



COLORADO
Department of Natural Resources

Executive Director's Office
1313 Sherman, St., Ste 718
Denver, CO 80203

October 13, 2017

VIA FED-EX and E-MAIL

Castle Pines Metropolitan District
c/o Mr. Jack Ostrowski and
Mr. Jeff Coufal
5880 Country Club Drive
Castle Rock, CO 80108
jeostrowski@comcast.net
jcoufal@castlepinesmetro.com

Central Colorado Water Conservancy
District
c/o Mr. Randy Ray
3209 W. 28th St.
Greeley, CO 80634
rray@ccwcd.org

Centennial Water and Sanitation
District
c/o Mr. John Kilrow and Mr. Rick
McLoud
62 W. Plaza Drive
Highlands Ranch, CO 80129
john.kilrow@sheaproperties.com
RMcloud@highlandsranch.org

Town of Castle Rock
c/o Mr. Matt Benak
175 Kellogg Court
Castle Rock, CO 80109
MBenak@crgov.com

Castle Pines North Metropolitan
District
c/o Mr. Jim Nikkel
7404 Yorkshire Dr.
Castle Pines, CO 80108
jim@cpnmd.org

Center of Colorado Water
Conservancy District
c/o Mr. Dan Drucker
P.O. Box 358
Pine, CO 80470
djdrucker2@gmail.com

Re: Water Provider Agreements for Use of Storage Space at Chatfield Reservoir - Redetermination of Total Project Costs.

Dear Water Providers:

The Water Provider Agreements you entered into with the Colorado Department of Natural Resources with respect to the use of storage space at Chatfield Reservoir require a redetermination of the Total Project Costs within 24 months of the effective date of the Agreements. Pursuant to the terms of the Agreement, if the refined estimate exceeds \$134,000,000 by ten percent or more, each Water Provider shall have the right to terminate the Agreement and relinquish its Pro Rata Share.

As of October 13, 2017, as set forth in more detail in the attached project cost estimate, the estimated Total Project Costs are anticipated to be \$171,000,000, which is more than ten percent of the original estimate. This number, however, remains an estimate. It is possible that the Total Projects Costs could be more or less than this estimate.

Pursuant to Paragraph VI.J of the Agreement, because the refined estimate exceeds \$134,000,000 by ten percent or more, each Water Provider has the right to terminate the Agreement and relinquish its Pro Rata Share for a period of 60 days following the date of this notice. If you decline to terminate the Agreement within the 60-day period, the Total Project Costs shall be adjusted to equal the refined estimate, and you will have 180 days to fully fund the additional amount of your Pro Rata Share of the total amount of the refined Total Project Costs in accordance with Paragraph IV.D of the Agreement.



If you decide to terminate the Agreement pursuant to Paragraph VI.J, you are entitled to a refund of the funds you put into the Escrow Account and/or cancellation of any further disbursements pursuant to any Loan Contract with the Colorado Water Conservation Board, as described in the Agreement. As set forth in more detail in Paragraph VI.J of the Agreement, in the event you terminate the Agreement, you will still be obligated to pay your Pro Rata Share of the costs incurred in developing the refined estimate of Total Project Costs, as well as your Pro Rata Share of the project implementation costs incurred by Chatfield Reservoir Mitigation Company, Inc. through the date of such termination.

While we are hopeful that you choose continue with this project, under the Agreement, this is the only opportunity to terminate the Agreement and receive the refund described above. While we have made an attempt to be as accurate as possible in the refined estimate of Total Project Costs, you understand that by choosing to continue with this project and not terminating the Agreement at this time, you accept responsibility for your Pro Rata Share of the final Total Project Costs pursuant to the terms of the Agreement.

Please let me know if you have any questions. We look forward to your continued involvement and collaboration on this project.

Sincerely,



Lauren Ris
Assistant Director Water
Colorado Department of Natural Resources

cc: Tom Browning, CRMC General Manager
Tim Feehan, CRMC Construction Manager
Kylie Crandall, Esq., Holland & Hart LLP
Brian Murphy, CDM Smith
Scott Roush, Colorado Division of Parks and Wildlife
Lauren Ris, Colorado Water Conservation Board

