

LEGAL WATER SUPPLY



A Mountain Law Firm

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May 3, 2024

Via Email

Town of New Castle
 c/o Paul Smith
 Town Planner
 psmith@newcastlecolorado.org

Re: 9 N Wildhorse Legal Water Supply

Dear Paul:

This letter confirms an adequate legal water supply for the 9 N Wildhorse Project. As you know, the Second Amended Annexation Agreement for Castle Valley Ranch requires developers to dedicate certain water rights to the Town. Attached as **Exhibit A** is a 2011 Water Ownership Agreement confirming ownership of water rights between the various owners in Castle Valley Ranch. This agreement confirmed that the current owner of the property, CTS Investments, LLC owned the following amounts:

- Coryell Ditch: 0.3863 cfs
- Coryell Ditch Third Enlargement: 0.6758 cfs

CTS has only issued one conveyance water rights since 2011. In 2021, CTS conveyed 0.07 cfs of the Coryell Ditch and 0.1225 cfs of the Coryell Ditch Third Enlargement to TC Midwest, LLC per that certain Bargain and Sale Deed recorded September 22, 2021, and recorded as Reception No. 963576. As a result, CTS current owns the following:

- Coryell Ditch: 0.3163 cfs
- Coryell Ditch Third Enlargement: 0.5533 cfs.

Aspen

Basalt

Buena Vista

Glenwood Springs

Salida

P.O. Box 878, Glenwood Springs, CO 81602



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Attached as **Exhibit B** is our engineer's calculation of the water required by this project, specifically:

- Coryell Ditch: 0.065
- Coryell Ditch Third Enlargement: 0.11375.

As such, the Seller has sufficient legal water supply to serve the project. Therefore, this letter serves as confirmation that the Seller (CTS Investments, LLC): (a) has sufficient legal water rights to serve the project, and (b) is committed to conveying sufficient water at closing to the Buyer for this project, and ultimately the Town of New Castle. Please let us know if you have any additional questions.

Best regards,

JVAM PLLC

By: _____
Chad Lee
Partner

Exhibit A

Water Ownership Agreement

AGREEMENT

This agreement ("Agreement") is entered into this ^{August}~~11th~~ day of ~~May~~, 2011 by and between the Town of New Castle, Colorado, a Colorado municipal corporation ("Town"); CVR Investors, Inc., a Colorado corporation ("Investors"); CTS Investments, LLC, a Colorado limited liability company ("CTS"); CVR Development, LLC, a Colorado limited liability company ("CVR Development"); Eric C. Williams ("Williams"); Land Discovery, Inc., a Colorado corporation ("Land Discovery"); Williams Family Investments Company, LLLP, a Colorado limited liability limited partnership ("Williams Family Investments"); and Pine Mountain Mortgage, Inc., a Colorado corporation ("Pine Mountain"). CVR Development, Williams, Land Discovery, Williams Family Investments, and Pine Mountain are collectively referred to as the "Williams Entities". The Town, Investors, CTS, and the Williams Entities are collectively referred to herein as the "Parties".

Recitals:

A. WHEREAS, each of the Parties currently owns a certain interest in and to the following water rights:

- Coryell Ditch, Priority No. 11, adjudicated in Civil Action No. 103, District Court in and for Garfield County, on May 11, 1889; and the Coryell Ditch, Third Enlargement, Priority No. 220-S, adjudicated in Civil Action No. 3431, District Court in and for Garfield County, on January 11, 1943 (the "Coryell Rights");
- Red Rock Ditch, adjudicated in Civil Action No. 941, District Court, in and for Garfield County, on December 16, 1901, Red Rock Ditch First Enlargement, adjudicated in Civil Action No. 1690, District Court, in and for Garfield County, on February 26, 1914, and the Red Rock Ditch Second Enlargement, adjudicated in Civil Action No. 3431, District Court, in and for Garfield County, on January 11, 1943 (the "Red Rock Rights"); and
- An interest in the plan for augmentation decreed in Case No. 87CW373, District Court, Water Division 5, which changed the Coryell Rights and Red Rock Rights to allow these water rights to be used within the Castle Valley Ranch P.U.D. as described in that Decree.

B. WHEREAS, by this Agreement, the Parties wish to attest to their ownership interest in the Coryell Rights and the Red Rock Rights.

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

1. Town Ownership Summary. The Town acknowledges and agrees that, as of the date of this Agreement, it owns those interests in the Coryell Rights and the Red Rock Rights set forth in Exhibits A and B, respectively, attached hereto and incorporated herein by reference, as being "Total Currently Owned by Town of New Castle," by virtue of the dedication of such water rights to the Town.
2. Williams Entities Ownership Summary. The Williams Entities acknowledge and agree that, as of the date of this Agreement, they own only those interests in the Coryell Rights and the Red Rock Rights set forth in Exhibits A and B, respectively, as being "Total Currently Owned by Williams Entities."
3. CTS Ownership Summary. CTS acknowledges and agrees that, as of the date of this Agreement, it owns only those interests in the Coryell Rights and the Red Rock Rights set forth in Exhibits A and B, respectively, as being "Total Currently Owned by CTS Investments, LLC."
4. Investors Ownership Summary and Representation and Warranty. Investors acknowledges and agrees that, as of the date of this Agreement, it owns only those interests in the Coryell Rights and the Red Rock Rights set forth in Exhibits A and B, respectively, as being "Total Currently Owned by CVR Investors, Inc." Additionally, Investors represents and warrants to the Town that, by virtue of the conveyances noted in footnote 1 to Exhibit A and in footnote i to Exhibit B, Investors has good and clear title to the water rights listed in Exhibits A and B as being "Total Currently Owned by CVR Investors, Inc." as of the date of this Agreement.
5. Plan for Augmentation. The Parties agree that their ownership interests in the Coryell Rights and Red Rocks Rights entitle each party to a proportionate interest in those water rights as they are subject to the plan for augmentation decreed in Case No. 87CW373, consistent with the terms and conditions of said decree.
6. Prior Agreements. Except with respect to the parties' acknowledgment and agreement and/or warranty regarding the amount of Coryell Rights and Red Rock Rights owned as of the date hereof, nothing herein shall amend or supersede the terms of the decree and plan for augmentation in Case No. 87CW373 or any agreement or requirement of the Town regarding the dedication of water rights as a condition of development.

7. **Survival.** All of the acknowledgements, agreements, representations, and warranties contained in this Agreement shall survive any and all water rights dedications made by the parties to the Town after the date hereof, and such acknowledgements, agreements, representations, and warranties shall not merge into the deeds of such water rights dedications.
8. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.
9. **Authority.** Each person signing this Agreement represents and warrants that he or she is fully authorized to enter into and execute this Agreement and to bind the party he/she represents to the terms and conditions hereof.
10. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original and together shall constitute the Agreement.

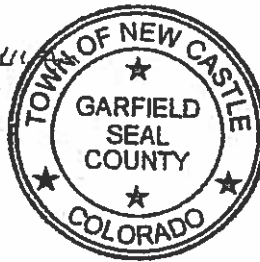
WHEREFORE, the Parties have executed this Agreement as of the date first written above.

TOWN OF NEW CASTLE COLORADO, a Colorado
municipal corporation

By: Frank Breslin
Frank Breslin, Mayor

ATTEST:

[Signature]
Town Clerk/Deputy Town Clerk



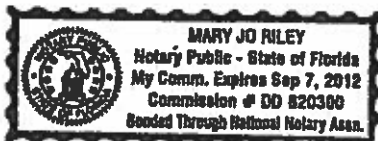
CVR INVESTORS, INC., a Colorado corporation

By: *[Signature]*Name: RONALD C. ATKINSONIts: VICE PRESIDENT

STATE OF FLORIDA)
COUNTY OF Polk)ss.

The within and foregoing instrument was acknowledged before me in the said County and State on this 10th day of August, 2011, by Ronald C. Atkinson as Vice President of CVR Investors, Inc., a Colorado corporation.

My Commission expires:



[Signature]
Notary Public

Mary Jo Riley

CTS INVESTMENTS, LLC, a Colorado limited
liability company

By: CTS Services LLC, its Manager
~~Name:~~ Steven E. Gruen
 Mr. Steven E. Gruen

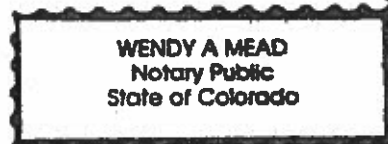
STATE OF COLORADO)
) ss.
 COUNTY OF Boulder)

The within and foregoing instrument was acknowledged before me in the said County and State
 on this 23rd day of May, 2011, by Steven E. Gruen as Manager of CTS
Investments, LLC, a Colorado corporation, manager of CTS INVESTMENTS, LLC
Services
 My Commission expires: 10/14/2013

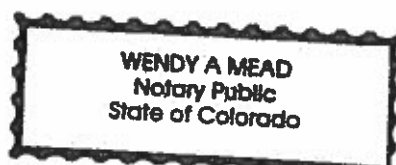


Chad Trout
 Notary Public

ERIC C. WILLIAMS

By: *Eric C. Williams*STATE OF COLORADO)
COUNTY OF Sanford) ss.The within and foregoing instrument was acknowledged before me in the said County and State on this 9th day of August, 2011, by Eric C. Williams.My Commission expires: My Commission Expires
October 3, 2011*Wendy A. Mead*
Notary Public

CVR DEVELOPMENT, LLC, a Colorado limited liability company

By: *Eric C. Williams*
Name: ERIC C. WILLIAMS
Its: MANAGERSTATE OF COLORADO)
COUNTY OF Garfield) ss.The within and foregoing instrument was acknowledged before me in the said County and State on this 9th day of August, 2011, by Eric C. Williams Manager of CVR Development, LLC, a Colorado limited liability company.My Commission expires: My Commission Expires
October 3, 2011*Wendy A. Mead*
Notary Public
Wendy A. Mead
Notary Public
State of Colorado

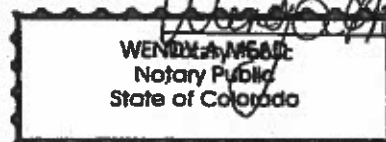
LAND DISCOVERY, INC., a Colorado corporation

By: [Signature]
 Name: ERIC C. WILLIAMS
 Its: President

STATE OF COLORADO)
) ss.
 COUNTY OF Garfield)

The within and foregoing instrument was acknowledged before me in the said County and State on this 9th day of August, 2011, by ERIC C. WILLIAMS as President of Land Discovery, Inc., a Colorado corporation.

My Commission expires: My Commission Expires
October 3, 2011



WILLIAMS FAMILY INVESTMENTS COMPANY,
 LLP, a Colorado limited liability limited
 partnership

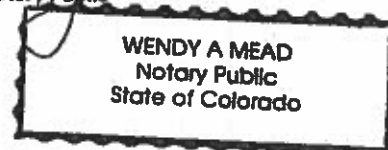
By: [Signature]
 Name: ERIC C. WILLIAMS
 Its: Manager

STATE OF COLORADO)
) ss.
 COUNTY OF Garfield)

The within and foregoing instrument was acknowledged before me in the said County and State on this 9th day of August, 2011, by ERIC C. WILLIAMS as Manager of Williams Family Investments Company, LLP, a Colorado limited liability limited partnership.

My Commission expires: My Commission Expires
October 3, 2011

[Signature]
 Notary Public



675137-1

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PINE MOUNTAIN MORTGAGE, INC., a Colorado
corporation

By: *Eric C. Williams*
Name: ERIC C. WILLIAMS
Its: President

STATE OF COLORADO)
COUNTY OF Garfield) ss.

The within and foregoing instrument was acknowledged before me in the said County and State
on this 9th day of August, 2011, by Eric C. Williams President of Pine
Mountain Mortgage, Inc., a Colorado corporation.

My Commission expires: My Commission Expires
October 3, 2011

Wendy A Mead
Notary Public
WENDY A MEAD
Notary Public
State of Colorado

EXHIBIT A

OWNERSHIP SUMMARY

Castle Valley Ranch (CVR) – Coryell Rights

	Coryell Ditch	Coryell Ditch Third Enlargement	
Total Coryell Water Right (per Decree 8/22/91):	2.8000 (cfs)	4.9000 (cfs)	
<u>Dedications to Town of New Castle</u>			
Filings 1 – 6 (Reception #602243 and #602244)	1.2733	2.2283	
Filing 7A (Reception #602248 and #602249)	0.0324	0.0567	
Filing 7B (Reception #630147)	0.0359	0.0628	
Filings 7C – 7E (Reception #679302)	0.1136	0.1989	
Filing 8 (Reception #722111 and #722112)	0.1382	0.2418	
Filing 9 (Reception #757819)	0.0418	0.0731	
Middle school (Reception #783715)	0.056	0.098	
TOTAL CURRENTLY OWNED BY TOWN OF NEW CASTLE:	1.6912	2.9596	60.4%
<u>TOTAL CURRENTLY OWNED BY WILLIAMS ENTITIES</u>			
Reserved / Retained for PA 1 and PA 2 (Reception #693684, #693685, #693686, #693687 and #693688)	0.1165	0.2038	4.2%
<u>Rights Conveyed by Eric Williams (and related entities) to CTS Investments, Inc.:</u>			
(Reception #693684, #693686, #693687 and #693688)	1.2283	2.1495	
<u>Dedications by CTS to Town of New Castle:</u>			
Filing 8 (Reception #722111)	(0.1382)	(0.2418)	
Middle school (Reception #783715)	(0.056)	(0.098)	
<u>Rights Conveyed by CTS Investments, Inc. to Village Homes of Colorado, Inc.:</u>			
April 2007 (Reception #721294)	(0.5290)	(0.9261)	
April 2008 (Reception #746711)	(0.1188)	(0.2078)	
TOTAL CURRENTLY OWNED BY CTS INVESTMENTS, LLC:	0.3863	0.6758	13.8%
<u>Rights conveyed by CTS Investments, Inc. to Village Homes of Colorado, Inc.:</u>			
April 2007 (#721294)	0.5290	0.9261	
April 2008 (746711)	0.1188	0.2078	
<u>Dedications by Village Homes to Town of New Castle:</u>			
Filing 9 (Reception #757819)	(0.0418)	(0.0731)	
TOTAL CURRENTLY OWNED BY CVR INVESTORS, INC.¹:	0.6060	1.0608	21.6%
TOTAL	2.800	4.900	100%

¹ CVR Investors, Inc. is the successor in interest to the water rights owned by Village Homes pursuant to the Bargain and Sale Deed from Village Homes to RC Properties XVI, LLC (Reception #776773), the Public Trustees Certificate of Purchase (Reception # 781620), the Public Trustee Confirmation Deed to RC Properties XVI, LLC (Reception # 782536); Quit Claim Deed RC Properties XVI LLC to CVR Investors Inc. (Reception #784750).

Exhibit B

OWNERSHIP SUMMARY

Castle Valley Ranch (CVR) - Red Rock Rights

	Red Rock Ditch	Red Rock Ditch 1 st Enlgmt.	Red Rock Ditch 2 nd Enlgmt.
Total	3.7 (cfs)	0.3 (cfs)	6.2 (cfs)
Total Currently Owned by Town of New Castle	0.0	0.0	0.0
Total Currently Owned by Williams Entities	0.15392	0.01248	0.25792
Reserved / Retained for PA 1 and PA2 (Reception #693684, #693685, #693686, #693686, #693687 and #693688)			
Rights Conveyed by Williams Entities (Reception #693684, #693685, #693686, #693686, #693687 and #693688) to CTS Investments, LLC	3.54608	0.28752	5.94208
Rights Conveyed by CTS Investments, LLC to Village Homes			
April 16, 2007 (#721294)	(2.128)	(0.173)	(3.565)
April 16, 2008 (#746711)	(0.4773)	(0.0387)	(0.8001)
Total Currently Owned by CTS Investments, LLC.	0.94078	0.07582	1.57698
Rights Conveyed to Village Homes by CTS Investments			
April 16, 2007 (#721294)	2.128	0.173	3.565
April 16, 2008 (#746711)	0.4773	0.0387	0.8001
Total Currently Owned by CVR Investors, Inc.¹	2.6053	0.2117	4.3651
Total	3.7	0.3	6.2

¹ CVR Investors, Inc. is the successor in interest to the water rights owned by Village Homes pursuant to the Bargain and Sale Deed from Village Homes to RC Properties XVI, LLC (Reception #776773), the Public Trustees Certificate of Purchase (Reception # 781620), the Public Trustee Confirmation Deed to RC Properties XVI, LLC (Reception # 782536); Quit Claim Deed RC Properties XVI LLC to CVR Investors Inc. (Reception #784750).

Exhibit B: Water Rights Dedication Calculation		
9 North Wild Horse: Castle Valley Ranch P.U.D.		
A) Multi Family dedication		
0.25 EQR / Residential Unit (if irrigation is by raw water irrigation & lot size <9,000 SF / unit)		
[1]	# of Units =	130
[2]	EQR Rate/unit =	0.25
[3]	# of EQR's =	32.50 [1] x [2]
Amount of Dry Up (Coryell Ditch)		
[4]	Acres / EQR =	0.10
[5]	Acres =	3.25 [3] x [4]
Water Rights Dedication (Coryell Ditch)		
[6]	Priority #11: cfs/acre	0.020
[7]	Priority #11: cfs =	0.065 [5] x [6]
[8]	Priority #220-S: cfs/acre	0.035
[9]	Priority #220-S: cfs =	0.11375 [5] x [8]
[10]	Total cfs =	0.17875 [7] + [9]

SE: 33011-Water Rights Dedication.xlsx