

**TOWN OF CASTLE ROCK/CENTENNIAL WATER AND SANITATION DISTRICT
SPOT WATER LEASE AGREEMENT**

THIS SPOT WATER LEASE AGREEMENT (“Agreement”) is entered into _____, 2022, by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town the Castle Rock Water Enterprise (“Town”), as Lessor, whose address is 100 N. Wilcox Street, Castle Rock, Colorado 80104 and Centennial Water and Sanitation District (“Centennial”), as Lessee, whose address is 62 Plaza Drive, Highlands Ranch, Colorado 80129, collectively referred to as the Parties.

RECITALS

WHEREAS, the Town owns certain water in the Chatfield Basin that is reusable and fully consumable after its first use for municipal purposes by the Town. From time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”); and

WHEREAS, the Town anticipates it will have Surplus Water available from time to time in 2022; and

WHEREAS, Centennial desires to lease a certain portion of the Surplus Water from the Town in accordance with the terms and conditions of this Agreement for municipal use.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and Centennial agree as follows:

1. Water Rights Lease. The Town hereby leases to Centennial a minimum of 200 acre-feet (AF) of Surplus Water and up to 1,000 AF total (“Leased Spot Water”), which will be made available as follows:

A. Between July 6, 2022 and December 31, 2022 with no additional water released thereafter.

2. Deliveries.

A. Amount. The Town has the water available within its Chatfield Storage Account to lease up to 1,000 AF to Centennial in 2022. The Leased Spot Water will be withdrawn from the Town’s Storage Account upon coordination with the Colorado Department of Natural Resources – Division of Water Resources.

B. Location. Release will consist of a book-over from Castle Rock’s Chatfield Storage Account into Centennial’s Chatfield Storage Account.

C. Delivery to Centennial. Centennial will take delivery of the Leased Spot Water within its Chatfield Storage Account. The initial 200 AF will be delivered upon execution of this Agreement, by coordination between the Parties and the Colorado Department of Natural Resources – Division of Water Resources. Subsequent deliveries, in minimum 100 AF increments, will be made by mutual agreement of the Parties.

D. Accounting. Centennial must provide the Town with a copy of the water accounting showing the date(s) and quantities of the release of Leased Spot Water. This information will also be used to confirm and update the Town’s Chatfield accounting forms.

3. Lease Rate. Centennial shall pay to the Town **\$71,000.00** for the minimum lease of two-hundred (200) AF of Leased Spot Water. Additional leased quantities shall be paid at the rate of \$355 per acre foot. Payment for the minimum lease quantity shall be made within ten days following mutual execution of this Agreement and is non-refundable. Payment for other quantities leased shall be made thirty (30) days following the issuance of an invoice from Castle Rock. The Town shall invoice Centennial and payment shall be remitted to Castle Rock Water; 175 Kellogg Court; Castle Rock, CO 80129; ATTN: Matt Benak, Water Resources Manager.

4. Quality of Leased Spot Water. Leased Spot Water shall be delivered “as is,” but shall be of a quality that meets all standards and effluent limitations specified in Colorado Discharge Permit System Permit No. CO-0038547, as amended, or in any other discharge permit issued by the Water Quality Control Division or by the U.S. EPA authorizing discharges from the Plum Creek Water Reclamation Authority (PCWRA) facility, such quality to be measured at the authorized discharge point(s) specified in any such discharge permit. By entering into this Agreement and utilization of the Leased Spot Water, Centennial acknowledges that water meeting the requirements of this paragraph is suitable for its purposes and will accept such water as meeting the terms of this Agreement.

5. Lease Term. The term of this Agreement shall commence upon its execution and expire December 31, 2022. By mutual written agreement of the Parties, this Agreement may be renewed on the same or on different terms.

6. Centennial’s Obligations. Centennial’s obligations under this Agreement are limited to making the payments as described in paragraph 3 above.

7. Town’s Obligations. The Town shall allow Centennial to divert, store, use, reuse, and successively reuse to extinction and make all decreed uses of all Leased Spot Water, and shall confirm to Centennial’s satisfaction that all Leased Spot Water is decreed for all such uses and has been recognized and is administered by the Colorado State Engineer for all such uses.

8. Notice. All notices which may be required to be given by either Party to the other shall be made in writing and either hand delivered or sent by first class United States mail, postage prepaid, addressed as follows, or by facsimile, or via electronic means:

If to Town:

Town of Castle Rock (Castle Rock Water)

Attn: Water Resources Manager (Matt Benak)
175 Kellogg Court
Castle Rock, CO 80109

with copy to: Town of Castle Rock
Attn: Town Attorney (Mike Hyman)
100 N. Wilcox Street
Castle Rock, CO 80104

If to Centennial: Centennial Water and Sanitation District
Attn: Water Rights Administrator (Swithin Dick)
62 Plaza Drive
Highlands Ranch, CO 80129

with copy to: Collins Cole Flynn Winn & Ulmer PLLC
Attn Timothy Flynn
165 South Union Blvd. Suite 875
Lakewood CO 80228

9. Assignment. Centennial may not assign its rights hereunder without the prior written consent of the Town, which may be withheld in the Town's sole discretion. In the event that the Town consents to an assignment of Centennial's rights hereunder, the assignee shall execute an assumption agreement with the Town and Centennial pursuant to which it shall assume Centennial's obligations hereunder. The terms of such assumption agreement must be approved by the Town.

10. Entire Agreement. This Agreement represents the entire Agreement between the Parties on the matters set forth herein and supersedes all prior negotiations, representations or agreements respecting said matters whether written or oral.

11. Binding Effect. The execution of the Agreement by the Town as Lessor and Centennial as Lessee constitutes the execution of a binding lease agreement by the Parties on the terms and conditions contained herein and may not be modified except in writing signed by both Parties. This Agreement shall be binding on the Parties' respective successors and assigns.

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

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

(signature page to follow)

