

**TOWN OF CASTLE ROCK/HIGHLANDS RANCH WATER  
SPOT WATER LEASE AGREEMENT**

**THIS SPOT WATER LEASE AGREEMENT** (the “Agreement”) is entered into on May 5, 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 Highlands Ranch Water, 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 for municipal purposes 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 200 acre-foot (AF) and up to a maximum of 1,000 AF of Surplus Water (“Leased Spot Water”), which will be made available to Lessee from May 6, 2026 through December 31, 2026.

2. Deliveries.

A. Amount. The Town has the water available within its Chatfield Storage Account to lease up to 1,000 AF to Lessee in 2026. The Leased Spot Water will be withdrawn from the Town’s Storage Account upon coordination with the Colorado Department of Natural Resources – Division of Water Resources.

B. Location. Release will consist of a book-over from Castle Rock’s Chatfield Storage Account into Lessee’s Chatfield Storage Account.

C. Acceptance of Deliveries. Lessee will take delivery of the Leased Spot Water within its Chatfield Storage Account. The initial 200 AF will be delivered upon execution of this Agreement, by coordination between the Parties and the Colorado Department of Natural Resources – Division of Water Resources. Subsequent deliveries, in minimum 100 AF increments, will be made by mutual agreement of the Parties.



If to Lessee: Highlands Ranch Water  
Attn: Swithin Dick, Water Rights Administrator  
62 Plaza Drive  
Highlands Ranch, CO 80129

With a copy to: Ireland Stapleton Pryor & Pascoe, PC  
Attn: Timothy J. Flynn  
1660 Lincoln Street, Suite 3000  
Denver, CO 80264

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)*

