WATER AND SEWER SERVICE AGREEMENT (Ledge Rock Center Commercial Phase I)

THIS WATER AND SEWER SERVICE AGREEMENT is made and entered into this day of ______, 2022, by and between LEDGE ROCK CENTER, LLC, a Kansas limited liability company ("Developer"), and THE TOWN OF JOHNSTOWN, a Colorado municipal corporation, ("Town"), collectively sometimes referred to as "the Parties."

RECITALS:

WHEREAS, the Developer is the owner, or anticipated owner, of approximately 48.610 acres of land located in Northeast One-Quarter of Section 11, Township 4 North, Range 68 West of the Sixth Principal Meridian, County of Weld, State of Colorado, described more particularly on Exhibit A, attached hereto and incorporated herein by this reference ("Property"); and

WHEREAS, the Property is being developed as a destination retail shopping center containing approximately 385,000 square feet of new commercial and retail uses, to be known as Ledge Rock Center Commercial Phase I ("Project"); and

WHEREAS, the Town obtained an analysis from Economic & Planning Systems, Inc., a California corporation, projecting that the Project will provide substantial economic benefits to the Town, including but not limited to, increased sales tax revenues and new employment opportunities; and

WHEREAS, to facilitate the development of the Project, the Developer has requested that the Town grant it the right to use water from the Town's share of water supplies at the fair market value to serve the in-building water needs of the Project; and

WHEREAS, the Town has an available supply of water to serve the in-building water needs of the Project; and

WHEREAS, the Ledge Rock Center Commercial Metropolitan District, a quasi-municipal corporation and political subdivision of the state of Colorado, will obtain the necessary water for irrigation and landscaping and enter into a separate water agreement with the Town related to such water use; and

WHEREAS, Colorado municipalities are entitled to encourage new and expanded commercial and retail development through inducements and incentives; and

WHEREAS, based on the anticipated economic benefits, the additional employment opportunities and the extraordinary opportunity presented by the location of the Project in the Town, subject to the terms of this Agreement, the Town Council desires to accommodate the Developer's request and finds that this Agreement is in the best interests of the citizens of the Town; and

WHEREAS, the Developer and the Town desire to set forth their agreement concerning the use of the Town's water for the in-building water needs of the Project, the creation of a water bank, and a commitment by the Town for water and sewer service for the Property.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. *Recitals.* The Recitals are incorporated into the Agreement as if fully set forth herein.

2. **Creation of a Water Bank.** To facilitate the development of the Project, the Town agrees to allow the Developer to use up to three and six-tenths (3.6) shares of the Consolidated Home Supply Ditch and Reservoir Company (up to 28.8 acre-feet feet per year) from the shares owned by the Town for the commercial and retail in-building water needs of the Project, pursuant to the terms of this Agreement. The water may not be used for any other purpose. Upon the execution of this Agreement, the water shares shall be set aside and placed into a water bank ("Ledge Rock Center Water Bank"). The Town's Water Engineer shall manage the Ledge Rock Center Water Bank and maintain an accurate accounting of the water that is used and the water that is still available for use by the Developer.

The Ledge Rock Center Water Bank will terminate on December 31, 2025. Water that has not been allocated to the use of the Developer pursuant to the terms of this Agreement by December 31, 2025, shall revert back to the Town, be available for any and all uses deemed appropriate by the Town and not be available for any use by the Developer absent a written amendment to this Agreement signed by the Parties.

Notwithstanding anything contained herein, the Developer shall not be obligated to purchase the right to use water from the Ledge Rock Center Water Bank.

3. *Water Demand and Approval of Water Use.* Prior to the issuance of a building permit for any portion of the Property, the Developer shall submit a preliminary water and sewer demand analysis to the Town in compliance with the Johnstown Municipal Code. The preliminary analysis shall provide an estimated average annual water demand for the in-building needs of such portion of the Property. Upon approval of the preliminary analysis by the Town, the Town agrees to provide the Developer with written authorization to use water from the Ledge Rock Center Water Bank, containing the applicable fees for such use, on the form attached as <u>Exhibit B</u> ("Water Use Authorization"). Each Water Use Authorization that is executed by the Town Manager shall be incorporated herein and become a part of this Agreement as if fully set forth herein.

4. **Price for Use of Water.** The Developer agrees to pay the fair market value for the use of the water as determined by the Town Manager. The Developer understands and agrees that the fair market value fluctuates and shall be established by the Town, at its sole discretion, when the Developer submits and the Town approves a preliminary water and sewer demand analysis for any portion of the Property. Payment for the water shall be provided not later than the issuance of a building permit.

5. Condition Subsequent; Certificate of Occupancy. The Town's grant of the right to use water from the Ledge Rock Center Water Bank to the Developer for the in-building water needs of the Project is subject to the condition that, within one year of the issuance of a building permit, the Developer complete construction of the portion of the Property that is the subject of the building permit and obtain a certificate of occupancy. If the Developer does not obtain a certificate of occupancy within one year, the Town's agreement to allow the Developer to use water from the Ledge Rock Center Water Bank for the portion of the Property that is the subject of the building permit shall terminate. If the failure to obtain a timely certificate of occupancy is the result of excusable delays, as determined by the Town, the Town may, at its sole discretion, extend the time in which the Developer is required to obtain a certificate of occupancy. Upon termination of the right to use water, the Town shall return the funds paid by the Developer for such use without the accrual of interest. The Developer shall thereafter be required, prior to the issuance of a certificate of occupancy for the portion of the Property that is the subject of the building permit, to enter into a new water and sewer service agreement with the Town and dedicate sufficient water to the Town to satisfy the water needs of such portion of the Property. For the purposes of this section, a certificate of completion shall suffice to fulfill the certificate of occupancy requirement.

6. *Future review of water usage and dedication requirements.* In accordance with the Johnstown Municipal Code, the Town reserves the right to review actual water usage within the Property, or any portion thereof, at any point in time after water usage has been established to confirm the adequacy of the water demand projections contained in the preliminary analyses. If the Town determines that the preliminary analyses, or any of them, underestimated the actual water demand for the in-building water needs, the Developer shall be required to pay for the use of additional water from the Ledge Rock Center Water Bank, if the Ledge Rock Center Water Bank has not terminated and water is still available, or dedicate additional water to the Town.

7. *Water and Sewer Taps.* Prior to or upon the issuance of a building permit, the Developer shall be required to obtain the appropriate water and sewer taps from the Town, per the Town's adopted fee schedule.

8. *Payment of Water Court Transfer Fees.* Upon approval of a Water Use Authorization and prior to issuance of a building permit, the Developer shall pay to the Town the water court transfer fees required by the Johnstown Municipal Code. The Water Use Authorization shall contain the water court transfer fee. If the actual water demand increases, additional water court transfer fees shall be required.

9. *Commitment to Provide Water and Sewer*. Subject to the Developer's performance of all the covenants contained herein, the issuance of a Water Use Authorization, payment of all required fees and issuance of a certificate of occupancy, the Town commits to provide to the Property, or any portion thereof, the committed water supply together with the corresponding sewer service.

10. **Notice:** All notices, consents, applications or other instruments provided for under this Agreement shall be deemed properly given and received: (1) when personally delivered and received, sent by messenger service, or forwarded by electronic mail delivery, but only upon confirmation of receipt of such electronic mail; (2) on the next day after deposit for delivery with a nationally-recognized overnight courier service; or (3) three business days after deposit in the United States mail, by certified mail with return receipt requested. Such notices or communications will be given to the Parties at their addresses set forth below:

If to the Town: With a copy to: Matt LeCerf, Town Manager Avi Rocklin, Town Attorney Town of Johnstown 1437 N. Denver Avenue #330 450 South Parish Avenue Loveland, CO 80538 P.O. Box 609 avi@rocklinlaw.com Johnstown, CO 80534 mlecerf@johnstownco.gov and Peter J. Ampe Hill & Robbins, P.C. 1660 Lincoln St., Suite 2720 Denver, CO 80264 peterampe@hillandrobbins.com If to the Developer: With a copy to:

Ledge Rock Center, LLC c/o Michael Schlup 13725 Metcalf Ave. Overland Park, KS 66223 mikeschlup@corbinpark.com Allen D. Schlup, Esq. A.D. Schlup Law, LLC 10950 W. 192nd PL Spring Hill, KS 66083 allen.schlup@adschluplaw.com

The addresses for notices may be changed by written notice given to the other Party in the manner provided above.

11. **Default.** In the event of default by either Party hereunder, the non-defaulting Party shall notify the defaulting Party in writing of such default(s), specifying the nature and extent thereof. If such default is not cured within thirty (30) days, the non-defaulting Party shall be entitled to such remedies as are provided by law, including the Town's ordinances.

12. **Successors and Assigns.** The benefits of this Agreement and the burdens hereunder shall inure to and be binding upon the successors and assigns of the Developer to the extent the successors and assigns occupy the Property.

13. *Amendment or Modification.* No amendment or modification of this Agreement shall be of any force or effect unless in writing and executed by the Parties hereto with the same formality as this Agreement.

14. *Attorney's Fees and Costs.* If any judicial proceedings may hereafter be brought to enforce or defend any of the provisions hereof, the Town, if the prevailing party, shall be entitled to recover the costs of such proceedings, including reasonable attorney's fees and reasonable expert witness fees.

15. *Waiver*. The waiver of any breach of any of the provisions of this Agreement by either Party shall not constitute a continuing waiver of any subsequent breach by said Party, concerning either the same or any other provision of this Agreement.

16. *Headings for Convenience Only.* Paragraph headings and titles contained herein are intended for convenience and reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

17. *Non-severability.* Each paragraph of this Agreement is intertwined with the others and is not severable unless by mutual consent of the Parties hereto.

18. *Choice of Laws and Venue.* This Agreement and the rights and obligations of the Parties hereto shall be governed by the laws of the State of Colorado. Venue for any claim, proceeding or action shall be in the County of Weld, State of Colorado.

19. *Entire Agreement.* This Agreement constitutes the entire agreement between the Parties related to the subject matter hereof and any prior agreements pertaining thereto whether oral or written have been merged or integrated into this Agreement.

20. *Findings.* The Town hereby finds and determines that execution of this Agreement is in the best interests of the public health, safety and general welfare of the citizens of the Town and the provisions of this Agreement are consistent with the laws, regulations and policies of the Town.

[The remainder of the page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

LEDGE ROCK CENTER, LLC

By: Mu

Michel Schlup, Authorized Member

STATE OF KANSAS) SS.

COUNTY OF JOHNSON)

SUBSCRIBED AND SWORN to before me this <u>aa</u> day of <u>September</u> by Michel Schlup, as the authorized member of Ledge Rock Center, LLC. _, 20<u></u>22

WITNESS my hand and official seal.

Notary Public

My commission expires:



ATTEST:

By:

Hannah Hill, Town Clerk

137 NW 1501 Rd Urich, MO 54788 Address

TOWN OF JOHNSTOWN, COLORADO a municipal corporation

By:

Gary Lebsack, Mayor

EXHIBIT A PROPERTY

LEDGE ROCK CENTER COMMERCIAL PHASE 1

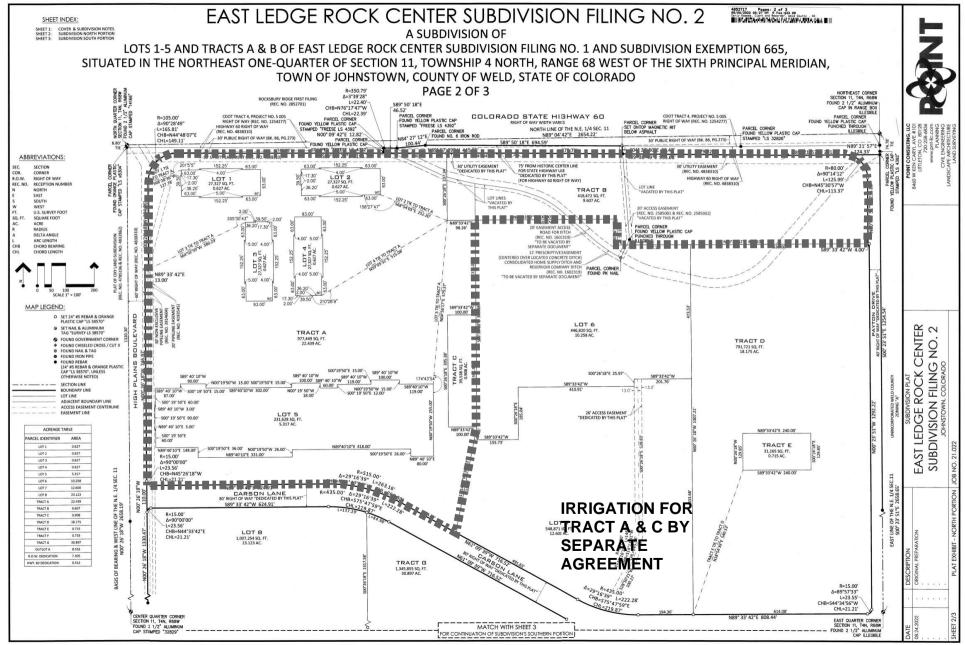
RETAIL EAST (40.78 AC.) – Exhibit A-1 Plat

Tract B and Lots 1, 2, 3, 4, and 5 of the East Ledge Rock Center Filing No. 2 Subdivision (Rec. 4853717), situate in the NE 1/4 of Section 11, Township 4 North, Range 68 West, of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, containing approximately 40.78 acres.

-and-

RETAIL WEST (7.83 AC.) – Exhibit A-2 Plat

Lots 2, 3, 4, and 5 of the West Ledge Rock Center Filing No. 1 Subdivision (Rec. 4838311), situate in the NE 1/4 of Section 11, Township 4 North, Range 68 West, of the 6th P.M., Town of Johnstown, County of Weld, State of Colorado, containing approximately 7.83 acres.



XHIBIT A-1

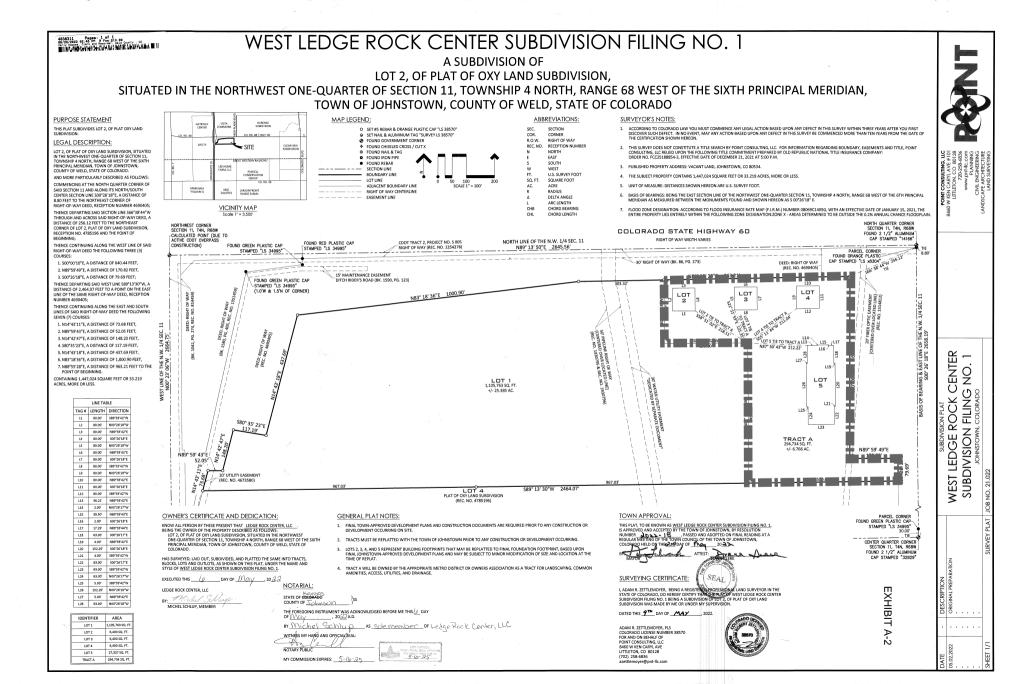


EXHIBIT B

WATER USE AUTHORIZATION NO. ____

THIS WATER USE AUTHORIZATION supplements and is incorporated into the WATER AND SEWER SERVICE AGREEMENT ("WSSA") made and entered into on ______, 20__, by and between LEDGE ROCK CENTER, LLC, a Kansas limited liability company ("Developer"), and THE TOWN OF JOHNSTOWN, a Colorado municipal corporation.

Development	Demand (AF/YR)	Consumption (AF/YR)
In-Building Use		

The foregoing water demand will be satisfied by the use of ______ shares of the Consolidated Home Supply Ditch and Reservoir Company from the Ledge Rock Center Water Bank. Pursuant to Paragraph 6 of the WSSA and the Johnstown Municipal Code, the water demand set forth herein is subject to subsequent adjustment based on the actual water usage.

2. <u>Price for Use of Water</u>. Pursuant to Paragraph 4 of the WSSA, the price for the use of the ______ acre feet per year is \$_______ dollars (\$_______0).

3. <u>Water Court Transfer Fee</u>. Pursuant to Paragraph 8 of the WSSA and the Johnstown Municipal Code, the water court transfer fee for the Subject Property is \$_____ dollars (\$_____.00).

4. <u>Surplus Credit</u>. The Ledge Rock Center Water Bank contains the following surplus water credit:

Water Use Credit:	acre-feet
LESS Estimated demand:	acre-feet
Net current surplus credit:	acre-feet

Dated: _____, 20 .

By:_

Accepted by Ledge Rock Center, LLC

By: _____

, Authorized Member