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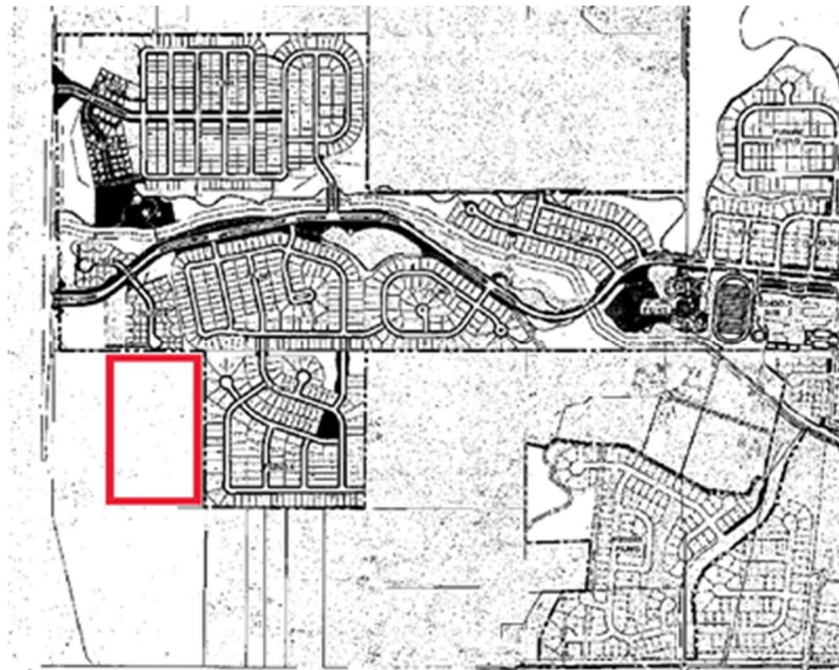
October 4, 2021

Avi S. Rocklin, Esq.
Law Office of Avi S. Rocklin, LLC
19 Old Town Square, Suite 238
Fort Collins, Colorado 80524

Re: Request to Transfer Certain Clayton Water Credits from Thompson River Ranch to North Ridge

Dear Avi,

As we have discussed by telephone, on behalf of Clayton Properties II, LLC, doing business as Oakwood Homes (“Clayton”), please consider this letter as Clayton’s written request to the Town of Johnstown (“Town”) to transfer certain water credits from Clayton’s Thompson River Ranch development (“TRR”) to Clayton’s adjacent North Ridge development, as set forth in greater detail below. North Ridge is a 23-acre residential development adjacent to TRR, sharing a portion of TRR’s southwest boundary as shown in red outline below.



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The water credits sought to be moved to North Ridge are a portion of the water credits that Clayton received in exchange for the dedication of Hillsborough Ditch (“**Hillsborough**”) water rights to the Town by WR Investment, LLC (“**WRI**”) pursuant to that certain Water Agreement between the Town and WRI dated May 7, 2018, and which water credits were purchased from WRI by Clayton in September 2018. The water credits sold to Clayton by WRI consist of 610 SFE potable water credits and sufficient non-potable water to irrigate 96 acres of parks and open space within TRR (collectively, the “**Water Credits**”). You may recall that the transfer to Clayton of such Water Credits was approved by the Town, among other ways, via that certain September 17, 2018 Consent and Estoppel Certificate executed by the Town.

Clayton’s request to transfer a portion of the Water Credits to North Ridge is made in the alternative, as set forth below. Clayton is making this request in the alternative due to an ongoing internal analysis of Clayton as to which alternative is the most financially and logistically feasible. The numbers set forth below are estimates, as Clayton has not yet made even its initial land use submittal to the Town for North Ridge.

Alternative A:

1. Transfer to North Ridge approximately 8.16 acres of spray nonpotable irrigation credit and approximately 1.69 acres of drip nonpotable irrigation credit (for parks and open space irrigation) from the 96 acres of nonpotable irrigation water credit for TRR; and
2. Transfer to North Ridge a sufficient number of the TRR 610 SFE water credits to provide indoor use and lawn irrigation for approximately 196 lots within North Ridge, with a combined annual demand estimated to be 67.78 acre-feet per year.

Alternative B.

Transfer to North Ridge a sufficient number of the TRR 610 SFE water credits to provide the supply for both (i) the indoor and lawn irrigation on approximately 196 lots and (ii) approximately 8.16 acres of spray irrigation and approximately 1.69 acres of drip irrigation of parks and open space within North Ridge. The total water demand for this usage within North Ridge is estimated to be 90.72 acre-feet per year (approximately 67.78 acre-feet for indoor use and approximately 22.94 acre-feet for parks and open space irrigation).

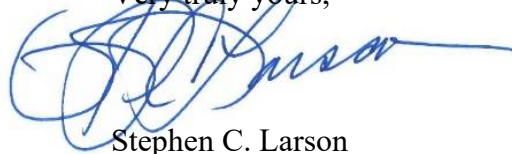
In regard to Alternative A.1, please note that the nonpotable irrigation of North Ridge would be performed by Thompson Crossing Metropolitan District No. 3, the same district performing the nonpotable irrigation of TRR. Clayton is currently analyzing the feasibility of

Ms. Avi Rocklin
October 4, 2021
Page 3

connecting a North Ridge nonpotable irrigation system with the existing TRR nonpotable irrigation system. Please also note that I have reviewed the decree in Case No. 14CW3160, the decree granting the change of the Hillsborough water rights to be used for the nonpotable irrigation discussed herein. In accordance with said decree, the Hillsborough water can be used for nonpotable irrigation anywhere within the Town.

Please advise what further steps or information may be required in order for the Town to consider and act upon this request. Of course, time is of the essence for Clayton in this regard so that it may solidify its water supply plan for North Ridge. Accordingly, prompt action would be greatly appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "S. Larson", with a long horizontal flourish extending to the right.

Stephen C. Larson

SCL:RAG