

**TOWN OF CASTLE ROCK/UNITED WATER AND SANITATION DISTRICT
SPOT WATER LEASE AGREEMENT**

THIS SPOT WATER LEASE AGREEMENT (the “Agreement”) is entered into on _____, 2026, by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town the Castle Rock Water Enterprise, as Lessor (the “Town”), and United Water and Sanitation District, as Lessee (“Lessee”) (collectively, the Town and Lessee are referred to as the Parties).

RECITALS

WHEREAS, the Town owns certain water in the Chatfield Basin that is reusable and fully consumable after its first use for municipal purposes by the Town; and

WHEREAS, from time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”); and

WHEREAS, the Town anticipates it will have Surplus Water available from time to time in 2026; and

WHEREAS, Lessee desires to lease a certain portion of the Surplus Water from the Town for use as an augmentation source for municipal purposes for its partners in accordance with the terms and conditions of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and Lessee agree as follows:

1. Water Rights Lease. The Town hereby leases to Lessee a minimum of 20 acre-feet (AF) and up to a maximum of 200 AF of Surplus Water (“Leased Spot Water”), which will be made available to Lessee from April 22, 2026 through December 31, 2026, with deliveries not to exceed 2 AF per day.

2. Deliveries.

A. Amount. The Town shall provide Lessee each day with flow measurement data at the discharge point for the Leased Spot Water for the preceding day. Notwithstanding the notice requirements below, the Town may provide flow measurement data by phone, fax, email or other suitable means to assure effective delivery management. Actual day-to-day deliveries that the Town guarantees a minimum of 0.01 AF will be available daily unless the Water Commissioner declares the Plum Creek is not a live stream at the Titan Gage. Lessee may verify at any time the accuracy of the flow measurement device used by the Town to measure the Leased Spot Water at the discharge point.

B. Location. Release from Chatfield Reservoir into the main stem of the South Platte River. Lessee shall take delivery of the Leased Spot Water at any facility Lessee owns, operates, or in which Lessee has the legal ability to store water on the South Platte River.

C. Acceptance of Deliveries. Subject to the non-refundable payment obligation below, Lessee may either accept or decline delivery of any portion of the Leased Spot Water the Town delivers in accordance with this Agreement. Acceptance of delivery will be confirmed only by inclusion of Leased Spot Water in substitute water supply plan or augmentation plan accounting described below.

D. Accounting. Beginning on the 1st of each month, Lessee shall provide the Town with a weekly accounting of the water it uses from this supply as an exchange. Lessee shall supply the Town its exchange accounting on a monthly basis, no later than the fifteenth day of the month, following the month of accounting, or on a more frequent basis and at the times required to report to the water commissioner or division engineer as required by the Division of Water Resources.

3. Lease Rate. Lessee shall pay to the Town \$8,400.00 for the first 20 AF of Leased Spot Water and \$420.00 for each additional AF of Leased Spot Water delivered hereunder. Payment for the first 20 AF of Leased Spot Water shall be made by no later than 30 days following the execution of this Agreement by both Parties and is non-refundable. Payment for the total quantity leased, less the initial payment, shall be made 30 days following the final day of the release as set forth in Section 1 herein.

4. Quality of Leased Water. Leased Water shall be delivered "as is," but shall be of a quality that meets all standards and effluent limitations specified in Colorado Discharge Permit System Permit No. CO-0038547, as amended, or in any other discharge permit issued by the Colorado Water Quality Control Division or by the U.S. Environmental Protection Agency authorizing discharges from the Plum Creek Water Reclamation Authority facility. The quality of such water shall be measured at the authorized discharge point(s) specified in any such discharge permit. By entering into this Agreement and by accepting and using the Leased Spot Water, Lessee acknowledges that such water meets the requirements of this Agreement and is suitable for exchange purposes.

5. Lease Term. The term of this Agreement shall commence upon its execution and expire December 31, 2026. By mutual written agreement of the Parties, this Lease Agreement may be renewed on the same or on different terms.

6. Lessee's Obligations. Lessee's obligations under this Agreement are limited to making the payments as described in paragraph 3 above.

7. Notice. All notices which may be required to be given by either Party to the other shall be made in writing and either hand delivered or sent by first class United States mail, postage prepaid, addressed as follows, or by facsimile, or via electronic means:

If to Town: Town of Castle Rock
Castle Rock Water
Attn: Lauren Moore, Water Resources Manager
175 Kellogg Court
Castle Rock, CO 80109
lmoore@crgov.com

With a copy to: Town of Castle Rock
Town Attorney's Office
Attn: Michael J. Hyman, Town Attorney
100 N. Wilcox Street
Castle Rock, CO 80104
mhyman@crgov.com

If to United: United Water and Sanitation District
Attn: Drew Damiano
8301 E. Prentice Avenue, #120
Greenwood Village, CO 80111

With a copy to: David F. Bower
Johnson & Repucci LLP
850 W. South Boulder Road, Suite 100
Louisville, CO 80027
Dfbower@j-rlaw.com

8. Assignment. Lessee may not assign its rights hereunder without the prior written consent of Lessor, which may be withheld in Lessor's sole discretion. In the event that Lessor consents to an assignment of Lessee's rights hereunder, the assignee shall execute an assumption agreement pursuant to which it shall assume Lessee's obligations hereunder. The terms of such assumption agreement must be approved by Lessor.

9. Entire Agreement. This Agreement represents the entire Agreement between the Parties on the matters set forth herein and supersedes all prior negotiations, representations or agreements respecting said matters whether written or oral.

10. Binding Effect. The execution of this Agreement by the Town and the Lessee constitutes the execution of a binding lease agreement by the Parties on the terms and conditions contained herein and may not be modified except in writing signed by both Parties. This Lease shall be binding on the Parties' respective successors and assigns.

11. Controlling Law. This Lease Agreement shall be governed under, and construed pursuant to the laws of the State of Colorado.

(Signature page to follow)

LESSOR:

ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director of Castle Rock Water

LESSEE:

UNITED WATER AND SANITATION DISTRICT

By: _____

Name: Robert A. Lembke

Its: President

APPROVED
as to
FORM *SS*

STATE OF COLORADO)

) ss.

COUNTY OF Arapahoe)

The foregoing instrument was acknowledged before me this 20th day of April, 2026, by Robert A. Lembke, as President for the United Water and Sanitation District.

Witness my official hand and seal.

My commission expires: 10/8/2028

[SEAL]

Mary Bates
Notary Public

