

**COLORADO WATER CONSERVATION BOARD LEASE FOR USE OF STORAGE SPACE IN CHATFIELD STORAGE REALLOCATION PROJECT**

THIS LEASE, is made by the State of Colorado, acting through and by the Department of Natural Resources, for the benefit of Colorado Water Conservation Board (the "CWCB"), and the Town of Castle Rock, a Colorado home rule municipal corporation, by and through the Town of Castle Rock Water Enterprise, whose address is 100 N. Wilcox Street, Castle Rock, Colorado 80104 ("Castle Rock").

WHEREAS, CWCB and Castle Rock are both Water Providers in the Chatfield Storage Reallocation Project (the "Project"); and

WHEREAS, CWCB and Castle Rock entered into the Modified Agreement for Acquisition of Chatfield Reservoir Reallocation Project Shares from the State of Colorado on November 9, 2018 ("Purchase Agreement"); and

WHEREAS, Pursuant to the Purchase Agreement, Castle Rock has the option to purchase up to 1,410 acre-feet of storage capacity on the Project from CWCB over 12 years ("Optioned Storage Space"); and

WHEREAS, CWCB desires to lease to Castle Rock, and Castle Rock desires to lease from CWCB the use of the Optioned Storage Space; and

WHEREAS, CWCB has the authority to lease the use of the Optioned Storage Space; and

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, CWCB and Castle Rock agree as follows:

1. CONSIDERATION: CWCB leases to Castle Rock the use of the Optioned Storage Space, for the following consideration:
  - a. PAYMENT: Castle Rock shall pay fifty dollars (\$50.00) per acre-foot for the entire amount of Optioned Storage Space remaining under the Purchase Agreement per year.
    - i. Castle Rock shall pay the amount due regardless of the amount of Optioned Storage Space that Castle Rock is ultimately able to fill with water.
    - ii. Castle Rock shall remit payment for each year at the same time Castle Rock pays CWCB for the reservation of remaining Optioned Storage Space in accordance with the Purchase Agreement.

2. **TERM:** This Lease shall be for the entire term of the Purchase Agreement. Castle Rock shall pay for the Lease for every year the Purchase Agreement is in effect, even years in which Castle Rock exercises a deferment consistent with the terms of the Purchase Agreement.

3. **CARRYOVER AND RELEASES:**

- a. Castle Rock shall maintain full control of releases of water stored in the Leased Space.
- b. Castle Rock may carryover any water stored in the Leased Space from year to year provided that neither party cancels this Lease on or before May 1 of each year. Any water that remains in the Leased Space on the date of termination of this lease shall be released by Castle Rock within 30 days of such termination unless otherwise agreed by the parties in writing.
- c. Any carryover storage must be in accordance with the Chatfield Storage Management Agreement.

4. **ASSIGNMENT:** Castle Rock shall not sublet, transfer or assign, in whole or in part, the rights granted herein.

5. **COMPLIANCE:** During the term of this Lease, Castle Rock shall comply with the terms and conditions hereof and the requirements of the United States Army Corps of Engineers or the Colorado Division of Water Resources in the operation, maintenance, and accounting for Chatfield Reservoir. In the event that Castle Rock fails to abide by such documents, any damage or injury resulting from such failure, directly or indirectly, shall be the sole responsibility of Castle Rock. To the extent permitted by law, Castle Rock shall indemnify CWCB with respect to any costs or expenses incurred by CWCB as a result of damage or injury resulting from such failure.

6. **TERMINATION:** CWCB may terminate this Lease upon 24 hours' prior notice to Castle Rock if CWCB determines that Castle Rock has failed to comply with the terms and conditions hereof or any of Castle Rock's obligations hereunder. CWCB shall give Castle Rock notice of the alleged breach and 14 days to cure the same prior to termination. CWCB shall not refund any portion of the Lease Payments to Castle Rock if the Lease is terminated by CWCB for cause or by Castle Rock for any reason. This Lease shall automatically terminate when the Purchase Agreement terminates.

7. MISCELLANEOUS: This Lease is subject to the laws of the State of Colorado, including but not limited to the Governmental Immunity Act, §24-10-101, et seq., C.R.S, as amended from time to time, or orders, rules and regulations, and policies, currently in existence or as amended from time to time, of CWCB. No term or condition of this Lease shall be construed or interpreted as a waiver by CWCB, either express or implied, of any of the immunities, rights, benefits or protections provided by statute. This Lease constitutes the entire agreement of the parties with respect to the subject matter hereof.

**SIGNATURES**

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**COLORADO WATER CONSERVATION BOARD**

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\_\_\_\_\_  
Director, Rebecca Mitchell

March 31, 2021 | 8:59 AM PDT

\_\_\_\_\_  
Date

**TOWN OF CASTLE ROCK**

By: \_\_\_\_\_  
Name: Jason E. Gray  
Title: Mayor

Date: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Name: Lisa Anderson  
Title: Town Clerk

Date: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_  
Name: Michael J. Hyman  
Title: Town Attorney

Date: \_\_\_\_\_

Approved as to content:

By: \_\_\_\_\_  
Name: Mark Marlowe  
Title: Director of Castle Rock Water

Date: \_\_\_\_\_