

**THIRD AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT FOR THE
OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL REGARDING GROUND
WATER RIGHTS, EASEMENTS AND RELATED IMPROVEMENTS**

This THIRD AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT FOR THE OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL REGARDING GROUND WATER RIGHTS, EASEMENTS AND RELATED IMPROVEMENTS ("Third Amendment") is made and entered into this ____ day of _____, 2020 by and between the Town of Castle Rock, a Colorado home rule municipal corporation by and through the Town of Castle Rock Water Enterprise (the "Town" or "Seller") and Dominion Water & Sanitation District, acting in its capacity as a Water Activity Enterprise ("Dominion" or "Buyer"), (jointly "Parties").

RECITALS:

WHEREAS, the Town and Dominion entered into that certain Intergovernmental Agreement for the Option to Purchase and Right of First Refusal Regarding Ground Water Rights, Easements and Related Improvements dated March 5, 2019 ("Agreement"), whereby Dominion has the right to exercise its option to purchase certain water rights, easements and appurtenances underlying the Cherokee Ranch & Castle Foundation property in Douglas County, Colorado; and

WHEREAS, the Parties amended the Agreement on June 18, 2019 to extend the closing of the initial water transaction; and

WHEREAS, Dominion closed on 300 acre feet of ground water in the Arapahoe formation underlying the property on August 2, 2019; and

WHEREAS, the Parties amended the Agreement on June 2, 2020 to allow for additional time to consider an alternative mutually beneficial approach to the water asset transactions; and

WHEREAS, the Parties desire to amend the Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants set forth in the Agreement and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Town and Dominion agree to amend the Agreement as follows:

1. **Section 1.4.2** is hereby amended to read: ~~On the first anniversary of the end of the Due Diligence Period set forth in Section 2 ("Due Diligence Anniversary")~~ Sept. 3 October 15, 2020, and on each subsequent ~~Due Diligence Anniversary~~ June 3 thereafter during the Option Term, Dominion shall pay directly to the Town \$115 per acre foot of the amount of the Arapahoe Water Right remaining for purchase and \$78 per acre foot of the amount of the Denver Water Right and

LFH Water Right remaining for purchase to maintain its Option (“Annual Option Payment”). Such Annual Option Payments shall continue until either (a) Dominion purchases all of the Water Rights, or (b) the Option Term expires, or (c) Dominion relinquishes its option on any remaining portion of the Water Rights by giving written notice to the Town, or (d) the Option terminates by mutual agreement of the Parties. The Annual Option Payments shall be non-refundable to Dominion, and shall not be applicable towards the Purchase Price at the next Closing to occur.

The remainder of Section 1.4.2 is unchanged.

2. General Provisions. The following provisions shall apply with respect to this Third Amendment:

(a) Except as modified herein, the Agreement is in full force and effect and is hereby ratified by the Town and Dominion.

(b) Capitalized terms not defined herein shall have the same meaning as set forth in the Agreement.

(c) In the event of any conflict between the Agreement and this Third Amendment, the terms and conditions of this Third Amendment shall control.

(d) This Third Amendment may be executed in counterparts, each of which (or any combination of which) when signed by all of the parties shall be deemed an original, but all of which when taken together shall constitute one agreement. Executed copies hereof may be delivered by telecopier or electronic mail and upon receipt shall be deemed originals and binding upon the parties hereto, and actual originals shall be promptly delivered thereafter.

NOW, THEREFORE, the Parties hereto have executed this Third Amendment as of the date indicated above.

TOWN OF CASTLE ROCK

Jason Gray, Mayor

ATTEST:

Lisa Anderson, Town Clerk

Approved as to form:

Approved as to content:

Michael J. Hyman, Town Attorney

Mark Marlowe, Director of Castle Rock Water

DOMINION WATER & SANITATION DISTRICT

Harold Smethills, President

ATTEST:

Tiffany Ramaekers, Secretary