Colorado.

WITNESS my hand and official seal. My Commission expires: 3/10/2001.

Cathleen Van Tol
Notary Public



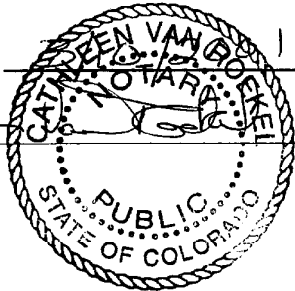
STATE OF COLORADO)
) ss.
COUNTY OF Garfield)

My Commission Expires 03/10/2001

Acknowledged, subscribed, and sworn to before me this 1st day of June, 1999, by Eric C. Williams, President, on behalf of Land Discovery, Inc.

WITNESS my hand and official seal. My Commission expires:

Cathleen Van Tol
Notary Public



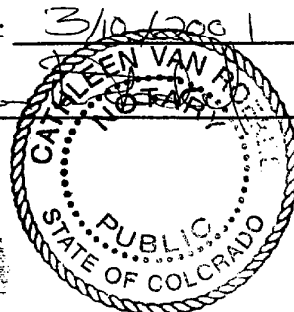
STATE OF COLORADO)
) ss.
COUNTY OF Garfield)

My Commission Expires 03/10/2001

Acknowledged, subscribed, and sworn to before me this 1st day of June, 1999, by Eric C. Williams.

WITNESS my hand and official seal. My Commission expires: 3/10/2001.

Cathleen Van Tol
Notary Public



My Commission Expires 03/10/2001

CONSENT OF FAAS RANCH OWNERS/DEVELOPERS

BRANNAN PROPERTIES, INC., a California Corporation, J F & T Co., a general partnership, DEFIANCE, LTD., a Colorado corporation, and FAYE B. FAAS, (hereinafter collectively "Faas Owners/Developers") being the owners of the Faas Ranch described above in Paragraph 4(C), hereby agree that upon passage of an annexation ordinance and zoning ordinance and execution of an Annexation and Development Agreement, all of which must be mutually acceptable to the Faas Owners/Developers and the Town, the Faas Owners/Developers shall be bound by the provisions of the foregoing Agreement insofar as they impose benefits for and obligations upon the owner(s) or developer(s) of the Faas Ranch. This consent shall be binding upon the successors and assigns of the Faas Owners/Developers.

Brannan Properties, Inc.

By: _____
President

ATTEST:

Corporate Secretary

Defiance, Ltd.

By: _____
President

ATTEST:

Corporate Secretary

Faye B. Faas

J F & T Co.

By: _____
General Partner

[Notary Blocks On Following Page]



546810 06/08/1999 12:40P B1133 032 M ALSDORF
31 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

STATE OF COLORADO)
) ss.
COUNTY OF)

Acknowledged, subscribed, and sworn to before me this ___ day of _____, 1999,
by _____ as President of Brannon Properties, Inc., and by
_____ as Corporate Secretary.

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

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF)

Acknowledged, subscribed, and sworn to before me this ___ day of _____, 1999,
by _____ as President of Defiance, Ltd., and by
_____ as Corporate Secretary.

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

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF)

Acknowledged, subscribed, and sworn to before me this ___ day of _____, 1999, by
Faye B. Faas.

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

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF)

Acknowledged, subscribed, and sworn to before me this ___ day of _____, 1999,
by _____ as General Partner of J F & T Co.

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

Notary Public

546810 06/08/1999 12:40P B1133 53 M ALSDORF
32 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

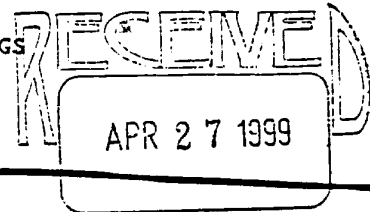
**EXHIBIT INDEX
TO
ROAD, WATER AND SEWER INFRASTRUCTURE
AND TAP PURCHASE AGREEMENT**

- EXHIBIT A: Legal Description of Castle Valley Ranch
- EXHIBIT B: Town of New Castle Infrastructure Development Program, dated Dec. 9, 1998
- EXHIBIT C: General Location Map of Looped Water Line
- EXHIBIT D: General Location Map of Castle Valley Boulevard
- EXHIBIT E: Castle Valley Boulevard Road Standards
- EXHIBIT F: Castle Valley Road Reimbursement Costs
- EXHIBIT G: Disbursement Agreement / Performance Guarantee
- EXHIBIT H: Budget for Castle Valley Boulevard Construction

TO
"ROAD, WATER AND SEWER INFRASTRUCTURE AND TAP PURCHASE AGREEMENT BETWEEN THE TOWN OF
NEW CASTLE, COLORADO, LAND DEVELOPMENT, INC., A COLORADO CORPORATION, AND ERIC C. WILLIAMS."

04/08/99 TUE 16:42 FAX 970 928 9742

LTG-GLENWOOD SPRINGS



002

546810 06/08/1999 12:40P B1133 P664 M ALSDORF
33 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

LEWIS & CLARK, P.C.

LEGAL DESCRIPTION

A PARCEL OF LAND IN SECTION 29, SECTION 30, SECTION 31 AND SECTION 32, TOWNSHIP
5 SOUTH, RANGE 90 WEST OF THE SIXTH PRINCIPAL MERIDIAN, AND SECTION 25,
TOWNSHIP 5 SOUTH, RANGE 91 WEST OF THE SIXTH PRINCIPAL MERIDIAN.

BEGINNING AT THE NORTHWEST CORNER OF SECTION 31:

N. 89 DEGREES 47'09" E. ALONG THE NORTHERLY LINE OF SAID SECTION 31, 1336.18
FEET;

THENCE N. 89 DEGREES 50'00" E. 295.16 FEET;

THENCE S. 05 DEGREES 30'43" W. 216.66 FEET;

THENCE N. 66 DEGREES 04'34" E. 21.17 FEET;

THENCE S. 61 DEGREES 33'33" E. 395.90 FEET;

THENCE S. 21 DEGREES 58'47" E. 321.67 FEET;

THENCE S. 06 DEGREES 09'16" E. 387.78 FEET;

THENCE S. 73 DEGREES 40'00" W. 220.79 FEET;

THENCE S. 65 DEGREES 09'30" W. 158.39 FEET;

THENCE S. 85 DEGREES 17'57" W. 460.63 FEET;

THENCE S. 26 DEGREES 08'36" E. 63.70 FEET;

THENCE N. 89 DEGREES 53'01" E. 3973.93 FEET TO THE WESTERLY LINE OF SECTION
32;

THENCE S. 00 DEGREES 08'24" E. 1193.79 FEET;

THENCE S. 89 DEGREES 43'48" E. 180.00 FEET;

THENCE S. 00 DEGREES 16'12" W. 120.00 FEET;

THENCE S. 89 DEGREES 43'48" E. 1195.15 FEET;

THENCE N. 01 DEGREES 22'58" W. 2636.82 FEET TO THE SOUTHERLY LINE OF SECTION
29;

THENCE N. 00 DEGREES 59'08" W. 2639.45 FEET;

THENCE S. 89 DEGREES 51'30" W. 2623.61 FEET;

THENCE N. 00 DEGREES 30'23" W. 665.26 FEET;

THENCE S. 89 DEGREES 35'37" W. 1310.82 FEET;

THENCE S. 00 DEGREES 10'44" E. 652.66 FEET;

THENCE N. 89 DEGREES 51'26" E. 1315.70 FEET;

THENCE S. 00 DEGREES 07'14" W. 1330.42 FEET;

THENCE S. 89 DEGREES 50'56" W. 1328.60 FEET TO THE EASTERLY LINE OF SECTION 25,
TOWNSHIP 5 SOUTH, RANGE 91 WEST OF THE SIXTH PRINCIPAL MERIDIAN;

THENCE S. 00 DEGREES 10'19" E. 35.95 FEET;

THENCE S. 38 DEGREES 30'37" W. 1661.07 FEET;

THENCE N. 89 DEGREES 47'09" E. 1023.79 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM:

THE PROPERTY DESCRIBED IN THE PLAT OF CASTLE VALLEY RANCH FILING NO. 1 RECORDED
AUGUST 15, 1983 AS RECEPTION NO. 344746, THE AMENDED PLAT OF CASTLE VALLEY
RANCH FILING NO. 1 RECORDED MAY 15, 1995 AS RECEPTION NO. 478084 AND THE
SECOND AMENDED FINAL PLAT OF BLOCK 14, CASTLE VALLEY RANCH FILING NO. 1
RECORDED MAY 7, 1998 AS RECEPTION NO. 524764.

COUNTY OF GARFIELD
STATE OF COLORADO

Exhibit B

To: Road, Water and Sewer Infrastructure and Tap Purchase
Agreement Between the Town of New Castle, Colorado, Land
Discovery, Inc., a Colorado Corporation, and Eric Williams.



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34 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

**TOWN OF NEW CASTLE
INFRASTRUCTURE DEVELOPMENT PROGRAM**

Dated: December 9, 1998

Developed by Castle Valley Ranch

**in
conjunction
with**

The Town of New Castle

546810 06/08/1999 12:40P B1133 P666 M ALSDORF
35 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

**TOWN OF NEW CASTLE
INFRASTRUCTURE DEVELOPMENT
PROGRAM**

**TOWN OF NEW CASTLE
20 YEAR WATER & WASTEWATER
CASH FLOW ANALYSES
ALTERNATIVES 1 THROUGH 4
(TEXT)**

**TOWN OF NEW CASTLE
20 YEAR WATER & WASTEWATER
CASH FLOW ANALYSES
ALTERNATIVES 1 THROUGH 4
(WORKSHEETS)**

EXHIBITS A-D

- A) WATER IMPROVEMENTS**
- B) WASTEWATER IMPROVEMENTS**
- C) CVB SECTIONS & STANDARDS**
- D) CVB REIMBURSEMENT BUDGET**

**TOWN OF NEW CASTLE
 INFRASTRUCTURE DEVELOPMENT PROGRAM**

The Town of New Castle and Castle Valley Ranch (“CVR”), together, desire to establish programs for the development of certain Master Plan Infrastructure. This document defines that Master Plan Infrastructure, and presents a proposed approach for the development of the same.

Master Plan Water and Wastewater Improvements

The following water and wastewater improvements have been identified by the City Engineer as potentially needed upgrades during the next twenty or more years. The timing and need for each improvement will ultimately be determined by the level of growth which occurs within the Town of New Castle during this timeframe.

It should be recognized that both the Town’s Water Treatment and Wastewater Treatment facilities currently have significant deficits with respect to their treatment capacities as compared to the master plan standards as set forth in the Town’s 201 Study. Using the adopted Town standards for water and wastewater treatment, the following charts depict those current deficits:

Water Treatment Deficit
 (source: Schmueser Gordon Meyer)

Total Plant Capacity (gallons/day)	Service Capacity	Existing Services	Reserve Capacity
400,000	612	845	-233

Wastewater Treatment Deficit
 (source: Schmueser Gordon Meyer)

Total Plant Capacity (gallons/day)	Service Capacity (277 GPD/EQR)	Existing Services (277 GPD/EQR)	Treatment Deficit (277 GPD/EQR)
115,000	415	731	-316



Water Improvements: It is proposed that new development shall be responsible for all storage and distribution requirements with respect to the same. Master Plan Water Improvements shall consist of:

- 1) Those improvements necessary to treat water and place it into the Town's current distribution system, and
- 2) The proposed Looped Water Line (this item will be dealt with separately at the end of this discussion on Master Plan Water and Wastewater Improvements). These improvements are more fully described in Exhibit A as attached hereto and incorporated herein by reference.

Wastewater Improvements: The following improvements have been identified as Master Plan Wastewater Improvements, and are also defined in Exhibit B as attached hereto and incorporated herein by reference.

- 1) 7th Street Interceptor: Repairs to the 7th Street Interceptor will need to be made to insure that it will be able to handle its full design capacity.
- 2) School Interceptor: A new 8-inch line will be constructed from the existing terminus of the East Midland line to the existing 8-inch School Line. This combined with the repaired 7th Street Interceptor will provide for all the proposed growth within the 7th Street/Hwy. 245 corridor for at least the next thirty- (30) years given the assumed rates of growth presented herein.
- 3) Wheeler Lane Interceptor: This line will have to be upsized to 12 inches to ultimately handle the collective capacities of the 7th Street Interceptor and the North Town Interceptor.
- 4) North Town Interceptor: Although there are no known problems with this line, a budget for investigation and repairs has been allocated to insure its ability to carry its design flows when needed in the future.
- 5) South Town Interceptor: An investigation of this line has been made and some damage found; accordingly, a budget for repairs has been included. These repairs should be made prior to any substantial amount of additional development being placed onto this line.
- 6) Wastewater Treatment Plant Interceptor: Previously, this line was slated to be upgraded to a 15-inch line. During our recent investigations with the Town Engineer, it became apparent that for this line to handle the ultimate capacity of all the other lines proposed to feed into it that it should in fact be upgraded to an 18-inch line. Thus, these improvements account for an upgrading of this line to 18 inches.

7) Wastewater Treatment Plant: Five future upgrades of the Wastewater Treatment Plant have been identified. Following is a chart defining those upgrades:

Upgrades	Upgrade Capacity (gallons/day)	Total Plant Capacity (gallons/day)	Service Capacity (277 GPD/EQR)	Existing Services (277 GPD/EQR)	Reserve Capacity (277 GPD/EQR)	Improvement Costs
		115,000	415	731	-316	
Initial	35,000	150,000	542		-189	\$457,500
Phase 2A	175,000	325,000	1,173		442	\$405,950
Phase 2B	175,000	500,000	1,805		1,074	\$229,600
Phase 3A	175,000	675,000	2,437		1,706	\$919,835
Phase 3B	175,000	850,000	3,069		2,338	\$488,100

Timing and Funding: Four (4) growth scenarios for the Town of New Castle have been created in order to analyze the need for the above defined improvements, and to establish a system for funding the same. These scenarios have been entitled Alternatives 1 through 4. Alternative 1 was our Initial Absorption Projection, and represents our ‘best guess’ at what we feel the market is capable of over the next 20 years. Alternative 2 represents the Low Absorption scenario at approximately 70% of Alternative 1. Alternative 3 is the same as Alternative 2 but with the Faas Ranch eliminated and at 47% of Alternative 1 represents the Extremely Low Absorption scenario. Alternative 4 also assumes no development of the Faas Ranch, and further reduces the remainder of growth within the Town to a total of 35 EQR per year for the next 20 years. This, at 33% of Alternative 1, is considered the Disaster Absorption scenario.

For these alternatives, absorption is broken down into three categories: CVR, The Faas Ranch, and Other Development. These categories are then further broken down as to whether development is feeding into the collection system in the 7th Street/Hwy. 245 drainage corridor, or whether it is feeding into the Main Street drainage corridor.

Alternative 1: These were our Initial Absorption Projections, and represent our “best guess” at what we feel the market is capable of over the next 20 years. In looking at the four scenarios, it is apparent that the higher the absorption rates, the better the scenario works. Given the extreme success of this scenario, it was deemed that the analysis of a scenario with a higher absorption rate was not necessary. For Alternative 1, it is assumed that CVR absorbs 50 units per year, and that initially all that is developed within CVR will feed into the 7th Street/Hwy. 245 drainage corridor. Upon reaching the absorption of 400 additional units, CVR will then split its flows between the 2 drainage corridors on a ratio of 35/15 to the 7th Street/Hwy. 245 and the Main Street drainage corridors respectively. The Faas Ranch is assumed to begin absorptions in Year 3 at the rate of 20 units per year. It is assumed that their absorption rate will increase at the rate of 5 units per year until it reaches 40 units per year in Year 7, and that it will remain at 40 units per year until such time as CVR sells out. At this point it



is assumed that the Faas Ranch absorptions will increase to 60 units per year until such time as it sells out. All the Faas flows are assumed to feed down the Main Street Corridor. Other Development accounts for the remainder of the assumed absorption, and is split between the drainage areas on a "best guess" basis considering potential development in each drainage.

Alternative 2: In this alternative, CVR's absorption rate is lowered to 35 units per year, an amount equal to 70% of Alternative 1. Absorption rates for both the Faas Ranch and Other Development are similarly reduced. Infrastructure improvement timing is then adjusted to reflect these new absorption rates.

Alternative 3: As stated above, Alternative 3 is identical to Alternative 2 but with the Faas Ranch development removed completely.

Alternative 4: In Alternative 4 it is again assumed that the development of the Faas Ranch does not happen. Additionally, both CVR and Other Development is again significantly reduced to levels of 25 units per year for CVR and 10 units per year for Other Development. This represents a reduction from Alternative 1 of 50% for CVR, 100% for the Faas Ranch, and 70% for Other Development.

Cash Flow Analyses

Cash flow analyses were then developed for each alternative. The purpose of these analyses was to test and ultimately establish a system whereby the identified infrastructure could be funded and developed. It is recognized that neither CVR nor the Town acting alone can afford to fund all of the infrastructure requirements. Further, the Town desires to minimize the level of risk it takes in developing new infrastructure. CVR is desirous of working with the Town to develop a scenario which facilitates the construction of the required Master Plan Water and Wastewater Improvements, but must: 1) be able to perform under the proposed scenario (recognizing that its financial resources are limited), and 2) receive a reasonable return for its investment.

Assumptions, Cash Flow Analyses

Absorption Rates: As stated in the above 'Alternative' definitions.

Minimum Taps Purchased: It has been determined that the Town must sell at least 15 taps per year at their current fee structure to service the anticipated debt service for the proposed \$917,076 Wastewater Treatment Improvement loan. Additionally, through testing Alternatives 1 through 4, it has been determined that if the Town sells a minimum of 20 water and sewer taps per year at their current fee structure that each Alternative will work as presented. CVR is willing to be responsible for guarantying up to 50% of the amount to be generated by these annual tap fee purchases in the following manner. CVR will be responsible for



purchasing up to \$45,000 worth of full priced water and sewer taps per year. The formula that will determine CVR's ultimate annual responsibility for the purchase of full priced taps shall be:

\$90,000 (the equivalent of 20 water & sewer taps @ \$4,500)
Less: Taps purchased by others
 Equals: CVR's responsibility to purchase full priced taps (limited to \$45,000 per year)

CVR's responsibility under this guaranty will remain as long as CVR continues to have Discounted Tap Fee Credits remaining as defined below.

Discounted Tap Fee Credits: CVR will receive a water and sewer tap fee credit for each dollar which it spends on Master Plan Infrastructure construction in the following manner. The Wastewater Treatment Improvements necessary to take care of the Town's current treatment facility deficit and to serve the remainder of CVR are defined as follows:

<u>Phase</u>	<u>Costs</u>	<u>Capacity in EQR's</u>	<u>Cost/EQR</u>
Initial Upgrade	\$457,500	127	
Phase 2A	\$405,950	632	
Phase 2B	<u>\$229,600</u>	<u>632</u>	
Totals	\$1,093,050	1,391	\$785.80

The water treatment facilities necessary to take care of the Town's current treatment facility deficit and to serve the remainder of CVR are defined as follows:

<u>Phase</u>	<u>Costs</u>	<u>Capacity in EQR's</u>	<u>Cost/EQR</u>
Phase 1	\$400,400	771	
Phase 2	<u>\$121,000</u>	<u>771</u>	
Totals	\$521,400	1,542	\$338.13

Total cost for one EQR of water and sewer treatment: **\$1,123.93**

Say: \$1,124.00

CVR will receive one water and sewer tap for each \$1,124.00 it spends on Master Plan Infrastructure construction. Each dollar spent will be discounted back to present construction value by using the construction inflation factor of 4% per annum as assumed herein.

Discounted Tap Fee Credits shall be allocated against each tap fee due annually over and above the minimum full priced tap fees due from CVR as defined above.



Town of New Castle & CVR's Construction Responsibilities, Master Plan Infrastructure: Castle Valley Ranch will be responsible to build/fund those Master Plan Water and Wastewater Infrastructure facilities herein identified for which it creates any level of demand, and that cannot be built by the Town when needed due to a lack of funds available to the Town for the same. Each alternative as shown herein assumes that the Town will borrow the \$917,076 dollars available to it and will build the Wastewater Treatment Plant Improvements defined as the Initial Upgrade, Phase 2A, and as much of Phase 2B as is possible. That CVR will fund the Phase 1 Water Treatment Improvements, and that the Town will build/fund all other needed improvements as required that it has the capability to fund.

Tap Fees: Water and Sewer Tap Fees collectively will not be reduced below \$4,500.

Capital Improvements vs. Operating Costs: Tap fees will be collected and used only for Master Plan Water and Wastewater Improvements as defined herein. All costs of operation and repairs beyond those defined herein will be funded through the collection of Service Fees.

Program Analysis: Cash Flow Analyses of Alternatives 1 through 4

Please see the section of this document entitled "TOWN OF NEW CASTLE, TWENTY (20) YEAR WATER & WASTEWATER CASH FLOW ANALYSES, ALTERNATIVES 1 THROUGH 4" for complete cash flow analyses of this program.

Other Issues/Requests

Town's Exposure: Under the above scenario, the maximum Town exposure would be created if it secured the entire Wastewater Treatment loan as defined herein, and no one but CVR ever purchased another tap. This exposure is analyzed below:

Annual Debt Service/W.T. Loan (est.)	\$67,480
Less: CVR Tap Fee Guaranty	<u>\$45,000</u>
Net Shortfall to Town	\$22,480
Number of Current Town Services	
Water	845
<u>Sewer</u>	<u>731</u>
Average	788
Monthly Exposure per Users	
\$22,480/788 users/12month =	<u>\$2.38/month</u>



Please note that even in this worst case scenario, this number would be reduced with each tap CVR purchases.

It is CVR's request that the monthly service fees be increase \$1.00 per year for the next 4 to 5 years to assure that: a) the town will always have the ability to cover any shortfall, and 2) that there are funds available for future operation and maintenance expense as they occur.

Tap Fee Structure

An analysis of Water and Wastewater Master Plan Improvements as proposed shows that approximately 78% of the cost of improvements are wastewater related while only 22% are water related. It would make sense to redistribute the tap fees accordingly. Such a redistribution would establish new fees as follows: Water Taps @ \$1,000 each, and Sewer Taps @ \$3,500 each.

Alternative Collection and Treatment Solutions

There are numerous alternative collection and treatment solutions emerging through technological advances in this field. The Town agrees that CVR may make use of these alternative solutions in the future if they are: 1) approved by the State of Colorado as feasible for use within CVR, and 2) shown to be a reasonable solution as it pertains to the Town's fiscal responsibility with respect to the same.

Looped Water Line

The Town desires the construction in 1999, or as soon thereafter as the needed right-of-way is secured, of a 10-inch Looped Water Line from the easterly terminus of the existing water main located within the Castle Valley Boulevard right-of-way to the existing water main terminus within Burning Mountain Subdivision Phase 2, as more fully described in Exhibit A. It is recognized by the Town and CVR that CVR does not benefit from the construction of this Looped Water Line at this time, and that if other users are allowed to be serviced off this proposed Looped Water Line, that it will in fact cause CVR substantial financial harm by forcing it to build a third water tank much earlier than it would otherwise have had to (estimated to be 6 years early). To help offset the financial harm CVR is faced with to accommodate this Looped Water Line, the Town has proposed that the responsibilities for constructing the Looped Water Line would be as follows:

Burning Mountain	\$100,000
Walters	\$100,000
Castle Valley Ranch	\$25,000
Town of New Castle	<u>\$75,000</u>
Total	\$300,000



Given the above proposal, CVR's responsibility would be for 8% of the Looped Water Line cost. Given that the remainder of the above scenario for the identified Master Plan Infrastructure is adopted, CVR would agree to the following with respect to the Looped Water Line.

- 1) CVR would be responsible for the construction of 8% of the Looped Water Line project. To satisfy its obligation, CVR would be allowed to either fund or construct 8% of the Looped Water Line project on or before such time as the remainder of the Looped Water Line project is to be completed.
- 2) Development outside of CVR that would be allowed to use storage out of the existing Tank #2 at CVR would be limited to an equivalent of 200 residential EQR.
- 3) That upon annexation, Faas agrees to provide a mutually agreeable site for Tank #3 as proposed to be a part of this loop line system. That the Town, CVR, and Faas each are given the right to participate in the capacity of Tank #3 by paying their pro rata share of the capacity they desire to reserve in the tank at the time of the tank's construction.

Master Plan Roadway Construction, Castle Valley Boulevard

Castle Valley Boulevard ("CVB") is proposed to ultimately be constructed as four lanes from Hwy. 245 on the west to the existing end of pavement within Burning Mountain Subdivision Phase 2 on the east. Castle Valley Ranch, if down zoned as anticipated in its new master plan, will create a need for only the first two lanes of construction with respect to CVB. Any additional major development that will utilize CVB will create a need for the additional two lanes to be constructed (4-lane warrant). Additional major development shall be defined as any development outside of CVR that collectively will put more than 50 additional households of traffic on any portion of CVB. These 50 additional households of traffic are provided to create relief for small developments that may not be able to afford to build the 3rd and 4th lanes of CVB. This relief is not to be used by other large developments whereby a situation may potentially be created in which small developments become financially infeasible do to requirements regarding construction of the additional lanes of CVB. Excluded shall be any development proposed within the currently approved Burning Mountain Subdivision.

CVB shall be built to the standards as defined in Exhibit C as attached hereto and incorporated herein by reference. CVR shall be responsible for the first two lanes of construction of CVB within the area defined above. It will further be responsible for the section of the boulevard that has already been completed as 4-lanes to date within CVR. The proposed improvement standards for Castle Valley Ranch include the use of roundabouts. The roundabouts along any portion of CVB will be the responsibility of the



developer creating the need for said roundabout, and will not be built by CVR during the construction of the initial two lanes.

The major development causing the 4-lane warrant will be required either to build, or to guaranty the necessary funds, along with applicable construction cost increase as required for time, the 3rd and 4th lanes of CVB along with all other applicable associated improvements. The construction of these improvements shall be guaranteed prior to any development of the project causing said warrant being allowed to begin.

It is recognized that CVR has provided good and valuable services at its direct cost of \$314,896.08 for improvements related to the construction of the 3rd and 4th lanes of CVB as will be required to be constructed by those creating the 4-lane warrant (see Exhibit D as attached hereto and incorporated herein by reference). Those creating the 4-lane warrant will be required to reimburse CVR the amount of \$314,896.08 plus cost of funds at 8% per annum from the time that said improvements where completed, prior to any construction being allowed or permitted on or within the property creating the warrant.

Master Plan Parks

CVR desires to establish a Master Plan Park and Trail program within CVR. Current park requirements are for dedication of land, and the payment of a fee at building permit. Depending on these requirements for the development of active parks and trail linkages may be too little too late. CVR, in conjunction with the Town, would like to establish a more aggressive parks and trail development program for CVR.

CVR would propose that all park fees due from development within CVR are held for development of parks and trails within CVR. CVR will match those fees in kind to promote the development of these improvements within the ranch. Additionally, the Town would agree to aggressively pursue grant funds for park and trail development within the ranch using both the fees collected within the ranch and CVR's donation in kind as matching funds to attract grants for the funding of these facilities.

CVR currently shows among the parks proposed in its new master plan a 12-acre site on which it would propose to target a "regional" type park facility. The projected uses would be ball fields, basketball, a children's outdoor play area/facility, a tot-lot, a family bar-be-cue/picnic area, and a skate park. This park would also serve as the hub for many of the trails proposed within the new master plan. CVR would be willing to commit to proving the site for this facility if the Town would commit to the above-defined scenario.

**TOWN OF NEW CASTLE
TWENTY (20) YEAR WATER & WASTEWATER CASH FLOW ANALYSES
ALTERNATIVES 1 THROUGH 4**

Following are four (4) cash flow analyses entitled Alternatives 1 through 4 as are depicted at the bottom of the page for each cash flow. As previously discussed:

Alternative 1 represents: the "Initial Absorption Projections"

Alternative 2 represents: the "Low Absorption Projections"

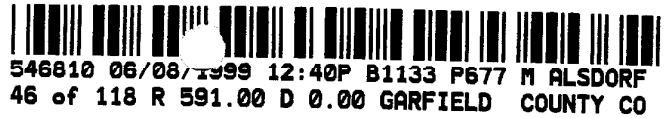
Alternative 3 represents: the "Extremely Low Absorption Projections"

Alternative 4 represents: the "Disaster Absorption Projections"

General Assumptions

The first page of each alternative establishes the absorption assumptions for that alternative. Also shown is each infrastructure category's current capacity, the demand that would be placed upon that particular piece of infrastructure given the absorption assumptions, and ultimately, both the sizing and timing of the needed future improvements as dictated by the assumed growth in demand. With respect to infrastructure requiring repairs only, the 7th Street Interceptor, the North Town Interceptor, and the South Town Interceptor, those repairs are timed such that they will occur prior to any further major development/demand being placed upon that given category of infrastructure. In all cases, the 7th Street repairs are accomplished in Year 1. For the South Town Interceptor, repairs are completed in Year 2 when the Faas Ranch is anticipated to begin in Year 3 (Alternatives 1 & 2), and in Year 4 when the Faas Ranch is assumed not to develop (Alternatives 3 & 4). In all alternatives, the North Town Interceptor is repaired prior to it receiving any further major development flows—this being triggered by the South Town Interceptor reaching capacity. In all cases, Master Plan Interceptor Lines are repaired or constructed new the year before the capacity created will be needed to be put into service.

For the water and wastewater treatment facilities, upgrades are made during the year needed. All improvements for these facilities have been designed for the most conservative of conditions thus allowing flexibility in their actual use. For example, the water treatment upgrades are calculated for times of the most turbid conditions, and thus create a great deal of excess capacity during the other 10 months of the year when those turbid conditions have subsided. The wastewater treatment capacities are calculated for extended air mode operations where simply switching to a convention mode of operation would drastically increase the treatment capacity capabilities. Additionally, for this study/proposal, all wastewater capacity is calculated at 277 gallons per day per EQR (201 Study capacities) whereas the Town is currently running at 208 gallons per day per EQR. The outcome is that the Town is currently able to operate its treatment facilities successfully when our study shows that based upon the 201 Study standards, the Town is



currently running deficits of 233 EQR at its water treatment facility, and 316 EQR at its wastewater treatment facility. Real world conditions as compared to the conservative assumptions contained in these alternatives create a situation where it is very reasonable to assume that treatment upgrades need not be completed before the year of their theoretical demand.

The construction cost of each infrastructure improvement is increased 4% per year compounded. This measure is to insure that the probability of construction cost increases is accounted for.

Cash Flow Assumptions

It is assumed that CVR will be responsible for funding or constructing, as appropriate, those Master Planned Water and Wastewater Improvements for which it creates any level of demand, and which the Town is unable to fund/construct as defined in the document "TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM". Initially, the Town will be responsible for the Wastewater Treatment Improvements defined as the Initial Upgrade, Phase 2A, and a portion of Phase 2B as is to be funded by the Wastewater Loan in the amount of \$917,076 currently available to the Town. CVR will be responsible for the Phase 1 Water Treatment upgrade for which it is assumed that CVR will borrow funds for the same at a rate of 9 percent per annum, compounded quarterly (an annual rate of 9.84%). In each alternative, the tap fees collected in any given year are reserved to be used in their entirety for the funding of Master Plan Water and Wastewater Improvements as defined in the document "TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM".

In each analysis, when the need for any given infrastructure improvement is triggered, it is first determined whether the Town has the capability to fund the same. If so, it is assumed that the Town does fund that particular improvement. If it is shown that the Town does not have the necessary funds to fund the triggered improvement, then it is assumed that CVR funds that particular improvement.

As discussed in the document entitled the "TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM"; CVR will receive a tap fee credit for the funds spent (in current dollars) on these infrastructure improvements. The number of tap fee credits will be calculated by dividing the total dollars spent to date by \$1,124 (the Discounted Tap Fee), and then subtracting any tap fee credits used to date. Each scenario creates a different level of tap fee credits based upon the level of total funding that it requires from CVR. It is assumed that CVR will be obligated to its tap fee guaranty as long as it has tap fee credits. It is further assumed that if CVR defaults on this guaranty, that CVR will at that time forfeit the benefit of the Discounted Tap Fee, and all future credits from that point forward would be calculated at the full tap fee prices at the time the credit it used.



Within each cash flow analysis is a calculation of CVR's return on investment for its role in building Master Plan Water and Wastewater Improvements. This return on investment ranges from a high of 28.56 percent per annum in Alternative 1 to a low of a negative 11.59% per annum in Alternative 4. Averaging the resulting return for CVR from each alternative would result in a return to CVR of 9.09% per annum.

Summary of Alternatives

Each alternative provides for twenty years of Master Planned Water and Wastewater Improvements. Each alternative ends with the Town borrowing nothing more than the anticipated \$917,076 Wastewater Improvement Loan, and with the Town ending in a positive cash flow position at the end of the twenty years.

Alternative 1. Initial Absorption Projections: In this alternative the Town is able to fund all but the Phase 1 Water Treatment Improvements, and ends up with a surplus of funds in the amount of \$3,260,061 at the end of the twenty year term.

Alternative 2. Low Absorption Projections: In Alternative 2, CVR is required to fund both Phase 1 and Phase 2 of the Water Treatment Improvements. The Town is able to fund the remainder of the identified improvements. In this alternative there is one variation on the previously defined assumptions. In Year 15 it is shown that Phase 3A of the Wastewater Treatment Improvements will be needed and that there would be a \$343,967 shortfall in funds if the Town were to fund that improvement at this time. Following are three proposed solutions to this issue:

- 1) That the improvement could be deferred for another 2 years based upon the fact that the actual flows at the treatment plant are less than the 277 gallons per day per EQR as used in this analysis. Please recall that the current flows to the treatment plant are only 208 gallons per day, 25% less than used in this analysis. At 260 gallons per day, the treatment plant could handle all the capacity required for the next two years at which time the Town would have the funds necessary to fund the Phase 3A improvements.
- 2) The assumption in all the analyses is that the Wastewater Treatment Plant will be operating in an extended air mode. For Years 15 & 16, the plant could be operated in more of a conventional mode, and thus easily handle any capacity needs for that period until the Town has the funds in Year 17 to make the desired Phase 3A improvements.
- 3) The Town could raise its sewer tap fee in anticipation of partially offsetting this event.
- 4) The principal balance of the Wastewater Improvements Loan will have been reduced by \$590,002 by Year 15. It may be possible to increase the



balance of this loan for the two years as desired, or to borrow the desired funds on a short term basis (2 years) if the above stated alternatives are not deemed desirable.

By the end of Year 20, the Town has a surplus of funds in the amount of \$861,364.

Alternative 3, Extremely Low Absorption Projections: In Alternative 3, CVR is required to fund the School Interceptor Line, the Remainder of Phase 2A of the Wastewater Treatment Improvements, and both Phase 1 and Phase 2 of the Water Treatment Improvements. The Town would fund the 7th Street Repairs, the South Town Interceptor Repairs, the Wastewater Treatment Plant Interceptor Upgrade, and would secure the Wastewater Improvement Loan for upgrades to the Wastewater Treatment Plant. Under this Extremely Low Absorption Projection, the Town still ends the twenty year period with a surplus of funds of \$323,718.

Alternative 4, Disaster Absorption Scenario: In this alternative, the responsibilities for improvements are the same as in Alternative 3 except that the Town is also able to fund the Phase 2 Water Treatment Improvements. Accordingly, it ends the 20-year period with a surplus of funds of \$86,659, but in-turn, CVR's right to Discounted Tap Fees is reduced by 107 water and sewer taps.

Conclusion

The reality of the next twenty years will never match exactly any one of these scenarios, but by analyzing all four alternatives, it has allowed us to establish a methodology for approaching the needed infrastructure improvements over the next twenty years which works given a wide range of potential growth scenarios.

CIVIC CASH FLOW ANALYSIS	YEAR																									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTALS		
STREET REPAIRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WHEELER LINE INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NORTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SOUTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
W.W.T.P. INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
W.W.T.P. EXPANSION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
URGRADE & PHASE 2A (LOAN)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2B (REMAINDER)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TAFFEE SAVINGS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LOAN PAYMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
YIELD(%)	28.55%																									

TOWN CASH FLOW ANALYSIS	YEAR																									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTALS		
REVENUES	4500	131,000	135,000	225,000	247,500	270,000	247,500	270,000	468,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	
EXPENSES																										
NET REPAIRS	10,649	-11,075	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SCHOOL INTERCEPTOR	173,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WHEELER LINE INTERCEPTOR	10,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NORTH TOWN INTERCEPTOR	10,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SOUTH TOWN INTERCEPTOR	18,423	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
W.W.T.P. INTERCEPTOR	100,968	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
W.W.T.P. EXPANSION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
URGRADE & PHASE 2A (LOAN)	67,480	-31,740	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	
PHASE 2B (REMAINDER)	173,974	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2A	919,835	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2B	468,100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 2	538	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
PHASE 3	21,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL EXPENSES	1309	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CASH FLOW	3191	131,000	135,000	225,000	247,500	270,000	247,500	270,000	468,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	495,000	
ANNUAL CUMULATIVE	3191	34,191	169,181	414,181	661,681	931,681	1,179,181	1,449,181	1,917,181	2,412,181	2,907,181	3,402,181	3,897,181	4,392,181	4,887,181	5,382,181	5,877,181	6,372,181	6,867,181	7,362,181	7,857,181	8,352,181	8,847,181	9,342,181	9,837,181	

WASTEWATER LOAN ANALYSIS	YEAR																								
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTALS	
PAYMENT	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480
LESS INTEREST	4,07%	33,740	36,067	34,611	33,504	32,148	30,731	29,281	27,727	26,169	24,609	23,049	21,489	20,000	18,491	17,117	15,115	13,083	10,907	8,644	6,291	3,843	1,398	0	0
PRINCIPAL REDUCTION	67,480	34,611	32,869	33,878	35,335	38,219	41,337	44,786	48,699	53,059	57,878	63,158	68,900	75,117	81,811	89,000	96,783	105,166	114,150	123,734	133,918	144,703	156,088	168,073	180,658
CUMULATIVE PRINCIPAL REDUCTION	0	34,611	67,480	101,359	135,238	169,117	202,996	236,875	270,754	304,633	338,512	372,391	406,270	440,149	474,028	507,907	541,786	575,665	609,544	643,423	677,302	711,181	745,060	778,939	812,818

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TOWN OF NEW CASTLE
 WASTEWATER ABSORPTION AND IMPROVEMENTS (Low Absorption Projections)

YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	20	
7TH STREET INTERCEPT																								
CIVIL	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
CAPACITY ABSORBED	0	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
LINE CAPACITY	0	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45
SCHOOL INTERCEPT																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHEELER LANE INTERCEPT																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NORTH TOWN INTERCEPT																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH TOWN INTERCEPT																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W.I.T.E. INTERCEPT																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W.I.T.E. EXPANSION																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PLANT CAPACITY																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPACITY ABSORBED	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LINE CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADED CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
REMAINING PLANT CAPACITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL ABSORPTION (CON)																								
CIVIL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FAAS/OHR	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
TOTAL	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15

WATER & SEWERS ABS SEC. A17.2

21 YEAR WATER & SEWER CASH FLOW ANALYSIS
 (LOW ABSORPTION)

ANNUAL ASSORPTION	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS	
YEAR	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
OTHER	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	700	
TOTAL FOR ANNUAL CUMULATIVE	50	150	100	165	70	250	310	75	380	80	410	90	550	80	630	70	80	10	70	90	80	80	1510
TARS PURCHASED @ FULL PRICE	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	226
OTHER	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	286
TOTAL PURCHASED FULL PRICE	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	512
PURCHASED VIA CREDIT	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	654
ANNUAL CUMULATIVE	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	464	928

CIR CASH FLOW ASSUMPTIONS
 LOAN AMOUNT 400,400
 LOAN PERIOD 14
 INTEREST RATE 8.84%
 (9% ANNUAL INTEREST COMPOUNDED QUARTERLY)
 DEBT SERVICE

TAP COST SAVINGS
 FULL VALUE 4,500
 CREDIT VALUE 1,124
 SAVINGS/TAP 3,376
 TAPS PURCHASES @ CREDIT VALUE

TOTAL SAVINGS
 PRINCIPAL REDUCTION
 PAYMENT
 LESS INTEREST
 PRINCIPAL REDUCTION
 PRINCIPAL BALANCE 400,400
 PRINCIPAL REDUCTION

4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124
3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376
101,280	101,280	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	118,160	94,144
53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880	53,880
39,289	37,974	36,408	34,980	33,678	32,802	30,728	28,433	25,848	23,199	20,190	16,884	13,222	9,221	4,827	0	0	0	0	0	0	0	0	0
17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400
305,920	310,016	322,344	333,333	342,777	350,728	357,288	362,599	366,784	370,084	372,584	374,384	375,584	376,111	376,053	375,411	374,111	372,111	369,411	366,111	362,111	357,411	352,111	346,111
14,490	15,905	17,470	19,199	21,078	23,152	25,433	27,932	30,680	33,699	36,999	40,699	44,799	49,299	54,199	59,499	65,199	71,299	77,899	84,899	92,299	100,099	108,299	116,899



CIR CASH FLOW ANALYSIS		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS
YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
7TH STREET REPAIRS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SCHOOL INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHEELER LANE INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NORTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADE 8 PHASE 2A (LOAN)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2A (REMAINDER)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANNUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANNUAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TOWN CASH FLOW ANALYSIS		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS
YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
REVENUES	4,500	90,000	90,000	135,000	157,500	180,000	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	202,500	4,707,000
EXPENSES	10,649	-11,075	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-11,075
7TH STREET REPAIRS	175,150	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-230,485
SCHOOL INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHEELER LANE INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NORTH TOWN INTERCEPTOR	10,649	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH TOWN INTERCEPTOR	18,423	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P INTERCEPTOR	100,968	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADE 8 PHASE 2A (LOAN)	67,480	-33,140	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-1,315,880
PHASE 2A (REMAINDER)	175,974	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-23,570
PHASE 2A	919,835	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,856,571
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	121,000	-44,615	-67,406	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-235,882
CASH FLOW	338	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ANNUAL	121,000	-44,615	-67,406	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-235,882
CUMULATIVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

WATER TREATMENT LOAN ANALYSIS		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS
YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
PAID	67,480	33,740	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	33,740
LESS INTEREST	4,026	18,362	36,067	34,811	33,544	32,145	30,731	29,286	27,733	26,143	24,489	22,770	20,981	19,121	17,187	15,175	13,083	10,907	8,646	6,296	3,845	1,288	1,288
PRINCIPAL REDUCTION	917,076	13,299	31,413	32,669	33,936	35,335	36,749	38,219	39,747	41,331	42,969	44,710	46,489	48,298	50,235	52,305	54,507	56,873	59,397	61,980	64,623	67,326	1,288
CUMULATIVE PRINCIPAL REDUCTION	15,389	46,811	79,481	113,467	146,793	185,541	223,789	263,507	304,845	347,333	392,546	439,045	487,404	537,897	590,002	644,389	700,972	759,808	820,897	884,634	951,394	917,076	917,076



20 YEAR WATER & SEWER CASH FLOW ANALYSIS
 (EXTREMELY LOW ABSORPTION)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS	
YEAR	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
ANNUAL ABSORPTION		35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	700
CUMULATIVE		35	70	105	140	175	210	245	280	315	350	385	420	455	490	525	560	595	630	665	700	735	1000
TAPS PURCHASED @ FULL PRICE																							1000
OVER																							
TOTAL PURCHASED FULL PRICE																							1000
PURCHASED VIA CREDIT																							400
ANNUAL																							
CUMULATIVE																							400
CIR CASH FLOW ASSUMPTIONS																							1000
LOAN AMOUNT		400,400																					
INTEREST PERIOD		30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
INTEREST RATE		9.84%																					
(9% ANNUAL INTEREST COMPOUNDED QUARTERLY)																							
DEBT SERVICE		776																					630
TAP COST SAVINGS																							
FULL VALUE	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
SAVINGS/TAP	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124	1,124
TAPS PURCHASED @ CREDIT VALUE		3,376																					400
TOTAL SAVINGS		101,280																					600
PRINCIPAL REDUCTION																							
PAYMENT	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	101,280
LESS INTEREST	38,389	36,699	37,929	37,094	36,156	35,138	34,076	32,786	31,435	29,851	28,320	26,530	24,562	22,559	20,416	18,142	15,742	13,223	10,589	7,851	4,967	4,167	4,167
PRINCIPAL REDUCTION	7,119	7,819	8,589	9,404	10,382	11,382	12,522	13,732	14,983	16,289	17,659	18,989	20,284	21,559	22,816	24,064	25,302	26,530	27,749	28,959	30,159	31,342	31,342
PRINCIPAL BALANCE	389,281	389,462	389,462	387,288	387,077	386,695	383,133	319,461	304,377	287,810	269,612	249,624	227,666	203,563	177,064	147,989	116,011	82,509	42,351	0	0	0	0
PRINCIPAL REDUCTION	7,119	7,819	8,589	9,404	10,382	11,382	12,522	13,732	14,983	16,289	17,659	18,989	20,284	21,559	22,816	24,064	25,302	26,530	27,749	28,959	30,159	31,342	31,342

20 YEAR WATER & SEWER CASH FLOW ANALYSIS
(USASIER ASSUMPTION)

ANNUAL ASSORTION	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS
YEAR	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
CVR	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	500
OTHER	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	200
TOTAL EAR	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	700
ANNUAL CUMULATIVE	35	70	105	140	175	210	245	280	315	350	385	420	455	490	525	560	595	630	665	700	700	
TAPS PURCHASED @ FULL PRICE	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	200
OTHER PURCHASED @ FULL PRICE	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	200
TOTAL PURCHASED FULL PRICE	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	400
PURCHASED VIA CREDIT	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	300
ANNUAL CUMULATIVE	15	30	45	60	75	90	105	120	135	150	165	180	195	210	225	240	255	270	285	300	300	

CVR CASH FLOW ASSUMPTIONS
LOAN PAYMENT ANALYSIS
LOAN AMOUNT 40,400
LOAN PERIOD 20
INTEREST RATE 9.84%
(9% ANNUAL INTEREST COMPOUNDED QUARTERLY)
DEBT SERVICE

TAP COST SAVINGS
FULL VALUE 4,500
CREDIT VALUE 1,124
SAVINGS/TAP 3,376
TAPS PURCHASES @ CREDIT VALUE 15
TOTAL SAVINGS 50,640

PRINCIPAL REDUCTION
PAYMENT 48,518
LESS INTEREST 38,889
PRINCIPAL REDUCTION 9,629
PRINCIPAL BALANCE 389,281
PRINCIPAL REDUCTION 7,119

48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518	48,518
38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889	38,889
7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119
389,281	382,162	375,043	367,924	360,805	353,686	346,567	339,448	332,329	325,210	318,091	310,972	303,853	296,734	289,615	282,496	275,377	268,258	261,139	254,020	246,901	239,782	232,663	225,544
7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119	7,119

CUR CASH FLOW ANALYSIS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS	
YEAR	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
THURSTON INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHEELER INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NORTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P EXPANSION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADE & PHASE 2A (LOAN)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2B (REMAINDER)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH FLOW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WASTEWATER LOAN ANALYSIS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS INTEREST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PRINCIPAL BALANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE PRINCIPAL REDUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TOWN CASH FLOW ANALYSIS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	TOTALS	
REVENUES	YEAR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
REVENUES	4,500	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	1,800,000
EXPENSES																							
FOREST REPAIRS	10,549	-11,075	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-11,075
SCHOOL INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WHEELER LANE INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NORTH TOWN INTERCEPTOR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SOUTH TOWN INTERCEPTOR	18,423	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P INTERCEPTOR	100,998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
W W T P EXPANSION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
UPGRADE & PHASE 2A (LOAN)	57,480	-33,740	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-67,480	-1,315,880
PHASE 2B (REMAINDER)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER TREATMENT	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PHASE 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	139,967	53,740	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-134,960	-1,131,860
CASH FLOW	4,500	36,260	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520	22,520
CUMULATIVE	4,500	40,760	63,280	85,800	108,320	130,840	153,360	175,880	198,400	220,920	243,440	265,960	288,480	311,000	333,520	356,040	378,560	401,080	423,600	446,120	468,640	491,160	513,680
WASTEWATER LOAN ANALYSIS																							
PAYMENT	67,480	33,740	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	67,480	33,740
LESS INTEREST	1,000	18,242	36,007	53,769	71,531	89,293	107,055	124,817	142,579	160,341	178,103	195,865	213,627	231,389	249,151	266,913	284,675	302,437	320,199	337,961	355,723	373,485	1,288
PRINCIPAL REDUCTION	917,076	15,498	31,413	47,328	63,243	79,158	95,073	110,988	126,903	142,818	158,733	174,648	190,563	206,478	222,393	238,308	254,223	270,138	286,053	301,968	317,883	333,798	32,442
PRINCIPAL BALANCE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE PRINCIPAL REDUCTION	0	15,498	46,911	84,239	121,567	158,895	196,223	233,551	270,879	308,207	345,535	382,863	420,191	457,519	494,847	532,175	569,503	606,831	644,159	681,487	718,815	756,143	817,076

EXHIBIT A
TO
"TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM"
WATER IMPROVEMENTS

Two distinct projects are proposed which will need to be completed to accommodate additional growth in New Castle. These two projects are providing improvements necessary to treat water and placing it into the Town's current distribution system and construction of a looped water line from the current east terminus of the Town's main in Castle Valley Ranch to the current east terminus of the Town's main in Burning Mountain Subdivision- Phase 2. The following discussion and exhibits more clearly define the projects. Note that all cost estimates are expressed in 1999 dollars.

Water Treatment Plant Expansion- Tables 1 and 2 identify the water treatment plant improvements phasing summary proposed. Table 1 reflects plant capacity given "turbid" conditions in East Elk Creek, while Table 2 reflect the "clear water" conditions. Each table identifies three phases of expansion for the water treatment plant. The first of the three phases involves the most work where the building and clearwell tankage are constructed to accommodate not only phase 1 expansion, but also, the subsequent filter additions in phase 2 and phase 3.

Looped Waterline Construction- To accommodate the future growth in the Town, a looped waterline is proposed to be constructed as briefly described above. This looped waterline will provide necessary enhancements to the Town's water distribution system in providing the Town the ability to supply adequate pressure to the east end of Town, provide a second feed into Town and provide the Town the ability to serve future users throughout the length of the looped water system.

TABLE 1
TOWN OF NEW CASTLE
W.T.P. IMPROVEMENTS PHASING
SUMMARY

PHASE DESCRIPTION	PLANT CAPACITY (G.P.M.)	CUMM. PLANT CAPACITY (GPM)	UNIT CAPACITY IRRIGATION INCL. (EQR)	UNIT CAPACITY NO IRRIGATION (EQR)	EXIST. UNIT DEMAND (EQR)	RESERVE UNIT CAP. W/IRRIG. (EQR)	RESERVE UNIT CAP. W/O IRRIG (EQR)
EXISTING	400 **	400	612	612	845	233	233
PHASE 1 (350 GPM)	350	750	1383	1764	845	538	919
PHASE 2 (350 GPM)	350	1100	2154	2916	845	1309	2071
PHASE 3 (350 GPM)	350 **	1450	2925	4068	845	2080	3223

PHASE DESCRIPTION	PLANT CAPACITY (G.P.M.)	CUMM. PLANT CAPACITY (G.P.M.)	RESERVE UNIT CAP. W/IRRIG. (EQR)	RESERVE UNIT CAP. W/O IRRIG. (EQR)	EST. COST FOR IMPRTS.	CUMM. COSTS FOR IMPRTS.
EXISTING	360 **	360	302	302	\$30,000.00	\$30,000.00
PHASE 1 (350 GPM)	350	750	538	919	\$400,400.00	\$430,400.00
PHASE 2 (350 GPM)	350	1100	1309	2071	\$121,000.00	\$551,400.00
PHASE 3 (350 GPM)	350 **	1450	2080	3223	\$121,000.00	\$672,400.00

NOTE:

PHASE 1 COMPLETES THE BUILDING, SITE WORK, CLEARWELL AND ONE 350 GPM UNIT.
 PHASE 2 COMPLETES AN ADDITIONAL 350 GPM UNIT W/ ASSOC. PIPING.
 PHASE 3 COMPLETES AN ADDITIONAL 350 GPM UNIT W/ ASSOC. PIPING.

ALL CAPACITIES NOTED REFLECT HIGH TURBIDITY CONDITIONS IN EAST ELK CREEK- WORST CASE SCENARIO.

** NOTE: THE EXISTING CONFIGURATION OF THE NEW CASTLE W.T.P. INCLUDES TWO FILTERS WHICH ARE RATED AT 350 G.P.M. EACH. THE PLANT OPERATOR REPORTS THAT THE MAXIMUM FLOW THAT THE TWO FILTERS, OPERATING TOGETHER, CAN ACHIEVE IS 400 G.P.M. , UNDER HIGH TURBIDITY FLOWS IN EAST ELK CREEK. ADDITIONAL FIELD WORK IS NEEDED TO IDENTIFY THE OPERATIONAL PROBLEMS THAT EXIST WITH THE TWO FILTERS. WITH THIS FIELD WORK AND PROBLEM IDENTIFICATION, IT WILL BE DETERMINED THE REHABILITATION MEASURES NECESSARY AND THE REHABILITATED CAPACITY THAT THE TWO FILTERS CAN PROVIDE. IF THE TWO FILTERS CAN BE REHABILITATED TO THE POINT THAT THEY CAN PRODUCE POTABLE WATER AT ORIGINAL DESIGN CAPACITIES, THEN PHASE 3 CONSTRUCTION/EXPANSION WILL NOT BE NECESSARY. REFER TO TABLE 2 FOR A PHASING SUMMARY REFLECTING THIS CONDITION.

PEAKING FACTOR= 1.8 FOR EXISTING PLANT COMPONENTS.
 PEAKING FACTOR= 1.25 FOR NEW FILTER UNITS.

TABLE 2

TOWN OF NEW CASTLE

W.T.P. IMPROVEMENTS PHASING SUMMARY

PHASE DESCRIPTION	PLANT CAPACITY (G.P.M.)	CUMM. PLANT CAPACITY (GPM)	UNIT CAPACITY IRRIGATION INCL. (EQR)	RESERVE UNIT CAP. W/IRRIG. (EQR)	RESERVE UNIT CAP. W/O IRRIG. (EQR)	UNIT CAPACITY NO IRRIGATION (EQR)	EXIST. UNIT DEMAND (EQR)	RESERVE UNIT CAP. W/IRRIG. (EQR)	RESERVE UNIT CAP. W/O IRRIG. (EQR)
EXISTING	700	700	1071	226	226	1071	845	226	226
PHASE 1 (350 GPM)	350	1050	1842	997	1871	1871	845	997	1026
PHASE 2 (350 GPM)	350	1400	2613	1768	2671	2671	845	1768	1826

PHASE DESCRIPTION	PLANT CAPACITY (G.P.M.)	CUMM. PLANT CAPACITY	RESERVE UNIT CAP. W/IRRIG. (EQR)	RESERVE UNIT CAP. W/O IRRIG. (EQR)	EST. COST FOR IMPRTS.	CUMM. COSTS FOR IMPRTS.
EXISTING	700	700	157	157	\$30,000.00	\$30,000.00
PHASE 1 (350 GPM)	350	1050	892	957	\$400,400.00	\$430,400.00
PHASE 2 (350 GPM)	350	1400	1227	1757	\$121,000.00	\$551,400.00

NOTE:

PHASE 1 COMPLETES THE BUILDING, SITE WORK, CLEARWELL AND ONE 350 GPM UNIT.

PHASE 2 COMPLETES AN ADDITIONAL 350 GPM UNIT W/ ASSOC. PIPING.

ALL CAPACITIES NOTED REFLECT LOW TURBIDITY CONDITIONS IN EAST ELK CREEK- BEST CASE SCENARIO.

EXISTING PLANT CAPACITY ABOVE REFLECTS THE DESIGN CAPACITY OF THE TWO EXISTING WATER TECH "MT" FILTER UNITS RUNNING TOGETHER. AS REPORTED IN TABLE 1, THE CAPACITY IS IDENTIFIED ABOVE REFLECTING A RESOLUTION OF THE OPERATIONAL PROBLEMS THAT CURRENTLY EXIST. REHABILITATION COSTS OF \$15,000 PER UNIT HAVE BEEN ASSIGNED TO ESTIMATED COSTS FOR FILTER AND/OR EQUIPMENT REHABILITATION TO THE EXISTING UNITS TO RE-ESTABLISH ORIGINAL DESIGN FLOWS.

PEAKING FACTOR= 1.8 FOR EXISTING PLANT COMPONENTS.

PEAKING FACTOR= 1.25 FOR NEW FILTERS.

NEW CASTLE W.T.P.

PHASE 1 COST ESTIMATE FOR ANTICIPATED WORK REQUIRED TO ACCOMMODATE ADDITIONAL DEVELOPMENT IN NEW CASTLE

WORK ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
MOBILIZATION	1	LS	\$5,000.00	\$5,000.00
PACKAGE TREATMENT PLANT	1	LS	\$86,000.00	\$86,000.00
PKGD PLANT LABOR	1	LS	\$8,000.00	\$8,000.00
EXIST. BLDG. MODIFICATIONS	1	LS	\$5,500.00	\$5,500.00
NEW BLDG ADDITION	2120	SF	\$45.00	\$95,400.00
SITE GRADING	1	LS	\$16,000.00	\$16,000.00
CLEARWELL CONSTRUCTION	60	CY	\$400.00	\$24,000.00
FLOW SPLITTER	1	LS	\$3,600.00	\$3,600.00
YARD PIPING	1	LS	\$7,500.00	\$7,500.00
PLANT PIPING	1	LS	\$16,000.00	\$16,000.00
ELECTRIC SVC AND MCC PANEL	1	LS	\$27,000.00	\$27,000.00
MISC. EQUIPMENT	1	LS	\$5,500.00	\$5,500.00
BACKWASH PONDS	1	LS	\$20,000.00	\$20,000.00
SITE WORK	1	LS	\$7,500.00	\$7,500.00
LANDSCAPING (SCREENING)	1	LS	\$2,500.00	\$2,500.00
SECURITY FENCING	1	LS	\$4,500.00	\$4,500.00
OFFICE AND CHEMICAL STORAGE	1	LS	\$20,000.00	\$20,000.00
TOTAL OF COSTS				\$354,000.00
ENGINEERING AND DESIGN ADMIN. (5%)				\$17,700.00
CONTRACT ADMIN. AND CONST. INSP. (8%)				\$28,320.00
TOTAL FOR PROJECT				\$400,020.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION
BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.

546810 06/08/1999 12:40P B1133 P695 M ALSDORF
64 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

CASTLE VALLEY/BURNING MOUNTAIN LOOPED WATERLINE

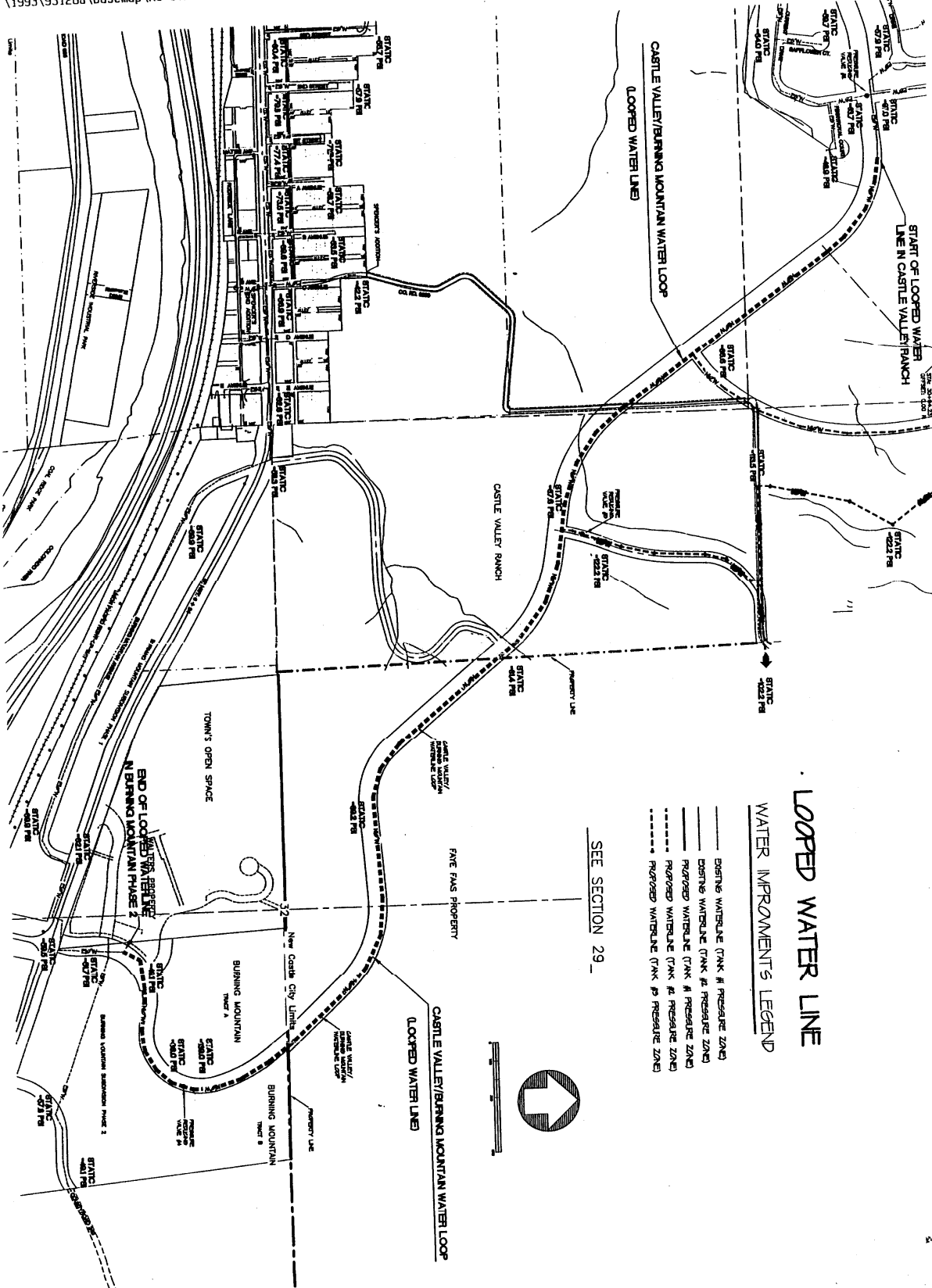
COST ESTIMATE FOR
ANTICIPATED WORK REQUIRED TO ACCOMMODATE
ADDITIONAL DEVELOPMENT IN NEW CASTLE

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
10" DIA. WATER LINE	LF	7670.6	\$35	\$268,471
PRESSURE REDUCING VAULT	LS	1	\$15,000	\$15,000
ISOLATION VALVES	EA	9	\$1,000	\$9,000
TOTAL OF COSTS				\$292,471

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION
BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.

ADDITIONAL SLEEVING, TEES AND VALVING FOR FUTURE SERVICE AND DISTRIBUTION FEEDS SHALL BE PAID
FOR BY INDIVIDUAL DEVELOPERS AS SUCH DISTRIBUTION AND SERVICE FEEDS ARE REQUIRED TO
SERVE THEIR INDIVIDUAL DEVELOPMENT(S).


546810 06/08/1999 12:40P B1133 P696 M ALSDORF
65 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO



LOOPEd WATER LINE

WATER IMPROVEMENTS LEGEND

- EXISTING WATERLINE (TANK #1 PRESSURE ZONE)
- EXISTING WATERLINE (TANK #2 PRESSURE ZONE)
- PROPOSED WATERLINE (TANK #1 PRESSURE ZONE)
- PROPOSED WATERLINE (TANK #2 PRESSURE ZONE)
- PROPOSED WATERLINE (TANK #3 PRESSURE ZONE)

SEE SECTION 29



EXHIBIT B
TO
"TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM"
WASTEWATER IMPROVEMENTS

Seven distinct projects are proposed which will need to be completed to accommodate additional growth in New Castle. These projects are providing improvements necessary to collect, transport to and treat wastewater at the Town's wastewater treatment facility. The following discussion and exhibits more clearly define the projects. Note that all cost estimates are expressed in 1999 dollars.

The timing of each project is to be defined based upon the capacity of each improvement relative to applicable federal, state and local laws. Continuous monitoring of each facilities reserve capacity by the Town will be performed on a yearly basis to establish the appropriate timing required to conduct such work.

1. 7th Street Interceptor: This project investigates and provides repairs to the 7th Street Interceptor to the extent that this intercept line will be able to handle flow to its full design capacity. This work will be on that portion of the line from 7th and Front Street down to the intersection of 7th and Wheeler Avenue. Project budget= \$10,649.00 (see attached cost estimate)
2. School Interceptor: This project provides for the construction of a new 8" line beginning at the existing terminus of the East Midland interceptor to the existing north terminus of the School interceptor. This project involves the construction of a flow distribution box which will allow Town personnel the ability to proportion flows down the 7th Street Interceptor and the School Interceptor. This project also involves the construction of a pedestrian bridge across Elk Creek in order to transport the line across Elk Creek to tie into the School Intercept line. Project budget= \$175,150.50 (see attached cost estimates for "School Intercept Line".)
3. Wheeler Lane Interceptor: This project will upsize the existing line in Wheeler Lane to the W.W.T.P. Interceptor from 10" to 12". An anticipated 540 l.f. of line will be replaced along with manholes and service ties. Project budget= \$46,101 (see attached cost estimate)
4. North Town Interceptor: This project investigates and provides repairs to the North Town Interceptor to the extent that this intercept line will be able to handle flow to its full design capacity. This work will be on that portion of the line from its east terminus to the intersection of 7th and Wheeler Avenue. Project budget= \$10,649.00 (see attached cost estimate)
5. South Town Interceptor: This project investigates and provides repairs to the South Town Interceptor to the extent that this intercept line will be able to handle flow to its full design capacity. This work will be on that portion of the line from its east terminus at the start of the Burning Mountain Interceptor to the end of the line with its tie at the W.W.T.F. Interceptor. Project budget= \$18,423.00 (see attached cost estimate)

6. W.W.T.P. Interceptor: This project involves upgrading the line from a 10" size to an 18" size. The 18" size is necessary to handle all of the flow from the capacity of all of the lines tying into it. Project budget= \$101,998.00 (see attached cost estimate)

7. Wastewater Treatment Plant Upgrades: The W.W.T.P. upgrades require five phases of construction to provide plant capacity to handle ultimate buildout of Castle Valley Ranch and to serve other needs or the Town. The phased expansions for the purposes of this master planning have considered the phased construction and expansion of the wastewater treatment plant in an extended air mode of operation of the plant. The conventional mode of operation can always be considered in each phase of expansion, particularly after the completion of work activities in Phase 1. The Project budgets for each phase of expansion are as follows:

Phase 1:	\$457,500 (a portion has already been completed)
Phase 2A:	\$405,950
Phase 2B:	\$229,600
Phase 3A:	\$919,835
Phase 3B:	\$488,100

Refer to the attached cost estimates for a definition of work requirements for each phase of expansion in the extended air mode of operation. Note that the extended air mode of operation principally requires expansion of the wastewater treatment plant in the aeration basin components of the plant. However, in the event that the conventional mode of operation is ever chosen, the sludge handling capabilities will need to be expanded along with less intense work on the aeration basin.


SEVENTH STREET INTERCEPT LINE (REPAIRS MADE ON EXISTING, NO PARALLEL)

COST ESTIMATE FOR
ANTICIPATED WORK REQUIRED TO ACCOMMODATE
ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
TELEWISE	LS	1	\$2,500.00	\$2,500.00
8" SEWER	LF	250	\$20.00	\$5,000.00
TRAFFIC CONTROL	LS	0	\$500.00	\$0.00
MANHOLES	EA	0	\$0.00	\$0.00
ASPHALT	TON	20	\$65.00	\$1,300.00
ROAD BASE	TON	40	\$18.00	\$720.00
OVERLAY	TON	0	\$55.00	\$0.00
TOTAL OF COSTS				\$9,520.00
CONTINGENCY				\$1,129.00
TOTAL BUDGET				\$10,649.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.

THIS COST ESTIMATE PROVIDES FOR A MIN. REPLACEMENT AND/OR REPAIR OF AT LEAST 250 LF OF EXISTING SEWER MAIN.


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 70 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

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71 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

SCHOOL INTERCEPT LINE

(EAST MIDLAND (THROUGH FELL) + PEDESTRIAN BRIDGE CROSSING)

COST ESTIMATE FOR
ANTICIPATED WORK REQUIRED TO ACCOMMODATE
ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

EAST MIDLAND THROUGH FELL PROPERTY:	\$67,257
PEDESTRIAN BRIDGE CROSSING:	\$11,213
PEDESTRIAN BRIDGE:	\$96,680.50
TOTAL SCHOOL INTERCEPT LINE:	\$175,150.50

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.

WHEELER LANE INTERCEPT LINE

COST ESTIMATE FOR
 ANTICIPATED WORK REQUIRED TO ACCOMMODATE
 ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
MOBILIZATION	LS	1	\$5,000.00	\$5,000.00
12" SEWER	LF	540	\$35.00	\$18,900.00
TRAFFIC CONTROL	LS	1	\$4,250.00	\$4,250.00
MANHOLES	EA	2	\$2,500.00	\$5,000.00
FLOW FILL	CY	34	\$75.00	\$2,550.00
ASPHALT	TON	28	\$65.00	\$1,820.00
ROAD BASE	TON	51	\$18.00	\$918.00
CURB AND GUTTER	LF	50	\$18.00	\$900.00
TOTAL OF COSTS				\$39,338.00
CONTINGENCY				\$6,763.00
TOTAL BUDGET				\$46,101.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.



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NORTH TOWN INTERCEPT LINE (REPAIRS MADE ON EXISTING)

COST ESTIMATE FOR
 ANTICIPATED WORK REQUIRED TO ACCOMMODATE
 ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
TELEWISE	LS	1	\$2,500.00	\$2,500.00
8" SEWER	LF	250	\$20.00	\$5,000.00
TRAFFIC CONTROL	LS	0	\$500.00	\$0.00
MANHOLES	EA	0	\$0.00	\$0.00
ASPHALT	TON	20	\$65.00	\$1,300.00
ROAD BASE	TON	40	\$18.00	\$720.00
OVERLAY	TON	0	\$55.00	\$0.00
TOTAL OF COSTS				\$9,520.00
CONTINGENCY				\$1,129.00
TOTAL BUDGET				\$10,649.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.

THIS COST ESTIMATE PROVIDES FOR A MIN. REPLACEMENT AND/OR REPAIR OF AT LEAST 250 LF OF EXISTING SEWER MAIN.



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SOUTH TOWN INTERCEPT LINE (REPAIRS MADE ON EXISTING)

COST ESTIMATE FOR
 ANTICIPATED WORK REQUIRED TO ACCOMMODATE
 ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
TELEWISE	LS	1	\$4,000.00	\$4,000.00
8" SEWER	LF	500	\$20.00	\$10,000.00
TRAFFIC CONTROL	LS	0	\$500.00	\$0.00
MANHOLES	EA	0	\$0.00	\$0.00
ASPHALT	TON	20	\$65.00	\$1,300.00
ROAD BASE	TON	40	\$18.00	\$720.00
OVERLAY	TON	0	\$55.00	\$0.00
TOTAL OF COSTS				\$16,020.00
CONTINGENCY				\$2,403.00
TOTAL BUDGET				\$18,423.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.


THIS COST ESTIMATE PROVIDES FOR A MIN. REPLACEMENT AND/OR REPAIR OF AT LEAST 300 LF OF EXISTING SEWER MAIN.

W.W.T.P. INTERCEPT LINE

COST ESTIMATE FOR
ANTICIPATED WORK REQUIRED TO ACCOMMODATE
ADDITIONAL DEVELOPMENT IN CASTLE VALLEY RANCH

WORK ITEM	UNIT	QUANTITY	UNIT PRICE	TOTAL
MOBILIZATION	LS	1	\$10,000.00	\$10,000.00
RAILROAD BORE	LF	140	\$400.00	\$56,000.00
18" SEWER MAIN	LF	190	\$40.00	\$7,600.00
MANHOLES	EA	2	\$2,500.00	\$5,000.00
SCHOOL INT. MH	EA	1	\$2,500.00	\$2,500.00
8" SEWER MAIN	LF	100	\$25.00	\$2,500.00
TIES TO EXISTING SYSTEM	EA	2	\$2,500.00	\$5,000.00
TOTAL OF COSTS				\$88,600.00
CONTINGENCY				\$12,398.00
TOTAL BUDGET				\$100,998.00

NOTE: THIS COST ESTIMATE IS PRELIMINARY IN NATURE AND IS SUBJECT TO MODIFICATION BASED UPON FINAL DESIGN, TIMING OF THE PROJECT AND ACTUAL BIDDING.



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TOWN OF NEW CASTLE W.W.T.P. IMPROVEMENTS PHASING

PHASE 1 IMPROVEMENTS-- BRINGS W.W.T.P. IN LINE TO TREAT ALL FLOW FROM EXISTING "APPROVED SUBDIVISIONS"					
DESC. OF REQUIRED IMPROVEMENT	ACTUAL CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)*	UNIT CAPACITY (@277 GPD/EQR)**	UNIT CAPACITY (@208 GPD/EQR)***	IMPROVEMENT COSTS
CHLORINE CONTACT TANK	488,531	1,396	1,764	2,349	\$45,000.00
OUTFALL LINE TO COLORADO RIVER	1,189,400	3,374	4,260	5,552	\$105,000.00
CLARIFIER (SECOND)	400,000	1,143	1,444	1,923	\$125,000.00
DIGESTER CONV. TO AERATION BASIN	15,000	43	54	72	\$37,500.00
DIFFUSED AIR IN EXIST. AERATION BASIN	135,000	386	488	649	\$85,000.00
DIGESTER CAN/WALK					\$5,000.00
SLUDGE METERING					\$4,000.00
EXISTING CLARIFIER MAINTENANCE	300,000	857	1,083	1,442	\$15,000.00
EXISTING CLARIFIER COVER					\$35,000.00
TOTAL COSTS					\$457,500.00

NOTES:


- * - 350 GPD/EQR DERIVED FROM 3.5 PERSONS PER D.U. AND 100 GPD PER PERSON
- ** - 277 GPD/EQR DERIVED FROM 2.77 PERSON PER D.U. (FROM 201) AND 100 GPD PER PERSON.
- *** - 208 GPD/EQR DERIVED FROM 2.77 PERSONS PER D.U. (FROM 201) AND 75 GPD PER PERSON. (FLOW DATA)
- ACTUAL NUMBER OF UNITS ON LINE AS OF JANUARY 1998 IS 662.
- AERATION BASIN CAPACITY WILL LIMIT PLANT CAPACITY TO 429 UNITS (@350 GPD/EQR), 542 UNITS (@277 GPD PER EQR) AND 721 (208 GPD/EQR)— BASED UPON EXTENDED AIR MODE OF PLANT.
- CURRENTLY THE PLANT IS OPERATING WITH DETENTION TIMES BETWEEN THE EXTENDED AIR MODE AND THE CONVENTIONAL MODE OF OPERATION AND IS MAINTAINING (WITH SOME DIFFICULTY) EFFLUENT STANDARDS. THE CHLORINE CONTACT AND OUTFALL IMPROVEMENTS WILL EASE THE DIFFICULTIES TO OPERATE IN A MORE CONVENTIONAL MODE OF OPERATION AND COULD EXPAND AERATION BASIN CAPACITY TO UPWARDS OF 300,000 GPD (OR 857 UNITS @350 GPD/EQR, 1,083 UNITS @ 277 GPD/EQR OR 1,442 UNITS @ 208 GPD/EQR). WHEN APPROACHING A PURE CONVENTIONAL MODE OF OPERATION, INTENSIVE, FULL TIME METERING AND TESTING REQUIREMENTS ARE NEEDED WITH 24 HOUR ATTENTION TO THE PLANT, UPWARDS OF 3 MORE QUALIFIED PERSONNEL WOULD BE REQUIRED.
- GIVEN EXISTING FUNDING AND STAFFING, THE PLANT DESIGN SHOULD FOCUS ON THE EXTENDED AIR MODE OF OPERATION. TO ACCOMMODATE BUILD OUT OF "APPROVED" SUBDIVISIONS, THE PLANT WILL NEED TO RUN BETWEEN THE EXTENDED AIR MODE AND THE CONVENTIONAL MODE OF OPERATION. THIS WILL OCCUR OVER A SHORT PERIOD OF TIME BEFORE THE NEXT PHASE OF EXPANSION PLACES THE PLANT BACK INTO A PURE EXTENDED AIR MODE OF OPERATION.
- NOTE: THE SHADED ITEMS ABOVE REFLECT WORK THAT HAS BEEN COMPLETED TO DATE.


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TOWN OF NEW CASTLE W.W.T.P. IMPROVEMENTS PHASING

PHASE 2A IMPROVEMENTS- ADDS 175,000 GPD CAPACITY TO PLANT CAPACITY					
DESC. OF REQUIRED IMPROVEMENT	ACTUAL CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)*	UNIT CAPACITY (@277 GPD/EQR)**	UNIT CAPACITY (@208 GPD/EQR)***	IMPROVEMENT COSTS
AERATION BASIN CONSTRUCTION	175,000	500	632	841	\$188,100.00
GRIT CHAMBER CONSTRUCTION	750,000	2,143	2,708	3606	\$149,350.00
FLOW EQUALIZATION VAULT #1					\$9,000.00
FLOW EQUALIZATION VAULT #2					\$12,000.00
PIPING TO OUTFALL AND CHL. CONT. TANK					\$7,500.00
BLOWERS					\$10,000.00
BLOWER BLDG.					\$20,000.00
ELECTRICAL IMPROVEMENTS					\$10,000.00
TOTAL COSTS					\$405,950.00

NOTES: * - 350 GPD/EQR DERIVED FROM 3.5 PERSONS PER D.U. AND 100 GPD PER PERSON
 ** - 277 GPD/EQR DERIVED FROM 2.77 PERSON PER D.U. (FROM 201) AND 100 GPD PER PERSON.
 *** - 208 GPD/EQR DERIVED FROM 2.77 PERSONS PER D.U. (FROM 201) AND 75 GPD PER PERSON. (FLOW DATA)


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TOWN OF NEW CASTLE

W.W.T.P. IMPROVEMENTS PHASING

PHASE 2B IMPROVEMENTS- ADDS 175,000 GPD CAPACITY TO PLANT CAPACITY					
DESC. OF REQUIRED IMPROVEMENT	ACTUAL CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)*	UNIT CAPACITY (@277 GPD/EQR)**	UNIT CAPACITY (@208 GPD/EQR)***	IMPROVEMENT COSTS
AERATION BASIN CONSTRUCTION	175,000	500	632	841	\$188,100.00
PIPING MODIFICATIONS					\$9,000.00
PIPING TO OUTFALL AND CHL. CONT. TANK ADDITION					\$17,500.00
ADDITIONAL BLOWERS					\$10,000.00
ELECTRICAL IMPROVEMENTS					\$5,000.00
TOTAL COSTS					\$229,600.00

NOTES: * - 350 GPD/EQR DERIVED FROM 3.5 PERSONS PER D.U. AND 100 GPD PER PERSON
 ** - 277 GPD/EQR DERIVED FROM 2.77 PERSON PER D.U. (FROM 201) AND 100 GPD PER PERSON.
 *** - 208 GPD/EQR DERIVED FROM 2.77 PERSONS PER D.U. (FROM 201) AND 75 GPD PER PERSON. (FLOW DATA)



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TOWN OF NEW CASTLE W.W.T.P. IMPROVEMENTS PHASING

PHASE 3A IMPROVEMENTS- ADDS 175,000 GPD CAPACITY TO PLANT CAPACITY					
DESC. OF REQUIRED IMPROVEMENT	ACTUAL CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)*	UNIT CAPACITY (@277 GPD/EQR)**	UNIT CAPACITY (@208 GPD/EQR)***	IMPROVEMENT COSTS
AERATION BASIN CONSTRUCTION	175,000	500	632	841	\$188,100.00
DIGESTOR #2 CONSTRUCTION (1/2 SIZE OF 201 ST.)					\$310,370.00
FLOW EQUALIZATION VAULT #1					\$5,890.00
CLARIFIER #3 CONSTRUCTION	400000	1143	1444	1923	\$116,125.00
FLOW EQUALIZATION VAULT #2					\$9,250.00
PIPING TO OUTFALL AND CHL. CONT. TANK					\$7,500.00
BLOWER ADDITION					\$10,000.00
OFFICE/PUBLIC WORKS BUILDING					\$262,600.00
ELECTRICAL IMPROVEMENTS					\$10,000.00
TOTAL COSTS					\$919,835.00

NOTES: * - 350 GPD/EQR DERIVED FROM 3.5 PERSONS PER D.U. AND 100 GPD PER PERSON
 ** - 277 GPD/EQR DERIVED FROM 2.77 PERSON PER D.U. (FROM 201) AND 100 GPD PER PERSON.
 *** - 208 GPD/EQR DERIVED FROM 2.77 PERSONS PER D.U. (FROM 201) AND 75 GPD PER PERSON. (FLOW DATA)



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TOWN OF NEW CASTLE W.W.T.P. IMPROVEMENTS PHASING

PHASE 3B IMPROVEMENTS- ADDS 175,000 GPD CAPACITY TO PLANT CAPACITY					
DESC. OF REQUIRED IMPROVEMENT	ACTUAL CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)*	UNIT CAPACITY (@277 GPD/EQR)**	UNIT CAPACITY (@208 GPD/EQR)***	IMPROVEMENT COSTS
AERATION BASIN CONSTRUCTION	175,000	500	632	841	\$188,100.00
DIGESTOR #2 CONSTRUCTION (FINAL 1/2 OF 201 ST.)					\$275,000.00
PIPING TO OUTFALL AND CHL. CONT. TANK					\$5,000.00
BLOWER ADDITION					\$10,000.00
ELECTRICAL IMPROVEMENTS					\$10,000.00
TOTAL COSTS					\$488,100.00

NOTES: * - 350 GPD/EQR DERIVED FROM 3.5 PERSONS PER D.U. AND 100 GPD PER PERSON
 ** - 277 GPD/EQR DERIVED FROM 2.77 PERSON PER D.U. (FROM 201) AND 100 GPD PER PERSON.
 *** - 208 GPD/EQR DERIVED FROM 2.77 PERSONS PER D.U. (FROM 201) AND 75 GPD PER PERSON. (FLOW DATA)

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TOWN OF NEW CASTLE
W.W.T.P. IMPROVEMENTS PHASING
SUMMARY

PHASE	PLANT CAPACITY (IN GPD)	CUMM. PLANT CAPACITY (GPD)	UNIT CAPACITY (@350 GPD/EQR)		UNIT CAPACITY (@277 GPD/EQR)		UNIT CAPACITY (@208 GPD/EQR)		IMPROVEMENT COSTS
			INDIV.	CUMM.	INDIV.	CUMM.	INDIV.	CUMM.	
EXISTING	115,000	115,000	329	329	415	415	553	553	\$0.00
EXISTING/U35,000		150,000	100	429	127	542	168	721	\$457,500.00
PHASE 2A	175,000	325,000	500	929	632	1174	841	1562	\$405,950.00
PHASE 2B	175,000	500,000	500	1429	632	1806	841	2403	\$229,600.00
PHASE 3A	175,000	675,000	500	1929	632	2438	841	3244	\$919,835.00
PHASE 3B	175,000	850,000	500	2429	632	3070	841	4085	\$488,100.00
TOTALS	500,000		1429		1806		2403		\$2,500,985.00

NOTE: EXISTING PLANT CAPACITY PER ESTIMATES OF OPERATING CAPACITY
FROM PLANT OPERATOR.

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EXHIBIT C
TO
"TOWN OF NEW CASTLE INFRASTRUCTURE DEVELOPMENT PROGRAM"

CASTLE VALLEY BOULEVARD

The following information is attached to this exhibit:

1. Castle Valley Boulevard street sections.
2. Hepworth-Pawlak Geotechnical's "Subsoil Study for Pavement Design/Proposed 1.45 Miles of Castle valley Boulevard/New Castle, Colorado
3. Existing Road Improvements Map (As it pertains to Castle Valley Boulevard)

HEPWORTH-PAWLAK GEOTECHNICAL, INC.

5020 Road 154
Glenwood Springs, CO 81601

Fax 970 945-8454
Phone 970 945-7988



546810 06/08/1999 12:40P B1133 P716 M ALSDORF
85 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

**SUBSOIL STUDY
FOR PAVEMENT DESIGN
PROPOSED 1.45 MILES OF CASTLE VALLEY BOULEVARD
NEW CASTLE, COLORADO**

JOB NO. 197 112


FEBRUARY 10, 1997

PREPARED FOR:

**CASTLE VALLEY RANCH SUBDIVISION
ATTN: ERIC WILLIAMS
0981 COUNTY ROAD 245
NEW CASTLE, COLORADO 81647**

HEPWORTH - PAWLAK GEOTECHNICAL, INC.

February 10, 1997


546810 06/08/1999 12:40P B1133 P717 M ALSDORF
86 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

Castle Valley Ranch Subdivision
Attn: Eric Williams
0981 County Road 245
New Castle, Colorado 81647

Job No. 197 112

Subject: Report Transmittal, Subsoil Study for Pavement Design, Proposed 1.45
Miles of Castle Valley Boulevard, New Castle, Colorado

Dear Mr. Williams:

As requested, we have conducted a subsoil study for pavement design of the proposed
1.45 miles of Castle Valley Boulevard.

Subsurface conditions encountered in the exploratory borings drilled along the
centerline of the proposed road consisted of pit run gravel fill overlying primarily stiff
sandy silty clay. Groundwater was not encountered in the borings at the time of
drilling, but was encountered in Boring 3 at 6 feet when checked one day after drilling.

The proposed roadway pavement section should consist of 3 inches of asphalt pavement
over 6 inches of aggregate base course over 12 inches of pit run gravel.

The report which follows describes our exploration, summarizes our findings, and
presents our recommendations. It is important that we provide consultation during
design, and field services during construction to review and monitor the implementation
of the geotechnical recommendations.

If you have any questions regarding this report, please contact us.

Sincerely,

HEPWORTH - PAWLAK GEOTECHNICAL, INC.



Daniel E. Hardin, P.E.

Rev. By: SLP

DEH/kmk



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TABLE I - SUMMARY OF LABORATORY TEST RESULTS



546810 06/08/1999 12:40P B1133 P719 M ALSDORF
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PURPOSE AND SCOPE OF STUDY

This report presents the results of a subsoil study for the proposed 1.45 miles of Castle Valley Boulevard, New Castle, Colorado. The project site is shown on Figs. 1 and 1A. The purpose of the study was to develop recommendations for the pavement design. The study was conducted in accordance with our proposal for geotechnical engineering services to Castle Valley Ranch Subdivision dated January 9, 1997.

A field exploration program consisting of exploratory borings was conducted to obtain information on subsurface conditions. Samples of the subsoils obtained during the field exploration were tested in the laboratory to determine their classification and engineering characteristics. The results of the field exploration and laboratory testing were analyzed to develop recommendations for pavement design. This report summarizes the data obtained during this study and presents our conclusions, design recommendations and other geotechnical engineering considerations based on the proposed construction and the subsoil conditions encountered. The rough grading for the roadway was essentially complete at the time of this study. Assessment of geologic hazards and recommendations for grading and slope stability are beyond the scope of this study.

EXISTING ROAD CONDITIONS

Castle Valley Boulevard has been rough graded and the exposed subgrade consists of pit run gravel fill. We understand that the final grading has not been completed and it is proposed to place at least 1 foot of pit run gravel over the entire road subgrade. The terrain along the road alignment is irregular and locally hilly. Cut sections up to about 20 feet and fills up to about 10 feet were observed along the road alignment. There was about 1 foot of snow covering the roadway at the time of our field work.

- 2 -

FIELD EXPLORATION

The field exploration for the project was conducted on January 14 and 15, 1997. Twelve exploratory borings were drilled at the locations shown on Figs. 1 and 1A to evaluate the subsurface conditions. The borings were advanced with 4 inch diameter continuous flight augers powered by a truck-mounted Longyear BK-51HD drill rig. The borings were logged by a representative of Hepworth-Pawlak Geotechnical, Inc.

Samples of the subsoils were taken with 1½ inch and 2 inch I.D. spoon samplers. The samplers were driven into the subsoils at various depths with blows from a 140 pound hammer falling 30 inches. This test is similar to the standard penetration test described by ASTM Method D-1586. The penetration resistance values are an indication of the relative density or consistency of the subsoils. Depths at which the samples were taken and the penetration resistance values are shown on the Logs of Exploratory Borings, Figs. 2 and 3. The samples were returned to our laboratory for review by the project engineer and testing.

SUBSURFACE CONDITIONS

Graphic logs of the subsurface conditions encountered at the site are shown on Figs. 2 and 3. The existing road subgrade encountered in the borings consists of nil to 6 feet of pit run sand and gravel with cobbles (fill) overlying stiff sandy silty clay. Slightly silty sandy gravel containing cobbles and boulders was encountered underlying the pit run gravel fill in Borings 1 and 7. Drilling in the natural dense gravel and pit run fill with auger equipment was difficult due to the cobbles and boulders and drilling refusal was encountered in the deposit. Claystone bedrock of the Mancos Shale Formation was encountered at depths of 1½ to 8 feet in Borings 5, 7, 9 and 12.

Laboratory testing performed on samples obtained from the borings included natural moisture content and density, Atterberg limits, and gradation analyses. Results of a gradation analysis performed on a small diameter drive sample (minus 1½ inch fraction) of the natural coarse granular soils are shown on Fig. 5. Atterberg limits testing indicates the clay soils and claystone have low to medium plasticity. The laboratory testing is summarized in Table 1. Based on the laboratory test results, we



- 3 -

estimate that an Hveem stabilometer 'R' value for the clay soils would be about 10 to 15.

No free water was encountered in the borings at the time of drilling. Water was observed at a depth of 6 feet in Boring 3 when measured one day after drilling. The subsoils were slightly moist to moist.

PAVEMENT DESIGN RECOMMENDATIONS

A pavement section is a layered system designed to distribute concentrated traffic loads to the subgrade. Performance of the pavement structure is directly related to the physical properties of the subgrade soils and traffic loadings. Soils are represented for pavement design purposes by means of a soil support value for flexible pavements which is empirically related to strength.

Pavement design procedures are based on strength properties of the subgrade and pavement materials assuming stable, uniform conditions. Certain soils, such as the upper, fine-grained soils encountered on this site, are frost susceptible and require additional precautions be taken to provide for adequate pavement performance. Frost susceptible soils are problematic only if a source of water is present. If those soils are wetted, the resulting movements can be large and erratic. Therefore, pavement design procedures address frost susceptible soils only by assuming they will not become wetted. Proper surface drainage is essential for adequate performance of pavement on these soils.

Subgrade Materials: The fine-grained subsoils at the site are sandy silty clays with low to medium plasticity which are considered a relatively poor support for pavement materials. For design purposes, a soil support value of 3.4 (Hveem stabilometer 'R' value of about 10) was selected for flexible pavements.

Pavement Section Thickness: Since anticipated traffic loading information was not available at the time of report preparation, an 18-kip equivalent daily load application (EDLA) of 50 was assumed for combined automobile and truck traffic. This loading is typical of a collector street and should be checked by the project civil engineer. A

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- 4 -

Regional Factor of 1.5 was assumed for this area of Garfield County based on the site terrain, drainage and climatic conditions.

Based on the assumed parameters, the design pavement section should consist of 12 inches of pit run gravel, 6 inches of high quality base course and 3 inches of asphalt surfaces.

The above pavement section thickness recommendations are based on the assumption that the subgrade will consist of the on-site fine-grained soils. In areas where the subgrade consists of the natural on-site gravel soils with an assumed 'R' value of about 50, the pavement section could consist of 3 inches of asphalt over 6 inches of aggregate base course.

Subgrade Preparation: Prior to placing the pavement section, the entire subgrade area should be compacted to 95% of the maximum standard Proctor density. The pavement subgrade should be proofrolled with a heavily loaded pneumatic-tired vehicle.

Pavement design procedures assume a stable subgrade. Areas which deform excessively under heavy wheel loads are not stable and should be removed and replaced to achieve a stable subgrade prior to paving.

Drainage: The collection and diversion of surface drainage away from paved areas is extremely important to the satisfactory performance of pavement. Drainage design should provide for the removal of water from paved areas and prevent wetting of the subgrade soils.

LIMITATIONS

This study has been conducted in accordance with generally accepted geotechnical engineering principles and practices in this area at this time. We make no warranty either expressed or implied. The conclusions and recommendations submitted in this report are based upon the data obtained from the exploratory borings drilled at the locations indicated on Figs. 1 and 1A, the proposed type of construction and our experience in the area. Our findings include interpolation and extrapolation of the subsurface conditions identified at the exploratory borings and variations in the



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subsurface conditions may occur. If conditions encountered during construction appear different from those described in this report, we should be notified so that re-evaluation of the recommendations may be made.

This report has been prepared for the exclusive use by our client for design purposes. We are not responsible for technical interpretations by others of our information. As the project evolves, we should provide continued consultation and field services during construction to review and monitor the implementation of our recommendations, and to verify that the recommendations have been appropriately interpreted. Significant design changes may require additional analysis or modifications to the recommendations presented herein.

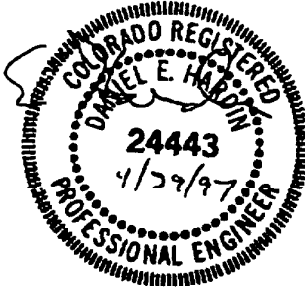
Sincerely,

HEPWORTH - PAWLAK GEOTECHNICAL, INC.

Daniel

Daniel E. Hardin, P.E.

Reviewed By:



Steven L. Pawlak

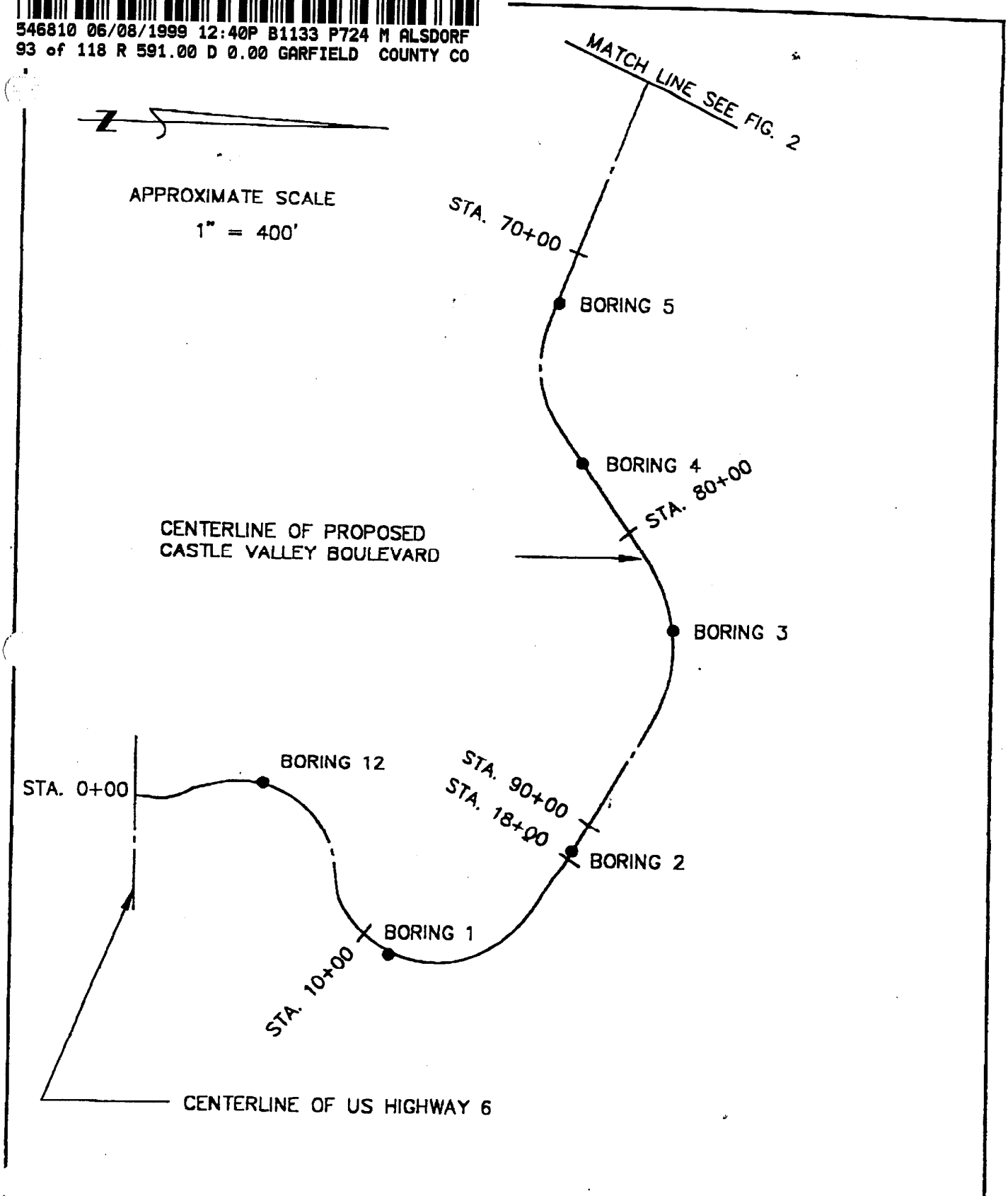
Steven L. Pawlak, P.E.

DEH/kmk

cc: Enartech - Attn: Peter Belau

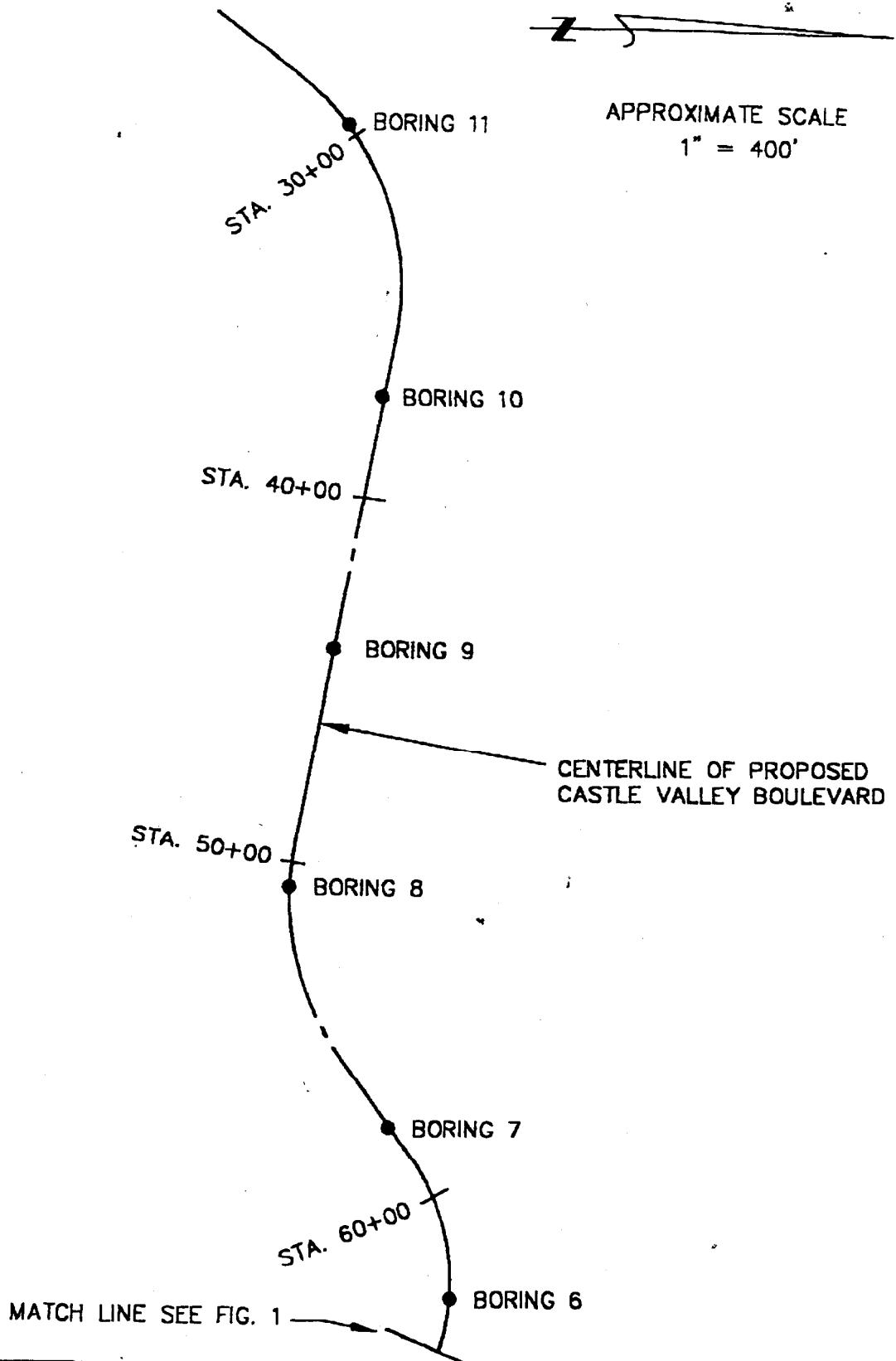


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197 112	HEPWORTH - PAWLAK GEOTECHNICAL, INC.	LOCATION OF EXPLORATORY BORINGS	Fig. 1
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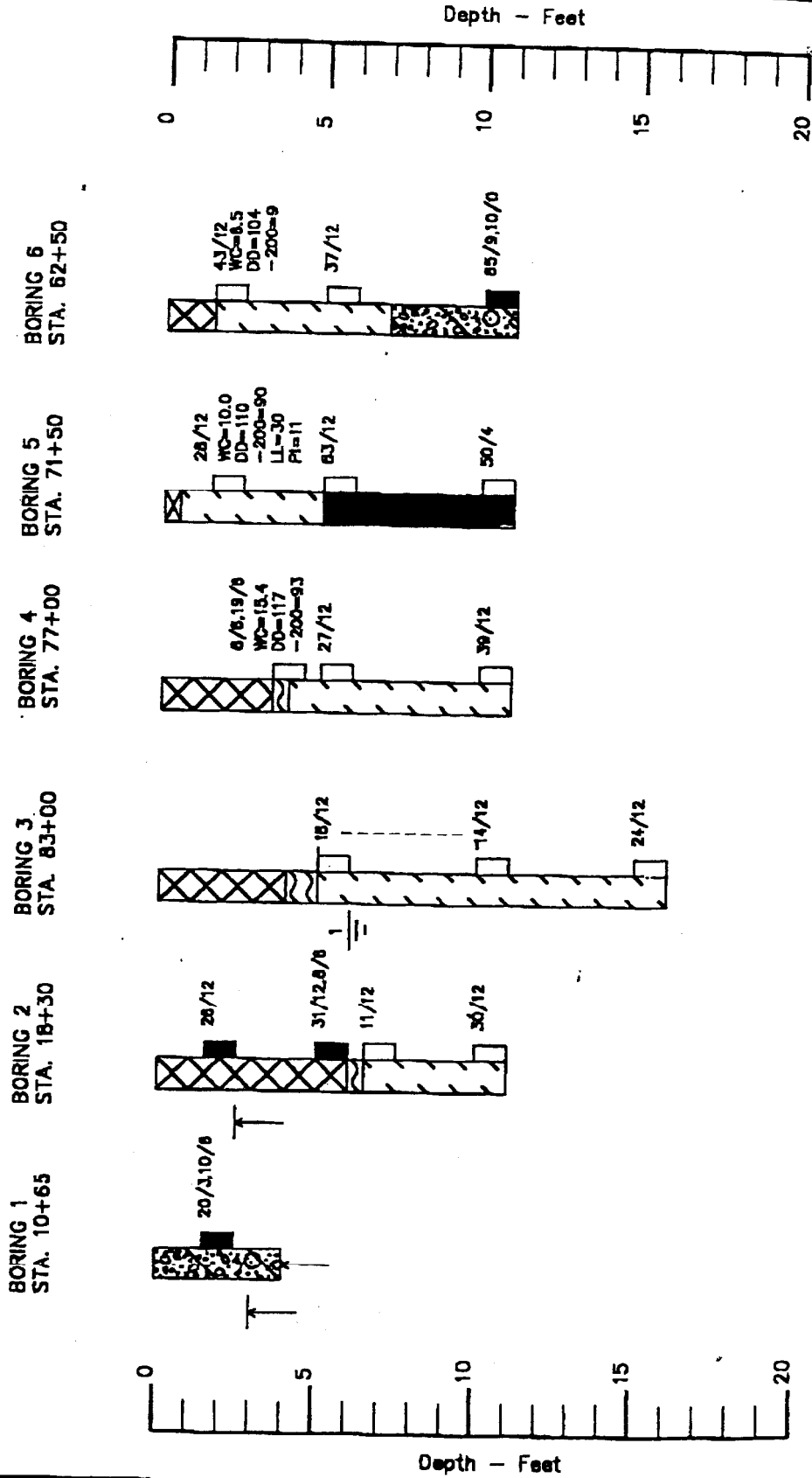
197 112

HEPWORTH - PAWLAK
GEOTECHNICAL, INC.

LOCATION OF EXPLORATORY BORINGS

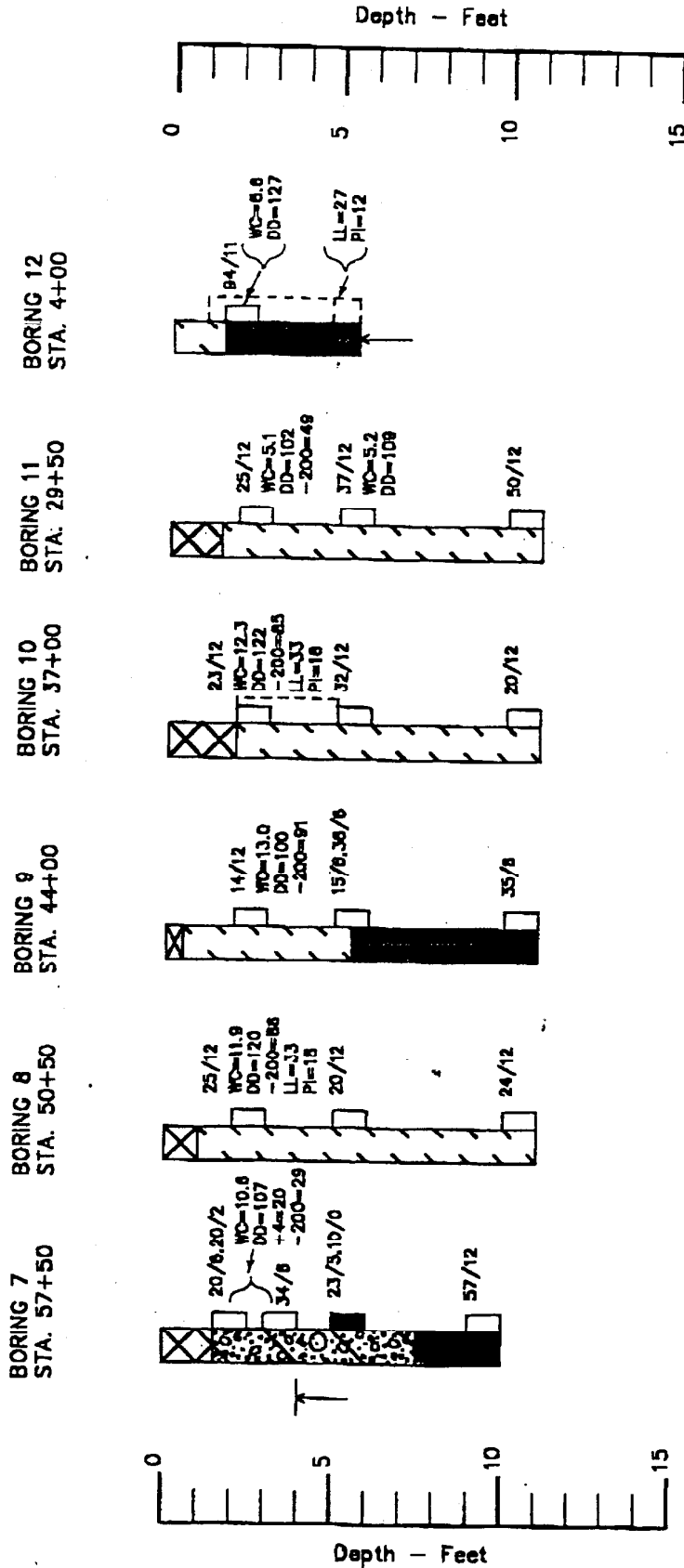
Fig. 1A

546810 06/08/1999 12:40P B1133 P726 M ALSDDRF
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Note: Explanation of symbols is shown on Fig. 4.

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Note: Explanation of symbols is shown on Fig. 4.



LEGEND: 546810 06/08/1999 12:40P B1133 P728 M ALSDORF
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FILL; pit run sand and gravel (minus 12"), medium dense, slightly moist, brown. About 2 inches of frost.



TOPSOIL; clay, silty, organic, stiff, moist, black.



CLAY (CL); silty, sandy to slightly sandy, stiff to very stiff, slightly moist to moist, gray brown to reddish brown to light brown, calcareous, upper clays were porous with roots.



GRAVEL (GP-GM); sandy to very sandy, silty to slightly silty, with cobbles and boulders, dense, slightly moist, brown to reddish brown.



CLAYSTONE; weathered to hard with depth, slightly moist, gray. Mancos Shale.



Relatively undisturbed drive sample; 2-inch I.D. California liner sample.



Drive sample; standard penetration test (SPT). 1 3/8-inch I.D. split spoon sample, ASTM D - 1586.

22/12

Drive sample blow count; indicates that 22 blows of a 140-pound hammer falling 30 inches were required to drive the California or SPT sampler 12 inches.



Disturbed bulk sample.



Depth of water encountered in Boring 3 one day after drilling.



Practical rig refusal. Where shown above bottom of log, indicates that multiple attempts were made to advance the boring.

NOTES:

1. Exploratory borings were drilled on January 14 and 15, 1997 with a 4-inch diameter continuous flight power auger.
2. Exploratory borings were drilled on centerline of existing roadway and stationing was determined from centerline stakes in the field.
3. Elevations of exploratory borings were not measured and logs of exploratory borings are drawn to depth.
4. The exploratory boring locations should be considered only to the degree implied by the method used.
5. The lines between materials shown on the exploratory boring logs represent the approximate boundaries between material types and transitions may be gradual.
6. No free water was encountered in the borings at the time of drilling. Fluctuations in water level may occur with time.

7. Laboratory Testing Results:

WC = Water Content (%)

DD = Dry Density (pcf)

+4 = Percent retained on No. 4 sieve.

-200 = Percent passing No. 200 sieve.

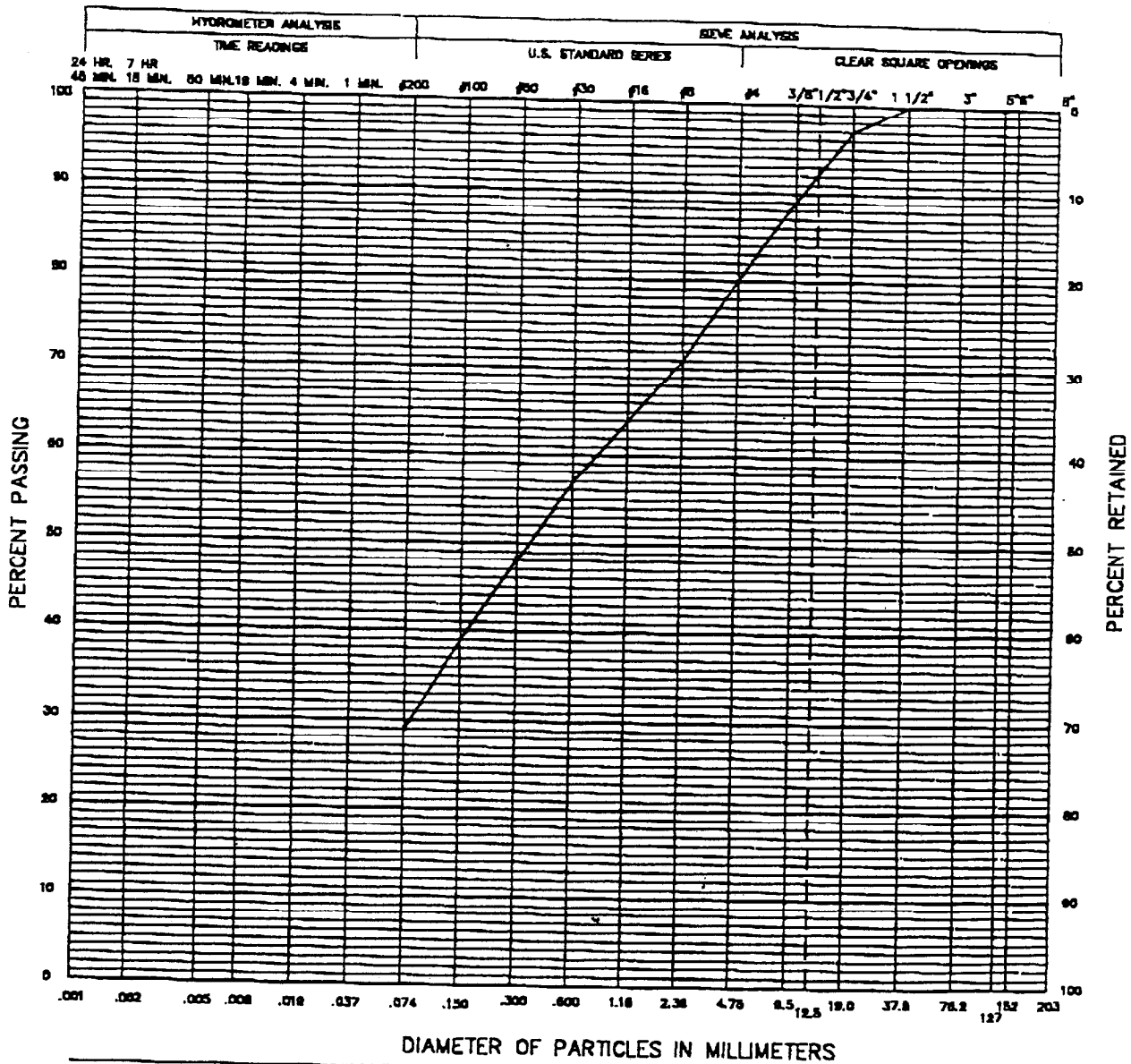
LL = Liquid Limit (%)

PI = Plasticity Index (%)

197 112	HEPWORTH - PAWLAK GEOTECHNICAL, INC.	LEGEND AND NOTES	Fig. 4
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CLAY TO SILT	FINE SAND	MEDIUM SAND	COARSE SAND	FINE GRAVEL	COARSE GRAVEL	COBBLES
--------------	-----------	-------------	-------------	-------------	---------------	---------

GRAVEL 20 % SAND 51 % SILT AND CLAY 29 %

LIQUID LIMIT % PLASTICITY INDEX %

SAMPLE OF: Gravelly Silty Sand FROM: Boring 7 at 1.5 Feet and 3 Feet Combined

TABLE I
SUMMARY OF LABORATORY TEST RESULTS

PIT	SAMPLE LOCATION DEPTH (feet)	NATURAL MOISTURE CONTENT (%)	NATURAL DRY DENSITY (pcf)	GRADATION		PERCENT PASSING NO. 200 SIEVE	ATTENDING LIMITS		UNCONFINED COMPRESSIVE STRENGTH (pcf)	AASHTO CLASSIFICATION	SOIL OR BEDROCK TYPE
				GRAVEL (%)	SAND (%)		LIQUID LIMIT (%)	PLASTIC INDEX (%)			
4	3 1/2	15.4	117			93					slightly sandy silty clay
5	1 1/2	10.0	110			90	30	11		A-6(19)	slightly sandy silty clay
6	1 1/2	8.5	104			90					slightly sandy organic silty clay
7	1 1/2 and 3 (combined)	10.6	107	20	51	29					silty gravelly sand
8	2	11.9	120			86	33	18		A-6(14)	sandy silty clay
9	2	13.0	100			91					slightly sandy silty clay
10	2 2 to 5	12.3	122			85	33	18		A-6(14)	sandy silty clay sandy silty clay
11	2 5	5.1 5.2	102 109			49					silty sand and clay silty sand and clay
12	1 1/2 5 to 5 1/2	6.6	127				27	12			weathered claystone weathered claystone

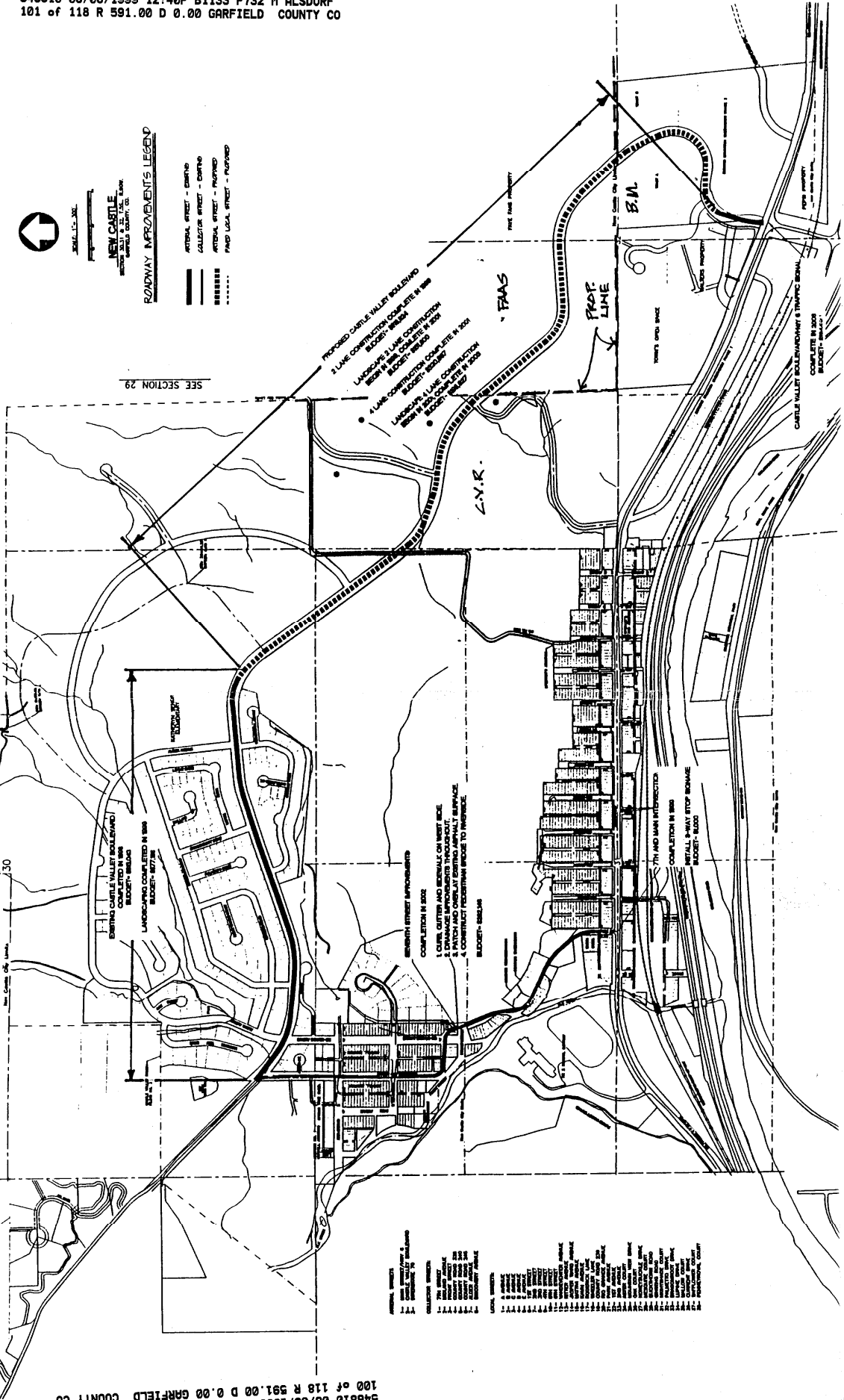
CO ALYNTY COUNTY FIELD STATION 00' 0" D 00' 165" R 811 JO 66
 FORDSTADT M 0374 3311B 004:21 6661/80/90 018945

TOW'N OF NEW CASTLE CASTLE VALLEY RANCH EXIST. ROAD IMPROVEMENTS MAP



546810 06/08/1999 12:40P B1133 P732 M ALSDORF
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- NEW CASTLE**
MAY 2001 11:15 AM
BY: M. ALSDORF
- ROADWAY IMPROVEMENTS LEGEND**
- ARTERIAL STREET - EXISTING
 - COLLECTOR STREET - EXISTING
 - ARTERIAL STREET - PROPOSED
 - PAVED LOCAL STREET - PROPOSED



546810 06/08/1999 12:40P B1133 P731 M ALSDORF
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- GENERAL NOTES**
1. ALL ROADWAY IMPROVEMENTS SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE AASHTO ROAD DESIGN GUIDE AND THE AASHTO PAVEMENT DESIGN GUIDE.
 2. ALL ROADWAY IMPROVEMENTS SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE AASHTO ROAD DESIGN GUIDE AND THE AASHTO PAVEMENT DESIGN GUIDE.
 3. ALL ROADWAY IMPROVEMENTS SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE AASHTO ROAD DESIGN GUIDE AND THE AASHTO PAVEMENT DESIGN GUIDE.
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 10. ALL ROADWAY IMPROVEMENTS SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE AASHTO ROAD DESIGN GUIDE AND THE AASHTO PAVEMENT DESIGN GUIDE.

EXHIBIT D
TO
TOWN OF NEW CASTLE
INFRASTRUCTURE DEVELOPMENT PROGRAM

Work done on Castle Valley Blvd from school to City Market

Job description	Date	Memo	Quantity	4 Lane totals	2 Lane totals
Prep, grub, & place top soil	5/3/96	Scraper	lump sum	\$ 54,562.53	\$ 27,281.27
Hauling & placing pitrun	6/3/96	Rock trucks	lump sum	\$ 85,391.50	\$ 42,695.75
Dirt haul from above City Market	7/3/96	Rock trucks	lump sum	\$ 151,014.60	\$ 75,507.30
Road grading	12/1/96	Striping 7 grading top soil	lump sum	\$ 9,525.00	\$ 4,762.50
Fill dirt draw on Faas	10/1/96	Scraper	lump sum	\$ 16,114.59	\$ 8,057.30
Road grading	11/1/96	Road Construction	lump sum	\$ 11,681.50	\$ 5,840.75
Blasting	10/1/96	Yenter	lump sum	\$ 6,393.49	\$ 3,196.75
Road grading	11/29/96	Faas propery	lump sum	\$ 20,468.90	\$ 10,233.45
Road prep	12/1/95	Faas propery	lump sum	\$ 18,886.49	\$ 9,443.25
Hauling road material	12/1/95	Burning Mountain	lump sum	\$ 26,015.50	\$ 13,007.75
					\$ -
Hauling & placing pitrun	4/1/97	Rock trucks	lump sum	\$ 43,314.50	\$ 21,857.25
Blasting	4/1/97	Yenter	lump sum	\$ 1,266.96	\$ 633.48
Testing	96 and 97	MT I GEO	lump sum	\$ 10,849.60	\$ 5,424.80
Engineering	5/5/97	Gamba	lump sum	\$ 12,789.00	\$ 6,394.50
Surveying	12/9/97	Rich Holsan	lump sum	\$ 14,520.00	\$ 7,260.00
Gravel crushing	6/3/87	80000 Tons	\$2.45/ ton	\$ 147,000.00	\$ 73,500.00
Total cost for sub base prep 2 lanes					\$ 314,896.08

546810 06/08/1999 12:40P B1133 P733 M ALSDORF
102 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

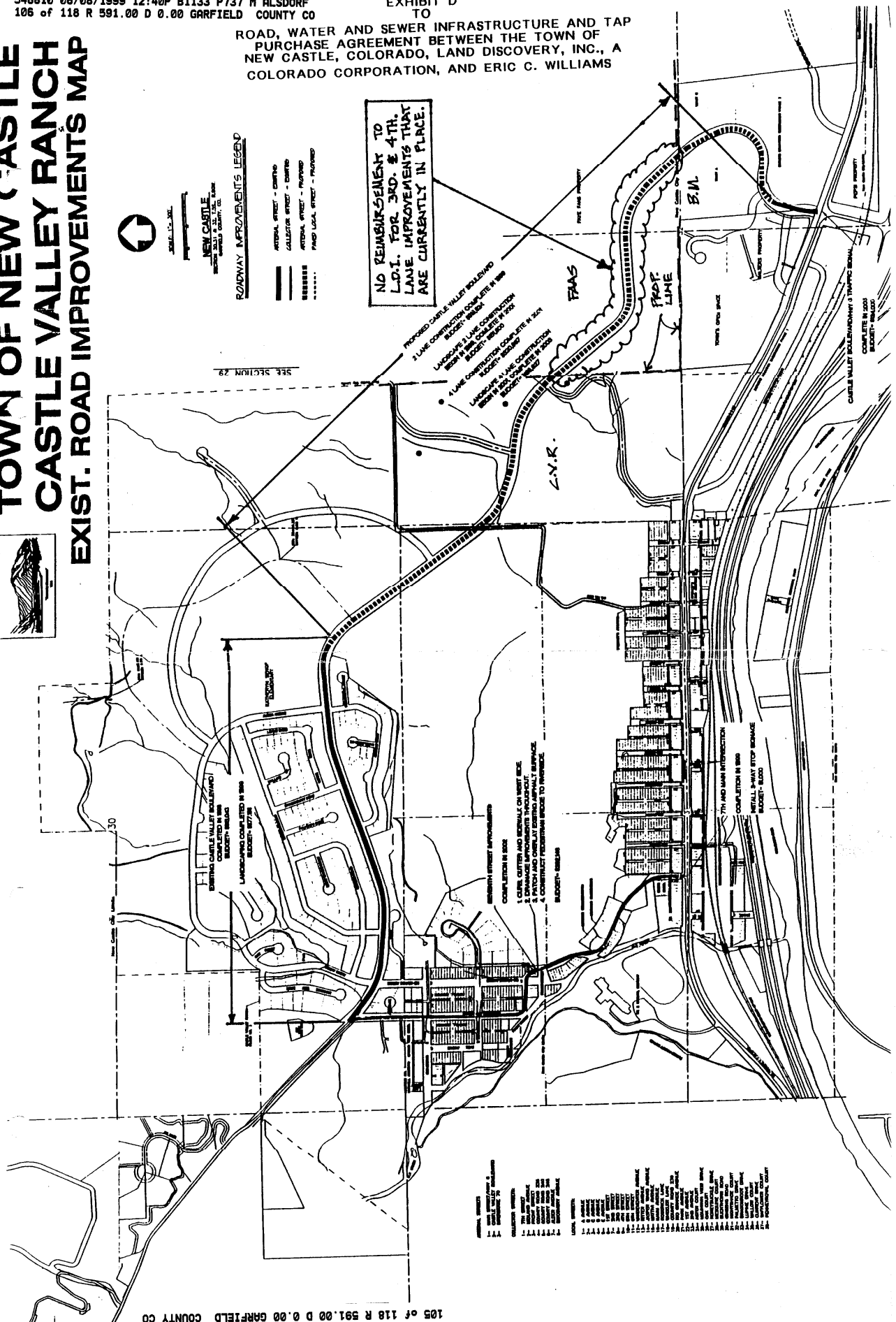
ROAD, WATER AND SEWER INFRASTRUCTURE AND TAP
 PURCHASE AGREEMENT BETWEEN THE TOWN OF
 NEW CASTLE, COLORADO, LAND DISCOVERY, INC., A
 COLORADO CORPORATION, AND ERIC C. WILLIAMS

**TOWN OF NEW CASTLE
 CASTLE VALLEY RANCH
 EXIST. ROAD IMPROVEMENTS MAP**



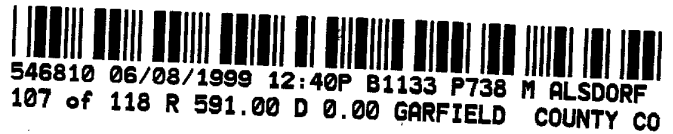
- ROADWAY IMPROVEMENTS LEGEND**
- METEOR STREET - DIRTING
 - COLLECTOR STREET - DIRTING
 - ARTERIAL STREET - PAVING
 - MAJOR LOCAL STREET - PAVING
- NEW CASTLE**
 1000 WEST 10TH AVENUE
 NEW CASTLE, CO 80563

**NO REIMBURSEMENT TO
 L.D.I. FOR 3RD. & 4TH.
 LAINE IMPROVEMENTS THAT
 ARE CURRENTLY IN PLACE.**



REVISIONS

NO.	DATE	DESCRIPTION
1	06/08/99	ISSUED FOR PERMITTING
2	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS
3	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS
4	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS
5	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS
6	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS
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50	06/08/99	REVISED TO REFLECT PERMITTING COMMENTS

HEPWORTH - PAWLAK GEOTECHNICAL, INC.

February 10, 1997

Castle Valley Ranch Subdivision
Attn: Eric Williams
0981 County Road 245
New Castle, Colorado 81647

Job No. 197 112

Subject: Report Transmittal, Subsoil Study for Pavement Design, Proposed 1.45
Miles of Castle Valley Boulevard, New Castle, Colorado

Dear Mr. Williams:

As requested, we have conducted a subsoil study for pavement design of the proposed 1.45 miles of Castle Valley Boulevard.

Subsurface conditions encountered in the exploratory borings drilled along the centerline of the proposed road consisted of pit run gravel fill overlying primarily stiff sandy silty clay. Groundwater was not encountered in the borings at the time of drilling, but was encountered in Boring 3 at 6 feet when checked one day after drilling.

The proposed roadway pavement section should consist of 3 inches of asphalt pavement over 6 inches of aggregate base course over 12 inches of pit run gravel.

The report which follows describes our exploration, summarizes our findings, and presents our recommendations. It is important that we provide consultation during design, and field services during construction to review and monitor the implementation of the geotechnical recommendations.

If you have any questions regarding this report, please contact us.

Sincerely,

HEPWORTH - PAWLAK GEOTECHNICAL, INC.

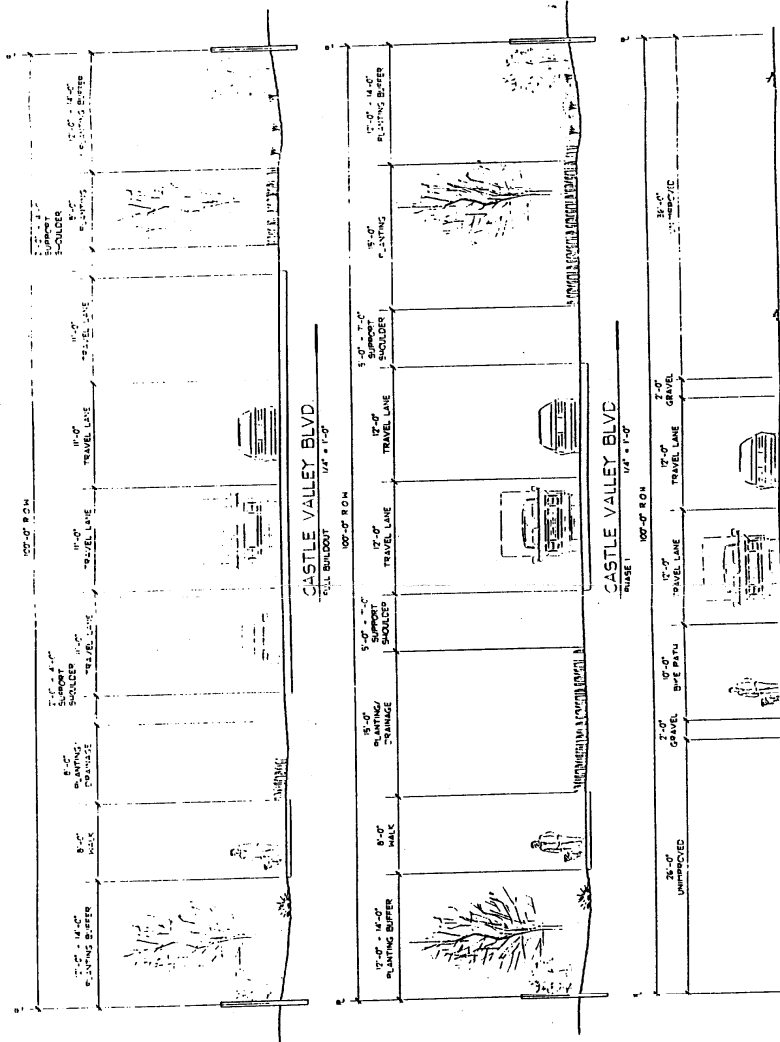
Daniel E. Hardin, P.E.

Rev. By: SLP

DEH/kmk

EXHIBIT E
 TO

ROAD, WATER AND SEWER INFRASTRUCTURE AND TAP
 PURCHASE AGREEMENT BETWEEN THE TOWN OF
 NEW CASTLE, COLORADO, LAND DISCOVERY, INC., A
 COLORADO CORPORATION, AND ERIC C. WILLIAMS



SEE ATTACHED HEADSHEET -
 FRANK LETTER FOR
 PAVEMENT CROSS SECTION.

LANDSCAPE TO BE
 INSTALLED AS PART OF
 THE SUBDIVISION
 IMPROVEMENTS AGREEMENT.

STREET SECTIONS
CASTLE VALLEY RANCH

RNL
 JANUARY 8, 1999

EXHIBIT F
FOR

ROAD, WATER AND SEWER INFRASTRUCTURE AND TAP PURCHASE AGREEMENT BETWEEN THE TOWN OF NEW CASTLE,
COLORADO, LAND DISCOVERY, INC., A COLORADO CORPORATION, AND ERIC C. WILLIAMS."

Work done on Castle Valley Blvd from school to City Market

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Total cost for sub base prep 2 lanes					\$ 314,896.08

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SUBDIVISION IMPROVEMENTS DISBURSEMENT AGREEMENT

DEVELOPER: _____

PROPERTY: _____ SUBDIVISION

This Agreement is entered into by and between _____ (the "Developer"), MESA NATIONAL BANK (the "Bank"), and the CITY OF _____, COLORADO, (the "City").

WHEREAS, the Developer has agreed to construct certain public improvements ("Improvements") for _____ Subdivision, a subdivision in the City of _____ Colorado ("Property") in accordance with and subject to _____ of the _____ Municipal Code and a Site Specific Development Plan and Subdivision Improvement Agreement (the "Subdivision Improvements Agreement") for the Property; and

WHEREAS, the City Engineer has approved specific public improvements and an estimate of the costs of the Improvements in the amount of \$ _____ 00 (the "Improvement Costs") which are detailed on the schedule of Cost Estimates which is attached to the Subdivision Improvements Agreement as Exhibit B, and which Exhibit is also attached to and incorporated into this Agreement; and

WHEREAS, the Bank has agreed and committed to loan funds to the Developer to be used only for payment of fees and miscellaneous costs associated with the development of the Property and with the loan, and payment of the actual costs of construction of the Improvements; and

WHEREAS, the portion of the loan proceeds available for payment of actual costs of construction of the Improvements is the sum \$ _____ 00 (the "Improvement Funds"); and

WHEREAS, (a) the Developer desires to provide assurance that the Improvements are completed; and (b) the Bank is willing to assure the City that the Improvement Funds will be disbursed to pay for the Improvements notwithstanding default by the Developer; and (c) the City is willing to accept such assurances in lieu of requiring a letter of credit or other security for the Improvement Costs:

NOW THEREFORE, the parties agree as follows:

1. Improvement Fund Commitment. The Bank agrees that the City is a third party beneficiary of the Bank's commitment and agreement to advance and disburse the Improvement Funds for payment of costs of construction of the Improvements, and that, notwithstanding any default by the Developer under this Agreement or under any other agreement or instrument made by the Developer with or for the use of the Bank, the Bank will be obligated in accordance with the terms of this Agreement to advance up to, but not exceeding, the sum \$ _____ 00 to pay for construction of the Improvements, and to disburse the Improvement Funds as herein provided.

Nothing contained in this agreement shall obligate the Bank to (i) advance in the aggregate, including advances made to or at the instruction of Developer pursuant to the Construction Loan Agreement made by the Bank and the Developer and advances to or at the instruction of the City pursuant to this Agreement, more than the total amount the Bank has agreed to lend to Developer, or (ii) advance loan proceeds intended for fees, interest reserve, or other purposes to pay costs of constructing the Improvements. Nothing contained in this Agreement shall alter or excuse the observance and performance by Developer of its obligations pursuant to the Construction Loan Agreement, Promissory Note, Mortgage Deed, Commercial Security Agreement, or any other agreement or instrument it has made with or for the benefit and use of the Bank (all such documents being collectively referred to as the "Loan Documents").

2. Disbursement Procedures. Improvement Funds shall be disbursed by the Bank by deposit into and payment out of a Special Disbursement Account maintained at the Bank. Any money the Developer may be required to deposit in the Special Disbursement Account pursuant to the terms of the Loan Documents shall be disbursed before proceeds of the Bank's loan are advanced and disbursed. Disbursements shall be made only in accordance with the following procedures:

a. Request for Advances. The Developer shall deliver to the Bank a written request for the disbursement of Improvement Funds on forms acceptable to the Bank. Each such request shall be signed by the Developer, the Developer's general contractor, and the independent supervisor ("Supervisor") employed by the Developer's general contractor pursuant to the Subdivision Improvements Agreement. Signing a request for disbursement shall constitute certification by the signer that: (i) all costs for which the advance is being requested have been incurred in connection with the construction of Improvements; (ii) all work performed and materials supplied are in accordance with the plans and specifications submitted to and approved by the City; (iii) all work has been performed in a workmanlike manner; and (iv) no funds are being requested for work not completed, or for material not installed.

b. Documentation and Lien Waivers. Each request for disbursement of Improvement Funds shall be accompanied by (i) one original and one copy of each invoice to be paid; (ii) checks drawn on the Special Disbursement Account, made payable to the payee and in the amount of each invoice presented for payment; (iii) lien waivers, in a form approved by the Bank (which may be in the form of a restrictive indorsement clause on the reverse side of checks), prepared for signature by each payee; and (iv) postage paid envelopes addressed to each payee for the mailing of checks presented to the Bank. The Bank shall not be deemed to have assumed any obligation to keep title to the Property free from mechanic's liens, or to have waived the requirement in the Loan Documents that the Developer keep title to the Property free from mechanic's liens, because of the requirements in this paragraph that lien waivers be obtained or because the Bank approves or specifies the form of lien waivers.

c. Disbursement. The Bank may, at its sole discretion, inspect the Property and the work for which payment has been requested prior to making any disbursement. Disbursement by the Bank after any such inspection shall not be deemed a representation to any person that there has

been or will be compliance with the Plans and Specifications or that the work is free from defective materials or workmanship. If the Bank approves the request for advance, the Bank shall advance Improvement Funds into the Special Disbursement Account and shall mail the checks to the payees in the envelopes presented to the Bank, together with lien waivers and copies of supporting invoices. The Bank shall not be obligated to make a disbursement for the payment of an invoice if the Bank in good faith believes that: (i) the work has not been completed; (ii) the work has not been completed in a workmanlike manner, or (iii) any lien waiver relating to any prior disbursement to the person who has submitted an invoice has been altered or modified or has not been returned to the Bank. The Bank shall promptly notify the Developer and the City if any request for advance, or any portion thereof, is not approved by the Bank.

d. Default. The Developer shall be in default under this Agreement (i) if any act, omission or event occurs which constitutes a default under any of the Loan Documents and such default is not cured by Developer in accordance with the Loan Documents or waived by Bank, or (ii) if Developer fails to observe or perform any of the covenants, conditions or provisions of the Subdivision Improvements Agreement and such failure continues for a period of ten (10) days after written notice thereof is given by the City to the Developer, provided, however, if the nature of the Developer's default under the Subdivision Improvements Agreement is such that more than ten (10) days are reasonably required for a cure of such default, then the Developer shall not be deemed to be in default if Developer commences such cure within said ten (10) day period and thereafter diligently prosecutes such cure to completion. The City shall promptly notify the Bank if it deems the Developer in default of this Agreement, and the Bank shall promptly notify the City of any default under the Loan Documents which will not be waived by the Bank and has not been cured by the Developer. After any such notice is given, Bank shall not disburse Improvement Funds to or at the direction of the Developer. Disbursements subsequent to any notification of Default shall be made only pursuant to and in accordance with subsection 2 e., below.

e. Disbursement After Notification Of Developer Default. If the Improvements are not completely and satisfactorily constructed within one year after the date of execution of the Subdivision Improvements Agreement, or upon any default by Developer as defined above, the City shall notify the Bank to immediately cease disbursement of Improvement Funds to or at the request of the Developer. Any undisbursed Improvement Funds shall thereafter be advanced solely to or at the direction of the City for the completion of the Improvements by such contractors as the City shall select (subject, however, to Bank's right to disapprove the use of any contractor selected by City); or the City, at its sole discretion, may direct the Bank to pay the full amount of the remaining undisbursed Improvement Funds to the City. If the City requires that the Bank pay the balance of the Improvement Funds to the City, upon making such payment, the Bank shall have no further obligations hereunder. Whether the City elects to have remaining Improvement Funds advanced in a lump sum to the City or in separate advances to subcontractors and material suppliers, the City shall be obligated to complete the Improvements in accordance with the Plans and Specifications. If the undisbursed Improvement Funds are not paid to the City in a lump sum, advances of undisbursed Improvement Funds shall continue to be made in accordance with the disbursement procedures set forth in this Section 2 except that (a) approval of the Developer or of the Developer's General

Contractor or the Supervisor shall not be required, and (b) the certification described in Paragraph 2a shall be made by the City Engineer.

3. Developer and Guarantor Waiver, Consent and Indemnity. The Developer and the Guarantor consent to disbursements and other actions authorized and provided for by the terms of this Agreement. Developer agrees that it will defend, indemnify and hold the Bank harmless from any expense or liability paid or incurred by the Bank on account of any claim arising out of or in any way related to this Agreement, and Developer hereby waives any claim against the Bank arising out of or in any way related to the Bank's good faith performance of its obligations under this Agreement. Developer and Guarantor each acknowledge that any Improvement Funds disbursed pursuant to this Agreement are indebtedness of Developer to Bank as contemplated in the Loan Documents and in the Commercial Unlimited Guaranty executed by Guarantor.

4. Binding Effect; Termination. This Agreement shall be binding on the heirs, successors, receivers and assigns of all parties, and shall terminate only when the City has (i) accepted the Improvements and has recorded a release of the Subdivision Improvements Agreement, or (ii) completed the construction of the Improvements pursuant to Paragraph 2, above.

5. Immunity. Nothing contained in this Agreement constitutes a waiver of the City's sovereign immunity under applicable state law.

6. No Partnership or Agency Created. The making and execution of this Agreement shall not be deemed to create any partnership, joint venture or other relationship between the parties or any of them, and no party shall be deemed an agent of any other party because of this agreement or anything contained herein.

7. Captions. The captions for the articles and sections of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

8. Complete Agreement. This Agreement, including any exhibits or addenda, constitutes the entire agreement between the City and the Bank pertaining to the method of disbursement of Improvement Funds and the Bank's obligation to disburse Improvement Funds in the event of a default by the Developer. The parties acknowledge, however, that the City and the Developer have entered into the Subdivision Improvements Agreement, and that the Bank and the Developer have entered into the Loan Documents, and that the Subdivision Improvements Agreement and the Loan Documents pertain in part to the same subject matter as this Agreement. If the provisions of this Agreement contradict or conflict with the terms of the Subdivision Improvements Agreement or the terms of any of the Loan Documents, the terms of this Agreement shall control. Otherwise, this Agreement shall not be deemed a waiver of or modification of any term, condition, right or remedy provided in the Subdivision Improvements Agreement or in any of the Loan Documents. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties.

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9. Notices. Any notice permitted or required by this Agreement shall be given in writing and shall be given by personal delivery, registered or certified mail, or by an express delivery service. Notice shall be effective upon the date of delivery, or on the date of attempted delivery if the addressee refuses or neglects to accept delivery. The parties' addresses for notice shall be as follows:

City:

Bank:

Developer:

Any party may change its address for purposes of this paragraph by giving the other party written notice of the new address in the manner set forth above.

9. Severability. In the event any part of this Agreement is found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void part was deleted.

DATED this _____ day of _____, 1999

CITY OF _____ COLORADO

By: _____
Mayor

Attest: _____
Clerk

By: _____

MESA NATIONAL BANK

By: _____

The undersigned Guarantor executes this Agreement not as a party, but for the sole purpose of the consent and acknowledgement set forth in paragraph 3, above.

EXHIBIT H
 TO
 ROAD, WATER AND SEWER INFRASTRUCTURE AND TAP
 PURCHASE AGREEMENT BETWEEN THE TOWN OF
 NEW CASTLE, COLORADO, LAND DISCOVERY, INC., A
 COLORADO CORPORATION, AND ERIC C. WILLIAMS
 CASTLE VALLEY BLVD.

ITEM	QUANTITY	UNIT	UNIT PRICE	SUB-TOTAL	TOTALS
MOBILIZATION	1	LS	0.00	0.00	
CLEAR AND GRUB	1	LS	0.00	0.00	
ROAD CONSTRUCTION					
EARTHWORK-CUT	0	CY	2.00	0.00	
EARTHWORK-FILL	0	CY	3.00	0.00	
EARTHWORK-WASTE EXCESS	0	CY	1.00	0.00	
SUBBASE PLACEMENT	0	TON	4.50	0.00	
BASE COURSE	0	TON	15.00	0.00	
GRAVEL HAUL & PLACEMENT	26,820	TON	2.50	67,050.00	
ASPHALT PLACEMENT	3,800	TON	45.00	171,000.00	
TOPSOIL PLACEMENT	9,782	CY	1.25	12,227.50	
REVEGETATION	190,880	SF	0.03	5,726.40	
SEED	107	LBS	5.75	615.25	
CONCRETE PATH	1	LS	30,000.00	30,000.00	
SUBTOTAL OF ROAD CONSTRUCTION					286,619.15
DRAINAGE IMPROVEMENTS					
BOX CULVERT & HEADWALL	1	LS	20,000.00	20,000.00	
36" DIA. ADS N-12	383	LF	45.00	17,235.00	
END SECTIONS	7	LS	800.00	5,600.00	
RIP RAP	2,741	CY	8.00	21,928.00	
SUBTOTAL OF DRAINAGE IMPROVEMENTS					64,763.00
TOTAL IMPROVEMENTS					351,382.15
SURVEY, ENGINEERING, ADMIN.					15,000.00
SUB-TOTAL					366,382.15
CONTINGENCY					36,638.22
PROJECT BUDGET					403,020.37

*



1605 AIRPORT ROAD, RIFLE, CO 81650

(970)625-8250 • FAX: (970)625-8247

PROPOSAL

546810 06/08/1999 12:40P B1133 P748 M ALSDORF
117 of 118 R 591.00 D 0.00 GARFIELD COUNTY CO

Submitted To:	Phone: 970-984-3417	Date: 3-10-99
Castle Valley Ranch 0981 County Road 245 New Castle, CO. 81647 ATTN: Eric Williams	Job Name:	Castle Valley Ranch Filing 3, Areas # 4 & # 5 New Castle, CO. 81647

We propose:

For Road "A" and Road "D" as marked on the plans by Eric Williams

#1) Fine grade base placed by others. Approx. 67,250 SF of area @ \$0.09 per SF.	\$6,052.50
#2) Furnish and install 3" of asphalt paving to cover approx. 67,250 SF @ \$0.65 SF	<u>\$43,712.50</u>
TOTAL	\$49,765.00

NOTE: #1) Frontier Paving Inc. assumes base to be + or - one tenth. Additional base if needed to be furnished and hauled by others.

#2) Frontier Paving Inc. includes two mobilizations

#3) Manhole or valve adjustment with drop in rings would be \$60.00 each for manholes and \$30.00 each for valve boxes.

#4) Testing is not included.

All of the above work to be completed in a workmanlike manner for the above stated sum.

Important: The terms and conditions stated on page 2 hereof are expressly made a part of this contract. This proposal shall not become a binding contract unless and until the Acceptance of Proposal and Confirmation by Contractor on page 2 has been executed. This proposal must be accepted as provided and delivered to Frontier Paving Inc 20 days from above date or it shall expire

Respectfully submitted
Frontier Paving Inc.

By Charles Ellsworth



618 Dike Road, P.O. Box 3609
Grand Junction, CO 81502
(970) 243-4900
FAX: (970) 243-5945

21830 Hwy. 550 South, P.O. Box 1909
Montrose, CO 81402
(970) 249-1815
FAX: (970) 240-8497

PROPOSAL SUBMITTED TO:	FAX #	DATE
Mr. Eric Williams	PHONE # 984-3417	DATE 03/09/99
NAME	Castle Valley Ranch, Filing 3	
STREET	JOB NAME	
New Castle, CO	JOB LOCATION	
CITY, STATE & ZIP CODE	ARCHITECT	DATE OF PLANS

We propose to provide the following items in connection with the construction of Filing 3, Castle Valley Ranch:

Item	Description	Quantity	Unit Price	Total
1.	Final Base Prep	6,672.00 S.Y.	0.85/S.Y.	5,671.20
2.	3" Mat-H.B.P.	1,116.00 Tons	37.70/Ton	42,073.20
3.	Mobilization	1.00 L.S.	2,765.00/L.S.	2,765.00
TOTAL FOR ABOVE ITEMS				<u>\$50,509.40</u>

Notes:

1. Base is to be +/- 0.10 of a foot prior to United moving on to the project. (Centerline staking provided by owner.)
2. This proposal does not include excavation and stabilization of soft areas.
3. Surveying and testing are not included in our quote.
4. Water valves and manholes are to be raised to finish asphalt grade by others.

All of the above work to be completed in a substantial and workmanlike manner for the sum of -----as stated above----- (\$ -----) Dollars. **IMPORTANT:** The terms and conditions stated on the reverse side hereof are expressly made a part of this contract. This proposal shall not become a binding contract unless and until the Acceptance of Proposal and Confirmation by Contractor on the reverse side have been executed. This proposal must be accepted as provided and delivered to United Companies, (15) fifteen days from above date, or it shall expire.

gb

To accept the terms of this proposal sign the reverse side of the white copy and return to United Companies.

Respectfully submitted,
UNITED COMPANIES OF MESA COUNTY, INC.
by Robert M. Mather
Robert M. Mather
Estimator/Project Manager

UC 230-3
Rev. 8/87

