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AMENDMENT TO ALLOTMENT CONTRACT WITH THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT
ACTING BY AND THROUGH THE SOUTHERN WATER SUPPLY
PROJECT WATER ACTIVITY ENTERPRISE
FOR ADDITIONAL CAPACITY IN THE
SOUTHERN WATER SUPPLY PROJECT PIPELINE

This Amendment is made and entered into as of March 21, 2003, by and between the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through the Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, Loveland, Colorado 80537 (hereinafter called the "SWSP Enterprise"), and the Town of Erie, whose address is 645 Holbrook Street, Erie, Colorado 80516 (hereinafter called "Allottee") for the purpose of amending the Allotment Contract for Additional Capacity in the Southern Water Supply Project Pipeline between the parties dated August 3, 2001 (the "Agreement").

RECITALS

- A. Allottee entered into the Agreement for the perpetual exclusive right to use 0.84 million GPD (1.3 cfs) of Additional Capacity in the Pipeline from Carter Lake as those terms are defined in the Agreement.
- B. Allottee has purchased 1.68 million GPD (2.6 cfs) of Additional Capacity in said Pipeline from the Superior Metropolitan District No. 1 pursuant to Paragraph 12 of said Agreement.
- C. The Agreement should be amended to reflect Allottee's total Additional Capacity in the Pipeline from Carter Lake in the amount of 2.52 million GPD (3.9 cfs).

AGREEMENT

- 1. The first sentence of paragraph 2.a. of the Agreement is hereby deleted and replaced by the following sentence: "SWSP Enterprise covenants that Allottee shall have the perpetual exclusive right to use 2.52 million GPD of Additional Capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A - Revised attached hereto, upon completion of construction of the West Longmont Phase of the pump project; and an additional 0 million GPD of Additional Capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A - Revised attached hereto upon completion of construction of the Eastern Phase of the pump project."
- 2. Schedules A and C of the Agreement and all references to those Schedules in the

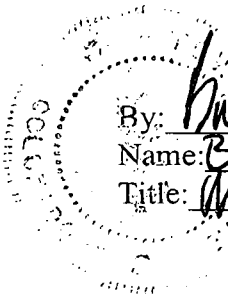
Agreement are hereby deleted and replaced by Schedule A- Revised and Schedule C - Revised, attached hereto.

3. The Schedules attached to the Agreement may be changed upon the request of the SWSP Enterprise to reflect changes in the allocation of capacity among other participants without amending the Agreement, so long as the changes in the Schedules do not in any way change the allocation of Additional Capacity, the minimum hydraulic elevation, or cost allocation percentages for Allottee under the Agreement. Changes in the Schedules which have the effect of changing the allocation of Additional Capacity, the minimum hydraulic elevation, or cost allocation percentages for Allottee shall require agreement by the Allottee and a written amendment to the Agreement signed by the SWSP Enterprise and Allottee.

4. All other terms and conditions of the Agreement shall continue in full force and effect except as specifically amended herein.

TOWN OF ERIE

NORTHERN COLORADO WATER
CONSERVANCY DISTRICT ACTING BY AND
THROUGH THE SOUTHERN WATER SUPPLY
PROJECT WATER ACTIVITY ENTERPRISE



By: Barbara Connors
Name: Barbara Connors
Title: Mayor

By: Eric W. Wilkinson
Name: ERIC W. WILKINSON
Title: GENERAL MANAGER

Schedule A - Revised 3/14/03

SWSP Participants, Allotted Capacity, Minimum Hydraulic Elevation, and Points of Delivery

Participant	Original		Additional		Orig. Min. HGL Elevation (USGS Datum)	Approximate Point of Delivery	Pipeline Station Near Point of Delivery
	Flow Capacity (mgd)	Flow Capacity (cfs)	Flow Capacity (mgd)	Flow Capacity (cfs)			
Berthoud	2.58	4.00	2.06	3.20	5590	Near County Rd. 8E in NE1/4 of NE1/4 of Sec. 14, R70W, T4N	Sta 57+75
Broomfield	8.00	12.40	6.39	9.90	5390	Near center of Sec. 18, R68W, T1S	1766+25
Erie	1.03	1.60	2.52	3.90	5435	SW corner of NE1/4 or NE1/4 of Sect. 26, R69W, T1N	1405+70
Fort Lupton	5.16	8.00	4.13	6.40	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Fort Morgan	6.13	9.50	4.90	7.60	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Hudson	1.03	1.60	0.84	1.30	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Little Thompson/Central Weld Co. W.D.	16.13	25.00	12.90	20.00	5600	NW corner of Sec. 14, R70W, T4N	1+00
Longmont	8.71	13.50	6.97	10.80	5535	NW corner of SW1/4 of SE1/4 of Sec. 1, R70W, T3N	453+37
Louisville	2.58	4.00	2.06	3.20	5445	SW corner of NW1/4 of NW1/4 of Sec. 27, R69W, T1N	1312+30
Morgan County Quality W.D.	0.97	1.50	0.77	1.20	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Platte River Power Authority	6.45	10.00	5.16	8.00	5600	NW corner of Sec. 14, R70W, T4N	1+00
Superior Metropolitan Water District	3.10	4.80	0.77	1.20	5445	NE corner of NW1/4 of Sec. 19, R69W, T3N	1312+30

Schedule C - Revised 3/14/03

West Longmont Pump Station Cost Allocation Percentages by Segment and Participant

Participant	Segment:	B1	B2	B3	B5	Total
	Segment Percent*	8.5%	34.4%	5.3%	51.8%	100.0%
Little Thompson/Central W.C.W.D.		0.0%	0.0%	0.0%	0.0%	0.0%
Platte River Power Authority		0.0%	0.0%	0.0%	0.0%	0.0%
Berthoud		0.6%	0.0%	0.0%	0.0%	0.6%
Longmont		1.9%	8.2%	0.0%	0.0%	10.1%
Fort Lupton		1.1%	4.8%	1.0%	0.0%	6.9%
Hudson		0.2%	1.0%	0.2%	0.0%	1.4%
Fort Morgan		1.3%	5.7%	1.2%	0.0%	8.2%
Morgan County Q.W.D.		0.2%	0.9%	0.2%	0.0%	1.3%
Louisville		0.6%	2.4%	0.5%	9.1%	12.6%
Superior		0.2%	0.9%	0.2%	3.4%	4.7%
Erie		0.7%	3.0%	0.6%	11.2%	15.5%
Broomfield		1.7%	7.5%	1.4%	28.1%	38.7%

* Segment % is the percent headloss attributed to each segment that is made up by the West Longmont Pump Station


2/12/03

CERTIFICATE OF AUTHENTICITY

STATE OF COLORADO)
COUNTY OF BOULDER, WELD) SS.
TOWN OF ERIE)

I, Teresa G. Andrews, Town Clerk, in and for said Town of Erie, in the County of Boulder /Weld, in the State aforesaid, do hereby certify that the attached is a true and correct copy of Resolution 03-13: "A Resolution authorizing the Town of Erie, Colorado, to enter into an amendment to its allotment contract for additional capacity in the Southern Water Supply Project Pipeline; authorizing and directing the appropriate Town Officers to sign said amendment; and, setting forth details in relation thereto.", approved by the Erie Board of Trustees, Tuesday, February 11, 2003 at a regularly scheduled meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the Town of Erie this 26th day of February A.D., 2003.


Teresa G. Andrews, CMC, Town Clerk

(TOWN SEAL)

RESOLUTION NO. 03-13

A RESOLUTION AUTHORIZING THE TOWN OF ERIE, COLORADO, TO ENTER INTO AN AMENDMENT TO ITS ALLOTMENT CONTRACT FOR ADDITIONAL CAPACITY IN THE SOUTHERN WATER SUPPLY PROJECT PIPELINE; AUTHORIZING AND DIRECTING THE APPROPRIATE TOWN OFFICERS TO SIGN SAID AMENDMENT; AND, SETTING FORTH DETAILS IN RELATION THERETO

WHEREAS, the Town of Erie, Colorado wishes to enter into an Amendment to its Allotment Contract for Additional Capacity in the Southern Water Supply Project ("SWSP") for the purpose of transferring the Additional Capacity in the SWSP to be purchased from the Superior Metropolitan District No. 1; and

WHEREAS, the Board of Trustees of the Town of Erie believes it is in the best interest of the Town to enter into such an amendment to its contract.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO, AS FOLLOWS:

Section 1. That the Amendment to the Allotment Contract for Additional Capacity in the SWSP between the Town of Erie and the Northern Colorado Water Conservancy District acting by and through its Southern Water Supply Project Water Activity Enterprise, a copy of which is attached hereto and incorporated herein by reference, is found to be reasonable and acceptable.

Section 2. That the Town of Erie be and is hereby authorized and directed to enter into said Amendment to Allotment Contract for Additional Capacity in the SWSP, and the Mayor and Town Clerk are hereby authorized and directed to sign and bind the Town of Erie to said Amendment to Allotment Contract. The Mayor is further hereby granted the authority to negotiate and approve such revisions to said Amendment to Allotment Contract as the Mayor determines are necessary or desirable for the protection of the Town of Erie, so long as the essential terms and conditions of the Amendment to Allotment Contract are not altered.

Section 3. That entering into said Amendment to Allotment Contract for Additional Capacity in the SWSP is found to be in the best interest of the Town of Erie, and necessary for the preservation of the public health and safety.

ADOPTED AND APPROVED THIS 11th DAY OF February, 2003, BY
THE BOARD OF TRUSTEES OF THE TOWN OF ERIE, COLORADO.

TOWN OF ERIE,
a Colorado municipal corporation

By: Barbara Connors
Barbara Connors, Mayor

ATTEST:

By: Teresa G. Andrews
Teresa G. Andrews, CMC, Town Clerk

SEPARATOR PAGE

**ALLOTMENT CONTRACT WITH THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT
ACTING BY AND THROUGH THE SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE
FOR ADDITIONAL CAPACITY
IN THE SOUTHERN WATER SUPPLY PROJECT PIPELINE**

This Allotment Contract dated this 3rd day of August, 2001, is entered into by and between the Town of Erie, a _____, whose address is 645 Holbrook Street, Erie, Colorado 80516 (hereinafter called "Allottee"), and the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through the Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, P.O. Box 679, Loveland, Colorado 80539 (hereinafter called the "SWSP Enterprise") (collectively referred to herein as the "parties"), for an additional allotment of capacity in the SWSP Enterprise's Southern Water Supply Project Pipeline under and pursuant to the following terms and conditions.

RECITALS

- A. The Allottee and the SWSP Enterprise are parties to an Allotment Contract dated January 14, 1994, under which the Allottee has the perpetual, exclusive right to use 1.03 million GPD of capacity in the Pipeline from Carter Lake to the Allottee's delivery point specified in such Allotment Contract.
- B. The SWSP Enterprise intends to construct the Pump Project in two phases for the purpose of increasing the flow in the Pipeline and creating additional capacity to carry water in the Pipeline. The West Longmont Phase will be constructed first, and the Eastern Phase will be constructed second.
- C. The purpose of this Contract is to allot to Allottee Additional Capacity, and to provide for the allocation of construction, operation, maintenance and other expenses associated with the Pump Project among the Allottee and other entities that have entered into similar contracts.

AGREEMENT

1. Definitions. The following definitions shall apply herein:
 - a. "Additional Capacity" shall mean the additional capacity in the Pipeline made available by the construction and operation of one or more pumping plants attached to the Pipeline and constructed by the SWSP Enterprise under and pursuant to this Contract and other similar contracts.
 - b. "Carter Lake Outlet Works Modification" shall mean the modifications to the Carter Lake Dam No. 1 Outlet Works, a component of the Colorado-Big Thompson Project, a federally-owned reclamation project, and replacement of a portion of the St. Vrain Supply Canal and related works to allow continued deliveries of water from the existing Carter Lake Dam No. 1 Outlet Works through the St. Vrain Supply Canal and deliveries to the Pipeline that were constructed at approximately the same time as the Pipeline.
 - c. "Board" shall mean the Board of Directors of the Northern Colorado Water Conservancy District.
 - d. "Contract" shall mean this Allotment Contract dated as set forth above between SWSP Enterprise and Allottee.
 - e. "District" shall mean the Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended, which owns and controls the SWSP Enterprise.
 - f. "District water" shall mean all water that accrues to the use of the District or its allottees by reason of the Colorado-Big Thompson Reclamation Project.
 - g. "Entity" shall mean any quasi-municipal corporation, limited liability company, municipal corporation, public corporation, joint venture, partnership, person, mutual ditch company, water users' association, or private corporation.
 - h. "Fiscal Year" shall mean the fiscal year of the SWSP Enterprise. Currently, the fiscal year of the SWSP Enterprise begins on October 1 and ends on September 30 of the following calendar year. However, the SWSP Enterprise may change the Fiscal Year during the term of this Contract.
 - i. "GPD" shall mean gallons of water per day measured over a 24-hour period beginning at 12:00 a.m. and terminating at 12:00 a.m. on the next day.
 - j. "Initial Participants" shall mean the Allottee and any other Entity with an enforceable contract for an allocation of Additional Capacity in the Pipeline executed on or before July 31, 2001. Attached hereto as Schedule A and incorporated herein by this reference is a list of all Initial Participants, their respective initial allotted Additional Capacities in GPD, their respective initial points of delivery from the Pipeline, and the minimum hydraulic elevation at such delivery points.

- k. “Original Capacity” shall mean the capacity in the Pipeline made available by the construction and operation of the Pipeline prior to construction of the Pump Project.
 - l. “Original Contract” shall mean an enforceable contract for an allocation of Original Capacity in the Pipeline.
 - m. “Original Participant” shall mean the Allottee and any other Entity with an enforceable contract for an allocation of Original Capacity in the Pipeline, which Entities may change from time to time as permitted under the applicable contracts.
 - n. “Participant” shall mean the Allottee and any other Entity with an enforceable contract for an allocation of Additional Capacity in the Pipeline, which Entities may change from time to time as permitted hereunder.
 - o. “Pipeline” shall mean the Southern Water Supply Project Pipeline that is owned, operated, and maintained by the SWSP Enterprise in which capacity has been allotted to Allottee and other Entities. For purposes of this Contract, the Pipeline shall include the Carter Lake Outlet Works Modification and the right to receive water deliveries from the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal to the Southern Water Supply Project Pipeline in the amount of Allottee’s Additional Capacity.
 - p. “Pump Project” shall mean two pumping plants that have been or will be designed, bid, and, pursuant to the terms of this and similar contracts, constructed by the SWSP Enterprise, which project shall include the West Longmont Pumping Plant and the Eastern Pumping Plant, all as generally described on Exhibit 1 attached hereto and incorporated herein by this reference. The Pump Project will be constructed in two phases, the West Longmont Phase and the Eastern Phase, each pumping plant constituting a separate phase.
 - q. “Segment” shall mean an individual segment of the Pipeline for which the design capacity is constant. The Pipeline is divided into a number of segments. Attached hereto and incorporated herein by this reference as Schedule B is a description of each segment, including a description of the point of beginning and point of termination of each segment.
 - r. “Subdistrict” shall mean the Municipal Subdistrict, Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended.
 - s. “Subdistrict water” shall mean the quantity of water acquired and obtained by the Subdistrict from the development and construction of the Windy Gap Project pursuant to applicable state law, and which is deliverable to Subdistrict allottees.
2. Allocation of Capacity.
- a. SWSP Enterprise covenants that Allottee shall have the perpetual, exclusive right to use 0.84 million GPD of Additional Capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A attached hereto, upon completion of construction of the West Longmont Phase of the Pump Project; and an additional

0 million GPD of Additional Capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A attached hereto upon completion of construction of the Eastern Phase of the Pump Project. Allottee's water will be delivered to Allottee by SWSP Enterprise through the Pipeline at Allottee's request and on a year-round, continuous basis except for disruptions specifically permitted herein and disruptions resulting from emergencies. Allottee shall not have the right to use Original Capacity or Additional Capacity in the Pipeline allotted to any other Original Participant or Participant without the express written permission of the Original Participant or Participant whose capacity is being utilized.

- b. SWSP Enterprise shall provide Allottee with eighty (80) days' prior written notice of any scheduled disruption in the delivery rights of Allottee described herein. Such eighty (80) day notice shall include the date scheduled for initiation and termination of the disruption. Allottee shall respond within thirty (30) days of receipt of the eighty (80) day notice and such thirty (30) day response notice shall notify SWSP Enterprise as to whether the disruption is acceptable or unacceptable. If the scheduled disruption is unacceptable, Allottee shall state conditions under which the disruption would be acceptable to Allottee and provide a minimum disruption of seven (7) consecutive days. SWSP Enterprise shall not proceed in permitting the scheduled disruption unless and until issues raised in the response notice have been addressed to reasonably assure unimpaired delivery to Allottee's service users.
- c. Allottee's delivery point from the Pipeline set out above and the minimum hydraulic elevation at the delivery point described in Schedule A shall not be changed by the SWSP Enterprise without the written consent of Allottee. The Allottee at its sole discretion may designate one or more alternate points for delivery from its delivery point described in Schedule A to another point upstream on the Pipeline without the consent of SWSP Enterprise so long as the change redesignation does not adversely affect the hydraulic characteristics or operation of the Pipeline; provided, however, that Allottee shall pay all costs of design, engineering, construction, and administration of changing its delivery point(s).
- d. In the event that the Pump Project, after completion of construction, creates capacity in the Pipeline in excess of the initially allocated Additional Capacity ("Excess Additional Capacity"), Allottee shall have the perpetual, exclusive right to use a pro-rata share of the Excess Additional Capacity at Allottee's point of delivery. Allottee's pro-rata share of the Excess Additional Capacity shall be calculated on a Segment-by-Segment basis, and shall be the percentage of the sum of the Original Capacity and the Additional Capacity owned by Allottee for each Segment. In addition, if Allottee is entitled to a pro-rata share of the Excess Additional Capacity, Allottee shall have the perpetual, exclusive right to use a sufficient amount of additional capacity in the Carter Lake Outlet Works Modification to utilize said Excess Additional Capacity. Allottee's perpetual, exclusive right to use Excess Additional Capacity hereunder shall be at no increased cost for construction and shall be subject to Allottee's full compliance with all the terms, conditions and obligations hereinafter set forth. Allottee shall have the right, at its written request, to have the Excess Additional Capacity allocated in one (1) or more additional Allotment Contracts.

3. Use of Additional Capacity and Water.

- a. Pipeline Additional Capacity allotted herein shall be used only for the transmission of: (i) District water or Subdistrict water from Carter Lake Reservoir; (ii) non-District water or non-Subdistrict water not delivered from Carter Lake Reservoir and used by direct diversion, by exchange or otherwise, only within the boundaries of the District or the Subdistrict or any other property eligible for inclusion within the District or Subdistrict upon the inclusion thereof; (iii) any other water deliverable from Carter Lake Reservoir with the specific approval of the Board and the approval of the Secretary of the Interior of the United States of America or his designee (if Secretarial approval is required by law or contract); or (iv) any other water with the specific approval of the Board—all for the use of Allottee, its water customers, or other Entities permitted hereunder. All water introduced into the Pipeline from sources other than Carter Lake Reservoir shall be of a quality at least equal to that in Carter Lake Reservoir at the time of the introduction of said water.
 - b. Water delivered through the Pipeline shall only be beneficially used, whether the use is by direct diversion, by exchange or otherwise, in accordance with the terms of this Contract; the Water Conservancy Act of Colorado, C.R.S. §§ 37-45-101 et seq., § 37-83-106; the rules, regulations and policies of the Board; and the Colorado-Big Thompson Project Repayment Contract between the District and the United States of America dated July 5, 1938, if applicable, or as otherwise allowed with the Board's consent.
4. SWSP Enterprise Ownership, Operation and Maintenance.
- a. The SWSP Enterprise shall own, construct, operate, maintain, replace and repair the Pump Project subject to the Allottee's perpetual, vested right to possession of that portion of the Additional Capacity of the Pipeline allocated herein. To this end, the SWSP Enterprise shall be responsible for all planning, scheduling, right-of-way acquisition, construction and engineering contracts relating to the Pump Project; any required permits, impact statements and other procedural or substantive matters necessary for completion of the Pump Project; and all operation, maintenance, and replacement of the Pump Project; and shall in all cases, act as an independent contractor and not as an agent of the Allottee.
 - b. The SWSP Enterprise covenants to prudently design, construct, operate, maintain, repair, and replace the Pump Project in good faith for the benefit of the Allottee and the other Participants. SWSP Enterprise acknowledges that Allottee is relying upon this covenant of SWSP Enterprise in executing this Contract and in making payment of all amounts due hereunder. SWSP Enterprise and the Allottee agree that non-performance by SWSP Enterprise of its obligations to design, construct, operate, maintain, repair and replace the Pump Project shall result in damages to Allottee that will be difficult to calculate and for which there may not be an adequate remedy at law. Therefore, SWSP Enterprise and Allottee agree that, so long as the Participants have provided SWSP Enterprise adequate funds to design, construct, operate, maintain, repair, and replace the Pump Project under this Contract, in the event of non-performance by SWSP Enterprise, Allottee shall have the right to a remedy of specific performance to require SWSP Enterprise to perform its obligations as set forth herein, or the right to damages, or both. The SWSP Enterprise's financial obligations to design, construct, operate, maintain, repair and replace the Pump Project under this Contract shall be payable solely out of the assets and revenues of the SWSP Enterprise; provided, however, that

SWSP Enterprise shall be liable for its negligence or gross negligence. The Allottee does not waive any right of action that it may have against the SWSP Enterprise or the District for liability arising from tort, subject and pursuant to applicable law. In no event shall the SWSP Enterprise be required to expend any money from taxes which is in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Contract or which would cause SWSP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution.

- c. The SWSP Enterprise warrants and represents that the District has the lawful and physical ability to construct, operate, maintain and utilize the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal, and any other federal facilities owned by the U.S. Bureau of Reclamation (collectively, the "Federal Facilities") for the purpose of delivering water from the Carter Lake Dam No. 1 Outlet Works through the Pipeline at the Additional Capacities allotted to the Participants subject and pursuant to the Repayment Contract dated July 5, 1938, between the District and the U.S. Bureau of Reclamation, as amended, and the Special Use Permit Contract No. 2-LM-60-L2308, issued to the District by the U.S. Bureau of Reclamation. The SWSP Enterprise covenants that it shall comply with all terms and conditions of said Special Use Permit and maintain it in full force and effect throughout its term, and that it shall successively apply for the issuance of new permits, if necessary, in order to ensure there is no lapse in the SWSP Enterprise's rights to access the Federal Facilities for use in connection with the Pump Project, provided that Participants have provided the SWSP Enterprise with adequate funds to operate, maintain, repair and replace the Pump Project under this Contract and similar contracts.
- d. The SWSP Enterprise agrees to design, construct, complete, operate, maintain, repair, and replace the Pump Project in accordance with applicable federal, state and local laws including, but not limited to, those Colorado statutes that require posting of performance and labor and material bonds and withholding of retainage.
- e. Allottee's rights in the Pump Project shall not include:
 - i. **Capacity in Carter Lake Outlet Works Modification Above the Total Additional Capacity Allotted to Participants.** Except as provided in paragraph 2.d. above, any capacity in the Carter Lake Outlet Works Modification above the total Original Capacity and Additional Capacity allotted to Original Participants and Participants shall belong to the SWSP Enterprise.
 - ii. **Rights-of-Way Acquired in Connection with the Pipeline.** All rights-of-way acquired in connection with the Pipeline shall belong to the SWSP Enterprise subject to the obligation of SWSP Enterprise to make reimbursement to the Original Participants for future use of the rights-of-way as set forth in the Original Contracts. Use of these rights-of-way by any Participant for any purpose other than the Pipeline is at the sole discretion of the Board; except that all Participants shall have the right to use the Pipeline rights-of-way at no increased cost to connect to the Pipeline and obtain delivery of water at their respective points of delivery

described in Schedule A (or any alternate point of delivery), and to cross the Pipeline rights-of-way with their own utility lines so long as such utility lines do not unreasonably interfere with the operation, maintenance and replacement of the Pipeline. Except as stated in this paragraph, Allottee shall not, under this Contract, have any right to use the Pipeline rights-of-way for any purpose, or to receive payment for the use of the Pipeline rights-of-way by any other Entity.

- iii. **Hydroelectric Power Potential.** The SWSP Enterprise shall own all rights to generate hydroelectric power at any location along the Pipeline subject to the terms and conditions of the Original Contracts; provided, however, that generation of hydroelectric power shall in no way interfere with the delivery of water to the Allottee.
- iv. **Increased Capacity in the Pipeline.** Except as provided in paragraph 2.d. above, the Allottee shall not, under this Contract, have any right to participate in the construction or use of any additional increased capacity in the Pipeline beyond the Additional Capacity.

5. Cost Allocation Methodology.

- a. All costs for planning, design, land acquisition, land use approvals, construction, administration, operation, maintenance, repair and rehabilitation of the Pump Project will be allocated among the Participants based upon the percentage of the total design head loss to be overcome by each phase of the Pump Project attributable to each Participant. The cost percentage attributable to each Participant ("Participant Cost Percentage") for each phase shall be calculated by allocating a percentage of the total design head loss to be overcome by each phase to each Segment, multiplying each Segment's head loss percentage by the percentage of Original Capacity owned by the Participant in that Segment, and then summing the results of this calculation for all Segments for each Participant. Attached hereto and incorporated herein by this reference as Schedule C is a table showing the calculations on a Segment-by-Segment basis and the final cost percentage for each Participant for the West Longmont Phase. A similar schedule will be developed by the SWSP Enterprise using the same methodology for the Eastern Phase at the time when work on that phase is commenced and, upon review and approval by the SWSP Enterprise and the Allottee, shall be attached to and become a part of this Contract as Schedule E.
- b. Allottee's West Longmont Construction Costs shall mean the amounts determined to be due hereunder for planning, design, land acquisition, land use approvals, construction, and administration for the West Longmont Phase allocated using Allottee's Participant Cost Percentage calculated as described above in paragraph 5.a. and shown on attached Schedule C, minus pre-construction costs already paid by Allottee (excluding any costs for operation and maintenance). Allottee's Eastern Construction Costs shall mean amounts determined to be due hereunder for planning, design, land acquisition, land use approvals, construction, and administration for the Eastern Phase using Allottee's Participant Cost Percentage for the Eastern Phase calculated as described above in paragraph 5.a. and shown on Schedule E to be attached to this Contract (excluding any costs for operation and maintenance).

- c. The SWSP Enterprise and the Participants have agreed to reimburse the City of Longmont for \$175,046 in costs incurred by Longmont for oversizing the pipeline constructed by Longmont that connects to the Pipeline for delivery of water to Longmont. This \$175,046 reimbursement to Longmont shall be allocated among the Participants using the methodology described in paragraph 5.a. above applied only to Segments B1 and B2. Attached hereto and incorporated herein by this reference as Schedule D is a table showing the calculations for Segments B1 and B2 only, and the final total cost percentage for each Participant for the reimbursement to the City of Longmont. Allottee's portion of the reimbursement shall be included in Allottee's West Longmont Construction Costs.

6. Charges and Costs.

- a. In return for the perpetual, exclusive allocation and use of Pipeline Additional Capacity as described in this Contract, subject to the terms and conditions of this Contract and as provided in C.R.S. §§ 37-45-101 et seq., as amended, Allottee shall pay to the SWSP Enterprise Allottee's West Longmont Construction Costs in the total amount of \$139,638 upon the execution of this Contract by Allottee.
 - i. Upon payment of Allottee's West Longmont Construction Costs, Allottee shall also pay the SWSP Enterprise five percent (5%) of the Allottee's West Longmont Construction Costs to be used by the SWSP Enterprise to pay for change orders under the construction contracts made necessary by changed or unforeseeable conditions, delays, or other claims by the contractors (provided that the SWSP Enterprise shall reasonably pursue claims against third parties who may be liable for part or all of said delays or claims). The SWSP Enterprise shall refund to the Allottee the portion of such five percent (5%) paid to the SWSP Enterprise and not used, when construction of the West Longmont Phase has been finally completed, all contractors have been finally paid, and all claims have been settled.
 - ii. At such time it appears that the five percent (5%) fund provided in paragraph 6.a.i. will be depleted, the SWSP Enterprise shall give at least fifteen (15) days' advance written notice to all Participants accompanied by reasonable information regarding past change orders and the possible need for additional change orders, and may request additional contributions from the Participants. In the event that no Participant agrees to provide the additional funds, the SWSP Enterprise shall either complete construction of the West Longmont Phase, if possible, with the remaining funds available to it or proceed in accordance with paragraph 17 below. In the event that one or more Participants agrees to provide additional funds, the SWSP Enterprise shall request in writing that all Participants provide their pro rata share of the additional funds and proceed pursuant to paragraph 6.a.iii. below.
 - iii. Within thirty (30) days after the SWSP Enterprise's written request pursuant to paragraph 6.a.ii. above, Allottee shall pay the SWSP Enterprise such additional funds as necessary to complete construction of the West Longmont Phase. The requirement to pay such additional sums shall be subject to annual appropriations or budgets of such sums by the Allottee. If Allottee is unable or unwilling to make such requested payments, Allottee shall automatically lose a portion of its allotted

Additional Capacity in the Pump Project pursuant to the procedures set out in paragraph 8.b. below, and the Allottee shall have no further obligation to pay such sums or additional future sums related to the lost portions of its allotted Additional Capacity.

- b. The SWSP Enterprise shall deposit all funds provided by the Allottee pursuant to this Contract in an interest-bearing account and shall credit the interest on such funds to Allottee. The interest shall be used to satisfy Allottee's obligations under this Contract.
- c. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of annual charges and costs incurred by the SWSP Enterprise in the administration, operation, maintenance, repair, and replacement of the Pump Project and such other annual costs as may arise from and be attributable to the operation of the Pump Project.
- d. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of such an annual amount as the Board shall determine to be necessary to establish and maintain an operating and maintenance reserve fund for the Pump Project equal to 18 months' operating and maintenance charges and costs for the Pump Project.
- e. At such time the SWSP Enterprise determines it is necessary to plan, design and construct the Eastern Phase to allow all Participants to receive their Original Capacity and Additional Capacity as allocated in this Contract and the Original Contracts, Allottee shall pay to the SWSP Enterprise Allottee's Eastern Construction Costs on a schedule to be determined by the SWSP Enterprise for the purpose of planning, designing, and constructing the Eastern Pumping Plant. The SWSP Enterprise shall give Allottee 18 months' advance written notice of the need to commence work and expend funds on the Eastern Phase. In addition, at such time as a construction contract for the Eastern Pumping Plant is awarded, the Allottee shall pay the SWSP Enterprise the additional 5% amount described in paragraphs 6.a.i. above, and the use and disposition of the additional amount shall be governed by the provisions of paragraphs 6.a.i., 6.a.ii., and 6.a.iii. above.
- f. The payments described in paragraph 6 and in paragraph 8 below are full payment for all water delivery services to be provided to Allottee under this Contract. No other charge, fee, tax, or levy for the Pump Project or the use thereof, shall be made to Allottee or its citizens, directly or indirectly by SWSP Enterprise; except for any fees, charges, assessments, levies or taxes charged or levied by the District or Subdistrict in connection with allotment contracts for District water or Subdistrict water or inclusion of the Allottee or its land area within the boundaries of the District or Subdistrict.
- g. All money paid to the SWSP Enterprise by the Allottee under this Contract shall be kept in separate accounts from all other accounts of the SWSP Enterprise or the District and shall be used only for Pump Project purposes as specified in this Contract.

7. Estimated Demand and Delivery Schedules.

- a. No later than four months before each phase of the Pump Project becomes operational, and on or before September 30 of each year thereafter, Allottee shall provide the SWSP Enterprise with an estimated demand and delivery schedule for the use of its Additional Capacity, not to exceed the amount allotted herein, for the following year. This schedule shall contain the time and quantities of water which Allottee estimates it shall require to be transmitted by the Pipeline using Allottee's Additional Capacity.
- b. Until such time that Allottee indicates through its estimated demand and delivery schedule that it intends to utilize all or a portion of its Additional Capacity, Allottee shall not be required to pay any costs of annual administration, operation and maintenance, including repair, of the Pump Project. Commencing with the first year for which Allottee indicates it will utilize all or a portion of its Additional Capacity, Allottee shall be required to pay its share of costs of annual administration, operation and maintenance, including repair, of the Pump Project as allocated pursuant to paragraph 8.a. below.

8. Payment of Charges.

- a. Payment of costs for annual administration, operation, and maintenance, including repair—but excluding electric demand and energy costs—of the Pump Project shall be the responsibility of the Participants and shall be allocated using the Participant Cost Percentage for each Participant shown on attached Schedule C for the West Longmont Phase and using the Participant Cost Percentage for each Participant for the Eastern Phase shown on Schedule E to be attached to this Contract. During the period when one or more Participants are not using any portion of their Additional Capacity in a phase, the Participant Cost Percentage for each Participant using any portion of its Additional Capacity in that phase shall be calculated by dividing the Participants Cost Percentage as shown on the schedule for that phase by the sum of the Participant Cost Percentages for all Participants using any portion of their Additional Capacity for that phase. In addition to the administration, operation and maintenance costs, each Participant shall pay the electric demand and energy costs incurred by the SWSP Enterprise for providing that Participant with the use of the Additional Capacity utilized by the Participant. No later than three (3) months prior to the completion of construction of each phase of the Pump Project, the SWSP Enterprise shall issue a billing statement to Allottee requiring payment of the anticipated annual charges and costs to be incurred for administration, operation, maintenance, repair, replacement and electric demand and energy for that phase of the Pump Project for the remainder of that Fiscal Year based upon the estimated demand and delivery schedule described in paragraph 7.a. above, and to establish reserve funds. In succeeding years, a billing statement shall be issued on or before December 1 of each year for the current Fiscal Year. Estimated charges and costs for administration, operation, maintenance, repair, replacement and electric demand and energy for each phase of the Pump Project shall be based on the anticipated use of each phase of the Pump Project for the coming year using the costs of administration, operation, maintenance, repair, replacement and electric demand and energy for the prior year, plus any positive and negative adjustments necessary to account for differences between the estimated and actual costs for the prior year and anticipated differences in the coming year. The SWSP Enterprise will reconcile the Allottee's payment with the actual costs incurred for each Fiscal Year and shall either apply a credit or impose an additional charge on the following year's

billing statement. Allottee shall pay the charges shown on the first year's billing statement within thirty (30) days after receipt. Allottee shall pay the net charges shown on billing statements for subsequent years on or before January 1. Any interest earned by the SWSP Enterprise on funds paid by the Allottee before being expended by the SWSP Enterprise shall be credited to Allottee's reserve fund. Allottee shall have the right to annually audit, at its expense, the books and records of the SWSP Enterprise relating to the Pump Project.

- b. The requirement to pay administration, operation, maintenance, repair, replacement and electric demand and energy charges and costs of the Pump Project shall be subject to annual appropriation or budgeting of such charges and costs by the Allottee and shall not be a direct or indirect multiple, fiscal-year obligation of the Allottee. If those charges and costs are not paid in accordance with this Contract, the SWSP Enterprise shall give the Allottee written notice of default hereunder and Allottee shall have ninety (90) days after receipt of the notice to cure the default. In the event that Allottee does not fully cure the default within the said ninety (90) day period, the Allottee shall automatically lose a portion of its allotted Additional Capacity ("Lost Additional Capacity") determined by the SWSP Enterprise to be equal in value to the amount of charges and costs not paid, and the Allottee shall have no further obligation to pay administration, operation, maintenance, repair, replacement and electric demand and energy charges and costs of the Pump Project related to the Lost Additional Capacity. The SWSP Enterprise's determination of value of the Lost Additional Capacity shall be based upon the price of at least three recent sales of Additional Capacity in the Pump Project, suitably adjusted for inflation and other relevant factors. If three recent sales have not occurred, the SWSP Enterprise's determination of value of the Lost Additional Capacity shall be based upon the original cost of the Pump Project (including all planning, design, permitting, land acquisition, land use approvals, construction and other costs) suitably adjusted based upon depreciation, inflation, interest rates and other relevant factors. Other Participants shall have the right to purchase such Lost Additional Capacity within ninety (90) days after the SWSP Enterprise gives notice that it is available for purchase at the value determined by the SWSP Enterprise, plus any costs the SWSP Enterprise incurs in performing its duties under this paragraph. If there are more Participant purchasers than Lost Additional Capacity available for sale, it shall be allocated based upon each Participant's previously allotted Additional Capacity in the Pump Project as set forth in applicable contracts for such Additional Capacity. If not all of the Lost Additional Capacity is purchased by the other Participants within the ninety (90) day period, the SWSP Enterprise may sell the Lost Additional Capacity to any Entity eligible to use Pump Project capacity hereunder at the price at which it was offered to the Participants. After any such sale, any amount in excess of the unpaid charges and costs plus interest and any costs that the SWSP Enterprise incurs in performing its duties under this paragraph shall be refunded to the Allottee. If the SWSP Enterprise is unable to sell the Lost Additional Capacity within ninety (90) days after it is offered for sale to any Entity eligible to use Pump Project capacity hereunder, the SWSP Enterprise shall have the right to terminate deliveries to the Allottee. After such termination of delivery, the SWSP Enterprise shall continue to offer the Lost Additional Capacity for sale at the price at which it was offered to the Participants and water deliveries to Allottee shall be resumed (for Additional Capacity for which payments are current and which has not been sold) upon sale of the Lost Additional Capacity to Allottee or any other eligible Entity. Unpaid operation,

maintenance, and electric power and energy expenses shall be drawn from the reserve fund. The reserve fund shall be replenished by the Participants annually. This paragraph shall provide the SWSP Enterprise's exclusive remedy for recovering administration, operation, maintenance, repair, replacement and electric costs and energy costs in the event that Allottee does not appropriate funds or pay those costs as provided in paragraph 8.a. above.

- c. The requirement to pay Allottee's Eastern Construction Costs of the Pump Project shall be subject to annual appropriation or budgeting of such costs by the Allottee and shall not be a direct or indirect multiple, fiscal-year obligation of the Allottee. If Allottee's Eastern Construction Costs are not paid in accordance with this Contract, the SWSP Enterprise shall give the Allottee written notice of default hereunder and Allottee shall have thirty (30) days after receipt of the notice to cure the default. In the event the Allottee does not fully cure the default within the said thirty (30) day period, the Allottee's allocation of Additional Capacity shall be automatically reduced to a level at which all other Participants and Original Participants will be able to utilize their full allocations of Additional Capacity and Original Capacity without Allottee's participation in the Eastern Phase.

9. Completion Date. Attached hereto as Exhibit 2 is a time line for construction and completion of the West Longmont Phase of the Pump Project in accordance with paragraph 9.a. above. The SWSP Enterprise shall complete construction of the West Longmont Phase in accordance with the time line, subject to force majeure events, failure of the Participants to make required payments under this or similar contracts and, so long as the delay is not as a direct or indirect result of SWSP Enterprise's negligence, delays beyond the SWSP Enterprise's reasonable control caused by the construction process or the construction contractors. In addition, the completion date is subject to change based upon mutual agreement of all of the Participants, as conditions and available information warrant.

10. Construction and Financial Reports and Meetings. The SWSP Enterprise will provide Allottee with written monthly reports, together with financial reports regarding payment of charges, costs and expenditures during construction of the Pump Project, on the progress of construction and the expenditure of funds. In addition, the SWSP Enterprise shall schedule and hold meetings of all Participants at the offices of the District at least quarterly at which time the SWSP Enterprise shall present and discuss the financial reports regarding payment of charges and costs by the Participants and the expenditure of funds for the Pump Project.

11. Limitations on Rights of Allottee. In addition to all the other terms, conditions, and covenants contained herein, it is specifically understood and agreed by and between the parties hereto that the rights of the Allottee hereunder are subject to the following terms, conditions and limitations, which are incorporated herein by this reference:

- a. The Water Conservancy Act of Colorado, C.R.S. §§ 37-45-101 et seq.; and
- b. The rules, regulations and policies of the Board and the same as may be amended from time to time, provided that to the extent such future rules, regulations and policies adversely affect the Allottee's rights hereunder or its rights to use the capacity contracted for in any lawful manner, such future rules, regulations or policies shall not be enforceable against Allottee.

12. Transfer of Allotment. Allottee shall have the right to permanently assign or transfer all or any part of its allotment of Additional Capacity hereunder, for such consideration

as Allottee in its sole discretion may establish, subject to the terms and conditions of this Contract to another Entity that is financially able to perform this Contract, with the prior written consent of the Board, which shall not be unreasonably withheld. Allottee may, in its sole discretion, lease, sublease, pledge a security interest in a lease, or pledge or encumber all or a portion of its allotment of Additional Capacity hereunder to another Entity subject to the terms and conditions of this Contract without prior approval of the Board. Allottee shall be relieved of its obligations hereunder to the extent of any permanent transfer of Additional Capacity, except as otherwise provided herein. Promptly following any lease, sublease, assignment, pledge or other hypothecation, the lessee, sublessee, assignee, pledgee, etcetera, as applicable, shall deliver to the SWSP Enterprise a written notice and acknowledgment in the form of Exhibit 3 attached hereto. This Contract is made for the exclusive benefit of the Allottee and shall not inure to the benefit of any successors or assigns of said Allottee except pursuant to the terms of this Contract.

13. Permitted Assignments. Allottee shall have the right to temporarily assign all or a portion of its Additional Capacity allotment to another Participant within the physical capabilities of the Pump Project and the conditions set forth in Schedule A. The SWSP Enterprise shall not be required to recognize such an assignment until it has received reasonable notice thereof from the Allottee.

14. Remedies.

- a. Should the Allottee or the SWSP Enterprise suffer injury or damage to persons or property because of any error, omission or act of the other party or of any of the other party's employees, agents, or others for whose acts the other party is legally liable, claims will be made in writing to the other party within a reasonable time of the first observance of such injury or damage. The provisions of this subparagraph shall not be construed as a substitute for or waiver of the provisions of any applicable statute of limitations or repose or any other rights hereunder.
- b. The duties and obligations imposed by this Contract and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, any rights and remedies available to them which are otherwise imposed by law or regulation, and the provisions of this paragraph will be as effective as if repeated specifically in the Contract in connection with each particular duty, obligation, right, and remedy to which they apply. All representations and commitments made in the Contract will survive final payment and termination or completion of the Contract.

15. Most Favored Party. The terms and provisions of the Contracts for each of the Participants will be substantially similar and in no event will SWSP Enterprise offer a Contract to another Participant with more favorable provisions, based on all of the terms and conditions of the Contract as a whole, without first offering to Allottee the opportunity to amend its Contract to contain such favorable provisions.

16. Legal and Practical Ability to Perform. SWSP Enterprise and Allottee, respectively, warrant and represent as follows:

- a. The SWSP Enterprise hereby warrants and represents to Allottee that SWSP Enterprise is validly organized and has the power and authority to enter into this Contract and to allot to Allottee the rights described herein. SWSP Enterprise agrees that any assignment of its rights and responsibilities hereunder shall be

void and unenforceable without the prior written approval of the Allottee except as set forth in paragraph 17 below.

- b. Allottee hereby warrants and represents to SWSP Enterprise that Allottee is validly organized and has the power and authority to enter into this Contract and to accept the allotment described herein.

17. Completion of Pump Project. After deposit of Allottee's West Longmont Construction Costs, SWSP Enterprise shall complete the construction of the West Longmont Phase of the Pump Project as expeditiously as possible pursuant to paragraph 9 above. After deposit of Allottee's Eastern Construction Costs, SWSP Enterprise shall complete the construction of the Eastern Phase of the Pump Project as expeditiously as possible. If additional funding for change orders on either phase is not provided, SWSP Enterprise shall first provide all Participants the opportunity, but not the obligation, to assume any one Participant's Contract with respect to such phase, or unfunded portion thereof. If funding is then insufficient to complete a phase of the Pump Project, SWSP Enterprise shall redefine the phase of the Pump Project and revise the plans and specifications so that water is deliverable through that phase of the Pump Project to those Participants providing funding to the extent possible. In the event that the SWSP Enterprise is unable to complete construction of a phase of the Pump Project it shall, upon request, convey or assign to the Participants on the same percentage as funds were contributed all of its right, title, and interest in all of the assets (including cash) which it holds or owns for that phase of the Pump Project, including a right to receive delivery of water through the Carter Lake Outlet Works Modification, and shall assign all agreements, permits and other similar items which are assignable that it has obtained for that phase of the Pump Project. All such conveyances and assignments shall be subject to the terms and conditions of the asset, agreement, permit or other item conveyed or assigned. After completion of said conveyances and assignments, the SWSP Enterprise shall have no further obligation or liability to the Participants to complete construction of that phase of the Pump Project or provide delivery of water utilizing that phase of the Pump Project.


18. Issuance of Estoppel Certificate(s). Upon not less than ten (10) days' notice from Allottee, SWSP Enterprise shall deliver to Allottee an estoppel certificate confirming (i) the amount of Additional Capacity to which Allottee is entitled hereunder; (ii) that Allottee has paid all current charges or assessments due hereunder; and (iii) any other matters reasonably requested by Allottee.

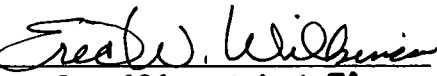
19. Non-Waiver of Immunity. It is not the intention of the parties hereto to waive any immunities to their liability provided by statute or otherwise.

The authorized representatives of SWSP Enterprise and Allottee have executed this Contract the day and year first set forth above.

TOWN OF ERIE

NORTHERN COLORADO WATER
CONSERVANCY DISTRICT, ACTING
BY AND THROUGH THE SOUTHERN
WATER SUPPLY PROJECT WATER
ACTIVITY ENTERPRISE

By: 
Title: Mayor

By: 
Title: GENERAL MANAGER

Schedule A

SWSP Participants, Allotted Capacity, Minimum Hydraulic Elevation, and Points of Delivery

Participant	Original		Additional		Orig. Min. HGL Elevation (USGS Datum)	Approximate Point of Delivery	Pipeline Station Near Point of Delivery
	Flow Capacity (mgd)	(cfs)	Flow Capacity (mgd)	(cfs)			
Berthoud	2.58	4.00	2.06	3.20	5590	Near County Rd. 8E in NE1/4 of NE1/4 of Sec. 14, R70W, T4N	Sta 57+75
Broomfield	8.00	12.40	6.39	9.90	5390	Near center of Sec. 18, R68W, T1S	1766+25
Erie	1.03	1.60	0.84	1.30	5435	SW corner of NE1/4 or NE1/4 of Sect. 26, R69W, T1N	1405+70
Fort Lupton	5.16	8.00	4.13	6.40	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Fort Morgan	6.13	9.50	4.90	7.60	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Hudson	1.03	1.60	0.84	1.30	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Little Thompson/Central Weld Co. W.D.	16.13	25.00	12.90	20.00	5600	NW corner of Sec. 14, R70W, T4N	1+00
Longmont	8.71	13.50	6.97	10.80	5535	NW corner of SW1/4 of SE1/4 of Sec. 1, R70W, T3N	453+37
Louisville	2.58	4.00	2.06	3.20	5445	SW corner of NW1/4 of NW1/4 of Sec. 27, R69W, T1N	1312+30
Morgan County Quality W.D.	0.97	1.50	0.77	1.20	5525	NE corner of NW1/4 of Sec. 19, R69W, T3N	453+37
Platte River Power Authority	6.45	10.00	5.16	8.00	5600	NW corner of Sec. 14, R70W, T4N	1+00
Superior Metropolitan Water District	3.10	4.80	2.45	3.80	5445	NE corner of NW1/4 of Sec. 19, R69W, T3N	1312+30

7/11/2001

Schedule B

Description of Pipeline Segments

Segment Identificaiton	Segment Description	Begin Sta.	End Sta.
O1	Modifications to Carter Lake Outlet Works and St. Vrain Supply Canal	N/A	N/A
B1	Canal Outlet to Berthoud Turnout	1+00	57+75
B2	Berthoud Turnout to Longmont Turnout	57+75	371+40
B3	Longmont Turnout to Fort Lupton/Hudson Pipeline Turnout	371+40	453+37
B4	Null Segment	N/A	N/A
B5	Fort Lupton/Hudson Pipeline Turnout to Louisville/Superior Pipeline Turnout	453+37	1312+30
B6	Louisville/Superior Pipeline Turnout to Erie Turnout	1312+30	1405+70
B7	Erie Turnout to Broomfield Terminus	1405+70	1766+25
B8	Now incorporated into segment B7		

7/11/2001

Schedule C

West Longmont Pump Station Cost Allocation Percentages by Segment and Participant

Participant	Segment:	B1	B2	B3	B5	Total
	Segment Percent*	8.5%	34.4%	5.3%	51.8%	100.0%
Little Thompson/Central W.C.W.D.		0.0%	0.0%	0.0%	0.0%	0.0%
Platte River Power Authority		0.0%	0.0%	0.0%	0.0%	0.0%
Berthoud		0.6%	0.0%	0.0%	0.0%	0.6%
Longmont		1.9%	8.2%	0.0%	0.0%	10.1%
Fort Lupton		1.1%	4.8%	1.0%	0.0%	6.9%
Hudson		0.2%	1.0%	0.2%	0.0%	1.4%
Fort Morgan		1.3%	5.7%	1.2%	0.0%	8.2%
Morgan County Q.W.D.		0.2%	0.9%	0.2%	0.0%	1.3%
Louisville		0.6%	2.4%	0.5%	9.1%	12.6%
Superior		0.7%	2.9%	0.6%	10.9%	15.1%
Erie		0.2%	1.0%	0.2%	3.7%	5.1%
Broomfield		1.7%	7.5%	1.4%	28.1%	38.7%

* Segment % is the percent headloss attributed to each segment that is made up by the West Longmont Pump Station

7/11/2001

Schedule D

City of Longmont Pipeline Oversizing Cost Allocation Percentages by Segment and Participant

Participant	Segment:	B1	B2	Total
	Segment Percent*:	19.8%	80.2%	100.0%
Little Thompson/Central W.C.W.D.		0.0%	0.0%	0.0%
Platte River Power Authority		0.0%	0.0%	0.0%
Berthoud		1.3%	0.0%	1.3%
Longmont		4.4%	19.0%	23.4%
Fort Lupton		2.6%	11.3%	13.9%
Hudson		0.5%	2.3%	2.8%
Fort Morgan		3.1%	13.4%	16.5%
Morgan County Q.W.D.		0.5%	2.1%	2.6%
Louisville		1.3%	5.6%	6.9%
Superior		1.6%	6.7%	8.3%
Erie		0.5%	2.3%	2.8%
Broomfield		4.0%	17.5%	21.5%

* Segment % is the percent headloss attributed to each segment that is made up by the West Longmont Pump Station

7/11/2001

SCHEDULE E

For the Eastern Phase, a table showing the distribution of head loss to each pipeline segment, percent participation in each pipeline segment and calculating the cost allocation for each participant based on these factors. This schedule will be prepared and attached when work on the Eastern Phase is commenced.

EXHIBIT 1

General Description of the Pump Project

The purpose of the new pump stations along the SWSP is to develop an additional eighty percent (80%) capacity to the participants. By putting additional water through the existing SWSP system, the pressure is decreased due to additional, frictional head loss. However, the SWSP is obligated to provide capacity to a participant at their turnout at a specified Hydraulic Grade Line (HGL) elevation that is enumerated in the original contracts. The pump stations simply boost the pressure back to a point at which the new capacity can be delivered at the originally specified HGL.

The pump station project will consist of several pump stations. The West Longmont Pump Station will add capacity to the Broomfield Pipeline from segments B1 through B5, or to the Louisville/Superior Turnout. The Eastern Pump Station will add capacity to segments B1 through B3 and segment F1, or to the Morgan Pipeline Turnout. Additional pump stations may be needed to complete the delivery of the allotted capacity to the participants.

EXHIBIT 2

Time Line for Construction of the West Longmont Phase

Pre-design of Pump Project: June 2000 through October 2000
Design of Pump Project: January 2001 through June 2001
Bids Received: July 2001
Signed Allotment Contracts Due: July 2001
Project Operational: June 2002

EXHIBIT 3

Notice of Pledge, Assignment, Etc.

Date: _____

Name of Allottee: _____

Loan Number, if applicable: _____

Name of Assignee: _____

Mailing Address: _____

Contact Person: _____

Phone Number: _____

Fax Number: _____

Allotment Contract dated _____ between _____ and the Northern Colorado Water Conservancy District acting by and through the Southern Water Supply Project Water Activity Enterprise, a copy of which is attached hereto as Exhibit A.

Recorded UCC-1 or assignment, etc., as applicable executed by _____ attached hereto as Exhibit B.

_____ hereby acknowledges to the SWSP Enterprise that the foregoing pledge and security interest [or assignment, etc., as applicable] is subject to terms and conditions of the Allotment Contract.

Authorized Signature

Return this form to:

Northern Colorado Water Conservancy District
P.O. Box 679, Loveland, CO 80539
(970) 667-2437

SEPARATOR PAGE

INTERIM AGREEMENT BETWEEN THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT,
ACTING BY AND THROUGH ITS
SOUTHERN WATER SUPPLY PROJECT WATER ACTIVITY ENTERPRISE,
AND
THE TOWN OF ERIE
FOR INCREASING THE CAPACITY OF THE
CARTER LAKE TO BROOMFIELD PHASE,
SOUTHERN WATER SUPPLY PROJECT
PHASE 1- WEST LONGMONT PUMP STATION

This Agreement is made and entered into as of Dec 13, 2000, by and between the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through its Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, Loveland, Colorado 80537 (the "SWSP Enterprise") and the Town of Erie, whose address is P.O. Box 750, Erie Colorado 80516 ("Participant") (collectively the "Parties").

Recitals

- A. The SWSP Enterprise operates a municipal water supply conveyance system known as the Carter Lake to Broomfield Phase of the Southern Water Supply Project (the "Project") to provide raw water to entities located in the southern and eastern parts of the Northern Colorado Water Conservancy District and its Municipal Subdistrict from Carter Lake Reservoir.
- B. The Participant holds an allotment of capacity in the Project pursuant to an Allotment Contract with the SWSP Enterprise dated January 14, 1994.
- C. The SWSP Enterprise has determined that the capacity of the Project can be increased through the addition of pumps. Under paragraph 2.g. of the Allotment Contract, Participant has a right to participate in the construction of such increased capacity and pay the costs thereof as described in paragraph 2.g.
- D. A preliminary design study of adding pump stations has been performed and found that up to eighty percent additional capacity could be added to the SWSP with the addition of pumping facilities.
- E. Participant desires that the SWSP Enterprise undertake the design engineering of Phase 1 – SWSP Pump Station Addition, otherwise known as the West Longmont Pump Station, ("Phase 1"). The design engineering (the "Work") will result in plans and specifications for construction of Phase 1, all at the expense of Participant and other similar participants in the proposal to increase the capacity of the Project. This Agreement sets out the terms and conditions under which the SWSP Enterprise will undertake the Work.

Agreement


- 1. The SWSP Enterprise agrees to undertake the Work, at the expense of Participant and other similar participants under and pursuant to the terms and conditions of this Agreement.

2. Participant shall provide to the SWSP Enterprise with its portion of the funds necessary for the Work. On or before January 8, 2001, Participant shall pay the SWSP Enterprise \$25,000 as its portion of the estimated cost of the Work. The SWSP Enterprise does not warrant or represent that the Work can be fully completed for this amount. If the Work cannot be completed within this amount, the SWSP Enterprise is not obligated to complete the Work unless sufficient additional funds as determined by the SWSP Enterprise are provided by Participant and other similar participants.
3. In the event that additional funds are needed by the SWSP Enterprise to complete the Work hereunder, the SWSP Enterprise shall give Participant a written notice and explanation of the need for the funds, including the amount. Participant shall have thirty (30) days from receipt of the written notice in which to pay the requested additional funds to the SWSP Enterprise.
4. In the event that Participant fails to make the initial payment or any requested additional payment described above, the SWSP Enterprise shall have the right to terminate this Agreement and cease all Work for the benefit of Participant. The SWSP Enterprise shall give Participant thirty (30) days' advance written notice of its intention to terminate this Agreement and cease the Work under this paragraph. Participant shall have until the end of said thirty (30) day period in which to make all past due payments in full in order to cure its default hereunder. Participant shall in any event be responsible for its portion of all costs of the Work actually incurred by the SWSP Enterprise as of the date of termination of this Agreement, and upon payment of such costs Participant shall have no further obligations and the SWSP Enterprise shall have no further remedies against Participant hereunder.
5. The SWSP Enterprise agrees to diligently pursue the Work in good faith so long as adequate funding therefor is provided by Participant and other similar participants. The SWSP Enterprise anticipates completion of the Work in May, 2001.
6. If this Agreement is terminated for any reason, Participant shall not be entitled to any return of any funds paid to the SWSP Enterprise for the Work, unless payments by Participant and other similar participants exceed the SWSP Enterprise's costs, in which case a pro rata refund will be made. In addition, in the event of termination, Participant shall be assigned an undivided interest (with other similar participants) in all of the SWSP Enterprise's right, title and interest in all of the Work, and all documentation related to the Work. The SWSP Enterprise shall have no further obligations to Participant upon termination of this Agreement.
7. This Agreement constitutes the entire agreement between the SWSP Enterprise and Participant regarding the Work and shall be modified by the parties hereto only by a duly executed and approved written instrument.
8. In no event shall the SWSP Enterprise be required to expend any money from taxes which is in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Agreement, or make any expenditures or take any actions which would cause the SWSP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution.
9. Both the SWSP Enterprise and Participant shall have the right to terminate this Agreement at any time upon a failure to perform by the other party. The non-breaching party shall give the other party written notice of its intent to terminate this Agreement for

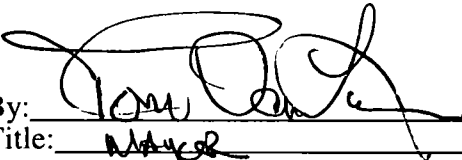
failure to perform and the other party shall have thirty (30) days after the date of said notice in which to cure the breach. In the event of such termination, the breaching party shall not be relieved of its obligations hereunder and the other party shall have the right to seek damages or other relief as a result of the breach.

The authorized representatives of the SWSP Enterprise and Participant have executed this Agreement as of the day and year first set forth above.

NORTHERN COLORADO WATER CONSERVANCY
DISTRICT, ACTING BY AND THROUGH ITS
SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE

By: 
Title: GENERAL MANAGER

THE TOWN OF ERIE

By: 
Title: Mayor

SEPARATOR PAGE

✓ 12002g
4/23/00
DLC5A
6886
Erie

INTERIM AGREEMENT BETWEEN THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT,
ACTING BY AND THROUGH ITS
SOUTHERN WATER SUPPLY PROJECT WATER ACTIVITY ENTERPRISE,
AND
THE TOWN OF ERIE
FOR INCREASING THE CAPACITY OF THE
CARTER LAKE TO BROOMFIELD PHASE,
SOUTHERN WATER SUPPLY PROJECT

This Agreement is made and entered into as of April 17, 2000, by and between the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through its Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S. " 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, Loveland, Colorado 80537 (the "SWSP Enterprise") and the Town of Erie, whose address is P.O. Box 750, Erie, Colorado 80516 ("Participant") (collectively the "Parties").

Recitals

- A. The SWSP Enterprise operates a municipal water supply conveyance system known as the Carter Lake to Broomfield Phase of the Southern Water Supply Project (the "Project") to provide raw water to entities located in the southern and eastern parts of the Northern Colorado Water Conservancy District and its Municipal Subdistrict from Carter Lake Reservoir.
- B. The Participant holds an allotment of capacity in the Project pursuant to an Allotment Contract with the SWSP Enterprise dated January 14, 1994.
- C. The SWSP Enterprise has determined that the capacity of the Project can be increased through the addition of pumps. Under paragraph 2.g. of the Allotment Contract, Participant has a right to participate in the construction of such increased capacity and pay the costs thereof as described in paragraph 2.g.
- D. Participant desires that the SWSP Enterprise undertake preliminary engineering and other studies necessary to determine the costs and feasibility of increasing the capacity of the Project, and begin any necessary permitting activities (the "Work"), all at the expense of Participant and other similar participants in the proposal to increase the capacity of the Project. This Agreement sets out the terms and conditions under which the SWSP Enterprise will undertake the Work.


Agreement

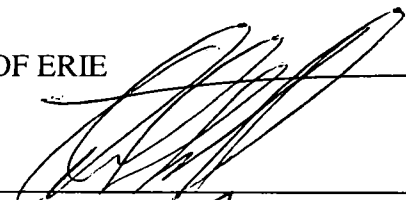
1. The SWSP Enterprise agrees to undertake the Work, at the expense of Participant and other similar participants under and pursuant to the terms and conditions of this Agreement.
2. Participant shall provide to the SWSP Enterprise with its portion of the funds necessary for the Work. On or before April 28, 2000, Participant shall pay the SWSP Enterprise \$7,695 as its portion of the estimated cost of the Work. The SWSP Enterprise does not warrant or represent that the Work can be fully completed for this amount. If the Work cannot be completed within this amount, the SWSP Enterprise is not obligated to complete the Work unless sufficient additional funds as determined by the SWSP Enterprise are provided by Participant and other similar participants.
3. In the event that additional funds are needed by the SWSP Enterprise to complete the Work hereunder, the SWSP Enterprise shall give Participant a written notice and explanation of the need for the funds, including the amount. Participant shall have thirty (30) days from receipt of the written notice in which to pay the requested additional funds to the SWSP Enterprise.
4. In the event that Participant fails to make the initial payment or any requested additional payment described above, the SWSP Enterprise shall have the right to terminate this Agreement and cease all Work for the benefit of Participant. The SWSP Enterprise shall give Participant thirty (30) days' advance written notice of its intention to terminate this Agreement and cease the Work under this paragraph. Participant shall have until the end of said thirty (30) day period in which to make all past due payments in full in order to cure its default hereunder. Participant shall in any event be responsible for its portion of all costs of the Work actually incurred by the SWSP Enterprise as of the date of termination of this Agreement, and upon payment of such costs Participant shall have no further obligations and the SWSP Enterprise shall have no further remedies against Participant hereunder.
5. The SWSP Enterprise agrees to diligently pursue the Work in good faith so long as adequate funding therefor is provided by Participant and other similar participants. The SWSP Enterprise anticipates completion of the Work in November, 2000.
6. If this Agreement is terminated for any reason, Participant shall not be entitled to any return of any funds paid to the SWSP Enterprise for the Work, unless payments by Participant and other similar participants exceed the SWSP Enterprise's costs, in which case a pro rata refund will be made. In addition, in the event of termination, Participant shall be assigned an undivided interest (with other similar participants) in all of the SWSP Enterprise's right, title and interest in all of the Work, and all documentation related to the Work. The SWSP Enterprise shall have no further obligations to Participant upon termination of this Agreement.

7. This Agreement constitutes the entire agreement between the SWSP Enterprise and Participant regarding the Work and shall be modified by the parties hereto only by a duly executed and approved written instrument.
8. In no event shall the SWSP Enterprise be required to expend any money from taxes which is in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Agreement, or make any expenditures or take any actions which would cause the SWSP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution.
9. Both the SWSP Enterprise and Participant shall have the right to terminate this Agreement at any time upon a failure to perform by the other party. The non-breaching party shall give the other party written notice of its intent to terminate this Agreement for failure to perform and the other party shall have thirty (30) days after the date of said notice in which to cure the breach. In the event of such termination, the breaching party shall not be relieved of its obligations hereunder and the other party shall have the right to seek damages or other relief as a result of the breach.

The authorized representatives of the SWSP Enterprise and Participant have executed this Agreement as of the day and year first set forth above.

NORTHERN COLORADO WATER CONSERVANCY
DISTRICT, ACTING BY AND THROUGH ITS
SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE

By: 
Title: ASSOC. / Gen. Mgr.

TOWN OF ERIE

By: _____
Title: Town Administrator

SEPARATOR PAGE

Lease Agreement between Erie and Superior Metropolitan District No. 1
for excess capacity in the SWSP

D.L.C.S.A.
Erie Town of SWSF
Contracts
6885

VRANESH AND RAISCH, LLP

ATTORNEYS AT LAW

1720 14TH STREET, SUITE 200

P. O. BOX 871

BOULDER, COLORADO 80306-0871

TELEPHONE 303/443-6151

TELECOPIER 303/443-9586

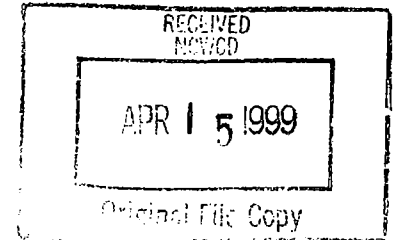
JERRY W. RAISCH
JOHN R. HENDERSON
MICHAEL D. SHIMMIN
EUGENE J. RIORDAN
PAUL J. ZILIS

GEORGE VRANESH 1926-1997

R. WOODRUFF CURRAN

ASIMAKIS P. IATRIDIS
OF COUNSEL

April 13, 1999



Mr. Eric Wilkinson
Northern Colorado Water
Conservancy District
1250 North Wilson Avenue
Loveland, Colorado 80537

Re: Lease of Capacity in Southern Water Supply Pipeline Project

Dear Eric:

Attached is a Lease Agreement between the Superior Metropolitan District No. 1 and the Town of Erie for the lease of excess capacity in the Southern Water Supply Project Pipeline to Erie. Also enclosed is a letter agreement from the City of Broomfield regarding the excess capacity. I discussed this matter with Carl Brauer, who indicated that I should forward these agreements directly to you.

The intent of the Lease Agreement is to lease 0.5 cfs of capacity to the Town of Erie out of Superior's allotted capacity of 4.8 cfs. Additional capacity beyond the 0.5 cfs is also available to Erie from Superior's allotment, but only at such times as use of that additional capacity will not interfere with Superior's use of the Pipeline. The Lease Agreement provides that Erie will notify Superior any time that it would like to use capacity in addition to 0.5 cfs. If that capacity is available, Erie will then contact NCWCD to use that additional capacity. However, as a safeguard, the parties have agreed that Superior's use of its remaining 4.3 cfs of capacity always takes precedence over Erie's use of any additional capacity under the Lease Agreement.

The Lease Agreement applies to capacity in the main pipeline from Carter Lake. As you know, the turnout from the main pipeline to Erie is utilized only by Erie and Broomfield. It is our understanding that the District's studies indicate that there is approximately 2 cfs of additional capacity in that pipeline in excess of Erie's and Broomfield's allotments under current conditions. Carl Brauer indicated that the Town should acquire a consent letter from the City of Broomfield to utilize that additional capacity for any additional water taken by the Town pursuant to the Lease Agreement for capacity in the main pipeline. As you can see, Broomfield agreed to this use of excess capacity with the strict understanding that any such use by Erie cannot drop the hydraulic grade line from that set forth in Broomfield's Allotment Contract, or otherwise interfere with the delivery of Broomfield's full allotment.

April 13, 1999
Page 2

I hope that these agreements meet with your approval. I will be glad to coordinate directly with Carl Brauer or any other personnel to make administration of this Agreement as easy as possible. Thank you in advance for your cooperation, and please call me if you have any questions or comments.

Sincerely,

VRANESH AND RAISCH, LLP

By: 
Paul J. Zilis

PJZ:kes

Enclosure

cc: Mr. Carl Brauer
Mr. David Stahl
Mary Ann McGeady, Esq.
Mr. Robert Anderson
Mr. Dorian Brown

LEASE AGREEMENT

THIS AGREEMENT is entered into this 1st day of March, 1999, by and between the Town of Erie ("Erie") and the Superior Metropolitan District No. 1 ("Superior").

WHEREAS, Superior and Erie each hold allotments in the Southern Water Supply Pipeline Project ("Pipeline"); and

WHEREAS, their allotment contracts allow and contemplate leases of allotment capacity among the allottees; and

WHEREAS, Superior has temporary excess pipeline capacity in the Pipeline while the Town of Superior continues to develop; and

WHEREAS, Erie desires to lease said temporary excess pipeline capacity from Superior;

WHEREAS, Superior desires to lease said temporary excess pipeline capacity to Erie pursuant to the terms hereof; and

WHEREAS, both parties contemplate that said lease of temporary excess pipeline capacity shall be for the short-term, and there are no expectations by either party that Superior will lease pipeline capacity to Erie after the expiration of this Lease Agreement.

NOW, THEREFORE, for the consideration expressed herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. Lease of Excess Pipeline Capacity. Superior hereby leases to Erie 0.5 cfs of its allotted capacity in the Pipeline. In addition, Superior hereby leases to Erie any excess capacity in Superior's Pipeline allotment beyond said 0.5 cfs, at such times as use of that excess capacity by Erie will not interfere with Superior's operations, pursuant to the procedures set forth in paragraph 3 below. Said capacities shall be available to Erie for the term of this Lease Agreement to deliver Erie's water to Erie's delivery point described in Exhibit A attached hereto ("Delivery Point"). Superior is not leasing any water to Erie hereunder, and Erie shall be solely responsible for providing water capable of being delivered through the Pipeline.

2. Lease Payments. Erie shall pay to Superior lease payments of \$15,000 per year by March 10 of each calendar year for pipeline capacity described in paragraph 1 above. In addition, Erie shall pay its pro-rata share of operation and maintenance costs for use of the Pipeline based upon the ratio of the capacity which Erie uses to Superior's total allotted capacity. Said pro-rata

costs shall be based upon the operation and maintenance costs assessed to Superior by the Northern Colorado Water Conservancy District for that portion of the Pipeline from Carter Lake to the Delivery Point. Superior shall bill Erie for said costs and Erie shall pay Superior in full within thirty (30) days of receipt of said bill.

The payments set forth above shall be the sole payments due from Erie hereunder. Superior shall pay all other operation, maintenance, administrative and other charges and assessments for Pipeline capacity due and owing to the Northern Colorado Water Conservancy District, the Southern Water Supply Project Water Activity Enterprise and any other entity to which payments are required for Superior's Pipeline allotment. Erie shall be solely responsible for all charges and assessments for any water delivered through the Pipeline, including but not limited to assessments due and owing to the Northern Colorado Water Conservancy District and its municipal subdistrict.

3. Procedures for Use of Pipeline Capacity. Erie shall have the right to utilize 0.5 cfs of Superior's allotted capacity in the Pipeline at any time during the term of this Lease Agreement without notice to Superior. As to any additional capacity beyond said 0.5 cfs ("Additional Capacity"), Erie and Superior agree to cooperate to implement requests for use of Additional Capacity by Erie as efficiently as possible. Erie shall provide Superior with reasonable notice of times and quantities of Additional Capacity requested. If the request will not interfere with Superior's operations, Erie shall be solely responsible for providing notice to the Northern Colorado Water Conservancy District to make water deliveries to Erie through said Additional Capacity. Erie fully recognizes that no Additional Capacity will be made available to Erie if it interferes in any way with Superior's water operations.

4. Term. This Agreement shall be effective commencing on March 1, 1999 and extending through February 28, 2002. Superior shall have the right to terminate this Lease Agreement at any time, upon a one year written notice to Erie.

5. Termination of Lease. Erie fully recognizes that Superior will not lease Pipeline capacity to Erie after the expiration of this Lease Agreement. Erie covenants that it is diligently pursuing permanent delivery facilities for the Town, and that it will not rely upon any portion of Superior's allotment capacity in the Pipeline after the expiration of this Lease Agreement.

6. Disruptions in Service. Superior shall be excused from making any Pipeline capacity available to Erie if water flow through the Pipeline is disrupted for any reason.

7. Default and Remedies.

a. In the event that Erie breaches any covenant, term or condition of this Agreement and fails to cure such breach within thirty (30) days of receipt of written Notice of such breach by Superior, Superior may treat this

contract as terminated, in which case all payments and things of value received hereunder shall be forfeited and retained on behalf of Superior, and Superior may recover such damages as may be proper, or Superior may elect to treat this Lease Agreement as being in full force and effect, and Superior shall have the right to specific performance, or damages, or both.

- b. In the event that Superior breaches any covenant, term or condition of this Agreement and fails to cure such breach within thirty (30) days of receipt of written Notice of such breach by Erie, Erie may treat this contract as terminated, in which case all payments and things of value received hereunder during the calendar year in which the breach occurs shall be returned to Erie, and Erie may recover such damages as may be proper, or Erie may elect to treat this contract as being in full force and effect and Erie shall have the right to specific performance, or damages, or both.
- c. Anything to the contrary herein notwithstanding, in the event of any arbitration or litigation arising out of this Lease Agreement, the arbitrator or court shall award to the prevailing party all reasonable costs and expenses, including attorneys' fees.

8. Strict Performance. The failure of a party to insist on the strict performance of any provision of this Lease Agreement or to exercise any rights, power or remedy upon breach thereof shall not constitute a waiver of any provision of this Agreement or limit the party's right thereafter to enforce any provision or exercise any right. None of the parties' remedies provided for under this Lease Agreement need to be exhausted or exercised as a pre-requisite to resort to further relief to which they may be entitled.

9. Assignments. This Agreement shall be binding upon the parties, their successors and assigns. Superior may assign its interests hereunder in the event that it is acquired by another entity or it sells, transfers or conveys, in any manner, its allotment in the Pipeline, or any other rights or facilities necessary or convenient for the delivery of water as contemplated pursuant to this Lease Agreement. The Town of Erie may assign its interests hereunder only as necessary if its residents vote to create a home-rule municipality. In such events, the rights and obligations of the parties hereto shall not be affected, modified or changed in any manner and the lease of Pipeline capacity to Erie shall continue as contemplated hereunder. No other assignments shall be made by either party hereto without the prior written consent of the other party.

10. Notices. All notices and other required communications under this Lease Agreement shall be addressed as follows:

Superior:

Mr. Robert J. McCoy
Vice-President
Special District Management
Services, Inc.
141 Union Blvd., Ste. 150
Lakewood, CO 80228
Fax: (303)987-2032

Erie:

Mr. David Stahl
Town Administrator
Town of Erie
645 Holbrook
P. O. Box 750
Erie, CO 80516
Fax: (303)926-2705


All notices shall be given (a) by personal delivery, (b) by electronic communication, with confirmation sent by first-class mail, or (c) by registered or certified mail, return receipt requested. All notices shall be effective, and shall be deemed delivered (a) on the day of delivery if personally delivered during normal business hours or, if not, delivered during normal business hours, on the next business day following delivery, or (b) on the next business day following receipt, if by electronic communication or mail.

Either party may change its address by notice to the other party.

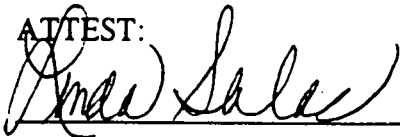
11. Modifications to Agreement. No modification of this Agreement shall be valid unless made in writing and duly executed by the parties hereto.

IN WITNESS WHEREOF, the parties have affixed their signatures to this Agreement effective the year and day first above written.


TOWN OF ERIE

By 
Its Mayor

ATTEST:



SUPERIOR METROPOLITAN DISTRICT NO. 1

By 
Its President

ATTEST

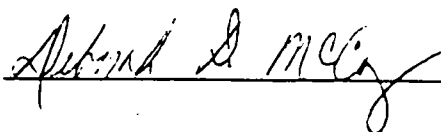
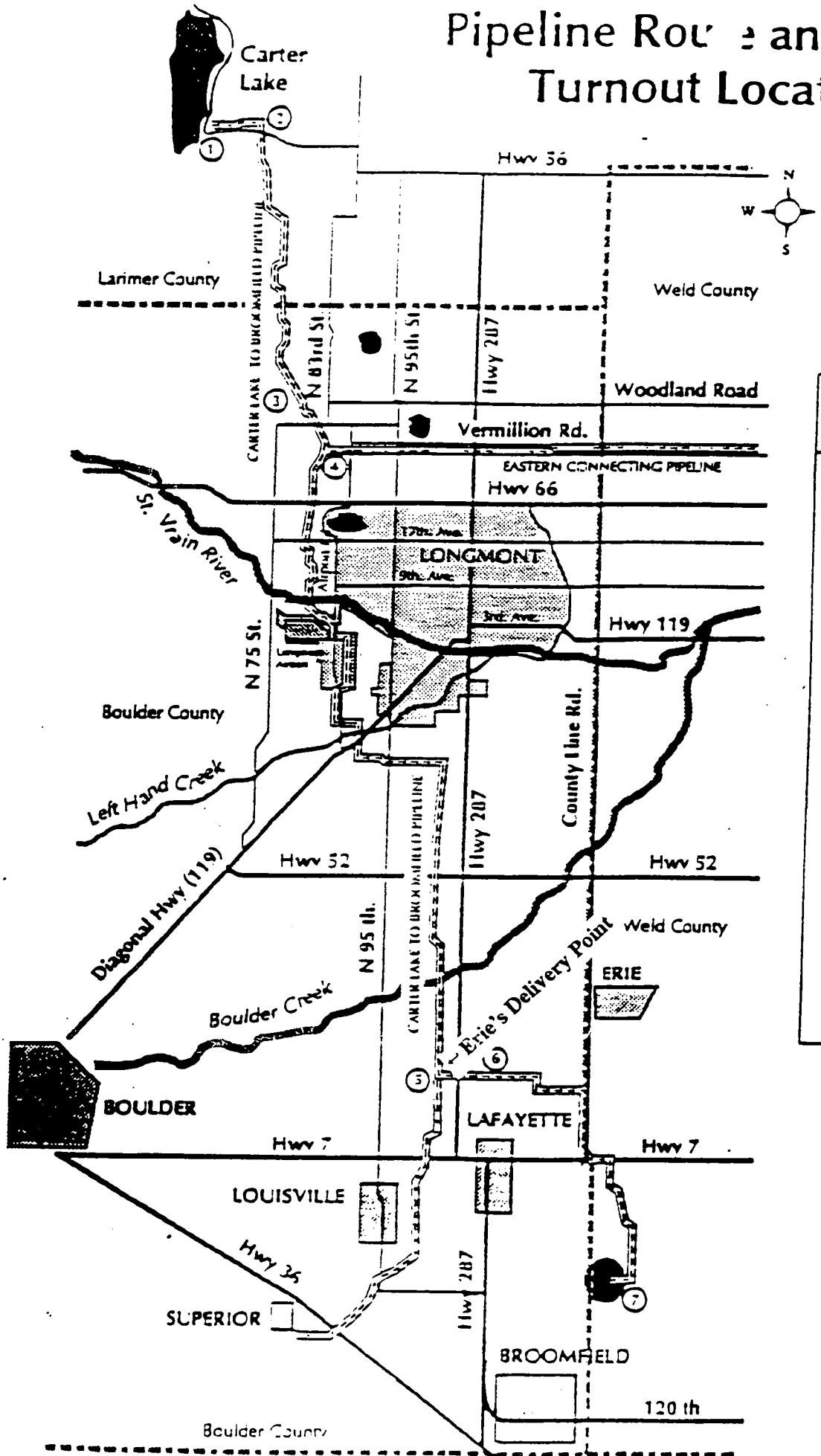


EXHIBIT A Pipeline Route and Participant Turnout Location Map



Turnout Location	Participant
①	• Little Thompson/ Central Weld Co. Water District
	• Platte River Power Authority
②	• Berthoud
③	• Longmont
④	• Fort Lupton • Hudson • Fort Morgan • Morgan County Quality Water
⑤	• Louisville • Superior
⑥	• Erie
⑦	• Broomfield



March 31, 1999

RECEIVED
HOLDING

Mr. Dorian Brown
City of Broomfield
One DesCombes Drive
Broomfield, CO 80020

Re: Southern Water Supply Pipeline Project and
Excess Capacity in Broomfield/Erie Pipeline

Dear Dorian:

As we have discussed, the Town of Erie has entered into a short-term lease agreement with the Superior Metropolitan District to lease excess pipeline capacity in the Southern Water Supply Pipeline Project. That additional capacity will be available in the main pipeline to the Broomfield/Erie Turnout, as shown on the attached map.

As you know, the pipeline from the Broomfield/Erie Turnout is shared only by our respective municipalities ("Broomfield/Erie Pipeline"). The Northern Colorado Water Conservancy District has determined that there is approximately 2 cfs of additional capacity in the Broomfield/Erie Pipeline in excess of Erie's and Broomfield's allotments. However, that additional capacity is only available for use if a corresponding amount of capacity is also acquired in the main pipeline to deliver water to the Broomfield/Erie Turnout. With the Superior lease, Erie now has some additional capacity in the main pipeline for the short term.

Erie would like to use the excess capacity of approximately 2 cfs as determined by the Northern Colorado Water Conservancy District in the Broomfield/Erie Pipeline in order to deliver water to Erie based upon its lease with Superior. Erie would only use excess capacity in the Broomfield/Erie Pipeline with the strict understanding that any such use by Erie cannot drop the hydraulic gradeline below that set forth in Broomfield's Allotment Contract with the Northern Colorado Water Conservancy District, or otherwise interfere with delivery of Broomfield's full allotment of 12.4 cfs. Erie will curtail use of the excess capacity if Broomfield gives written notice to Erie that the hydraulic gradeline or delivery to Broomfield is being adversely affected.

This arrangement will be for the calendar year 1999. A new letter of understanding will be needed for 2000 or subsequent years. As we have also discussed, this arrangement will be a short-

March 31, 1999

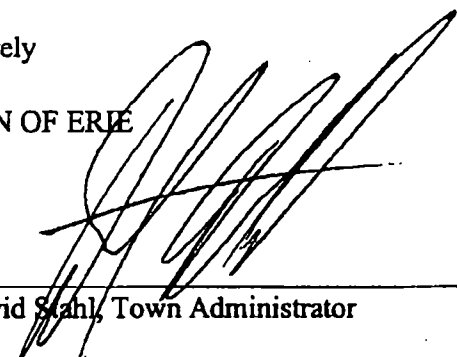
Page 2

term solution to Erie's water delivery requirements. Erie fully recognizes that this arrangement will not result in acquisition by Erie of any permanent additional capacity in either the main pipeline or the Broomfield/Erie Pipeline. Erie looks forward to working with Broomfield in pursuing future permanent increases to the delivery capabilities of the Southern Water Supply Pipeline Project.

If you agree to the terms of this proposal, please sign below. If not, please call me to discuss any concerns or suggestions which you have. Thank you in advance for your cooperation, and I look forward to hearing from you soon.


Sincerely

TOWN OF ERIE

By  _____
David Stahl, Town Administrator

cc: Paul J. Zilis

APPROVED AS TO FORM AND SUBSTANCE:
THE CITY AND COUNTY OF BROOMFIELD

By:  _____
4-5-99

SEPARATOR PAGE

**ALLOTMENT CONTRACT WITH THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT
ACTING BY AND THROUGH THE SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE
FOR CAPACITY IN THE SOUTHERN WATER SUPPLY PROJECT PIPELINE**

This Allotment Contract dated this 14th day of January, 1994, is entered into by and between the Town of Erie (a municipal entity of the State of Colorado), acting by and through the Erie Water Department (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S §§ 37-45.1-101 et seq.), whose address is 645 Holbrook, Erie, Colorado 80516 (hereinafter called "Allottee"), and the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through the Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S §§ 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, P.O. Box 679, Loveland, Colorado 80539 (hereinafter called the "SWSP Enterprise") (collectively referred to herein as the "parties"), for an allotment of capacity in the SWSP Enterprise's Southern Water Supply Project Pipeline under and pursuant to the following terms and conditions.

1. Definitions. The following definitions shall apply herein:
 - a. "Board" shall mean the Board of Directors of the Northern Colorado Water Conservancy District.
 - b. "Carter Lake Outlet Works Modification" shall mean the modifications to the existing Carter Lake Dam No. 1 Outlet Works, a component of the Colorado-Big Thompson Project, a federally owned reclamation project, and replacement of a portion of the St. Vrain Supply Canal and related work, to allow continued deliveries of water from the existing Carter Lake Dam No. 1 Outlet Works through the St. Vrain Supply Canal and deliveries to the Pipeline.
 - c. "Contract" shall mean this Allotment Contract dated as set forth above between SWSP Enterprise and Allottee.
 - d. "District" shall mean the Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended, which owns and controls the SWSP Enterprise.
 - e. "District water" shall mean all water that accrues to the use of the District or its allottees by reason of the Colorado-Big Thompson Reclamation Project.
 - f. "Entity" shall mean any quasi-municipal corporation, limited liability company, municipal corporation, public corporation, joint venture, partnership, person, mutual ditch company, water users' association or private corporation.

- g. "Fiscal Year" shall mean the fiscal year of the SWSP Enterprise. Currently, the fiscal year of the SWSP Enterprise begins on October 1 and ends on September 30 of the following calendar year. However, the SWSP Enterprise may change the Fiscal Year during the term of this Contract.
- h. "GPD" shall mean gallons of water per day measured over a 24-hour period beginning at 12:00 a.m. and terminating at 12:00 a.m. on the next day.
- i. "Initial Participants" shall mean the Allottee and any other Entity with an enforceable contract for an allocation of capacity in the Pipeline executed on or before January 14, 1994. Attached hereto as Schedule A and incorporated herein by this reference is a list of all Initial Participants in the Pipeline, their respective initial allotted capacities in GPD, their respective initial points of delivery from the Pipeline and the minimum hydraulic elevation at such delivery points.
- j. "Participant" shall mean the Allottee and any other Entity with an enforceable contract for an allocation of capacity in the Pipeline which Entities may change from time to time as permitted hereunder.
- k. "Pipeline" shall mean the Southern Water Supply Project Pipeline that has been designed, bid and pursuant to the terms of this Contract, constructed by the SWSP Enterprise, which project shall include the Carter Lake Outlet Works Modification and the right to receive water deliveries from the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal to the pipeline Segments from the Carter Lake Outlet Works Modification to Broomfield, Colorado all as generally described on Exhibit 1 attached hereto and incorporated herein by this reference. The Pipeline is specifically described in the Drawings and Specifications entitled Modifications to the St. Vrain Supply Canal and Carter Lake Outlet Works Project prepared by Montgomery Watson, dated September 1993, and the Drawings and Specifications entitled Carter Lake to Broomfield Pipeline Project prepared by Montgomery Watson, dated August 1993, including all change orders thereto processed pursuant to the construction contracts, such Drawings and Specifications being incorporated herein by this reference.
- l. "Segment" shall mean an individual segment of the Pipeline for which the design capacity is constant. The Pipeline is divided into a number of segments. Attached hereto and incorporated herein by this reference as Schedule B is a description of each segment, including a description of the point of beginning and point of termination of each segment and a cost allocation within each segment and the allotted capacity in GPD in each segment for each Initial Participant.
- m. "St. Vrain Supply Canal" is a component of the Colorado-Big Thompson Project, a federally owned reclamation project, which begins at the downstream end of the existing Carter Lake Dam No. 1 Outlet Works and connects to Segment B1 of the Pipeline. The District has an exclusive and perpetual right to operate and maintain the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal, which includes delivering water, subject and pursuant to the July 5, 1938 Repayment Contract, as amended, between the United States and the District for the construction of the Colorado-Big Thompson Project and the U.S. Bureau of Reclamation Special Use Permit, Contract No. 2-LM-60-L2308.

- n. "Subdistrict" shall mean the Municipal Subdistrict, Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended.
- o. "Subdistrict water" shall mean the quantity of water acquired and obtained by the Subdistrict from the development and construction of the Windy Gap Project pursuant to applicable state law, and which is deliverable to Subdistrict allottees.

2. Allocation of Capacity.

- a. SWSP Enterprise covenants that Allottee shall have the perpetual, exclusive right to use 1.03 million GPD of capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A attached hereto, upon completion of construction thereof. Allottee's water will be delivered to Allottee by SWSP Enterprise through the Pipeline at Allottee's request and on a year-round, continuous basis except for disruptions specifically permitted herein and disruptions resulting from emergencies. Allottee shall not have the right to use capacity in the Pipeline allotted to any other Participant without the express permission of the Participant whose capacity is being utilized.
- b. SWSP Enterprise shall provide Allottee with eighty (80) days' prior written notice of any scheduled disruption in the delivery rights of Allottee described herein. Such eighty (80) day notice shall include the date scheduled for initiation and termination of the disruption. Allottee shall respond within thirty (30) days of receipt of the eighty (80) day notice and such thirty (30) day response notice shall notify SWSP Enterprise as to whether the disruption is acceptable or unacceptable. If the scheduled disruption is unacceptable, Allottee shall state conditions under which the disruption would be acceptable to Allottee and provide a minimum disruption of seven (7) consecutive days. SWSP Enterprise shall not proceed in permitting the scheduled disruption unless and until issues raised in the response notice have been addressed to reasonably assure unimpaired delivery to Allottee's service users.
- c. Allottee's delivery point from the Pipeline set out above and the minimum hydraulic elevation at the delivery point described in Schedule B shall not be changed by the SWSP Enterprise without the written consent of Allottee. The Allottee at its sole discretion may designate one or more alternate points for delivery from its delivery point described in Schedule A to another point upstream on the Pipeline without the consent of SWSP Enterprise so long as the change redesignation does not adversely affect the hydraulic characteristics or operation of the Pipeline; provided, however, Allottee shall pay all costs of design, engineering, construction and administration of changing its delivery point(s).
- d. In the event that the Pipeline, after completion of construction, has capacity downstream of the Carter Lake Outlet Works Modification in excess of the initially allocated capacity ("Excess Capacity"), Allottee shall have the perpetual, exclusive right to use a pro rata share of the Excess Capacity at Allottee's point of delivery. The Allottee's pro rata share of the Excess Capacity shall be the Allottee's percentage of the total Individual Segment Specific Costs and Non-Segment Specific Costs of the Pipeline for all Segments downstream of the Carter Lake Outlet Works Modification. In addition, if Allottee is entitled to a

pro rata share of the Excess Capacity, Allottee shall have the perpetual, exclusive right to use a sufficient amount of additional capacity in the Carter Lake Outlet Works Modification to utilize said Excess Capacity. Allottee's perpetual, exclusive right to use Excess Capacity hereunder shall be at no increased cost and shall be subject to Allottee's full compliance with all the terms, conditions and obligations hereinafter set forth. Allottee shall have the right, at its written request, to have the Excess Capacity allocated in one (1) or more additional Allotment Contracts.

- e. In the event the Pipeline has Excess Capacity as described in paragraph 2.d. above, Participants which only participate in the Carter Lake Outlet Works Modification shall be allotted additional capacity in the Carter Lake Outlet Works Modification as follows: The additional capacity allotted to a Participant which only participates in the Carter Lake Outlet Works Modification will equal the total Excess Capacity allotted to Participants in the Pipeline downstream of the Carter Lake Outlet Works, as determined pursuant to paragraph 2.d. above, multiplied by the total costs paid by that Participant for the Carter Lake Outlet Works Modification divided by the total costs for the Carter Lake Outlet Works Modifications paid by Participants downstream of the Carter Lake Outlet Works Modification.
- f. The allocation of capacity pursuant to this Contract constitutes a vested property right for which the Allottee has paid fair and adequate consideration. Said allocation is not in any way executory in nature and it is the parties' intent and the economic substance of this transaction that upon the payment of Allottee's Construction Costs, the Allottee shall have totally performed all obligations requisite to the allocation of capacity by the SWSP Enterprise. It is the parties' intent and belief that the prepaid vested right to capacity in the Pipeline is neither an executory contract nor an unexpired lease and the parties intend that the Allottee's right to capacity is not a species of property that is subject to the assumption - rejection provisions of 11 U.S.C. § 365 in the case of an eventual bankruptcy by the SWSP Enterprise, the District or any of its successors or assigns.
- g. It is possible in the future that the capacity of the Pipeline may be increased by the application of new technologies, which capacity would be above that originally constructed and allocated on Schedule B. All existing Participants at the time of expansion shall have a right of first refusal to participate in the construction of the increased capacity. It is the intention of SWSP Enterprise and the Allottee that all future participants in the project to increase capacity of the Pipeline shall pay for their share of the cost of the Pipeline adjusted through the date of the calculation as set forth below. Therefore, the cost of the construction of the increased capacity shall be added to the original cost for construction of the Pipeline, including, General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs, plus 9 percent (9%) interest, from the date the funds were expended by the Initial Participants through the date of completion of construction of the increased capacity. The total costs for each Segment as such Segments are defined on Schedule B, shall be allocated between and among the Participants in the original Pipeline and the participants in the increased capacity project. Participants in the increased capacity project shall make reimbursement to each of the original Pipeline Participants of the amounts necessary to adjust the contributions of the original Pipeline Participants and the increased capacity Participants based upon the new allocation by Segment so that all participants will have paid the same amount per unit of capacity per Segment.

- h. The right of first refusal set forth above shall require SWSP Enterprise to offer to each of the Participants the opportunity to participate in the construction of the increased capacity on terms and conditions substantially similar to all others requesting to participate in such project. Allottee shall have sixty (60) days from the receipt of the final terms and conditions of the participation to respond in writing with regard to its desire to participate. Allottee's right of first refusal shall terminate only as to those contracts for increased capacity which are completed upon terms substantially similar to those offered to Allottee and to which Allottee did not respond with its desire to participate within the sixty-day period. Unless previously terminated pursuant to this paragraph, Allottee's right of first refusal shall terminate on the last day of the 90th year after execution of this Contract.

3. Use of Capacity and Water.

- a. Pipeline capacity allotted herein shall be used only for the transmission of: (i) District water or Subdistrict water from Carter Lake Reservoir; (ii) non-District water or non-Subdistrict water not delivered from Carter Lake Reservoir and used by direct diversion, by exchange or otherwise, only within the boundaries of the District or the Subdistrict or any other property eligible for inclusion within the District or Subdistrict upon the inclusion thereof; (iii) any other water deliverable from Carter Lake Reservoir with the specific approval of the Board and the approval of the Secretary of the Interior of the United States of America or his designee (if Secretarial approval is required by law or contract); or (iv) any other water with the specific approval of the Board; all for the use of Allottee, its water customers, or other Entities permitted hereunder. All water introduced into the Pipeline from sources other than Carter Lake Reservoir shall be of a quality at least equal to that in Carter Lake Reservoir at the time of the introduction of said water.
- b. Water delivered through the Pipeline shall only be beneficially used, whether the use is by direct diversion, by exchange or otherwise, in accordance with the terms of this Contract; the Water Conservancy Act of Colorado, C.R.S. §§ 37-45-101 et seq., § 37-83-106; the rules, regulations and policies of the Board; and the Colorado-Big Thompson Project Repayment Contract between the District and the United States of America dated July 5, 1938, if applicable, or as otherwise allowed with the Board's consent.

4. SWSP Enterprise Ownership, Operation and Maintenance.

- a. The SWSP Enterprise shall own, construct, operate, maintain, replace and repair the Pipeline, subject to the Allottee's perpetual, vested right to possession of that portion of the capacity of the Pipeline allocated herein. To this end the SWSP Enterprise shall be responsible for all planning, scheduling, right-of-way acquisition, construction and engineering contracts relating to the Pipeline; any required permits, impact statements and other procedural or substantive matters necessary for completion of the Pipeline; and all operation, maintenance, and replacement of the Pipeline.
- b. The SWSP Enterprise covenants to prudently design, construct, operate, maintain, repair and replace the Pipeline in good faith for the benefit of the Allottee and the other Participants. SWSP Enterprise acknowledges that Allottee is relying upon this covenant of SWSP Enterprise in executing this Contract and in making payment of all amounts due hereunder. SWSP Enterprise and the

Allottee agree that non-performance by SWSP Enterprise of its obligations to design, construct, operate maintain, repair and replace the Pipeline shall result in damages to Allottee which will be difficult to calculate and for which there may not be an adequate remedy at law. Therefore, SWSP Enterprise and Allottee agree that, so long as the Participants have provided SWSP Enterprise adequate funds to design, construct, operate, maintain, repair and replace the Pipeline under this Contract, in the event of non-performance by SWSP Enterprise, Allottee shall have the right to a remedy of specific performance to require SWSP Enterprise to perform its obligations as set forth herein or the right to damages, or both. The SWSP Enterprise's financial obligations to design, construct, operate, maintain, repair and replace the Pipeline under this Contract shall be payable solely out of the assets and revenues of the SWSP Enterprise; provided, however, SWSP Enterprise shall be liable for its negligence or gross negligence. The Allottee does not waive any right of action that it may have against the SWSP Enterprise or the District for liability arising from tort, subject and pursuant to applicable law. In no event shall the SWSP Enterprise be required to expend any money from taxes which is in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Contract or which would cause SWSP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution.

- c. The SWSP Enterprise warrants and represents that the District has the lawful and physical ability to construct, operate, maintain and utilize the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal, and any other federal facilities owned by the U.S. Bureau of Reclamation (collectively, the "Federal Facilities") for the purpose of delivering water from the Carter Lake Dam No. 1 Outlet Works through the Pipeline at the capacities allotted to the Participants subject and pursuant to the Repayment Contract dated July 5, 1938, between the District and the U.S. Bureau of Reclamation, as amended, and the Special Use Permit Contract No. 2-LM-60-L2308, issued to the District by the U.S. Bureau of Reclamation. The SWSP Enterprise covenants that it shall comply with all terms and conditions of said Special Use Permit and maintain it in full force and effect throughout its term, and that it shall successively apply for the issuance of new permits, if necessary, in order to ensure that there is no lapse in the SWSP Enterprise's rights to access the Federal Facilities for use in connection with the Pipeline, provided that Participants have provided the SWSP Enterprise with adequate funds to operate, maintain, repair and replace the Pipeline under the Contract.
- d. The SWSP Enterprise agrees to design, construct, complete, operate, maintain, repair and replace the Pipeline in accordance with applicable federal, state and local laws, including, but not limited to, those Colorado statutes which require posting of performance and labor and material bonds and withholding of retainage.
- e. Allottee's rights in the Pipeline shall not include:
 - i. **Capacity in Carter Lake Outlet Works Modification Above the Total Capacity Allotted to Participants.** Except as provided in paragraphs 2.d. and 2.e. above, any capacity in the Carter Lake Outlet Works Modification above the total capacity allotted to Participants shall belong to the SWSP Enterprise. This capacity may be used by the SWSP Enterprise, allotted to any Participant or future Participant at the sole discretion of the Board or allotted to any other Entity at the sole discretion of the Board upon payment of a fee so long as the fee equals or exceeds the cost of SWSP Enterprise in creating such capacity. If the

fee is less than the cost of creating such capacity, then Allottee shall have a right of first refusal on such capacity, which shall be exercised and/or extinguished on the same terms as the right of first refusal in paragraph 2.h. above. The fee collected by SWSP Enterprise from any Entity in the future for connection to or use of capacity in the Carter Lake Outlet Works Modification shall be distributed to each Participant and retained in part by SWSP Enterprise in amounts to be determined by multiplying the fee received by the percentage of contribution to the Carter Lake Outlet Works Modification as set forth on Schedule C, which will be created and attached hereto after completion of construction of the Carter Lake Outlet Works Modification and shall show the contribution of the SWSP Enterprise and each Initial Participant to said Modification.

- ii. **Rights-of-Way Acquired in Connection with the Pipeline.** All rights-of-way acquired in connection with the Pipeline shall belong to the SWSP Enterprise subject to the obligation of SWSP Enterprise to make reimbursement to the Participants for future use of the rights-of-way as set forth herein. Except for surface use of rights-of-way within and north of the Longmont Planning Area pursuant to the "Agreement Between the Northern Colorado Water Conservancy District and the City of Longmont Regarding Acquisition and Use of Pipeline Right-of-Way", use of these rights-of-way by any Participant for any purpose other than the Pipeline is at the sole discretion of the Board; except that all Participants shall have the right to use the Pipeline rights-of-way at no increased cost to connect to the Pipeline and obtain delivery of water at their respective points of delivery described in Schedule A (or any changed point of delivery), and to cross the Pipeline rights-of-way with their own utility lines so long as such utility lines do not unreasonably interfere with the operation, maintenance and replacement of the Pipeline. Except as provided above, all Entities shall be required to pay the Participants for use of the right-of-way in an amount equal to the greater of a) the appraised value of the right to so use the Pipeline right-of-way at that time or b) one-half of the actual cost of acquisition of the permanent Pipeline right-of-way plus all carrying costs including interest at nine percent (9%) from the date of acquisition of the right-of-way through the date of conveyance. The payment shall be divided among the Participants based upon their contributions to the original cost of the Pipeline right-of-way determined on a Segment-by-Segment basis as established in the percentages set forth on Schedule B-3.
- iii. **Hydroelectric Power Potential.** The SWSP Enterprise shall own all rights to generate hydroelectric power at any location along the Pipeline; provided, however, that generation of hydroelectric power shall in no way interfere with the delivery of water to the Allottee. The Participants shall have the right to participate in the construction, operation and maintenance of any hydroelectric power generating facilities along the Pipeline by the SWSP Enterprise, and to the extent they do, they shall be entitled to receive revenues generated thereby, but Allottee shall otherwise have no obligation to pay any part of the cost of construction, operation or maintenance of any such facilities. Allottee shall own all rights to generate hydroelectric power at locations along Allottee's pipelines which are connected to but not part of the Pipeline. Allottee shall not construct pipelines, hydroelectric power generating facilities, or any other facilities which are hydraulically connected to the Pipeline without first obtaining prior technical approval for such facilities in

writing from the SWSP Enterprise to ensure that such facilities do not interfere with the hydraulic characteristics or operations of the Pipeline, or otherwise potentially damage the Pipeline. Should the Allottee's generation of hydroelectric power or operation of any other facilities which are hydraulically connected to the Pipeline interfere with the intended operation of the Pipeline, Allottee shall cease operation of those facilities upon receiving written notification of interference by the SWSP Enterprise until modifications can be made to eliminate any interference. Except as provided in paragraph 2.c. above, Allottee shall not construct or install any modifications to facilities which are hydraulically connected to the Pipeline without first obtaining prior technical approval for such modifications in writing from the SWSP Enterprise to ensure that such facilities do not interfere with the hydraulic characteristics or operations of the Pipeline, or otherwise potentially damage the Pipeline.

5. Cost Allocation Methodology. All costs for planning, design, right-of-way acquisition, construction, administration, operation, maintenance, repair and rehabilitation of the Pipeline will be divided into three categories: General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs.

- a. **General Pipeline Costs** will be those costs which cannot be specifically related to an individual Segment and which shall be allocated based upon the Participants' percentages in Segment 01, as set forth on Schedule B. Such costs will include, but not be limited to, cost of preparation of the environmental assessment for the Pipeline.
- b. **Individual Segment Specific Costs** will be those costs which relate only to an individual specific Segment of the Pipeline including, but not limited to, costs for right-of-way, the costs of designing, purchasing and installing the Pipeline SCADA system and construction. There will be a Segment Specific Cost category for each Segment of the Pipeline. Individual Segment Specific Costs will be allocated based upon each Participant's share of the capacity of the individual Segment allocated to all Participants as set forth on Schedule B.
- c. **Non-Segment Specific Costs** will be those costs which relate to the Pipeline downstream of the Carter Lake Outlet Works Modification but cannot be specifically related to an individual Segment. Non-Segment Specific Costs include, but are not limited to, design, engineering and administration costs and will be allocated to each Segment of the Pipeline based on the length of that Segment as a proportion of the total length of the Pipeline downstream of the Carter Lake Outlet Works Modification. The percentages established for the sharing of these costs for each Segment are as set forth on Schedule B.
- d. **Allottee's Construction Costs** shall be a collective reference to the amounts determined to be due hereunder from Allottee after calculating the Allottee's share of General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs, minus pre-construction costs, as defined herein (excluding any costs for operation and maintenance).

6. Charges and Costs.

- a. Allottee has previously agreed to pay \$143,700 as its pro rata share of the Pipeline pre-construction costs incurred for administration, preliminary and final design, environmental evaluations and other necessary items. Of this

amount, Allottee has already paid \$143,700. Allottee shall pay an additional \$11,700 as the remaining amount due for its share of Pipeline pre-construction costs upon the mutual execution of this Contract.

- b. In return for the perpetual, exclusive allocation and use of Pipeline capacity as described in this Contract, subject to the terms and conditions of this Contract and as provided in C.R.S. §§ 37-45-101 et seq., as amended, Allottee shall pay to the SWSP Enterprise Allottee's Construction Costs in the total amount of \$1,299,000 on the fifth (5th) business day after receipt of written notice that the United States Department of Energy has reimbursed Broomfield for all amounts advanced by Broomfield to SWSP Enterprise which amount shall not be less than \$18,380,000.
 - i. Upon payment of Allottee's Construction Costs, Allottee shall also 1) pay the SWSP Enterprise five percent (5%) of the Allottee's Construction Costs to be used by the SWSP Enterprise to pay for additional preconstruction costs not included in the payments set forth in paragraph 6.a. above, if any, and to pay for change orders under the construction contracts made necessary by changed or unforeseeable conditions, delays or other claims by the contractors (provided that the SWSP Enterprise shall reasonably pursue claims against third parties who may be liable for part or all of said delays or claims) and 2) shall deposit in an interest bearing escrow account mutually acceptable to the SWSP Enterprise and the Allottee an additional five percent (5%) of the Allottee's Construction Costs (or Allottee shall deposit such amount in twelve (12) equal monthly installments, at its option, commencing on the date of payment of the Allottee's Construction Costs) to be released upon mutual agreement of the SWSP Enterprise and Allottee for payment of change orders or other charges for Pipeline construction. The escrow account shall be terminated and any unused funds returned to the Allottee, and the SWSP Enterprise shall refund to the Allottee any portion of the five percent (5%) paid to the SWSP Enterprise pursuant to item 1) above that is not used, when construction of the Pipeline has been finally completed, all contractors have been finally paid and all claims have been settled.
 - ii. At such time that it appears that the five percent (5%) fund provided in paragraph 6.b.i., item 1), will be depleted, the SWSP Enterprise shall give at least fifteen (15) days advance written notice to all Participants accompanied by reasonable information regarding past change orders and the possible need for additional change orders, and may request additional contributions from the escrow account described in paragraph 6.b.i., item 2), or from other sources if the escrow account has been depleted. In the event that no Participant agrees to provide the additional funds, the SWSP Enterprise shall either complete construction of the Project, if possible, with the remaining funds available to it or proceed in accordance with paragraph 17 below. In the event that one or more Participants agrees to provide the additional funds, the SWSP Enterprise shall request in writing that all Participants provide their pro rata share of the additional funds and proceed pursuant to paragraph 6.b.iii. below.
 - iii. Within thirty (30) days after the SWSP Enterprise's written request pursuant to paragraph 6.b.ii. above, Allottee shall pay the SWSP Enterprise such additional funds as are necessary to complete construction of the Pipeline. The requirement to pay such additional

sums shall be subject to annual appropriations or budgets of such sums by the Allottee. If Allottee is unable or unwilling to make such requested payments, Allottee shall automatically lose a portion of its allotted capacity in the Pipeline pursuant to the procedures set out in paragraph 8.b.i. below, and the Allottee shall have no further obligation to pay such sums or additional future sums related to the lost portions of its allotted capacity.

- iv. The SWSP Enterprise shall deposit all funds provided by the Allottee pursuant to paragraphs 6.b., 6.b.i., 6.b.ii. and 6.b.iii. above in an interest bearing account and shall pay the interest earned on said funds to the Allottee on a quarterly basis.
 - v. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of annual charges and costs incurred by the SWSP Enterprise in the administration, operation, maintenance, repair, and replacement of the Pipeline and such other annual costs as may arise from and be attributable to the operation of the Pipeline.
 - vi. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of such an annual amount as the Board shall determine to be necessary to establish and maintain an operating and maintenance reserve fund equal to eighteen months operating and maintenance charges and costs.
- c. The payments described in this paragraph 6 and in paragraph 8 below are full payment for all water delivery services to be provided to Allottee under this Contract. No other charge, fee, tax, or levy for the Pipeline or the use thereof, shall be made to Allottee or its citizens, directly or indirectly by SWSP Enterprise; except for any fees, charges or assessments charged or levied by the District or Subdistrict in connection with allotment contracts for District water or Subdistrict water or inclusion of the Allottee or its land area within the boundaries of the District or Subdistrict, or taxes charged or levied by the District or Subdistrict on lands included within the District or Subdistrict.
 - d. All money paid to the SWSP Enterprise by the Allottee under this Contract shall be kept in separate accounts from all other accounts of the SWSP Enterprise or the District and shall be used only for Pipeline purposes as specified in this Contract.

7. Estimated Demand and Delivery Schedule. Commencing in the year in which the Pipeline becomes operational and on or before December 1 of each year thereafter, Allottee shall provide the SWSP Enterprise with an estimated demand and delivery schedule for the use of its capacity, not to exceed the amount allotted herein, for the following calendar year. This schedule shall contain the time and quantities of water which Allottee estimates it shall require to be transmitted by the Pipeline. This schedule may be modified by the Allottee from time to time as the need warrants, in its sole discretion, within the physical capabilities of the Pipeline.

8. Payment of Charges.

- a. Payment of the costs for annual administration, operation and maintenance, including repair, shall be the responsibility of the Participants which shall be allocated on the same percentages which determine each Participant's Construction Costs, including the Allottee's Construction Costs as set forth on Schedule B. No later than three (3) months prior to the completion of construction of the Pipeline, the SWSP Enterprise shall issue a billing statement to Allottee requiring payment of the anticipated annual charges and costs to be incurred for administration, operation, maintenance, repair and replacement of the Pipeline for the remainder of that Fiscal Year, pursuant to paragraphs 6.b.v. and 6.b.vi. above and to establish reserve funds. In succeeding years, a statement of estimated annual charges shall be issued on or before October 15 of each year for the current Fiscal Year. A billing statement for annual charges shall be issued on or before January 15 of each year for the current Fiscal Year. Charges and costs for administration, operation, maintenance, repair and replacement of the Pipeline shall be allocated either as General Pipeline Costs, Individual Segment Specific Costs or Non-Segment Specific Costs as described in paragraphs 5.a., 5.b. and 5.c. above. Except for the first year, estimated charges and costs for administration, operation, maintenance, repair and replacement shall be based on the anticipated use of the Pipeline for the current Fiscal Year using the costs of administration, operation, maintenance, repair and replacement for the prior Fiscal Year, plus any positive and negative adjustments necessary to account for differences between the estimated and actual costs for the prior year and anticipated differences in the current year. The SWSP Enterprise will reconcile the Allottee's payment with the actual costs incurred for each Fiscal Year and shall either apply a credit or impose an additional charge on the following year's billing statement. Allottee shall pay the charges shown on the first year's billing statement within sixty (60) days after receipt. Allottee shall pay the net charges shown on billing statements for subsequent years by March 15. Any interest earned by the SWSP Enterprise on funds paid by the Allottee before being expended by the SWSP Enterprise shall be credited against the succeeding year's Non-Segment Specific Costs. Allottee shall have the right to annually audit, at its expense, the books and records of the SWSP Enterprise relating to the Pipeline.
- b. i. The requirement to pay administration, operation, maintenance, repair and replacement charges and costs of the Pipeline shall be subject to annual appropriation or budgeting of such charges and costs by the Allottee and shall not be a multiple fiscal year obligation of the Allottee. If those charges and costs are not paid in accordance with this Contract, the SWSP Enterprise shall give the Allottee written notice of default hereunder and Allottee shall have ninety (90) days after receipt of the notice to cure the default. In the event that the Allottee does not fully cure the default within said ninety (90) day period, the Allottee shall automatically lose a portion of its allotted capacity ("Lost Capacity") determined by the SWSP Enterprise to be equal in value to the amount of charges and costs not paid and the Allottee shall have no further obligation to pay administration, operation, maintenance, repair and replacement charges and costs of the Pipeline related to the Lost Capacity. The SWSP Enterprise's determination of value of the Lost Capacity shall be based upon the price of at least three recent sales of capacity in the Pipeline, suitably adjusted for inflation and other relevant factors. If three recent sales have not occurred, the SWSP Enterprise's determination of value of the Lost Capacity shall be based upon the original cost of the Pipeline (including all planning, design, permitting,

land acquisition, construction and other costs) suitably adjusted based upon depreciation, inflation, interest rates and other relevant factors. Other Participants shall have the right to purchase such Lost Capacity within ninety (90) days after the SWSP Enterprise gives notice that it is available for purchase at the value determined by the SWSP Enterprise, plus any costs that the SWSP Enterprise incurs in performing its duties under this paragraph. If there are more Participant purchasers than Lost Capacity available for sale, it shall be allocated based upon each Participant's previously allotted capacity in the Pipeline downstream of the Carter Lake Outlet Works Modification as set forth on Schedule B. If not all of the Lost Capacity is purchased by the other Participants within the ninety (90) day period, the SWSP Enterprise may sell the Lost Capacity to any Entity eligible to use Pipeline capacity hereunder at the price at which it was offered to the Participants. After any such sale, any amount in excess of the unpaid charges and costs plus interest and any costs that the SWSP Enterprise incurs in performing its duties under this paragraph shall be refunded to the Allottee.

ii. If the SWSP Enterprise is unable to sell the Lost Capacity within ninety (90) days after it is offered for sale to any Entity eligible to use Pipeline capacity hereunder, the SWSP Enterprise shall have the right to terminate deliveries to the Allottee. After such termination of delivery, the SWSP Enterprise shall continue to offer the Lost Capacity for sale at the price at which it was offered to the Participants and water deliveries to Allottee shall be resumed (for capacity for which payments are current and which has not been sold) upon sale of the Lost Capacity to Allottee or any other eligible Entity. Unpaid operating and maintenance expenses shall be drawn from the reserve fund. The reserve fund shall be replenished by the Participants annually. This paragraph shall provide the SWSP Enterprise's exclusive remedy for recovering administration, operation, maintenance, repair and replacement costs in the event that Allottee does not appropriate funds or pay those costs as provided in paragraph 8.a. above.

c. The Allottee's payment of annual administration, operation, maintenance, repair and replacement charges and costs of the Pipeline, pursuant to the preceding paragraphs 6.b.v., 6.b.vi., and 8.b., does not in any way impair the vested nature of the allocation of capacity pursuant to this Contract and are not related to the value of that vested right. These obligations do not convert the Allottee's prepaid right of possession of its allotted capacity in the Pipeline into any form of an executory lease or contract.

9. Completion Date. Attached hereto as Exhibit 2 is a time line for construction and completion of the Pipeline. The time line may be modified for good cause and to be consistent with any modifications to the November 12, 1991, contract between the District and the City of Broomfield. The SWSP Enterprise shall complete construction of the Pipeline in accordance with the time line as modified, subject to force majeure events, any permissible delays under the November 12, 1991, contract between the District and the City of Broomfield, failure of the Participants to make required payments under this or similar contracts and so long as the delay is not as a direct or indirect result of SWSP Enterprise's negligence, delays beyond the SWSP Enterprise's reasonable control caused by the construction process or the construction contractors. In addition, the completion date is subject to change based upon mutual agreement of all of the Participants, as conditions and available information warrant.

10. Construction and Financial Reports and Meetings. The SWSP Enterprise will provide Allottee with written monthly reports together with financial reports regarding payment of charges and costs and expenditures during construction of the Pipeline on the progress of construction and the expenditure of funds. In addition, the SWSP Enterprise shall schedule and hold meetings of all Participants at the offices of the District in Loveland, Colorado, at least quarterly at which time the SWSP Enterprise shall present and discuss the financial reports regarding payment of charges and costs by the Participants and the expenditure of funds.

11. Limitations on Rights of Allottee. In addition to all the other terms, conditions and covenants contained herein, it is specifically understood and agreed by and between the parties hereto that the rights of the Allottee hereunder are subject to the following terms, conditions and limitations, which are incorporated herein by this reference:

- a. The Water Conservancy Act of Colorado, C.R.S §§ 37-45-101 et seq.; and
- b. The rules, regulations and policies of the Board and the same as may be amended from time to time, provided that to the extent such future rules, regulations and policies adversely affect the Allottee's rights hereunder or its rights to use the capacity contracted for in any lawful manner, such future rules, regulations or policies shall not be enforceable against Allottee.

12. Transfer of Allotment. Allottee shall have the right to permanently assign or transfer all or any part of its allotment of capacity hereunder, for such consideration as Allottee in its sole discretion may establish, subject to the terms and conditions of this Contract to another Entity that is financially able to perform this Contract with the prior written consent of the Board, which shall not be unreasonably withheld. Allottee may, in its sole discretion, lease, sublease, pledge a security interest in a lease, or pledge or encumber all or a portion of its allotment of capacity hereunder to another Entity subject to the terms and conditions of this Contract without prior approval of the Board. Allottee shall be relieved of its obligations hereunder to the extent of any permanent transfer of capacity, except as otherwise provided herein. Promptly following any lease, sublease, assignment, pledge or other hypothecation, the lessee, sublessee, assignee, pledgee, etcetera, as applicable, shall deliver to the SWSP Enterprise a written notice and acknowledgement in the form of Exhibit 3 attached hereto. This Contract is made for the exclusive benefit of the Allottee and shall not inure to the benefit of any successors or assigns of said Allottee except pursuant to the terms of this Contract.

13. Permitted Assignments. Allottee shall have the right to temporarily assign all or a portion of its capacity allotment to another Participant within the physical capabilities of the Pipeline and the conditions set forth on Schedule A. The SWSP Enterprise shall not be required to recognize such an assignment until it has received reasonable notice thereof from the Allottee.

14. Remedies.

- a. Should the Allottee or the SWSP Enterprise suffer injury or damage to person or property because of any error, omission or act of the other party or of any of the other party's employees or agents or others for whose acts the other party is legally liable, claims will be made in writing to the other party within a reasonable time of the first observance of such injury or damage. The

provisions of this subparagraph shall not be construed as a substitute for or waiver of the provisions of any applicable statute of limitations or repose or any other rights hereunder.

- b. The duties and obligations imposed by this Contract and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, any rights and remedies available to them which are otherwise imposed by law or regulation, and the provisions of this paragraph will be as effective as if repeated specifically in the Contract in connection with each particular duty, obligation, right, and remedy to which they apply. All representations and commitments made in the Contract will survive final payment and termination or completion of the Contract.

15. Most Favored Party. The terms and provisions of the Allotment Contracts for each of the Participants will be substantially similar and in no event will SWSP Enterprise offer an Allotment Contract to another Participant with more favorable provisions, based on all of the terms and conditions of the Agreement as a whole, without first offering to Allottee the opportunity to amend its Allotment Contract to contain such favorable provisions.

16. Legal and Practical Ability to Perform. SWSP Enterprise and Allottee, respectively, warrant and represent as follows:

- a. The SWSP Enterprise hereby warrants and represents to Allottee that SWSP Enterprise is validly organized and has the power and authority to enter into this Contract and to allot to Allottee the rights described herein. SWSP Enterprise agrees that any assignment of its rights and responsibilities hereunder shall be void and unenforceable without the prior written approval of the Allottee except as set forth in paragraph 17 below.
- b. Allottee hereby warrants and represents to SWSP Enterprise that Allottee is validly organized and has the power and authority to enter into this Contract and to accept the allotment described herein.

17. Completion of Project. After deposit of Allottee's Construction Costs, SWSP Enterprise shall complete the construction of the Pipeline as expeditiously as possible. If additional funding for change orders is not provided, SWSP Enterprise shall first provide all Participants the opportunity, but not the obligation, to assume any one Participant's Contract, or unfunded portion thereof. If funding is then insufficient to complete the Pipeline, SWSP Enterprise shall redefine the Pipeline project and revise the plans and specifications so that water is deliverable through the Pipeline to those Participants providing funding to the extent possible. In the event that the SWSP Enterprise is unable to complete construction of the Pipeline, it shall, nevertheless, complete the Carter Lake Outlet Works Modification, subject to funds being available, and, upon request, convey or assign to the Participants on the same percentage as funds were contributed all of its right, title and interest in all of the assets (including cash) which it holds or owns for the Pipeline, including a right to receive delivery of water through the Carter Lake Outlet Works Modification, and shall assign all agreements, permits and other similar items which are assignable that it has obtained for the Project. All such conveyances and assignments shall be subject to the terms and conditions of the asset, agreement, permit or other item conveyed or assigned. After completion of said conveyances and assignments, the SWSP Enterprise shall have no further obligation or liability to the Participants to complete construction of the Pipeline or provide delivery of water under this Contract.

18. Issuance of Estoppel Certificate(s). Upon not less than ten (10) days' notice from Allottee, SWSP Enterprise shall deliver to Allottee an estoppel certificate confirming (i) the amount of capacity to which Allottee is entitled hereunder; (ii) that Allottee has paid all current charges or assessments due hereunder; and (iii) any other matters reasonably requested by Allottee.

19. Non-Waiver of Immunity. It is not the intention of the parties hereto to waive any immunities to their liability provided by statute or otherwise.

20. Permitting. The parties recognize that the Pipeline route crosses certain lands located within the Town of Erie's ("Erie") municipal boundaries and lands that may be owned or controlled by Erie. On October 26, 1993, the SWSP Enterprise submitted an application to Erie for review and approval of construction of the Pipeline within Erie's municipal boundaries pursuant to Erie's Ordinance 408. The SWSP Enterprise also submitted copies of Pipeline construction drawings PP-50 to PP-59, G-1 to G-4 and an overview map. Erie and the SWSP Enterprise agree that the SWSP Enterprise shall submit a \$50 application fee to Erie and the additional information indicated on Exhibit 4 attached hereto and incorporated herein by this reference. Once such information has been submitted to Erie, Erie shall process and finally act upon the application within 60 calendar days. Erie shall not unreasonably withhold approval of the Pipeline pursuant to this process and shall limit its review to those areas of Erie where the Pipeline is not a use by right. Erie and the SWSP Enterprise recognize that in entering into this Contract the parties are agreeing to the route of the Pipeline as shown in Exhibit 1 and the Carter Lake to Broomfield Pipeline Project Drawings and Specifications incorporated herein by virtue of paragraph 1.k. hereof, and that the Pipeline cost estimates used to determine the Allottee's charges and costs set out in paragraphs 6.a. and 6.b. hereof are dependent upon said route. In recognition of these circumstances, Erie and the SWSP Enterprise agree that the Pipeline route will not be materially changed by the action of either party without the prior approval of the other party and that Erie will not impose any conditions in the above-referenced permitting proceeding which would materially increase the cost of the Pipeline. By submitting its application to Erie and participating in Erie's review process, the SWSP Enterprise does not waive any rights that it may have to construct, operate and maintain the Pipeline within Erie's municipal boundaries without Erie's approval. Erie and the SWSP Enterprise agree that no approval or permit from Erie for construction, operation or maintenance of the Pipeline within Erie's municipal boundaries other than as described above is or shall be required, except road crossing permits which shall be granted by Erie upon application and compliance with reasonable regulations by the SWSP Enterprise. In addition, Erie shall grant the SWSP Enterprise any and all easements, releases, disclaimers, consents and any other forms of permission necessary to cross any lands owned or controlled by Erie or in which Erie has any interest for the Pipeline route described on Exhibit 1, which Erie has the authority to grant, but the SWSP Enterprise shall not unreasonably interfere with Erie's use of said lands in the construction, operation and maintenance of the Pipeline. Erie shall not charge the SWSP Enterprise to cross rights-of-way, easements or streets owned or controlled by Erie or to release liens or other interests held by Erie on other property crossed by the Pipeline. The SWSP Enterprise shall pay Erie fair market value (based on the value of comparable, similarly situated private property) to acquire an interest in, or to cross, any other property which Erie owns.

The authorized representatives of SWSP Enterprise and Allottee have executed this Contract the day and year first set forth above.

TOWN OF ERIE,
ACTING BY AND THROUGH
THE ERIE WATER DEPARTMENT

NORTHERN COLORADO WATER CONSERVANCY
DISTRICT, ACTING BY AND THROUGH THE
SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE

By: Michael E. Woodruff
Title: Mayor

By: C. Dale E. Bohler
Title: President

EXHIBIT 1

Description of Southern Water Supply Project Pipeline

The Southern Water Supply Project Pipeline (the "Pipeline") consists of modifications to the existing Carter Lake Outlet Works and the first 2,300 feet of the St. Vrain Supply Canal together with the construction of 34 miles of pressurized, buried pipeline and various valve and vent facilities. The Pipeline will convey untreated water from the Carter Lake Reservoir, located in Larimer County, to various Participant delivery points located in Larimer, Boulder, and Adams Counties. The location of the Pipeline and Participant delivery points are shown on the attached map.

The modifications to the Carter Lake Outlet Works and St. Vrain Supply Canal, located at and below Carter Lake Dam No. 1, include raising the walls and covering the existing stilling basin and Parshall Flume. The modifications also include replacing the first 2,300 feet of the trapezoidal-shaped canal with a covered rectangular section, constructing an emergency spillway on the canal, and constructing a turnout structure for the 34-mile buried pipeline.

The route for the 34-mile buried pipeline begins at the turnout structure, constructed as part of the modifications to the St. Vrain Supply Canal, and proceeds east and south for approximately 3 miles. The route continues south for another 3 miles (leaving Larimer County and entering Boulder County) until the route abuts the right-of-way for an existing electrical transmission line. At this point, the route turns southeast and is parallel to the right-of-way for the electrical transmission line. The route skirts Table Top Mountain, diverges from the electrical transmission line, and crosses over Table Top Mountain at its south end near an abandoned gravel mine approximately 3 miles southeast of the route's initial abutting to the electrical transmission line. From this location, the pipeline continues south for another 4 miles, passing west of the Longmont urban area to a point just south of St. Vrain Creek. The route turns southeast for somewhat more than 1 mile, passing between St. Vrain Creek and the Longmont Airport. The route then continues south and east for approximately 3 miles to a point ¼-mile east of the intersection between Airport Road and the Diagonal Highway. The route then turns east for 2 miles until it again abuts the right-of-way for an existing electrical transmission line which the route parallels to the south for nearly 4 miles. South of Lookout Road, the route diverges from the electrical transmission line and continues south for a distance of about 3 miles. The route then turns east for 3 miles to the Boulder-Weld County Line. The route follows the Boulder-Weld County Line south for 2 miles before turning southeast for 3 miles to the Broomfield delivery point which lies in Adams County.

The Pipeline will also include various appurtenant facilities. Some of the more significant appurtenances include a master metering facility near the turnout structure for the 34-mile buried pipeline, a mainline valve near Table Top Mountain, another mainline valve near the Diagonal Highway, and a flow control structure for Broomfield ¼-mile south of the existing Erie Water Treatment Plant. Other facilities, such as air-vacuum release valves and blowoff valves will be provided along the length of the pipeline. In addition, provisions for connections to the Pipeline will be provided at Participant delivery locations for future connections by Participants other than Broomfield.

EXHIBIT 3

Notice of Claim of Lien
or Assignment, Lease, Sublease, etc. as Applicable
for Southern Water Supply Project Pipeline Allotment Contract

Date: _____

Name of Allottee: _____

Loan Number, if applicable: _____

Name of Lender, Assignee, Lessee,
Sublessee, etc.: _____

Mailing Address: _____

Contact Person: _____

Phone Number: _____

Fax Number: _____

Allotment Contract dated _____ between _____
and the Northern Colorado Water Conservancy District acting by and through the Southern
Water Supply Project Water Activity Enterprise (the "SWSP Enterprise"), a copy of which is
attached hereto as Exhibit A.

Recorded UCC-1 or assignment, lease, sublease, etc. as applicable executed by
_____ attached hereto as Exhibit B.

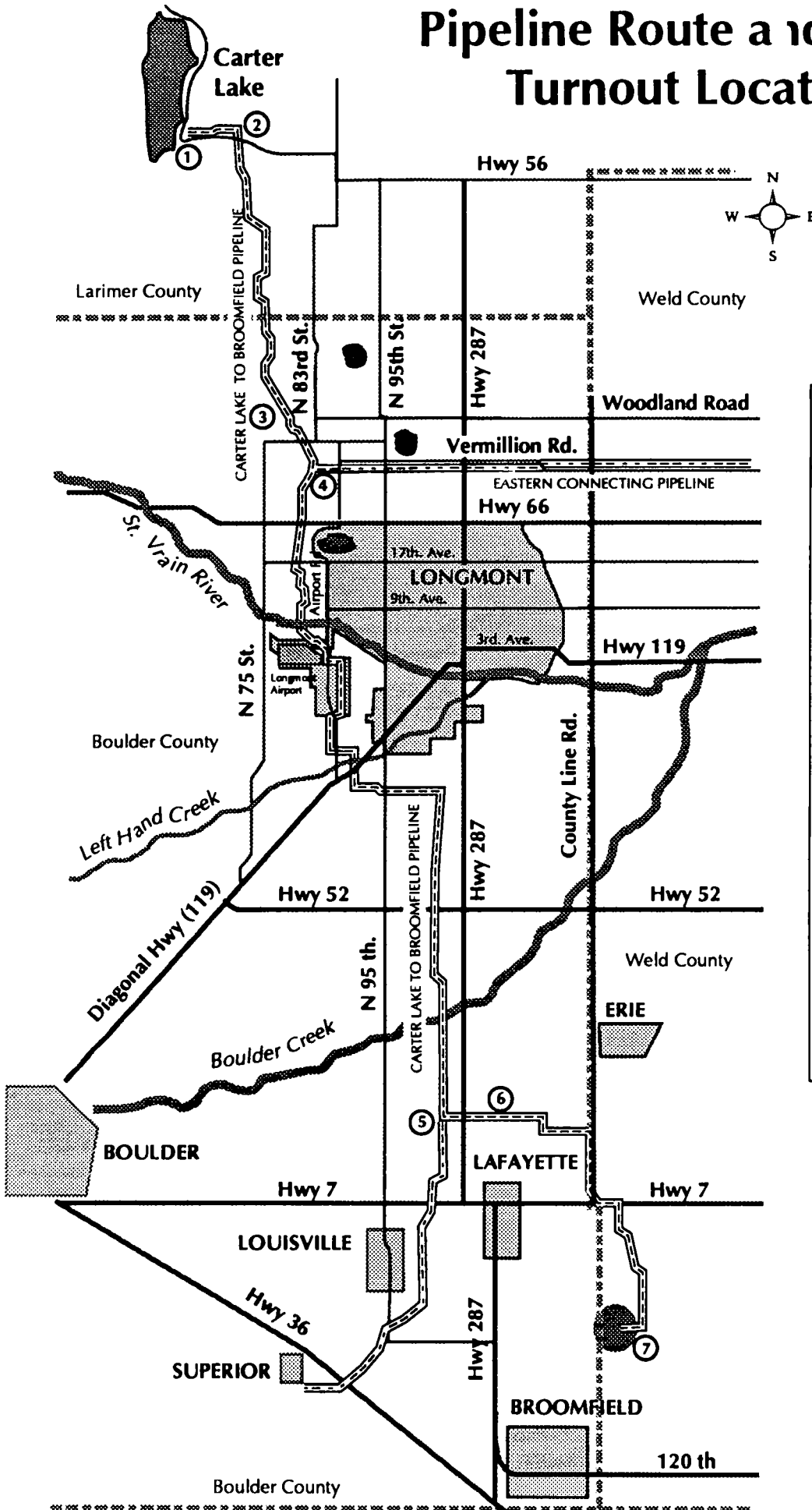
_____ hereby acknowledges to the SWSP Enterprise that the
foregoing pledge and security interest [or assignment, lease, or sublease, etc. as applicable] is
subject to the terms and conditions of the Allotment Contract.

Authorized Signature

Return this form to:

Northern Colorado Water Conservancy District
P.O. Box 679, Loveland, CO 80539
(303) 667-2437

Pipeline Route and Participant Turnout Location Map



Turnout Location	Participant
①	• Little Thompson/ Central Weld Co. Water District
	• Platte River Power Authority
②	• Berthoud
③	• Longmont
④	• Fort Lupton • Hudson • Fort Morgan • Morgan County Quality Water
⑤	• Louisville • Superior
⑥	• Erie
⑦	• Broomfield

Schedule A

Participants, Allotted Capacity, Minimum Hydraulic Elevation, and Points of Delivery

Participant	Flow Capacity (million GPD)	Flow Capacity (cfs)	Minimum HGL Elevation (USGS Datum)	Approximate Point of Delivery	Pipeline Station Near Point of Delivery
Berthoud	2.58	4.00	5,590 ft	Near County Rd. 8E in NE¼ of NE¼ of Sec. 14, R70W, T4N	Sta 57+75
Broomfield	8.00	12.40	5,390	Near center of Sec. 18, R68W, T1S	1766+25
Erie	1.03	1.60	5,435	SW corner of NE¼ of NE¼ of Sec. 26, R69W, T1N	1405+70
Fort Lupton	5.16	8.00	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Fort Morgan	6.13	9.50	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Hudson	1.03	1.60	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Little Thompson/Central Weld County	16.13	25.00	5,600	NW corner of Sec. 14, R70W, T4N	1+00
Longmont	8.71	13.50	5,535	NW corner of SW¼ of SE¼ of Sec. 1, R70W, T3N	371+40
Louisville	2.58	4.00	5,445	SW corner of NW¼ of NW¼ of Sec 27, R69W, T1N	1312+30
Morgan County Quality Water District	0.97	1.50	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Platte River Power Authority	6.45	10.00	5,600	NW corner of Sec. 14, R70W, T4N	1+00
Superior Metropolitan Water Districts	3.10	4.80	5,445	SW corner of the NW¼ of NW¼ of Sec. 27, R69W, T1N	1312+30

Schedule B - 1

Definition of Pipeline Segments

<u>Segment Identification</u>	<u>Segment Description</u>
O1	Modifications to Carter Lake Outlet Works and St. Vrain Supply Canal
B1	Pipeline Station 1+00 to 57+75
B2	Pipeline Station 57+75 to 371+40
B3	Pipeline Station 371+40 to 453+37
B4	- Null Segment -
B5	Pipeline Station 453+37 to 1312+30
B6	Pipeline Station 1312+30 to 1405+70
B7	Pipeline Station 1405+70 to 1701+20
B8	Pipeline Station 1701+20 to 1766+25

Schedule B - 2

Flow Capacity by Pipeline Segment

Participant	Segment:	(million GPD)								
		O1	B1	B2	B3	B4	B5	B6	B7	B8
Berthoud		2.58	2.58	0.00	0.00	-	0.00	0.00	0.00	0.00
Broomfield		8.00	8.00	8.00	8.00	-	8.00	8.00	8.00	8.00
Erte		1.03	1.03	1.03	1.03	-	1.03	1.03	0.00	0.00
Fort Lupton		5.16	5.16	5.16	5.16	-	0.00	0.00	0.00	0.00
Fort Morgan		6.13	6.13	6.13	6.13	-	0.00	0.00	0.00	0.00
Hudson		1.03	1.03	1.03	1.03	-	0.00	0.00	0.00	0.00
Little Thompson/Central Weld County Water Districts		16.13	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00
Longmont		8.71	8.71	8.71	0.00	-	0.00	0.00	0.00	0.00
Louisville		2.58	2.58	2.58	2.58	-	2.58	0.00	0.00	0.00
Morgan County Quality Water		0.97	0.97	0.97	0.97	-	0.00	0.00	0.00	0.00
Platte River Power Authority		6.45	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00
Superior Metropolitan Water District No. 1		3.10	3.10	3.10	3.10	-	3.10	0.00	0.00	0.00
Total Segment Capacity (million GPD)		61.87	39.29	36.71	28.00	-	14.71	9.03	8.00	8.00

Schedule B - 3

Percentages of Costs for General Costs, Nonsegment Specific Costs, and Segment Specific Costs

Participant	Nonsegment Specific Percentages	* Segment Specific Percentages								
		O1	B1	B2	B3	B4	B5	B6	B7	B8
Berthoud	0.2192	4.1710	6.5681	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Broomfield	55.7963	12.9301	20.3612	21.7924	28.5715	-	54.3860	88.5714	100.0000	100.0000
Erie	4.9572	1.6684	2.6273	2.8120	3.6866	-	7.0175	11.4286	0.0000	0.0000
Fort Lupton	3.9190	8.3420	13.1363	14.0598	18.4332	-	0.0000	0.0000	0.0000	0.0000
Fort Morgan	4.6538	9.9062	15.5993	16.6960	21.8894	-	0.0000	0.0000	0.0000	0.0000
Hudson	0.7838	1.6684	2.6273	2.8120	3.6866	-	0.0000	0.0000	0.0000	0.0000
Little Thompson/Central Weld County Water Districts	0.0000	26.0689	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Longmont	5.1240	14.0772	22.1675	23.7258	0.0000	-	0.0000	0.0000	0.0000	0.0000
Louisville	10.8236	4.1710	6.5681	7.0299	9.2166	-	17.5439	0.0000	0.0000	0.0000
Morgan County Quality Water District	0.7348	1.5641	2.4631	2.6362	3.4562	-	0.0000	0.0000	0.0000	0.0000
Platte River Power Authority	0.0000	10.4275	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Superior Metropolitan Water Districts	12.9883	5.0052	7.8818	8.4359	11.0599	-	21.0526	0.0000	0.0000	0.0000
Totals	100.0000	100.0000	100.0000	100.0000	100.0000	-	100.0000	100.0000	100.0000	100.0000

* Percentages for General Costs are the same as the Segment Specific Costs for Segment O1

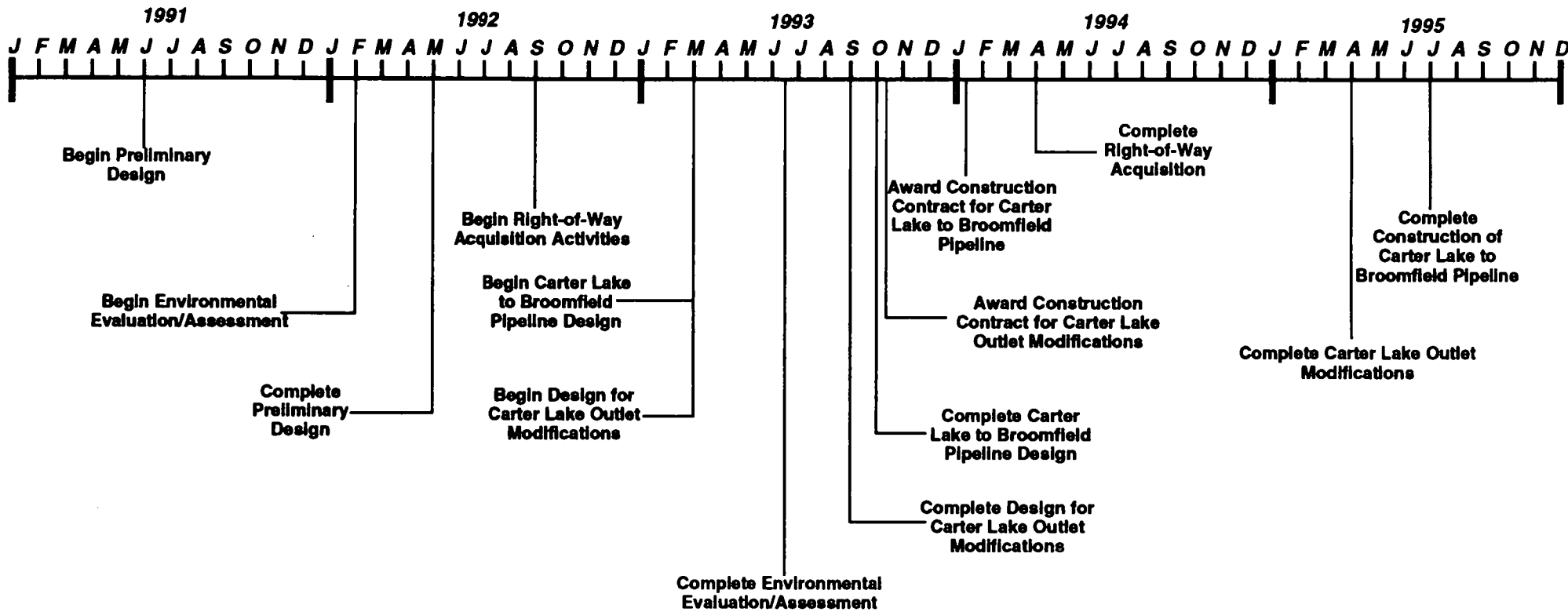


EXHIBIT 2

Timeline for Constructing the Southern Water Supply Project Pipeline

- i. An impact statement as provided for in the Colorado Revised Statutes (for annexations only), 31-12-108.5 1973 (as amended)
 - j. Proof that all prior years property taxes have been paid in full.
2. In addition, the Administrative Official may require any or all of the following items:
- a. A consultant agreement
 - b. Names & addresses of mineral ~~and water rights~~ owners
 - c. A vicinity map at one-half mile radius clearly identifying adjacent property boundaries
 - d. Traffic study
 - e. Market study
 - f. Site plan *substantially meeting the requirements of* ~~(requirements for which are in~~ Section 2.3).
map
 - g. A ~~list~~ *map* of present natural or man-made hazards (such as undermined or subsidence areas)
 - h. ~~Development staging & accompanying time frame~~ *Construction time schedule.*
 - i. ~~Proof of compliance with appropriate Federal, State, or local regulations (e.g. Subdivision Regulations)~~ *List of significant government permits obtained and plans for compliance with significant government regulations.*
 - j. Proposed method of waste water treatment
 - k. An assessment of impact on any or all of the following:
 - 1) Water
 - 2) Sewer
 - 3) Gas
 - 4) Electric
 - 5) Telephone
 - 6) Schools
 - 7) Streets
 - 8) Drainage
 - 9) Law enforcement
 - 10) Fire protection
 - 11) Parks and recreation
 - 12) Environmental considerations
 - 13) Economic development potential
 - l. A narrative detailing compatibility with and/or difference from any or all of the following:
 - 1) Street Plan
 - 2) Subdivision Plan

Required submittals
circled,

ARTICLE II

REVIEW PROCEDURES

SECTION 2.1 CHANGE REQUEST REQUIREMENTS

A. INTENT

To create a procedure by which interested parties may request

1. annexation to the Town of Erie;
2. de-annexation from the Town of Erie;
3. a change in the zoning map or code;
4. a use not itemized as Uses Permitted By Right in a zone district;
5. a vacation, amendment, or adjustment of streets, alleys, or other public ways.

B. GENERAL REQUIREMENTS

1. An applicant has to present sound evidence that the proposed change will be an asset to the Town and not a liability upon initiation and a reasonable amount of time thereafter.

C. SUBMITTAL REQUIREMENTS

1. All proposals must include:

- a. Name and address of the applicant or his representative.
- b. Name, address, and written approval of the owner of the ~~property.~~ Project proposal.
- c. Legal description of the involved property (adjacent property in the case of vacation, amendment, or adjustment of streets, alleys, or other public ways).
- d. A narrative explaining, in some detail, the proposed change requested of the Town of Erie.
- e. Applicable fees ^{in the amount of \$50.00.} ~~as detailed in the fee schedule, under separate schedule as set forth in Section 1.5.7 (if the applicant is the Town of Erie, the fees are automatically waived).~~
- f. Substantiation of one-sixth contiguity of the property to existing Town limits (for annexation requests only).
- g. A list of all property owners ^{whose property will be} ~~within 300 feet of the affected property~~ crossed by the Pipeline.
- h. A Development Guide (for proposed PD zoning only; see Section 4.17.B.2).

- 3) Comprehensive Plan
- 4) Zoning Ordinance
- 5) Existing and adjacent land use

m) A drainage report, including the following elements:

- 1) Impact of 100 year flood
- 2) Discussion of site location, hydrology criteria, storm detention facility computations, and all design criteria to be used
- 3) Methods and devices to stabilize cut and fill slopes
- 4) Prevention of soil erosion and sedimentation problems
- 5) Alternatives and solutions to abate or minimize the solid conditions on buildings
- 6) The position of any water courses together with all pertinent data

n) Any other documentation required by the Administrative Official to deem the change request complete.

1) Oil and gas wells in Pipeline easements.

Correspondence

DLCSC
7533
Carroll
Erie

NORTHERN COLORADO WATER CONSERVANCY DISTRICT

P.O. Box 679 Loveland, Colorado 80539-0679 1250 North Wilson Loveland, Colorado 80537
Phone (970) 667-2437 FAX (970) 663-6907



DIRECTORS

July 13, 2001

BOULDER COUNTY

Henry A. Kugeler, Jr.
Les Williams
Ruth Wright

LARIMER COUNTY

Mike Applegate
William H. Brown
Majorie A. Knievel

WELD COUNTY

William E. Bohlender
Kenton Brunner
Jerry Winters

WASHINGTON AND MORGAN COUNTIES

E. L. Camero

LOGAN COUNTY

William Condon

SEDGWICK COUNTY

George Jenik

DIRECTOR EMERITUS

W. D. Farr

OFFICERS

Mike Applegate,
President

Kenton Brunner,
Vice President

Eric W. Wilkinson,
Secretary

Darell D. Zimbelman,
Treasurer
Chief Engineer

Ms. Judy Ding
Town of Erie
645 Holbrook Street
Erie, CO 80516

Dear Ms. Ding:

Re: Final Allotment Contract for Increased Capacity in the Southern Water Supply Project

Enclosed please find two copies of the allotment contract for additional capacity to be added through the addition of pumping stations to the Southern Water Supply Project. The bids for the West Longmont Pump Station were received on July 10 and the low bid was \$2,158,000, which is approximately \$500,000 below the budget estimate. Additionally, the price for the Longmont Pipeline oversizing has been reduced from the estimated amount of \$300,000 to the actual amount of \$175,046. The total cost of the construction phase is \$2,738,000. Your portion of the construction phase costs are: \$139,638 for construction; \$6,982 for the five percent (5%) contingency; and \$4,901 for the oversizing of the Longmont Pipeline. The total amount due for your portion of the construction phase is \$151,521.

Please sign both copies of the contract and return them to the District. A fully executed original will be returned to you. Both the contracts and the associated payment should be returned to the District no later than July 30, 2001.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Carl Brouwer
Senior Water Resources Engineer

LEGAL COUNSEL

Trout & Raley, P.C.
1120 Lincoln Street
Suite 1600
Denver, Colorado 80203

cps
Enclosures
By Federal Express

12 DLC5C
7533 Carresp.

NORTHERN COLORADO WATER CONSERVANCY DISTRICT

P.O. Box 679 · Loveland, Colorado 80539-0679 · 1250 North Wilson · Loveland, Colorado 80537
Phone (970) 667-2437 · FAX (970) 663-6907



DIRECTORS

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G. Raymond Joyce
Les Williams
Ruth Wright

LARIMER COUNTY

Mike Applegate
William H. Brown
Marjorie A. Knierl

WELD COUNTY

William E. Boltender
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Jerry Winters

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E. L. Cimen

LOGAN COUNTY

William Coudon

SEDGWICK COUNTY

George Jenik

DIRECTOR EMERITUS

W. D. Farr

OFFICERS

Mike Applegate,
President

Kenton Brunner,
Vice President

Eric W. Wilkinson,
Secretary

Dwight D. Zimbelman,
Treasurer
Chief Engineer

November 7, 2000

Ms. Judy Ding
Town of Erie
P.O. Box 750
Erie, CO 80516

Dear Ms. Ding:

Enclosed please find two signed Interim Agreements between the Northern Colorado Water Conservancy District, Acting by and Through its Southern Water Supply Project Water Activity Enterprise, and the Town of Erie for increasing the capacity of the Carter Lake to Broomfield phase of the Southern Water Supply Project.

Please sign both originals and return one to this office. The other original is for your records. If you have any questions, please feel free to call me at (970) 622-2298.

Sincerely,

Carl Brouwer
Senior Water Resources Engineer

cps
Enclosures

LEGAL COUNSEL

Trout & Raley, P.C.
1775 Sherman Street
Suite 1300
Denver, Colorado 80203

SEPARATOR PAGE

DLC5A
Erie



**Notice of Claim of Lien or Other Interest in a Class D Allotment
and
Request for Notification of Action Regarding a Class D Allotment**

Date: 7/15/98
 Name of Allottee: Town of Erie + Town of Erie Water Utility Enterprise
 Loan Number: C1536668
 Name of Lender: Colorado Water Conservation Board
 Mailing Address: 1313 Sherman St, Room 721
Denver CO 80203
 Contact Person: Jan ILLIAN
 Phone Number: 303/866-3441
 Fax Number: 303/866-4474

Complete Legal Description of Land to which a Class D Allotment has been made and which is subject to the Claim of Lien or Other Interest: Town of Erie's interest in the Allotment Contract dated 1/14/94
CWCB loan contract C1536668 dated 3/3/94

(If more space is needed, please continue legal description on the back of this form.)

One of the following documents must be attached to this Notice:

1. A copy of the recorded Deed of Trust which has been executed by the allottee of record.
2. A copy of the recorded UCC-1 which has been executed by the allottee of record.
3. A copy of a Court Judgment and Decree which creates or recognizes an interest in the allotment contract for the benefit of the party filing this notice.
4. A copy of the transcript of a money judgment in favor of the party filing this notice which has been granted by a Court having jurisdiction.
5. A copy of any other instrument evidencing interest in the Class D Allotment.



 Authorized Signature

Please return this form to:

Northern Colorado Water Conservancy District
 P. O. Box 679
 Loveland, Colorado 80539
 (970) 667-2437

FILED COPY

COLORADO UCC-2 CONTINUATION

Approved by Central Indexing System Board
Total Fee \$6 (\$5 Filing + \$1 Surcharge)
Use only this form for continuations between 7/1/96 & 12/31/97
ORIGINAL UCC FILING NUMBER

Original Filing Number: 962002972 C
Date & Time of Filing: 1/11/96 11:06
Filing Officer of Original Document:
County Page Number:

9972116499 M
6.00
SECRETARY OF STATE
12-18-97 15:25:51
For Filing Officer Use Only

DEBTOR NAME ON ORIGINAL DOCUMENT

(Put additional debtor(s) on attachment)

Check one: Business Personal

SSN/FED Tax ID:
NAME:
STREET:
CITY, STATE, ZIP:

84-0198350
TOWN OF ERIE AND THE TOWN OF ERIE
WATER UTILITY ENTERPRISE
P. O. BOX 100
ERIE, COLORADO 80516

County Where 1st Debtor Resides
(Use 2 Digit Code from Instruction Page)

07 BOULDER

SECURED PARTY OF RECORD

(Put additional secured parties on attachment)

NAME:
STREET:
CITY, STATE, ZIP:

STATE OF COLORADO
COLORADO WATER CONSERVATION BOARD
1313 SHERMAN STREET, ROOM 721
DENVER, COLORADO 80203

EFS Filing? Yes N
(If non EFS filing, fill in collateral codes
(If EFS filing, enter County Code and eff
(If EFS filing and all years covered, leav

RETURN COPY TO:

NAME:
ATTN:
STREET
CITY, STATE, ZIP:

STATE OF COLORADO
COLORADO WATER CONSERVATION BOARD
1313 SHERMAN STREET, ROOM 721
DENVER, COLORADO 80203

Collateral Code	County Code	From Date
030		

COMPLETE DESCRIPTION OF COLLATERAL Fold Here

CONTRACT ENCUMBRANCE NUMBER C-153668 Dated 3/3/94

FEE \$10.00

INSTRUCTIONS ON REVERSE SIDE

UCC-1 OCR

FORM COMMERCIAL CODE FINANCING STATEMENT

0C

1ST DEBTOR (PERSONAL)

S.S. No./FED Tax I.D. 84-0198350

Last Name First & Middle Name

1ST DEBTOR (BUSINESS) Name Town of Erie and the Town of Erie Water Utility Enterprise

Street P. O. Box 100 City Erie State CO Zip 80516

THIS DOCUMENT MUST BE TYPED IN BLACK

SECRETARY OF STATE • 1560 Broadway, Ste. 200, Denver, CO 80202 (303) 894-2200 EXT 7

962002972 C \$16.00 SECRETARY OF STATE 01-11-96 11:06

2ND DEBTOR (PERSONAL)

COPY

S.S. No./FED Tax I.D.

Last Name First & Middle Name

FILED COPY

2ND DEBTOR (BUSINESS) Name

Street City State Zip

1ST SECURED PARTY

Additional secured party on attachment

Name State of Colorado for the use and benefit of the Colorado Water Conservation Board

Street 1313 Sherman Street, Room 721 City Denver State CO Zip 80203

ASSIGNED PARTY

Name

Street City State Zip

CHECK IF APPLICABLE

This statement is to be filed for record in the real estate records

The debtor is a transmitting utility

PLEASE CHECK APPROPRIATE BOX.

THIS STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL

Already subject to a security interest in another jurisdiction when it was brought into this state, or when the debtor's location was changed to this state;

As to which the filing has lapsed; or

Which is proceeds of the original collateral described below in which a security interest was perfected

Acquired after a change of name, identity or corporate structure of the debtor

COLLATERAL USED use additional sheets 8 1/2 x 11 if more space is needed.

- Accounts, Accounts Receivable, Fixtures, Proceeds, Equipment, Machinery, Livestock, Farm Animals, Etc., Contract Rights, Inventory, Products, Truck, Car, Vehicle, Other

All revenues pledged from water user charges or fees and the borrower's interest in the Allotment Contract to repay indebtedness of the Town of Erie and the Town of Erie Water Utility Enterprise as approved by the Town Board of Trustees pursuant to C.R.S.

Town of Erie & the Town of Erie Wtr. Util. Entr. Colorado Water Conservation Board DEBTOR(S) SIGNATURES SECURED PARTY SIGNATURES

REPRODUCTION OF THIS FORM BY AUTHORIZED VENDERS ONLY

FEE \$10.00

INSTRUCTIONS ON REVERSE SIDE

UCC-1 OCR

FORM COMMERCIAL CODE FINANCING STATEMENT

002

1ST DEBTOR (PERSONAL)

S.S. No./FED Tax I.D. x 84-0198350

Last Name x First & Middle Name x

1ST DEBTOR (BUSINESS) Name x Town of Erie and the Town of Erie Water Utility Enterprise

Street x P. O. Box 100 City x Erie State x CO Zip x 80516

THIS DOCUMENT MUST BE TYPED IN BLACK

SECRETARY OF STATE • 1560 Broadway, Ste. 200, Denver, CO 80202 (303) 894-2200 EXT 7

962002972 C \$16.00 SECRETARY OF STATE 01-11-96 11:06

2ND DEBTOR (PERSONAL)

Additional debtor(s) on attachment

S.S. No./FED Tax I.D.

Last Name x First & Middle Name x

2ND DEBTOR (BUSINESS) Name x

Street x City x State x Zip x

FILED COPY

COPY

1ST SECURED PARTY

Additional secured party on attachment

Name x State of Colorado for the use and benefit of the Colorado Water Conservation Board

Street x 1313 Sherman Street, Room 721 City x Denver State x CO Zip x 80203

ASSIGNED PARTY

Name x

Street x City x State x Zip x

CHECK IF APPLICABLE

This statement is to be filed for record in the real estate records

The debtor is a transmitting utility

PLEASE CHECK APPROPRIATE BOX.

THIS STATEMENT IS SIGNED BY THE SECURED PARTY INSTEAD OF THE DEBTOR TO PERFECT A SECURITY INTEREST IN COLLATERAL

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As to which the filing has lapsed; or

Which is proceeds of the original collateral described below in which a security interest was perfected

Acquired after a change of name, identity or corporate structure of the debtor

COLLATERAL USED use additional sheets 8 1/2 x 11 if more space is needed.

- Accounts, Accounts Receivable, Fixtures, Proceeds, Equipment, Machinery, Livestock, Farm Animals, Etc., Contract Rights, Inventory, Products, Truck, Car, Vehicle, Other

All revenues pledged from water user charges or fees and the borrower's interest in the Allotment Contract to repay indebtedness of the Town of Erie and the Town of Erie Water Utility Enterprise as approved by the Town Board of Trustees pursuant to C.R.S.

§§ 37-45.1-101 et seq. and 31-15-302 et seq. C.R.S.

Town of Erie & the Town of Erie Wtr. Util. Entr. Colorado Water Conservation Board

DEBTOR(S) SIGNATURES Appendix 1

SECURED PARTY SIGNATURES

**ALLOTMENT CONTRACT WITH THE
NORTHERN COLORADO WATER CONSERVANCY DISTRICT
ACTING BY AND THROUGH THE SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE
FOR CAPACITY IN THE SOUTHERN WATER SUPPLY PROJECT PIPELINE**

This Allotment Contract dated this 14th day of January, 1994, is entered into by and between the Town of Erie (a municipal entity of the State of Colorado), acting by and through the Erie Water Department (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S §§ 37-45.1-101 et seq.), whose address is 645 Holbrook, Erie, Colorado 80516 (hereinafter called "Allottee"), and the Northern Colorado Water Conservancy District (a quasi-municipal entity and political subdivision of the State of Colorado), acting by and through the Southern Water Supply Project Water Activity Enterprise (a government-owned business within the meaning of Article X, Section 20(2)(d), of the Colorado Constitution, organized pursuant to C.R.S §§ 37-45.1-101 et seq.), whose address is 1250 North Wilson Avenue, P.O. Box 679, Loveland, Colorado 80539 (hereinafter called the "SWSP Enterprise") (collectively referred to herein as the "parties"), for an allotment of capacity in the SWSP Enterprise's Southern Water Supply Project Pipeline under and pursuant to the following terms and conditions.

1. Definitions. The following definitions shall apply herein:
 - a. "Board" shall mean the Board of Directors of the Northern Colorado Water Conservancy District.
 - b. "Carter Lake Outlet Works Modification" shall mean the modifications to the existing Carter Lake Dam No. 1 Outlet Works, a component of the Colorado-Big Thompson Project, a federally owned reclamation project, and replacement of a portion of the St. Vrain Supply Canal and related work, to allow continued deliveries of water from the existing Carter Lake Dam No. 1 Outlet Works through the St. Vrain Supply Canal and deliveries to the Pipeline.
 - c. "Contract" shall mean this Allotment Contract dated as set forth above between SWSP Enterprise and Allottee.
 - d. "District" shall mean the Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended, which owns and controls the SWSP Enterprise.
 - e. "District water" shall mean all water that accrues to the use of the District or its allottees by reason of the Colorado-Big Thompson Reclamation Project.
 - f. "Entity" shall mean any quasi-municipal corporation, limited liability company, municipal corporation, public corporation, joint venture, partnership, person, mutual ditch company, water users' association or private corporation.

- g. "Fiscal Year" shall mean the fiscal year of the SWSP Enterprise. Currently, the fiscal year of the SWSP Enterprise begins on October 1 and ends on September 30 of the following calendar year. However, the SWSP Enterprise may change the Fiscal Year during the term of this Contract.
- h. "GPD" shall mean gallons of water per day measured over a 24-hour period beginning at 12:00 a.m. and terminating at 12:00 a.m. on the next day.
- i. "Initial Participants" shall mean the Allottee and any other Entity with an enforceable contract for an allocation of capacity in the Pipeline executed on or before January 14, 1994. Attached hereto as Schedule A and incorporated herein by this reference is a list of all Initial Participants in the Pipeline, their respective initial allotted capacities in GPD, their respective initial points of delivery from the Pipeline and the minimum hydraulic elevation at such delivery points.
- j. "Participant" shall mean the Allottee and any other Entity with an enforceable contract for an allocation of capacity in the Pipeline which Entities may change from time to time as permitted hereunder.
- k. "Pipeline" shall mean the Southern Water Supply Project Pipeline that has been designed, bid and pursuant to the terms of this Contract, constructed by the SWSP Enterprise, which project shall include the Carter Lake Outlet Works Modification and the right to receive water deliveries from the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal to the pipeline Segments from the Carter Lake Outlet Works Modification to Broomfield, Colorado all as generally described on Exhibit 1 attached hereto and incorporated herein by this reference. The Pipeline is specifically described in the Drawings and Specifications entitled Modifications to the St. Vrain Supply Canal and Carter Lake Outlet Works Project prepared by Montgomery Watson, dated September 1993, and the Drawings and Specifications entitled Carter Lake to Broomfield Pipeline Project prepared by Montgomery Watson, dated August 1993, including all change orders thereto processed pursuant to the construction contracts, such Drawings and Specifications being incorporated herein by this reference.
- l. "Segment" shall mean an individual segment of the Pipeline for which the design capacity is constant. The Pipeline is divided into a number of segments. Attached hereto and incorporated herein by this reference as Schedule B is a description of each segment, including a description of the point of beginning and point of termination of each segment and a cost allocation within each segment and the allotted capacity in GPD in each segment for each Initial Participant.
- m. "St. Vrain Supply Canal" is a component of the Colorado-Big Thompson Project, a federally owned reclamation project, which begins at the downstream end of the existing Carter Lake Dam No. 1 Outlet Works and connects to Segment B1 of the Pipeline. The District has an exclusive and perpetual right to operate and maintain the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal, which includes delivering water, subject and pursuant to the July 5, 1938 Repayment Contract, as amended, between the United States and the District for the construction of the Colorado-Big Thompson Project and the U.S. Bureau of Reclamation Special Use Permit, Contract No. 2-LM-60-L2308.

- n. "Subdistrict" shall mean the Municipal Subdistrict, Northern Colorado Water Conservancy District, a political subdivision of the State of Colorado, and a body corporate with all the powers of a public or municipal corporation, organized and existing by virtue of Title 37, Article 45, Colorado Revised Statutes, as amended.
- o. "Subdistrict water" shall mean the quantity of water acquired and obtained by the Subdistrict from the development and construction of the Windy Gap Project pursuant to applicable state law, and which is deliverable to Subdistrict allottees.

2. Allocation of Capacity.

- a. SWSP Enterprise covenants that Allottee shall have the perpetual, exclusive right to use 1.03 million GPD of capacity in the Pipeline from Carter Lake to the delivery point described in Schedule A attached hereto, upon completion of construction thereof. Allottee's water will be delivered to Allottee by SWSP Enterprise through the Pipeline at Allottee's request and on a year-round, continuous basis except for disruptions specifically permitted herein and disruptions resulting from emergencies. Allottee shall not have the right to use capacity in the Pipeline allotted to any other Participant without the express permission of the Participant whose capacity is being utilized.
- b. SWSP Enterprise shall provide Allottee with eighty (80) days' prior written notice of any scheduled disruption in the delivery rights of Allottee described herein. Such eighty (80) day notice shall include the date scheduled for initiation and termination of the disruption. Allottee shall respond within thirty (30) days of receipt of the eighty (80) day notice and such thirty (30) day response notice shall notify SWSP Enterprise as to whether the disruption is acceptable or unacceptable. If the scheduled disruption is unacceptable, Allottee shall state conditions under which the disruption would be acceptable to Allottee and provide a minimum disruption of seven (7) consecutive days. SWSP Enterprise shall not proceed in permitting the scheduled disruption unless and until issues raised in the response notice have been addressed to reasonably assure unimpaired delivery to Allottee's service users.
- c. Allottee's delivery point from the Pipeline set out above and the minimum hydraulic elevation at the delivery point described in Schedule B shall not be changed by the SWSP Enterprise without the written consent of Allottee. The Allottee at its sole discretion may designate one or more alternate points for delivery from its delivery point described in Schedule A to another point upstream on the Pipeline without the consent of SWSP Enterprise so long as the change redesignation does not adversely affect the hydraulic characteristics or operation of the Pipeline; provided, however, Allottee shall pay all costs of design, engineering, construction and administration of changing its delivery point(s).
- d. In the event that the Pipeline, after completion of construction, has capacity downstream of the Carter Lake Outlet Works Modification in excess of the initially allocated capacity ("Excess Capacity"), Allottee shall have the perpetual, exclusive right to use a pro rata share of the Excess Capacity at Allottee's point of delivery. The Allottee's pro rata share of the Excess Capacity shall be the Allottee's percentage of the total Individual Segment Specific Costs and Non-Segment Specific Costs of the Pipeline for all Segments downstream of the Carter Lake Outlet Works Modification. In addition, if Allottee is entitled to a

pro rata share of the Excess Capacity. Allottee shall have the perpetual, exclusive right to use a sufficient amount of additional capacity in the Carter Lake Outlet Works Modification to utilize said Excess Capacity. Allottee's perpetual, exclusive right to use Excess Capacity hereunder shall be at no increased cost and shall be subject to Allottee's full compliance with all the terms, conditions and obligations hereinafter set forth. Allottee shall have the right, at its written request, to have the Excess Capacity allocated in one (1) or more additional Allotment Contracts.

- e. In the event the Pipeline has Excess Capacity as described in paragraph 2.d. above, Participants which only participate in the Carter Lake Outlet Works Modification shall be allotted additional capacity in the Carter Lake Outlet Works Modification as follows: The additional capacity allotted to a Participant which only participates in the Carter Lake Outlet Works Modification will equal the total Excess Capacity allotted to Participants in the Pipeline downstream of the Carter Lake Outlet Works, as determined pursuant to paragraph 2.d. above, multiplied by the total costs paid by that Participant for the Carter Lake Outlet Works Modification divided by the total costs for the Carter Lake Outlet Works Modifications paid by Participants downstream of the Carter Lake Outlet Works Modification.
- f. The allocation of capacity pursuant to this Contract constitutes a vested property right for which the Allottee has paid fair and adequate consideration. Said allocation is not in any way executory in nature and it is the parties' intent and the economic substance of this transaction that upon the payment of Allottee's Construction Costs, the Allottee shall have totally performed all obligations requisite to the allocation of capacity by the SWSP Enterprise. It is the parties' intent and belief that the prepaid vested right to capacity in the Pipeline is neither an executory contract nor an unexpired lease and the parties intend that the Allottee's right to capacity is not a species of property that is subject to the assumption - rejection provisions of 11 U.S.C. § 365 in the case of an eventual bankruptcy by the SWSP Enterprise, the District or any of its successors or assigns.
- g. It is possible in the future that the capacity of the Pipeline may be increased by the application of new technologies, which capacity would be above that originally constructed and allocated on Schedule B. All existing Participants at the time of expansion shall have a right of first refusal to participate in the construction of the increased capacity. It is the intention of SWSP Enterprise and the Allottee that all future participants in the project to increase capacity of the Pipeline shall pay for their share of the cost of the Pipeline adjusted through the date of the calculation as set forth below. Therefore, the cost of the construction of the increased capacity shall be added to the original cost for construction of the Pipeline, including, General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs, plus 9 percent (9%) interest, from the date the funds were expended by the Initial Participants through the date of completion of construction of the increased capacity. The total costs for each Segment as such Segments are defined on Schedule B, shall be allocated between and among the Participants in the original Pipeline and the participants in the increased capacity project. Participants in the increased capacity project shall make reimbursement to each of the original Pipeline Participants of the amounts necessary to adjust the contributions of the original Pipeline Participants and the increased capacity Participants based upon the new allocation by Segment so that all participants will have paid the same amount per unit of capacity per Segment.

- h. The right of first refusal set forth above shall require SWSP Enterprise to offer to each of the Participants the opportunity to participate in the construction of the increased capacity on terms and conditions substantially similar to all others requesting to participate in such project. Allottee shall have sixty (60) days from the receipt of the final terms and conditions of the participation to respond in writing with regard to its desire to participate. Allottee's right of first refusal shall terminate only as to those contracts for increased capacity which are completed upon terms substantially similar to those offered to Allottee and to which Allottee did not respond with its desire to participate within the sixty-day period. Unless previously terminated pursuant to this paragraph, Allottee's right of first refusal shall terminate on the last day of the 90th year after execution of this Contract.

3. Use of Capacity and Water.


- a. Pipeline capacity allotted herein shall be used only for the transmission of: (i) District water or Subdistrict water from Carter Lake Reservoir; (ii) non-District water or non-Subdistrict water not delivered from Carter Lake Reservoir and used by direct diversion, by exchange or otherwise, only within the boundaries of the District or the Subdistrict or any other property eligible for inclusion within the District or Subdistrict upon the inclusion thereof; (iii) any other water deliverable from Carter Lake Reservoir with the specific approval of the Board and the approval of the Secretary of the Interior of the United States of America or his designee (if Secretarial approval is required by law or contract); or (iv) any other water with the specific approval of the Board; all for the use of Allottee, its water customers, or other Entities permitted hereunder. All water introduced into the Pipeline from sources other than Carter Lake Reservoir shall be of a quality at least equal to that in Carter Lake Reservoir at the time of the introduction of said water.
- b. Water delivered through the Pipeline shall only be beneficially used, whether the use is by direct diversion, by exchange or otherwise, in accordance with the terms of this Contract; the Water Conservancy Act of Colorado, C.R.S. §§ 37-45-101 et seq., § 37-83-106; the rules, regulations and policies of the Board; and the Colorado-Big Thompson Project Repayment Contract between the District and the United States of America dated July 5, 1938, if applicable, or as otherwise allowed with the Board's consent.

4. SWSP Enterprise Ownership, Operation and Maintenance.

- a. The SWSP Enterprise shall own, construct, operate, maintain, replace and repair the Pipeline, subject to the Allottee's perpetual, vested right to possession of that portion of the capacity of the Pipeline allocated herein. To this end the SWSP Enterprise shall be responsible for all planning, scheduling, right-of-way acquisition, construction and engineering contracts relating to the Pipeline; any required permits, impact statements and other procedural or substantive matters necessary for completion of the Pipeline; and all operation, maintenance, and replacement of the Pipeline.
- b. The SWSP Enterprise covenants to prudently design, construct, operate, maintain, repair and replace the Pipeline in good faith for the benefit of the Allottee and the other Participants. SWSP Enterprise acknowledges that Allottee is relying upon this covenant of SWSP Enterprise in executing this Contract and in making payment of all amounts due hereunder. SWSP Enterprise and the

Allottee agree that non-performance by SWSP Enterprise of its obligations to design, construct, operate maintain, repair and replace the Pipeline shall result in damages to Allottee which will be difficult to calculate and for which there may not be an adequate remedy at law. Therefore, SWSP Enterprise and Allottee agree that, so long as the Participants have provided SWSP Enterprise adequate funds to design, construct, operate, maintain, repair and replace the Pipeline under this Contract, in the event of non-performance by SWSP Enterprise, Allottee shall have the right to a remedy of specific performance to require SWSP Enterprise to perform its obligations as set forth herein or the right to damages, or both. The SWSP Enterprise's financial obligations to design, construct, operate, maintain, repair and replace the Pipeline under this Contract shall be payable solely out of the assets and revenues of the SWSP Enterprise; provided, however, SWSP Enterprise shall be liable for its negligence or gross negligence. The Allottee does not waive any right of action that it may have against the SWSP Enterprise or the District for liability arising from tort, subject and pursuant to applicable law. In no event shall the SWSP Enterprise be required to expend any money from taxes which is in violation of Section 20(4) of Article X of the Colorado Constitution in the performance of its obligations under this Contract or which would cause SWSP Enterprise to lose its enterprise status as such status is defined in the Colorado Constitution.

- c. The SWSP Enterprise warrants and represents that the District has the lawful and physical ability to construct, operate, maintain and utilize the Carter Lake Dam No. 1 Outlet Works and the St. Vrain Supply Canal, and any other federal facilities owned by the U.S. Bureau of Reclamation (collectively, the "Federal Facilities") for the purpose of delivering water from the Carter Lake Dam No. 1 Outlet Works through the Pipeline at the capacities allotted to the Participants subject and pursuant to the Repayment Contract dated July 5, 1938, between the District and the U.S. Bureau of Reclamation, as amended, and the Special Use Permit Contract No. 2-LM-60-L2308, issued to the District by the U.S. Bureau of Reclamation. The SWSP Enterprise covenants that it shall comply with all terms and conditions of said Special Use Permit and maintain it in full force and effect throughout its term, and that it shall successively apply for the issuance of new permits, if necessary, in order to ensure that there is no lapse in the SWSP Enterprise's rights to access the Federal Facilities for use in connection with the Pipeline, provided that Participants have provided the SWSP Enterprise with adequate funds to operate, maintain, repair and replace the Pipeline under the Contract.
- d. The SWSP Enterprise agrees to design, construct, complete, operate, maintain, repair and replace the Pipeline in accordance with applicable federal, state and local laws, including, but not limited to, those Colorado statutes which require posting of performance and labor and material bonds and withholding of retainage.
- e. Allottee's rights in the Pipeline shall not include:
 1. **Capacity in Carter Lake Outlet Works Modification Above the Total Capacity Allotted to Participants.** Except as provided in paragraphs 2.d. and 2.e. above, any capacity in the Carter Lake Outlet Works Modification above the total capacity allotted to Participants shall belong to the SWSP Enterprise. This capacity may be used by the SWSP Enterprise, allotted to any Participant or future Participant at the sole discretion of the Board or allotted to any other Entity at the sole discretion of the Board upon payment of a fee so long as the fee equals or exceeds the cost of SWSP Enterprise in creating such capacity. If the



fee is less than the cost of creating such capacity, then Allottee shall have a right of first refusal on such capacity, which shall be exercised and/or extinguished on the same terms as the right of first refusal in paragraph 2.h. above. The fee collected by SWSP Enterprise from any Entity in the future for connection to or use of capacity in the Carter Lake Outlet Works Modification shall be distributed to each Participant and retained in part by SWSP Enterprise in amounts to be determined by multiplying the fee received by the percentage of contribution to the Carter Lake Outlet Works Modification as set forth on Schedule C, which will be created and attached hereto after completion of construction of the Carter Lake Outlet Works Modification and shall show the contribution of the SWSP Enterprise and each Initial Participant to said Modification.

- ii. **Rights-of-Way Acquired in Connection with the Pipeline.** All rights-of-way acquired in connection with the Pipeline shall belong to the SWSP Enterprise subject to the obligation of SWSP Enterprise to make reimbursement to the Participants for future use of the rights-of-way as set forth herein. Except for surface use of rights-of-way within and north of the Longmont Planning Area pursuant to the "Agreement Between the Northern Colorado Water Conservancy District and the City of Longmont Regarding Acquisition and Use of Pipeline Right-of-Way", use of these rights-of-way by any Participant for any purpose other than the Pipeline is at the sole discretion of the Board; except that all Participants shall have the right to use the Pipeline rights-of-way at no increased cost to connect to the Pipeline and obtain delivery of water at their respective points of delivery described in Schedule A (or any changed point of delivery), and to cross the Pipeline rights-of-way with their own utility lines so long as such utility lines do not unreasonably interfere with the operation, maintenance and replacement of the Pipeline. Except as provided above, all Entities shall be required to pay the Participants for use of the right-of-way in an amount equal to the greater of a) the appraised value of the right to so use the Pipeline right-of-way at that time or b) one-half of the actual cost of acquisition of the permanent Pipeline right-of-way plus all carrying costs including interest at nine percent (9%) from the date of acquisition of the right-of-way through the date of conveyance. The payment shall be divided among the Participants based upon their contributions to the original cost of the Pipeline right-of-way determined on a Segment-by-Segment basis as established in the percentages set forth on Schedule B-3.
- iii. **Hydroelectric Power Potential.** The SWSP Enterprise shall own all rights to generate hydroelectric power at any location along the Pipeline; provided, however, that generation of hydroelectric power shall in no way interfere with the delivery of water to the Allottee. The Participants shall have the right to participate in the construction, operation and maintenance of any hydroelectric power generating facilities along the Pipeline by the SWSP Enterprise, and to the extent they do, they shall be entitled to receive revenues generated thereby, but Allottee shall otherwise have no obligation to pay any part of the cost of construction, operation or maintenance of any such facilities. Allottee shall own all rights to generate hydroelectric power at locations along Allottee's pipelines which are connected to but not part of the Pipeline. Allottee shall not construct pipelines, hydroelectric power generating facilities, or any other facilities which are hydraulically connected to the Pipeline without first obtaining prior technical approval for such facilities in

writing from the SWSP Enterprise to ensure that such facilities do not interfere with the hydraulic characteristics or operations of the Pipeline, or otherwise potentially damage the Pipeline. Should the Allottee's generation of hydroelectric power or operation of any other facilities which are hydraulically connected to the Pipeline interfere with the intended operation of the Pipeline, Allottee shall cease operation of those facilities upon receiving written notification of interference by the SWSP Enterprise until modifications can be made to eliminate any interference. Except as provided in paragraph 2.c. above, Allottee shall not construct or install any modifications to facilities which are hydraulically connected to the Pipeline without first obtaining prior technical approval for such modifications in writing from the SWSP Enterprise to ensure that such facilities do not interfere with the hydraulic characteristics or operations of the Pipeline, or otherwise potentially damage the Pipeline.

5. Cost Allocation Methodology. All costs for planning, design, right-of-way acquisition, construction, administration, operation, maintenance, repair and rehabilitation of the Pipeline will be divided into three categories: General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs.

- a. **General Pipeline Costs** will be those costs which cannot be specifically related to an individual Segment and which shall be allocated based upon the Participants' percentages in Segment 01, as set forth on Schedule B. Such costs will include, but not be limited to, cost of preparation of the environmental assessment for the Pipeline.
- b. **Individual Segment Specific Costs** will be those costs which relate only to an individual specific Segment of the Pipeline including, but not limited to, costs for right-of-way, the costs of designing, purchasing and installing the Pipeline SCADA system and construction. There will be a Segment Specific Cost category for each Segment of the Pipeline. Individual Segment Specific Costs will be allocated based upon each Participant's share of the capacity of the individual Segment allocated to all Participants as set forth on Schedule B.
- c. **Non-Segment Specific Costs** will be those costs which relate to the Pipeline downstream of the Carter Lake Outlet Works Modification but cannot be specifically related to an individual Segment. Non-Segment Specific Costs include, but are not limited to, design, engineering and administration costs and will be allocated to each Segment of the Pipeline based on the length of that Segment as a proportion of the total length of the Pipeline downstream of the Carter Lake Outlet Works Modification. The percentages established for the sharing of these costs for each Segment are as set forth on Schedule B.
- d. **Allottee's Construction Costs** shall be a collective reference to the amounts determined to be due hereunder from Allottee after calculating the Allottee's share of General Pipeline Costs, Individual Segment Specific Costs and Non-Segment Specific Costs, minus pre-construction costs, as defined herein (excluding any costs for operation and maintenance).

6. Charges and Costs.

- a. Allottee has previously agreed to pay \$143,700 as its pro rata share of the Pipeline pre-construction costs incurred for administration, preliminary and final design, environmental evaluations and other necessary items. Of this

amount. Allottee has already paid \$143,700. Allottee shall pay an additional \$11,700 as the remaining amount due for its share of Pipeline pre-construction costs upon the mutual execution of this Contract.

- b. In return for the perpetual, exclusive allocation and use of Pipeline capacity as described in this Contract, subject to the terms and conditions of this Contract and as provided in C.R.S. §§ 37-45-101 et seq., as amended, Allottee shall pay to the SWSP Enterprise Allottee's Construction Costs in the total amount of \$1,299,000 on the fifth (5th) business day after receipt of written notice that the United States Department of Energy has reimbursed Broomfield for all amounts advanced by Broomfield to SWSP Enterprise which amount shall not be less than \$18,380,000.
- i. Upon payment of Allottee's Construction Costs, Allottee shall also 1) pay the SWSP Enterprise five percent (5%) of the Allottee's Construction Costs to be used by the SWSP Enterprise to pay for additional preconstruction costs not included in the payments set forth in paragraph 6.a. above, if any, and to pay for change orders under the construction contracts made necessary by changed or unforeseeable conditions, delays or other claims by the contractors (provided that the SWSP Enterprise shall reasonably pursue claims against third parties who may be liable for part or all of said delays or claims) and 2) shall deposit in an interest bearing escrow account mutually acceptable to the SWSP Enterprise and the Allottee an additional five percent (5%) of the Allottee's Construction Costs (or Allottee shall deposit such amount in twelve (12) equal monthly installments, at its option, commencing on the date of payment of the Allottee's Construction Costs) to be released upon mutual agreement of the SWSP Enterprise and Allottee for payment of change orders or other charges for Pipeline construction. The escrow account shall be terminated and any unused funds returned to the Allottee, and the SWSP Enterprise shall refund to the Allottee any portion of the five percent (5%) paid to the SWSP Enterprise pursuant to item 1) above that is not used, when construction of the Pipeline has been finally completed, all contractors have been finally paid and all claims have been settled.
- ii. At such time that it appears that the five percent (5%) fund provided in paragraph 6.b.i., item 1), will be depleted, the SWSP Enterprise shall give at least fifteen (15) days advance written notice to all Participants accompanied by reasonable information regarding past change orders and the possible need for additional change orders, and may request additional contributions from the escrow account described in paragraph 6.b.i., item 2), or from other sources if the escrow account has been depleted. In the event that no Participant agrees to provide the additional funds, the SWSP Enterprise shall either complete construction of the Project, if possible, with the remaining funds available to it or proceed in accordance with paragraph 17 below. In the event that one or more Participants agrees to provide the additional funds, the SWSP Enterprise shall request in writing that all Participants provide their pro rata share of the additional funds and proceed pursuant to paragraph 6.b.iii. below.
- iii. Within thirty (30) days after the SWSP Enterprise's written request pursuant to paragraph 6.b.ii. above, Allottee shall pay the SWSP Enterprise such additional funds as are necessary to complete construction of the Pipeline. The requirement to pay such additional

sums shall be subject to annual appropriations or budgets of such sums by the Allottee. If Allottee is unable or unwilling to make such requested payments, Allottee shall automatically lose a portion of its allotted capacity in the Pipeline pursuant to the procedures set out in paragraph 8.b.i. below, and the Allottee shall have no further obligation to pay such sums or additional future sums related to the lost portions of its allotted capacity.

- iv. The SWSP Enterprise shall deposit all funds provided by the Allottee pursuant to paragraphs 6.b., 6.b.i., 6.b.ii. and 6.b.iii. above in an interest bearing account and shall pay the interest earned on said funds to the Allottee on a quarterly basis.
 - v. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of annual charges and costs incurred by the SWSP Enterprise in the administration, operation, maintenance, repair, and replacement of the Pipeline and such other annual costs as may arise from and be attributable to the operation of the Pipeline.
 - vi. Allottee agrees to make payment of, pursuant to the procedures set out in paragraph 8.a. below and subject to paragraph 8.b. below, its share of such an annual amount as the Board shall determine to be necessary to establish and maintain an operating and maintenance reserve fund equal to eighteen months operating and maintenance charges and costs.
- c. The payments described in this paragraph 6 and in paragraph 8 below are full payment for all water delivery services to be provided to Allottee under this Contract. No other charge, fee, tax, or levy for the Pipeline or the use thereof, shall be made to Allottee or its citizens, directly or indirectly by SWSP Enterprise; except for any fees, charges or assessments charged or levied by the District or Subdistrict in connection with allotment contracts for District water or Subdistrict water or inclusion of the Allottee or its land area within the boundaries of the District or Subdistrict, or taxes charged or levied by the District or Subdistrict on lands included within the District or Subdistrict.
- d. All money paid to the SWSP Enterprise by the Allottee under this Contract shall be kept in separate accounts from all other accounts of the SWSP Enterprise or the District and shall be used only for Pipeline purposes as specified in this Contract.

7. Estimated Demand and Delivery Schedule. Commencing in the year in which the Pipeline becomes operational and on or before December 1 of each year thereafter, Allottee shall provide the SWSP Enterprise with an estimated demand and delivery schedule for the use of its capacity, not to exceed the amount allotted herein, for the following calendar year. This schedule shall contain the time and quantities of water which Allottee estimates it shall require to be transmitted by the Pipeline. This schedule may be modified by the Allottee from time to time as the need warrants, in its sole discretion, within the physical capabilities of the Pipeline.

8. Payment of Charges.
- a. Payment of the costs for annual administration, operation and maintenance, including repair, shall be the responsibility of the Participants which shall be allocated on the same percentages which determine each Participant's Construction Costs, including the Allottee's Construction Costs as set forth on Schedule B. No later than three (3) months prior to the completion of construction of the Pipeline, the SWSP Enterprise shall issue a billing statement to Allottee requiring payment of the anticipated annual charges and costs to be incurred for administration, operation, maintenance, repair and replacement of the Pipeline for the remainder of that Fiscal Year, pursuant to paragraphs 6.b.v. and 6.b.vi. above and to establish reserve funds. In succeeding years, a statement of estimated annual charges shall be issued on or before October 15 of each year for the current Fiscal Year. A billing statement for annual charges shall be issued on or before January 15 of each year for the current Fiscal Year. Charges and costs for administration, operation, maintenance, repair and replacement of the Pipeline shall be allocated either as General Pipeline Costs, Individual Segment Specific Costs or Non-Segment Specific Costs as described in paragraphs 5.a., 5.b. and 5.c. above. Except for the first year, estimated charges and costs for administration, operation, maintenance, repair and replacement shall be based on the anticipated use of the Pipeline for the current Fiscal Year using the costs of administration, operation, maintenance, repair and replacement for the prior Fiscal Year, plus any positive and negative adjustments necessary to account for differences between the estimated and actual costs for the prior year and anticipated differences in the current year. The SWSP Enterprise will reconcile the Allottee's payment with the actual costs incurred for each Fiscal Year and shall either apply a credit or impose an additional charge on the following year's billing statement. Allottee shall pay the charges shown on the first year's billing statement within sixty (60) days after receipt. Allottee shall pay the net charges shown on billing statements for subsequent years by March 15. Any interest earned by the SWSP Enterprise on funds paid by the Allottee before being expended by the SWSP Enterprise shall be credited against the succeeding year's Non-Segment Specific Costs. Allottee shall have the right to annually audit, at its expense, the books and records of the SWSP Enterprise relating to the Pipeline.
- b. 1. The requirement to pay administration, operation, maintenance, repair and replacement charges and costs of the Pipeline shall be subject to annual appropriation or budgeting of such charges and costs by the Allottee and shall not be a multiple fiscal year obligation of the Allottee. If those charges and costs are not paid in accordance with this Contract, the SWSP Enterprise shall give the Allottee written notice of default hereunder and Allottee shall have ninety (90) days after receipt of the notice to cure the default. In the event that the Allottee does not fully cure the default within said ninety (90) day period, the Allottee shall automatically lose a portion of its allotted capacity ("Lost Capacity") determined by the SWSP Enterprise to be equal in value to the amount of charges and costs not paid and the Allottee shall have no further obligation to pay administration, operation, maintenance, repair and replacement charges and costs of the Pipeline related to the Lost Capacity. The SWSP Enterprise's determination of value of the Lost Capacity shall be based upon the price of at least three recent sales of capacity in the Pipeline, suitably adjusted for inflation and other relevant factors. If three recent sales have not occurred, the SWSP Enterprise's determination of value of the Lost Capacity shall be based upon the original cost of the Pipeline (including all planning, design, permitting,

land acquisition, construction and other costs) suitably adjusted based upon depreciation, inflation, interest rates and other relevant factors. Other Participants shall have the right to purchase such Lost Capacity within ninety (90) days after the SWSP Enterprise gives notice that it is available for purchase at the value determined by the SWSP Enterprise, plus any costs that the SWSP Enterprise incurs in performing its duties under this paragraph. If there are more Participant purchasers than Lost Capacity available for sale, it shall be allocated based upon each Participant's previously allotted capacity in the Pipeline downstream of the Carter Lake Outlet Works Modification as set forth on Schedule B. If not all of the Lost Capacity is purchased by the other Participants within the ninety (90) day period, the SWSP Enterprise may sell the Lost Capacity to any Entity eligible to use Pipeline capacity hereunder at the price at which it was offered to the Participants. After any such sale, any amount in excess of the unpaid charges and costs plus interest and any costs that the SWSP Enterprise incurs in performing its duties under this paragraph shall be refunded to the Allottee.

ii. If the SWSP Enterprise is unable to sell the Lost Capacity within ninety (90) days after it is offered for sale to any Entity eligible to use Pipeline capacity hereunder, the SWSP Enterprise shall have the right to terminate deliveries to the Allottee. After such termination of delivery, the SWSP Enterprise shall continue to offer the Lost Capacity for sale at the price at which it was offered to the Participants and water deliveries to Allottee shall be resumed (for capacity for which payments are current and which has not been sold) upon sale of the Lost Capacity to Allottee or any other eligible Entity. Unpaid operating and maintenance expenses shall be drawn from the reserve fund. The reserve fund shall be replenished by the Participants annually. This paragraph shall provide the SWSP Enterprise's exclusive remedy for recovering administration, operation, maintenance, repair and replacement costs in the event that Allottee does not appropriate funds or pay those costs as provided in paragraph 8.a. above.

c. The Allottee's payment of annual administration, operation, maintenance, repair and replacement charges and costs of the Pipeline, pursuant to the preceding paragraphs 6.b.v., 6.b.vi., and 8.b., does not in any way impair the vested nature of the allocation of capacity pursuant to this Contract and are not related to the value of that vested right. These obligations do not convert the Allottee's prepaid right of possession of its allotted capacity in the Pipeline into any form of an executory lease or contract.

9. Completion Date. Attached hereto as Exhibit 2 is a time line for construction and completion of the Pipeline. The time line may be modified for good cause and to be consistent with any modifications to the November 12, 1991, contract between the District and the City of Broomfield. The SWSP Enterprise shall complete construction of the Pipeline in accordance with the time line as modified, subject to force majeure events, any permissible delays under the November 12, 1991, contract between the District and the City of Broomfield, failure of the Participants to make required payments under this or similar contracts and so long as the delay is not as a direct or indirect result of SWSP Enterprise's negligence, delays beyond the SWSP Enterprise's reasonable control caused by the construction process or the construction contractors. In addition, the completion date is subject to change based upon mutual agreement of all of the Participants, as conditions and available information warrant.

10. Construction and Financial Reports and Meetings. The SWSP Enterprise will provide Allottee with written monthly reports together with financial reports regarding payment of charges and costs and expenditures during construction of the Pipeline on the progress of construction and the expenditure of funds. In addition, the SWSP Enterprise shall schedule and hold meetings of all Participants at the offices of the District in Loveland, Colorado, at least quarterly at which time the SWSP Enterprise shall present and discuss the financial reports regarding payment of charges and costs by the Participants and the expenditure of funds.

11. Limitations on Rights of Allottee. In addition to all the other terms, conditions and covenants contained herein, it is specifically understood and agreed by and between the parties hereto that the rights of the Allottee hereunder are subject to the following terms, conditions and limitations, which are incorporated herein by this reference:

- a. The Water Conservancy Act of Colorado, C.R.S §§ 37-45-101 et seq.; and
- b. The rules, regulations and policies of the Board and the same as may be amended from time to time, provided that to the extent such future rules, regulations and policies adversely affect the Allottee's rights hereunder or its rights to use the capacity contracted for in any lawful manner, such future rules, regulations or policies shall not be enforceable against Allottee.

12. Transfer of Allotment. Allottee shall have the right to permanently assign or transfer all or any part of its allotment of capacity hereunder, for such consideration as Allottee in its sole discretion may establish, subject to the terms and conditions of this Contract to another Entity that is financially able to perform this Contract with the prior written consent of the Board, which shall not be unreasonably withheld. Allottee may, in its sole discretion, lease, sublease, pledge a security interest in a lease, or pledge or encumber all or a portion of its allotment of capacity hereunder to another Entity subject to the terms and conditions of this Contract without prior approval of the Board. Allottee shall be relieved of its obligations hereunder to the extent of any permanent transfer of capacity, except as otherwise provided herein. Promptly following any lease, sublease, assignment, pledge or other hypothecation, the lessee, sublessee, assignee, pledgee, etcetera, as applicable, shall deliver to the SWSP Enterprise a written notice and acknowledgement in the form of Exhibit 3 attached hereto. This Contract is made for the exclusive benefit of the Allottee and shall not inure to the benefit of any successors or assigns of said Allottee except pursuant to the terms of this Contract.

13. Permitted Assignments. Allottee shall have the right to temporarily assign all or a portion of its capacity allotment to another Participant within the physical capabilities of the Pipeline and the conditions set forth on Schedule A. The SWSP Enterprise shall not be required to recognize such an assignment until it has received reasonable notice thereof from the Allottee.

14. Remedies.

- a. Should the Allottee or the SWSP Enterprise suffer injury or damage to person or property because of any error, omission or act of the other party or of any of the other party's employees or agents or others for whose acts the other party is legally liable, claims will be made in writing to the other party within a reasonable time of the first observance of such injury or damage. The

provisions of this subparagraph shall not be construed as a substitute for or waiver of the provisions of any applicable statute of limitations or repose or any other rights hereunder.

- b. The duties and obligations imposed by this Contract and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, any rights and remedies available to them which are otherwise imposed by law or regulation, and the provisions of this paragraph will be as effective as if repeated specifically in the Contract in connection with each particular duty, obligation, right, and remedy to which they apply. All representations and commitments made in the Contract will survive final payment and termination or completion of the Contract.

15. Most Favored Party. The terms and provisions of the Allotment Contracts for each of the Participants will be substantially similar and in no event will SWSP Enterprise offer an Allotment Contract to another Participant with more favorable provisions, based on all of the terms and conditions of the Agreement as a whole, without first offering to Allottee the opportunity to amend its Allotment Contract to contain such favorable provisions.

16. Legal and Practical Ability to Perform. SWSP Enterprise and Allottee, respectively, warrant and represent as follows:

- a. The SWSP Enterprise hereby warrants and represents to Allottee that SWSP Enterprise is validly organized and has the power and authority to enter into this Contract and to allot to Allottee the rights described herein. SWSP Enterprise agrees that any assignment of its rights and responsibilities hereunder shall be void and unenforceable without the prior written approval of the Allottee except as set forth in paragraph 17 below.
- b. Allottee hereby warrants and represents to SWSP Enterprise that Allottee is validly organized and has the power and authority to enter into this Contract and to accept the allotment described herein.

17. Completion of Project. After deposit of Allottee's Construction Costs, SWSP Enterprise shall complete the construction of the Pipeline as expeditiously as possible. If additional funding for change orders is not provided, SWSP Enterprise shall first provide all Participants the opportunity, but not the obligation, to assume any one Participant's Contract, or unfunded portion thereof. If funding is then insufficient to complete the Pipeline, SWSP Enterprise shall redefine the Pipeline project and revise the plans and specifications so that water is deliverable through the Pipeline to those Participants providing funding to the extent possible. In the event that the SWSP Enterprise is unable to complete construction of the Pipeline, it shall, nevertheless, complete the Carter Lake Outlet Works Modification, subject to funds being available, and, upon request, convey or assign to the Participants on the same percentage as funds were contributed all of its right, title and interest in all of the assets (including cash) which it holds or owns for the Pipeline, including a right to receive delivery of water through the Carter Lake Outlet Works Modification, and shall assign all agreements, permits and other similar items which are assignable that it has obtained for the Project. All such conveyances and assignments shall be subject to the terms and conditions of the asset, agreement, permit or other item conveyed or assigned. After completion of said conveyances and assignments, the SWSP Enterprise shall have no further obligation or liability to the Participants to complete construction of the Pipeline or provide delivery of water under this Contract.

18. Issuance of Estoppel Certificate(s). Upon not less than ten (10) days' notice from Allottee, SWSP Enterprise shall deliver to Allottee an estoppel certificate confirming (i) the amount of capacity to which Allottee is entitled hereunder; (ii) that Allottee has paid all current charges or assessments due hereunder; and (iii) any other matters reasonably requested by Allottee.

19. Non-Waiver of Immunity. It is not the intention of the parties hereto to waive any immunities to their liability provided by statute or otherwise.

20. Permitting. The parties recognize that the Pipeline route crosses certain lands located within the Town of Erie's ("Erie") municipal boundaries and lands that may be owned or controlled by Erie. On October 26, 1993, the SWSP Enterprise submitted an application to Erie for review and approval of construction of the Pipeline within Erie's municipal boundaries pursuant to Erie's Ordinance 408. The SWSP Enterprise also submitted copies of Pipeline construction drawings PP-50 to PP-59, G-1 to G-4 and an overview map. Erie and the SWSP Enterprise agree that the SWSP Enterprise shall submit a \$50 application fee to Erie and the additional information indicated on Exhibit 4 attached hereto and incorporated herein by this reference. Once such information has been submitted to Erie, Erie shall process and finally act upon the application within 60 calendar days. Erie shall not unreasonably withhold approval of the Pipeline pursuant to this process and shall limit its review to those areas of Erie where the Pipeline is not a use by right. Erie and the SWSP Enterprise recognize that in entering into this Contract the parties are agreeing to the route of the Pipeline as shown in Exhibit 1 and the Carter Lake to Broomfield Pipeline Project Drawings and Specifications incorporated herein by virtue of paragraph 1.k. hereof, and that the Pipeline cost estimates used to determine the Allottee's charges and costs set out in paragraphs 6.a. and 6.b. hereof are dependent upon said route. In recognition of these circumstances, Erie and the SWSP Enterprise agree that the Pipeline route will not be materially changed by the action of either party without the prior approval of the other party and that Erie will not impose any conditions in the above-referenced permitting proceeding which would materially increase the cost of the Pipeline. By submitting its application to Erie and participating in Erie's review process, the SWSP Enterprise does not waive any rights that it may have to construct, operate and maintain the Pipeline within Erie's municipal boundaries without Erie's approval. Erie and the SWSP Enterprise agree that no approval or permit from Erie for construction, operation or maintenance of the Pipeline within Erie's municipal boundaries other than as described above is or shall be required, except road crossing permits which shall be granted by Erie upon application and compliance with reasonable regulations by the SWSP Enterprise. In addition, Erie shall grant the SWSP Enterprise any and all easements, releases, disclaimers, consents and any other forms of permission necessary to cross any lands owned or controlled by Erie or in which Erie has any interest for the Pipeline route described on Exhibit 1, which Erie has the authority to grant, but the SWSP Enterprise shall not unreasonably interfere with Erie's use of said lands in the construction, operation and maintenance of the Pipeline. Erie shall not charge the SWSP Enterprise to cross rights-of-way, easements or streets owned or controlled by Erie or to release liens or other interests held by Erie on other property crossed by the Pipeline. The SWSP Enterprise shall pay Erie fair market value (based on the value of comparable, similarly situated private property) to acquire an interest in, or to cross, any other property which Erie owns.

The authorized representatives of SWSP Enterprise and Allottee have executed this Contract the day and year first set forth above.

TOWN OF ERIE,
ACTING BY AND THROUGH
THE ERIE WATER DEPARTMENT

NORTHERN COLORADO WATER CONSERVANCY
DISTRICT, ACTING BY AND THROUGH THE
SOUTHERN WATER SUPPLY PROJECT
WATER ACTIVITY ENTERPRISE

By: Michael Woodruff
Title: Mayor

By: C. J. E. Baker
Title: President

EXHIBIT 1

Description of Southern Water Supply Project Pipeline

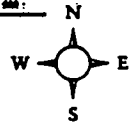
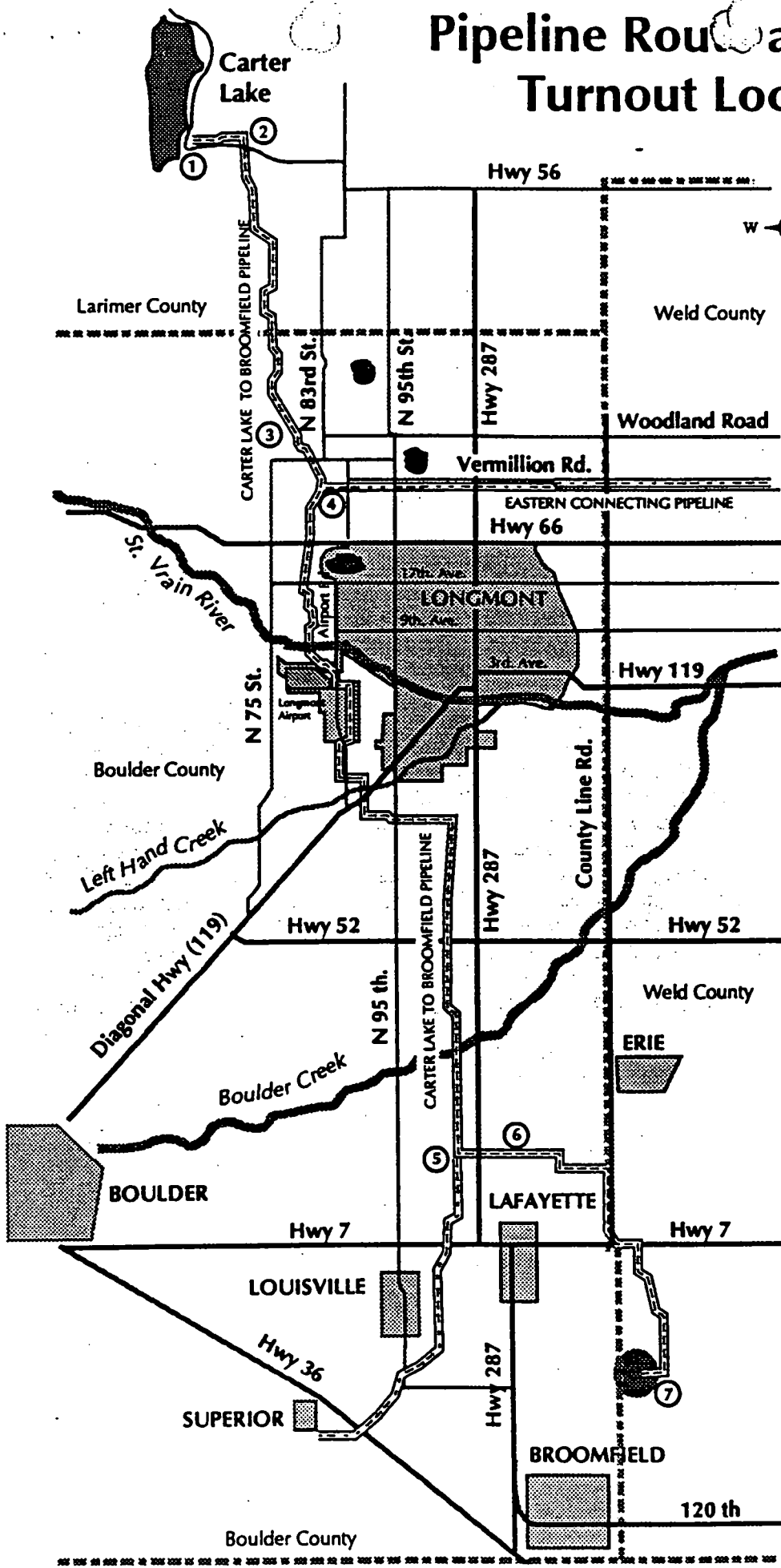
The Southern Water Supply Project Pipeline (the "Pipeline") consists of modifications to the existing Carter Lake Outlet Works and the first 2,300 feet of the St. Vrain Supply Canal together with the construction of 34 miles of pressurized, buried pipeline and various valve and vent facilities. The Pipeline will convey untreated water from the Carter Lake Reservoir, located in Larimer County, to various Participant delivery points located in Larimer, Boulder, and Adams Counties. The location of the Pipeline and Participant delivery points are shown on the attached map.

The modifications to the Carter Lake Outlet Works and St. Vrain Supply Canal, located at and below Carter Lake Dam No. 1, include raising the walls and covering the existing stilling basin and Parshall Flume. The modifications also include replacing the first 2,300 feet of the trapezoidal-shaped canal with a covered rectangular section, constructing an emergency spillway on the canal, and constructing a turnout structure for the 34-mile buried pipeline.

The route for the 34-mile buried pipeline begins at the turnout structure, constructed as part of the modifications to the St. Vrain Supply Canal, and proceeds east and south for approximately 3 miles. The route continues south for another 3 miles (leaving Larimer County and entering Boulder County) until the route abuts the right-of-way for an existing electrical transmission line. At this point, the route turns southeast and is parallel to the right-of-way for the electrical transmission line. The route skirts Table Top Mountain, diverges from the electrical transmission line, and crosses over Table Top Mountain at its south end near an abandoned gravel mine approximately 3 miles southeast of the route's initial abutting to the electrical transmission line. From this location, the pipeline continues south for another 4 miles, passing west of the Longmont urban area to a point just south of St. Vrain Creek. The route turns southeast for somewhat more than 1 mile, passing between St. Vrain Creek and the Longmont Airport. The route then continues south and east for approximately 3 miles to a point ¼-mile east of the intersection between Airport Road and the Diagonal Highway. The route then turns east for 2 miles until it again abuts the right-of-way for an existing electrical transmission line which the route parallels to the south for nearly 4 miles. South of Lookout Road, the route diverges from the electrical transmission line and continues south for a distance of about 3 miles. The route then turns east for 3 miles to the Boulder-Weld County Line. The route follows the Boulder-Weld County Line south for 2 miles before turning southeast for 3 miles to the Broomfield delivery point which lies in Adams County.

The Pipeline will also include various appurtenant facilities. Some of the more significant appurtenances include a master metering facility near the turnout structure for the 34-mile buried pipeline, a mainline valve near Table Top Mountain, another mainline valve near the Diagonal Highway, and a flow control structure for Broomfield ¼-mile south of the existing Erie Water Treatment Plant. Other facilities, such as air-vacuum release valves and blowoff valves will be provided along the length of the pipeline. In addition, provisions for connections to the Pipeline will be provided at Participant delivery locations for future connections by Participants other than Broomfield.

Pipeline Route and Participant Turnout Location Map



Turnout Location	Participant
①	• Little Thompson/ Central Weld Co. Water District
	• Platte River Power Authority
②	• Berthoud
③	• Longmont
④	• Fort Lupton • Hudson • Fort Morgan • Morgan County Quality Water
⑤	• Louisville • Superior
⑥	• Erie
⑦	• Broomfield

Schedule A

Participants, Allotted Capacity, Minimum Hydraulic Elevation, and Points of Delivery

Participant	Flow Capacity		Minimum HGL Elevation (USGS Datum)	Approximate Point of Delivery	Pipeline Station Near Point of Delivery
	(million GPD)	(cfs)			
Berthoud	2.58	4.00	5,590 ft	Near County Rd. 8E in NE¼ of NE¼ of Sec. 14, R70W, T4N	Sta 57+75
Broomfield	8.00	12.40	5,390	Near center of Sec. 18, R68W, T1S	1766+25
Erie	1.03	1.60	5,435	SW corner of NE¼ of NE¼ of Sec. 26, R69W, T1N	1405+70
Fort Lupton	5.16	8.00	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Fort Morgan	6.13	9.50	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Hudson	1.03	1.60	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Little Thompson/Central Weld County	16.13	25.00	5,600	NW corner of Sec. 14, R70W, T4N	1+00
Longmont	8.71	13.50	5,535	NW corner of SW¼ of SE¼ of Sec. 1, R70W, T3N	371+40
Louisville	2.58	4.00	5,445	SW corner of NW¼ of NW¼ of Sec 27, R69W, T1N	1312+30
Morgan County Quality Water District	0.97	1.50	5,525	NE corner of NW¼ of Sec. 19, R69W, T3N	453+37
Platte River Power Authority	6.45	10.00	5,600	NW corner of Sec. 14, R70W, T4N	1+00
Superior Metropolitan Water Districts	3.10	4.80	5,445	SW corner of the NW¼ of NW¼ of Sec. 27, R69W, T1N	1312+30

Schedule B - 1

Definition of Pipeline Segments

<u>Segment Identification</u>	<u>Segment Description</u>
O1	Modifications to Carter Lake Outlet Works and St. Vrain Supply Canal
B1	Pipeline Station 1+00 to 57+75
B2	Pipeline Station 57+75 to 371+40
B3	Pipeline Station 371+40 to 453+37
B4	- Null Segment -
B5	Pipeline Station 453+37 to 1312+30
B6	Pipeline Station 1312+30 to 1405+70
B7	Pipeline Station 1405+70 to 1701+20
B8	Pipeline Station 1701+20 to 1766+25

Schedule B - 2

Flow Capacity by Pipeline Segment

Participant	Segment:	(million GPD)								
		O1	B1	B2	B3	B4	B5	B6	B7	B8
Berthoud		2.58	2.58	0.00	0.00	-	0.00	0.00	0.00	0.00
Broomfield		8.00	8.00	8.00	8.00	-	8.00	8.00	8.00	8.00
Erle		1.03	1.03	1.03	1.03	-	1.03	1.03	0.00	0.00
Fort Lupton		5.16	5.16	5.16	5.16	-	0.00	0.00	0.00	0.00
Fort Morgan		6.13	6.13	6.13	6.13	-	0.00	0.00	0.00	0.00
Hudson		1.03	1.03	1.03	1.03	-	0.00	0.00	0.00	0.00
Little Thompson/Central Weld County Water Districts		16.13	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00
Longmont		8.71	8.71	8.71	0.00	-	0.00	0.00	0.00	0.00
Louisville		2.58	2.58	2.58	2.58	-	2.58	0.00	0.00	0.00
Morgan County Quality Water		0.97	0.97	0.97	0.97	-	0.00	0.00	0.00	0.00
Platte River Power Authority		6.45	0.00	0.00	0.00	-	0.00	0.00	0.00	0.00
Superior Metropolitan Water District No. 1		3.10	3.10	3.10	3.10	-	3.10	0.00	0.00	0.00
Total Segment Capacity (million GPD)		61.87	39.29	36.71	28.00	-	14.71	9.03	8.00	8.00

Schedule B - 3

Percentages of Costs for General Costs, Nonsegment Specific Costs, and Segment Specific Costs

Participant	Nonsegment Specific Percentages	Segment Specific Percentages								
		O1	B1	B2	B3	B4	B5	B6	B7	B8
Berthoud	0.2192	4.1710	6.5681	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Broomfield	55.7963	12.9301	20.3612	21.7924	28.5715	-	54.3860	88.5714	100.0000	100.0000
Erte	4.9572	1.6684	2.6273	2.8120	3.6866	-	7.0175	11.4286	0.0000	0.0000
Fort Lupton	3.9190	8.3420	13.1363	14.0598	18.4332	-	0.0000	0.0000	0.0000	0.0000
Fort Morgan	4.6538	9.9062	15.5993	16.6960	21.8894	-	0.0000	0.0000	0.0000	0.0000
Hudson	0.7838	1.6684	2.6273	2.8120	3.6866	-	0.0000	0.0000	0.0000	0.0000
Little Thompson/Central Weld County Water Districts	0.0000	26.0689	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Longmont	5.1240	14.0772	22.1675	23.7258	0.0000	-	0.0000	0.0000	0.0000	0.0000
Louisville	10.8236	4.1710	6.5681	7.0299	9.2166	-	17.5439	0.0000	0.0000	0.0000
Morgan County Quality Water District	0.7348	1.5641	2.4631	2.6362	3.4562	-	0.0000	0.0000	0.0000	0.0000
Platte River Power Authority	0.0000	10.4275	0.0000	0.0000	0.0000	-	0.0000	0.0000	0.0000	0.0000
Superior Metropolitan Water Districts	12.9883	5.0052	7.8818	8.4359	11.0599	-	21.0526	0.0000	0.0000	0.0000
Totals	100.0000	100.0000	100.0000	100.0000	100.0000	-	100.0000	100.0000	100.0000	100.0000

Percentages for General Costs are the same as the Segment Specific Costs for Segment O1

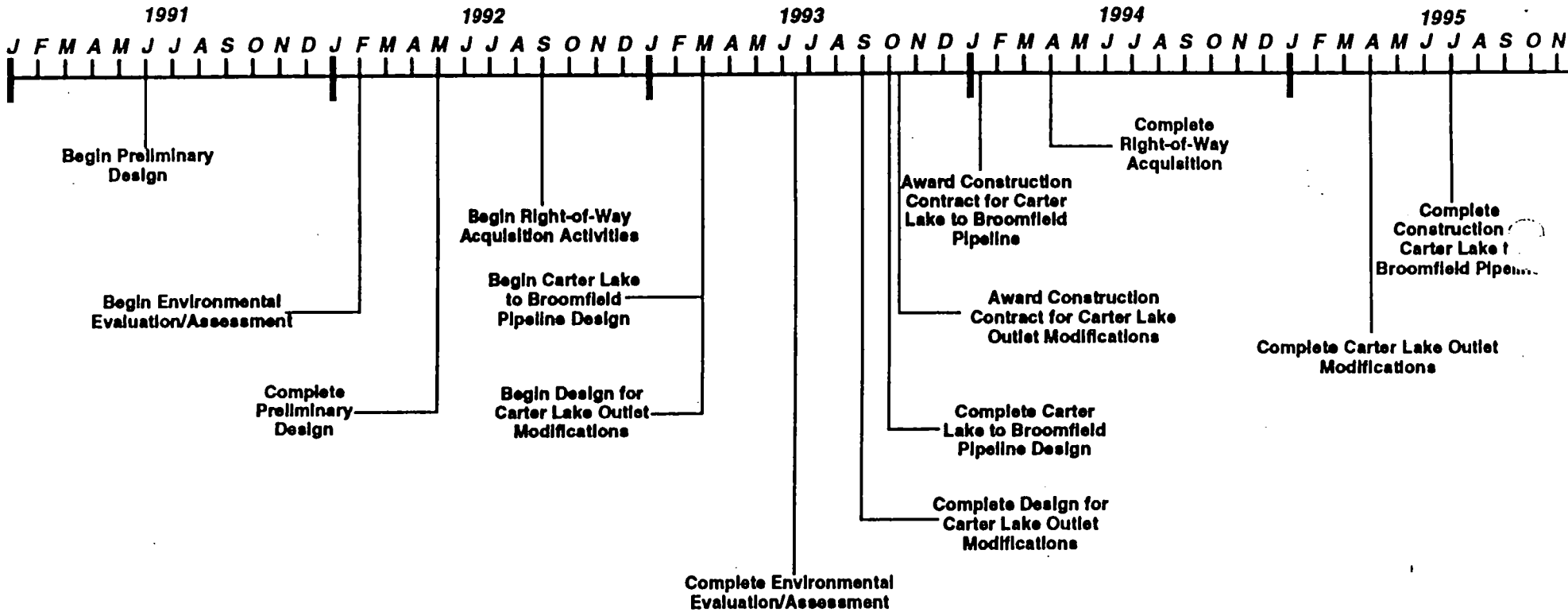


EXHIBIT 2

Timeline for Constructing the Southern Water Supply Project Pipeline

EXHIBIT 3

Notice of Claim of Lien
or Assignment, Lease, Sublease, etc. as Applicable
for Southern Water Supply Project Pipeline Allotment Contract

Date: _____

Name of Allottee: _____

Loan Number, if applicable: _____

Name of Lender, Assignee, Lessee,
Sublessee, etc.: _____

Mailing Address: _____

Contact Person: _____

Phone Number: _____

Fax Number: _____

Allotment Contract dated _____ between _____
and the Northern Colorado Water Conservancy District acting by and through the Southern
Water Supply Project Water Activity Enterprise (the "SWSP Enterprise"), a copy of which is
attached hereto as Exhibit A.

Recorded UCC-1 or assignment, lease, sublease, etc. as applicable executed by
_____ attached hereto as Exhibit B.

_____ hereby acknowledges to the SWSP Enterprise that the
foregoing pledge and security interest [or assignment, lease, or sublease, etc. as applicable] is
subject to the terms and conditions of the Allotment Contract.

Authorized Signature

Return this form to:
Northern Colorado Water Conservancy District
P.O. Box 679, Loveland, CO 80539
(303) 667-2437

Required submittals
circled.

ARTICLE II

REVIEW PROCEDURES

SECTION 2.1 CHANGE REQUEST REQUIREMENTS

A. INTENT

To create a procedure by which interested parties may request

1. annexation to the Town of Erie;
2. de-annexation from the Town of Erie;
3. a change in the zoning map or code;
4. a use not itemized as Uses Permitted By Right in a zone district;
5. a vacation, amendment, or adjustment of streets, alleys, or other public ways.

B. GENERAL REQUIREMENTS

1. An applicant has to present sound evidence that the proposed change will be an asset to the Town and not a liability upon initiation and a reasonable amount of time thereafter.

C. SUBMITTAL REQUIREMENTS

1. All proposals must include:

- a. Name and address of the applicant or his representative.
- b. Name, address, and written approval of the owner of the ~~property.~~ *Project proposal.*
- c. Legal description of the involved property (adjacent property in the case of vacation, amendment, or adjustment of streets, alleys, or other public ways).
- d. A narrative explaining, in some detail, the proposed change requested of the Town of Erie.
- e. Applicable fees *in the amount of \$50.00,* ~~as detailed in the fee schedule, under separate schedule as set forth in Section 1.5.7 (if the applicant is the Town of Erie, the fees are automatically waived).~~
- f. Substantiation of one-sixth contiguity of the property to existing Town limits (for annexation requests only).
- g. A list of all property owners *whose property will be* ~~within 300 feet of the affected property~~ *crossed by the Pipeline.*
- h. A Development Guide (for proposed PD zoning only; see Section 4.17.B.2).

1. An impact statement as provided for in the Colorado Revised Statutes (for annexations only), 31-12-108.5 1973 (as amended)
 - j. Proof that all prior years property taxes have been paid in full.
2. In addition, the Administrative Official may require any or all of the following items:
- a. A consultant agreement
 - b. Names & addresses of mineral ~~and water rights~~ owners
 - c. A vicinity map at one-half mile radius clearly identifying adjacent property boundaries
 - d. Traffic study
 - e. Market study
 - f. Site plan *substantially meeting the requirements of* ~~(requirements for which are in Section 2.3)~~.
 - g. A ~~map~~ *map* of present natural or man-made hazards (such as undermined or subsidence areas)
 - h. ~~Development staging & accompanying time frame~~ *Construction time schedule.*
 - i. ~~Proof of compliance with appropriate Federal, State, or local regulations (e.g. Subdivision Regulations)~~ *List of significant government permits obtained and plans for compliance with significant government regulations.*
 - j. Proposed method of waste water treatment
 - k. An assessment of impact on any or all of the following:
 - 1) Water
 - 2) Sewer
 - 3) Gas
 - 4) Electric
 - 5) Telephone
 - 6) Schools
 - 7) Streets
 - 8) Drainage
 - 9) Law enforcement
 - 10) Fire protection
 - 11) Parks and recreation
 - 12) Environmental considerations
 - 13) Economic development potential
1. A narrative detailing compatibility with and/or difference from any or all of the following:
- 1) Street Plan
 - 2) Subdivision Plan

- 3) Comprehensive Plan
- 4) Zoning Ordinance
- 5) Existing and adjacent land use

m) A drainage report, including the following elements:

- 1) Impact of 100 year flood
- 2) Discussion of site location, hydrology criteria, storm detention facility computations, and all design criteria to be used
- 3) Methods and devices to stabilize cut and fill slopes
- 4) Prevention of soil erosion and sedimentation problems
- 5) Alternatives and solutions to abate or minimize the solid conditions on buildings
- 6) The position of any water courses together with all pertinent data

n) Any other documentation required by the Administrative Official to deem the change request complete.

1) Oil and gas wells in Pipeline easements.

NORTHERN COLORADO WATER CONSERVANCY DISTRICT

P.O. Box 679 Loveland, Colorado 80539-0679 1250 North Wilson
Phone (303) 667-2437 FAX (303) 663-6907

January 10, 1994



DIRECTORS

BOULDER COUNTY

G. Raymond Joyce
Everett C. Long
Les Williams

LARIMER COUNTY

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Nancy P. Gray

WELD COUNTY

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OFFICERS

William E. Babler,
President

E. L. Cameron,
Vice President

Larry D. Simpson,
Secretary

Darrell D. Zimelman,
Treasurer

LEGAL COUNSEL

Hobbs, Trout & Railey, P.C.
1775 Sherman Street
Suite 1300
Denver, Colorado 80203

CONSULTANT

J. R. Bartley

Mr. Scott Hahn
Town Administrator
Town of Erie
645 Holbrook
Erie, CO 80516

VIA HAND DELIVERY

Re: Southern Water Supply Project - Carter Lake to Broomfield Pipeline Final Allotment Contract for Execution

Dear Scott:

Enclosed are two copies of the final allotment contract for participation in the Southern Water Supply Project. Also enclosed is an updated summary of total costs dated January 5, 1994 which reflects that the Morgan County Quality Water District has rejoined the Project at a capacity of 1.5 cfs and the City of Longmont has assumed the 13.5 cfs of capacity relinquished by the Public Service Company.

Along with revisions to the costs set forth in paragraph 6 to reflect the changes in participation by the Morgan County Quality Water District and the City of Longmont, and revisions to paragraph 20 which Erie's Town Board approved, the following 4 minor revisions to the contract have also been made as previously discussed between Mr. Paul Zilis and Mr. Robert Trout:

1. In paragraph 1.1., the date for execution of the allotment contract for Initial Participants has been changed to January 14, 1993. The date was changed to correspond to the date of the Northern Colorado Water Conservancy District (NCWCD) Board of Directors meeting when the NCWCD's execution of the allotment contracts will be ratified.
2. In paragraph 2.f., the reference to "construction costs" has been changed to "Allottee's Construction Costs" as this terminology is specifically defined in paragraph 5.d.
3. In paragraph 6.b.iii., the reference to paragraph 8.b. has been changed to paragraph 8.b.i. to be consistent with the change described in item 4. below.
4. Paragraph 8.b. has been split into two portions: 8.b.i. and 8.b.ii. Although the wording has not been changed, this division was made to clarify that the procedure for

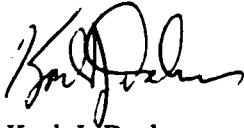
Mr. Scott Hahn
January 10, 1994
Page 2 of 2

selling a portion of capacity in the event of nonpayment of additional construction costs does not extend to termination of water deliveries. However, termination of water deliveries is a possible result in the event of nonpayment of annual costs for administration, operation, maintenance, repair, and replacement.

Please review the enclosed allotment contract and contact either me or Mr. Robert Trout of Hobbs, Trout & Raley (phone no.: 861-1963 ext. 124) if you or Mr. Paul Zilis have any further questions or concerns. Otherwise, please execute both copies of the allotment contract and have them returned to me no later than Thursday, January 13, 1994.

Thank you for your continued cooperation. We have reached the point of being able to proceed with the construction of the Carter Lake to Broomfield Pipeline only because of the cooperation of all entities involved.

Sincerely,



Karl J. Dreher
Project Manager and
Head, Engineering Services

Enclosure

copy w/o enclosures via FAX transmission to: Mr. Paul Zilis - Vranesh & Raisch