

**EXTRATERRITORIAL WATER
AND WASTEWATER SERVICE AGREEMENT
BETWEEN THE TOWN OF CASTLE ROCK AND THE PLUM CREEK TRUST**

DATE: March ____, 2024

PARTIES: TOWN OF CASTLE ROCK, ACTING BY AND THROUGH THE CASTLE ROCK WATER ENTERPRISE, whose address is 175 Kellogg Court, Castle Rock, Colorado, 80109 (the "Town"). **THE PLUM CREEK TRUST**, whose address is 5 Canon Place, Greenwood Village, Colorado 80111 (the "Customer").

RECITALS:

- A. The Town is the owner and operator of municipal water and wastewater systems.
- B. The Customer is owner of a parcel of land in unincorporated Douglas County, Colorado legally described in **EXHIBIT A**, upon which the Town currently owns a reservoir and other water infrastructure (the "Reservoir Property").
- C. The Customer and the Town entered into a Purchase and Sale Agreement dated March 8, 2024 ("PSA") whereby the Town seeks to buy and the Customer seeks to sell the Reservoir Property.
- D. The Customer also owns three other parcels in unincorporated Douglas County, Colorado, legally described in **EXHIBIT B** (collectively the "Property"), which the Customer proposes to develop with up to six hundred (600) single family residences and related appurtenances.
- E. As partial consideration for the Customer's sale of the Reservoir Property to the Town pursuant to the PSA, the Customer seeks to connect the Property to the Town's municipal water system.
- F. The Customer also seeks to connect the Property to the wastewater system to be constructed by the Town pursuant to the Intergovernmental Agreement between the Town of Castle Rock and Douglas County for the Highway 85 Wastewater Collection and Treatment System dated May 2, 2023 ("Wastewater IGA").
- G. Section 13.12.040 of the Castle Rock Municipal Code ("Code") authorizes the Town to extend water and wastewater services to properties outside the Town's boundaries pursuant to a contract for extraterritorial water and wastewater service, which contract shall specify the terms and conditions for service extension.

H. Concurrently with closing on the Reservoir Property, the parties intend to execute this Agreement to set forth the terms and conditions upon which the Town agrees to provide water and wastewater services to the Property.

AGREEMENT:

NOW, THEREFORE, in consideration of these mutual promises, the Town and the Customer covenant and agree as follows:

1. Condition Concurrent. This Agreement shall be valid and enforceable upon closing on the Reservoir Property, described in **EXHIBIT A**, thereby transferring ownership of the Reservoir Property to the Town.
2. Service Commitment. This Agreement is entered into for the express and intended purpose of committing the Town to furnish water service and wastewater service as necessary to serve up to six hundred (600) single family residences on the Property. The Town shall provide water service and wastewater service, subject to the terms of this Agreement, including but not limited to the dedication of groundwater rights, provision of renewable water rights, payment of all applicable system development fees, renewable water resources fees, service charges, and other applicable fees including a ten (10) percent extraterritorial surcharge based on the Town's then-current in-Town fees and the fees developed for the service area described in the Wastewater IGA, provided, however, that if the Town provides more favorable terms to any other person or entity for extraterritorial service, the same terms will be provided to the Customer. The Town will provide a "Will Serve Letter" and other documents consistent with the requirements of Douglas County, including any requirements under the Wastewater IGA, for the Customer's use in obtaining development rights from Douglas County.
3. Interpretation and Construction. This Agreement shall be interpreted to further the following fundamental concepts, unless expressly provided to the contrary in this Agreement.
 - 3.1. The Property shall receive water service to the same level and standards and be subject to the same requirements as properties and customers within the Town except for a ten (10) percent extraterritorial surcharge on all fees and charges and any other exceptions specifically set forth in this Agreement. The provision of water service will be governed by the Town's then-current Code and then-current regulations, provided, however, that the Code and regulations shall be applied to the Property and properties within the municipal limits of the Town in a uniform and non-discriminatory manner.
 - 3.2. The Property shall receive wastewater service to the same level and standards and be subject to the same requirements as properties and customers within the Highway 85 wastewater service area as shown in the Wastewater IGA ("Highway 85 Service Area"), including any extraterritorial surcharge specified in the Wastewater IGA, except as specifically set forth in this Agreement. The provision of wastewater service will be governed by the Town's then-current Code and then-current regulations, provided, however, that the Code and regulations shall be

applied to the Property and other properties within the Highway 85 Service Area, in accordance with the Wastewater IGA, in a uniform and non-discriminatory manner.

4. Water Main Extension. The Customer shall either extend or enter into a future construction contract with the Town to extend a water main from the Town's municipal water transmission line to the Property ("Water Main Extension") or pay any costs for the Town to obtain transmission capacity in the Dominion Water and Sanitation Eastern Regional Pipeline ("Dominion Pipeline"). The decisions of: (i) whether to construct the Water Main Extension or to obtain capacity in the Dominion Pipeline; and (ii) the location of the connection for water service shall be based on the most cost-effective option for the Customer and the Town. Any extension shall be undertaken in accordance with Chapter 13.08 of the Code and all applicable public works and Castle Rock Water regulations.

5. Water Service Connections. The Customer shall either install or enter into a future construction contract with the Town to install connections to the Water Main Extension or the Dominion Pipeline, as applicable, for: (i) domestic, (ii) irrigation and (iii) fire protection water service. As used herein, "Water Service Connections" means connections to the Water Main Extension or the Dominion Pipeline, as applicable, and all water service lines within the Property, except for lines within individual platted lots. The locations of the Water Service Connections shall be based on the most cost-effective option for the Customer and the Town. The Water Service Connections shall be of sufficient size to meet the needs of the Customer, as reasonably determined by Customer's engineer and approved by the Town. All Water Service Connections shall be undertaken in accordance with Chapter 13.08 of the Code and all applicable public works and Castle Rock Water regulations.

6. Hydrant System. The Customer shall either install or enter into a future construction contract with the Town to install fire hydrants on the Property (the "Hydrant System"). Such installation shall be undertaken in accordance with the recommendations of the Castle Rock Fire Protection District and the requirements set forth in the then-current International Fire Code adopted by the Town, so long as such requirements are also consistent with any requirements of Douglas County or the West Douglas County Fire Protection District.

7. Wastewater Service Connection. The Customer shall either install or enter into a future construction contract with the Town to install a connection to the Highway 85 wastewater collection and treatment system ("Highway 85 System") described in the Wastewater IGA (the "Wastewater Main Connection"). The location of the connection for wastewater service shall be based on the most cost-effective option for the Customer and the Town. Such installation shall be undertaken in accordance with the Wastewater IGA, Chapter 13.08 of the Code and all applicable public works and Castle Rock Water regulations.

8. Wastewater Service Connections. The Town shall install or shall allow the Customer to install connections to the Wastewater Main Extension. As used in this Agreement, "Wastewater Service Connections" means the connections to the Wastewater Main Extension and all sewer service lines within the Property, except for those lines within individual platted lots. The locations

of the Wastewater Service Connections shall be based on the most cost-effective option for the Customer and the Town. The Wastewater Service Connections shall be of sufficient size to meet the needs of the Customer, as reasonably determined by Customer's engineer and approved by the Town. Such installation shall be undertaken in accordance with the Wastewater IGA, Chapter 13.08 of the Code and all applicable public works and Castle Rock Water regulations.

9. Responsibility and Costs. The Customer shall be responsible for obtaining all required easements and permits for connecting to Town's water and wastewater systems, including any permits required by Douglas County. The Customer shall bear all costs and expenses associated with the Water Main Extension, the Water Service Connections, the Hydrant System, Wastewater Main Connection and Wastewater Service Connections, including, but not limited to those associated with: easements; land use approvals; permits, including Town's permit and review fees; planning; designing; financing; materials; and installation and labor. To the extent practical, the Water Main Extension and the Wastewater Main Connection shall be placed in existing easements owned by the Town without charge to Customer for use of the easements. Customer shall not be charged a fee for use of any easements crossing the Property or the Reservoir Property. The Town shall not perform any services for Customer without entering into a future contract that details the scope and cost of services, provided that charges to Customer shall be limited to the Town's actual costs, including administrative costs.

10. Utility Plan Review. The Customer shall submit all plans for the design and installation of the Water Main Extension, the Water Service Connections, the Hydrant System, Wastewater Main Connection and Wastewater Service Connections to the Town for review and approval in advance of construction. The design of the Water Main Extension, Water Service Connections and Hydrant System shall fully comply with the then-current water system design criteria manual. The design of the Wastewater Main Connection and Wastewater Service Connections shall fully comply with the Town's then-current wastewater collection system design criteria manual and any other design criteria required as part of the Wastewater IGA. The Town shall respond to such submissions in such manner and within the same timelines that it responds to submissions related to properties within the Town's service area boundaries.

11. Ownership and Maintenance. Upon completion of the installations to the satisfaction of the Town, the Customer shall convey the Water Main Extension, the Water Service Connections, the Hydrant System, Wastewater Main Connection and Wastewater Service Connections to the Town in accordance with the requirements of Chapter 15.56 of the Code. Thereafter, the Town shall own and be responsible for operation and maintenance of the water and wastewater service lines on the Property outside the individual platted lots. The Customer shall continue to own and be responsible for all operation and maintenance of the water and wastewater service lines within individual platted lots on its Property as provided by Section 13.12.050 of the Code.

12. Exclusivity. The provision of domestic, irrigation and fire protection water service and wastewater service shall be exclusive to the Property. No other connections to the Town water and wastewater systems will be allowed without the prior written consent of the Town.

13. Cost of Water Service. The Customer shall be responsible for paying the one-time Town water system development fee and renewable water resources fee. The Customer shall also be responsible for paying the Town's monthly water service charges. All system development fees and monthly service charges to be paid by the Customer hereunder will be subject to the Town's ten (10) percent extraterritorial surcharge for water and the then-current water rates and fees that are approved by the Town Council. The Town's water rates for delivery to the Property shall be at the Town's standard rates for providing water service within the Town's municipal service area, plus the surcharge. The parties acknowledge that the Town's standard rates are established and assessed in accordance with accepted standards and methods utilized in the industry and that reasonably recover the Town's costs of providing water service within the Town's municipal service area.

14. Cost of Wastewater Service. The Customer shall be responsible for paying the "System Development Fees" as such term is defined in Section 1.Y of the Wastewater IGA. The Customer shall also be responsible for paying the Town's then-current wastewater service charges for the Highway 85 Service Area. All system development fees and monthly service charges to be paid by the Customer hereunder will be subject to the Town's ten (10) percent extraterritorial surcharge, as provided in the Wastewater IGA. The parties acknowledge that the Town's rates for the wastewater for the Property shall be established and assessed in a manner that is in accordance with accepted standards and methods utilized in the industry and that reasonably recover the cost to the Town of providing wastewater service to properties served by the Highway 85 System only, plus the surcharge. The costs for Highway 85 System will not be considered in the establishment of wastewater rates for wastewater service within the Town's service area or for other extraterritorial service other than service via the Highway 85 System.

15. Conservation Standards. The Customer shall comply with the Town's then-current conservation standards, including those described in the then-current Water Efficiency Master Plan. The Customer shall design and install all landscaping for the Property using Coloradoscape design elements in accordance with the Town's then-current landscape and irrigation criteria manual. The Customer shall submit plans for landscaping to the Town that address the Town's water demand concerns for review and approval in advance of installation. The Town shall respond to such submissions in such manner and within the same timelines that it responds to submissions related to properties within the Town's service area boundaries.

16. Water Right Dedication.

16.1. As a condition to receiving water and wastewater services from the Town, the Customer shall convey all right to and interest in the tributary, nontributary and not nontributary water rights associated with the Property, except as detailed herein. The Customer shall reserve and may continue to withdraw or divert and use: i) 0.5 cfs of surface water from the Chandler Seep, decreed for irrigation use in CA 3635, District Court, Water Division No. 1, with an appropriation date of July 7, 1955; ii) three (3) average annual acre feet of Denver aquifer groundwater associated with Well Permit No. 155684; (iii) three (3) average annual acre feet of Denver aquifer groundwater associated with Well Permit No. 221276; and (iv) 20 gpm maximum yield of groundwater associated with Well Permit No.

29001. Future conveyance and dedication of the reserved water rights is described in Section 20.

16.2. Subject to Section 16.1, the Customer shall convey all water rights to the Town by special warranty deed, free of liens, encumbrances or other title defects, in the form attached as **EXHIBIT C**. The conveyance shall transfer to Town the right to use, reuse, lease or sell the water associated under the water rights. The Customer shall execute such further reasonable and additional instruments of conveyance and other documents which Town reasonably determines necessary to grant to the Town the exclusive ownership, management and control of the water rights.

16.3. Subject to Section 16.1, Customer covenants and agrees that it shall refrain from pumping and from allowing third parties to pump any nontributary (NT) and not nontributary (NNT) groundwater underlying the Property (“Property Groundwater”) to ensure that the Town acquires the maximum legal and physical water supply underlying the Property as a condition of water service. Customer’s covenant shall be effective on the date of this Agreement and shall continue until: i) the Property Groundwater is conveyed to the Town; or ii) this Agreement is terminated by the parties. For each subdivision platted for the Property, the NT and NNT Groundwater underlying the subdivision shall be conveyed to the Town at such time as Douglas County approves each Final Plat of a subdivision of the Property (“Plat”).

16.4. The Property Groundwater has not been adjudicated by the District Court, Water Division No. 1 (“Water Court”). The parties estimate that the following average annual volumes underlie the Property using the “Aquifer Determination Tool” created by the Division of Water Resources (“Tool”). The average annual volumes of groundwater shall be determined by a decree of the Water Court at the sole cost and expense of the Town.

<i>Parcel</i>	<i>Aquifer</i>	<i>Estimated Average Annual Allowable Withdrawal (AF)</i>	<i>Type</i>
Western	Denver	110.43	NNT
257.06 acres	Arapahoe	152.86	NT
	Laramie-Fox Hills	67.83	NT
Eastern	Denver	29.31	NNT
63.75 acres	Arapahoe	34.79	NT
	Laramie-Fox Hills	16.51	NT
Southern	Denver	110.33	NNT
212.5 acres	Arapahoe	125.9	NT
	Laramie-Fox Hills	56.26	NT

16.5. Upon closing on the Reservoir Property, the Town will acquire all right to and interest in the NT and NNT groundwater underlying the Reservoir Property by special warranty deed (“Reservoir Property Groundwater”). As partial consideration for the

Customer’s sale of the Reservoir Property to the Town, the Town shall treat the conveyance of the Reservoir Property Groundwater as if it were dedicated to the Town, pursuant to Section 4.04.080 of the Code. The Reservoir Property Groundwater has not been adjudicated by the Water Court. The parties estimate that the following average annual volumes underlie the Reservoir Property using the Tool. The average annual volumes of groundwater shall be determined by the Water Court at the cost and expense of the Town.

<i>Parcel</i>	<i>Aquifer</i>	<i>Estimated Average Annual Allowable Withdrawal (AF)</i>	<i>Type</i>
Reservoir	Denver	63.06	NNT
144.78 acres	Arapahoe	83.22	NT
	Laramie-Fox Hills	37.79	NT

17. Future Easements. The locations of water and wastewater infrastructure needed to provide service to the Property and, thus, the locations of water and wastewater easements are not currently known.

17.1. Water. The Customer agrees to grant to the Town any and all easements on the Property that the Town may need to access, operate, maintain, repair and replace any and all water infrastructure to pump, measure and convey the Property Groundwater, the Reservoir Property Groundwater and/or any renewable water for use by the Town and to provide water service to the Property, at no additional cost to the Town. The Customer and the Town agree to negotiate in good faith as to the locations of such easements, but the Customer cannot unreasonably withhold approval of any easement locations that the Town determines are necessary for the provision of water service for the Property or for withdrawal and conveyance of the Property Groundwater, the Reservoir Property Groundwater or conveyance of renewable water, provided the location of such easements may not prohibit or unreasonably interfere with the Customer’s development or use of the Property. The Town’s requirement to provide water service to the Property is expressly contingent on obtaining acceptable easements for water infrastructure necessary to serve the Property, for withdrawal and conveyance of the Property Groundwater, the Reservoir Property Groundwater and conveyance of renewable water, if necessary. If the Town wishes to use any of the Groundwater or any renewable surface water solely for service outside of the Property, or wishes to place pipelines or other facilities or equipment on the Property solely for service outside of the Property, Customer will negotiate in good faith with the Town to determine reasonable locations that do not prohibit or unreasonably interfere with development or use of the Property and terms of any easements on the Property that may be necessary for such service, including payment of market rate for such easements.

17.2. Wastewater. The Customer agrees to grant to the Town any easements on the Property the Town may need to access, operate, maintain, repair and replace any and all wastewater infrastructure to provide wastewater service to the Property, at no additional cost to the Town. The Customer and the Town agree to negotiate in good faith as to the

locations of such easements, but the Customer cannot unreasonably withhold approval of any easement locations that the Town determines are necessary for the provision of wastewater service to the Property, provided the location of such easements may not prohibit or unreasonably interfere with the Customer's development or use of the Property. The Town's requirement to provide wastewater service to the Property is expressly contingent on obtaining acceptable easements for wastewater infrastructure to serve the Property. If the Town wishes to place pipelines or other facilities or equipment on the Property for the purpose of solely serving properties other than the Property, Customer will negotiate in good faith with the Town to determine reasonable locations that do not prohibit or unreasonably interfere with development or use of the Property and terms of any easements on the Property that may be necessary for such service, including payment of market rate for such easements.

17.3. Third Party Properties. As detailed in Section 9, the Customer is responsible for obtaining all easements needed for water and wastewater service for the Property, including easements on properties owned by third parties. The Town may, at the Town's discretion, exercise its eminent domain powers to acquire easements on properties owned by third parties, if the Customer reasonably determines it is unable to secure the easements. The Customer shall bear all costs of condemnation including but not limited to appraisal, expert witness, attorney's fees, just compensation for the property acquired, if compensation is required, and the Town's actual administrative costs associated with the condemnation, without any surcharge. The Town shall not unreasonably delay, condition or deny the use of its eminent domain powers upon receipt of a written request from the Customer.

18. Water Credit. Under the Code, Denver Basin groundwater is converted into development entitlements, referred to as a "Water Credit." The Water Credit is expressed as a single-family equivalent ("SFE"). SFEs are assigned to residential, commercial and irrigation uses under the Code. The Customer acknowledges that, under Section 4.04.080.D. of the Town's current Code, no Water Credit is awarded for not nontributary groundwater and for nontributary groundwater in the Laramie-Fox Hills aquifer outside of the Town's service area boundaries. The Water Credits for the Property Groundwater may be granted and recorded incrementally over time as the Property Groundwater is conveyed to the Town. Water Credits shall be incrementally granted and recorded in proportion to the amount of Groundwater conveyed to the Town.

18.1. Reservoir Property Water Credits. Upon conveyance of the Reservoir Property Groundwater to the Town, Customer will be granted seventy-five (75) SFEs of Water Credit, which the Town shall record in the Groundwater Bank, as provided in Sections 18.4 and 18.5, below.

18.2. Property Water Credits. Upon conveyance of the Property Groundwater to the Town, the Town shall calculate the Customer's Water Credit based on the Town's then-current Code and regulations using the Estimated Average Annual Allowable Rate of

Withdrawal listed in Paragraph 16.4, above, and such Water Credit shall be granted to Customer and recorded in the Groundwater Bank, as provided in Section 18.4 and 18.5, below.

18.3. Additional Groundwater Dedication. The Town and the Customer agree that the water demand under the groundwater dedication code for the Property has not been determined. Upon the Town's calculation of the water demand under the Code, the Town will determine the groundwater dedication requirement for the development pursuant to Sections 4.04.050 and 4.04.080.C of the Code. If the demand exceeds the number of Water Credits associated with the Property Groundwater and Reservoir Property Groundwater, the Customer shall meet its groundwater dedication requirement in the manner authorized by Section 4.04.080.C.2. of the Code.

18.4. Groundwater Bank. In order to properly account for the Water Credit, Town shall administratively maintain an account designated as the **Plum Creek Trust Groundwater Bank** ("Water Bank"). The Water Bank shall be debited or credited from time to time upon the grant of Water Credits to customer, the Customer's application of any portion of the Water Credit, or adjustments to water demand determinations, in accordance with Section 18.5.

18.5. Application of Water Credit. Unless otherwise directed by the Customer, Water Credit shall be credited or debited to the Water Bank:

18.5.1.1. Upon conveyance of the Reservoir Groundwater or the Property Groundwater to the Town;

18.5.1.2. At the time of Douglas County's approval of one or more plat(s) ("Plat") to the extent the water demand for private and public uses can be determined at such Plat approval;

18.5.1.3. Subsequently adjusted at the time of building/irrigation permit issuance for those uses not accounted for at the time of Plat approval, or as necessary to reflect specific SFE assignment determined at building permit; and

18.5.1.4. At the time all potable and irrigation tap sizes are known for each Plat of the Property.

18.6. Accounting. The Customer may request in writing an accounting of all entries made to the Water Bank and the current balance. Any objections raised by the Customer regarding any entry shall be reviewed by the Town, and the Town shall provide Customer written

notice of the Town's final determination on the accounting. The Town's determination of SFE requirements for properties after such review shall be final and binding, if made in accordance with this Agreement.

18.7. Ownership and Transfer of Water Credit. The Water Credit, or any portion thereof, may be allocated by the Customer, in Customer's discretion, at the time of approval of any Plat within the Property for the use and benefit of the portion of the Property subject to such Plat ("Allocated Water Credit") upon the issuance of notice of such allocation by the Customer to the Town. Upon notification, the Allocated Water Credit may be used exclusively for the portion of the Property subject to such Plat, except that any Allocated Water Credit, or portion thereof, that has been applied to a portion of the Property may be transferred for use on other portions of the Property upon the written request of the Customer and upon the Town's written approval, which shall not be withheld unreasonably.

18.8. Security Interest. The Customer may grant a security interest in the Water Credit to a creditor, provided that such creditor's use of the Water Credit upon foreclosure of the security interest shall be subject to all rights, conditions and restrictions contained in this Section 18, and further provided, however, any Water Credit "debited" from the Water Bank pursuant to Section 18.4 shall no longer be subject to such collateral assignment, irrespective of whether or not the secured party has expressly consented to such application of SFEs.

18.9. Use on Property. The Water Credit may not be assigned or transferred for use on properties other than the Property. Any unused portion of the Water Credit remaining after full buildout of the Property shall revert to the Town, at no cost or obligation to Town.

19. Renewable Water Resources. As a condition to receiving water and wastewater service from the Town, the Customer shall provide new renewable water resources to the Town in accordance with the requirements set forth in Section 4.04.045 of the Code and the Wastewater IGA, except as expressly provided in this Agreement. The Town and the Customer agree that Customer's provision of renewable water resources to the Town per the Code also meets any requirement to provide renewable water resources per the Wastewater IGA. The Town and the Customer agree that the actual maximum water demand for the Property has not been determined. Upon the Town's calculation of the actual maximum water demand, the Town will calculate the number of acre feet of Renewable Water Resources that are required for the development based on the then-current Code. Upon execution of this Agreement, the Town grants the Customer ninety (90) acre feet of credit towards Renewable Water Resources that can be used for the Property only. Thus, the Customer shall be responsible for providing one (1) additional acre foot of Renewable Water Resources for each one (1) additional acre foot of actual maximum water demand in excess of ninety (90) acre feet. The Customer shall do one or a combination of the following to provide sufficient Renewable Water Resources in excess of ninety (90) acre feet: (i) exercise the option detailed in Section 19.1 or ii) acquire sufficient Renewable Water Resources as detailed in Section 19.2.

19.1. Option. Town hereby grants the Customer an option (the "Option") to fund any future Projects on the terms and conditions set forth in this Agreement. "Project(s)" means the Town's (i) acquisition of Renewable Water Resources or (ii) implementation of Irrigation Demand Reduction Measures. "Renewable Water Resources" means (i) Renewable Water Right(s) acceptable to the Town, in the Town's sole discretion, that may be lawfully used, or reasonably changed by the appropriate Water Court for lawful use, within the Town's service area; (ii) facilities used to withdraw, treat, store, and deliver, or to capture, reclaim and reuse Renewable Water; and (iii) property interests, legal rights and entitlements that support the use and delivery of Renewable Water Resources. "Irrigation Demand Reduction Measures" means any renovation of existing landscaping on publicly- or privately-owned irrigated lands served by the Town's water system and undertaken in accordance with the Town Landscape and Irrigation Criteria Manual that results in a verifiable reduction of the then-current water demand for such lands, as determined by the Town in its sole and reasonable discretion. Customer's right to participate in any Project shall be contractually senior to all other entities except the developer of Canyons Far South. The developer of Canyons Far South is the only entity with an option contractually senior to Customer under this Section 19.1.

19.1.1. *Term of Option*. The Option shall commence upon satisfaction of the condition concurrent described in Section 1 and shall terminate on the date upon which the Customer's obligation under Section 19 to provide Renewable Water Resources to the Town has been fully satisfied.

19.1.2. *Option Notice*. As opportunities become available to Town to undertake a Project, Town shall notify the Customer of such opportunity in writing (the "Option Notice"). At a minimum, such notice shall include:

- (i) a description of the Project(s) and the anticipated closing or completion date;
- (ii) the Renewable Water Credit (i.e., the total amount of acre feet that may be credited to the Customer's Renewable Water Resources requirement for the Property);
- (iii) the blended Project Funding Price (i.e., the total payment that the Town will require from the Customer to fund a Project(s), as determined by the Town in its sole and reasonable discretion);
- (iv) the estimated date on which payment of the Project Funding Price to the Town will be due, which shall be only when the Project is reasonably certain to proceed; and

(v) the period of time within which the Customer shall have from the delivery of the Option Notice to determine whether to participate in the Project(s) (the "Consideration Period").

19.1.3. *Consideration Period.* During the Consideration Period, the Customer, at its sole and reasonable discretion, may elect to exercise or decline to exercise the Option for such Project. The Customer may elect to exercise the Option for such Project by paying the blended Project Funding Price on or before the date specified in the Option Notice. The Customer may decline the Option for such Project at any time prior to the expiration of the Consideration Period by providing written notice (the "Declination Notice"). In such event, the Consideration Period for such Project shall terminate as of the delivery of the Declination Notice to the Town. The Customer may also decline by failing to timely exercise the Option for such Project during the applicable Consideration Period. Upon termination of the applicable Consideration Period, the Town may elect to offer the Option to fund such Project(s) to any other entity with a junior contractual priority than the Customer. In no event shall the Customer's decision to decline an Option or failure to exercise an Option to fund a particular Project cause the termination of this Agreement, or otherwise modify the Customer's rights pursuant to the terms of this Agreement to fund future Projects.

19.1.4. *Renewable Water Credit.* Upon exercise of an Option by the Customer, payment in full of the Project Funding Price by the Customer, and closing of the Project by Town, the Town shall deem that Renewable Water Resources have been provided by the Customer within the meaning of Section 19 and grant the Customer a Renewable Water Credit in the amount set forth in the Option Notice. At such time, the Option Notice shall be amended to reflect such payment and concurrent grant and, thereafter, attached as an exhibit to this Agreement and credited to the Renewable Water Bank described in paragraph 19.4. If a Project is not closed by Town for any reason, Town shall notify the Customer and the Project Funding Price shall be returned to the Customer within thirty (30) days following the delivery of such notice. In such event, the Town shall not grant the Customer a Renewable Water Credit. Further, Owner shall have no recourse whatsoever against Town for Town's decision not to close on a Project.

19.1.5. *Recurring Option.* The Customer's rights under this Section 19.1 shall be recurring and shall apply to each Project the Town proposes to acquire or implement, as applicable; provided, however, that upon the Customer's rejection or deemed rejection of an Option as set forth in Section 19.1.3 above, the Customer will have no further rights under this Section 19.1 with respect to that Option only. The Customer's contractual priority as set forth in Section 19.1 shall not be impacted by its election, rejection or deemed rejection of any Option.

Notwithstanding the foregoing, the Town may re-offer any Option previously rejected or deemed rejected to the Customer, if the total amount of Renewable Water Credit from such Project was not fully claimed by any other developments.

19.2. Acquisition. The Customer may convey to the Town Renewable Water Resources, that are not part of a Project, but only if the Town approves of such Renewable Water Resources in advance in writing. The Town shall have sole discretion to approve or deny any Renewable Water Resources that are not part of a Project. The Customer shall provide, at its sole cost and expense, a title opinion on which the Town may rely from a qualified water attorney that concludes that the Customer has good and marketable title, free and clear of all liens and encumbrances to the Renewable Water Resources. Renewable Water Resources shall be conveyed to the Town by special warranty deed generally consistent with the form attached as **EXHIBIT C**, upon which conveyance of said Renewable Water Resources shall be deemed to have been provided to Town within the meaning of this Section 19.

19.3. Condition of Service. The requirement to provide Renewable Water Resources shall be distinctly separate from, and in addition to, the water rights dedication requirement in Sections 16 and 18.2 and the payment of a renewable water resources fee pursuant to Section 13. On or before the issuance of any Plat by Douglas County, the Customer shall provide one (1) acre-foot of Renewable Water Resources to the Town for each one (1) acre-foot of estimated maximum demand for water authorized by said Plat in excess of ninety (90) acre-feet. Town shall not be obligated to provide water service for any portion of the Property for which sufficient Renewable Water Resources have not been provided.

19.4. Renewable Water Resources Bank. In order to properly account for the Renewable Water Credit, the Town shall administratively maintain an account designated as the **Plum Creek Trust Renewable Water Resources Bank** ("Renewable Water Bank"). Upon execution of this Agreement, the Renewable Water Bank shall be credited with ninety (90) acre-feet of Renewable Water Credit. The Renewable Water Bank shall be debited or credited from time to time upon the Customer's acquisition of additional Renewable Water Resources, application of any portion of the Renewable Water Credit, or adjustment to water demands, in accordance with this Section 19.

19.5. Accounting. The Customer may request in writing an accounting of all entries made to the Renewable Water Bank and the current balance. Any objections raised by the Customer regarding any entry shall be reviewed by the Town and the Town shall provide Customer written notice of the Town's final determination. The Town's determination of SFE requirements for properties after such review shall be final and binding, if made in accordance with this Agreement.

19.6. Ownership and Transfer of Renewable Credit. The Renewable Credit, or any portion thereof, may be allocated by the Customer, in Customer's discretion, at the time of approval of any Plat within the Property for the use and benefit of the portion of the Property subject

to such Plat ("Allocated Renewable Credit") upon the issuance of notice of such allocation by the Customer to the Town. Upon notification, the Allocated Renewable Credit may be used exclusively for the portion of the Property subject to such Plat, except that any Allocated Renewable Credit, or portion thereof, that has been applied to a portion of the Property may be transferred for use on other portions of the Property upon the written request of the Customer and upon the Town's written approval, which shall not be withheld unreasonably.

19.7. Security Interest. The Customer may grant a security interest in the Renewable Credit to a creditor, provided that such creditor's use of the Renewable Credit upon foreclosure of the security interest shall be subject to all rights, conditions and restrictions contained in this Section 19, and further provided, however, any Renewable Credit "debited" from the Renewable Water Bank pursuant to Section 19.5 shall no longer be subject to such collateral assignment, irrespective of whether or not the secured party has expressly consented to such application of Renewable Credit.

19.8. Use on Property. The ninety (90) acre-feet of Renewable Water Credit may not be assigned or transferred for use on properties other than the Property. Any unused portion of the ninety (90) acre-feet of Renewable Water Credit remaining after full buildout of the Property or upon termination of this Agreement shall revert to the Town, at no cost or obligation to Town.

19.9. Buy-Back. If Customer: (i) has Renewable Water Credits in its Renewable Water Bank that Customer acquired pursuant to an Option to meet estimated maximum demand in excess of ninety (90) acre-feet; and (i) elects to forgo all water and wastewater services for the Property pursuant to this Agreement, then the Town may, in the Town's sole discretion, agree to buy-back the Renewable Water Credits in excess of ninety (90) acre-feet from the Customer for a purchase price not to exceed the price the Customer purchased such credits from the Town. If the Town elects not to purchase the Renewable Water Credits, then the Town shall allow Customer to offer the Renewable Water Credits in excess of ninety (90) acre-feet to one or more entities with then-current options with the Town to purchase Renewable Water Resources from the Town for a purchase price not to exceed the price Customer purchased such Renewable Water Credits from the Town. The Town has no obligation to purchase the Renewable Water Credits or to cause any third party to purchase the Renewable Water Credits from Customer.

20. Future Water Rights Conveyances.

20.1. The Customer did not dedicate or convey to the Town three (3) average annual acre feet of Denver aquifer groundwater associated with Well Permit No. 155684 and reserved it for domestic use, irrigation and livestock watering for an existing house on the Property (“Ranch House”). The Ranch House is served by a septic system. If the Ranch House connects to the Town’s water system and is on a subdivided parcel of less than three (3) acres then the Customer shall convey to the Town the three (3) average annual acre-feet of Denver aquifer groundwater by special warranty deed generally consistent with the form attached as **EXHIBIT C** and assign Well Permit No. 155684 to the Town, without any additional compensation. The Customer will not receive any additional Water Credit for the conveyance of Well Permit No. 155684 and the associated right to withdraw three (3) average annual acre feet of Denver aquifer groundwater.

20.2. The Customer did not dedicate or convey to the Town 0.5 cfs of surface water from the Chandler Seep, decreed for irrigation use in CA 3635, District Court, Water Division No. 1, with an appropriation date of July 7, 1955 and reserved it for use on the property on which Ranch House is located. If the land on which Ranch House is located is subdivided into a parcel of less than three (3) acres and connects to the Town’s water system, then the Customer shall convey to the Town the water right associated with the Chandler Seep by special warranty deed generally consistent with the form attached as **EXHIBIT C**, without any additional compensation. The Customer will not receive any additional Renewable Water Resources credit for the conveyance of the CA 3635 water right.

20.3. The Customer did not dedicate or convey to the Town three (3) average annual acre feet of Denver aquifer groundwater associated with Well Permit No. 221276 to the Town and reserved it for fire protection, domestic use, irrigation and livestock watering. When the Property Groundwater beneath the parcel where the well for Well Permit No. 221276 is located is conveyed to the Town, the Customer shall convey to the Town the three (3) average annual acre-feet of Denver aquifer groundwater by special warranty deed generally consistent with the form attached as **EXHIBIT C** and assign Well Permit No. 221276 to the Town, without any additional compensation. The Customer will not receive any additional Water Credit for the conveyance of Well Permit No. 221276 and the associated right to withdraw three (3) average annual acre feet of Denver aquifer groundwater.

20.4. The Customer did not dedicate or convey twenty (20) gallons per minute maximum rate of withdrawal of the Denver aquifer groundwater associated with Well Permit No. 29001 to the Town and reserved it for livestock watering. When the Groundwater beneath the parcel where the well for Well Permit No. 29001 is located is conveyed to the Town, the Customer shall convey to the Town the twenty (20) gallons per minute maximum rate of withdrawal of the Denver aquifer groundwater by special warranty deed generally consistent with the form attached as **EXHIBIT C** and assign Well Permit No. 29001 to the Town, without any additional compensation. The Customer will not receive any additional

Water Credit for the conveyance of Well Permit No. 29001 and the associated right to withdraw twenty (20) gallons per minute maximum rate of Denver aquifer groundwater.

21. Commencement of Development. Except as provided otherwise herein, execution of this Agreement by the Customer does not create any obligation upon Customer to commence or complete development of the Property within any particular timeframe.

22. No Statements of Opposition. The Customer hereby agrees that it shall not file a statement of opposition or otherwise participate as a party in existing or future water court applications or Colorado Groundwater Commission applications filed by the Town related to the Property Groundwater, the Reservoir Property Groundwater or any renewable water rights that can be used to serve the Property, so long as the Town has the contractual obligation to provide water and wastewater service for the Property.

23. Notice. Any notice allowed or required to be given under this Agreement shall be in writing and shall be deemed given when delivered (i) personally, or (ii) by confirmed email transmission, or (iii) on the first business day which is three (3) days following mailing by certified or registered mail, return receipt requested, postage prepaid, or (iv) the next business day after dispatch by nationally recognized overnight delivery service, in any event, addressed to the party's address as follows:

To Town: Director Castle Rock Water
Town of Castle Rock 175 Kellogg Court
Castle Rock, CO 80109
mmarlowe@crgov.com

With a copy to: Town Attorney
Town of Castle Rock 100 Wilcox Steet
Castle Rock, CO 80104
mhyman@crgov.com

Madoline Wallace-Gross
Lyons Gaddis, PC
950 Spruce Street, Unit 1-B
Louisville, CO 80027
mwg@lyonsgaddis.com

To Customer: The Plum Creek Trust
5 Canon Place
Greenwood Village, CO 80111
brhodes@eidebailly.com

With a copy to: Scott Clark
Burns, Figa & Will, P.C.
6400 S. Fiddler's Green Cir. #1000
Greenwood Village, CO 80111
sclark@bfwlaw.com

Thomas J. Ragonetti, Rachel D. Van Amburg
Otten Johnson Robinson Neff & Ragonetti, P.C.
950 17th Street, Suite 1600
Denver, Colorado 80202
tjr@ottenjohnson.com,
rvanamburg@ottenjohnson.com

24. Complete Agreement. Other than the PSA between the Parties, the Agreement supersedes any and all prior agreements, written and verbal, between the parties and constitutes the complete and entire agreement of the parties. Any provisions of the PSA that survive closing on the Reservoir Property remain valid.
25. Modification. This Agreement shall be modified in writing only, which writing must be executed by both parties in order to be effective.
26. Binding Effect This Agreement shall be binding on the parties and their respective successors and assigns.
27. Assignment. Owner may, in its sole discretion, assign its rights and obligations under this Agreement, with prior written consent from the Town. The Town's written consent shall not be unreasonably withheld.
28. Headings for Convenience Only. The paragraph headings are for convenience only and the substantive portions hereof control without regard to the headings.
29. Controlling Law and Venue. This Contract shall be governed under, and construed pursuant to, the laws of the State of Colorado. Venue shall be the District Court, Douglas County.
30. Attorneys' Fees. If any action or proceeding is commenced by either party to enforce its rights under this Agreement, the substantially prevailing party in such action or proceeding shall be awarded all reasonable costs and expenses incurred in such action or proceeding, including reasonable attorneys' fees and costs, in addition to any other relief awarded by the court or arbitrator.

TOWN:

ATTEST:

TOWN OF CASTLE ROCK,
acting by and through the Town of Castle Rock
Water Enterprise

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

EXHIBIT LIST

- A. Reservoir Property
- B. Property
- C. Form of Special Warranty Deed

Exhibit A

Legal Description of the Reservoir Property

A Parcel of Land located in Section 15, Township 7 South, Range 68 West of the 6th Principal Meridian, County of Douglas, State of Colorado, being more particularly described as follows:

Beginning at the East 1/4 corner of section 15, from whence the Southeast corner of Section 15 bears S 00 Degrees 47 Minutes 06 Seconds E, A distance of 2647.93' (Basis of Bearings).

Thence S00 Degrees 47 Minutes 06 Seconds E, Along the E line of the Southeast Quarter of said Section A distance of 192.37', Thence S 22 Degrees 20 Minutes 40 Seconds W, Departing said line, a distance of 789.62', Thence S 44 Degrees 14 Minutes 11 Seconds W, a distance of 260.35' Thence S 32 Degrees 17 Minutes 33 Degrees W, a distance of 73.77', to the Northerly Right-of-Way of Rio Grande Avenue, as described at Reception No. 20030712139 of the Douglas County Records, Thence N 89 Degrees 46 Minutes 42 Seconds W, along said Right of Way, a distance of 688.60', Thence S 65 Degrees 38 Minutes 29 Seconds W, a distance of 92.70', Thence N 85 degrees 23 Minutes 10 Seconds W, a distance of 185.30', to a point on the Northerly Right of Way of Douglas County Road No. 20, as described in Book 1992 Page 2036 of the Douglas County Records, Thence N 60 Degrees 43 Minutes 39 Seconds W, along said Right-of-Way a distance of 24.96', Thence along the arc of a tangent curve to the left having a radius of 675.00', a central angle of 43 Degrees 52 Minutes 20 Seconds, a chord which bears N 82 degrees 39 Minutes 49 Seconds W 504.32', a distance of 516.86' to a point of tangency, Thence S 75 Degrees 24 Minutes 01 Seconds W a distance of 40.79', Thence along the arc of a tangent curve to the left, having a Radius of 490', a central angle of 16 Degrees 20 Minutes 14 seconds, a chord which bears S 67 Degrees 13 Minutes 54 Seconds W 139.25', a distance of 139.72' to a nontangent line, Thence N 24 Degrees 25 Minutes 15 Seconds W, departing said Right of Way line a distance of 431.39', Thence N 24 Degrees 40 Minutes 30 seconds W, a distance of 442.68', Thence N 18 Degrees 04 Minutes 49 Seconds W, a distance of 141.96', Thence N 19 Degrees 05 Minutes 57 Seconds W, a distance of 385.75', Thence N 19 Degrees 04 Minutes 57 Seconds W, a distance of 563.79', Thence N 01 Degrees 28 Minutes 51 Seconds W, a distance of 276.07', Thence N 01 Degrees 13 Minutes 44 Seconds W, a distance of 381.13', to a point on the North line of the Southeast Quarter of the Northwest Quarter of said Section 15, Thence N 89 Degrees 36 Minutes 58 Seconds E, along said line, a distance of 271.54', to the Northeast corner of the Southeast Quarter of the Northwest Quarter of said Section 15, Thence N 89 Degrees 39 Minutes 28 Seconds E, along the North line of the South half of the Northeast Quarter of said Section 15, a distance of 2609.04' to the Northeast corner of the South half of the Northeast Quarter of said Section 15, Thence S 00 Degrees 48 Minutes 39 Seconds E, along the East line of the South Half of the Northeast Quarter of said Section 15, a distance of 1322.08' to the point of beginning.

Said parcel contains 6,316,200 square feet, or 145.000 acres, more or less.

Basis of Bearings: The East line of the Southeast Quarter of Section 15, Township 7 South, Range 68 West of the 6th principal meridian, monumented by a found 2.5" Aluminum Cap marked "Survey monument 1985 1/4 cor 15 14 LS 6935 Archer and Assoc" at the East Quarter of said Section, and a found 3.5" Aluminum Cap marked "1987 15 14 22 23 Archer and Assoc" at the Southeast corner of said section was found to bear N 00 Degrees 47 Minutes 06 Seconds W by a real time Kinematic Global Positioning System Survey by Zylstra Baker Surveying, Inc. in June of 2006, County of Douglas, State of Colorado.

Exhibit B

Legal Description of the Property

The Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4),
and the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4),
of Section 14;

The Southwest Quarter (SW 1/4),
the West Half (W 1/2) of the Southeast Quarter (SE 1/4),
the Northeast Quarter (NE 1/4) of the Southeast Quarter (SE 1/4),
the South Half (S 1/2) of the Northeast Quarter (NE 1/4),
the West Half (W 1/2) of the Northwest Quarter (NW 1/4),
and the Southeast Quarter (SE 1/4) of the Northwest Quarter (NW 1/4),
of Section 15;

The North Half (N 1/2) of the Northwest Quarter (NW 1/4),
the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4),
and the Northwest Quarter (NW 1/4) of the Northeast Quarter (NE 1/4),
of Section 22;

All in Township 7 South, Range 68 West of the Sixth Principal Meridian,
County of Douglas, State of Colorado

Except Denver and Rio Grande Railroad Right-of-Way and conveyance of land in the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) and the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of Section 14,

And except that portion conveyed in Deed recorded May 13, 2003 under Reception No. 200371239.

Exhibit C

**Form of Special Warranty Deed
(Water Rights)**

**SPECIAL WARRANTY DEED
(Water Rights)**

THIS SPECIAL WARRANTY DEED, made this ___ day of March, 2024, between The Plum Creek Trust, hereinafter referred to as “Grantor” and **THE TOWN OF CASTLE ROCK**, a home rule municipal corporation of the State of Colorado, acting by and through the **CASTLE ROCK WATER ENTERPRISE**, hereinafter referred to as “Grantee.”

WITNESSETH, that Grantor, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, and conveyed, and by these presents does grant, bargain, sell, convey, and confirm unto the Grantee, and Grantee’s heirs, successors, and assigns forever, all water and water rights situate, lying and being in the County of Douglas, State of Colorado, described as follows:

See *Exhibit 1*, attached hereto and incorporated herein by this reference.

TOGETHER WITH all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof; and all of the estate, right, title, interest, claim, and demand whatsoever, of Grantor, either in law or equity, of, in, and to the above bargained premises, with the hereditaments and appurtenances;

TO HAVE AND TO HOLD the said premises above bargained and described with the appurtenances, unto Grantee, and Grantee’s heirs, successors, and assigns forever. Grantor, for Grantor and Grantor’s heirs, successors, and assigns, does covenant and agree that Grantor shall and will **WARRANT AND FOREVER DEFEND** title to the above bargained water and water rights in the quiet and peaceable possession of Grantee, and Grantee’s heirs, successors, and assigns, against all and every person or persons claiming the whole or any part thereof, by, through or under Grantor, subject to statutory exceptions. Grantor does not warrant any particular yield or historic consumptive use of the water and water rights.

(Signature pages follow)

EXHIBIT 1
Description of Water Rights

[To be inserted prior to Closing]