

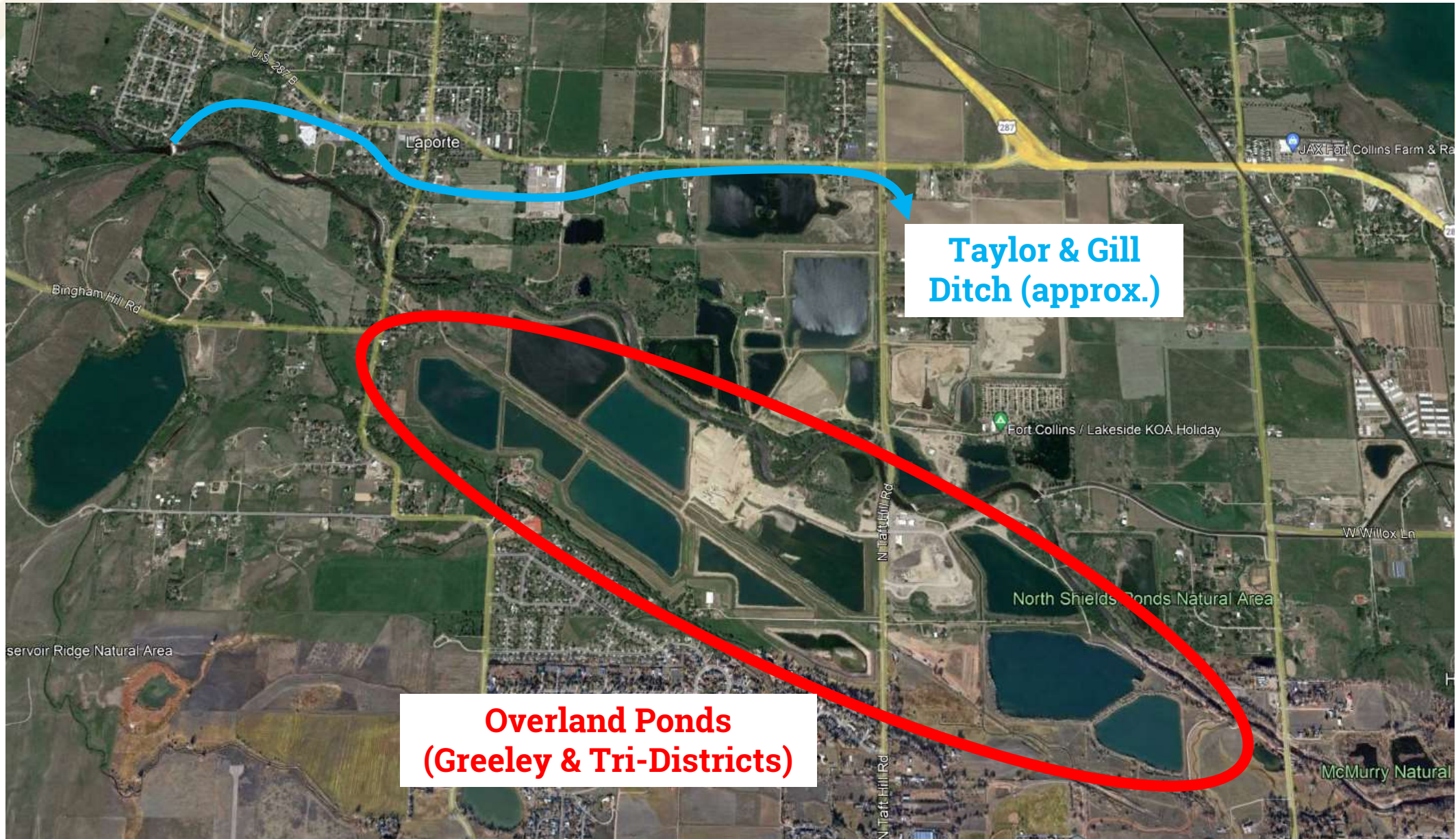
Taylor & Gill Ditch Company Excess Capacity Carriage Agreement

**Presented to
Greeley Water & Sewer Board**

May 18th, 2022



Taylor & Gill Ditch



Background

- **2014: Greeley purchases right of first refusal (ROFR) for “excess capacity”**
 - **Excess capacity = unused physical space in ditch**
- **2018: Company notifies Greeley of excess capacity offer**
 - **Ambiguous cost terms that Greeley could not accept**
 - **Unbeknownst to Greeley, Company had *already granted* excess capacity to 3rd party (Seaworths) prior to notifying Greeley, contrary to ROFR**
- **2019: Greeley and Company negotiate cost terms carriage agreement**
- **2020: Seaworths assign excess capacity to HF2M, Inc.**
- **2021: Greeley learns of Seaworths agreement and files court complaint**
- **2022: Settlement negotiations lead to new carriage contract**

Carriage Agreement

- **Senior rights to excess capacity in ditch**
- **Up to 13.8 cfs**
- **\$12,000 one-time payment**
- **\$13.50 per acre-foot “running charge”**
- **30-year term, which may be extended 20 years past when excess capacity is first used**
- **Term may be extended**
- **Use subject to separate agreement with Little Cache La Poudre Irrigation Company and Division of Water Resources consent**
- **Greeley agrees to stipulate lawsuit in exchange for carriage contract**

Recommendations

- 1. Approve Stipulation and Settlement Agreement**
- 2. Approve Excess Capacity Carriage Agreement**

