



Castle Rock Water Commission Agenda - Final

Tony Rathbun, Chair
Melanie Penoyar-Perez, Vice Chair
Edward Egnatios
Brian Gaddie
Ole Gjerde
David Hammelman
Kevin Snow

Wednesday, December 10, 2025

6:00 PM

Castle Rock Water
171 Kellogg Ct.
Castle Rock, CO 80109

Special Meeting to Replace the Regular November & December Meetings

This meeting is open to the public. Three or more Council members may also attend this meeting, during which the items listed herein will be discussed. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at accessibility@CRgov.com or submit an accommodation request form at CRgov.com/A11yRequest.

6:00 pm CALL TO ORDER / ROLL CALL

COUNCIL UPDATE

COMMISSION COMMENTS

ADMINISTRATIVE BUSINESS

1. [WC 2025-111](#) Approval of the October 22, 2025 Meeting Minutes

Attachments: [Attachment A: 2025-10-22 Minutes WC](#)

2. [WC 2025-112](#) Resignation of Water Commissioner Ole Gjerde

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

3. [WC 2025-113](#) Resolution Approving a Second Amendment to the Services Agreement with W.W. Wheeler & Associates for Phase 2 of the Quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows [Various sites throughout Town] DRAFT

Attachments: [Attachment B: Location Map](#)

4. [WC 2025-114](#) Resolution Approving a Lease Agreement between the Town of Castle Rock and Ruppel Farms, LLC for an Agricultural Lease Agreement [Box Elder Property, Weld County]

5. [WC 2025-115](#) Resolution Approving a First Amendment to the Services Agreement between the Town of Castle Rock and Consor Engineering for the Plum Creek Pipeline Central to PCWPF Project [Located parallel to Plum Creek through central Castle Rock, CO]
- Attachments: [Attachment B: Map](#)
6. [WC 2025-116](#) Resolution Approving the Second Contract Price Amendment to the Progressive Design-Build Agreement with S. J. Louis Construction, Inc. for the Phase 2 Construction Services for the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority Project [Located in Sedalia, CO] DRAFT
- Attachments: [Attachment B Location Map.pdf](#)
7. [WC 2025-117](#) Ordinance Approving a System Development Fee Credit for New Residential Homes Under 2,000 Finished Square Feet Entire Castle Rock Service Area] DRAFT
8. [WC 2025-118](#) Resolution Approving an Equipment and Services Agreement between the Town of Castle Rock and Treatment Technology Holding, LLC for Treatment Chemicals [Entire Castle Rock Water Service Area] DRAFT
- Attachments: [Exhibit 1: Agreement](#)
9. [WC 2025-119](#) Resolution Approving a First Amendment to the Water Rights Brokerage Agreement between the Town of Castle Rock and Stillwater Resources & Investments Inc.
- Attachments: [Exhibit 1: Agreement](#)
[Exhibit 2: Original Agreement](#)

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

10. [WC 2025-120](#) Update:: Water Quality Maintenance
11. [WC 2025-121](#) Update: Stormwater Follow Up
12. [WC 2025-122](#) Update: Craig and Gould
13. [WC 2025-123](#) Update: Tallgrass
14. [WC 2025-124](#) Upcoming Town Council Items

COMMISSIONER MEETING COMMENTS



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 1. **File #:** WC 2025-111

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Approval of the October 22, 2025 Meeting Minutes
Town Council Agenda Date: NA

Executive Summary

Attached are the meeting minutes for the October 22, 2025 Water Commission Board Meeting.

Proposed Motion

"I move to approve the Meeting Minutes as presented"

Attachments

Attachment A: October 22, 2025 Mtg. Minutes



Castle Rock Water Commission Meeting Minutes - Draft

Tony Rathbun, Chair
Melanie Penoyar-Perez, Vice Chair
Edward Egnatios
Brian Gaddie
Ole Gjerde
David Hammelman
Kevin Snow

Wednesday, October 22, 2025

6:00 PM

Castle Rock Water
175 Kellogg Ct., Bldg. 183
Castle Rock, CO 80109

This meeting is open to the public. Three or more Council members may also attend this meeting, during which the items listed herein will be discussed. If you are unable to access any portion of these materials due to a disability as defined under Colorado House Bill 21-1110, please call us at 303-663-4440, email the Town's accessibility team at accessibility@CRgov.com or submit an accommodation request form at CRgov.com/A11yRequest.

CALL TO ORDER / ROLL CALL

- Present** 5 - Chair Tony Rathbun, Vice-Chair Melanie Penoyar-Perez, Edward Egnatios, Ole Gjerde, and Kevin Snow
- Not Present** 2 - Brian Gaddie, and David Hammelman
- Attendance** 8 - Mark Marlowe, Mark Henderson, Nichol Bussey, Roy Gallea, John Chrestensen, Lauren Moore, Walt Schwarz, and MaryJo Reese

COUNCIL UPDATE

Time was allowed for Mr. Marlowe to share a council update.

COMMISSION COMMENTS

Time was allowed for Commissioner Comments.

ADMINISTRATIVE BUSINESS

[WC 2025-102](#) **Approval of the September 24, 2025
Town Council Agenda Date: NA**

I move to approve the Minutes as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

ACTION ITEMS (HIGH PRIORITY / TIME CRITICAL)

[WC 2025-103](#) **Resolution Waiving Formal Written Bidding Requirements
on the Basis of a Sole Source and Approving the Purchase
Agreement with Core & Main for Meters, Radios, Meter Parts
and Supplies [Entire Castle Rock Service Area]
Town Council Agenda Date: November 18, 2025**

Ms. Bussey explained that Castle Rock Water (CRW) uses Sensus products for all of their meter needs. Core & Main is the designated Sensus distributor for Colorado, and this agreement is for the purchase of Meters, Meter parts and Meter supplies for the 2026 year. The purchases will include:

- Advanced automated remote read and manual-read meters
- Radio frequency-based communication modules
- Installation hardware and replacement parts
- Supplies to support field implementation

This purchase agreement is for a not to exceed amount of \$3,562,480 for 2026. The costs for Core & Main should go down in 2027 as the Advanced Metering Infrastructure (AMI) project will be completed.

Commissioner Snow asked if Core & Main has raised costs a lot in the last few years? Ms. Bussey stated that the costs have stayed relatively stable, and CRW has not seen much increase.

Commissioner Snow raised concerns about using a Sole Source for this purchase, and requested additional research be done to make sure that CRW is receiving the best price. CRW will verify with Sensus that Core & Main is the only approved distributor of Sensus products in Colorado.

I move to approve the Resolution as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

[WC 2025-104](#)

Resolution Waiving Formal Written Bidding Requirement on the Basis of Sole Source and Approving an Equipment and Services Agreement with Treatment Technology Holding, LLC for Treatment Chemicals *[Entire Castle Rock Water Service Area]*

Mr. Chrestensen shared that this agreement is to secure a vendor who can supply and deliver treatment chemicals for the 2026 year. Mr. Chrestensen explained that Treatment Tech has been the main supplier of CRW's chemical supplies for the past few years. Treatment Technology Holding LLC is a Colorado company. They have been flexible and easy to work with in the past and a very reliable resource. Mr. Chrestensen explained that they have requested rate sheets from three additional vendors and have not received information back yet. CRW has prepared a not to exceed agreement for \$750,000.00 in 2026 for these products.

Commissioner Snow raised concerns about using a Sole Source for this purchase, and requested additional research be done to make sure that CRW is receiving the best price. CRW agreed to ensure that rates sheets or "no bids" were received from the other chemical providers. It was discussed that due to the work on getting additional rate sheets, this will not end up being a sole source contract.

I move to recommend Town Council approval of the Resolution pending staff review of additional rate sheets.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

[WC 2025-105](#)

Resolution Waiving Formal Written Bidding Requirements Based on Sole Source and Approving an Equipment and Services Agreement with Logical Systems, Inc. for the SCADA Master Plan Phase V Project Implementation [Entire Castle Rock Water Service Area]
Town Council Agenda Date: November 18, 2025

Mr. Schwarz explained that this item is part of the Supervisory Control and Data Acquisition (SCADA) Master Plan Phase V which is to upgrade Ray Waterman Regional Water Treatment Center (RWRWTC) and associated remote sites. This work includes:

- Replace aging control and process equipment (programmable logic controllers, flowmeters, level transmitters, and variable frequency drives)
- Install new network devices for high-speed data communications
- Upgrade electrical systems to meet current National Electric Code (NEC)
- Perform comprehensive acceptance testing

The associated remote sites include:

- Well Sites (Castle Oaks 6, 7, & 8, Woodlands 1, Canyon South, Central Well Field 1 & 2, CR 11,12 & 13, Wells 176 & 204, and Heckendorf)
- Lift Stations (Castle Oaks)
- Pressure Reducing Valve Vaults (Black Pine and Castle Oaks)
- Other Remote Facilities (Reservoir #3, Pinery Flume, CR 1 Diversion)

The benefits of the upgrades are to standardize control systems, enhance cybersecurity and regulatory compliance, improve system reliability and operational efficiency, and to support long-term Master Plan goals.

The agreement for this phase of the project is \$5,921,200 plus a 10% Town managed contingency for a total planned authorization of \$6,513,320. There was discussion about review of the price with the design consultant and CRW's outside SCADA consultant. Both consultants recommended proceeding with LSI based on the price. CRW also negotiated the price down from the original proposal.

The schedule is to purchase equipment in January 2026, begin project installation Fall 2026 and then project completion in August 2027.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

[WC 2025-106](#)

Resolution Approving a Services Agreement between the Town of Castle Rock and Burns & McDonnell Engineering

for Oversight of the Phase V Ray Waterman Supervisory Control and Data Acquisition Master Plan Project *[Entire Castle Rock Water Service Area]*

Town Council Agenda Date: November 18, 2025

Mr. Schwarz shared that this agreement is for the Engineering Oversight for the SCADA Phase V project at RWRWTC that was discussed in the previous item.

The services that Burns & McDonnell will supply include:

- Attend Project Meetings
- Review Requests for Information & Equipment Submittals
- Periodic Project Site Visits
- Perform Inspections & Punch List Verification
- Project close out services which include record drawings

The agreement is for \$234,495 with a 5% Town managed contingency for a total authorization request of \$246,220.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

[WC 2025-107](#)

Resolution Approving a Third Amendment to the Services Agreement between the Town of Castle Rock with Burns & McDonnell Engineering Company, Inc. for the Chatfield Reservoir Pump Back Project *[Located in Northwestern Douglas County]*

Town Council Agenda Date: November 18, 2025

Mr. Gallea explained that Burns & McDonnell provided preliminary design services, awarded through competitive bid, for the Chatfield Pump Back project from 2022-2025 and this is an amendment to add additional scope and schedule.

The additional scope includes:

- 20% Design of Intake Pump Station at Chatfield Reservoir
- 20% Design of Booster Pump Station and Raw Water Storage Tank
- Conceptual Design (5%) of 12 miles new raw waterline, 20% for Chatfield to Booster Pump Station
- Preliminary Hydraulic Analysis of entire water line
- Identification of Permitting Requirements
- Identification of Land Acquisition / Easement Requirements
- Preparation of Written Request for National Environmental Policy Act (NEPA) Determination (includes environmental, cultural, and historical studies)

Due to the additional services request, the timeline needs to be increased for these services to happen.

The requested amount for the third amendment is \$556,551.00 plus a 10% contingency for a total authorization request of \$577,286.74.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

[WC 2025-108](#)

Resolution Approving the 2026 Town of Castle Rock/Dakan Ranch II, LLC Spot Water Lease Agreement *[Plum Creek Water Reclamation Authority, Douglas County]*
Town Council Agenda Date: November 18, 2025

Ms. Moore explained that this agreement is for a 50-acre feet (AF) water lease. Dakan Ranch is looking to fill their pond located along Dry Gulch. The cost of this water is \$420 per AF for a total potential revenue of \$23,500. Per the agreement, Dakan Ranch will need to pay a lease development fee of \$2,500 within 30 days of the agreement being signed. The water can be taken from January 1, 2026 to December 31, 2026.

Commissioner Snow asked how the \$420 AF is decided on? The process for setting our lease rates was explained as it relates to our competition and the different potential water users that we lease water to. The rate has been raised for 2026 consistent with changes in the Consumer Price Index.

I move to recommend Town Council approval of the Resolution as presented.

Yes: 5 - Chair Rathbun, Vice-Chair Penoyar-Perez, Egnatios, Gjerde, and Snow

Not Present: 2 - Gaddie, and Hammelman

DIRECTOR FOLLOW-UP AND INFORMATIONAL / UPDATE ITEMS

[WC 2025-109](#)

Update: Water Court Cases *[Cases located in Douglas County, Weld County and other areas near the Lower South Platte River]*
Town Council Agenda Date: November 4, 2025

Ms. Moore explained that this item is an update on all of the Water Court applications in which CRW is currently involved.

[WC 2025-110](#)

Upcoming Town Council Items
Town Council Agenda Date: NA

This is a standing item that will be used to share information about projects that are being worked on at the time of the meeting but that staff doesn't have information ready yet.

Mr. Marlowe shared that there are a couple of items that may go to Town Council prior to the next Water Commission meeting.

Those items include:

Resolution Approving a Construction Contract between the Town of Castle Rock and ???? for the Removal and Upgrade of Existing Under Drain Systems and Media for the PS Miller Water Treatment Plant Filter Upgrades Project. Final costs for this item came in after the Water Commission agenda was created and it will no-longer be going to Town Council (TC) as the costs came in below the TC approval limit.

Resolution Approving Plum Creek Water Reclamation Authority Re-Use Ponds
Rehab project cost sharing.

COMMISSIONER MEETING COMMENTS

Time was allowed for Commissioner Comments.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 2. **File #:** WC 2025-112

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Mark Henderson, Assistant Director

Resignation of Water Commissioner Ole Gjerde
Town Council Agenda Date: NA

Executive Summary

Commissioner Ole Gjerde would like to announce that he will be moving out of Castle Rock and this will be his last meeting.

We would like to thank Ole for his service to the Water Commission



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 3. **File #:** WC 2025-113

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Lauren Moore, Water Resources Manager
Adriana Alfaro, Water Resources Program Analyst

Resolution Approving a Second Amendment to the Services Agreement with W.W. Wheeler & Associates for Phase 2 of the Quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows *[Various sites throughout Town]*
Town Council Agenda Date: December 16, 2025 **DRAFT**

Executive Summary

Castle Rock Water (CRW) is seeking approval of a Resolution (**Attachment A**) for the Second Amendment to the Services Agreement (**Exhibit 1**) with W.W. Wheeler & Associates (Wheeler) for Phase 2 of the quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows (LIRFs). The term of the current agreement is through March 31, 2025 and this amendment request is strictly a time extension of the Services Agreement through December 31, 2026. LIRF quantification is part of CRW's long-term Water Resources Strategic Master Plan (WRSMP) and includes reuse of both non-renewable groundwater and reusable renewable water supplies. LIRFs are expected to represent approximately 750 acre-feet of water supply on an annual long-term basis which is 5% of the total long-term water supply. LIRFs are a source of augmentation water for the Town's alluvial wells when pumped out-of-priority.

The scope of work includes a continuation of Phase 1 monitoring of water levels in 28 wells, data collection, and modeling as well as oversight of the construction of 5 additional monitoring wells, the associated well permitting, filing water court applications, and a conceptualized plan for Phase 3.

History of Past Town Council, Boards & Commissions, and Other Discussions

On March 7, 2019, the Town Manager approved the Phase 1 Services Agreement with Wheeler for the 2019 Town of Castle Rock LIRF Quantification Project.

On October 26, 2022, CRW Commission recommended Town Council approval of the Phase 2 LIRF Quantification Project.

On March 11, 2024, Town Council approved the First Amendment which extended the completion date of the original agreement to March 31, 2025.

Discussion

CRW has identified LIRFs as a significant contributor (approximately 5%) to the Town's long-term water supply as a source of augmentation water for the Town's alluvial wells when pumped out-of-priority. While the Town is currently claiming LIRFs for two of the five geologically defined zones (totaling approximately 90 AF per year), CRW will need to quantify the volume and timing of return flows in the remaining zones (3, 4, & 5) to fully claim the remainder of these rights (totaling approximately 750 AF per year). A map of the five LIRF zones is shown in **Figure 1** below. As part of Phase 1, which was completed in late 2021, 25 monitoring wells were constructed to supplement three existing monitoring wells, and transducers were deployed in all of the wells in order to begin the collection of continuous water level data as required for quantification. Additionally, stream flow monitoring locations were selected and field sampling was conducted monthly. Phase 2 continues forward with the work completed in Phase 1.

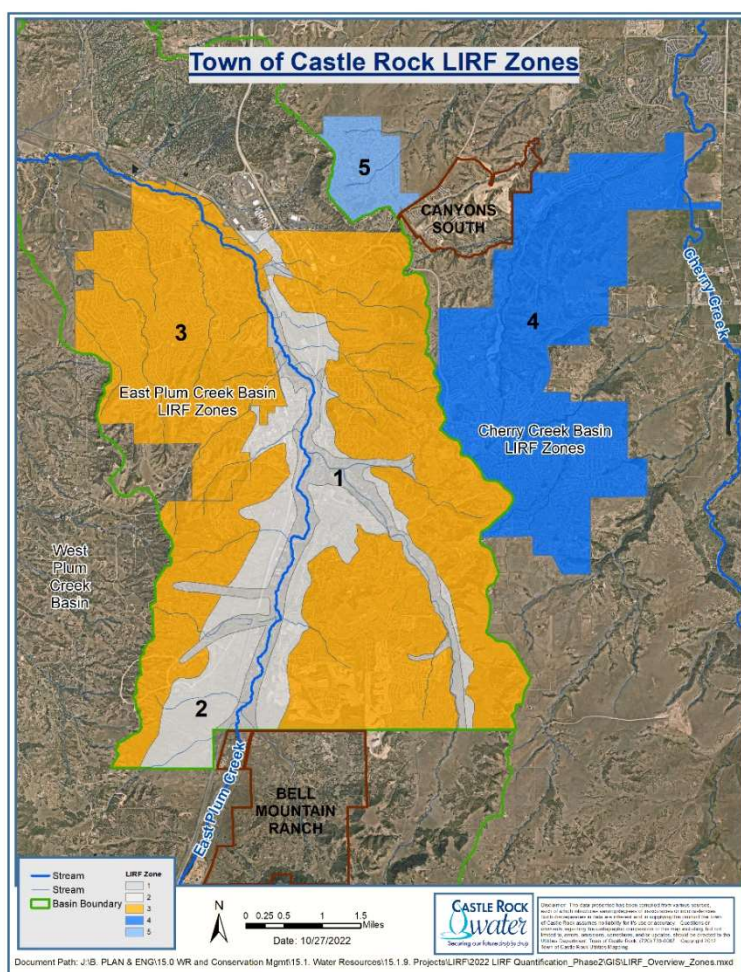


Figure 1. Town of Castle Rock LIRF Zones 1 through 5 in the East Plum Creek and Cherry Creek Basin.

Phase 2 includes continuation of the monitoring program established in Phase 1, the completion of five additional monitoring wells in Red Hawk and Sapphire Point neighborhoods (**Attachment B**),

modeling of the timing and quantity of these return flows in both the Plum Creek and Cherry Creek basins, as well as completing and submitting water court applications for the LIRF water rights in both basins. Phase 3 will see the water court applications through their entirety in water court for approval. Once approved in Water Court, the LIRFs will be able to be diverted in East Plum Creek and Cherry Creek at any of our diversion points.

To date the 5 additional monitoring wells have been constructed for a total of 33 monitoring wells that are continuously collecting data. Phase 2 is wrapping up as the engineers are preparing their final reports for the water court applications. Staff anticipate the water court application to be submitted for East Plum Creek by December 2025 with the Cherry Creek LIRF engineering reports and application anticipated shortly after in 2026.

Budget

The total scope of this agreement is not to exceed \$336,000. Work on Phase 2 began in November 2022 and will continue through December 2026 at which time it is anticipated Phase 3 will begin. Phase 3 is expected to take 3 years.

Through October 2025, \$278,924.83 has been spent of the \$336,000 budget. No additional budget is requested with this amendment.

Project Account	Contract Amount	Contingency	Total Authorization
211-4340-443.30-70 (Other Professional Services)	\$336,000	\$16,800	\$352,800

The cost for Phase 1 was \$228,497. Phase 3 is expected to cost on the order of \$250,000. The total engineering cost to quantify these water rights is estimated to be \$831,297. There will be additional legal costs estimated at \$XXXX. When comparing this cost to the number of acre-feet available, this is an excellent value of \$870 per acre-foot.

Recommendations

Staff recommends Council approval of a Second Amendment to the Services Agreement with W.W. Wheeler & Associates for Phase 2 of the Quantification of East Plum Creek and Cherry Creek Basin Lawn Irrigation Return Flows (LIRFs).

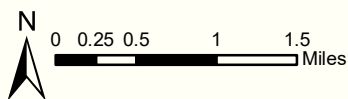
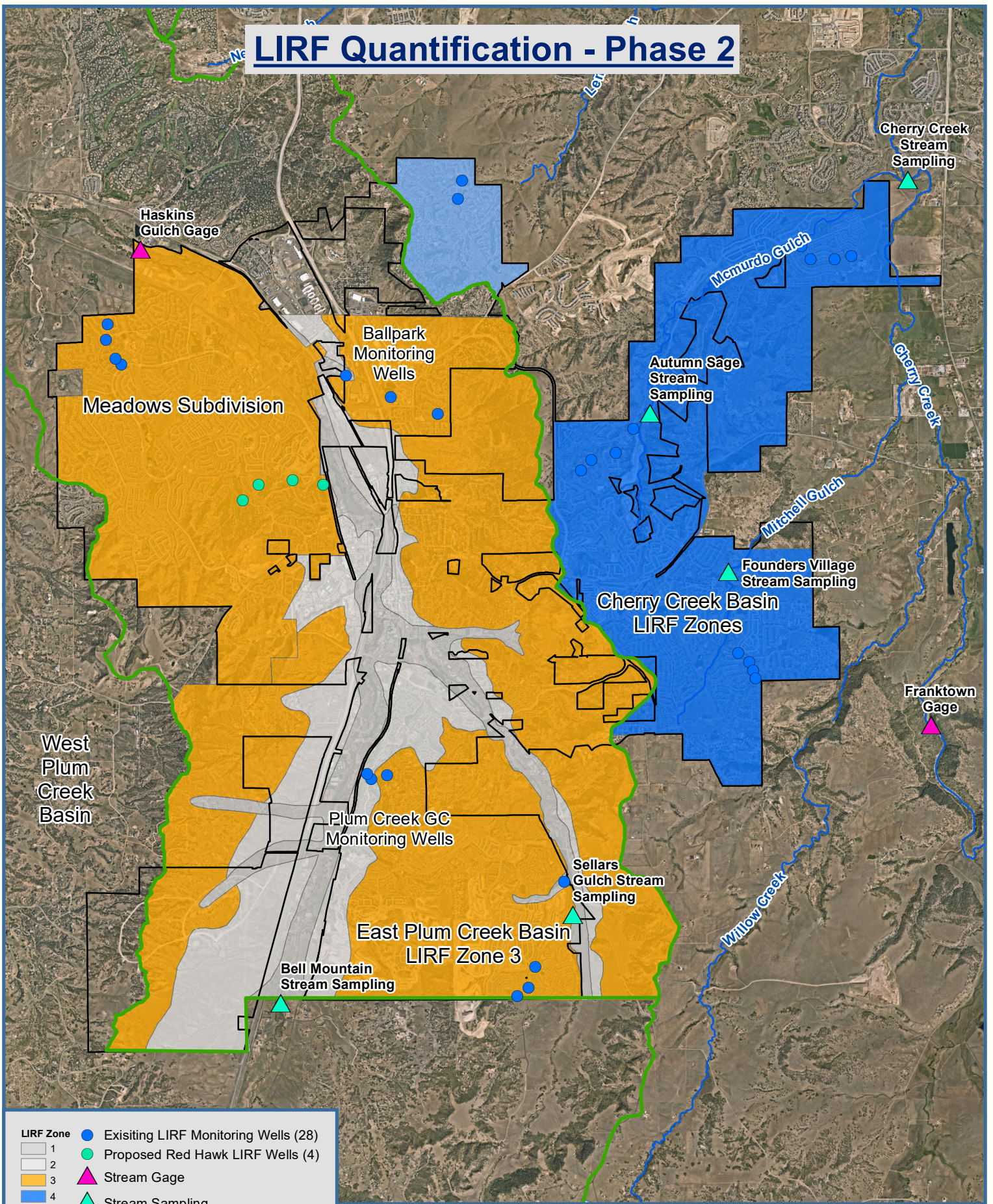
Proposed Motion

"I move to recommend to Town Council approval of the Resolution as presented"

Attachments

Attachment A: Resolution (Not Attached)
Exhibit 1: Agreement (Not Attached)
Attachment B: Location Map

LIRF Quantification - Phase 2



Disclaimer: The data presented has been compiled from various sources, each of which introduces varying degrees of inaccuracies or inconsistencies. Such discrepancies in data are inherent and in supplying this product the Town of Castle Rock assumes no liability for its use or accuracy. Questions or comments regarding the cartographic composition of this map including, but not limited to, errors, omissions, corrections, and/or updates, should be directed to the Utilities Department, Town of Castle Rock, (720) 733-6087. Copyright 2012, Town of Castle Rock Utilities Mapping.

Date: 9/15/2022



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 4. **File #:** WC 2025-114

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Lauren Moore, Water Resources Manager
Zuzana Howard, Water Resources Program Analyst

Resolution Approving a Lease Agreement between the Town of Castle Rock and Ruppel Farms, LLC for an Agricultural Lease Agreement [Box Elder Property, Weld County]

Town Council Agenda Date: December 16, 2025

Executive Summary

Castle Rock Water (CRW) is seeking Town Council approval of a Resolution (**Attachment A**) for the renewal of an Agricultural Lease (**Exhibit 1**) with Ruppel Farms, LLC (Rupples) for the Box Elder property. The Town closed on the Box Elder property on December 30, 2016 and is interested in continuing to work with the lessee who has previously farmed on the property. The terms of the lease have been updated and the Town will assess a lease rate of \$26 per acre and a grazing fee of \$1,899.90 for up to sixty head of livestock. Both amounts reflect a 9.9% increase based on the Consumer Price Index (CPI) from September 2023 to September 2025. Under the proposed terms, the Rupples will lease 560 acres of farmland for one year at a cost of \$14,560. They will also pay \$1,899.90 for grazing rights. The total annual cost of the lease is \$16,459.90.

History of Past Town Council, Boards & Commissions, or Other Discussions

February 22, 2017, Castle Rock Water Commission recommended the agreement be taken to Town Council for approval.

March 28, 2017, Town Council unanimously approved the Agricultural Lease with Ruppel Farms, LLC.

November 5, 2019, Town Council unanimously approved the First Reading for the 2020 Agricultural Lease with Ruppel Farms, LLC.

December 3, 2019, Town Council unanimously approved the Second Reading for the 2020 Agricultural Lease with Ruppel Farms, LLC.

On December 6, 2022, Town Council approved the three-year 2023 Agricultural Lease Agreement

with Ruppel Farms, LLC.

Discussion

As part of the Town's long term water supply plan, the Town purchased the Box Elder property and closed on it on December 30, 2016. This farm is located approximately six miles east of Lochbuie, Colorado in southern Weld County. The water rights associated with this property will serve as a renewable water supply and/or augmentation source, along with the Lost Creek Basin wells, for the increased water demands that the Town will face as population growth continues. Should the Town obtain additional water rights in the South Platte River basin, this property is located along a section of Box Elder Creek, which will be a useful diversion point for northern water supplies.

Ruppel Farms, LLC held a crop-share lease with the previous property owner, Box Elder Properties, LLC, from January 1, 2011, through December 31, 2016, covering 700 acres. During that period, up to 650 of the available 850 acres were cultivated, while the areas containing structures and the riparian corridor along Box Elder Creek remained uncultivated and/or were used for grazing. After the crop-share lease ended, the Ruppels leased 560 acres with grazing rights for two separate three-year terms beginning in 2017 and again in 2020. The current lease including the same 560 acres with grazing rights began on January 1, 2023 and it is set to expire at the end of this year. In total, revenues from the agricultural leases starting in 2017 have generated approximately \$120,000 in revenue for use in offsetting long term renewable water costs.

Ruppel Farms, LLC utilizes irrigation water from Henrylyn Irrigation District (HID) and Farmers Reservoir and Irrigation Company (FRICO) and it is estimated that approximately 200 acres can be irrigated and 360 acres can be dry farmed. The lease rate will be \$26 per acre, up to 560 acres annually. Additionally, a \$1,899.90 grazing right can be leased each year for up to sixty head of livestock. The farmer will reimburse the Town for annual assessments to Henrylyn Irrigation District (HID) and FRICO totaling approximately \$13,800. The total for this lease including the grazing right is \$16,459.90 with the tenant paying all annual assessments. The key terms of the agreement are as follows:

- 1-year lease;
- Town will pay all property taxes and assessments against the real estate and personal property on the farm as well as insurance premiums for the structures and liability insurance coverage;
- Town will provide Tenant with limited power of attorney to administer the farm's participation in government programs;
- Tenant's participation in Agricultural Risk Coverage Program (ARC-CO) and other government program participation is the sole responsibility of the tenant (the Town will execute documents as necessary);
- All crops and proceeds from the crops shall be the Tenant's;
- Tenant shall furnish all labor, power, machinery and movable equipment, and all related operation and maintenance expenses to operate the farm;
- Tenant shall cut the weeds along ditches, roads, and property boundaries whenever

necessary to prevent reseeding;

- Tenant shall be responsible for reimbursing the Town all paid annual assessments which include but are not limited to FRICO assessments, HID, Chemigation Permit renewals, etc.;
- Tenant will have the right to call on the FRICO and HID water rights.
- Hunting terms on the property have been updated to reflect immediate termination of such rights if any violation of hunting, firearm, trespass, wildlife, or safety laws occurs.

Budget Impact

If Council approves the agreement, Castle Rock Water would receive \$16,459.90 of additional revenue in 2026. The revenue will be deposited into the Water Resources Fund Capital Leases account<211-4375-393.70-00>.

Staff Recommendation

Staff recommends approval of the resolution as presented.

Proposed Motion

"I move to recommend to Town Council approval of _____ as presented"

Attachments

Attachment A: Resolution (Not Attached)
Exhibit 1: Agreement (Not Attached)



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 5. **File #:** WC 2025-115

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Erin Evans, P.E., Project Manager

Resolution Approving a First Amendment to the Services Agreement between the Town of Castle Rock and Consor Engineering for the Plum Creek Pipeline Central to PCWPF Project *[Located parallel to Plum Creek through central Castle Rock, CO]*
Town Council Agenda Date: December 16, 2025

Executive Summary

Castle Rock Water (CRW) staff requests approval of a Resolution (Attachment A) approving a First Amendment to the Services Agreement (**Exhibit 1**) with Consor Engineering (Conсор) for the Plum Creek Pipeline Central to Plum Creek Water Purification Facility (PCWPF) engineering and design services. The proposed First Amendment is a contract addition of \$78,405 and a time extension of approximately nine (9) months.

Design services to upsize the existing Plum Creek Raw Water Return Pipeline from an existing 16-inch diameter to an equivalent 30-inch diameter to meet renewable water capacity needs to PCWPF are currently in progress. A routing study was conducted to identify possible alignments for an upsized pipeline. During this routing study, additional alignments outside of the existing raw water pipeline corridor were identified and evaluated as the most feasible considering utility congestion, impacts to recent developments, and impacts to proposed developments. As a result of this shift, additional field survey and coordination were required. Also, additional potholes are required due to the increased number of existing utilities within the area of the new pipeline alignment. Additional time is requested for the service agreement to accommodate the new project scope and extra time spent evaluating alternative pipeline alignments. The full scope of services to be completed by Consor is detailed in the proposal included in *Exhibit 1*.

Consor shall undertake the work upon execution of the amendment and shall complete the work by the extended completion date in September 2026. The routing study map for the Plum Creek Pipeline Central to PCWPF Upsize project is provided in an attachment showing the selected alignment (**Attachment B**).

Notification and Outreach Efforts

CRW Staff will evaluate the need for public outreach based on final design location and the level of impact to the public. At this time, no public meetings are included in the scope of work.

History of Past Town Council, Boards & Commissions, or Other Discussions

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on August 28, 2024, and the Castle Rock Water Commission voted to recommend Town Council approval of the Resolution as presented.

On September 3, 2024 Town Council approved the Resolution for the Service Agreement with Consor Engineering for the Plum Creek Pipeline Central to PCWPF Project.

Discussion

The Plum Creek Raw Water Return Pipeline brings water from the Plum Creek Diversion Structure and Castle Rock Reservoir No. 1 (CRR1) and Castle Rock Reservoir No. 2 (CRR2) in Sedalia and alluvial wells located north of PCWPF as a critical water supply to the treatment facility. This pipeline is currently a 30-inch diameter pipeline from Sedalia to the Central Well Field near North Meadows Drive, then continues as a 16-inch diameter pipeline from the Central Well Field to PCWPF.

Castle Rock Water is currently designing and implementing an expansion of PCWPF from 6 million gallons per day (MGD) capacity to 12 MGD. CRR1 and CRR2 upgrades will increase the local raw water storage capacity from 240 acre-feet to 1,340 acre-feet. The approximately 11,000 foot stretch of existing 16-inch Plum Creek Raw Water supply line creates a bottleneck that limits the delivery of stored renewable water from Sedalia to PCWPF if it is not upsized to an equivalent 30-inch to match current and future proposed upgrades to the Town's water treatment and supply systems.

Conсор has completed a routing study for a new pipeline to upsize the Plum Creek Raw Water supply line. During this routing study, additional alignments outside of the existing raw water pipeline corridor were identified and evaluated as the most feasible considering utility congestion, impacts to recent developments, and impacts to proposed developments. A preferred alignment was selected based on construction risk and impacts, system resiliency and redundancy, and overall project cost. The preferred alignment, Alignment B in cyan shown on *Attachment B*, includes shifting the railroad crossing nearly 4,000 feet to the north and maintaining the alignment on the west side of the railroad for the duration of the alignment.

The initial survey captured the existing pipeline alignment as well as the originally anticipated alignment alternatives. However, additional survey was required to capture the corridor on the west side of the railroad to accommodate the selected alignment shift. In addition to the increased survey, the number of existing utilities within the selected alignment also increased. The original scope included potholing 35 utilities based on the existing pipeline alignment. With the selected alignment, this number has increased to 86. Consor will also have additional coordination efforts to line out, manage, track and input the results of the extra potholes and survey data.

Budget Impact

The Consor Service Agreement is for \$390,676 with an initially authorized \$39,068 in Town managed contingency. This First Amendment proposed fee is \$78,405. Staff requests an additional \$39,337 on top of the \$39,068 existing contingency for a total project authorization and contract amount of \$469,081. The project will be funded from the PC Central Well Field account 211-4375-443.76-63. The following table summarizes the budget impacts for the project.

Agreement	Contract \$	Contingency \$	Authorization \$
Original Agreement (Approved 9/3/2024)	390,676	39,068	429,744
Current Totals	390,676	39,068	429,744
<i>Amendment 1 (under consideration)</i>	<i>78,405</i>	<i>-39,068</i>	<i>39,337</i>
<i>Amended Totals</i>	<i>469,081</i>	<i>0</i>	<i>469,081</i>

Staff Recommendation

Staff recommends Town Council approval of the resolution for the First Amendment to the Services Agreement for Plum Creek Pipeline Central to PCWPF design services to Consor Engineering in the amount of \$78,405 for a total authorization of \$469,081.

Proposed Motion

"I move to recommend to Town Council approval of the Resolution as presented"

Attachments

Attachment A: Resolution (Not Attached)
Exhibit 1: Contract (Not Attached)
Attachment B: Routing Map



TOWN OF CASTLE ROCK, COLORADO
PLUM CREEK PIPELINE CENTRAL TO PCWPF
EXHIBIT 2 - MEADOWS PARKWAY

ALIGNMENT LEGEND

OPEN CUT	BORE	HDD	
—————	- - - - -	- - - - -	EXISTING ALIGNMENT
—————	- - - - -	- - - - -	ALIGNMENT A (BLUE)
—————	- - - - -	- - - - -	ALIGNMENT B (CYAN)
—————	- - - - -	- - - - -	ALIGNMENT C (GREEN)
—————	- - - - -	- - - - -	ALIGNMENT D (ORANGE)
—————	- - - - -	- - - - -	ALIGNMENT E (RED)
—————	- - - - -	- - - - -	ALIGNMENT F1 (MAGENTA)
—————	- - - - -	- - - - -	ALIGNMENT F2 (PURPLE)

NOTES

1. EXISTING UTILITIES SHOWN ON THESE EXHIBITS ARE BASED ON SURVEYED DATA, RECORD DRAWINGS, AND GIS/UTILITY MAP INFORMATION PROVIDED BY UTILITY OWNERS. DUPLICATE UTILITIES MAY BE DEPICTED AND ALL EXISTING UTILITIES ARE NOT SHOWN - THIS WILL BE RESOLVED DURING DETAILED DESIGN.
2. PROPERTY LINES AND OWNERSHIP SHOWN ON THESE EXHIBITS ARE BASED ON DOUGLAS COUNTY GIS AND ASSESSOR INFORMATION.

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TOWN OF CASTLE ROCK, COLORADO

PLUM CREEK PIPELINE CENTRAL TO PCWPF

EXHIBIT 3 - PRAIRIE HAWK DRIVE NORTH

ALIGNMENT LEGEND									
OPEN CUT		BORE		HDD					
								EXISTING ALIGNMENT	
								ALIGNMENT A (BLUE)	
								ALIGNMENT B (CYAN)	
								ALIGNMENT C (GREEN)	
								ALIGNMENT D (ORANGE)	
								ALIGNMENT E (RED)	
								ALIGNMENT F1 (MAGENTA)	
								ALIGNMENT F2 (PURPLE)	

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ALIGNMENT F2 LOCATED
PARALLEL TO EXISTING
OVERHEAD ELECTRIC

RIPARIAN CONSERVATION
ZONE (HATCHED AREA) —

OWNER: JRW FAMILY
LIMITED PARTNERSHIP

ALIGNMENT F1 DIRECTIONAL
BORE UNDER PLUM CREEK

ALIGNMENT F2 DIRECTIONAL
BORE UNDER PLUM CREEK

FEMA ZONE AE
100-YR FLOODPLAIN

FEMA ZONE X
500-YR FLOODPLAIN

FEMA ZONE AE
100-YR FLOODPLAIN

OWNER: JRW FAMILY
LIMITED PARTNERSHIP

ALIGNMENT A AND C
BORE UNDER

EXISTING RAW WATER
BORE UNDER RAILROAD

UTILITY CORRIDOR IS CONFINED
DUE TO EXISTING ELECTRICAL
POLES AND STRUCTURES

EXISTING RE-USE
WATERLINE
BEGIN PIPE UNDER

ALIGNMENT D BOR
UNDER RAILROAD

ALIGNMENT E DIRECTIONAL
BORE UNDER DEEP DRAINAGES

OWNER: CASTLE ROCK
DEVELOPMENT COMPANY

OWNER: TOWN OF
CASTLE ROCK

PRAIRIE HAWK DRIVE

EXISTING RE-USE
WATERLINE BORE

OWNER: PATTERSON
ANIMAL WELLNESS
SERVICES LLC

OWNER: MEADOWS
NEIGHBORHOOD COMPANY

OWNER: TOWN OF
CASTLE ROCK

OWNER: TOWN OF
CASTLE ROCK



ALIGNMENT LEGEND

OPEN CUT	BORE	HDD	EXISTING ALIGNMENT
			ALIGNMENT A (BLUE)
			ALIGNMENT B (CYAN)
			ALIGNMENT C (GREEN)
			ALIGNMENT D (ORANGE)
			ALIGNMENT E (RED)
			ALIGNMENT F1 (MAGENTA)
			ALIGNMENT F2 (PURPLE)

NOTES

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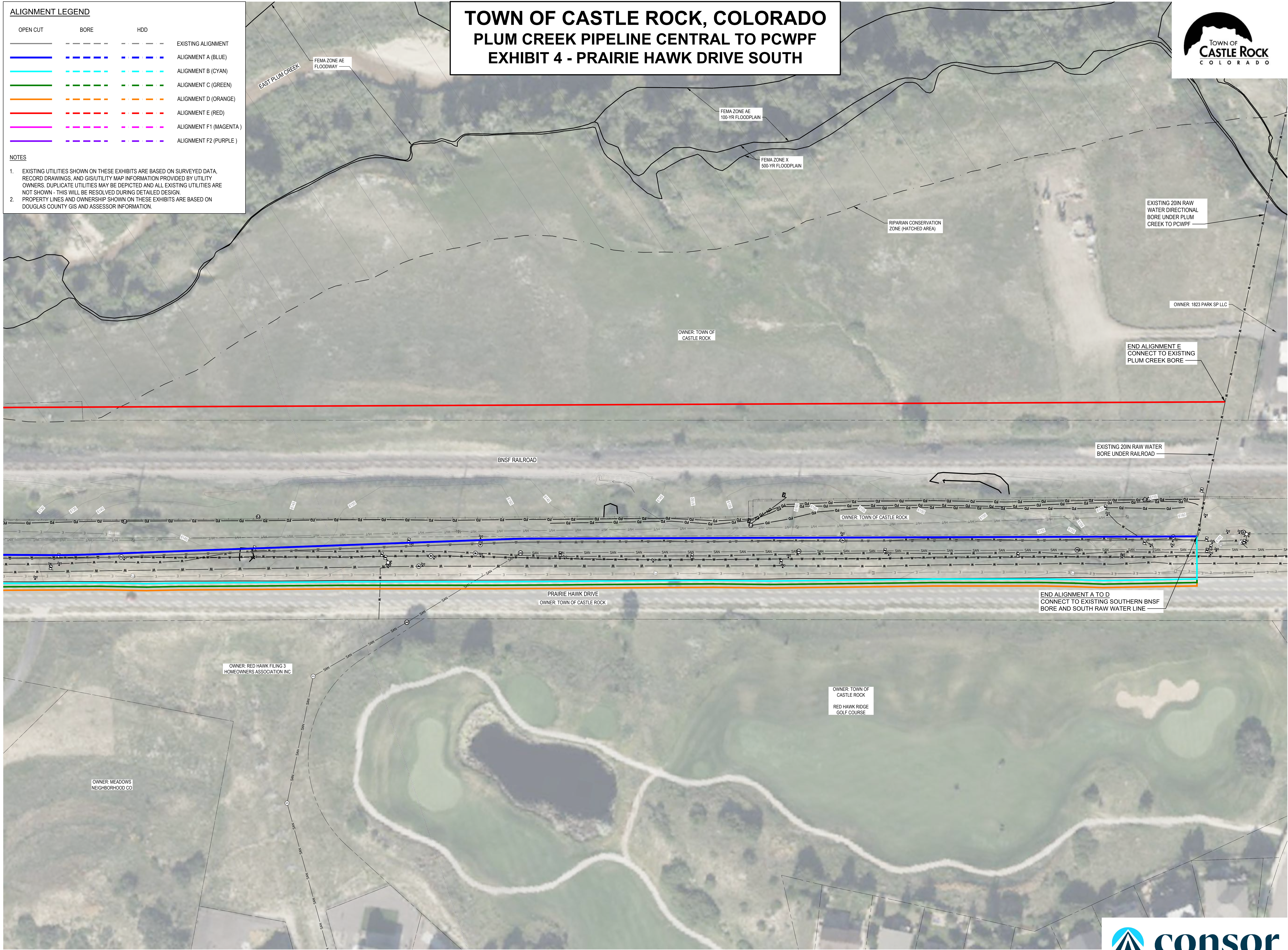
2.

PROPERTY LINES AND OWNERSHIP SHOWN ON THESE EXHIBITS ARE BASED ON DOUGLAS COUNTY GIS AND ASSESSOR INFORMATION.

TOWN OF CASTLE ROCK, COLORADO

PLUM CREEK PIPELINE CENTRAL TO PCWPF

EXHIBIT 4 - PRAIRIE HAWK DRIVE SOUTH





Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 6. **File #:** WC 2025-116

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Roy Gallea, P.E., Engineering Manager
Erin Evans, P.E., Project Manager

Resolution Approving the Second Contract Price Amendment to the Progressive Design Build Agreement with S.J. Louis Construction, Inc. for the Phase 2 Construction Services for the Sedalia Lift Station and Force Main to Plum Creek Water Reclamation Authority Project [Sedalia, CO] **DRAFT**
Town Council Agenda Date: December 16, 2025

Executive Summary

Notification and Outreach Efforts

History of Past Town Council, Boards & Commissions, or Other Discussions

Discussion

Budget Impact

Staff Recommendation

Proposed Motion

"I move to recommend to Town Council approval of the Resolution as presented"

Item #: 6. File #: WC 2025-116

Attachments

Attachment A: Resolution (Not Attached)
Exhibit 1: Agreement (Not Attached)
Attachment B: LS and FM Location Map

Lift Station and Force Main Location Map

Attachment B





Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 7. **File #:** WC 2025-117

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Nichol Bussey, Business Solutions Manager

Ordinance Approving a System Development Fee Credit for New Residential Homes Under 2,000 Finished Square Feet *Entire Castle Rock Service Area*] **DRAFT**
Town Council Agenda Date: December 16, 2025

Executive Summary

Discussion

Budget Impact

Schedule

Recommendation

Proposed Motion

"I move to recommend to Town Council approval of the Ordinance as presented"

Attachments



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 8. **File #:** WC 2025-118

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Shawn Griffith, Assistant Director of Operations
John Chrestensen, Operations Manager

Resolution Approving an Equipment and Services Agreement between the Town of Castle Rock and Treatment Technology Holding, LLC for Treatment Chemicals [Entire Castle Rock Water Service Area]
Town Council Agenda Date: December 16, 2025 **DRAFT**

Executive Summary

Castle Rock Water (CRW) staff requests the Town Council's approval of an Acquisition and Services agreement with Treatment Technology Holding, LLC (Treatment Technology) to provide water treatment chemicals for the not-to-exceed amount of \$750,000 (**see Attachment A**).

Notification and Outreach Efforts

This project is security-sensitive, and no public outreach is planned. Work will be performed at various CRW water treatment facilities and will be done out of the public eye.

CRW relies on the use of chemicals to properly treat water to serve the community. A steady and reliable supply of these chemicals is imperative to ensure CRW maintains drinking water regulations and to reliably meet system demands.

The Town of Castle Rock posted an Invitation for Bid (IFB) on BidNet in November. Four bidders submitted bids, as shown below:

- Harcos Chemicals
- Pennco, Inc.
- Treatment Technology Holding, LLC
- Univar Solutions

Treatment Technology was the only company to submit a completed bid package. The other vendors did not submit a completed bid form and could not meet the requested delivery requirements.

Over the years, CRW has utilized several different chemical vendors and has determined that

Treatment Tech offers the most reliable, prompt, and responsive service. This is largely because Treatment Technology is well-suited to work with small and medium-sized water systems, as they offer multiple chemical delivery options. Although chemicals are utilized at all of CRW's six water treatment plants, the size, location, and design of each plant make each delivery method unique.

One significant benefit of working with Treatment Technology is the flexibility they provide in terms of delivery options. The use of bags, drums, and totes is particularly valuable for our smaller water treatment plants, where space and demand are limited. Conversely, the use of tankers allows us to efficiently supply our larger plants with the volume they require. This diversity in delivery methods makes chemical supply and storage safe, practical, and economical for our Plant Operations team. Treatment Technology is the only local vendor that offers this range of delivery options.

Additionally, their turnaround times are well-suited to fit CRW's needs. From the moment an order is placed to the time of delivery, Treatment Technology responds quickly and efficiently, which is critical to the success of our water treatment processes. This level of responsiveness and dependability sets them apart from other suppliers.

Treatment Tech was the only company that responded with their 2026 rates. Many companies that service our area provide chemicals to large municipalities, such as Aurora and Denver Water, and only offer tanker truck deliveries.

Treatment Technology provides various chemicals required for water treatment at Castle Rock Water's treatment plants. These chemicals play a vital role in keeping our treatment systems operating effectively, ensuring compliance, and maintaining the safety and quality of our community's water supply. Following is a list of water treatment chemicals provided by Treatment Technology that are used at our surface and deep well water treatment facilities:

- **Sodium Hypochlorite & Liquid Ammonium Sulfate:** Used together in the disinfection process to form chloramines at all of CRW's water plants, which provide long-lasting protection against harmful microorganisms and help safeguard public health.
- **Caustic Soda:** Is used at Plum Creek Water Purification Facility (PCWPF) to adjust and control pH levels, ensuring optimal treatment performance and protecting infrastructure.
- **Sodium Bisulfite:** Applied to neutralize chlorine after Clean-in-Place procedures and enhance flux maintenance on our microfiltration racks at PCWPF.
- **Sodium Thiosulfate:** Used to dechlorinate any treated water that is discharged to storm drains or sewer systems, protecting the environment.
- **Hydrogen Peroxide:** Utilized in our raw and intermediate ozone process at PCWPF to create hydroxyl radicals, which improve the breakdown of organic material and metals at PCWPF.
- **Aluminum Sulfate (Alum):** Used to help reduce the settling time on suspended solids at the Founders and Meadows Water Treatment Plants after backwashes.
- **Citric Acid:** Used to clean the microfiltration racks and maintain their efficiency at PCWPF.
- **Citric Acid Anhydrous:** Used at the Bell Mountain Ranch Water Treatment Plant to regenerate ion exchange media, improving the removal of iron and manganese.

- **SureSoft Water Softening Pellets:** Used in the water softening process to regenerate media and reduce hardness, which helps protect injectors for liquid ammonium sulphate. This is used at the Ray Waterman, Meadows, and Bell Mountain Ranch Water Treatment Plants.

Treatment Technology's proven track-record of emergency support and quick delivery ensures that we can continue to provide safe, reliable water service to our residents without interruption.

Budget Impact

Staff is asking for additional funding in 2026 in the amount of \$750,000. Staff purchased \$661,000 worth of water treatment chemicals in 2025, from Treatment Technology, which supplied six of the Town's treatment facilities. The treatment team has been sending water for distribution with higher chlorine residuals, increasing chemical usage and cost. It is anticipated that total water treatment chemical costs will increase in 2026 due to tariffs and manufacturing cost increases, as well as increasing water demands caused by growth. In 2025, Treatment Technology had a 0.5% price increase on Hydrogen Peroxide (H2O2) chemical. Treatment Technology did not increase its rates in 2026.

Funds will be taken from various Water and Water Resources Plant Operations Chemicals & Fertilizer funds, as follows:

Fund Name	Account Number	2026 Account Balance
Water Plant Operations	210-4260-442.61-26	\$420,000
Water Resources Plant Operations	211-4360-443.61-26	\$470,000
Total		\$890,000

Staff Recommendation

Staff recommends an acquisition and services agreement with Treatment Technology for a not-to-exceed agreement of \$750,000 to provide water treatment chemicals.

Proposed Motion

"I move to recommend to Town Council approval of the Resolution as presented"

Attachments

Attachment A: Resolution (*Not Attached*)
Exhibit 1: Agreement



**TOWN OF CASTLE ROCK
ON-CALL EQUIPMENT AND SERVICES ACQUISITION AGREEMENT
(Chemical Acquisition and Services – Castle Rock Water)**

DATE: December 2, 2025.

PARTIES: **TOWN OF CASTLE ROCK**, a Colorado municipal corporation, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (“Town”).

TREATMENT TECHNOLOGY HOLDING, LLC, a Colorado limited liability company, 4055 Kodiak Court, Frederick, Colorado 80504 (“Contractor”).

RECITALS:

- I. The Town issued a formal Invitation for Bid (IFB) from qualified contractors with expertise in chemical acquisition and services.
- II. Contractor timely submitted its bid and the Town wishes to engage Contractor to provide the services more fully described in the following Agreement and Exhibits.

TERMS:

1. **Scope of Services.** Contractor shall perform all of the services and provide all materials as set forth on **Exhibit I** (“Services”) as-needed for the Town. Contractor shall complete the Services consistent with standards and practices of the profession. Town shall not be obligated to use Contractor for any specific Service. Contractor may decline to undertake the specific Service. Contractor shall devote adequate resources to assure timely completion of the Services in accordance with the standards specified in this Agreement. Contractor shall perform the Services under this Agreement using a standard of care, skill and diligence ordinarily used by reputable professionals performing under circumstances similar to those required by this Agreement.

2. **Payment.** Contractor shall invoice Town for the Services rendered in accordance with the rates and fee schedule as set forth in **Exhibit I**. The Town may withhold payment, in whole or in part, for the Services found by the Town to be defective, untimely, unsatisfactory, or otherwise not conforming to this Agreement, or not in conformance with all applicable federal, state, and local laws, ordinances, rules and regulations. The Town shall not be required to pay for disputed Services until the dispute is resolved. Subject to the foregoing, the Town shall remit payment to Contractor, whether in whole or in part, within thirty (30) days’ receipt of such invoice. In no event shall total payment to Contractor under this Agreement exceed **\$750,000.00**, unless authorized in writing by Town.

3. **Term.** The term of this Agreement shall commence on **January 1, 2026** and expire on **December 31, 2026** (the “Term”). The Parties may mutually agree to extend the Term of this Agreement for no more than three (3) years under the same terms and conditions by a written amendment to this Agreement prior to the expiration of this Agreement. Nothing in this paragraph prohibits the parties from amending the payment section should the Parties elect to extend the term of the Agreement. Contractor shall complete any Services in progress as of the expiration date.

4. **Termination.** Town shall have the right to terminate this Agreement with or without cause at any time with ten (10) days’ written notice to Contractor. The Town’s only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective

date of termination. Upon termination, Contractor shall immediately turn over all work product, materials, deliverables created up to the point of termination.

5. **Subcontractors.** Contractor may utilize subcontractors to assist with specialized Services as necessary to complete the Services. Contractor will submit any proposed subcontractor and the description of subcontractor services to the Town for its prior approval.

6. **Inspection and Warranty.** Town reserves the right to inspect the Services provided under this Agreement at all reasonable times and places during the term of this Agreement. Alternatively, the Town may refuse the Services and cancel all or any part of this Agreement if Contractor fails to deliver all or any part of the Services in accordance with the terms and conditions of this Agreement. Failure by the Town to inspect and test the Services shall not relieve Contractor of such responsibility. Any acceptance by the Town shall not be deemed a waiver or settlement of any defect or nonconformity in such Services. If Town elects to accept nonconforming or defective Services, Town, in addition to its other remedies, shall be entitled to deduct a reasonable amount from the price thereof to compensate Town for the nonconformity or defect. Contractor expressly warrants that all materials and/or equipment furnished under this Agreement shall be free from defects in materials or workmanship, are installed properly and in accordance with the manufacturer recommendations or other industry standards, and will function in a failure-free manner for a period of one (1) year from the date of delivery or installation. Contractor, shall, at its option, repair or replace any material and/or equipment that fail to satisfy this warranty during the warranty period. Additionally, Contractor agrees to assign to the Town all written manufacturer warranties relating to the supplies and to deliver such written warranties to the Town.

7. **Risk of Loss.** With respect to any goods or equipment provided under this Agreement, risk of loss shall not pass to the Town until such equipment has been received and accepted by the Town, pursuant to the Inspection and Warranty Section herein, above, at the destination specified by the Town. Contractor assumes full responsibility for packing, crating, marking, transporting, and liability for loss or damage in transit, notwithstanding any agreement by the Town to pay freight, express or other transportation charges.

8. **Annual Appropriation.** The continuance of this Agreement is contingent upon the appropriation of funds to fulfill the requirements of the Agreement by the Town. If the Town fails to appropriate sufficient monies to provide for the continuance of the Agreement, the Agreement shall terminate on the final day preceding the date of the beginning of the first fiscal year for which funds are not appropriated. The Town's only obligation in the event of termination shall be payment of fees and expenses incurred up to and including the effective date of termination.

9. **Assignment.** This Agreement shall not be assigned by Contractor without the written consent of the Town.

10. **Notice.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes if sent by certified mail or registered mail, postage and fees prepaid, addressed to the party to whom such notice is to be given at the address set forth on the first page of this Agreement, or at such other address as has been previously furnished in writing to the other party or parties. Such notice shall be deemed given when deposited in the United States mail.

11. **Insurance.**

A. **General Conditions:** Contractor agrees to secure, at or before the time of execution of this Agreement, the following insurance covering all operations, goods or services provided pursuant to this Agreement. Contractor shall keep the required insurance coverage in force at all times during the term of the Agreement, including any extension thereof, and during any warranty period. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-VII" or better. Each policy shall require notification to the Town in the event any of the required policies be canceled or non-renewed before the expiration date thereof. Such written notice shall be sent to the parties identified in the Notices section of this Agreement. Such notice shall reference the Town. Said notice shall be sent thirty (30) days prior to such cancellation or non-renewal unless due to non-payment of premiums for which notice shall be sent ten (10) days prior. If such written notice is unavailable from the insurer, Contractor shall provide written notice of cancellation, non-renewal and any reduction in coverage to the Town by certified mail, return receipt requested within three (3) business days of such notice by its insurer(s). Contractor shall be responsible for the payment of any deductible or self-insured retention. The insurance coverages specified in this Agreement are the minimum requirements, and these requirements do not lessen or limit the liability of the Contractor. The Contractor shall maintain, at its own expense, any additional kinds or amounts of insurance that it may deem necessary to cover its obligations and liabilities under this Agreement. All commercial and automobile liability policies shall have the following additional provisions:

- Severability of interests or separation of insureds provision;
- Provision that coverage is primary and non-contributory with other coverage maintained by the Town;
- The underlying Agreement is an "insured contract" under the policy;
- Defense costs shall be outside the policy limits for liability coverage.

B. **Proof of Insurance:** Contractor may not commence services or work relating to this Agreement prior to placement of coverages required under this Agreement. Contractor certifies that the certificate of insurance attached as **Exhibit 3**, preferably an ACORD form, complies with all insurance requirements of this Agreement. The Town's acceptance of a certificate of insurance or other proof of insurance that does not comply with all insurance requirements set forth in this Agreement shall not act as a waiver of Contractor's breach of this Agreement or of any of the Town's rights or remedies under this Agreement. Each certificate shall identify the Project and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least 30 days prior written notice has been given to the Town. If the words "endeavor to" appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate. The Town may require additional proof of insurance, including but not limited to policies and endorsements.

C. **Additional Insureds:** For Commercial General Liability and Automobile Liability, Contractor and subcontractor's insurer(s) shall include the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town as named additional insured.

D. **Waiver of Subrogation:** For all coverages required under this Agreement, Contractor's insurer shall waive subrogation rights against the Town, its elected and appointed officials, officers, employees, agents and volunteers acting within the course and scope of their duties for the Town.

E. **Subcontractors:** Contractor shall confirm and document that all subcontractors/subcontractors (including independent contractors, suppliers or other entities providing

goods or services required by this Agreement) procure and maintain coverage as approved by the Contractor and appropriate to their respective primary business risks considering the nature and scope of services provided.

F. **Workers' Compensation and Employer's Liability Insurance:** Contractor shall maintain the coverage as required by statute for each work location and shall maintain Employer's Liability insurance with limits of \$100,000 per occurrence for each bodily injury claim, \$100,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims.

G. **Commercial General Liability:** Contractor shall maintain a Commercial General Liability insurance policy with minimum limits of \$1,000,000 for each occurrence and \$2,000,000 products and completed operations aggregate, and \$2,000,000 general aggregate (per project). The policy shall provide coverage for all claims for bodily injury, property damage (including loss of use), products and completed operations, and contractual liability.

H. **Automobile Liability:** Contractor shall maintain Automobile Liability with minimum limits of \$1,000,000 combined single limit applicable to all owned, hired and non-owned vehicles used in performing services under this Agreement.

I. **Contractor's Pollution Liability:** Contractor shall maintain minimum limits of \$1,000,000 per occurrence and \$2,000,000 policy aggregate. Policy to include bodily injury; property damage including loss of use of damaged property; defense costs including costs and expenses incurred in the investigation, defense or settlement of claims; and clean-up costs. Policy shall include a severability of interest or separation of insured provision (no insured vs. insured exclusion) and a provision that coverage is primary and non-contributory with any other coverage or self-insurance maintained by the Town.

12. **Colorado Governmental Immunity Act.** The parties understand and agree that the Town is relying on, and does not waive or intend to waive by any provision of this contract, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S., as from time to time amended, or otherwise available to Town, its officers, or its employees.

13. **Indemnification.** Contractor expressly agrees to defend, indemnify and hold harmless Town or any of its agents, officers or employees from any and all claims, damages, liability, or court awards including attorney's fees that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Contractor or any of their employees or agents in performing Services pursuant to this Agreement. In the event that any such suit or action is brought against Town, Town will give notice within ten (10) days thereof to Contractor. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

14. **Delays.** Any delays in or failure of performance by any party of the obligations under this Agreement shall be excused if such delays or failure are a result of acts of God, fires, floods, strikes, labor disputes, accidents, regulations or orders of civil or military authorities, shortages of labor or materials, or other causes, similar or dissimilar, which are beyond the control of such party.

15. **Additional Documents & Entire Agreement.** The parties agree to execute any additional documents or take any additional action that is necessary to carry out this Agreement.

Further, this Agreement represents the entire agreement between the parties and there are no oral or collateral agreements or understandings. This Agreement may be amended only by an instrument in writing signed by the parties. If any other provision of this Agreement is held invalid or unenforceable, no other provision shall be affected by such holding, and all of the remaining provisions of this Agreement shall continue in full force and effect.

16. **Time of the Essence.** If any payment or any other condition, obligation, or duty is not timely made, tendered or performed by either party, then this Agreement, at the option of the party who is not in default, may be terminated by the non-defaulting party, in which case, the non-defaulting party may recover such damages as may be proper.

17. **Default and Remedies.** In the event either party should default in performance of its obligations under this agreement, and such default shall remain uncured for more than ten (10) days after notice of default is given to the defaulting party, the non-defaulting party shall be entitled to pursue any and all legal remedies (subject to the following limitations on damages) and recover its reasonable attorney's fees and costs in such legal action. No party will be entitled to lost profits or incidental, consequential, punitive or exemplary damages in the event of a default.

18. **Waiver.** A waiver by any party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

19. **Venue, Choice of Law and Disputes.** Venue for all legal actions shall lie in the District Court in and for the County of Douglas, State of Colorado, and shall be governed by the laws of the State of Colorado as well as the Charter and Municipal Code, rules, regulations, Executive Orders, and fiscal rules of the Town.

20. **Americans with Disabilities Act.** Contractor agrees to ensure that any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement, to include website design services, will comply with all requirements of Title II of the Americans with Disabilities Act and, where applicable, Section 504 of the Rehabilitation Act, the Architectural Barriers Act, and the Colorado Anti-Discrimination Act. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Contractor shall indemnify the Town in accordance with the terms of this Agreement and, at the Town's option, shall re-vise, re-construct, or similar, the non-compliant deliverable, work, service, or equipment, or reimburse the Town for the cost associated with bringing the non-compliance deliverable, work, service or equipment into compliance.

21. **No Discrimination in Employment.** The Town is a governmental agency and, therefore, in connection with the performance of Work or Services under this Agreement, Contractor shall not refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, or any other protected class under Federal or State law; and Contractor shall insert the foregoing provision in any subcontracts hereunder.

22. **Title VI Compliance.** To the extent applicable, Contractor shall ensure its current and future compliance with Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d et seq., as amended, which prohibits the exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin.

23. **Advertising and Public Disclosure.** Contractor shall not include any reference to this Agreement or goods or services provided pursuant to this Agreement in any of Contractor's advertising or public relations materials without first obtaining the written approval of the Town. Nothing herein, however, shall preclude the transmittal of any information to officials of the Town, including without limitation, the Town Attorney, Town Manager, and the Town Council.

24. **Ownership of Documents, Open Records, and Copyright.** Any work product, materials, and documents produced by the Contractor pursuant to this Agreement shall become property of the Town upon delivery and shall not be made subject to any copyright or made confidential or protected in any manner unless authorized by the Town. Other materials, methodology and proprietary work used or provided by the Contractor to the Town not specifically created and delivered pursuant to the Services outlined in this Agreement may be protected by a copyright held by the Contractor and the Contractor reserves all rights granted to it by any copyright. However, Contractor acknowledges and understands that the Town is subject to the Colorado Open Records Act, C.R.S. § 24-72-201, et seq. The Town shall not reproduce, sell, or otherwise make copies of any copyrighted, confidential or protected material, subject to the following exceptions: (1) for exclusive use internally by Town staff and/or employees; or (2) pursuant to a request under the Colorado Open Records Act, C.R.S. § 24-72-201, et seq., to the extent that such statute applies; or (3) pursuant to law, regulation, or court order. The Contractor waives any right to prevent its name from being used in connection with the Services.

Contractor warrants that all Services or Work performed under this Agreement shall comply with all applicable patent, trademark and copyright laws, rules, regulations and codes of the United States. Contractor shall not utilize any protected patent, trademark or copyright in performance of the Work or Services unless Contractor has obtained proper permission and all licenses, releases and other necessary documents. Contractor releases, defends, indemnifies and holds harmless the Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, the performance of the Work or Services under this Agreement which infringes upon any patent, trademark or copyright protected by law.

25. **Authority.** The individuals executing this Agreement represent that they are expressly authorized to enter into this Agreement on behalf of the Town and the Contractor and bind their respective entities. This Agreement is executed and made effective as provided above.

26. **Digital Accessibility.** Contractor shall be responsible for ensuring that all deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement comply with Colorado law governing digital accessibility, including but not necessarily limited to at a minimum conforming with the current Web Content Accessibility Guidelines ("WCAG") followed by the State of Colorado. To the extent any deliverables, work, services, or equipment developed, designed, constructed or produced pursuant to this Agreement fail to comply with the requirements of this Section, Contractor releases, defends, indemnifies and holds harmless Town, its officers, agents, and employees from any and all claims, damages, suits, costs, expenses, liabilities actions or proceedings of any kind or nature whatsoever, of or by anyone whomsoever, in any way resulting from, or arising out of, directly or indirectly, said failure. These defense and indemnification obligations shall survive the expiration or termination of this Agreement.

27. **Independent Contractor.** Contractor and the Town hereby represent that Contractor is an independent contractor for all purposes hereunder. Contractor is not covered by any worker's compensation insurance or any other insurance maintained by Town except as would apply to members of the general public. Contractor shall not create any indebtedness on behalf of the Town.

28. **No Third-Party Beneficiaries.** It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to Town and Contractor, and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third party on such Agreement. It is the express intention of the parties that any person other than Town or Contractor receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

29. **Counterparts & Electronic Signatures.** This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall be deemed to constitute one and the same instrument. Each of the parties hereto shall be entitled to rely upon a counterpart of the instrument executed by the other party and sent by electronic mail. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

30. **Licenses/Taxes.** Contractor affirms it is licensed to do business in the State of Colorado and is in good standing. Further, Contractor shall be solely responsible for paying all applicable taxes associated with or rising out of this Agreement.

31. **Confidentiality.** Contractor agrees that it shall treat as confidential all information provided by the Town regarding the Town's business and operations. All confidential information provided by the Town hereto shall be used by Contractor solely for the purposes of rendering services or work pursuant to this Agreement and, except as may be required in carrying out the terms of this Agreement, shall not be disclosed to any third party without the prior consent of the Town. The foregoing shall not be applicable to any information that is publicly available when provided or which thereafter becomes publicly available or which is required to be disclosed by any regulatory authority in the lawful and appropriate exercise of its jurisdiction over a party, any auditor of the parties hereto, by judicial or administrative process or otherwise by applicable law or regulation.

32. **Priority of Provisions.** In the event that any terms of this Agreement and any Exhibit, attachment, or other referenced document are inconsistent, the following order of priority shall control: (1) this Agreement; (2) Exhibit containing Certificate of Insurance; and (3) Exhibit containing the Scope of Services and Fee Schedule.

ATTACHED EXHIBITS:

EXHIBIT 1 – SCOPE OF SERVICES AND FEE SCHEDULE

EXHIBIT 2 – CONTRACTOR'S CERTIFICATE OF INSURANCE

[SIGNATURE BLOCK TO FOLLOW]



ATTEST:

TOWN OF CASTLE ROCK

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Stacey Song, Assistant Town Attorney

Mark Marlowe, Director of Castle Rock Water

CONTRACTOR:

TREATMENT TECHNOLOGY HOLDING, LLC

By: _____
(Print Name)

(Signature)

Its: _____
(Title)

EXHIBIT 1

SCOPE OF SERVICES AND FEE SCHEDULE

Contractor shall provide and deliver various chemicals, as needed, to the Town's water facilities. These chemicals will include, but are not limited to, the following:

- Sodium Hypochlorite & Liquid Ammonium Sulfate;
- Caustic Soda;
- Sodium Bisulfite;
- Sodium Thiosulfate;
- Hydrogen Peroxide;
- Aluminum Sulfate (Alum);
- Citric Acid;
- Citric Acid Anhydrous; and
- SureSoft Water Softening Pellets.

In no event shall payment to Contractor exceed \$750,000.00, unless authorized in writing by Town.

EXHIBIT 2

CONTRACTOR'S CERTIFICATE OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

09/15/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Flood and Peterson PO Box 578 Greeley CO 80632	CONTACT NAME: Kim DeNicola, CIC PHONE (A/C, No, Ext): (970) 356-0123 E-MAIL ADDRESS: KDeNicola@FloodPeterson.com FAX (A/C, No): (970) 330-1867
INSURED Treatment Technology Holding, LLC dba Treatment Technology 4055 Kodiak Ct. Longmont CO 80504	INSURER(S) AFFORDING COVERAGE INSURER A: Nautilus Insurance Company INSURER B: Great Divide Insurance Company INSURER C: Pinnacol Assurance INSURER D: INSURER E: INSURER F:
	NAIC # 17370 25224 41190

COVERAGES**CERTIFICATE NUMBER:** Master 25-26 GL, AU, UMB**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		15936GL	07/01/2025	07/01/2026	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 25,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 Contractors Pollution \$ 1,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y		15936AU	07/01/2025	07/01/2026	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			15936UMB	07/01/2025	07/01/2026	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A	4237433	06/01/2025	06/01/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

"As required by written contract, the Town of Castle Rock, its Elected and Appointed Officials, Employees and Volunteers are included as Additional Insured" with regards to the appropriate policies ONLY.

CERTIFICATE HOLDER**CANCELLATION**

Town of Castle Rock
A Colorado Municipal
Corporation; 100 N. Wilcox St.
Castle Rock

CO 80104

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 9. **File #:** WC 2025-119

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Mark Henderson, P.E., Assistant Director of Castle Rock Water
Lauren Moore, Water Resources Manager

Resolution Approving a First Amendment to the Water Rights Brokerage Agreement between the Town of Castle Rock and Stillwater Resources & Investments, Inc.
Town Council Agenda Date: December 16, 2025

Executive Summary

Castle Rock Water is seeking Town Council approval of a resolution (**Attachment A**) to amend a Water Rights Brokerage Agreement between the Town and Stillwater Resources & Investments, Inc. (Stillwater). This First Amendment (Exhibit 1) is to extend the term of the agreement and apply to water rights opportunities that the Town is investigating in the Lost Creek basin located in Weld County. These water rights would complement the Town's existing Lost Creek wells and Box Elder project. Stillwater has been operating as the Town's water rights broker since 2013. The existing agreement (**Attachment B**) was executed on January 19, 2024 with a two-year term and would expire on January 19, 2026. Castle Rock Water continues to investigate additional water rights opportunities to support the Box Elder project. The proposed amendment adds an additional two-years to the term of the agreement to allow Stillwater to investigate, recommend, and prepare terms of agreement for acquisition of additional water rights opportunities.

History of Past Town Council, Boards & Commissions, or Other Discussions

On February 19, 2013 Town Council passed a resolution approving a water rights brokerage agreement between Stillwater Resources & Investments Inc. and the Town of Castle Rock for evaluating renewable water rights in conjunction with the Box Elder Project for a term of two-years. Under this agreement the Town was able to acquire 770-acre feet (AF) of renewable water rights as part of the Rothe-Sublette project.

On February 17, 2015 the first Amendment to the 2013 agreement was approved to extend the term for an additional two years to February 19, 2017 such that Castle Rock Water could continue to pursue additional water rights opportunities and an additional 1,035 AF of renewable water rights were secured in the Lost Creek basin.

On March 7, 2017 Town Council passed a resolution approving a new agreement between Stillwater Resources & Investments Inc. and the Town of Castle Rock to continue to evaluate acquisition of water rights that could contribute to the Box Elder Project. The new agreement maintained many of the same terms of the original agreement but clarified that the agreement applies only to water leases for water rights located north of the City of Denver and would not apply to water rights acquired on Plum Creek or Cherry Creek. It also added terms for the addition of alternative transfer mechanisms to minimize permanent buy-and-dry effects on

Agricultural property. The new agreement was for a term of 2 years until March 7, 2019.

On February 5, 2019 the first Amendment to the 2017 agreement was approved to extend the term for an additional two years to March 7, 2021 such that Castle Rock Water could continue to pursue additional water rights opportunities.

On January 19, 2024, Council approved a resolution approving a new agreement between Stillwater Resources & Investments Inc. and the Town of Castle Rock to continue to evaluate acquisition of water rights that could contribute to the Box Elder Project. This agreement was intended to focus on potential acquisition of water rights in Lost Creek basin. The agreement was for a term of two-years until January 19, 2026.

Discussion

Since 2013 the Town has used the services of Stillwater to help identify and recommend water rights that would complement the Box Elder project, located in Weld County, which is one of the key elements of the Town's Long-Term Water Plan. The Town obtained 1,485 AF of renewable water rights in the Lost Creek Basin and 770 AF of renewable water rights as part of the Rothe-Sublette project (located along the South Platte River near Orchard, Colorado) through the brokerage agreement with Stillwater. Castle Rock continues to investigate opportunities to obtain additional renewable water rights to ensure that there is enough water to support a 3,000 AF annual yield from the Box Elder project. The focus of Stillwater's efforts will be to support this goal by investigating additional water rights prospects for the Town's consideration, and negotiating the terms of potential purchase agreements. Stillwater has helped the Town purchase 2,255 AF of water. All the water has been purchased within the planned budget. Total brokerage fees to date have been approximately \$800,000 and total investments in water rights associated with the Box Elder project have been approximately \$15.3 million. Stillwater has been developing similar scale water supplies for clients since 1987.

The agreement with Stillwater includes compensation of 5% of the purchase price paid by the Town to the seller of such Prospect (inclusive of all real and/or personal property provided that such property is necessary for the acquisition of the prospect). There are also terms in the agreement for leasing water rights or option agreements whereby Stillwater will receive compensation.

The proposed amendment extends the agreement an additional two years to January 19, 2028, and identifies additional water rights opportunities of approximately 1,100 AF that the town is investigating in the Lost Creek Basin. The amendment allows Stillwater to investigate, recommend and evaluate the water rights opportunities; as well as prepare terms for purchase for the Town to review and take action if desired.

Budget Impact

The budget impact is variable and dependent on the total of amount of water rights acquired and the final purchase price. Based on the total amount of water rights currently being investigated the brokerage fee could be up to \$1M. The 2026 budget includes \$500,000 for water rights acquisition in Account 211-4375-443.75-47. Depending on the timing and the final purchase price a budget amendment or budget transfer may be pursued as necessary to complete an acquisition.

Staff Recommendation

Staff recommends approval of the resolution as presented.

Proposed Motion

Item #: 9. File #: WC 2025-119

"I move to recommend to Town Council approval of the Resolution as presented"

Attachments

Attachment A: Resolution (**Not Attached**)

Exhibit 1: Amended Agreement

Exhibit 2: Original Agreement

**FIRST AMENDMENT
TO WATER RIGHTS BROKERAGE AGREEMENT**

This FIRST AMENDMENT TO WATER RIGHTS BROKERAGE AGREEMENT (“Amendment”) is made and entered into effective this ____ day of _____, 2025 by and between Stillwater Resources & Investments, Inc., a Colorado corporation, whose address 4551 Prado Drive, Boulder, CO 80303 (“Stillwater”) and the Town of Castle Rock, a home rule municipal corporation, by and through the Town of Castle Rock Water Enterprise, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (“Town”)

RECITALS

A. Stillwater and the Town entered into a Water Rights Brokerage Agreement dated January 19, 2024 (“Agreement”) wherein the Town employed Stillwater for purposes of identifying and recommending water rights essential for the Town’s renewable water needs.

B. The Town desires to acquire additional water rights with assistance from Stillwater.

C. The term of the Agreement ends on January 19, 2026 and the Parties both desire to extend the term of the agreement.

NOW THEREFORE, in consideration of the promises and good and valuable consideration, including the payments, terms, covenants and promises herein, the parties agree as follows:

Section 1. Term. The term of the Agreement set forth in Section 8 of the Agreement shall be extended an additional two years, expiring January 19, 2028 .

Section 2. Services. Section 1 A. of the agreement shall be amended to add the following well permit numbers as each singularly a “Prospect” or collectively “Prospects” as defined in the Agreement: Well Permit Numbers 6419-FP, 9175-FP, 31568-FP, 9430-FP, 15550-FP.

Section 3. Amendment Controls. In the event of any conflict between this First Amendment and the Agreement, the terms of this First Amendment shall control. Except as specifically modified by this First Amendment, the terms of the Agreement shall remain unchanged and in full force and effect.

Section 4. Execution in Counterparts. The First Amendment may be executed in multiple counterparts, all of which take together shall be deemed one original. Copies of signatures transmitted by facsimile or email shall be legal and binding for all purposes.

IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed as of the day and year first set forth above.

(SIGNATURE PAGE TO FOLLOW)

STILLWATER:

STILLWATER RESOURCES & INVESTMENTS, INC.,
a Colorado corporation

By: _____
Walraven Ketellapper, President

TOWN:

ATTEST:

**TOWN OF CASTLE ROCK, by and
through the TOWN OF CASTLE ROCK
WATER ENTERPRISE**

Lisa Anderson, Town Clerk

Jason Gray, Mayor

Approved as to form:

Approved as to content:

Michael J. Hyman , Town Attorney

Mark Marlowe, Director, Castle Rock Water

CON-2023-0969



WATER RIGHTS BROKERAGE AGREEMENT

THIS WATER RIGHTS BROKERAGE AGREEMENT (the "Agreement") is made and entered into effective this 19th day of January, 2024, by and between Stillwater Resources & Investments, Inc., a Colorado corporation, 4551 Prado Drive, Boulder, Colorado 80303 ("Stillwater") and the Town of Castle Rock, a home rule municipal corporation of the State of Colorado, by and through the Town of Castle Rock Water Enterprise, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (the "Town").

RECITALS

WHEREAS, the Town, on its own and through affiliation with water providers, has undertaken studies of various renewable water rights and projects that Town may consider for acquisition and development; and

WHEREAS, in 2013, after an extensive RFP process, the Town entered into a Water Rights Brokerage Agreement with Stillwater, whereby Stillwater acted as the Town's exclusive agent for the purchase of water rights; and

WHEREAS, Stillwater is qualified as a water rights broker and is experienced in the acquisition of water rights for municipal entities and has represented the Town in a number of completed water rights transactions; and

WHEREAS, the original contract, as amended in 2015 and 2017, has since lapsed; and

WHEREAS, the Town desires to employ Stillwater for purposes of representing the Town in the acquisition of one package of water rights that Stillwater initially identified and presented to the Town for potential purchase; and

WHEREAS, upon completion of such due diligence, Town may request Stillwater to ascertain the definitive terms and conditions under which the Town may contractually secure the designated water rights; and

WHEREAS, Stillwater desires to act as Town's exclusive limited agent to the negotiation and purchase of the identified water rights upon the terms and conditions contained in this Agreement; and

NOW THEREFORE, in consideration of the promises and good and valuable consideration, including the payments, terms, covenants and promises herein, the parties agree as follows:

Section 1. Services. During the term of this Agreement, Stillwater shall exercise reasonable care, skill and diligence in performing the following services for the Town (the "Services"):

- A. Due Diligence. Subject to the limitation on Services contained in Section 2, Stillwater shall assist Town staff, experts and professional consultants, including, but not

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limited to, the Town's water resource engineer and attorneys, in performing due diligence on the potential acquisition of water rights associated with Well Permit Numbers 31623, 8298, 31540, 5867, 31530 and 5866 (each, singularly, a "Prospect," or collectively, the "Prospects"). Based on such collaborative due diligence, Stillwater shall prepare a written summary of the proposed acquisition terms for the Prospect ("Term Sheet"). Town shall approve, reject or amend the Term Sheet. Stillwater shall assist Town staff and/or the Town Council in the evaluation of the Term Sheet.

- B. Brokerage. Based on an approved Term Sheet, Stillwater shall negotiate as Town's agent the purchase price and terms for each Prospect acceptable to Town. Town shall have the right, in its sole discretion, for whatever reason to: (i) approve the final terms for any Prospect and enter into a conforming contract with the seller, or (ii) reject any Prospect, irrespective of the fact that Stillwater has secured a commitment from the seller consistent with the approved Term Sheet. Under Town regulations, any contract for acquisition of a Prospect in excess of \$250,000 must be approved by the Town Council.

Stillwater shall provide the Town with regular status reports on the Services, which may be subject to the Non-Disclosure Agreement executed between the parties in 2012 and attached to this Agreement as *Exhibit 1*.

Section 2. Limitations on Services. Services are limited to those activities prescribed in Section 1. Stillwater will not, and shall not be obligated to provide any legal or engineering review or analysis, including but not limited to, determining the technical feasibility of water resource alternatives, drafting agreements or legal or closing documents; examining title or water court records, or related services, all of which shall be the obligation of the Town to procure at its expense and make available to Stillwater in the performance of the Services.

Stillwater shall have no duty to conduct an independent inspection of the water rights associated with any Prospect for the benefit of Town and shall have no duty to independently verify the accuracy or completeness of statements made by the seller of a Prospect or any independent inspector; provided, however, that Stillwater shall inform Town if it believes that any such statements are inaccurate. Stillwater shall have no duty to verify the accuracy or completeness of any statement made by Town. Stillwater shall not disclose to any person, including any prospective seller, any adverse material facts concerning Town, absent the Town's prior written authorization.

Section 3. Agency; Vicarious Liability. Town irrevocably appoints Stillwater as Town's exclusive limited buyer's agent during the term of this Agreement to represent Town in acquiring any Prospect, and authorizes and empowers Stillwater to exercise and perform such acts reasonably necessary or incidental to the Services. Stillwater, as Town's agent, shall promote the interests of the Town with utmost good faith, loyalty and fidelity. Town agrees to conduct all negotiations for any Prospect through Stillwater. Town shall not be vicariously liable for the acts of Stillwater that are not approved, directed or ratified by Town.

Section 4. Cooperation. The parties shall fully cooperate with one another in order to

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facilitate the Services by timely providing information, documentation and expert and/or professional assistance necessary to enable the performance of the Services and as reasonably requested by Stillwater or the Town; provided, however, that Town shall only be obligated to incur such costs and expenses as it deems necessary and authorizes pursuant to Section 6.

Section 5. Compensation for Services. Stillwater shall be compensated for the Services on a commission basis when the Town acquires an interest in any Prospect as approved in this Section ("Brokerage Fee"), subject to the Town's annual appropriation and budgeting processes (if and as applicable). The Brokerage Fee for the transaction shall be based on one of the following provisions, as applicable. The Brokerage Fee shall be due with the closing of the transaction between Town and the Prospect seller.

- A. Purchase. In the event that Town acquires the Prospect or any partial interest in a Prospect, Town shall pay Stillwater a Brokerage Fee of 5% of the purchase price paid by Town to the seller of such Prospect, inclusive of all real and/or personal property simultaneously acquired, provided that the acquisition of such real or personal property is necessary for the acquisition of the Prospect. The Brokerage Fee shall be calculated on the total purchase price paid by Town as evidenced by the closing statements approved by Town and the respective seller(s) for each purchase.
- B. Lease. In the event that Town leases the Prospect or any partial interest in a Prospect, Town shall pay Stillwater a Brokerage Fee of 5% of the aggregate rents payable during such initial lease term, and 5% of the aggregate rents payable under any renewal term of such lease exercised by the Town, provided that irrespective of the duration of the primary term or the number and duration of renewal terms, the Brokerage Fee shall apply only to the first 10 years of lease payments for which the Town is contractually obligated to make. The Brokerage Fee with respect to the initial lease term shall be paid at the time of lease execution, and the Brokerage Fee calculated on renewal terms shall be paid when the Town exercises such renewal term. Consequently, if Town enters into a lease with an initial term of 15 years, the Brokerage Fee would apply and be calculated on the total lease payments for lease years 1 through 10 only. If the lease provides for an initial term of 5 years with two 5-year renewal terms, both of which are exercised by the Town, the Brokerage Fee would apply to and be calculated on the lease payments under the primary term and the first renewal term, but not on the second renewal term.
- C. Option. In the case of an option to acquire or lease the Prospect, in addition to any other Brokerage Fee due Stillwater as provided herein, Town shall pay Stillwater a Brokerage Fee of 5% of each non-refundable option payment, contemporaneously with such option payment. If the subject non-refundable option payment is also credited against the purchase price, at the time of closing of the subject option, the Town shall be entitled to a credit against the Brokerage Fee due Stillwater in consideration of such closing in an amount equal to the Brokerage Fee the Town paid Stillwater with respect to non-refundable option payments which were credited against the purchase price. In the event of an option which provides for an option term of one year or longer from the date the Town's inspection, due diligence,

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feasibility or investigation period (the "Inspection Period") ends until the date of closing, if the Town does not terminate the option prior to the end of the Inspection Period and does not close its acquisition or terminate the option on or before the first annual anniversary of the end of the Inspection Period, on the first annual anniversary of the end of the Inspection Period (the "Fee Accrual Date") the Town shall pay Stillwater a Brokerage Fee as calculated under subsection 5.A (if the option is for the purchase of a Prospect) or subsection 5.B (if the option is for the lease of a prospect). However, in that event, the Brokerage Fee shall be based on the net present value of the purchase price or sum of the initial term lease payments calculated from the last day the option may be exercised to the date of payment, based on a 5% interest rate, non-compounded. Upon such payment, Town shall not be required to make any further Brokerage Fee payments to Stillwater with respect to the subject option. By way of example (and not limitation), if the Town entered into an option to purchase the Prospect for \$1,000,000, which provided that the Town could exercise the Option at any time within five (5) years from the date of contract execution, and the option had a one (1) year Inspection Period. If the Town did not terminate the option prior to the second annual anniversary of option execution (one year after the end of the Inspection Period), Stillwater would be entitled to receive a Brokerage Fee of \$46,250.00 on the Fee Accrual Date (one year after the end of the Inspection Period), calculated as follows:

\$1,000,000 purchase price - \$75,000 (3-year remaining option term times 5% per annum net present value interest rate) = \$925,000 net present value of purchase price x 5% = Brokerage Fee of \$46,250

And if, under the foregoing example, the Town had made non-refundable option payments which applied to the purchase price, and had paid Stillwater a Brokerage Fee with respect to same, the Town would be entitled to a credit against the above-calculated Brokerage Fee of \$46,250 equal to the Brokerage Fee paid Stillwater with respect to the non-refundable option payments which applied to the purchase price. Likewise, if the Town, in its discretion, terminates an option prior to the Fee Accrual Date, it shall owe no Brokerage Fee with respect to the terminated option, except any Brokerage Fee due as a result of each non-refundable option payment made prior to termination. Similarly, if the Town pays Stillwater a Brokerage Fee on the Fee Accrual Date with respect to a lease pursuant to the foregoing provisions and later renews or extends that lease, the Town will pay Stillwater a Brokerage Fee with respect to each such renewal or extension (subject to the ten (10)-year limitation set forth above in subsection 5.B).

In the event the purchase price or lease rate is not determinable on the Fee Accrual Date, for the purposes of calculating the Brokerage Fee due Stillwater on the Fee Accrual Date, the purchase price or lease rate used for calculating the Brokerage Fee due Stillwater on the Fee Accrual Date shall be the lesser of (i) \$400 per acre foot or (ii) the minimum purchase or lease rate provided in the option.

D. Other Acquisition. In the event that Town acquires any interest or control in the

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Prospect by exchange or other means other than a direct purchase subject to subsection 5.A, a direct lease subject to subsection 5.B, or an option subject to subsection 5.C, in the absence of further written agreement between the Town and Stillwater with respect to the Brokerage Fee due Stillwater with respect to any Prospect, Town shall pay Stillwater a fee of \$1,000.00 per acre foot of water subject to such transaction at the time of the Town's acquisition of the Prospect.

The Brokerage Fee required to be paid to Stillwater pursuant to this Section 5 shall apply to any Prospect placed under contract by the Town: (i) during the term of this Agreement and then is later closed after the term; or (ii) within 180 calendar days after this Agreement expires or is terminated for any reason other than the default of Stillwater, provided that the Prospect is one on which Stillwater submitted a Term Sheet or a written description of the Prospect during the term of this Agreement, which Term Sheet or Prospect description was approved in writing by the Town or its staff, or concerning which Term Sheet or Prospect, Stillwater was instructed in writing to proceed by the Town or its staff. For the purpose of the prior sentence, written approval or written instruction to proceed includes, but is not limited to, an approval or instruction to proceed by email.

Section 6. Responsibility for Outside Expenses. Stillwater shall not obtain or order any services or products from third party sources without the Town's prior written consent, including, but not limited to, legal, engineering and other expert and professional services all of which, shall be obtained and promptly paid for by Town. Stillwater shall not be obligated to advance any funds on behalf of Town. Town shall provide its own legal review and counsel of all contracts for acquisition of a Prospect.

Section 7. Non-Exclusivity of Services/Disclosure. Town acknowledges receipt of disclosure from Stillwater of the clients for whom Stillwater currently performs work similar to the Services, and Town agrees that Stillwater may continue to provide such third-party services to such clients. In the event that either Stillwater or Town perceives that there may be a potential conflict with Stillwater's duty to Town under this Agreement with either such existing clients or new clients acquired after the commencement of the term of this Agreement, such party shall inform the other in writing of the potential conflict. In such event, the parties shall endeavor to resolve the potential conflict such that there is no material impairment of the Services or Stillwater's performance of the other services. However, if the potential conflict of interest cannot be resolved to their mutual satisfaction, Stillwater shall either: (i) terminate the engagement, (ii) decline such other engagement, or (iii) withdraw from and terminate this Agreement. For the purpose of qualification for payment of Brokerage Fee under Section 5, a termination under this Section 7 shall be considered a termination without fault or breach by Stillwater.

Section 8. Term. This Agreement and the provision of the Services shall commence upon the effective date indicated above and shall terminate two years from the effective date of this Agreement, unless previously terminated pursuant to Sections 7 or 9, or unless the term is extended by mutual written agreement.

Section 9. Termination and Brokerage Fee. In the event of a default of this Agreement by either party, the non-defaulting party shall give the defaulting party 30 days' written notice of such default and the opportunity to cure such default within such 30-day period. In the event that the

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defaulting party fails or refuses to cure the default within such 30- day period, this Agreement shall terminate on the 30th calendar day after such notice is given. If such termination for cause results from an uncured default by Stillwater, Stillwater shall not be entitled to any further Brokerage Fees, irrespective of the provisions Section 5. In addition to such termination for cause, Town shall have the right to terminate this Agreement at any time for any reason with 60 days' prior written notice to Stillwater. In the event of such termination for convenience by Town or a termination under Section 7, Stillwater shall be entitled to Brokerage Fees as provided in Section 5.

Section 10. Limitation of Liability. In no event will either party be liable to the other for any lost profits, incidental, special, exemplary, punitive, indirect or other consequential damages, even if such party knows or has been advised of the possibility of such damages.

Section 11. Limitation on Third-Party Compensation. Stillwater shall not accept compensation from any other person or entity in connection with any Prospect without the written consent of the Town. Additionally, Stillwater shall not be permitted to assess and receive mark-ups or compensation for services performed by any third party or affiliated business entity unless the Town signs a separate written consent for such services.

Section 12. Separate Business Operations; Independent Contractor. By this Agreement, Stillwater and Town are not creating, nor do they intend to create, an employer-employee relationship, a partnership, joint venture, merger of business operations or any business association and specifically agree and represent that their respective business operations shall remain separate and distinct.

Stillwater and the Town hereby represent that Stillwater is an independent contractor for all purposes hereunder. Stillwater further represents and warrants that: (i) Stillwater is free from the Town's direction and control in the performance of the Services; (ii) Stillwater has an independent business doing the specific type of work or services which are the subject of this Agreement; (iii) the Town does not control what work or services Stillwater will perform or the manner in which such work or services will be performed; and (iv) Stillwater is not covered by any worker's compensation insurance or any other insurance maintained by Town except as would apply to members of the general public. Stillwater has executed an Affidavit of Independent Contractor Status, which Affidavit is attached to this Agreement as *Exhibit 2*.

Section 13. Assignability. This Agreement shall not be assigned by Town or Stillwater without the other party's written consent.

Section 14. Notice. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and addressed with the address set forth at the beginning of this Agreement for the particular party to be notified. The address of any party may be changed by giving written notice of such change to the other party in the manner provided herein. Any notice delivered in person shall be deemed to have been duly given on the date of such delivery. Any notice delivered by mail in accordance with this provision shall be deemed to have been duly given on the third calendar day after the same is deposited in any post office or postal box regularly maintained by the United States Postal Service with postage prepaid.

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Section 15. Insurance.

- A. Stillwater shall procure and maintain, and shall cause each subcontractor of Stillwater, if any, to procure and maintain, at or before the execution of this Agreement, the following insurance:
 1. Workers' Compensation insurance to cover obligations imposed by the Workers' Compensation Act of Colorado and any other applicable laws for any employee engaged in the performance of Services under this Agreement, and Employer's Liability insurance with limits of \$500,000 per occurrence for each bodily injury claim, \$500,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims.
 2. Commercial General Liability insurance with limits of \$1,000,000 for each occurrence and \$1,000,000 policy aggregate. The policy shall be applicable to all premises and operations and include coverage for bodily injury, broad form property damage (including for contractual and employee acts), blanket contractual, independent contractors, products liability, and completed operations.
 3. Business Automobile Liability insurance with limits of \$1,000,000 for bodily injury per person, \$1,000,000 for bodily injury per accident, and \$1,000,000 for property damage. The policy shall include coverage for each of Stillwater's owned, hired, leased, or borrowed vehicles assigned to or used in performance of the Services.
 4. Professional Liability/Errors and Omissions insurance with limits of \$1,000,000 for each occurrence and \$1,000,000 policy aggregate. The policy shall include coverage for damages or claims for damages arising from the rendering of, or the failure to render, any professional services.
- B. The Commercial General Liability, Business Automobile Liability, and Professional Liability policies required above shall provide the following: (i) the Town, its officers and employees, are named as additional insureds; (ii) this Agreement is an Insured Contract under the policy; (iii) defense costs are in excess of policy limits; (iv) the inclusion of a severability of interests provision; and (v) coverage is primary and non-contributory with other coverage or self-insurance maintained by the Town. For all coverages required above, Stillwater's insurer shall waive subrogation rights against the Town. If any policy is in excess of a deductible or self-insured retention, the Town must be notified by Stillwater. Stillwater shall be solely responsible for the payment of any deductible losses or self-insured retention under each of the policies required above.
- C. For any claims-made coverage: (i) The retroactive date must be on or before the contract date. (ii) Stillwater shall advise the Town in the event any general aggregate

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or other aggregate limits are reduced below the required per occurrence limits. At its own expense, and where such general aggregate or other aggregate limits have been reduced below the required per occurrence limit, Stillwater will procure such per occurrence limits and furnish a new certificate of insurance showing such coverage is in force.

- D. Stillwater shall keep the required insurance coverage in force at all times during the term of the Agreement, or any extension thereof, and for three (3) years after termination of the Agreement. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-" VIII or better. The insurance companies issuing the policy or policies to Stillwater shall have no right against the Town for payment of any premiums due or for any assessments under any form of any policy.
- E. Certificates of insurance shall be completed by Stillwater's insurance agent as evidence that policies providing the required coverage, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by the Town. Each certificate shall identify the Agreement and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least 30 days' prior written notice has been given to the Town. If the words "endeavor to" appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate. Stillwater certifies that the ACORD certificate of insurance provided to the Town and attached to this Agreement as *Exhibit 3* complies with all insurance requirements of this Agreement; provided, however, that the Town reserves the right to request and receive a certified copy of any policy and any endorsement thereto.
- F. Stillwater shall not be relieved of any liability, claims, demands or other obligations assumed pursuant to this Agreement by reason of its failure to procure or maintain insurance, or by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types. Failure on the part of Stillwater to procure or maintain policies providing the required coverage, conditions, and minimum limits shall constitute a material breach of contract upon which the discretion may procure or renew any such policy or any extended connection therewith, and all monies so paid by the Town shall be repaid by Stillwater to the Town upon demand, or the Town may offset the cost of the premiums against any monies due to Stillwater from the Town.

Section 16. Colorado Governmental Immunity Act. The parties understand and agree that the Town is relying on, and does not waive or intend to waive by any provision of this Agreement, the monetary limitations (presently \$424,000 per person, \$1,195,000 for two or more persons, per occurrence) or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, §§24-10-101, *et seq.*, C.R.S., as from time to time amended, or otherwise available to Town, its officers, or its employees.

Section 17. Indemnification.

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- A. Stillwater expressly agrees to indemnify and hold harmless Town or any of its officers or employees from any and all claims, actual out-of-pocket damages (but not consequential or other damages), liability, or court awards, including attorney's fees, that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Stillwater or any of their employees or agents in performing work pursuant to this Agreement. In the event that any such suit or action is brought against Town, Town will give notice within ten (10) days thereof to Stillwater.
- B. To the maximum extent permitted by law, Town expressly agrees to indemnify and hold harmless Stillwater or any of its officers or employees from any and all claims, actual out-of-pocket damages (but not consequential or other damages), liability, or court awards, including attorney's fees, that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Town or any of their employees or agents in performing work pursuant to this Agreement. In the event that any such suit or action is brought against Stillwater, Stillwater will give notice within ten (10) days thereof to Town.

Section 18. Attorney's Fees and Costs. In any action to enforce, interpret or seek damages for breach or default of this Agreement, whether in law or in equity, the substantially prevailing party shall be entitled to and shall be awarded all of its attorney's fees, expenses and costs thereof.

Section 19. Waiver. A waiver by any party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

Section 20. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns permitted pursuant to the provisions of this Agreement.

Section 21. Modification. No provision of this Agreement may be amended, waived or otherwise modified without the prior written consent of both of the parties hereto.

Section 22. Severability. Any provision of this Agreement which is held by a court of competent jurisdiction to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating or rendering unenforceable the remaining provisions of this Agreement.

Section 23. Governing Law. This Agreement is made and entered into and shall be governed by and construed in accordance with the laws of the State of Colorado.

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Section 24. Jurisdiction and Venue. Any and every legal action, in law or in equity, concerning enforcement, interpretation, effect, breach, default or dispute regarding this Agreement shall be resolved in District Court for the County of Douglas, State of Colorado and each party hereto consents to any such action being brought in the District Court for the County of Douglas, State of Colorado.

Section 25. Section Headings. This section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 26. Representations of Authority. Each of the parties signing this document on behalf of Stillwater and Town respectively represent and warrant to each that they have full and complete legal authority to execute this Agreement on behalf of such party.

ATTACHED EXHIBITS:

EXHIBIT 1 – NON-DISCLOSURE AGREEMENT

EXHIBIT 2 – TOWN OF CASTLE ROCK AFFIDAVIT OF INDEPENDENT CONTRACTOR STATUS

EXHIBIT 3 – CERTIFICATE OF INSURANCE

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**STILLWATER RESOURCES &
INVESTMENTS, INC.**

By:


Walraven Ketellapper, President

DS

ATTEST:



**TOWN OF CASTLE ROCK, by and
through the Town of Castle Rock Water
Enterprise**

DocuSigned by:



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Lisa Anderson, Town Clerk

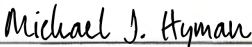
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Jason Gray, Mayor

Approved as to form:

DocuSigned by:



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Michael J. Hyman, Town Attorney

Approved as to content:

DocuSigned by:



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Mark Marlowe, Director of Castle Rock Water

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EXHIBIT 1

NON-DISCLOSURE AGREEMENT
(see attached)

RECIPROCAL CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

This Reciprocal Confidentiality and Nondisclosure Agreement (hereafter called "Agreement") is made and entered into this 2nd day of November, 2012, ("Effective Date") by and between the Town of Castle Rock, Colorado, by and through the Town of Castle Rock Water Enterprise ("Castle Rock"), Stillwater Resources and Investments, Inc., a Colorado corporation ("Stillwater") and Boxelder Properties, LLC, a Colorado limited liability company ("Box Elder"). For purposes of this Agreement, each party may be referred to as a "Party", and when disclosing Confidential Information (as defined in Section 1.e. herein) shall be deemed the "Disclosing Party", and each Party, when receiving Confidential Information, shall be deemed the "Receiving Party".

RECITALS

A. Pursuant to its January, 2006 Water Resources Strategic Master Plan, Castle Rock determined to acquire a water supply mix of renewable and reusable water that is 75% sustainable. In furtherance of the Water Resources Strategic Master Plan, on August 5, 2011 Castle Rock published its Request for Proposals (RFP) for Alternative Source of Water Supply Provider, RFP No. 2011-05.

B. Stillwater submitted a Water Supply Proposal dated September 2, 2011 in response to RFP No. 2011-05. Stillwater's Proposal included the provision of land and water owned by Box Elder. On October 5, 2012, Castle Rock's staff recommended that the Town pursue the Water Infrastructure and Supply Efficiency (WISE) agreement among South Metro Water Supply Authority, Aurora Water and Denver Water, as well as an agreement with Stillwater. On October 9, 2012 Castle Rock's City Council adopted a resolution accepting Staff's recommendations, and authorizing further negotiations with Stillwater and Box Elder. These negotiations may result in the execution of one or more agreements between the Parties, including, without limitation, a purchase and sale agreement between Castle Rock and Box Elder, a brokerage agreement between Castle Rock and Stillwater, and the execution of additional purchase and sale agreements, leases or other agreements with potential water suppliers and others as needed to implement Stillwater's Water Supply Proposal and further Castle Rock's efforts to cost effectively obtain an alternative water supply as contemplated by the Water Resources Strategic Master Plan and RFP No. 2011-05.

C. The Parties recognize and acknowledge that negotiations between the Parties will involve the disclosure of sensitive, confidential and proprietary information including, *inter alia*, the identification and analysis of various water resource options and assets specific targeted water rights augmentation sources and structures, delivery systems, etc, as well as specific direction from Castle Rock to Stillwater regarding the negotiating of the acquisition of identified water assets. Disclosure of such confidential information could threaten the availability and pricing of these items, to the detriment of the Castle Rock and materially and adversely impact the success of the negotiations, and Castle Rock's ability to implement its Water Resources Strategic Master Plan and RFP No. 2011-05.

D. Castle Rock is subject to the obligations imposed by 24-72-201 *et seq.* CRS as it may be amended ("CORA"), concerning open public records. The confidential information exchanged by the Parties under this Agreement may be protected from disclosure under the express provisions of CORA, or as otherwise provided under law. Therefore, to the greatest extent available by law, the Parties desire protect confidential information provided to each other to enter into this Agreement in order to protect the confidentiality of, and assure the nondisclosure of, confidential information incident to the negotiation, preparation, execution and performance of the anticipated agreements between and among the Parties and others.

1. **Definitions:**

- a. "Party" means a party to this Agreement.
- b. "Parties" include Disclosing Party(ies) and Receiving Party(ies).
- c. "Person" shall be interpreted broadly to include, without limitation corporations or other company entities, trusts, groups, partnerships, governmental authority or individual, but excluding a Party.
- d. "Representatives" mean directors, officers, employees, lenders, agents, financial advisors, consultants, contractors, attorneys and accountants of the Parties.
- e. "Confidential Information" means and includes any and all of the items described in paragraph i. below that has been or may hereafter be disclosed to one Party by the other Party or by the Representatives of each Party:
 - i. information related to water rights or other business interests or holdings of a Party, Stillwater's water rights solutions including (but not limited to) (a) sources of water used for provision of renewable water to Castle Rock to augment pumping at the Box Elder Well Field, how these water rights might be integrated into Castle Rock's water system and specific deal structures that might lead to successful acquisition, each Party's, aquifer hydrological data and ground water models, and information, however documented, or is otherwise obtained from review of each Party's documents or property or discussions with each Party's Representatives (including current or prospective water sources) or Representatives of a Party's Representatives irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries and other material prepared by a Party or a Party's Representatives containing or based, in whole or in part, upon any information included in the foregoing; or
 - ii. any trade secrets of each Party will also be entitled to all of the protections and benefits under applicable trade secret law. If any information that a Party deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for purposes of this Agreement, such information will in any event still be considered Confidential Information for purposes of this Agreement. In the case of trade secrets, the Parties hereby waive any requirement that the other Party submit proof of the economic value of any trade secret or post a bond or other security; or
 - iii. any confidential commercial, financial, geological or geophysical data.
- f. "Affiliate and/or Affiliates" means any company or legal entity which controls a Party, or is controlled by a Party, or which is controlled by an entity which controls a Party. "Control", as used in this definition, means the ownership directly or indirectly of fifty percent (50%) or more of the voting rights in a company or other legal entity.

2. **Description of Possible Transactions.** The Parties have commenced discussions concerning a series of possible business transactions wherein Castle Rock would engage Stillwater as its broker to identify potential augmentation water supplies and water rights to Castle Rock, including, but not limited to, water derived from Box Elder's alluvial well field located in Weld County, CO, and other sources,

analyze and evaluate water transmission and treatment facilities, and otherwise assist Castle Rock in the implementation of Stillwater's Water Supply Proposal and Castle Rock's Water Resources Strategic Master Plan and RFP No. 2011-05. ("Possible Transactions"). In order to further determine, define and anticipate the needs and accommodations of the Possible Transactions, each Party desires from the other Confidential Information including ownership rights, the physical and legal entitlement to the use of water for the intended purposes, water assets, volumes of water, water decrees, the use, sharing and management of water and how best to integrate into Castle Rock's water portfolio, the type and sources of water, the water needs and volumes necessary. Ultimately, the Parties may enter into separate agreement(s) with respect to their respective operations and the Possible Transactions. However, nothing herein constitutes any obligation on each Party to consummate either the Possible Transactions or any other. The Parties have agreed to disclose to one another the Confidential Information subject to the terms of this Agreement.

3. **Restrictions on Use of Confidential Information.** In consideration of the disclosure of Confidential Information, Receiving Party, its Representatives and Affiliates shall:

- a. treat the Confidential Information as confidential, using the same care in storage and handling thereof as normally used for its own proprietary information to prevent theft, unauthorized copying or disclosure;
- b. not use the Confidential Information, directly or indirectly, for any purpose other than in connection with evaluating the Confidential Information for the purpose of evaluating or implementing the Possible Transactions or providing direction to Stillwater.
- c. not disclose Confidential Information to any Person except as provided in Paragraphs 4 and 5 hereof;
- d. not make copies or allow copies to be made of the Confidential Information from the Disclosing Party (except for internal distribution) and, upon written request from Disclosing Party, shall promptly return all Confidential Information provided by the Disclosing Party to Disclosing Party. In the event the Possible Transactions are not consummated or an alternative agreements are not entered into between the Parties concerning the Possible Transactions, Receiving Party shall promptly return all Confidential Information provided by Disclosing Party to Disclosing Party. In the event Receiving Party prepares any analysis (including mental impressions), compilation, study, or other documents for Receiving Party's internal use that reflect the Confidential Information provided by the Disclosing Party, same shall be held in strict confidence to the same extent as the Confidential Information and Receiving Party its Representatives and Affiliates shall promptly provide to the other Party all originals, if in document form, and all copies of all such analysis, compilation, study, or other documents in the event the Possible Transactions are not consummated. Notwithstanding the foregoing provisions, (i) Receiving Party will not be obligated to destroy any internally generated documents referring to the Confidential Information provided by the Disclosing Party in a generalized manner and (ii) to the extent computer back up procedures create copies of any documents generated from Confidential Information provided by the Disclosing Party, Receiving Party may retain such copies for the period it normally archives backed-up computer records; however, such electronic backups shall not be retrieved, used or consulted after Disclosing Party makes the written request contemplated in this Section 3(d). Notwithstanding the term of the Agreement, the board minutes, resolutions, briefing materials and back-up computer records shall be subject to the provisions of this Agreement until same are destroyed. Receiving Party, its Representatives and Affiliates agree, upon request by

Disclosing Party, to acknowledge in writing its compliance with the provisions of this provision 3(d);

- e. not disclose and will direct its Representatives and Affiliates not to disclose that Receiving Party has received Confidential Information from Disclosing Party regarding the Possible Transactions, or that evaluations or due diligence activities are taking place concerning the Possible Transactions, including terms, conditions or other facts regarding the Possible Transactions; and
- f. not remove any Confidential Information from the location of a presentation or remove any Confidential Information reviewed in a data room provided by Disclosing Party, except as Disclosing Party may specifically authorize in writing.

Receiving Party has no obligations with regard to any Confidential Information which, other than by breach of this Agreement is: (a) already in its possession without restriction on disclosure (except Appendix A to Stillwater's Water Supply Proposal, which was submitted in confidence to Castle Rock, and shall remain confidential and shall be subject to this Agreement); (b) independently developed by Receiving Party without benefit or utilization of the Confidential Information provided by the Disclosing Party; or (c) in or subsequently comes into, the public domain through no fault of Receiving Party.

4. **Limited Disclosure of Confidential Information.** Subject to restrictions set forth herein, Receiving Party may disclose Confidential Information to Representatives and/or Affiliates of Receiving Party to the extent they need same to evaluate the Possible Transactions. Receiving Party shall require every Person to whom Confidential Information from the Disclosing Party is disclosed and who is not a director, officer or employee of Receiving Party to agree in writing to keep confidential and not disclose such Confidential Information to any unauthorized Person. Receiving Party accepts responsibility for any breach of this Agreement by Receiving Party and/or any of Receiving Party's Representatives or Affiliates.

5. **Required Disclosure of Confidential Information.** If Receiving Party or any Representative or Affiliate of Receiving Party to whom Receiving Party has directly or indirectly transmitted Confidential Information shall be requested or required to disclose same by law, order, decree, regulation or rule (including without limitation, those of any regulatory agency,) or if any Person seeks to legally compel (by interrogatories, document requests, subpoena or otherwise) Receiving Party or any Representative or Affiliate of Receiving Party to whom Receiving Party has directly or indirectly transmitted Confidential Information to disclose any Confidential Information, Receiving Party shall provide Disclosing Party prompt written notice so Disclosing Party may in its sole discretion: (a) seek a protective order or other remedy to protect against the disclosure of such information and documents or (b) waive compliance with this Agreement. Receiving Party, its Affiliates and Representatives shall use reasonable commercial efforts to consult and cooperate with Disclosing Party with respect to the timing, manner and content of any such disclosure. If, in the absence of the protective order or other remedy or the receipt of a written waiver by the Disclosing Party with respect to such specific disclosure, Receiving Party or any of Receiving Party's Representatives or Affiliates are nonetheless, in the written opinion of legal counsel, legally compelled to disclose Confidential Information to any tribunal, Receiving Party or Receiving Party's Representatives or Affiliates may, without liability hereunder, disclose to such tribunal only that portion of the Confidential Information which such counsel advises Receiving Party it is legally required to disclose, provided that Receiving Party uses reasonable efforts to preserve the confidentiality of the Confidential Information, including, without limitation, by cooperating with the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information from Disclosing Party.

6. **Exceptions.** All of the foregoing obligations and restrictions do not apply to that part of the Confidential Information that each Party demonstrates (a) was or becomes generally available to the public prior to, and other than as a result of, a disclosure by the Receiving Party or its Representatives, or (b) was available, or becomes available, to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party or its Representative, provided the source of such information is not bound by a confidentiality agreement with the Disclosing Party or is not otherwise prohibited from transmitting the information to the Receiving Party or its Representatives by a contractual, legal, fiduciary or other obligation, (c) is independently developed by or for the Receiving Party without reliance on the Confidential Information disclosed hereunder, or (d) is required to be disclosed pursuant to a court order, government order or any other legal requirement of disclosure, including, but not limited to, the Colorado Open Records Act (C.R.S. § 24-72-201 et seq., as it may be amended). Determination as to whether the Colorado Open Records Act requires disclosure of Confidential Information in the possession of Castle Rock shall be determined by Castle Rock after consultation with Stillwater and Box Elder.

7. **Remedies.** No failure or delay by Disclosing Party in exercising any of its rights or pursuing any remedies available to Disclosing Party hereunder or at law or in equity shall in any way constitute a waiver or prohibition of such rights and remedies in the event of a breach of this Agreement. Equitable relief shall not be exclusive of other remedies to which Disclosing Party is entitled at law or in equity. Receiving Party acknowledges that its breach of this Agreement would irreparably harm Disclosing Party and agrees that money damages would not be a sufficient remedy for its breach. In addition to all other remedies, Disclosing Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach.

8. **Warranty Disclaimer.** RECEIVING PARTY ACKNOWLEDGES AND ACCEPTS THE INHERENT RISK IN ACQUISITION, PROCESSING AND INTERPRETATION OF GEOLOGICAL AND GEOPHYSICAL DATA AND INTERPRETATIVE DATA OF ALL KINDS. DISCLOSING PARTY REPRESENTS THAT IT HAS THE RIGHT TO DISCLOSE THE CONFIDENTIAL INFORMATION. DISCLOSING PARTY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO ACCURACY, QUALITY OR COMPLETENESS OF THE INFORMATION, AND ONLY SPECIFIC REPRESENTATIONS AND WARRANTIES MADE IN A DEFINITIVE AGREEMENT (WHEN AND IF THE SAME IS FULLY EXECUTED AND DELIVERED) SHALL HAVE LEGAL EFFECT. WITHOUT LIMITING ANY OBLIGATION THAT DISCLOSING PARTY MAY EXPRESSLY UNDERTAKE IN A DEFINITIVE AGREEMENT IN RESPECT OF THE POSSIBLE TRANSACTIONS, NEITHER DISCLOSING PARTY NOR ITS REPRESENTATIVES OR AFFILIATES SHALL BE LIABLE TO RECEIVING PARTY OR ANY OTHER PERSONS IN CONTRACT, TORT, SECURITIES LAWS OR OTHERWISE AS A RESULT OF THE POSSIBLE TRANSACTIONS AND/OR USE OF THE INFORMATION, OR ERRORS THEREIN OR OMISSIONS THEREFROM, BY RECEIVING PARTY OR THOSE IN PRIVITY WITH RECEIVING PARTY. RECEIVING PARTY AGREES THAT NEITHER RECEIVING PARTY NOR ITS AFFILIATES AND/OR REPRESENTATIVES SHALL RELY UPON THE INFORMATION WITHOUT SATISFYING ITSELF AS TO ITS ACCURACY AND COMPLETENESS NOR THAT RECEIVING PARTY SHALL MAKE INDEPENDENT VERIFICATION THEREOF.

9. **Relationship and No Obligation.** It is not the intention of the Parties and nothing contained in this Agreement shall be deemed or construed to create the relationship of partnership, association, principal and agent or joint venture between the Parties. Execution of this Agreement and/or this Agreement and the disclosure of Confidential Information hereunder shall create no obligation on the part of each Party to further discussions with the other Party or to enter into any further agreement with the other Party. Unless and until a definitive agreement has been fully executed and delivered, no relationship, contract or agreement providing for a transaction between the Parties shall be deemed to

exist and each Party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, except, in the case of this Agreement, for the matters specially agreed to herein. For purposes of this Agreement, the term "definitive agreement" means a definitive written agreement executed by the Parties or their respective Affiliates and/or Representatives with respect to the Possible Transactions, but does not include a nonbinding executed letter of intent, negotiations between the Parties, exchanges of drafts or documents relating to the Possible Transactions or any other preliminary written agreement or offer, unless specifically so designated in writing and executed by both Parties.

10. **Entire Agreement and Amendments.** This Agreement comprises the full and complete agreement of the Parties with respect to disclosure of Confidential Information and replaces and supersedes all prior communications, understandings and agreements between the Parties, whether written or oral, express or implied relating to the Confidential Information and the subject matter of this Agreement. Notwithstanding the preceding sentence, this Agreement shall not supersede any written agreement under which either Disclosing Party or its Affiliates or Representatives have heretofore provided evaluation materials, Confidential Information, or a portion of the Confidential Information to Receiving Party, its Affiliates or Representatives and Receiving Party's obligations under any such prior written agreement shall remain in full force and effect and shall not be superseded by, but shall be cumulative of and in addition to the obligations of Receiving Party and its Affiliates and Representatives under this Agreement. Any purported future modification or amendment hereto shall be binding on the Parties only if same is in writing, is executed by an authorized representative of the Parties and expressly refers to this Agreement.

11. **Choice of Law.** This Agreement shall be governed by and interpreted under the laws of the State of Colorado (excluding any choice of law provision which would refer to the laws of another state). Each Party agrees that the exclusive venue and forum for any action brought in connection with this Agreement shall be initiated and maintained in any State or Federal court located in Denver, Colorado and irrevocably waives any right such Party may have to object to such venue and forum.

12. **Economic Risk.** Receiving Party acknowledges that (i) it is able to bear the economic risk of any investment it might decide to make with respect to the Possible Transactions, (ii) it is capable of evaluating the merits and risks of doing work or providing resources to Castle Rock, (iii) it will be making decisions concerning such Possible Transactions for its own account and not with a view to the distribution or sale thereof, and (iv) it is acting solely for its own account in evaluating a possible business arrangement with respect to the Possible Transactions.

13. **Prospectus Disclaimer.** This document is not, and should not be considered as, a prospectus or other offer to sell a security or an interest in water resources or properties.

14. **Electronic Transmission.** The electronic transmission of any signed original document, and transmission or retransmission of any signed electronic transmission, shall be the same as delivery of an original. At the request of each Party, the Parties hereto will confirm electronic transmitted signatures by signing an original document for delivery between them.

15. **Counterpart Execution.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Term.** The duties and obligations of each Party under this Agreement are deemed to have commenced as of the earlier of the Effective Date or the date a Disclosing Party provides Confidential Information to a Receiving Party and shall remain in effect thereafter until the date the

contemplated Possible Transactions are completed between Disclosing Party and/or its Affiliates or Representatives, as applicable, and Receiving Party and/or its Affiliates and Representatives, as applicable, pursuant to a definitive agreement containing provisions dealing with confidentiality of the Confidential Information, which expressly supersede the provisions of this Agreement. Provided however, termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of a breach of, or failure to comply with this Agreement occurring prior to such termination (including the continuation thereof after such termination) or (ii) release, impair or affect the covenants and agreements contained in this Agreement which shall survive such termination and continue in full force and effect.

17. **Withdrawal of Possible Transactions.** All leases, lands, water rights, water decrees, ownership information, plans of operation, and related business opportunities shown by Disclosing Party hereunder are subject to withdrawal or prior sales, at Disclosing Party's sole discretion, and nothing herein shall obligate Disclosing Party to provide notice to Receiving Party with respect to any such withdrawal or sale. Nothing contained herein is intended to confer upon Receiving Party any rights whatsoever to Disclosing Party's interest in the leases and lands, if any, identified in this Agreement but is intended only to govern the rights and obligations of the respective Parties concerning the Confidential Information. Disclosing Party reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with respect to the Possible Transactions between Disclosing Party and Receiving Party and, subject to the terms hereof, to terminate discussions with the Receiving Party at any time.

18. **Successors and Assigns.** This Agreement shall be binding upon the Parties, their respective successors and assigns and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

19. **Notices.** Identification of Representative and addresses of the Parties for notice purposes are as follows:

Castle Rock:

Town Attorney
Town of Castle Rock
100 Wilcox Street
Castle Rock, CO 80104
Phone: 303-660-1388
Fax: 303-660-1028

Stillwater:

Walraven Ketellapper, President
Stillwater Resources and Investments, Inc.
2355 Canyon Blvd. Suite 105
Boulder, CO 80302
Phone: 303-415-0029
Fax: 303-415-9077

Box Elder:

Michael Jeronimus, Manager
Boxelder Creek Properties, LLC
6355 W. Lakeside Ct.
Littleton, CO 80125
P.O. Box 221

Littleton, CO 80160

Phone: _____

Fax: _____

20. **Assignment.** This Agreement and the obligations set forth hereunder shall not be assigned in whole or in part by Receiving Party or any of Receiving Party's Representatives or Affiliates.

21. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

22. **Waiver.** No waiver by any Party shall be effective unless in writing and any such waiver shall only affect the matter, and the occurrence thereof, specifically identified therein and shall not extend to any other matter or occurrence.

23. **Ongoing Activities.** Stillwater understands and acknowledges that Castle Rock is involved in ongoing and widespread water acquisition and analysis activities and receives information and data, including concerning water resources and treatment, from many different sources. Castle Rock cannot assure Stillwater, and makes no representation that Castle Rock has not, or that it never will, evaluate other water sources and/or acquire leasehold or other water interests which may encompass any prospects to which the Confidential Information disclosed hereunder relates. Nothing in this provision shall be deemed to prohibit, restrict, or apply to any acquisition by Receiving Party of an interest in the lands attributable to the Possible Transactions including but not limited to corporate merger, reorganization, consolidation or acquisition of the assets of an entity, whether by cash, like-kind exchange, stock purchase or otherwise.

24. **Ongoing Water Resource Activities.** Castle Rock understands and acknowledges that Stillwater is involved in ongoing and widespread water resource activities in the water industry and receives information and data, including concerning water resources and treatment, from many different sources. Stillwater cannot assure Castle Rock, and makes no representation that Stillwater has not, or that it never will, evaluate other opportunities for the provision of water sources and/or acquire leasehold or other water interests which may encompass other prospects to which the Confidential Information disclosed hereunder relates. Nothing in this Agreement shall be deemed to prohibit, restrict, or apply to Stillwater's water resource activities with other participants which compete with or are an alternative to the Possible Transactions.

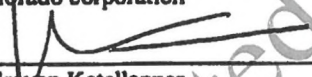
25. **Mental Impressions.** Disclosing Party understands that Receiving Party's Representatives who need to review the Confidential Information may now or in the future be working on other Possible Transactions in the vicinity of the lands attributable to the Possible Transactions and may retain mental impressions of the Confidential Information. Disclosing Party agrees that Receiving Party's Representatives shall not be precluded from working on such Possible Transactions because of such mental impressions.

If Receiving Party is in agreement with the foregoing terms as a basis upon which Disclosing Party will provide you with the Confidential Information from Disclosing Party, please acknowledge such agreement by executing a copy of this letter in the space provided below and returning a copy to the noticed Party in Section 19 above.

TOWN OF CASTLE ROCK, by and through the TOWN
OF CASTLE ROCK WATER ENTERPRISE

By: 
Name: Ray P. Radd
Its: Utilities Director

STILLWATER RESOURCES AND INVESTMENT,
INC., a Colorado corporation

By: 
Name: Walraven Ketellapper
Its: President

BOXELDER PROPERTIES, LLC, a Colorado limited
liability company

By: _____
Name: Michael Jeronimus
Its: Manager

noticed Party in Section 19 above.

TOWN OF CASTLE ROCK, by and through the TOWN
OF CASTLE ROCK WATER ENTERPRISE

By: *Ron P. Radd*
Name: *Ron P. Radd*
Its: *Utilities Director*

STILLWATER RESOURCES AND INVESTMENT,
INC., a Colorado corporation

By: _____
Name: Walraven Ketellapper
Its: President

BOXELDER PROPERTIES, I L.C, a Colorado limited
liability company

By: *[Signature]*
Name: Michael Jeronimus
Its: Manager

Previously Executed

CON-2023-0969

**EXHIBIT 2****TOWN OF CASTLE ROCK
AFFIDAVIT OF INDEPENDENT CONTRACTOR STATUS**

In accordance with Section 8-70-115, C.R.S., we certify the following:

- With respect to the Agreement, **STILLWATER RESOURCES & INVESTMENTS, INC.** ("Stillwater") represents and warrants that it is Stillwater's express intention to be employed as an independent contractor of the Town of Castle Rock (the "Town") for purposes of performing the work or services which are the subject of the Agreement, to include all employees and agents of the above-named entity. Stillwater understands and confirm that the Town reasonably relied on this intention in entering into the Agreement.
- The Town does not require Stillwater to work exclusively for the Town, except that Stillwater may choose to work exclusively for the Town for a finite period of time specified in the document.
- The Town does not establish a quality standard for the work or services performed pursuant to the Agreement, except that the Town may provide plans and specifications regarding the work but cannot oversee the actual work or provide instruction as to how the work is performed.
- The Town does not pay a salary or hourly rate but rather a fixed or contract rate, as noted in the terms and conditions of the Agreement, and any Exhibits made part of the Agreement.
- The Town cannot terminate the work or services performed during the contract period unless otherwise agreed to in the terms and conditions of the Agreement.
- Stillwater is not provided with anything, if at all, more than minimal training from the Town.
- The Town does not provide Stillwater with tools or benefits for the performance of the work or services which are the subject of the Agreement, except materials and equipment may be supplied.
- The Town does not dictate the time of performance, except that a completion schedule and a range of mutually agreeable work hours may be established in the Agreement.
- The Town does not pay Stillwater personally but rather makes checks payable to the trade or business name of Stillwater, who is a party to the Agreement; and the Town does not combine their business operations in any way with Stillwater's business, but instead maintains such operations as separate and distinct.

CON-2023-0969



- Stillwater understands that if a professional license to practice a particular occupation under the laws of the State of Colorado requires the exercise of a supervisory function with regard to the work of services performed under this Agreement, such supervisory role shall not affect the independent contractor relationship with the Town.
- **STILLWATER UNDERSTANDS THAT NEITHER STILLWATER NOR ITS EMPLOYEES ARE ENTITLED TO UNEMPLOYMENT INSURANCE BENEFITS OF THE TOWN. THE ONLY AVAILABLE UNEMPLOYMENT COMPENSATION COVERAGE IS THAT PROVIDED BY STILLWATER.**
- **STILLWATER UNDERSTANDS THAT IT IS OBLIGATED TO PAY FEDERAL AND STATE INCOME TAX ON MONEYS PAID PURSUANT TO THE AGREEMENT.**

AGENT OR REPRESENTATIVE

STILLWATER RESOURCES & INVESTMENTS, INC.

Walraven Ketellapper

Walraven Ketellapper, President

STATE OF COLORADO)

1 SS.

COUNTY OF Douglas

The foregoing instrument as acknowledged before me this 19 day of January, 2024 by Walraven Ketellapper as President of the above-mentioned Independent Contractor.

Witness my official hand and seal.

My commission expires:

3/20/2024

Dawn M. Tiffany

Notary Public

Notarized online using audio-video communication

Dawn Tiffany
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124016914
MY COMMISSION EXPIRES MARCH 20, 2024

CON-2023-0969



EXHIBIT 3

CERTIFICATE OF INSURANCE
(see attached)



STATE FARM FIRE AND CASUALTY COMPANY
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Po Box 2915
Bloomington IL 61702-2915

Named Insured

AT2 000955 3125 M-20-0004-FA65 F U
STILLWATER RESOURCES &
INVESTMENTS INC
4551 PRADO DR
BOULDER CO 80303-9633



RENEWAL DECLARATIONS

Policy Number	96-21-3609-9	
Policy Period	Effective Date	Expiration Date
12 Months	AUG 7 2023	AUG 7 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

Agent and Mailing Address

PAUL WALDEN
1650 38TH ST STE 205E
BOULDER CO 80301-2621

PHONE: (303) 447-2048

Office Policy

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Entity: Corporation

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

POLICY PREMIUM	\$ 300.00	Claim Record
Minimum Premium		
Disaster Mitigation	\$ 2.00	
Total Amount	\$ 302.00	

Discounts Applied:
Renewal Year
Years in Business

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APR 25 2023
CMP-4000

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

SECTION I - PROPERTY SCHEDULE

Location Number	Location of Described Premises	Limit of Insurance* Coverage A - Buildings	Limit of Insurance* Coverage B - Business Personal Property	Seasonal Increase- Business Personal Property
001	4551 PRADO DR BOULDER CO 80303-9633	No Coverage	\$ 2,200	25%

* As of the effective date of this policy, the Limit of Insurance as shown includes any increase in the limit due to Inflation Coverage.

SECTION I - INFLATION COVERAGE INDEX(ES)

Cov A - Inflation Coverage Index: N/A
Cov B - Consumer Price Index: 301.8

SECTION I - DEDUCTIBLES

Basic Deductible \$500

Special Deductibles:

Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$500		

Other deductibles may apply - refer to policy.

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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES**

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "Included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Back-Up Of Sewer Or Drain	\$15,000
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Forgery Or Alteration	\$10,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000
Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

Ordinance Or Law - Equipment Coverage	Included
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$5,000
Personal Property Off Premises	\$15,000
Pollutant Clean Up And Removal	\$10,000
Preservation Of Property	30 Days
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Unauthorized Business Card Use	\$5,000
Valuable Papers And Records	
On Premises	\$50,000
Off Premises	\$15,000
Water Damage, Other Liquids, Powder Or Molten Material Damage	Included

SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

COVERAGE	LIMIT OF INSURANCE
Dependent Property - Loss Of Income	\$5,000
Employee Dishonesty	\$10,000
Utility Interruption - Loss Of Income	\$10,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

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State Farm



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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9



SECTION II - LIABILITY

COVERAGE	LIMIT OF INSURANCE
Coverage L - Business Liability	\$1,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$300,000
AGGREGATE LIMITS	LIMIT OF INSURANCE
Products/Completed Operations Aggregate	Excluded
General Aggregate	\$2,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Coverage Form and any attached endorsements.

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

FORMS AND ENDORSEMENTS

CMP-4100	Businessowners Coverage Form
CMP-4561.4	*Policy Endorsement
CMP-4206.2	*Amendatory Endorsement
FE-6999.3	*Terrorism Insurance Cov Notice
CMP-4845	Excl Product Comp Operatn Liab
CMP-4713.1	Excl Testing Consulting E&O
CMP-4819.1	Unauthorized Business Card Use
CMP-4706	Back-Up of Sewer or Drain
CMP-4704.1	Dependent Prop Loss of Income
CMP-4710	Employee Dishonesty
CMP-4709	Money and Securities
CMP-4703.1	Utility Interruption Loss Incm
CMP-4705.2	Loss of Income & Extra Expnse

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

FE-3650 Actual Cash Value Endorsement
CMP-4787 Waiver of Trans Rgt of Recov
CMP-4786 Addl Insd Owners Lessee Sched
FD-6007 Inland Marine Attach Dec
* New Form Attached

SCHEDULE OF ADDITIONAL INTERESTS

Interest Type: Addl Insured-Section II
Endorsement #: CMP4786
Loan Number: N/A

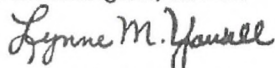
COLORADO STATE LAND BOARD
C/O PROCUREMENT
1127 N SHERMAN ST STE 300
DENVER CO 802032398

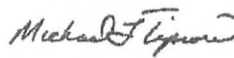
This policy is issued by the State Farm Fire and Casualty Company.

Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.


Secretary


President

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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9



0409-ST-1-1-1001

NOTICE TO POLICYHOLDER:

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.

Your coverage amount....

It is up to you to choose the coverage and limits that meet your needs. We recommend that you purchase a coverage limit equal to the estimated replacement cost of your structure. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an estimate from Xactware, Inc.® using information you provide about your structure. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your structure. State Farm® does not guarantee that any estimate will be the actual future cost to rebuild your structure. Higher limits are available at higher premiums. Lower limits are also available, as long as the amount of coverage meets our underwriting requirements. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your structure.

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State Farm



STATE FARM FIRE AND CASUALTY COMPANY

A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Po Box 2915
Bloomington IL 61702-2915

Named Insured

M-20-0004-FA65 F U

STILLWATER RESOURCES &
INVESTMENTS INC
4551 PRADO DR
BOULDER CO 80303-9633

INLAND MARINE ATTACHING DECLARATIONS

Policy Number	96-21-3609-9	
Policy Period	Effective Date	Expiration Date
12 Months	AUG 7 2023	AUG 7 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

0509-ST-1-1001

ATTACHING INLAND MARINE

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Annual Policy Premium Included

The above Premium Amount is included in the Policy Premium shown on the Declarations.

Your policy consists of these Declarations, the INLAND MARINE CONDITIONS shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

Forms, Options, and Endorsements

FE-8739	Inland Marine Conditions
FE-8743.1	Inland Marine Computer Prop

See Reverse for Schedule Page with Limits

Prepared
APR 25 2023
FD-6007

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ATTACHING INLAND MARINE SCHEDULE PAGE**ATTACHING INLAND MARINE**

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8743.1	Inland Marine Computer Prop	\$ 25,000	\$ 500	Included
	Loss of Income and Extra Expense	\$ 25,000		Included

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

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APR 25 2023
FD-6007

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530-666 a.2 05-31-2011 (o1f3233c)



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 10. **File #:** WC 2025-120

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Hannah Branning, Water Quality and Regulatory Compliance Manager

Update: Water Quality Maintenance
Town Council Agenda Date: NA

Executive Summary

This will be a presentation only item.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 11. **File #:** WC 2025-121

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water
Mark Henderson, P.E., Assistant Director

Update: Stormwater Follow Up
Town Council Agenda Date: NA

Executive Summary

This will be a presentation only.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 12. **File #:** WC 2025-122

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Update: Craig and Gould
Town Council Agenda Date: NA

Executive Summary

This will be a discussion item only.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 13. **File #:** WC 2025-123

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Update: Tallgrass

Town Council Agenda Date: NA

Executive Summary

This will be a discussion item only.



Town of Castle Rock

Agenda Memorandum

Agenda Date: 12/10/2025

Item #: 14. **File #:** WC 2025-124

To: Members of the Castle Rock Water Commission

From: Mark Marlowe, P.E., Director of Castle Rock Water

Upcoming Town Council Items
Town Council Agenda Date: NA

Executive Summary

This item is an informational update only, and is designed to give Commission a preview of time critical items that may need to go to Council prior to review at a Commission Meeting.

Items for this month include:

There are no items at this time.

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WATER RIGHTS BROKERAGE AGREEMENT

THIS WATER RIGHTS BROKERAGE AGREEMENT (the "Agreement") is made and entered into effective this 19th day of January, 2024, by and between Stillwater Resources & Investments, Inc., a Colorado corporation, 4551 Prado Drive, Boulder, Colorado 80303 ("Stillwater") and the Town of Castle Rock, a home rule municipal corporation of the State of Colorado, by and through the Town of Castle Rock Water Enterprise, 100 N. Wilcox Street, Castle Rock, Colorado 80104 (the "Town").

RECITALS

WHEREAS, the Town, on its own and through affiliation with water providers, has undertaken studies of various renewable water rights and projects that Town may consider for acquisition and development; and

WHEREAS, in 2013, after an extensive RFP process, the Town entered into a Water Rights Brokerage Agreement with Stillwater, whereby Stillwater acted as the Town's exclusive agent for the purchase of water rights; and

WHEREAS, Stillwater is qualified as a water rights broker and is experienced in the acquisition of water rights for municipal entities and has represented the Town in a number of completed water rights transactions; and

WHEREAS, the original contract, as amended in 2015 and 2017, has since lapsed; and

WHEREAS, the Town desires to employ Stillwater for purposes of representing the Town in the acquisition of one package of water rights that Stillwater initially identified and presented to the Town for potential purchase; and

WHEREAS, upon completion of such due diligence, Town may request Stillwater to ascertain the definitive terms and conditions under which the Town may contractually secure the designated water rights; and

WHEREAS, Stillwater desires to act as Town's exclusive limited agent to the negotiation and purchase of the identified water rights upon the terms and conditions contained in this Agreement; and

NOW THEREFORE, in consideration of the promises and good and valuable consideration, including the payments, terms, covenants and promises herein, the parties agree as follows:

Section 1. Services. During the term of this Agreement, Stillwater shall exercise reasonable care, skill and diligence in performing the following services for the Town (the "Services"):

- A. Due Diligence. Subject to the limitation on Services contained in Section 2, Stillwater shall assist Town staff, experts and professional consultants, including, but not

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limited to, the Town's water resource engineer and attorneys, in performing due diligence on the potential acquisition of water rights associated with Well Permit Numbers 31623, 8298, 31540, 5867, 31530 and 5866 (each, singularly, a "Prospect," or collectively, the "Prospects"). Based on such collaborative due diligence, Stillwater shall prepare a written summary of the proposed acquisition terms for the Prospect ("Term Sheet"). Town shall approve, reject or amend the Term Sheet. Stillwater shall assist Town staff and/or the Town Council in the evaluation of the Term Sheet.

- B. Brokerage. Based on an approved Term Sheet, Stillwater shall negotiate as Town's agent the purchase price and terms for each Prospect acceptable to Town. Town shall have the right, in its sole discretion, for whatever reason to: (i) approve the final terms for any Prospect and enter into a conforming contract with the seller, or (ii) reject any Prospect, irrespective of the fact that Stillwater has secured a commitment from the seller consistent with the approved Term Sheet. Under Town regulations, any contract for acquisition of a Prospect in excess of \$250,000 must be approved by the Town Council.

Stillwater shall provide the Town with regular status reports on the Services, which may be subject to the Non-Disclosure Agreement executed between the parties in 2012 and attached to this Agreement as *Exhibit 1*.

Section 2. Limitations on Services. Services are limited to those activities prescribed in Section 1. Stillwater will not, and shall not be obligated to provide any legal or engineering review or analysis, including but not limited to, determining the technical feasibility of water resource alternatives, drafting agreements or legal or closing documents; examining title or water court records, or related services, all of which shall be the obligation of the Town to procure at its expense and make available to Stillwater in the performance of the Services.

Stillwater shall have no duty to conduct an independent inspection of the water rights associated with any Prospect for the benefit of Town and shall have no duty to independently verify the accuracy or completeness of statements made by the seller of a Prospect or any independent inspector; provided, however, that Stillwater shall inform Town if it believes that any such statements are inaccurate. Stillwater shall have no duty to verify the accuracy or completeness of any statement made by Town. Stillwater shall not disclose to any person, including any prospective seller, any adverse material facts concerning Town, absent the Town's prior written authorization.

Section 3. Agency; Vicarious Liability. Town irrevocably appoints Stillwater as Town's exclusive limited buyer's agent during the term of this Agreement to represent Town in acquiring any Prospect, and authorizes and empowers Stillwater to exercise and perform such acts reasonably necessary or incidental to the Services. Stillwater, as Town's agent, shall promote the interests of the Town with utmost good faith, loyalty and fidelity. Town agrees to conduct all negotiations for any Prospect through Stillwater. Town shall not be vicariously liable for the acts of Stillwater that are not approved, directed or ratified by Town.

Section 4. Cooperation. The parties shall fully cooperate with one another in order to

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facilitate the Services by timely providing information, documentation and expert and/or professional assistance necessary to enable the performance of the Services and as reasonably requested by Stillwater or the Town; provided, however, that Town shall only be obligated to incur such costs and expenses as it deems necessary and authorizes pursuant to Section 6.

Section 5. Compensation for Services. Stillwater shall be compensated for the Services on a commission basis when the Town acquires an interest in any Prospect as approved in this Section ("Brokerage Fee"), subject to the Town's annual appropriation and budgeting processes (if and as applicable). The Brokerage Fee for the transaction shall be based on one of the following provisions, as applicable. The Brokerage Fee shall be due with the closing of the transaction between Town and the Prospect seller.

- A. Purchase. In the event that Town acquires the Prospect or any partial interest in a Prospect, Town shall pay Stillwater a Brokerage Fee of 5% of the purchase price paid by Town to the seller of such Prospect, inclusive of all real and/or personal property simultaneously acquired, provided that the acquisition of such real or personal property is necessary for the acquisition of the Prospect. The Brokerage Fee shall be calculated on the total purchase price paid by Town as evidenced by the closing statements approved by Town and the respective seller(s) for each purchase.
- B. Lease. In the event that Town leases the Prospect or any partial interest in a Prospect, Town shall pay Stillwater a Brokerage Fee of 5% of the aggregate rents payable during such initial lease term, and 5% of the aggregate rents payable under any renewal term of such lease exercised by the Town, provided that irrespective of the duration of the primary term or the number and duration of renewal terms, the Brokerage Fee shall apply only to the first 10 years of lease payments for which the Town is contractually obligated to make. The Brokerage Fee with respect to the initial lease term shall be paid at the time of lease execution, and the Brokerage Fee calculated on renewal terms shall be paid when the Town exercises such renewal term. Consequently, if Town enters into a lease with an initial term of 15 years, the Brokerage Fee would apply and be calculated on the total lease payments for lease years 1 through 10 only. If the lease provides for an initial term of 5 years with two 5-year renewal terms, both of which are exercised by the Town, the Brokerage Fee would apply to and be calculated on the lease payments under the primary term and the first renewal term, but not on the second renewal term.
- C. Option. In the case of an option to acquire or lease the Prospect, in addition to any other Brokerage Fee due Stillwater as provided herein, Town shall pay Stillwater a Brokerage Fee of 5% of each non-refundable option payment, contemporaneously with such option payment. If the subject non-refundable option payment is also credited against the purchase price, at the time of closing of the subject option, the Town shall be entitled to a credit against the Brokerage Fee due Stillwater in consideration of such closing in an amount equal to the Brokerage Fee the Town paid Stillwater with respect to non-refundable option payments which were credited against the purchase price. In the event of an option which provides for an option term of one year or longer from the date the Town's inspection, due diligence,

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feasibility or investigation period (the "Inspection Period") ends until the date of closing, if the Town does not terminate the option prior to the end of the Inspection Period and does not close its acquisition or terminate the option on or before the first annual anniversary of the end of the Inspection Period, on the first annual anniversary of the end of the Inspection Period (the "Fee Accrual Date") the Town shall pay Stillwater a Brokerage Fee as calculated under subsection 5.A (if the option is for the purchase of a Prospect) or subsection 5.B (if the option is for the lease of a prospect). However, in that event, the Brokerage Fee shall be based on the net present value of the purchase price or sum of the initial term lease payments calculated from the last day the option may be exercised to the date of payment, based on a 5% interest rate, non-compounded. Upon such payment, Town shall not be required to make any further Brokerage Fee payments to Stillwater with respect to the subject option. By way of example (and not limitation), if the Town entered into an option to purchase the Prospect for \$1,000,000, which provided that the Town could exercise the Option at any time within five (5) years from the date of contract execution, and the option had a one (1) year Inspection Period. If the Town did not terminate the option prior to the second annual anniversary of option execution (one year after the end of the Inspection Period), Stillwater would be entitled to receive a Brokerage Fee of \$46,250.00 on the Fee Accrual Date (one year after the end of the Inspection Period), calculated as follows:

\$1,000,000 purchase price - \$75,000 (3-year remaining option term times 5% per annum net present value interest rate) = \$925,000 net present value of purchase price x 5% = Brokerage Fee of \$46,250

And if, under the foregoing example, the Town had made non-refundable option payments which applied to the purchase price, and had paid Stillwater a Brokerage Fee with respect to same, the Town would be entitled to a credit against the above-calculated Brokerage Fee of \$46,250 equal to the Brokerage Fee paid Stillwater with respect to the non-refundable option payments which applied to the purchase price. Likewise, if the Town, in its discretion, terminates an option prior to the Fee Accrual Date, it shall owe no Brokerage Fee with respect to the terminated option, except any Brokerage Fee due as a result of each non-refundable option payment made prior to termination. Similarly, if the Town pays Stillwater a Brokerage Fee on the Fee Accrual Date with respect to a lease pursuant to the foregoing provisions and later renews or extends that lease, the Town will pay Stillwater a Brokerage Fee with respect to each such renewal or extension (subject to the ten (10)-year limitation set forth above in subsection 5.B).

In the event the purchase price or lease rate is not determinable on the Fee Accrual Date, for the purposes of calculating the Brokerage Fee due Stillwater on the Fee Accrual Date, the purchase price or lease rate used for calculating the Brokerage Fee due Stillwater on the Fee Accrual Date shall be the lesser of (i) \$400 per acre foot or (ii) the minimum purchase or lease rate provided in the option.

D. Other Acquisition. In the event that Town acquires any interest or control in the

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Prospect by exchange or other means other than a direct purchase subject to subsection 5.A, a direct lease subject to subsection 5.B, or an option subject to subsection 5.C, in the absence of further written agreement between the Town and Stillwater with respect to the Brokerage Fee due Stillwater with respect to any Prospect, Town shall pay Stillwater a fee of \$1,000.00 per acre foot of water subject to such transaction at the time of the Town's acquisition of the Prospect.

The Brokerage Fee required to be paid to Stillwater pursuant to this Section 5 shall apply to any Prospect placed under contract by the Town: (i) during the term of this Agreement and then is later closed after the term; or (ii) within 180 calendar days after this Agreement expires or is terminated for any reason other than the default of Stillwater, provided that the Prospect is one on which Stillwater submitted a Term Sheet or a written description of the Prospect during the term of this Agreement, which Term Sheet or Prospect description was approved in writing by the Town or its staff, or concerning which Term Sheet or Prospect, Stillwater was instructed in writing to proceed by the Town or its staff. For the purpose of the prior sentence, written approval or written instruction to proceed includes, but is not limited to, an approval or instruction to proceed by email.

Section 6. Responsibility for Outside Expenses. Stillwater shall not obtain or order any services or products from third party sources without the Town's prior written consent, including, but not limited to, legal, engineering and other expert and professional services all of which, shall be obtained and promptly paid for by Town. Stillwater shall not be obligated to advance any funds on behalf of Town. Town shall provide its own legal review and counsel of all contracts for acquisition of a Prospect.

Section 7. Non-Exclusivity of Services/Disclosure. Town acknowledges receipt of disclosure from Stillwater of the clients for whom Stillwater currently performs work similar to the Services, and Town agrees that Stillwater may continue to provide such third-party services to such clients. In the event that either Stillwater or Town perceives that there may be a potential conflict with Stillwater's duty to Town under this Agreement with either such existing clients or new clients acquired after the commencement of the term of this Agreement, such party shall inform the other in writing of the potential conflict. In such event, the parties shall endeavor to resolve the potential conflict such that there is no material impairment of the Services or Stillwater's performance of the other services. However, if the potential conflict of interest cannot be resolved to their mutual satisfaction, Stillwater shall either: (i) terminate the engagement, (ii) decline such other engagement, or (iii) withdraw from and terminate this Agreement. For the purpose of qualification for payment of Brokerage Fee under Section 5, a termination under this Section 7 shall be considered a termination without fault or breach by Stillwater.

Section 8. Term. This Agreement and the provision of the Services shall commence upon the effective date indicated above and shall terminate two years from the effective date of this Agreement, unless previously terminated pursuant to Sections 7 or 9, or unless the term is extended by mutual written agreement.

Section 9. Termination and Brokerage Fee. In the event of a default of this Agreement by either party, the non-defaulting party shall give the defaulting party 30 days' written notice of such default and the opportunity to cure such default within such 30-day period. In the event that the

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defaulting party fails or refuses to cure the default within such 30- day period, this Agreement shall terminate on the 30th calendar day after such notice is given. If such termination for cause results from an uncured default by Stillwater, Stillwater shall not be entitled to any further Brokerage Fees, irrespective of the provisions Section 5. In addition to such termination for cause, Town shall have the right to terminate this Agreement at any time for any reason with 60 days' prior written notice to Stillwater. In the event of such termination for convenience by Town or a termination under Section 7, Stillwater shall be entitled to Brokerage Fees as provided in Section 5.

Section 10. Limitation of Liability. In no event will either party be liable to the other for any lost profits, incidental, special, exemplary, punitive, indirect or other consequential damages, even if such party knows or has been advised of the possibility of such damages.

Section 11. Limitation on Third-Party Compensation. Stillwater shall not accept compensation from any other person or entity in connection with any Prospect without the written consent of the Town. Additionally, Stillwater shall not be permitted to assess and receive mark-ups or compensation for services performed by any third party or affiliated business entity unless the Town signs a separate written consent for such services.

Section 12. Separate Business Operations; Independent Contractor. By this Agreement, Stillwater and Town are not creating, nor do they intend to create, an employer-employee relationship, a partnership, joint venture, merger of business operations or any business association and specifically agree and represent that their respective business operations shall remain separate and distinct.

Stillwater and the Town hereby represent that Stillwater is an independent contractor for all purposes hereunder. Stillwater further represents and warrants that: (i) Stillwater is free from the Town's direction and control in the performance of the Services; (ii) Stillwater has an independent business doing the specific type of work or services which are the subject of this Agreement; (iii) the Town does not control what work or services Stillwater will perform or the manner in which such work or services will be performed; and (iv) Stillwater is not covered by any worker's compensation insurance or any other insurance maintained by Town except as would apply to members of the general public. Stillwater has executed an Affidavit of Independent Contractor Status, which Affidavit is attached to this Agreement as *Exhibit 2*.

Section 13. Assignability. This Agreement shall not be assigned by Town or Stillwater without the other party's written consent.

Section 14. Notice. Any notice required or permitted to be given pursuant to this Agreement shall be in writing and addressed with the address set forth at the beginning of this Agreement for the particular party to be notified. The address of any party may be changed by giving written notice of such change to the other party in the manner provided herein. Any notice delivered in person shall be deemed to have been duly given on the date of such delivery. Any notice delivered by mail in accordance with this provision shall be deemed to have been duly given on the third calendar day after the same is deposited in any post office or postal box regularly maintained by the United States Postal Service with postage prepaid.

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Section 15. Insurance.

- A. Stillwater shall procure and maintain, and shall cause each subcontractor of Stillwater, if any, to procure and maintain, at or before the execution of this Agreement, the following insurance:
 1. Workers' Compensation insurance to cover obligations imposed by the Workers' Compensation Act of Colorado and any other applicable laws for any employee engaged in the performance of Services under this Agreement, and Employer's Liability insurance with limits of \$500,000 per occurrence for each bodily injury claim, \$500,000 per occurrence for each bodily injury caused by disease claim, and \$500,000 aggregate for all bodily injuries caused by disease claims.
 2. Commercial General Liability insurance with limits of \$1,000,000 for each occurrence and \$1,000,000 policy aggregate. The policy shall be applicable to all premises and operations and include coverage for bodily injury, broad form property damage (including for contractual and employee acts), blanket contractual, independent contractors, products liability, and completed operations.
 3. Business Automobile Liability insurance with limits of \$1,000,000 for bodily injury per person, \$1,000,000 for bodily injury per accident, and \$1,000,000 for property damage. The policy shall include coverage for each of Stillwater's owned, hired, leased, or borrowed vehicles assigned to or used in performance of the Services.
 4. Professional Liability/Errors and Omissions insurance with limits of \$1,000,000 for each occurrence and \$1,000,000 policy aggregate. The policy shall include coverage for damages or claims for damages arising from the rendering of, or the failure to render, any professional services.
- B. The Commercial General Liability, Business Automobile Liability, and Professional Liability policies required above shall provide the following: (i) the Town, its officers and employees, are named as additional insureds; (ii) this Agreement is an Insured Contract under the policy; (iii) defense costs are in excess of policy limits; (iv) the inclusion of a severability of interests provision; and (v) coverage is primary and non-contributory with other coverage or self-insurance maintained by the Town. For all coverages required above, Stillwater's insurer shall waive subrogation rights against the Town. If any policy is in excess of a deductible or self-insured retention, the Town must be notified by Stillwater. Stillwater shall be solely responsible for the payment of any deductible losses or self-insured retention under each of the policies required above.
- C. For any claims-made coverage: (i) The retroactive date must be on or before the contract date. (ii) Stillwater shall advise the Town in the event any general aggregate

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or other aggregate limits are reduced below the required per occurrence limits. At its own expense, and where such general aggregate or other aggregate limits have been reduced below the required per occurrence limit, Stillwater will procure such per occurrence limits and furnish a new certificate of insurance showing such coverage is in force.

- D. Stillwater shall keep the required insurance coverage in force at all times during the term of the Agreement, or any extension thereof, and for three (3) years after termination of the Agreement. The required insurance shall be underwritten by an insurer licensed or authorized to do business in Colorado and rated by A.M. Best Company as "A-" VIII or better. The insurance companies issuing the policy or policies to Stillwater shall have no right against the Town for payment of any premiums due or for any assessments under any form of any policy.
- E. Certificates of insurance shall be completed by Stillwater's insurance agent as evidence that policies providing the required coverage, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by the Town. Each certificate shall identify the Agreement and shall provide that coverage afforded under the policies shall not be cancelled, terminated or materially changed until at least 30 days' prior written notice has been given to the Town. If the words "endeavor to" appear in the portion of the certificate addressing cancellation, those words shall be stricken from the certificate by the agent(s) completing the certificate. Stillwater certifies that the ACORD certificate of insurance provided to the Town and attached to this Agreement as *Exhibit 3* complies with all insurance requirements of this Agreement; provided, however, that the Town reserves the right to request and receive a certified copy of any policy and any endorsement thereto.
- F. Stillwater shall not be relieved of any liability, claims, demands or other obligations assumed pursuant to this Agreement by reason of its failure to procure or maintain insurance, or by reason of its failure to procure or maintain insurance in sufficient amounts, durations, or types. Failure on the part of Stillwater to procure or maintain policies providing the required coverage, conditions, and minimum limits shall constitute a material breach of contract upon which the discretion may procure or renew any such policy or any extended connection therewith, and all monies so paid by the Town shall be repaid by Stillwater to the Town upon demand, or the Town may offset the cost of the premiums against any monies due to Stillwater from the Town.

Section 16. Colorado Governmental Immunity Act. The parties understand and agree that the Town is relying on, and does not waive or intend to waive by any provision of this Agreement, the monetary limitations (presently \$424,000 per person, \$1,195,000 for two or more persons, per occurrence) or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, §§24-10-101, *et seq.*, C.R.S., as from time to time amended, or otherwise available to Town, its officers, or its employees.

Section 17. Indemnification.

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- A. Stillwater expressly agrees to indemnify and hold harmless Town or any of its officers or employees from any and all claims, actual out-of-pocket damages (but not consequential or other damages), liability, or court awards, including attorney's fees, that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Stillwater or any of their employees or agents in performing work pursuant to this Agreement. In the event that any such suit or action is brought against Town, Town will give notice within ten (10) days thereof to Stillwater.
- B. To the maximum extent permitted by law, Town expressly agrees to indemnify and hold harmless Stillwater or any of its officers or employees from any and all claims, actual out-of-pocket damages (but not consequential or other damages), liability, or court awards, including attorney's fees, that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone, including, but not limited to, any person, firm, partnership, or corporation, to the extent caused by the negligent acts, errors or omissions of Town or any of their employees or agents in performing work pursuant to this Agreement. In the event that any such suit or action is brought against Stillwater, Stillwater will give notice within ten (10) days thereof to Town.

Section 18. Attorney's Fees and Costs. In any action to enforce, interpret or seek damages for breach or default of this Agreement, whether in law or in equity, the substantially prevailing party shall be entitled to and shall be awarded all of its attorney's fees, expenses and costs thereof.

Section 19. Waiver. A waiver by any party to this Agreement of the breach of any term or provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

Section 20. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns permitted pursuant to the provisions of this Agreement.

Section 21. Modification. No provision of this Agreement may be amended, waived or otherwise modified without the prior written consent of both of the parties hereto.

Section 22. Severability. Any provision of this Agreement which is held by a court of competent jurisdiction to be prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating or rendering unenforceable the remaining provisions of this Agreement.

Section 23. Governing Law. This Agreement is made and entered into and shall be governed by and construed in accordance with the laws of the State of Colorado.

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Section 24. Jurisdiction and Venue. Any and every legal action, in law or in equity, concerning enforcement, interpretation, effect, breach, default or dispute regarding this Agreement shall be resolved in District Court for the County of Douglas, State of Colorado and each party hereto consents to any such action being brought in the District Court for the County of Douglas, State of Colorado.

Section 25. Section Headings. This section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 26. Representations of Authority. Each of the parties signing this document on behalf of Stillwater and Town respectively represent and warrant to each that they have full and complete legal authority to execute this Agreement on behalf of such party.

ATTACHED EXHIBITS:

EXHIBIT 1 – NON-DISCLOSURE AGREEMENT

EXHIBIT 2 – TOWN OF CASTLE ROCK AFFIDAVIT OF INDEPENDENT CONTRACTOR STATUS

EXHIBIT 3 – CERTIFICATE OF INSURANCE

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**STILLWATER RESOURCES &
INVESTMENTS, INC.**

By:


Walraven Ketellapper, President

DS

ATTEST:



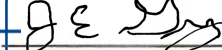
**TOWN OF CASTLE ROCK, by and
through the Town of Castle Rock Water
Enterprise**

DocuSigned by:



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Lisa Anderson, Town Clerk

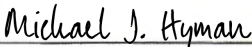
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Jason Gray, Mayor

Approved as to form:

DocuSigned by:



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Michael J. Hyman, Town Attorney

Approved as to content:

DocuSigned by:



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Mark Marlowe, Director of Castle Rock Water

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EXHIBIT 1

NON-DISCLOSURE AGREEMENT
(see attached)

RECIPROCAL CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

This Reciprocal Confidentiality and Nondisclosure Agreement (hereafter called "Agreement") is made and entered into this 2nd day of November, 2012, ("Effective Date") by and between the Town of Castle Rock, Colorado, by and through the Town of Castle Rock Water Enterprise ("Castle Rock"), Stillwater Resources and Investments, Inc., a Colorado corporation ("Stillwater") and Boxelder Properties, LLC, a Colorado limited liability company ("Box Elder"). For purposes of this Agreement, each party may be referred to as a "Party", and when disclosing Confidential Information (as defined in Section 1.e. herein) shall be deemed the "Disclosing Party", and each Party, when receiving Confidential Information, shall be deemed the "Receiving Party".

RECITALS

A. Pursuant to its January, 2006 Water Resources Strategic Master Plan, Castle Rock determined to acquire a water supply mix of renewable and reusable water that is 75% sustainable. In furtherance of the Water Resources Strategic Master Plan, on August 5, 2011 Castle Rock published its Request for Proposals (RFP) for Alternative Source of Water Supply Provider, RFP No. 2011-05.

B. Stillwater submitted a Water Supply Proposal dated September 2, 2011 in response to RFP No. 2011-05. Stillwater's Proposal included the provision of land and water owned by Box Elder. On October 5, 2012, Castle Rock's staff recommended that the Town pursue the Water Infrastructure and Supply Efficiency (WISE) agreement among South Metro Water Supply Authority, Aurora Water and Denver Water, as well as an agreement with Stillwater. On October 9, 2012 Castle Rock's City Council adopted a resolution accepting Staff's recommendations, and authorizing further negotiations with Stillwater and Box Elder. These negotiations may result in the execution of one or more agreements between the Parties, including, without limitation, a purchase and sale agreement between Castle Rock and Box Elder, a brokerage agreement between Castle Rock and Stillwater, and the execution of additional purchase and sale agreements, leases or other agreements with potential water suppliers and others as needed to implement Stillwater's Water Supply Proposal and further Castle Rock's efforts to cost effectively obtain an alternative water supply as contemplated by the Water Resources Strategic Master Plan and RFP No. 2011-05.

C. The Parties recognize and acknowledge that negotiations between the Parties will involve the disclosure of sensitive, confidential and proprietary information including, *inter alia*, the identification and analysis of various water resource options and assets specific targeted water rights augmentation sources and structures, delivery systems, etc, as well as specific direction from Castle Rock to Stillwater regarding the negotiating of the acquisition of identified water assets. Disclosure of such confidential information could threaten the availability and pricing of these items, to the detriment of the Castle Rock and materially and adversely impact the success of the negotiations, and Castle Rock's ability to implement its Water Resources Strategic Master Plan and RFP No. 2011-05.

D. Castle Rock is subject to the obligations imposed by 24-72-201 *et seq.* CRS as it may be amended ("CORA"), concerning open public records. The confidential information exchanged by the Parties under this Agreement may be protected from disclosure under the express provisions of CORA, or as otherwise provided under law. Therefore, to the greatest extent available by law, the Parties desire protect confidential information provided to each other to enter into this Agreement in order to protect the confidentiality of, and assure the nondisclosure of, confidential information incident to the negotiation, preparation, execution and performance of the anticipated agreements between and among the Parties and others.

1. **Definitions:**

- a. "Party" means a party to this Agreement.
- b. "Parties" include Disclosing Party(ies) and Receiving Party(ies).
- c. "Person" shall be interpreted broadly to include, without limitation corporations or other company entities, trusts, groups, partnerships, governmental authority or individual, but excluding a Party.
- d. "Representatives" mean directors, officers, employees, lenders, agents, financial advisors, consultants, contractors, attorneys and accountants of the Parties.
- e. "Confidential Information" means and includes any and all of the items described in paragraph i. below that has been or may hereafter be disclosed to one Party by the other Party or by the Representatives of each Party:
 - i. information related to water rights or other business interests or holdings of a Party, Stillwater's water rights solutions including (but not limited to) (a) sources of water used for provision of renewable water to Castle Rock to augment pumping at the Box Elder Well Field, how these water rights might be integrated into Castle Rock's water system and specific deal structures that might lead to successful acquisition, each Party's, aquifer hydrological data and ground water models, and information, however documented, or is otherwise obtained from review of each Party's documents or property or discussions with each Party's Representatives (including current or prospective water sources) or Representatives of a Party's Representatives irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries and other material prepared by a Party or a Party's Representatives containing or based, in whole or in part, upon any information included in the foregoing; or
 - ii. any trade secrets of each Party will also be entitled to all of the protections and benefits under applicable trade secret law. If any information that a Party deems to be a trade secret is found by a court of competent jurisdiction not to be a trade secret for purposes of this Agreement, such information will in any event still be considered Confidential Information for purposes of this Agreement. In the case of trade secrets, the Parties hereby waive any requirement that the other Party submit proof of the economic value of any trade secret or post a bond or other security; or
 - iii. any confidential commercial, financial, geological or geophysical data.
- f. "Affiliate and/or Affiliates" means any company or legal entity which controls a Party, or is controlled by a Party, or which is controlled by an entity which controls a Party. "Control", as used in this definition, means the ownership directly or indirectly of fifty percent (50%) or more of the voting rights in a company or other legal entity.

2. **Description of Possible Transactions.** The Parties have commenced discussions concerning a series of possible business transactions wherein Castle Rock would engage Stillwater as its broker to identify potential augmentation water supplies and water rights to Castle Rock, including, but not limited to, water derived from Box Elder's alluvial well field located in Weld County, CO, and other sources,

analyze and evaluate water transmission and treatment facilities, and otherwise assist Castle Rock in the implementation of Stillwater's Water Supply Proposal and Castle Rock's Water Resources Strategic Master Plan and RFP No. 2011-05. ("Possible Transactions"). In order to further determine, define and anticipate the needs and accommodations of the Possible Transactions, each Party desires from the other Confidential Information including ownership rights, the physical and legal entitlement to the use of water for the intended purposes, water assets, volumes of water, water decrees, the use, sharing and management of water and how best to integrate into Castle Rock's water portfolio, the type and sources of water, the water needs and volumes necessary. Ultimately, the Parties may enter into separate agreement(s) with respect to their respective operations and the Possible Transactions. However, nothing herein constitutes any obligation on each Party to consummate either the Possible Transactions or any other. The Parties have agreed to disclose to one another the Confidential Information subject to the terms of this Agreement.

3. **Restrictions on Use of Confidential Information.** In consideration of the disclosure of Confidential Information, Receiving Party, its Representatives and Affiliates shall:

- a. treat the Confidential Information as confidential, using the same care in storage and handling thereof as normally used for its own proprietary information to prevent theft, unauthorized copying or disclosure;
- b. not use the Confidential Information, directly or indirectly, for any purpose other than in connection with evaluating the Confidential Information for the purpose of evaluating or implementing the Possible Transactions or providing direction to Stillwater.
- c. not disclose Confidential Information to any Person except as provided in Paragraphs 4 and 5 hereof;
- d. not make copies or allow copies to be made of the Confidential Information from the Disclosing Party (except for internal distribution) and, upon written request from Disclosing Party, shall promptly return all Confidential Information provided by the Disclosing Party to Disclosing Party. In the event the Possible Transactions are not consummated or an alternative agreements are not entered into between the Parties concerning the Possible Transactions, Receiving Party shall promptly return all Confidential Information provided by Disclosing Party to Disclosing Party. In the event Receiving Party prepares any analysis (including mental impressions), compilation, study, or other documents for Receiving Party's internal use that reflect the Confidential Information provided by the Disclosing Party, same shall be held in strict confidence to the same extent as the Confidential Information and Receiving Party its Representatives and Affiliates shall promptly provide to the other Party all originals, if in document form, and all copies of all such analysis, compilation, study, or other documents in the event the Possible Transactions are not consummated. Notwithstanding the foregoing provisions, (i) Receiving Party will not be obligated to destroy any internally generated documents referring to the Confidential Information provided by the Disclosing Party in a generalized manner and (ii) to the extent computer back up procedures create copies of any documents generated from Confidential Information provided by the Disclosing Party, Receiving Party may retain such copies for the period it normally archives backed-up computer records; however, such electronic backups shall not be retrieved, used or consulted after Disclosing Party makes the written request contemplated in this Section 3(d). Notwithstanding the term of the Agreement, the board minutes, resolutions, briefing materials and back-up computer records shall be subject to the provisions of this Agreement until same are destroyed. Receiving Party, its Representatives and Affiliates agree, upon request by

Disclosing Party, to acknowledge in writing its compliance with the provisions of this provision 3(d);

- e. not disclose and will direct its Representatives and Affiliates not to disclose that Receiving Party has received Confidential Information from Disclosing Party regarding the Possible Transactions, or that evaluations or due diligence activities are taking place concerning the Possible Transactions, including terms, conditions or other facts regarding the Possible Transactions; and
- f. not remove any Confidential Information from the location of a presentation or remove any Confidential Information reviewed in a data room provided by Disclosing Party, except as Disclosing Party may specifically authorize in writing.

Receiving Party has no obligations with regard to any Confidential Information which, other than by breach of this Agreement is: (a) already in its possession without restriction on disclosure (except Appendix A to Stillwater's Water Supply Proposal, which was submitted in confidence to Castle Rock, and shall remain confidential and shall be subject to this Agreement); (b) independently developed by Receiving Party without benefit or utilization of the Confidential Information provided by the Disclosing Party; or (c) in or subsequently comes into, the public domain through no fault of Receiving Party.

4. **Limited Disclosure of Confidential Information.** Subject to restrictions set forth herein, Receiving Party may disclose Confidential Information to Representatives and/or Affiliates of Receiving Party to the extent they need same to evaluate the Possible Transactions. Receiving Party shall require every Person to whom Confidential Information from the Disclosing Party is disclosed and who is not a director, officer or employee of Receiving Party to agree in writing to keep confidential and not disclose such Confidential Information to any unauthorized Person. Receiving Party accepts responsibility for any breach of this Agreement by Receiving Party and/or any of Receiving Party's Representatives or Affiliates.

5. **Required Disclosure of Confidential Information.** If Receiving Party or any Representative or Affiliate of Receiving Party to whom Receiving Party has directly or indirectly transmitted Confidential Information shall be requested or required to disclose same by law, order, decree, regulation or rule (including without limitation, those of any regulatory agency,) or if any Person seeks to legally compel (by interrogatories, document requests, subpoena or otherwise) Receiving Party or any Representative or Affiliate of Receiving Party to whom Receiving Party has directly or indirectly transmitted Confidential Information to disclose any Confidential Information, Receiving Party shall provide Disclosing Party prompt written notice so Disclosing Party may in its sole discretion: (a) seek a protective order or other remedy to protect against the disclosure of such information and documents or (b) waive compliance with this Agreement. Receiving Party, its Affiliates and Representatives shall use reasonable commercial efforts to consult and cooperate with Disclosing Party with respect to the timing, manner and content of any such disclosure. If, in the absence of the protective order or other remedy or the receipt of a written waiver by the Disclosing Party with respect to such specific disclosure, Receiving Party or any of Receiving Party's Representatives or Affiliates are nonetheless, in the written opinion of legal counsel, legally compelled to disclose Confidential Information to any tribunal, Receiving Party or Receiving Party's Representatives or Affiliates may, without liability hereunder, disclose to such tribunal only that portion of the Confidential Information which such counsel advises Receiving Party it is legally required to disclose, provided that Receiving Party uses reasonable efforts to preserve the confidentiality of the Confidential Information, including, without limitation, by cooperating with the Disclosing Party to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information from Disclosing Party.

6. **Exceptions.** All of the foregoing obligations and restrictions do not apply to that part of the Confidential Information that each Party demonstrates (a) was or becomes generally available to the public prior to, and other than as a result of, a disclosure by the Receiving Party or its Representatives, or (b) was available, or becomes available, to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party or its Representative, provided the source of such information is not bound by a confidentiality agreement with the Disclosing Party or is not otherwise prohibited from transmitting the information to the Receiving Party or its Representatives by a contractual, legal, fiduciary or other obligation, (c) is independently developed by or for the Receiving Party without reliance on the Confidential Information disclosed hereunder, or (d) is required to be disclosed pursuant to a court order, government order or any other legal requirement of disclosure, including, but not limited to, the Colorado Open Records Act (C.R.S. § 24-72-201 et seq., as it may be amended). Determination as to whether the Colorado Open Records Act requires disclosure of Confidential Information in the possession of Castle Rock shall be determined by Castle Rock after consultation with Stillwater and Box Elder.

7. **Remedies.** No failure or delay by Disclosing Party in exercising any of its rights or pursuing any remedies available to Disclosing Party hereunder or at law or in equity shall in any way constitute a waiver or prohibition of such rights and remedies in the event of a breach of this Agreement. Equitable relief shall not be exclusive of other remedies to which Disclosing Party is entitled at law or in equity. Receiving Party acknowledges that its breach of this Agreement would irreparably harm Disclosing Party and agrees that money damages would not be a sufficient remedy for its breach. In addition to all other remedies, Disclosing Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach.

8. **Warranty Disclaimer.** RECEIVING PARTY ACKNOWLEDGES AND ACCEPTS THE INHERENT RISK IN ACQUISITION, PROCESSING AND INTERPRETATION OF GEOLOGICAL AND GEOPHYSICAL DATA AND INTERPRETATIVE DATA OF ALL KINDS. DISCLOSING PARTY REPRESENTS THAT IT HAS THE RIGHT TO DISCLOSE THE CONFIDENTIAL INFORMATION. DISCLOSING PARTY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO ACCURACY, QUALITY OR COMPLETENESS OF THE INFORMATION, AND ONLY SPECIFIC REPRESENTATIONS AND WARRANTIES MADE IN A DEFINITIVE AGREEMENT (WHEN AND IF THE SAME IS FULLY EXECUTED AND DELIVERED) SHALL HAVE LEGAL EFFECT. WITHOUT LIMITING ANY OBLIGATION THAT DISCLOSING PARTY MAY EXPRESSLY UNDERTAKE IN A DEFINITIVE AGREEMENT IN RESPECT OF THE POSSIBLE TRANSACTIONS, NEITHER DISCLOSING PARTY NOR ITS REPRESENTATIVES OR AFFILIATES SHALL BE LIABLE TO RECEIVING PARTY OR ANY OTHER PERSONS IN CONTRACT, TORT, SECURITIES LAWS OR OTHERWISE AS A RESULT OF THE POSSIBLE TRANSACTIONS AND/OR USE OF THE INFORMATION, OR ERRORS THEREIN OR OMISSIONS THEREFROM, BY RECEIVING PARTY OR THOSE IN PRIVITY WITH RECEIVING PARTY. RECEIVING PARTY AGREES THAT NEITHER RECEIVING PARTY NOR ITS AFFILIATES AND/OR REPRESENTATIVES SHALL RELY UPON THE INFORMATION WITHOUT SATISFYING ITSELF AS TO ITS ACCURACY AND COMPLETENESS NOR THAT RECEIVING PARTY SHALL MAKE INDEPENDENT VERIFICATION THEREOF.

9. **Relationship and No Obligation.** It is not the intention of the Parties and nothing contained in this Agreement shall be deemed or construed to create the relationship of partnership, association, principal and agent or joint venture between the Parties. Execution of this Agreement and/or this Agreement and the disclosure of Confidential Information hereunder shall create no obligation on the part of each Party to further discussions with the other Party or to enter into any further agreement with the other Party. Unless and until a definitive agreement has been fully executed and delivered, no relationship, contract or agreement providing for a transaction between the Parties shall be deemed to

exist and each Party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, except, in the case of this Agreement, for the matters specially agreed to herein. For purposes of this Agreement, the term "definitive agreement" means a definitive written agreement executed by the Parties or their respective Affiliates and/or Representatives with respect to the Possible Transactions, but does not include a nonbinding executed letter of intent, negotiations between the Parties, exchanges of drafts or documents relating to the Possible Transactions or any other preliminary written agreement or offer, unless specifically so designated in writing and executed by both Parties.

10. **Entire Agreement and Amendments.** This Agreement comprises the full and complete agreement of the Parties with respect to disclosure of Confidential Information and replaces and supersedes all prior communications, understandings and agreements between the Parties, whether written or oral, express or implied relating to the Confidential Information and the subject matter of this Agreement. Notwithstanding the preceding sentence, this Agreement shall not supersede any written agreement under which either Disclosing Party or its Affiliates or Representatives have heretofore provided evaluation materials, Confidential Information, or a portion of the Confidential Information to Receiving Party, its Affiliates or Representatives and Receiving Party's obligations under any such prior written agreement shall remain in full force and effect and shall not be superseded by, but shall be cumulative of and in addition to the obligations of Receiving Party and its Affiliates and Representatives under this Agreement. Any purported future modification or amendment hereto shall be binding on the Parties only if same is in writing, is executed by an authorized representative of the Parties and expressly refers to this Agreement.

11. **Choice of Law.** This Agreement shall be governed by and interpreted under the laws of the State of Colorado (excluding any choice of law provision which would refer to the laws of another state). Each Party agrees that the exclusive venue and forum for any action brought in connection with this Agreement shall be initiated and maintained in any State or Federal court located in Denver, Colorado and irrevocably waives any right such Party may have to object to such venue and forum.

12. **Economic Risk.** Receiving Party acknowledges that (i) it is able to bear the economic risk of any investment it might decide to make with respect to the Possible Transactions, (ii) it is capable of evaluating the merits and risks of doing work or providing resources to Castle Rock, (iii) it will be making decisions concerning such Possible Transactions for its own account and not with a view to the distribution or sale thereof, and (iv) it is acting solely for its own account in evaluating a possible business arrangement with respect to the Possible Transactions.

13. **Prospectus Disclaimer.** This document is not, and should not be considered as, a prospectus or other offer to sell a security or an interest in water resources or properties.

14. **Electronic Transmission.** The electronic transmission of any signed original document, and transmission or retransmission of any signed electronic transmission, shall be the same as delivery of an original. At the request of each Party, the Parties hereto will confirm electronic transmitted signatures by signing an original document for delivery between them.

15. **Counterpart Execution.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Term.** The duties and obligations of each Party under this Agreement are deemed to have commenced as of the earlier of the Effective Date or the date a Disclosing Party provides Confidential Information to a Receiving Party and shall remain in effect thereafter until the date the

contemplated Possible Transactions are completed between Disclosing Party and/or its Affiliates or Representatives, as applicable, and Receiving Party and/or its Affiliates and Representatives, as applicable, pursuant to a definitive agreement containing provisions dealing with confidentiality of the Confidential Information, which expressly supersede the provisions of this Agreement. Provided however, termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of a breach of, or failure to comply with this Agreement occurring prior to such termination (including the continuation thereof after such termination) or (ii) release, impair or affect the covenants and agreements contained in this Agreement which shall survive such termination and continue in full force and effect.

17. **Withdrawal of Possible Transactions.** All leases, lands, water rights, water decrees, ownership information, plans of operation, and related business opportunities shown by Disclosing Party hereunder are subject to withdrawal or prior sales, at Disclosing Party's sole discretion, and nothing herein shall obligate Disclosing Party to provide notice to Receiving Party with respect to any such withdrawal or sale. Nothing contained herein is intended to confer upon Receiving Party any rights whatsoever to Disclosing Party's interest in the leases and lands, if any, identified in this Agreement but is intended only to govern the rights and obligations of the respective Parties concerning the Confidential Information. Disclosing Party reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with respect to the Possible Transactions between Disclosing Party and Receiving Party and, subject to the terms hereof, to terminate discussions with the Receiving Party at any time.

18. **Successors and Assigns.** This Agreement shall be binding upon the Parties, their respective successors and assigns and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

19. **Notices.** Identification of Representative and addresses of the Parties for notice purposes are as follows:

Castle Rock:

Town Attorney
Town of Castle Rock
100 Wilcox Street
Castle Rock, CO 80104
Phone: 303-660-1388
Fax: 303-660-1028

Stillwater:

Walraven Ketellapper, President
Stillwater Resources and Investments, Inc.
2355 Canyon Blvd. Suite 105
Boulder, CO 80302
Phone: 303-415-0029
Fax: 303-415-9077

Box Elder:

Michael Jeronimus, Manager
Boxelder Creek Properties, LLC
6355 W. Lakeside Ct.
Littleton, CO 80125
P.O. Box 221

Littleton, CO 80160

Phone: _____

Fax: _____

20. **Assignment.** This Agreement and the obligations set forth hereunder shall not be assigned in whole or in part by Receiving Party or any of Receiving Party's Representatives or Affiliates.

21. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

22. **Waiver.** No waiver by any Party shall be effective unless in writing and any such waiver shall only affect the matter, and the occurrence thereof, specifically identified therein and shall not extend to any other matter or occurrence.

23. **Ongoing Activities.** Stillwater understands and acknowledges that Castle Rock is involved in ongoing and widespread water acquisition and analysis activities and receives information and data, including concerning water resources and treatment, from many different sources. Castle Rock cannot assure Stillwater, and makes no representation that Castle Rock has not, or that it never will, evaluate other water sources and/or acquire leasehold or other water interests which may encompass any prospects to which the Confidential Information disclosed hereunder relates. Nothing in this provision shall be deemed to prohibit, restrict, or apply to any acquisition by Receiving Party of an interest in the lands attributable to the Possible Transactions including but not limited to corporate merger, reorganization, consolidation or acquisition of the assets of an entity, whether by cash, like-kind exchange, stock purchase or otherwise.

24. **Ongoing Water Resource Activities.** Castle Rock understands and acknowledges that Stillwater is involved in ongoing and widespread water resource activities in the water industry and receives information and data, including concerning water resources and treatment, from many different sources. Stillwater cannot assure Castle Rock, and makes no representation that Stillwater has not, or that it never will, evaluate other opportunities for the provision of water sources and/or acquire leasehold or other water interests which may encompass other prospects to which the Confidential Information disclosed hereunder relates. Nothing in this Agreement shall be deemed to prohibit, restrict, or apply to Stillwater's water resource activities with other participants which compete with or are an alternative to the Possible Transactions.

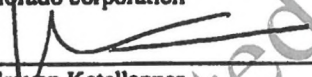
25. **Mental Impressions.** Disclosing Party understands that Receiving Party's Representatives who need to review the Confidential Information may now or in the future be working on other Possible Transactions in the vicinity of the lands attributable to the Possible Transactions and may retain mental impressions of the Confidential Information. Disclosing Party agrees that Receiving Party's Representatives shall not be precluded from working on such Possible Transactions because of such mental impressions.

If Receiving Party is in agreement with the foregoing terms as a basis upon which Disclosing Party will provide you with the Confidential Information from Disclosing Party, please acknowledge such agreement by executing a copy of this letter in the space provided below and returning a copy to the noticed Party in Section 19 above.

TOWN OF CASTLE ROCK, by and through the TOWN
OF CASTLE ROCK WATER ENTERPRISE

By: 
Name: Ray P. Radd
Its: Utilities Director

STILLWATER RESOURCES AND INVESTMENT,
INC., a Colorado corporation

By: 
Name: Walraven Ketellapper
Its: President

BOXELDER PROPERTIES, LLC, a Colorado limited
liability company

By: _____
Name: Michael Jeronimus
Its: Manager

noticed Party in Section 19 above.

TOWN OF CASTLE ROCK, by and through the TOWN
OF CASTLE ROCK WATER ENTERPRISE

By: *Ron P. Radd*
Name: *Ron P. Radd*
Its: *Utilities Director*

STILLWATER RESOURCES AND INVESTMENT,
INC., a Colorado corporation

By: _____
Name: Walraven Ketellapper
Its: President

BOXELDER PROPERTIES, I L.C, a Colorado limited
liability company

By: *[Signature]*
Name: Michael Jeronimus
Its: Manager

Previously Executed

CON-2023-0969

**EXHIBIT 2****TOWN OF CASTLE ROCK
AFFIDAVIT OF INDEPENDENT CONTRACTOR STATUS**

In accordance with Section 8-70-115, C.R.S., we certify the following:

- With respect to the Agreement, **STILLWATER RESOURCES & INVESTMENTS, INC.** ("Stillwater") represents and warrants that it is Stillwater's express intention to be employed as an independent contractor of the Town of Castle Rock (the "Town") for purposes of performing the work or services which are the subject of the Agreement, to include all employees and agents of the above-named entity. Stillwater understands and confirm that the Town reasonably relied on this intention in entering into the Agreement.
- The Town does not require Stillwater to work exclusively for the Town, except that Stillwater may choose to work exclusively for the Town for a finite period of time specified in the document.
- The Town does not establish a quality standard for the work or services performed pursuant to the Agreement, except that the Town may provide plans and specifications regarding the work but cannot oversee the actual work or provide instruction as to how the work is performed.
- The Town does not pay a salary or hourly rate but rather a fixed or contract rate, as noted in the terms and conditions of the Agreement, and any Exhibits made part of the Agreement.
- The Town cannot terminate the work or services performed during the contract period unless otherwise agreed to in the terms and conditions of the Agreement.
- Stillwater is not provided with anything, if at all, more than minimal training from the Town.
- The Town does not provide Stillwater with tools or benefits for the performance of the work or services which are the subject of the Agreement, except materials and equipment may be supplied.
- The Town does not dictate the time of performance, except that a completion schedule and a range of mutually agreeable work hours may be established in the Agreement.
- The Town does not pay Stillwater personally but rather makes checks payable to the trade or business name of Stillwater, who is a party to the Agreement; and the Town does not combine their business operations in any way with Stillwater's business, but instead maintains such operations as separate and distinct.

CON-2023-0969



- Stillwater understands that if a professional license to practice a particular occupation under the laws of the State of Colorado requires the exercise of a supervisory function with regard to the work of services performed under this Agreement, such supervisory role shall not affect the independent contractor relationship with the Town.
- **STILLWATER UNDERSTANDS THAT NEITHER STILLWATER NOR ITS EMPLOYEES ARE ENTITLED TO UNEMPLOYMENT INSURANCE BENEFITS OF THE TOWN. THE ONLY AVAILABLE UNEMPLOYMENT COMPENSATION COVERAGE IS THAT PROVIDED BY STILLWATER.**
- **STILLWATER UNDERSTANDS THAT IT IS OBLIGATED TO PAY FEDERAL AND STATE INCOME TAX ON MONEYS PAID PURSUANT TO THE AGREEMENT.**

AGENT OR REPRESENTATIVE

STILLWATER RESOURCES & INVESTMENTS, INC.

Walraven Ketellapper

Walraven Ketellapper, President

STATE OF COLORADO)

1 SS.

COUNTY OF Douglas

The foregoing instrument as acknowledged before me this 19 day of January, 2024 by Walraven Ketellapper as President of the above-mentioned Independent Contractor.

Witness my official hand and seal.

My commission expires:

3/20/2024

Dawn M. Tiffany

Notary Public

Notarized online using audio-video communication

Dawn Tiffany
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20124016914
MY COMMISSION EXPIRES MARCH 20, 2024

CON-2023-0969



EXHIBIT 3

CERTIFICATE OF INSURANCE
(see attached)



STATE FARM FIRE AND CASUALTY COMPANY
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Po Box 2915
Bloomington IL 61702-2915

Named Insured

AT2 000955 3125 M-20-0004-FA65 F U
STILLWATER RESOURCES &
INVESTMENTS INC
4551 PRADO DR
BOULDER CO 80303-9633



RENEWAL DECLARATIONS

Policy Number	96-21-3609-9	
Policy Period	Effective Date	Expiration Date
12 Months	AUG 7 2023	AUG 7 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

Agent and Mailing Address

PAUL WALDEN
1650 38TH ST STE 205E
BOULDER CO 80301-2621

PHONE: (303) 447-2048

Office Policy

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Entity: Corporation

NOTICE: Information concerning changes in your policy language is included. Please call your agent if you have any questions.

POLICY PREMIUM	\$ 300.00	Claim Record
Minimum Premium		
Disaster Mitigation	\$ 2.00	
Total Amount	\$ 302.00	

Discounts Applied:
Renewal Year
Years in Business

Prepared
APR 25 2023
CMP-4000

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

SECTION I - PROPERTY SCHEDULE

Location Number	Location of Described Premises	Limit of Insurance* Coverage A - Buildings	Limit of Insurance* Coverage B - Business Personal Property	Seasonal Increase- Business Personal Property
001	4551 PRADO DR BOULDER CO 80303-9633	No Coverage	\$ 2,200	25%

* As of the effective date of this policy, the Limit of Insurance as shown includes any increase in the limit due to Inflation Coverage.

SECTION I - INFLATION COVERAGE INDEX(ES)

Cov A - Inflation Coverage Index: N/A
Cov B - Consumer Price Index: 301.8

SECTION I - DEDUCTIBLES

Basic Deductible \$500

Special Deductibles:

Money and Securities	\$250	Employee Dishonesty	\$250
Equipment Breakdown	\$500		

Other deductibles may apply - refer to policy.

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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9

**SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - EACH DESCRIBED PREMISES**

The coverages and corresponding limits shown below apply separately to each described premises shown in these Declarations, unless indicated by "See Schedule." If a coverage does not have a corresponding limit shown below, but has "Included" indicated, please refer to that policy provision for an explanation of that coverage.

COVERAGE	LIMIT OF INSURANCE
Accounts Receivable	
On Premises	\$50,000
Off Premises	\$15,000
Arson Reward	\$5,000
Back-Up Of Sewer Or Drain	\$15,000
Collapse	Included
Damage To Non-Owned Buildings From Theft, Burglary Or Robbery	Coverage B Limit
Debris Removal	25% of covered loss
Equipment Breakdown	Included
Fire Department Service Charge	\$5,000
Fire Extinguisher Systems Recharge Expense	\$5,000
Forgery Or Alteration	\$10,000
Glass Expenses	Included
Increased Cost Of Construction And Demolition Costs (applies only when buildings are insured on a replacement cost basis)	10%
Money And Securities (Off Premises)	\$5,000
Money And Securities (On Premises)	\$10,000
Money Orders And Counterfeit Money	\$1,000
Newly Acquired Business Personal Property (applies only if this policy provides Coverage B - Business Personal Property)	\$100,000
Newly Acquired Or Constructed Buildings (applies only if this policy provides Coverage A - Buildings)	\$250,000

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

Ordinance Or Law - Equipment Coverage	Included
Outdoor Property	\$5,000
Personal Effects (applies only to those premises provided Coverage B - Business Personal Property)	\$5,000
Personal Property Off Premises	\$15,000
Pollutant Clean Up And Removal	\$10,000
Preservation Of Property	30 Days
Property Of Others (applies only to those premises provided Coverage B - Business Personal Property)	\$2,500
Signs	\$2,500
Unauthorized Business Card Use	\$5,000
Valuable Papers And Records	
On Premises	\$50,000
Off Premises	\$15,000
Water Damage, Other Liquids, Powder Or Molten Material Damage	Included

SECTION I - EXTENSIONS OF COVERAGE - LIMIT OF INSURANCE - PER POLICY

The coverages and corresponding limits shown below are the most we will pay regardless of the number of described premises shown in these Declarations.

COVERAGE	LIMIT OF INSURANCE
Dependent Property - Loss Of Income	\$5,000
Employee Dishonesty	\$10,000
Utility Interruption - Loss Of Income	\$10,000
Loss Of Income And Extra Expense	Actual Loss Sustained - 12 Months

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APR 25 2023
CMP-4000

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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9



SECTION II - LIABILITY

COVERAGE	LIMIT OF INSURANCE
Coverage L - Business Liability	\$1,000,000
Coverage M - Medical Expenses (Any One Person)	\$5,000
Damage To Premises Rented To You	\$300,000
AGGREGATE LIMITS	LIMIT OF INSURANCE
Products/Completed Operations Aggregate	Excluded
General Aggregate	\$2,000,000

Each paid claim for Liability Coverage reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Coverage Form and any attached endorsements.

Your policy consists of these Declarations, the BUSINESSOWNERS COVERAGE FORM shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

FORMS AND ENDORSEMENTS

CMP-4100	Businessowners Coverage Form
CMP-4561.4	*Policy Endorsement
CMP-4206.2	*Amendatory Endorsement
FE-6999.3	*Terrorism Insurance Cov Notice
CMP-4845	Excl Product Comp Operatn Liab
CMP-4713.1	Excl Testing Consulting E&O
CMP-4819.1	Unauthorized Business Card Use
CMP-4706	Back-Up of Sewer or Drain
CMP-4704.1	Dependent Prop Loss of Income
CMP-4710	Employee Dishonesty
CMP-4709	Money and Securities
CMP-4703.1	Utility Interruption Loss Incm
CMP-4705.2	Loss of Income & Extra Expnse

Prepared
APR 25 2023
CMP-4000

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Continued on Reverse Side of Page

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RENEWAL DECLARATIONS (CONTINUED)

**Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9**

FE-3650 Actual Cash Value Endorsement
CMP-4787 Waiver of Trans Rgt of Recov
CMP-4786 Addl Insd Owners Lessee Sched
FD-6007 Inland Marine Attach Dec
* New Form Attached

SCHEDULE OF ADDITIONAL INTERESTS

Interest Type: Addl Insured-Section II
Endorsement #: CMP4786
Loan Number: N/A

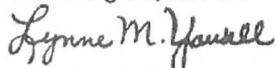
COLORADO STATE LAND BOARD
C/O PROCUREMENT
1127 N SHERMAN ST STE 300
DENVER CO 802032398

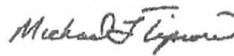
This policy is issued by the State Farm Fire and Casualty Company.

Participating Policy

You are entitled to participate in a distribution of the earnings of the company as determined by our Board of Directors in accordance with the Company's Articles of Incorporation, as amended.

In Witness Whereof, the State Farm Fire and Casualty Company has caused this policy to be signed by its President and Secretary at Bloomington, Illinois.


Secretary


President

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APR 25 2023
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RENEWAL DECLARATIONS (CONTINUED)

Office Policy for STILLWATER RESOURCES &
Policy Number 96-21-3609-9



0409-ST-1-1-1001

NOTICE TO POLICYHOLDER:

For a comprehensive description of coverages and forms, please refer to your policy.

Policy changes requested before the "Date Prepared", which appear on this notice, are effective on the Renewal Date of this policy unless otherwise indicated by a separate endorsement, binder, or amended declarations. Any coverage forms attached to this notice are also effective on the Renewal Date of this policy.

Policy changes requested after the "Date Prepared" will be sent to you as an amended declarations or as an endorsement to your policy. Billing for any additional premium for such changes will be mailed at a later date.

If, during the past year, you've acquired any valuable property items, made any improvements to insured property, or have any questions about your insurance coverage, contact your State Farm agent.

Please keep this with your policy.

Your coverage amount....

It is up to you to choose the coverage and limits that meet your needs. We recommend that you purchase a coverage limit equal to the estimated replacement cost of your structure. Replacement cost estimates are available from building contractors and replacement cost appraisers, or, your agent can provide an estimate from Xactware, Inc.® using information you provide about your structure. We can accept the type of estimate you choose as long as it provides a reasonable level of detail about your structure. State Farm® does not guarantee that any estimate will be the actual future cost to rebuild your structure. Higher limits are available at higher premiums. Lower limits are also available, as long as the amount of coverage meets our underwriting requirements. We encourage you to periodically review your coverages and limits with your agent and to notify us of any changes or additions to your structure.

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APR 25 2023
CMP-4000

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State Farm



STATE FARM FIRE AND CASUALTY COMPANY

A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Po Box 2915
Bloomington IL 61702-2915

Named Insured

M-20-0004-FA65 F U

STILLWATER RESOURCES &
INVESTMENTS INC
4551 PRADO DR
BOULDER CO 80303-9633

INLAND MARINE ATTACHING DECLARATIONS

Policy Number	96-21-3609-9	
Policy Period	Effective Date	Expiration Date
12 Months	AUG 7 2023	AUG 7 2024
The policy period begins and ends at 12:01 am standard time at the premises location.		

0509-ST-1-1001

ATTACHING INLAND MARINE

Automatic Renewal - If the **policy period** is shown as **12 months**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Annual Policy Premium Included

The above Premium Amount is included in the Policy Premium shown on the Declarations.

Your policy consists of these Declarations, the INLAND MARINE CONDITIONS shown below, and any other forms and endorsements that apply, including those shown below as well as those issued subsequent to the issuance of this policy.

Forms, Options, and Endorsements

FE-8739	Inland Marine Conditions
FE-8743.1	Inland Marine Computer Prop

See Reverse for Schedule Page with Limits

Prepared
APR 25 2023
FD-6007

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ATTACHING INLAND MARINE SCHEDULE PAGE**ATTACHING INLAND MARINE**

ENDORSEMENT NUMBER	COVERAGE	LIMIT OF INSURANCE	DEDUCTIBLE AMOUNT	ANNUAL PREMIUM
FE-8743.1	Inland Marine Computer Prop	\$ 25,000	\$ 500	Included
	Loss of Income and Extra Expense	\$ 25,000		Included

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

Prepared
APR 25 2023
FD-6007

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530-666 a.2 05-31-2011 (o1f3233c)