

FIRST AMENDMENT TO OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS

This First Amendment to Option Agreement and Joint Escrow Instructions ("First Amendment") is dated the __ day of August, 2016 by and between **TOWN OF CASTLE ROCK WATER ENTERPRISE** ("Castle Rock") and **BOX ELDER CREEK PROPERTIES, LLC**, a Colorado limited liability company ("Box Elder"). Box Elder and Castle Rock may each be individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS:

A. The Parties previously entered into that certain Option Agreement and Joint Escrow Instructions dated April 1, 2014, with respect to an option to purchase Water Rights, as defined therein, and certain real property located in the Counties of Weld and Arapahoe, State of Colorado as described more fully therein (the "Agreement"). For purposes of this First Amendment, all capitalized terms used herein shall have the meanings ascribed to them in the Agreement, unless otherwise defined herein.

B. The Parties now desire to amend the Agreement as set forth below.

AGREEMENT:

NOW THEREFORE, in consideration of the covenants and promises set forth below, and the receipt of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Recitals. The recitals set forth above are true and correct and are incorporated herein in their entirety by this reference.

2. December 1 Price Concession. Castle Rock and Box Elder agree that the table set forth in paragraph 5.b. of the Agreement is hereby deleted and replaced with the following table, in order to provide Castle Rock an opportunity to purchase the Property on or before December 1, 2016 at the price which was in effect prior to the October 1, 2016 price increase (the "December 1 Price Concession"). All other dates, periods and Option Payments described in the Agreement remain unchanged by this First Amendment.

| Closing Date | Purchase Price for entire Property | FRICO Reduction | GMS Reduction |
|------------------------------|------------------------------------|-----------------|---------------|
| On or before October 1, 2017 | \$9,907,000.00 | \$125,000.00 | \$500,000.00 |

| | | | |
|-------------------------------|----------------|--------------|--------------|
| On or before December 1, 2016 | \$8,753,173.00 | \$110,000.00 | \$440,000.00 |
| On or before October 1, 2015 | \$7,558,558.00 | \$95,000.00 | \$380,000.00 |
| On or before October 1, 2014 | \$6,365,944.00 | \$80,000.00 | \$320,000.00 |

3. Limited Purchase Notice. Castle Rock hereby provides Box Elder its Purchase Notice, as provided in paragraph 8.a. of the Agreement. Castle Rock gives notice that it intends to purchase the Property (including the FRICO Shares but excluding GMS Contracts) on or before December 1, 2016, on no less than 10 days prior written notice (from Castle Rock to Box Elder) as to the exact date of Closing. Castle Rock and Box Elder agree that in the event Castle Rock does not effect Closing on or before December 1, 2016 notwithstanding the foregoing, it shall nonetheless have the right to provide one subsequent Purchase Notice, and thereafter close the Option pursuant to its terms. However, in that event, the December 1 Price Concession shall be of no further force of effect.

4. Construction. Each of the Parties acknowledges that they, and their respective counsel, substantially participated in the negotiation, drafting and editing of this First Amendment. Accordingly, the Parties agree that the provisions of this First Amendment shall not be construed or interpreted for or against any Party hereto based on authorship.

5. Authority. Each Party represents and warrants that it has the power and authority to execute this First Amendment and that there are no third party approvals required to execute this First Amendment or to comply with the terms or provisions contained herein.

6. Headings. The section headings used herein shall have absolutely no legal significance and are used solely for convenience of reference.

7. Ratified and Confirmed. The Agreement, except as modified by this First Amendment, is hereby ratified and confirmed and shall remain in full force and effect in accordance with its original terms and provisions.

8. Counterparts; Facsimile. This First Amendment may be executed in counterparts, each of which shall be deemed to be an original, and both of which together shall be deemed to constitute one and the same instrument. Each of the Parties shall be entitled to rely upon a counterpart of this First Amendment executed by the other Party and sent via facsimile transmission.

9. Time of the Essence. Time is of the essence in this First Amendment and with respect to the dates set forth herein.

IN WITNESS WHEREOF the Parties have executed this First Amendment as of the date first written above.

BOX ELDER:

BOX ELDER CREEK PROPERTIES, LLC,
a Colorado limited liability company

By: _____
Michael Jeronimus, Manager

CASTLE ROCK:

ATTEST:

**TOWN OF CASTLE ROCK,
BY AND THROUGH THE TOWN OF
CASTLE ROCK WATER ENTERPRISE**

Sally A. Misare, Town Clerk

Paul Donahue, Mayor

Approved as to form:

Approved as to content:

Robert J. Slentz, Town Attorney

Mark Marlowe, Utilities Director