



CHEROKEE METROPOLITAN DISTRICT

6250 Palmer Park Blvd, Colorado Springs, CO 80915

Telephone: (719) 597-5080 Fax: (719) 597-5145

May 28, 2024

Jeff Smith

Flying Horse Land Company, LLC

Dear Mr. Smith:

As you are aware, Cherokee Metropolitan District ("Cherokee") is currently pursuing a Replacement Plan case to make more efficient use of treated water discharged into the Upper Black Squirrel Alluvial Aquifer in eastern El Paso County. Upon completion of this case, Cherokee may have the water capacity to serve the full build-out demand for the proposed Flying Horse East Development north of Schriever Space Force Base with renewable water sources.

Cherokee, Flying Horse East ("FHE"), and previous developers have been seriously discussing water and wastewater service for the planned development since 2019. The plans for the development have changed over time and may change in the future. The most recent development plan indicates a maximum of 4385 Single Family Equivalent units on the property which would require approximately 1200 acre-feet per year of water supply. At this time Cherokee believes this volume may be available upon completion of the Replacement Plan Case and a future water supply agreement could be entered into subject to the terms below.

The purpose of this letter of intent ("LOI") is to outline the general terms upon which Cherokee would be willing to provide water and wastewater service to FHE:

1. FHE and Cherokee will negotiate whether FHE will be included as a part of Cherokee or will be supplied via extraterritorial agreement.
2. The water rights used to provide water service to FHE must be approved for use in Cherokee's pending replacement plan case (Case No. 08GW71). To the extent an amendment of Cherokee's replacement plan in Case No. 08GW71 is necessary to provide for the use of any water used at FHE as a replacement source in said replacement plan, FHE will fund Cherokee's reasonable legal and engineering costs associated with said amendment.
3. Cherokee shall retain all right, title and interest in and to all water provided for use at FHE, including the right of use and reuse to extinction and the right to reclaim, recapture or otherwise dispose of all return flows, whether such return flows occur from outdoor uses or as wastewater, for augmentation and all other lawful purposes.
4. FHE will plan, design, and construct, subject to Cherokee's approval, the potable water distribution system within the FHE development.
5. FHE will fund and assist in the planning, design, and construction of the water infrastructure necessary for Cherokee to produce and deliver the raw water supplies that



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- will meet the projected build-out demands at FHE, and to deliver potable water to FHE, including water quality treatment to the appropriate potable drinking water standards.
6. FHE will pay a water development charge for the cost of the water rights that will be used to provide the subject water supply to FHE.
 7. FHE will pay applicable infrastructure tap fees based on inclusion or extraterritorial service agreements. These fees may be offset by agreed upon improvements to common infrastructure subject to inclusion or extraterritorial agreement.
 8. FHE must enter into a wastewater treatment agreement with Cherokee Metropolitan District and all wastewater flows must flow to the Cherokee Wastewater Treatment Facility.
 9. FHE will plan, design, and construct, subject to Cherokee's approval, the wastewater infrastructure necessary to connect to Cherokee's wastewater system and to meet the projected build-out wastewater demand at FHE.
 10. To the extent an expansion of wastewater treatment capacity at Cherokee's Water Reclamation Facility is necessary to provide wastewater service to FHE, FHE will fund FHE's proportionate costs associated with planning, design, and construction of an expansion of the wastewater treatment capacity at Cherokee's Water Reclamation Facility, as well as any necessary upsizing of any wastewater collection and/or delivery infrastructure.

This LOI is non-binding on both parties. Accordingly, this LOI does not constitute a binding obligation on the part of either party to enter into any binding contract, or any subsequent agreements whatsoever; and does not constitute a binding obligation on the part of either party to consummate any agreement. This LOI is not to be construed as an offer of services. Neither party shall be under any legal obligation with respect to the proposed services unless and until a contract has been mutually executed and delivered by the parties.

This LOI may be executed in counterparts. Scanned, photocopied, and DocuSign signatures delivered by e-mail will be treated as original signatures for all purposes hereunder.

This LOI was amended on May 28, 2024, reflecting a new date, new response date and addressed to the Flying Horse Land Company, LLC.

Please indicate that you agree with these terms by signing below and returning a copy of this LOI at your earliest convenience. Cherokee requests signature or comments on or before 5:00 p.m. on June 7, 2024.

Sincerely,

Amy Lathen, General Manager
Cherokee Metropolitan District
6250 Palmer Park Boulevard
Colorado Springs, Colorado 80915

I acknowledge and agree with the terms set forth above:

By:

Jeff Smith
Flying Horse Land Company, LLC