

**TOWN OF CASTLE ROCK/CASTLE PINES METROPOLITAN DISTRICT  
SPOT WATER LEASE AGREEMENT**

THIS SPOT WATER LEASE AGREEMENT (“Agreement”) is entered into July 2, 2024 by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town the Castle Rock Water Enterprise (“Town”), as Lessor, whose address is 100 N. Wilcox Street, Castle Rock, Colorado 80104 and Castle Pines Metropolitan District (“Lessee”), as Lessee, whose address is: 5880 Country Club Drive, Castle Rock, Colorado 80108, collectively 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. From time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”);

**WHEREAS**, the Town anticipates it will have Surplus Water available from time to time in 2024; and

**WHEREAS**, Lessee desires to lease a certain portion of the Surplus Water from the Town 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 total of 522.00 acre-feet (AF) annually of the Surplus Water (“Leased Spot Water”), which will be made available from May 1, 2024 through December 31, 2024. The Leased Spot Water will be provided in addition to delivery of any water the Town is obligated to deliver pursuant to the Plum Creek Water Reclamation Authority Establishing Agreement Subsection 8.02 (“Establishing Agreement”). The Town is not obligated to deliver Leased Spot Water to the extent that the delivery of water pursuant to the Establishing Agreement and Leased Spot Water would exceed 5 AF per day. The Leased Spot Water shall be used by Lessee for irrigation purposes at the Castle Pines Golf Club.

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 of Leased Spot Water to Lessee will vary and are in the Town’s sole discretion, provided 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. The point of delivery of the Leased Spot Water shall be at the Plum Creek Water Reclamation Authority (“PCWRA”) outfall via pipeline to Castle Pines Pond 6a and/or Pond 17.

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 to Plum Creek in accordance with this Agreement. Acceptance of delivery will be confirmed only by inclusion of Leased Spot Water in the accepted deliveries accounting described below.

D. Accounting. Beginning on the 1<sup>st</sup> of each month, Lessee shall provide the Town with a weekly accounting of the water it uses from this supply. Lessee shall supply the Town its accepted deliveries 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. Fees and Costs.

A. Lease Rate. Lessee shall pay to the Town \$202.50/AF for each acre-foot of Leased Spot Water, up to 160 AF, measured at the point the Leased Spot Water is discharged from the PCWRA via pipeline to Castle Pines Pond 6a and/or Pond 17, and used for exchange by Lessee. Deliveries above 160 AF and up to the full amount of 522 AF, will be charged at a rate of \$405/AF. The Town will reconcile the accounting for deliveries made through December 31 each year and send an invoice to Lessee for the balance due or refund any overages as necessary.

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, such quality to be measured at the authorized discharge point(s) specified in any such discharge permit. By entering into this Agreement and utilization of the Leased Spot Water, Lessee acknowledges that water meeting the requirements of this paragraph is suitable for Lessee’s purposes and Lessee will accept such water as meeting the terms of this Agreement.

5. Lease Term. The term of this Agreement shall commence on its execution and expire December 31, 2024. 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: Water Resources Manager (Matt Benak)

175 Kellogg Court  
Castle Rock, CO 80109

with copy to: Town of Castle Rock  
Attn: Town Attorney (Mike Hyman)  
100 N. Wilcox Street  
Castle Rock, CO 80104

If to Lessee: Castle Pines Metropolitan District  
5880 Country Club Drive  
Castle Rock, Colorado 80108

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 the Agreement by the Town as lessor and Castle Pines Metropolitan District as 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.

*(Remainder of page intentionally left blank; signature page to follow)*

