

RESOLUTION NO. 2024- ____

**A RESOLUTION APPROVING THE INFRASTRUCTURE DEVELOPMENT
AND PURCHASE AGREEMENT AND WATER LEASE AGREEMENT
BETWEEN THE TOWN OF CASTLE ROCK, ACTING BY AND THROUGH
THE CASTLE ROCK WATER ENTERPRISE, AND TALLGRASS
COLORADO MUNICIPAL WATER, LLC**

WHEREAS, the Town of Castle Rock, acting by and through the Castle Rock Water Enterprise (the “Town”), is the owner and operator of a municipal water system, which system includes but is not limited to collection points, gathering lines, treatment facilities, and distribution lines within and without the Town boundaries (the “System”); and

WHEREAS, Tallgrass Colorado Municipal Water LLC (the “Developer”) is the owner and operator of a groundwater gathering and transmission system located in Township 1 North, Range 63 West, Weld County, Colorado (the “Existing Tallgrass Infrastructure”); and

WHEREAS, the Town owns certain property in Weld County, along with eleven wells and the right to divert and use a decreed volume of 1,492 acre-feet of water in the Lost Creek Designated Basin and 770 acre-feet of water as part of the Rothe Recharge Project (the “Town Water Rights”); and

WHEREAS, the Town desires to put the Town Water Rights to beneficial use and, ultimately, connect to the System in accordance with the Town’s 2021 Water Resources Strategic Master Plan; and

WHEREAS, the Developer is interested in constructing necessary infrastructure and connecting it to the Existing Tallgrass Infrastructure in order to assist the Town in accessing the Town Water Rights and to allow the Developer to lease the Town Water Rights for a certain period of time, prior to the Town using such water as part of the System (the “New Tallgrass Infrastructure”); and

WHEREAS, the Town and the Developer have determined that a three-phase approach is appropriate for constructing the New Tallgrass Infrastructure, the first phase of which the Town will purchase if negotiations regarding the construction of the second and third phases prove unsuccessful; and

WHEREAS, the Developer also owns substantial water rights within Weld County (the “Tallgrass Water Rights”), of which, the Town is interested in purchasing up to approximately 1,000 acre-feet should an agreement be reached on the second and third phases of the New Tallgrass Infrastructure; and

WHEREAS, the Town Council finds that entering into agreements with the Developer for the construction of the New Tallgrass Infrastructure, the lease of Town Water Rights, and the potential purchase of Tallgrass Water Rights to be in the best interests of the Town’s water

customers and supportive of the Town’s goal of diversifying and expanding its water portfolio to ensure that affordable and adequate water remains available now and in the future.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. Approval. The Infrastructure Development and Purchase Agreement and Water Lease Agreement between the Town and the Developer are hereby approved in substantially the same form as presented at tonight’s meeting, with such technical changes, additions, modifications, deletions, or amendments as the Town Manager may approve upon consultation with the Town Attorney and the Director of Castle Rock Water. The Mayor and other proper Town officials are hereby authorized to execute these Agreements and any technical amendments thereto by and on behalf of the Town.

Section 2. Encumbrance and Authorization. In order to meet the Town’s financial obligations under the Amendment, the Town Council authorizes an expenditure and payment from the Water Resources Enterprise Fund in an amount not to exceed \$15,000,000.00, which expenditure and payment shall be contingent upon the inability of the Town and the Developer to reach agreement on the construction of the second and third phases of the New Tallgrass Infrastructure.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2024, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading, by a vote of ____ for and ____ against.

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