

BARGAIN AND SALE DEED
(Water Deed)

PRI #2 LLC, a Colorado limited liability company, whose address is 6385 Corporate Drive, Colorado Springs, CO 80919, ("Grantor"), for the consideration of ONE DOLLAR (\$1.00) in hand paid, hereby sells and conveys to **Flying Horse North Homeowners Association, Inc.** ("Grantee"), a Colorado nonprofit corporation, whose address is 6385 Corporate Drive, Suite 200, Colorado Springs, Colorado 80919, the following real property in the County of El Paso and State of Colorado, to wit: Nontributary groundwater in the Laramie-Fox Hills aquifer and not nontributary groundwater in the Dawson aquifer underlying the property described on Exhibit A, attached hereto and incorporated herein by this reference, more specifically described as 20,100 acre-feet of groundwater in the not nontributary Dawson aquifer (201 acre-feet per year) and 20,400 acre-feet of groundwater in the nontributary Laramie-Fox Hills aquifer (204 acre-feet per year), decreed in Case No. 94CW23(B), Water Division No. 1, State of Colorado, entered on June 12, 1996.

Executed this ____ day of _____ 2017.

GRANTOR:

PRI #2 LLC
a Colorado limited liability company

By: _____
Jeffrey B. Smith, Member

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

The foregoing instrument was acknowledged before me this ____ day of _____ 2017, by Jeffrey B. Smith as member of PRI #2 LLC, a Colorado limited liability company.

Witness my hand and official seal.

My Commission Expires:

Notary Public



LEGAL DESCRIPTION - Shamrock Ranch (East Parcel)

The following property in Township 11 South, Range 65 West of the 6th Principal Meridian, El Paso County, Colorado: The following portion of Section 30: The East half and the Southeast quarter of the Southwest quarter and the East 12 acres of the Northeast quarter of the Southwest quarter; the following portion of Section 31: the Northwest quarter and the Northwest quarter of the Northeast quarter and the South half of the Northeast quarter and the Northwest quarter of the Southwest quarter, excepting from all of the above described property any portions thereof contained within rights-of-way for public roads, County of El Paso, State of Colorado, containing 700.6 acres, more or less.

SURVEYOR'S CERTIFICATE

I, MICHAEL C. CREGGER, do hereby certify that this legal description was prepared by me or under my direct supervision.

September 7, 1995 Michael C. Cregger
Date MICHAEL C. CREGGER
Professional Land Surveyor
Colorado Registration No. 22564



BARGAIN AND SALE DEED
(Water Deed)

Flying Horse Ranch, LLC, a Colorado limited liability company, whose address is 6385 Corporate Drive, Colorado Springs, CO 80919, ("Grantor"), for the consideration of ONE DOLLAR (\$1.00) in hand paid, hereby sells and conveys to **Flying Horse North Homeowners Association, Inc.** ("Grantee"), a Colorado nonprofit corporation, whose address is 6385 Corporate Drive, Suite 200, Colorado Springs, Colorado 80919, the following real property in the County of El Paso and State of Colorado, to wit:

Nontributary groundwater in the Laramie-Fox Hills aquifer underlying the property described on Exhibit A, attached hereto and incorporated herein by this reference, more specifically described as 20,800 acre-feet of groundwater in the nontributary Laramie-Fox Hills aquifer (208 acre-feet per year), decreed in Case No.99CW218, Water Division No. 1, State of Colorado, entered on December 14, 2000.

Executed this ____ day of _____ 2017.

GRANTOR:

Flying Horse Ranch, LLC
a Colorado limited liability company

By: _____
Jeffrey B. Smith, Member

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

The foregoing instrument was acknowledged before me this ____ day of _____ 2017, by Jeffrey B. Smith as member of Flying Horse Ranch, LLC, a Colorado limited liability company.

Witness my hand and official seal.

My Commission Expires:

Notary Public

LEGAL DESCRIPTION

A PARCEL OF LAND BEING A PART OF SECTIONS 29, 30, 31 AND 32, TOWNSHIP 10 SOUTH, RANGE 65 WEST OF THE 6TH P.M., COUNTY OF DOUGLAS, STATE OF COLORADO; AND SECTIONS 5 AND 6, TOWNSHIP 11 SOUTH, RANGE 65 WEST OF THE 6TH P.M., COUNTY OF EL PASO, STATE OF COLORADO, FURTHER DESCRIBED AS FOLLOWS:

FOR PURPOSES OF THIS DESCRIPTION, BEARINGS ARE BASED ON THE EAST LINE OF SECTION 31, AS MONUMENTED AT THE NORTHEAST CORNER BY A 2 - 1/2" ALUMINUM CAPPED MONUMENT, LS 29052, AND AT THE SOUTHEAST CORNER BY A G.L.O. STONE MONUMENT, SAID LINE BEARS SOUTH 00 DEGREES 00 MINUTES 03 SECONDS EAST, FOR 5292.98 FEET;

BEGINNING AT THE WEST 1/4 CORNER OF SAID SECTION 29; THENCE NORTH 89 DEGREES 54 MINUTES 40 SECONDS EAST, ALONG THE EAST-WEST CENTERLINE OF SAID SECTION 29, FOR 1936.53 FEET TO THE NORTHEAST CORNER OF BOOK 1553 AT PAGE 267 OF THE DOUGLAS COUNTY RECORDS; THENCE NORTH 89 DEGREES 54 MINUTES 40 SECONDS EAST, CONTINUING ALONG SAID EAST-WEST CENTERLINE, FOR 560.96 FEET TO THE NORTHEAST CORNER OF BOOK 1648 AT PAGE 1784; THENCE SOUTH 01 DEGREES 08 MINUTES 43 SECONDS EAST, ALONG THE EAST LINE OF SAID BOOK 1648 AT PAGE 1784 FOR 2716.99 FEET, TO THE SOUTHEAST CORNER OF SAID TRACT; THENCE SOUTH 89 DEGREES 30 MINUTES 50 SECONDS WEST, ALONG THE SOUTH LINE OF SAID BOOK 1648 AT PAGE 1784, FOR 57.41 FEET; THENCE SOUTH 89 DEGREES 23 MINUTES 39 SECONDS WEST, ALONG SAID SOUTH LINE FOR 503.47 FEET TO A POINT ON THE EAST LINE OF PREVIOUSLY MENTIONED BOOK 1553 AT PAGE 267; THENCE SOUTH 01 DEGREES 08 MINUTES 43 SECONDS EAST, ALONG THE EAST LINE OF SAID BOOK 1553 AT PAGE 267 FOR 1682.59 FEET, TO THE SOUTHEAST CORNER OF SAID TRACT; THENCE SOUTH 03 DEGREES 20 MINUTES 45 SECONDS EAST, FOR 894.87 FEET TO A POINT ON THE EAST-WEST CENTERLINE OF SAID SECTION 32, SAID POINT BEING 561.42 FEET WEST OF THE CENTER 1/4 CORNER OF SAID SECTION 32; THENCE SOUTH 89 DEGREES 58 MINUTES 21 SECONDS EAST, ALONG SAID EAST-WEST CENTERLINE FOR 1883.26 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST 1/4 SOUTHEAST 1/4 OF SAID SECTION 32; THENCE SOUTH 00 DEGREES 00 MINUTES 29 SECONDS EAST, ALONG THE WEST LINE OF THE EAST 1/2 SOUTHEAST 1/4, FOR 2651.06 FEET TO THE SOUTHWEST CORNER OF SAID EAST 1/2 SOUTHEAST 1/4; THENCE NORTH 89 DEGREES 54 MINUTES 23 SECONDS WEST, AND ALONG THE SOUTH LINE OF SAID SECTION 32, FOR 1906.92 FEET TO THE POINT WHERE SAID SOUTH LINE INTERSECTS WITH THE NORTHWESTERLY RIGHT OF WAY LINE OF THE EXISTING COUNTY ROAD; THENCE SOUTH 32 DEGREES 29 MINUTES 00 SECONDS WEST, ALONG SAID RIGHT OF WAY LINE FOR 666.03 FEET; THENCE SOUTH 67 DEGREES 51 MINUTES 10 SECONDS WEST, ALONG SAID RIGHT OF WAY LINE FOR 64.29 FEET; THENCE NORTH 83 DEGREES 40 MINUTES 02 SECONDS WEST, ALONG SAID RIGHT OF WAY LINE FOR 231.88 FEET; THENCE NORTH 82 DEGREES



55 MINUTES 22 SECONDS WEST, ALONG SAID RIGHT OF WAY LINE FOR 1135.31 FEET; THENCE NORTH 56 DEGREES 56 MINUTES 42 SECONDS WEST, ALONG SAID RIGHT OF WAY LINE FOR 779.51 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 6, SAID POINT BEING 370.03 FEET WEST OF THE SOUTHEAST CORNER OF SAID SECTION 31; THENCE NORTH 89 DEGREES 48 MINUTES 52 SECONDS WEST, ALONG THE SOUTH LINE OF SAID SECTION 31, FOR 951.16 FEET TO THE SOUTHWEST CORNER OF SOUTHEAST 1/4 SOUTHEAST 1/4 OF SECTION 31; THENCE NORTH 00 DEGREES 00 MINUTES 58 SECONDS EAST, FOR 30.00 FEET TO THE NORTH RIGHT OF WAY LINE OF PALMER AVENUE; THENCE NORTH 89 DEGREES 48 MINUTES 52 SECONDS WEST, ALONG SAID NORTH RIGHT OF WAY LINE FOR 2642.36 FEET TO THE EAST LINE OF THE WEST 1/2 WEST 1/2 OF SAID SECTION 31; THENCE SOUTH 00 DEGREES 03 MINUTES 01 SECONDS WEST FOR 30.00 FEET TO THE SOUTHEAST CORNER OF SAID WEST 1/2 WEST 1/2; THENCE NORTH 89 DEGREES 48 MINUTES 52 SECONDS WEST, ALONG THE SOUTH LINE OF SAID SECTION 31 FOR 1321.19 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 31; THENCE NORTH 00 DEGREES 00 MINUTES 15 SECONDS WEST, ALONG THE WEST LINE OF SAID SECTION 31 FOR 5279.08 FEET TO THE SOUTHEAST CORNER OF SECTION 25; THENCE NORTH 00 DEGREES 02 MINUTES 48 SECONDS EAST, FOR 1343.93 FEET TO THE SOUTH 1/16 CORNER OF SAID SECTION 25; THENCE SOUTH 89 DEGREES 44 MINUTES 28 SECONDS EAST, ALONG THE NORTH LINE OF THE SOUTH 1/2 SOUTHWEST 1/4 OF SAID SECTION 30 FOR 2194.66 FEET TO A POINT WHERE SAID LINE INTERSECTS THE NORTHWESTERLY RIGHT OF WAY LINE OF THAT COUNTY ROAD ESTABLISHED BY COUNTY ORDINANCE OF JULY 10, 1886 AND PHYSICALLY EVIDENCED BY AN EXISTING FENCE LINE AND RECORDED IN PLAT BOOK 3 AT PAGE 6; THENCE SOUTH 57 DEGREES 50 MINUTES 54 SECONDS WEST, ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE, FOR 220.54 FEET; THENCE SOUTH 23 DEGREES 09 MINUTES 19 SECONDS WEST, ALONG SAID NORTHWESTERLY RIGHT OF WAY LINE FOR 1291.61 FEET TO A POINT THAT IS 30.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 30; THENCE NORTH 89 DEGREES 57 MINUTES 54 SECONDS WEST, AND PARALLEL WITH SAID SOUTH LINE, FOR 174.94 FEET TO THE EAST LINE OF THE SOUTHWEST 1/4 SOUTHWEST 1/4 OF SAID SECTION 30; THENCE SOUTH 00 DEGREES 02 MINUTES 59 SECONDS EAST, ALONG SAID EAST LINE FOR 30.00 FEET TO THE SOUTHEAST CORNER OF SAID SOUTHWEST 1/4 SOUTHWEST 1/4; THENCE SOUTH 00 DEGREES 03 MINUTES 01 SECONDS WEST, ALONG THE EAST LINE OF SAID WEST 1/2 WEST 1/2 OF SECTION 31, FOR 30.00 FEET; THENCE SOUTH 89 DEGREES 57 MINUTES 54 SECONDS EAST, PARALLEL WITH THE NORTH LINE OF SAID SECTION 31, FOR 214.53 FEET; THENCE NORTH 23 DEGREES 09 MINUTES 19 SECONDS EAST, ALONG THE SOUTHEASTERLY RIGHT OF WAY LINE OF AFOREMENTIONED COUNTY ROAD, FOR 1312.49 FEET; THENCE NORTH 57 DEGREES 50 MINUTES 54 SECONDS EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, FOR 2615.19 FEET; THENCE NORTH 20 DEGREES 26 MINUTES 16 SECONDS EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, FOR 89.71 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 30; THENCE SOUTH 89 DEGREES 31 MINUTES 01 SECONDS EAST (AND DEPARTING SAID R.O.W. LINE) ALONG THE NORTH LINE OF SAID SOUTHEAST 1/4, FOR 609.11 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE FOR THE COUNTY ROAD ESTABLISHED BY COUNTY ORDINANCE ON OCTOBER 11,

1895, AND RECORDED IN PLAT BOOK 3 AT PAGE 2; THENCE SOUTH 55 DEGREES 46 MINUTES 29 SECONDS EAST, ALONG SAID RIGHT OF WAY LINE, FOR 55.81 FEET; THENCE SOUTH 89 DEGREES 41 MINUTES 25 SECONDS EAST, ALONG SAID RIGHT OF WAY LINE, FOR 331.78 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 30; THENCE NORTH 00 DEGREES 05 MINUTES 34 SECONDS EAST, ALONG SAID LINE FOR 30.00 FEET TO THE POINT OF BEGINNING FOR THIS DESCRIPTION.

ASSIGNMENT OF RIGHT TO REVERSION INTEREST OF TITLE TO CERTAIN DAWSON
AND LARAMIE-FOX HILLS AQUIFER GROUNDWATER

THIS ASSIGNMENT of Right to Reversion Interest to Title to Certain Dawson and Laramie-Fox Hills Aquifer Groundwater ("Assignment"), is made as of _____, 2017 ("Effective Date"), from PRI #2, LLC, a Colorado limited liability company ("PRI #2"), to Flying Horse North Homeowners Association, Inc., a Colorado nonprofit corporation, whose address is 6385 Corporate Drive, Suite 200, Colorado Springs, CO 80919 ("Flying Horse").

RECITALS

WHEREAS, Groundwater Production Lease No. OT-109328 was entered into between the State of Colorado, acting through its State Board of Land Commissioners, as Lessor (State Land Board), and the David Wismer and Mary Anne Wismer Trust, Lessee (Wismer), on November 6, 2014 (State Land Board Lease), a copy of which is attached hereto; and

WHEREAS, the State Land Board Lease provides for the lease by the State Land Board of not nontributary groundwater in the Dawson aquifer, and nontributary groundwater in the Laramie-Fox Hills aquifer underlying approximately 640 acres in Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, decreed in Case No. 04CW098, Water Division No. 2, State of Colorado; and

WHEREAS, Wismer assigned the State Land Board Lease to Shamrock Preserve, LLC, which then assigned the State Land Board Lease to PRI #2 by Assignment of State Water Lease made as of February 2, 2016; and

WHEREAS, the State Land Board Lease provides that title to the not nontributary Dawson aquifer groundwater and the nontributary Arapahoe aquifer groundwater described there shall revert to Wismer on February 27, 2048, and that reversion interest was assigned to Shamrock Preserve, LLC; and

WHEREAS, the reversion interest to the not nontributary and nontributary groundwater described in the State Land Board Lease was assigned by Shamrock Preserve, LLC to PRI #2 by Assignment of Adjudication of Ground Water in Section 36, made as of February 2, 2016; and

WHEREAS, the State Land Board approved the assignment of the State Land Board Lease from Wismer and Shamrock Preserve, LLC, to PRI #2 on June 14, 2017; and

WHEREAS, PRI #2 is the current lessee in the State Land Board Lease, pursuant to which PRI #2 leases the not nontributary and nontributary groundwater, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048; and

WHEREAS, PRI #2 wishes to assign its reversion interest in title to the Dawson aquifer and the Laramie-Fox Hills aquifer groundwater decreed in Case No. 04CW098 to Flying Horse; and

NOW, THEREFORE, for value received, PRI #2 assigns to Flying Horse the reversion interest to title to the not nontributary Dawson aquifer groundwater and the nontributary Laramie-Fox Hills aquifer groundwater described in the decree entered in Case No. 04CW098, as follows:

1. PRI #2 assigns, grants, assigns, transfers, conveys and delivers to Flying Horse any and all of its right, title, interest, benefits and privileges of PRI #2 in and to the reversion interest to title to the Dawson aquifer groundwater and the Laramie-Fox Hills aquifer groundwater described in the decree in Case No. 04CW098 set forth in paragraph 3 of the State Land Board Lease.
2. PRI #2 hereby represents, warrants and covenants to Flying Horse that it has not assigned, pledged or otherwise granted, transferred or conveyed to any other party any interest in or to the reversion interest of title to the Dawson aquifer groundwater or the Laramie-Fox Hills aquifer groundwater described herein.
3. Flying Horse hereby accepts such Assignment. The right to the reversion described herein is hereby being transferred to Flying Horse "AS IS," without any representations or warranties, express or implied.
4. By acceptance of this Assignment, Flying Horse hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon or assumed by PRI #2 for the reversion described herein.
5. PRI #2 and Flying Horse hereby agree to execute such further documents and take such further actions as the other party or its counsel may reasonably request to effectuate the intent of this Agreement.
6. This Assignment shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.
7. This Assignment shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first written above.

PRI #2, LLC

FLYING HORSE NORTH
HOMEOWNERS ASSOCIATION, INC.

Jeffrey B. Smith, Member

_____, _____

STATE OF COLORADO

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, this _____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My Commission Expires: _____

STATE OF COLORADO

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by _____ ,
as _____ of Flying Horse North Homeowners Association, Inc., this _____ day
of _____, 2017.

Witness my hand and official seal.

Notary Public
My Commission Expires: _____

ASSIGNMENT OF RIGHT TO REVERSION INTEREST OF TITLE TO CERTAIN
ARAPAHOE AQUIFER GROUNDWATER

THIS ASSIGNMENT of Right to Reversion Interest to Title to Certain Arapahoe Aquifer Groundwater ("Assignment"), is made as of _____, 2017 ("Effective Date"), 2017 ("Effective Date"), from PRI #2, LLC, a Colorado limited liability company ("PRI #2"), to Flying Horse Country Club, LLC, a Colorado limited liability company, whose address is 6385 Corporate Drive, Suite 200, Colorado Springs, CO 80919 ("Flying Horse").

RECITALS

WHEREAS, Groundwater Production Lease No. OT-109328 was entered into between the State of Colorado, acting through its State Board of Land Commissioners, as Lessor (State Land Board), and the David Wismer and Mary Anne Wismer Trust, Lessee (Wismer), on November 6, 2014 (State Land Board Lease), a copy of which is attached hereto; and

WHEREAS, the State Land Board Lease provides for the lease by the State Land Board of not nontributary groundwater in the Arapahoe aquifer underlying approximately 640 acres in Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, decreed in Case No. 04CW098, Water Division No. 2, State of Colorado; and

WHEREAS, Wismer assigned the State Land Board Lease to Shamrock Preserve, LLC, which then assigned the State Land Board Lease to PRI #2 by Assignment of State Water Lease made as of February 2, 2016; and

WHEREAS, the State Land Board Lease provides that title to the nontributary Arapahoe aquifer groundwater described there shall revert to Wismer on February 27, 2048, and that reversion interest was assigned to Shamrock Preserve, LLC; and

WHEREAS, the reversion interest to the not nontributary and nontributary groundwater described in the State Land Board Lease was assigned by Shamrock Preserve, LLC to PRI #2 by Assignment of Adjudication of Ground Water in Section 36, made as of February 2, 2016; and

WHEREAS, the State Land Board approved the assignment of the State Land Board Lease from Wismer and Shamrock Preserve, LLC, to PRI #2 on June 14, 2017; and

WHEREAS, PRI #2 is the current lessee in the State Land Board Lease, pursuant to which PRI #2 leases the not nontributary and nontributary groundwater, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048; and

WHEREAS, PRI #2 wishes to assign its reversion interest in title to the Arapahoe aquifer groundwater decreed in Case No. 04CW098 to Flying Horse; and

NOW, THEREFORE, for value received, PRI #2 assigns to Flying Horse the reversion interest to title to the nontributary Arapahoe aquifer groundwater described in the decree entered in Case No. 04CW098, as follows:

1. PRI #2 assigns, grants, assigns, transfers, conveys and delivers to Flying Horse any and all of its right, title, interest, benefits and privileges of PRI #2 in and to the reversion interest to title to the Arapahoe aquifer groundwater described in the decree in Case No. 04CW098 set forth in paragraph 3 of the State Land Board Lease.

2. PRI #2 hereby represents, warrants and covenants to Flying Horse that it has not assigned, pledged or otherwise granted, transferred or conveyed to any other party any interest in or to the reversion interest of title to the Arapahoe aquifer groundwater described herein.

3. Flying Horse hereby accepts such Assignment. The right to the reversion described herein is hereby being transferred to Flying Horse "AS IS," without any representations or warranties, express or implied.

4. By acceptance of this Assignment, Flying Horse hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon or assumed by PRI #2 for the reversion described herein.

5. PRI #2 and Flying Horse hereby agree to execute such further documents and take such further actions as the other party or its counsel may reasonably request to effectuate the intent of this Agreement.

6. This Assignment shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

7. This Assignment shall be governed by, interpreted under, and construed and enforceable with, the laws of the State of Colorado.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first written above.

PRI #2, LLC

FLYING HORSE COUNTY CLUB, LLC

Jeffrey B. Smith, Member

_____, Member

STATE OF COLORADO

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, this _____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My Commission Expires: _____

STATE OF COLORADO

COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by _____, member of Flying Horse County Club, LLC, this _____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My Commission Expires: _____

**ASSIGNMENT AGREEMENT OF INTEREST, RIGHTS AND
OBLIGATIONS, INCLUDING PLAN FOR AUGMENTATION
(Case No. 16CW3190 | Water Div. 1)**

This Assignment Agreement of Interests, Rights and Obligations, including Plan for Augmentation is made this ____ day of November 2017, by **PRI #2, LLC**, a Colorado limited liability company, (“Assignor”), and **Flying Horse North Homeowners Association, Inc.**, a Colorado nonprofit corporation, (“Assignee”).

RECITALS

WHEREAS, Assignor is the current owner of certain groundwater rights underlying approximately 701 acres, more or less, and approximately 640 acres, more or less, located in El Paso County, Colorado (“Subject Property”); and

WHEREAS, the Dawson and Laramie-Fox Hills groundwater rights underlying the approximately 701 acres were decreed in Case No. 94CW023(B), Water Division No. 1, and have been conveyed to Assignee by Bargain and Sale Deed dated _____, 2017; and

WHEREAS, Assignor is the current lessee in a Groundwater Production Lease, No. OT-109328, with the State Board of Land Commissioners, pursuant to which Assignor leases the not nontributary and nontributary groundwater underlying the 640 acres, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048. Assignor and Assignee have executed a Water Agreement dated _____, 2017, pursuant to which Assignor is selling Dawson and Laramie-Fox Hills groundwater leased from the State Land Board to Assignee, through February 27, 2048. On February 27, 2048, title to all of the groundwater rights decreed in Case No. 04CW098 reverts to the Assignor, and Assignor has, by separate assignment dated _____, 2017, assigned its February 27, 2048 reversion interest in the Dawson and Laramie-Fox Hills groundwater to Assignee; and

WHEREAS, the use of the Dawson and Laramie-Fox Hills groundwater underlying the Subject Property is included in a plan for augmentation upon the Application of PRI #2, LLC in Case No. 16CW3190, Water Division No. 1 (“Augmentation Decree”); and

WHEREAS, Assignor wishes to assign its rights and obligations in and to the Augmentation Decree described herein to Assignee, and Assignee wishes to accept these rights and obligations;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, Assignor hereby assigns to Assignee, and Assignee assumes the following:

1. Assignor assigns its interests, rights and obligations in the Augmentation Decree to Assignee. Assignee accepts and assumes Assignor’s interests, rights and obligations in the Augmentation Decree, including but not by way of limitation, all accounting and administrative responsibilities.

2. With respect to any dispute arising out of this agreement, the prevailing party in any resolution of said dispute shall be entitled to reimbursement of its costs and reasonable attorney’s fees, whether the matter proceeds to litigation or not.

ASSIGNOR:

PRI #2, LLC
a Colorado limited liability company

Jeffrey B. Smith, Member (date)

STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, this ____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____

ASSIGNEE:

FLYING HORSE NORTH HOMEOWNERS ASSOCIATION, INC.
a Colorado nonprofit corporation

(date)

STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by _____, as _____ of Flying Horse North Homeowners Association, Inc., a Colorado nonprofit corporation, this ____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____

**WATER AGREEMENT
FLYING HORSE NORTH HOMEOWNERS ASSOCIATION, INC.**

This Water Agreement is made this ____ day of November 2017, by **PRI #2, LLC**, a Colorado limited liability company, (“PRI #2”), and **Flying Horse North Homeowners Association, Inc.**, a Colorado nonprofit corporation, (“Flying Horse”).

RECITALS

WHEREAS, Groundwater Production Lease No. OT-109328 was entered into between the State of Colorado, acting through its State Board of Land Commissioners, as Lessor (State Land Board), and the David Wismer and Mary Anne Wismer Trust, Lessee (“Wismer”) on November 6, 2014 (“State Land Board Lease”), a copy of which is attached hereto; and

WHEREAS, the State Land Board Lease provides for the lease by the State Land Board of not nontributary and nontributary groundwater underlying approximately 640 acres in Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, decreed in Case No. 04CW098, Water Division No. 2, State of Colorado; and

WHEREAS, Wismer assigned the State Land Board Lease to Shamrock Preserve, LLC, (“Shamrock”), which then assigned the State Land Board Lease to PRI #2 by Assignment of State Water Lease made as of February 2, 2016; and

WHEREAS, the State Land Board Lease provides that title to the not nontributary and nontributary groundwater described there shall revert to Wismer on February 27, 2048, and that reversion interest was assigned to Shamrock; and

WHEREAS, the reversion interest to the not nontributary and nontributary groundwater described in the State Land Board Lease was assigned by Shamrock to PRI #2 by Assignment of Adjudication of Ground Water in Section 36, made as of February 2, 2016; and

WHEREAS, the State Land Board approved the assignment of the State Land Board Lease from Wismer and Shamrock, to PRI #2 on June 14, 2017; and

WHEREAS, PRI #2 has, by separate assignment dated _____, 2017, assigned its reversion interest in title to the Dawson and Laramie-Fox Hills groundwater decreed in Case No. 04CW098 to Flying Horse; and

WHEREAS, PRI #2 is the current lessee in the State Land Board Lease, pursuant to which PRI #2 leases the not nontributary and nontributary groundwater, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048; and

WHEREAS, PRI #2 wishes to sell Dawson and Laramie-Fox Hills groundwater leased from the State Land Board to Flying Horse, through February 27, 2048; and

WHEREAS, the use of the Dawson and Laramie-Fox Hills groundwater described in the State Land Board Lease is included in a plan for augmentation upon the Application of PRI #2, LLC in Case No. 16CW3190, Water Division No. 1 (“Augmentation Decree”).

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, PRI #2 and Flying Horse agree as follows:

1. Compliance with State Land Board Lease: PRI #2 shall keep in full force and effect the State Land Board Lease by complying with all terms and conditions therein, including, without limitation, making all payments required by the State Land Board Lease, for the entire term, through February 27, 2048. The parties acknowledge that the payments under the State Land Board Lease are variable, depending on the amount of groundwater used.¹

2. Water Use: Flying Horse is entitled to use up to an annual average of 171 acre-feet from the not nontributary Dawson aquifer groundwater and up to an annual average of 60 acre-feet from the nontributary Laramie-Fox Hills aquifer groundwater, for the purposes described in the Augmentation Decree. The Dawson aquifer groundwater shall be used for the purposes described in the Augmentation decree, including for domestic use. The Laramie-Fox Hills aquifer groundwater is reserved for replacement of post-pumping depletions associated with the use of the Dawson aquifer wells, and shall only be used for that purpose.

3. Accounting: Flying Horse shall meter and account for all of the Dawson and Laramie-Fox Hills groundwater used, and shall provide to PRI #2 a written record of the annual amounts used no later than November 10 of each year, and shall pay to PRI #2 the annual purchase price for the groundwater, as determined pursuant to the State Land Board Lease, no later than November 17 of each year.

4. Charge for Water: PRI #2 shall only charge to Flying Horse the actual amounts paid to the State Land Board pursuant to the State Land Board Lease for the water used by Flying Horse. The State Land Board Lease provides for a charge of \$1.00 per 1000 gallons, or \$325.85 per acre-foot for groundwater, as measured at the wellheads. The charge for the leased water is subject to increase starting on November 6, 2024, and every five years thereafter, based upon “the increase in the Consumer Price Index,” as described in the State Land Board Lease. PRI #2 shall be entitled to adjust the price per 1000 gallons, and per acre-foot, if the charge is increased pursuant to the State Land Board Lease.

5. Flying Horse Compliance: Flying Horse shall comply with all terms and conditions of the State Land Board Lease, the decree entered in Case No. 04CW098, and the Augmentation Decree. To the extent that Flying Horse fails to comply with any of these terms and conditions, PRI #2 may require Flying Horse to comply, including pursuing litigation, and be reimbursed for its reasonable costs, including attorney’s fees. For example, if Flying Horse fails to account for the water use, and PRI #2 is required to read individual meters, PRI #2 would be entitled to be reimbursed for its actual expenses.

6. PRI #2 Compliance: PRI #2 shall comply with all terms and conditions of the State Land Board Lease, the decree entered in Case No. 04CW098, and the Augmentation Decree. To the extent that PRI #2 fails to comply with any of these terms and conditions, Flying Horse may require PRI #2 to comply, including pursuing litigation, and be reimbursed for its reasonable costs, including

¹ The parties acknowledge that PRI #2 may also sell nontributary Arapahoe aquifer groundwater described in the State Land Board Lease for other purposes, and PRI #2 shall comply with all terms and conditions, including, without limitation, making all payments required.

attorney's fees. For example, if PRI #2 fails to make a payment on the State Land Board Lease, Flying Horse could make the payment, and would be entitled to be reimbursed for its actual expenses.

7. Term of Water Agreement: PRI #2 shall sell, and Flying Horse shall purchase, the groundwater described herein until such time as the ownership of the water rights reverts to Flying Horse. It is contemplated, based upon the State Land Board Lease, that the term will end February 27, 2048.

8. Costs and Attorney's Fees: In the event any litigation should arise under or relating to this Agreement, the Court shall award to the substantially prevailing party all of its costs and expenses, including reasonable attorney's fees

9. Default: The Water Agreement is intended to provide a legal water supply to Flying Horse. Regardless of the conduct of the parties to this Water Agreement, including alleged failure to comply with the terms and conditions by either party (e.g., record keeping, failure to make payments, etc.), it shall not be terminated prior to February 27, 2048 unless there is an adequate alternative water supply, and the parties hereto agree to terminate. Either party may seek damages for the other's failure to perform.

10. Complete Agreement: The entire agreement of the parties is contained herein, and there are no promises, agreements, representations, warranties, conditions or understandings, either oral or written, between them.

11. Notices: All notices to be sent hereunder shall be deemed given and received upon personal delivery or upon transmission by email addressed as follows:

To PRI #2:

To Flying Horse:

12. Assignments and Encumbrances: The rights, obligations and benefits of this Water Agreement may be assigned by Flying Horse only to an entity operating the golf course, with the same responsibilities to provide water rights for the benefit of the golf course, and with the prior written consent of PRI #2, which will not be unreasonably withheld. The rights, obligations and benefits of this Water Agreement may be assigned by PRI #2 only to an entity that to which the State Land Board Lease has been assigned. The water rights described herein shall not be encumbered by either party.

13. Amendments. No amendment, alteration, modification or addition to this Water Agreement shall be valid or binding unless expressed in writing and signed by the party or parties to be bound thereby.

14. Governing Law and Venue: Any disputes arising under this Water Agreement shall be governed by the laws of the State of Colorado, and venue shall be in El Paso County, Colorado.

Executed this _____ day of _____, 2017.

PRI #2, LLC
a Colorado limited liability company

Jeffrey B. Smith, Member (date)

STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, this _____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____

FLYING HORSE NORTH HOMEOWNERS ASSOCIATION, INC.
a Colorado nonprofit corporation

By: _____

STATE OF COLORADO
COUNTY OF EL PASO _____

The foregoing instrument was acknowledged before me by _____, as _____ of Flying Horse North Homeowners Association, Inc., a Colorado nonprofit corporation, this _____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____

**WATER AGREEMENT
FLYING HORSE COUNTRY CLUB**

This Water Agreement is made this ____ day of November 2017, by **PRI #2, LLC**, a Colorado limited liability company, (“PRI #2”), and **Flying Horse Country Club, LLC**, a Colorado limited liability company, (“Flying Horse”).

RECITALS

WHEREAS, Groundwater Production Lease No. OT-109328 was entered into between the State of Colorado, acting through its State Board of Land Commissioners, as Lessor (State Land Board), and the David Wismer and Mary Anne Wismer Trust, Lessee (Wismer), on November 6, 2014 (State Land Board Lease), a copy of which is attached hereto; and

WHEREAS, the State Land Board Lease provides for the lease by the State Land Board of not nontributary and nontributary groundwater underlying approximately 640 acres in Section 36, Township 11 South, Range 66 West of the 6th P.M., in El Paso County, Colorado, decreed in Case No. 04CW098, Water Division No. 2, State of Colorado; and

WHEREAS, Wismer assigned the State Land Board Lease to Shamrock Preserve, LLC, (“Shamrock”), which then assigned the State Land Board Lease to PRI #2 by Assignment of State Water Lease made as of February 2, 2016; and

WHEREAS, the State Land Board Lease provides that title to the not nontributary and nontributary groundwater described there shall revert to Wismer on February 27, 2048, and that reversion interest was assigned to Shamrock; and

WHEREAS, the reversion interest to the not nontributary and nontributary groundwater described in the State Land Board Lease was assigned by Shamrock to PRI #2 by Assignment of Adjudication of Ground Water in Section 36, made as of February 2, 2016; and

WHEREAS, the State Land Board approved the assignment of the State Land Board Lease from Wismer and Shamrock, to PRI #2 on June 14, 2017; and

WHEREAS, PRI #2 has, by separate assignment dated _____, 2017, assigned its reversion interest in title to the Arapahoe aquifer groundwater decreed in Case No. 04CW098 to Flying Horse; and

WHEREAS, PRI #2 is the current lessee in the State Land Board Lease, pursuant to which PRI #2 leases the not nontributary and nontributary groundwater, decreed in Case No. 04CW098, Water Division No. 2 through February 27, 2048; and

WHEREAS, PRI #2 wishes to sell Arapahoe groundwater that PRI #2 has leased from the State Land Board to Flying Horse, through February 27, 2048.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, PRI #2 and Flying Horse agree as follows:

1. Compliance with State Land Board Lease: PRI #2 shall keep in full force and effect the State Land Board Lease by complying with all terms and conditions therein, including, without limitation, making all payments required by the State Land Board Lease, for the entire term, through February 27, 2048. The parties acknowledge that the payments under the State Land Board Lease are variable, depending on the amount of groundwater used.¹

2. Water Use: Flying Horse is entitled to use up to an annual average of 239 acre-feet from the nontributary Arapahoe aquifer groundwater, for the purposes described in the Decree entered in Case No. 04CW098. The parties acknowledge that the decree entered in Case No. 04CW098 allows, in paragraph 9.B., for “banking” of water use, which entitles PRI #2, and Flying Horse, to exceed an annual average of 239 acre-feet per year, so long as the annual use is consistent with the terms and conditions of the decree.

3. Accounting: Flying Horse shall meter and account for all of the Arapahoe groundwater used, and shall provide to PRI #2 a written record of the annual amounts used no later than November 10 of each year, and shall pay to PRI #2 the annual purchase price for the groundwater, as determined pursuant to the State Land Board Lease, no later than November 17 of each year.

4. Charge for Water: PRI #2 shall only charge to Flying Horse the actual amounts paid to the State Land Board pursuant to the State Land Board Lease for the Arapahoe aquifer water used by Flying Horse. The State Land Board Lease provides for a charge of \$1.00 per 1000 gallons, or \$325.85 per acre-foot for groundwater, as measured at the wellhead(s). The charge for the leased water is subject to increase starting on November 6, 2024, and every five years thereafter, based upon “the increase in the Consumer Price Index,” as described in the State Land Board Lease. PRI #2 shall be entitled to adjust the price per 1000 gallons, and per acre-foot, if the charge is increased pursuant to the State Land Board Lease.

5. Flying Horse Compliance: Flying Horse shall comply with all terms and conditions of the State Land Board Lease, and the decree entered in Case No. 04CW098. To the extent that Flying Horse fails to comply with any of these terms and conditions, PRI #2 may require Flying Horse to comply, including pursuing litigation, and be reimbursed for its reasonable costs, including attorney’s fees. For example, if Flying Horse fails to account for the water use, and PRI #2 is required to read well meters, PRI #2 would be entitled to be reimbursed for its actual expenses.

6. PRI #2 Compliance: PRI #2 shall comply with all terms and conditions of the State Land Board Lease, and the decree entered in Case No. 04CW098. To the extent that PRI #2 fails to comply with any of these terms and conditions, Flying Horse may require PRI #2 to comply,

¹ The parties acknowledge that PRI #2 may also sell not nontributary Dawson aquifer groundwater and nontributary Laramie-Fox Hills aquifer groundwater described in the State Land Board Lease for other purposes, and PRI #2 shall comply with all terms and conditions, including, without limitation, making all payments required.

including pursuing litigation, and be reimbursed for its reasonable costs, including attorney's fees. For example, if PRI #2 fails to make a payment on the State Land Board Lease, Flying Horse could make the payment, and would be entitled to be reimbursed for its actual expenses.

7. Term of Water Agreement: PRI #2 shall sell, and Flying Horse shall purchase, the Arapahoe groundwater described herein until such time as the ownership of the water rights reverts to Flying Horse. It is contemplated, based upon the State Land Board Lease, that the term will end February 27, 2048. It is the intent of the parties that the leased Arapahoe groundwater provide for irrigation, and other uses for the golf course, through February 27, 2048.

8. Costs and Attorney's Fees: In the event any litigation should arise under or relating to this Agreement, the Court shall award to the substantially prevailing party all of its costs and expenses, including reasonable attorney's fees

9. Default: The Water Agreement is intended to provide a legal water supply to Flying Horse. Regardless of the conduct of the parties to this Water Agreement, including alleged failure to comply with the terms and conditions by either party (e.g., record keeping, failure to make payments, etc.), it shall not be terminated prior to February 27, 2048 unless there is an adequate alternative water supply, and the parties hereto agree to terminate. Either party may seek damages for the other's failure to perform.

10. Complete Agreement: The entire agreement of the parties is contained herein, and there are no promises, agreements, representations, warranties, conditions or understandings, either oral or written, between them.

11. Notices: All notices to be sent hereunder shall be deemed given and received upon personal delivery or upon transmission by email addressed as follows:

To PRI #2:

To Flying Horse:

12. Assignments and Encumbrances: The rights, obligations and benefits of this Water Agreement may be assigned by Flying Horse only to an entity operating the golf course, with the same responsibilities to provide water rights for the benefit of the golf course, and with the prior written consent of PRI #2, which will not be unreasonably withheld. The rights, obligations and benefits of this Water Agreement may be assigned by PRI #2 only to an entity that to which the State Land Board Lease has been assigned. The water rights described herein shall not be encumbered by either party.

13. Amendments. No amendment, alteration, modification or addition to this Water Agreement shall be valid or binding unless expressed in writing and signed by the party or parties to be bound thereby.

14. Governing Law and Venue: Any disputes arising under this Water Agreement shall be governed by the laws of the State of Colorado, and venue shall be in El Paso County, Colorado.

Executed this ____ day of _____, 2017:

PRI #2, LLC
a Colorado limited liability company

Jeffrey B. Smith, Member (date)

STATE OF COLORADO
COUNTY OF EL PASO

The foregoing instrument was acknowledged before me by Jeffrey B. Smith, member of PRI #2, LLC, this ____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____

FLYING HORSE COUNTRY CLUB, LLC
a Colorado limited liability company

By: _____

STATE OF COLORADO
COUNTY OF _____

The foregoing instrument was acknowledged before me by _____, as _____ of Flying Horse Country Club, LLC, a Colorado limited liability company, this ____ day of _____, 2017.

Witness my hand and official seal.

Notary Public
My commission expires: _____