

SIXTEENTH INTERIM AGREEMENT WITH THE
NORTHERN INTEGRATED SUPPLY PROJECT WATER ACTIVITY ENTERPRISE,
FOR PARTICIPATION IN THE
NORTHERN INTEGRATED SUPPLY PROJECT

This Agreement is made and entered into as of _____, 2020, by and between the Northern Integrated Supply Project Water Activity Enterprise, a government-owned business within the meaning of Article X, § 20(2)(d) of the Colorado Constitution, organized pursuant to C.R.S. §§ 37-45.1-101 et seq., owned by the Northern Colorado Water Conservancy District, and whose address is 220 Water Avenue, Berthoud, Colorado 80513 (the "NISP Enterprise"), and the Town of Erie, acting by and through its Erie Water Activity Enterprise, whose address is P.O. Box 750, Erie, CO 80516-0750 ("Participant").

Recitals

- A. The NISP Enterprise is developing a water project (the "Project") for the purpose of developing a new reliable water supply for the beneficial use of the Participant and other entities.
- B. Overall Project costs will be divided among the entities that participate in the Project.
- C. The First Phase of the Project consisted of preliminary studies to evaluate potential Poudre reservoir sites and the South Platte Water Conservation Project. The First Phase has been accomplished and there appear to be potential project configurations that may serve the needs of the Project.
- D. The Second Phase of the Project consisted of additional reservoir site evaluations, alternatives analysis, environmental studies, financial analyses, and related work. The Second Phase has been completed and the participants have selected alternatives that may serve the needs of the Project.
- E. The NISP Enterprise has commenced the Third Phase of the Project. The Third Phase, Years 1 and 2 (2004 and 2005), consisted of agency consultation, commencement of permitting with the U.S. Army Corps of Engineers and other agencies, commencement of compliance with the National Environmental Policy Act and other requirements for federal permitting, commencement of field work and analysis for permitting, modeling, and other activities related to designing and permitting the Project.
- F. The Third Phase, Year 3 through Year 6 (2006, 2007, 2008, and 2009), consisted of continuation of agency consultation, permitting with the U.S. Army Corps of Engineers and other agencies, compliance with the National Environmental Policy Act and other requirements for federal permitting, field work and analysis for permitting, modeling, and other activities related to designing and permitting the Project.
- G. The Third Phase, Years 7 through 17 (hereinafter referred to as "Phase 3A"), will consist

of further agency consultation, permitting with the U.S. Army Corps of Engineers and other agencies, compliance with the National Environmental Policy Act and other requirements for federal permitting, field work and analysis for permitting, modeling, and other activities related to designing and permitting the Project.

- H. The Fourth Phase consisted of the Glade Preliminary Design and phase I Geotechnical Investigation for Glade Reservoir. This phase is now complete.
- I. The Fifth Phase of the Project consists of the Glade geotechnical investigation and embankment design advancement, Highway 287 relocation thirty percent design, and completion of the Galetton Dam preliminary design.
- J. The Sixth Phase involves continued NISP conveyance delivery refinement, South Platte Water Conservation Project negotiations, land and easement definition and potential purchase, and potential advancement of time-sensitive mitigation activities.
- K. It is necessary that the NISP Enterprise pursue Phases 3A, 5 and 6 of the Project at this time in order to be able to complete the Project on the time schedule desired by the participants.
- J. Pursuing Phases 3A, 5, and 6 of the Project on behalf of the participants will require continued funding from the participants.

Agreement

- 1. The Participant agrees to participate in Phase 3A, Phase 5, and Phase 6 of the Project, under and pursuant to the terms and conditions of this Agreement. The Participant acknowledges that it shares a common interest in development of the Project and that privileged material may be shared with the Participant from time to time. A description of Phase 3A, Phase 5 and Phase 6 is included in Exhibit A. Participation in these phases of the Project in no way obligates the Participant to participate in subsequent phases of the Project or to continue involvement in the Project in any manner.
- 2. For the purposes of cost allocation in Phase 3A, Phase 5, and Phase 6, the cost is based upon the Participant's base requested capacity divided by the total requested base Project yield ("Participant's Cost Share"). The Participant's initial base requested capacity in the Project is 6,500 acre-feet of water yield. Attached hereto as Exhibit B is a table showing the currently anticipated permitted capacity in the Project and the pro rata share of the costs of the Project for 2020 for each Participant. The Participant may request a reduction, but not an increase, in base requested capacity, which will be implemented by the NISP Enterprise so long as any increased costs of design, environmental studies, permitting or other matters are paid by the Participant. If a reduction in the Participant's base requested capacity is made, the formula for allocation of costs among the participants shall be changed accordingly so that all participants bear a pro rata share of Phase 3A, Phase 5 and Phase 6 costs of the Project after the change based on their final base requested capacity. For purposes of the environmental analysis for the Project, the

Participant's permitted capacity in the Project is 6,500 acre-feet of water yield. In the event that the Participant's base requested capacity is increased or decreased, the Participant's permitted capacity shall be increased or decreased in the same percentage as the percentage increase or decrease of the base requested capacity.

3. The Participant agrees to provide to the NISP Enterprise funds for its pro rata share of the anticipated 2020 costs necessary for Phase 3A, Phase 5 and Phase 6 of the Project. The NISP Enterprise estimates that the Participant's pro rata share of the costs of the Project is \$1,625,000 for 2020. The Participant will pay the NISP Enterprise its pro rata share of these 2020 costs on or before January 15, 2020. The NISP Enterprise will invoice the Participants for this payment. These estimated costs will not be increased or exceeded without the prior written approval of the Participant. Participant funds that are not expended during Phase 3A, Phase 5 and Phase 6 will be rebated back to each participant pro rata based on each participant's contribution of funds to the Project in Phase 3A, Phase 5 and Phase 6.
4. In the event that the Participant fails to make the payment set forth above at the specified time, the NISP Enterprise shall have the right to terminate this Agreement and cease all work on the Project for the benefit of the Participant. The NISP Enterprise shall give the Participant thirty (30) days' advance written notice of its intention to terminate this Agreement and cease work on the Project for the Participant's benefit under this paragraph. The Participant shall have until the end of said 30-day period in which to make all past due payments in full in order to cure its default hereunder. The Participant shall in any event be responsible for its pro rata share of the 2020 costs of Phase 3A, Phase 5 and Phase 6 of the Project actually incurred by the NISP Enterprise up to the date of termination of this Agreement.
5. The NISP Enterprise agrees to diligently pursue Phase 3A, Phase 5 and Phase 6 of the Project in good faith to the extent that funds therefor are provided by the Participant under this Agreement and by other participants under similar agreements. By entering into this Agreement and accepting payments from the Participant, the NISP Enterprise does not obligate itself to, nor does the NISP Enterprise warrant that it will, proceed with the Project beyond Phase 6 or that it will construct or operate the Project. At the end of the Sixth Phase, the NISP Enterprise will determine after consultation with the participants whether to proceed with the Project. The NISP Enterprise agrees that, if the participants provide all required funding, if the NISP Enterprise has the ability, and if the Project is feasible and practical, it will pursue the construction and operation of the Project if requested to do so by sufficient participants to fully fund the Project. In the event that the NISP Enterprise decides not to proceed with the Project, it will so notify the Participant and this Agreement will immediately and automatically terminate upon the giving of such notice.
6. In the event of termination of the Project, the Participant shall not be entitled to any return of funds paid to the NISP Enterprise for the Project, unless payments by participants exceed the NISP Enterprise's costs, in which case a pro rata refund will be made. In the event of such termination, the Participant shall be entitled to receive copies

of any work products developed by the NISP Enterprise or its consultants on behalf of the Participant, and NISP Enterprise Board shall, in its sole discretion: i) convey to the Participant, as a tenant in common with all other participants who have not been terminated under paragraph 4 above, a pro rata interest in all real and personal property acquired by the NISP Enterprise for the Project with funds provided under this Agreement or similar agreements with other participants; or ii) disburse to the Participants the proceeds of any sale of assets in proportion to each Participant's Cost Share.

7. The Participant shall have the right to assign this Agreement and the Participant's rights hereunder, with the written consent of the NISP Enterprise, which consent shall not be unreasonably withheld, to any person or entity that is eligible to receive water deliverable through the Project and that is financially able to perform this Agreement.
8. In the event that this Agreement is terminated for any reason, the Participant shall not be entitled to any return of any funds paid to the NISP Enterprise for the Project, and the NISP Enterprise shall have no further obligations to the Participant, except as provided in Paragraphs 3 and 6 above for those participants who have not been terminated under paragraph 4 above.
9. Notwithstanding any other provision of this Agreement to the contrary, the Participant's maximum financial obligation under this Agreement shall be the payment of \$1,625,000 set forth in paragraph 3 above. The Participant shall have the right to terminate this Agreement at any time. In the event of such termination, each of the parties hereto shall be immediately released from all obligations recited herein as if this Agreement had not been entered into, except that the Participant shall be entitled to a return of funds paid to the NISP Enterprise as provided in paragraph 8 above.
10. In the event that additional costs must be incurred for Phase 3A, Phase 5 and Phase 6 in 2020, the parties may amend this Agreement in writing to provide for further payment by the Participant of the costs for 2020. However, the Participant is not obligated under this Agreement to pay any costs for Phase 3A, Phase 5 and Phase 6 beyond the costs stated in paragraph 3 above.
11. This Agreement is the entire agreement between the NISP Enterprise and the Participant regarding participation in Phase 3A, Phase 5 and Phase 6 of the Project and shall be modified by the parties only by a duly executed written instrument approved by the Participant and the NISP Enterprise's Board of Directors.
12. This Agreement is subject to approval by the NISP Enterprise's Board of Directors and shall become binding on the NISP Enterprise only upon such approval.

TOWN OF ERIE, ACTING BY AND THROUGH ITS ERIE WATER ACTIVITY
ENTERPRISE

By:_____

Name:_____

Title:_____

THE NORTHERN INTEGRATED SUPPLY PROJECT WATER ACTIVITY
ENTERPRISE

By:_____

Name: Bradley D. Wind

Title: General Manager

EXHIBIT A
DESCRIPTION OF PHASE 3A, PHASE 5 and PHASE 6
NORTHERN INTEGRATED SUPPLY PROJECT

Phase 3A consists of a continuation of the permitting work associated with NISP. The work in 2020 will largely be efforts in support of the final 404 permit and Record of Decision, response to comments on the Final EIS, mitigation development, and continuation of the Larimer County IGA process. Additionally, there will be work in support of the public information effort for NISP as well as overall Northern Water administration and legal support.

Phase 5 will consist of the Glade geotechnical investigation and embankment design advancement and Highway 287 relocation thirty percent design.

Phase 6 involves the following additional 2020 activities:

- NISP conveyance will continue to be refined including evaluation of Participant flow requirements, pipeline sizing and route refinement, delivery system exchange potential, C-BT exchange potential, conveyance cost estimating, and cost allocation methodology development.
- South Platte Water Conservation Project negotiations will be advanced with the affected ditch companies and shareholder cooperative agreements will be developed.
- Land and easement requirements will be more specifically identified.
- Mitigation plans will continue to be advanced and time sensitive mitigation activities may be pursued.
- A Financial Plan will be prepared for the project.

EXHIBIT B
PARTICIPANT YIELD AND COSTS
PHASE 3A, PHASE 5 and PHASE 6

Item	Amount		
ERO Record Completion and Environ Assistance	\$ 200,000		
Additional Glade Design Activities	\$ 4,000,000		
HW 287 Design Activities	\$ 1,000,000		
River Intake Preliminary Design Activities	\$ 200,000		
Environment&Mitigation	\$ 1,000,000		
Financing Consultant	\$ 100,000		
WQ Sampling	\$ 200,000		
Northern Water	\$ 1,600,000		
Legal	\$ 400,000		
PI	\$ 100,000		
ROW-Land Appraisal/Title/Survey	\$ 200,000		
SPWCP Negotiations	\$ 200,000		
NISP Delivery Refinement	\$ 1,000,000		
Other	\$ 500,000		
Grand Total	\$ 10,700,000		
Anticipated Carryover from 2019	\$ 700,000		
Participant Contribution	\$ 10,000,000		
	Project Yield	Percent of	\$ 10,000,000
Participant	(Acre-ft)	Project	Budget
Central Weld Co. W.D.	3,500	8.75%	\$ 875,000
Dacono	1,250	3.13%	\$ 312,500
Firestone	1,300	3.25%	\$ 325,000
Frederick	2,600	6.50%	\$ 650,000
Eaton	1,300	3.25%	\$ 325,000
Erie	6,500	16.25%	\$ 1,625,000
Evans	1,600	4.00%	\$ 400,000
Fort Collins-Loveland. W.D.	3,000	7.50%	\$ 750,000
Fort Lupton	2,050	5.13%	\$ 512,500
Fort Morgan	3,600	9.00%	\$ 900,000
Lafayette	1,800	4.50%	\$ 450,000
Lefthand W.D.	4,900	12.25%	\$ 1,225,000
Morgan County Q.W.D.	1,300	3.25%	\$ 325,000
Severance	2,000	5.00%	\$ 500,000
Windsor	3,300	8.25%	\$ 825,000
Total	40,000	100.00%	\$ 10,000,000