



VIA – E-Mail

November 6, 2008

Mr. Lloyd Goff  
Airpark Village, LLC  
1593 S. Jamaica Street  
Aurora, Colorado 80012

RE: RS-01 – Airpark Village, LLC - Easement Acquisition -  
City of Greeley - Water Pipeline Project - Line 10 Railroad Segment – Airpark Phase

Dear Mr. Goff:

As you know, the City of Greeley needs to acquire permanent and temporary easements across the Airpark Village property for the construction and operation of a municipal treated water pipeline. We have discussed the alignment, terms, and purchase price for these easements, and have reached a tentative agreement on the following basis:

- Total just compensation payment of \$268,000.00;
- Easements in the locations and on the terms described on the attached permanent and temporary easement documents (please note that, per our previous discussions, Greeley has elected to move the temporary easement to the opposite/northeast side of the permanent easement and is attempting to obtain a more refined legal description that reflects this change); and
- Subordination of the outstanding deeds of trust affecting the Greeley easement property to the Greeley easements.

As you also know, Greeley recently became aware of a recorded lis pendens involving litigation brought against Airpark Village, which litigation purports to affect Tracts A and B of the Fort Collins Community Airpark Subdivision. Greeley understands that there were at one time 20 parties plaintiff in the lawsuit, some of whom assert, among other claims, that they own easements across Tracts A and B for airplane takeoffs and landings. Greeley also understands that some of the plaintiffs were joined involuntarily to the lawsuit and have either disclaimed any interest in the easements or failed to appear and the Larimer County District Court entered default judgment against them.

Greeley understands that Airpark Village strenuously disagrees with the assertion that the lawsuit plaintiffs have any easement interests in Tracts A or B, and that the Judge in the case recently granted Airpark Village's motion for summary judgment. The Judge apparently found that, due to the intervening closure of the airport formerly operated on the Airpark Village property, any such easements were terminated.

Greeley further understands that the Judge's order granting summary judgment remains subject to appeal by the plaintiffs at this time. In order to complete the contemplated transaction, Greeley needs assurance that the plaintiffs' claimed easement rights will not interfere with its construction of the pipeline, which is scheduled to occur in the first half of 2009. Greeley understands that at least one of the plaintiffs has taken off in or landed an airplane on Tracts A and B since the initiation of this lawsuit in 2006.

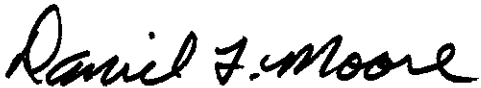
Accordingly, in order to complete the contemplated transaction with Airpark Village, Greeley needs one of the following conditions to be satisfied:

1. Airpark Village will obtain a further order from the Larimer County District Court prohibiting the plaintiffs from operating aircraft on Tracts A and B during the pendency of the litigation, including any appeals; or
2. Airpark Village will warrant, represent and covenant that it has taken and will in the future maintain measures on its property which are sufficient to prevent operation of aircraft on Tracts A and B, with such obligations to constitute a covenant running with Tracts A and B for the benefit of Greeley's easements and to be specifically included in the easements, to which all holders of deeds of trust across Tracts A and B will subordinate their interests.

Under either scenario, Airpark would need to indemnify and hold harmless Greeley, its agents, employees, and contractors, from all claims and liability for damages or injury (including costs and attorney fees) to persons who are plaintiffs in Case No. 2006 CV 958, Larimer County District Court, or to such persons' successors, assigns, licensees or property, arising or caused directly or indirectly by Greeley's occupancy and use of the easements granted by Airpark (such indemnification language to be specifically included in the easements, to which all holders of deeds of trust across Tracts A and B will subordinate their interests).

Greeley would like to conclude this transaction as soon as possible to meet its construction schedule for this project, so please let us know which of these options Airpark elects to pursue. Please let me know if you have any questions concerning the items outlined in this letter.

Sincerely,



Daniel F. Moore, P.E.  
Project Manager

cc w/encls: James Witwer, Esq.

PROPERTY DESCRIPTION

Exhibit-Airpark Village, LLC

(1 of 2)

A strip of land of varying width, being dedicated as a waterline easement, located in the Northwest Quarter (NW1/4) and the East Half (E1/2) of Section Seven (7) and the Southwest Quarter (SW1/4) of Section Eight (8), Township Seven North (T.7N.), Range Sixty-eight West (R.68W.) of the Sixth Principal Meridian (6<sup>th</sup> P.M.), City of Fort Collins, County of Larimer, State of Colorado, the centerline of said strip of land being more particularly described as follows:

COMMENCING at the Northwest Corner of said Section 7 and assuming the North line of said NW1/4 as bearing North 88°36'35" East, being a Grid Bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/92, a distance of 2565.34 feet with all other bearings contained herein relative thereto:

THENCE North 88°36'35" East along the North line of said NW1/4 a distance of 1791.90 feet;  
THENCE South 00°00'00" East a distance of 261.79 feet;  
THENCE South 45°34'33" East a distance of 329.08 feet to the Southerly line of that parcel of land described in that Warranty Deed recorded October 27, 1999 as Reception No. 0099092866 of the records of the Larimer County Clerk and Recorder, said point being the **POINT OF BEGINNING** of said centerline description;

Said waterline easement being Twenty-five (25) feet on each side of said centerline for the following Two (2) courses and distances:

THENCE continuing South 45°34'33" East a distance of 37.03 feet;  
THENCE South 00°34'33" East a distance of 322.08 feet;

Said waterline easement being Twenty (20) feet on each side of said centerline for the following One (1) course and distance:

THENCE South 52°51'05" East a distance of 5239.85 feet;

Said waterline easement being Twenty-five (25) feet on each side of said centerline for the following One (1) course and distance:

THENCE South 89°36'56" East a distance of 347.65 feet to the Easterly line of that parcel of land described in that Special Warranty Deed recorded June 21, 2007 as Reception No. 20070047224 of the records of the Larimer County Clerk and Recorder, said point being the **POINT OF TERMINATION** of said centerline description, said point bears North 00°23'04" East a distance of 126.68 feet from the Southeast corner of that parcel of land described in said Special Warranty Deed recorded as Reception No. 20070047224.

It is the intent of this property description that the sidelines of said strip of land be extended or shortened to intersect at the angle points of the sidelines and all changes of width of said strip of land and that said sidelines terminate at the Southerly line of that parcel of land described in that Warranty Deed recorded as Reception No. 0099092866 and at that Easterly line of that parcel of land described in that Special Warranty Deed recorded as Reception No. 20070047224.

PROPERTY DESCRIPTION

Exhibit-Airpark Village, LLC

(2 of 2)  
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Said waterline easement contains 244,932 sq. ft. or 5.623 acres, more or less (±), and is subject to ~~any rights-of-way or other easements of record or as now existing on said described parcel of land~~

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Said waterline easement will be benefited by a temporary construction easement being Seventy-five (75) feet wide adjoining to the ~~Southwesterly, Westerly and Southerly~~ sidelines of said waterline easement, beginning on said Southerly line of that parcel of land described in said Warranty Deed recorded as Reception No. 0099092866 and terminating on said Easterly line of that parcel of land described in said Special Warranty Deed recorded as Reception No. 20070047224.

Said temporary construction easement contains 454,079 sq. ft. or 10.424 acres, more or less (±), and is subject to ~~any rights-of-way or other easements of record or as now existing on said described parcel of land~~

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