

WATER AND SEWER SERVICE AGREEMENT

THIS WATER AND SEWER SERVICE AGREEMENT ("Agreement") is made and entered into this 5 day of January, 2024, by and between **LARCH INDUSTRY, LLC**, a Colorado limited liability company ("Developer"), and **THE TOWN OF JOHNSTOWN**, a Colorado municipality ("Town"), collectively sometimes referred to as the "Parties".

WITNESSETH:

WHEREAS, Developer owns an interest in land known as known as Lot 1, Block 3, I-25 Gateway Center Filing #3 Replat A, situated in the Southeast Quarter of Section 3, Township 3 North, Range 68 West of the 6th PM, Weld County, Colorado ("Subject Property"); and

WHEREAS, the Subject Property is being developed as 2 prefabricated steel warehouse buildings totaling 12,000 square-feet, with 0.10 acre of spray-irrigated landscape area and 0.19 acre of drip-irrigated landscape area, to be known as the Larch Industrial Building ("Project"); and

WHEREAS, I-25 Gateway Center, LLC, a Colorado limited liability company, previously dedicated ten (10) shares of stock in the Consolidated Home Supply Ditch and Reservoir Company to the Town to supply the required water for those certain lands in the development known as the I-25 Gateway Center; and

WHEREAS, after execution of four separate water and sewer service agreements with the Town, on October 7, 2019, the Town and I-25 Gateway Center, LLC entered into an Addendum to Water Sewer Service Agreements with the Town, wherein the parties agreed that, based on the initial dedication of water and the then existing use of the water, I-25 Gateway Center, LLC had a surplus raw water credit with the Town in the amount of 33.917 acre-feet at that time; and

WHEREAS, I-25 Gateway Center, LLC desires to assign a portion of the raw water credit to the Developer to supply the necessary water demand for the Project, as evidenced in Exhibit A, attached hereto and incorporated herein by reference; and

WHEREAS, based on such assignment, the Developer and the Town desire to set forth their agreement concerning water rights dedication and use of the raw water, preliminary projections of water and sewer demand, and a current commitment by the Town for water and sewer service for the Project.

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, and incorporating the foregoing recitals into the agreement, the Parties hereto agree as follows:

1. Water and Sewer Demand Studies. In compliance with the Town Water Rights Dedication Ordinance, as set forth in the Johnstown Municipal Code, as amended, ("Ordinance"), Developer has submitted to the Town an amended preliminary water and sewer demand analysis for the Project, dated February 6, 2023. Said analysis was received by the Town and is on file

with the Town and, as modified by the Town's Water Engineer by memorandum dated December 14, 2023, is hereby accepted by the Town as to the potable water demands. Said analysis addresses the projected water and sewer demands for the Project as follows:

Development Component (Potable)	Demand (AF/YR)	Consumption (AF/YR)
In-building use	0.81	0.04
Landscaping irrigation	0.54	0.46
Total potable water use	1.35	0.50

2. Water Rights Dedication. I-25 Gateway Center, LLC has dedicated to the Project 1.35 acre-feet of its existing raw water credit, as shown in Exhibit A.

3. Commitment to serve. Subject to Developer's performance of all the covenants contained herein and payment of all required fees, the Town commits to provide to the Project up to 0.81 acre-feet per year of potable water supply together with the corresponding sewer service for in-building use and up to 0.54 acre-feet per year of potable water supply for outdoor irrigation use.

4. Future review of water usage and dedication requirements. In accordance with the Ordinance, the Town reserves the right to review actual water usage within the Project, at a point in time after water usage has been established, to confirm the adequacy of the water demand projections made by the Developer, and to require additional water rights dedication and/or cash-in-lieu payments based on actual water usage.

5. Payment of Water Court Transfer fees. Within ten days of the execution of this Agreement, Developer shall pay to the Town the sum of Four Hundred Fifty Dollars (\$450.00) as payment of the Water Court Transfer Fees required by the Ordinance, based upon two (3) single family equivalent units.

6. Notices. All notices, demands, or other documents required or desired to be given, made or sent to either Party under this Agreement shall be made in writing, shall be deemed effective upon receipt and shall be personally delivered, sent by electronic mail or mailed postage prepaid, certified mail, return receipt requested, as follows:

TO DEVELOPER:
 Lawrence Nee
 Larch Industry, LLC
 770 N. 2nd Street
 Berthoud, CO 80513
 Email: loren.nee@larchindustry.com

TO THE TOWN:
 Town of Johnstown
 c/o Town Clerk
 450 S. Parish Ave.
 Johnstown, CO 80534
 Email: hhill@townofjohnstown.com

WITH A COPY TO
 THE TOWN ATTORNEYS:

Avi Rocklin, Esq.
Johnstown Town Attorney
1437 N. Denver Avenue, #330
Loveland, CO 80538
Email: avi@rocklinlaw.com

Peter J. Ampe
Hill & Robbins, P.C.
3401 Quebec St., Suite 3400
Denver, CO 80207
Email: peterampe@hillandrobbs.com

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

7. 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 and the non-defaulting Party desires to seek recourse, the Parties shall participate in mediation, the costs of which shall be shared equally by both Parties. If mediation is not successful after a ninety-day period, either Party may then commence an action in a court of competent jurisdiction, and shall be entitled to such remedies as are provided by law, including the Town's ordinances.

8. Successors and assigns. The benefits and burdens of this Agreement shall respectively inure to and be binding upon the successors and assigns of the Parties hereto. This Agreement shall not be assigned without the prior written consent of the other party, which shall not be unreasonably withheld.

9. 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.

10. Attorney's fees and costs. If any judicial proceedings may hereafter be brought to enforce any of the provisions hereof, including an action for specific performance and/or damages, 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.

11. 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.

12. 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.

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

14. Choice of laws. 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 Weld County, State of Colorado.

15. Entire agreement and Authorization. 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. Each of the undersigned represents to the others that he/she is authorized by his/her respective entity to execute this Agreement on behalf of that entity.

16. No Presumption. Each Party acknowledges that it has carefully read and reviewed the terms of this Agreement. Each Party acknowledges that the entry into and execution of this Agreement is of its own free and voluntary act and deed, without compulsion. Each Party acknowledges that it has obtained, or has had the opportunity to obtain, the advice of legal counsel of its own choosing in connection with the negotiation and execution of this Agreement and with respect to all matters set forth herein. The Parties agree that this Agreement reflects the joint drafting efforts of all Parties and in the event of any dispute, disagreement or controversy arising from this agreement, the Parties shall be considered joint authors and no provision shall be interpreted against any Party because of authorship.

17. Recordation. This Agreement may be recorded by the Town at Developer's expense in the office of the Clerk and Recorder of Weld County, Colorado, and, effective as of the date of such recordation, this Agreement shall run with the Subject Property, shall be binding upon the Parties hereto and the permitted successors and assigns of the Developer and shall constitute notice of this Agreement to all persons or entities not parties hereto.

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

[Signatures Follow on Separate Page]

EXHIBIT A
WATER USE AUTHORIZATION

Gateway Subdivision - Water Bank Allocation Worksheet
12/15/2023

Remaining Undeveloped Lots:

Lot	Block	Filing	Number of		Business	Platted Acres	% of Undev. Area, 10/10/19	Prorata Credit Allocation, AF	Supply Demand, AF	Demand Shortage, AF	Credit Allocation used, AF	Allocation Excess, AF ¹
			Parcels	Developed								
1	3	3	1		Larch Industrial Building	1.889	4.82%	1.635	1.350	0.000	1.350	0.285
2	3	3	1		Lockard Storage	1.889	4.82%	1.635	1.070	0.000	1.070	0.565
3	3	3	1			1.886	4.81%	1.632		0.000		
Outlot A	none	4	1			3.473	8.86%	3.006		0.000		
1	1	4	1	1	Red Barn Liquor	1.604	4.09%	1.388	0.840	0.000	0.840	0.548
3	1	4	1			0.871	2.22%	0.754		0.000		
4	1	4	1			1.937	4.94%	1.677		0.000		
5	1	4	1			1.848	4.72%	1.600		0.000		
6	1	4	1			1.808	4.61%	1.565		0.000		
7	1	4	1			2.105	5.37%	1.822		0.000		
8	1	4	1			2.115	5.40%	1.831		0.000		
9	1	4	1			2.115	5.40%	1.831		0.000		
10	1	4	1			2.132	5.44%	1.845		0.000		
1	2	4	1	1	AC Ice	2.239	5.71%	1.938	1.620	0.000	1.620	0.318
1-4, 7, 8	3	4	6			5.942	15.16%	5.143		0.000		
5	3	4	1			1.082	2.76%	0.937		0.000		
6	3	4	1			1.000	2.55%	0.866		0.000		
2	Replat B	4	1			1.290	3.29%	1.117		0.000		
3	2	5	1			1.960	5.00%	1.696		0.000		
			Total Undeveloped Lots			39.185	100%	33.917	Allocation Used		4.880	1.716
			Total Developed Lots									
			Total Lots									

Raw water credit assigned to Gateway Center 100.000 AF
Reserved Surplus 20.900 AF

¹Portion of Allocation remaining that was in excess of demand. This is available for use, upon negotiation, by future lot developers in addition to their prorata credit allocation.

All water meters as of July 2019	45.183	AF
Oct. 2019 Addendum Allocation	33.917	AF
Allocation Used since Oct. 2019	4.880	AF
Allocation remaining	29.037	AF

Remaining AF from original 100 AF dedicated **Surplus 20.9 AF**
(CANNOT be sold, or transferred until audit is completed on 1st 51 lots of 56 lots are developed.)

