

RESOLUTION NO. 2016-080

A RESOLUTION APPROVING THE EXECUTION OF THE PURCHASE AND SALE FOR WATER LINE CAPACITY FROM PIONEER METROPOLITAN DISTRICT NO. 3

WHEREAS, Pioneer Metropolitan District No. 3, a Title 32 District formed and existing under the laws of the State of Colorado (“Seller”) and the Town of Castle Rock by and through the Town of Castle Rock Water Enterprise (“Buyer”) dated this date have agreed on the terms of a Purchase and Sale Agreement for Water Line Capacity further described in *Exhibit 1*;

WHEREAS, the Seller is a party to the Agreement with the Town of Keenesburg, Colorado (“Keenesburg”) dated April 17, 2008 and recorded at Reception No. 3555656 in Weld County, Colorado, as amended by the First Amendment to and Assignment of Agreement dated May 1, 2012 and recorded at Reception No. 3845481 in Weld County, Colorado (collectively “Water Line Agreement”); and

WHEREAS, the Water Line Agreement grants to Seller the sole, exclusive and perpetual right to use eight hundred (800) gallons per minute of capacity in the Keenesburg Well Water Transmission Line (“Water Line”), subject to the terms and conditions in the Water Line Agreement; and

WHEREAS, Seller and Buyer have agreed on the terms of an assignment of the Water Line Agreement from Seller to Buyer; and

WHEREAS, this purchase is a key part of a preferred project for development of a renewable water supply and accordingly the Town has analyzed the feasibility of the project and otherwise undertaken due diligence of the Project and its various assets;

WHEREAS, an integral part of the Box Elder project is the identification and purchase of at least 2,500 acre-feet of renewable water rights and the Town has or is close to securing over 70 percent of that water; and

WHEREAS, the purchase of the capacity in this pipeline enhances the value of water rights the Town has or is securing.

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CASTLE ROCK AS FOLLOWS:

Section 1. Approval. The Purchase and Sale of Water Line Capacity in the form attached as *Exhibit 1* is hereby approved. The Mayor and other proper Town officials are hereby authorized to execute the Contract by and on behalf of the Town of Castle Rock Water Enterprise. The purchase of the property and water interests by the Castle Rock Water Enterprise on the terms of the Contract is approved and the administrative staff is authorized to take all action necessary to close the transaction.

Section 2. Encumbrance and Authorization for Payment. In order to meet the Town's financial obligation under the Contract, the Town Council authorizes the expenditure and payment

from the 2016 appropriation account 211-4375-443.77-30 WR KP in an amount not to exceed \$2,230,000 plus the annual payments of \$63,099 for 2016 assuming staff is satisfied with the results of due diligence and proceeds to closing.

PASSED, APPROVED AND ADOPTED this ____ day of August, 2016, by the Town Council of the Town of Castle Rock, Colorado, on first and final reading by a vote of ____ for and ____ against.

ATTEST:

TOWN OF CASTLE ROCK

Sally A. Misare Town Clerk

Paul Donahue, Mayor

Approved as to form:

Approved as to content:

Robert J. Slentz, Town Attorney

Mark Marlowe, Utilities Director