



Dominion Water & Sanitation District  
9250 E. Costilla Avenue, Suite 210  
Greenwood Village, CO 80112

May 31, 2019

Mr. Mark Marlowe  
Director of Castle Rock Water  
Town of Castle Rock  
175 Kellogg Ct.  
Castle Rock, CO 80109

Re: Intergovernmental Agreement for the Option to Purchase and Right of First Refusal Regarding Ground Water Rights, Easement and Related Improvements between Town of Castle Rock by and through the Town of Castle Rock Water Enterprise and Dominion Water & Sanitation District, acting in its capacity as a Water Activity Enterprise dated March 5, 2019.

Dear Mr. Marlowe,

This letter is to confirm that Dominion has completed its due diligence review pursuant to the above-described option agreement, and that Dominion intends to exercise its option to purchase 300 acre feet of Arapahoe aquifer water decreed in Case No. 98CW219, as modified by Case No. 03CW117, together with the Cherokee Ranch Easements.

As we discussed last week, Dominion has requested an extension of time on the Initial Closing. Instead of the Initial Closing occurring on or before June 17, 2019, Dominion has requested that the Initial Closing occur on or before Friday, August 2, 2019. We have provided a draft of the amendment to Bob Slentz for his review.

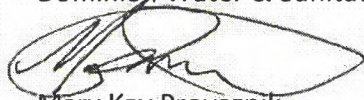
At the Initial Closing, Dominion will pay the Town \$2,900.00 X 300 A.F. - \$50,000.00 Initial Option Payment = \$820,000.00.

The Town will convey to Dominion the following:

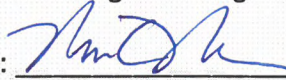
- A special warranty deed for 300 acre feet of the Arapahoe aquifer water rights, including banked water as determined on a pro rata bases pursuant to the water banking provision of the 98CW219 decree;

- A special warranty deed for a non-exclusive interest in the following permanent easements:
  - Easement Agreement dated April 22, 2013, recorded in the public records of Douglas County, Colorado April 29, 2013 at Reception No. 2013034803.
  - Second Amended Easement Deed dated December 28, 2012, recorded in the public records of Douglas County, Colorado at Reception No. 2013005243.
- A title insurance policy issued by North American Title Insurance Company for the easements;
- An assignment of the rights and obligations of the Town provided for in the following agreements:
  - First Amended Operating and Maintenance Agreement dated March 6, 2008 between the Cherokee Ranch & Castle Foundation, Bromley District Water Providers, LLC and Robert A. Lembke;
  - First Amendment to the First Amended Operating and Maintenance Agreement dated November 16, 2017 between the Cherokee Ranch & Castle Foundation and the Town of Castle Rock, acting by and through the Town of Castle Rock Water Enterprise, as modified by the Tri-Party Agreement.

Sincerely,  
Dominion Water & Sanitation District

  
Mary Kay Provaznik  
General Manager

Acknowledged and Agreed

By:   
Mark Marlowe, Director

Date: 6/3/19