

**WATER LEASE AGREEMENT BETWEEN THE TOWN OF CASTLE
ROCK AND THE CENTRAL COLORADO WATER CONSERVANCY
DISTRICT**

THIS WATER LEASE AGREEMENT (the “Agreement”) is entered into May 19, 2026, by and between the Town of Castle Rock, Colorado, a home rule municipal corporation, acting by and through the Castle Rock Water Enterprise, as Lessor, whose address is 100 N. Wilcox Street, Castle Rock, Colorado 80104 (“Town”) and the Central Colorado Water Conservancy District, as Lessee, whose address is 3209 W 28th St, Greeley, CO 80634 (the “District”). The Town and the District are collectively referred to as the “Parties” and may be individually referred to as a “Party.”

RECITALS

WHEREAS, pursuant to the decree in Case No. 89CW27, District Court, Water Division No. 1 (the “Decree”), the Town and other owners operate the Rothe-Sublette Recharge Project (the “Project”), which diverts water from the South Platte River at the Riverside Canal into recharge ponds that accrete water to the South Platte River to generate recharge credits (the “Recharge Credits”); and

WHEREAS, the Town owns the right to 60.4% of the first 1,275 acre-feet (AF), up to 770 AF annually, of Recharge Credits generated by the Project (the “Town recharge credits”); and

WHEREAS, Recharge Credits from the Project are used by the Town and the other owners to augment depletions from alluvial wells pursuant to the Decree; and

WHEREAS, the Decree authorizes the lease of excess recharge credits to third parties for use in judicially approved plans for augmentation; and

WHEREAS, the Town and the District have previously entered into that certain Intergovernmental Agreement dated September 17, 2024 (the “IGA”), whereby the Town provides the District with 1.5 AF of Town Recharge Credits annually in exchange for each 1.0 AF of the District’s water storage right in Chatfield Reservoir; and

WHEREAS, the District approached the Town about leasing additional Town Recharge Credits to provide an alternative mechanism by which to meet its augmentation needs; and

WHEREAS, the Town and the District previously entered into an Agreement that commenced on July 1, 2025 and expired on March 31, 2026, whereby the District leased up to 604 AF of Recharge Credits for which the Town charged \$140 per AF for a total lease value of up to \$84,560; and

WHEREAS, at present, the Town does not have any available means by which to use the Town Recharge Credits within its water system over the next year; and

WHEREAS, a lease with the District will allow the Town to generate revenue from the Town Recharge Credits that it would not otherwise be able to realize; and

WHEREAS, accordingly, the Town and the District desire to enter into a water lease agreement by which the District may lease up to 491.4 AF of excess Town Recharge Credits to support pumping from wells included in the District’s augmentation plan.

TERMS AND CONDITIONS

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 the District agree as follows:

1. Lease of Town Recharge Credits. The Town hereby leases to the District up to and including 491.4 AF in excess Town Recharge Credits for the period effective from May 1, 2026 through and including March 31, 2027 (“Leased Credits”).

2. Lease Price. The District shall pay to the Town an amount equal to \$140.00 per AF of Leased Water, up to a maximum amount of \$68,866.00. The District shall make payment for any Leased Credits used by the District within thirty (30) days following the issuance of an invoice from the Town.

3. Lease Term. The term of this Agreement shall commence upon its effective date and expire March 31, 2027. By mutual written agreement of the Parties, this Agreement may be renewed on the same or on different terms.

4. District Obligations. The decreed uses of the Leased Credits include augmentation as set forth in Case No. 89CW27. It shall be the responsibility of the District to obtain any additional approvals necessary to use the Leased Credits for the District’s intended purposes, including but not limited to the approvals by the Colorado Division of Water Resources and the District Court, Water Division No. 1. The Town shall cooperate with the District in obtaining any required additional approvals. The Town makes no warranties or guarantees that such approvals can be obtained.

5. Town Obligations.

a. The Town shall deliver the Leased Credits to the District in accordance with the following monthly schedule:

Delivery Date	Amount (AF)
May 2026	48
June 2026	67
July 2026	47.6
August 2026	38.8
September 2026	42.6
October 2026	54.9

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 and the District 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 Agreement shall be binding on the Parties' respective successors and assigns.

11. Enforcement. In the event either Party commences any action to enforce the terms and provisions of the Agreement, the prevailing Party shall be entitled to its reasonable attorneys' fees and all costs incurred in connection with such action, including, but not limited to, expert witness fees.

12. Controlling Law. This Agreement shall be governed under, and construed pursuant to the laws of the State of Colorado.

(signature page to follow)

