
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 10, 2014**

PURE CYCLE CORPORATION

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction of incorporation)

0-8814

(Commission File Number)

84-0705083

(IRS Employer Identification No.)

1490 Lafayette Street, Suite 203, Denver, CO 80218

(Address of principal executive office) (Zip Code)

Registrant's telephone, including area code _____ (303) 292-3456

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

This Current Report on Form 8-K is filed by Pure Cycle Corporation (the "Registrant"), a Colorado corporation, in connection with the matters described herein.

ITEM 1.01 – ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On July 10, 2014, the Registrant, the Rangeview Metropolitan District (the "District") and the State of Colorado, acting by and through its State Board of Land Commissioners (the "Land Board"), entered into a settlement agreement (the "Settlement") with respect to the lawsuit filed in December 2011 by the Registrant and the District against the Land Board involving certain claims arising out of or related to (i) the Amended and Restated Lease Agreement dated April 1996 between the District and the Land Board (the "1996 Lease") and (ii) the Service Agreement of the same date between the Registrant and the District (the "1996 Service Agreement"). The Settlement also settles certain claims related to operational issues under the 1996 Lease which the parties had previously agreed to submit to arbitration. Pursuant to the Settlement, the Registrant, the District, and the Land Board have entered into a 2014 Amended and Restated Lease Agreement, dated as of July 10, 2014, which amends and restates the 1996 Lease (the 2014 Lease). In addition, the Registrant and the District have entered into an Amended and Restated Service Agreement dated July 11, 2014, which amends and restates the 1996 Service Agreement (the "2014 Service Agreement").

The 2014 Lease affirms that the Registrant and the District have had and continue to have the exclusive right to provide water service to water users on the Lowry Range. Additionally, the 14,000 acre feet of Non-Export water that had been restricted to use on the Lowry Range may now be developed by the Registrant, as the District's service provider, to provide water service to customers off the Lowry Range. Royalties on the Lowry Range water rights will be paid to the Land Board based on 10% or 12% of gross revenues from the sale or disposition of the water rights depending on the purchaser of the water rights and whether the rights relate to Export or Non-Export Water, except that the royalty on tap fees shall be 2%. The Registrant will also pay the Land Board a minimum annual water production fee, estimated to be approximately \$140,000, which is to be credited against future royalties. The 2014 Service Agreement provides that the Registrant shall receive 100% of tap fees and 98% of all other fees after the payment of royalties to the Land Board. Additionally, the Registrant obtained the right to sell or assign its rights in certain reservoir sites designated in the 1996 Lease.

In conjunction with the Settlement, the Land Board assigned its right to receive approximately \$2.3 million from future sales of Export Water under the CAA to the Registrant and released its security interest in certain assets of the Registrant.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits:

[Exhibit 10.1](#) – Settlement Agreement and Mutual Release, dated July 10, 2014, by and among the Land Board, the District, and the Registrant

[Exhibit 10.2](#) – 2014 Amended and Restated Lease Agreement, dated as of July 10, 2014, by and among the Land Board, the District, and the Registrant.

[Exhibit 10.3](#) – Assignment and Termination Agreement, dated July 10, 2014, by and among the Land Board, the District, and the Registrant.

[Exhibit 10.4](#) – Release of Mortgage and Termination Statement, dated July 10, 2014, by and between the Land Board and the Registrant.

[Exhibit 10.5](#) – Amended and Restated Service Agreement, dated July 11, 2014, by and between the Registrant and the District.

[Exhibit 99.1](#) – Text of press release issued by Pure Cycle Corporation on July 14, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 14, 2014

PURE CYCLE CORPORATION

/s/ Mark W. Harding
By: Mark W. Harding,
President and Chief Financial Officer

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (this “**Release**”), is made as of the 10th day of July, 2014 (the “**Effective Date**”), by and among the State of Colorado, acting by and through its State Board of Land Commissioners (the “**State**”), Rangeview Metropolitan District, a state quasi-municipal corporation and political subdivision of the State of Colorado (“**Rangeview**”), and Pure Cycle Corporation, a Colorado corporation (“**PC**”). Each of the State, Rangeview and PC may be referred to herein as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, the State and Rangeview are parties to that certain Amended and Restated Lease Agreement, Lease No. S-37280, entered into effective April 11, 1996 (the “**A&R Lease**”);

WHEREAS, in connection with the entry into the A&R Lease, the State, PC, and certain additional parties thereto entered into a Comprehensive Amendment Agreement No. 1, dated April 11, 1996 (the “**CAA**”), pursuant to which PC is obligated to pay the State certain proceeds from the sale or other disposition from the sale of Export Water (as defined in the A&R Lease);

WHEREAS, the State, on the one hand, and Rangeview and PC, on the other hand, are counterparties to that certain litigation, *Pure Cycle Corporation and Rangeview Metropolitan District v. State of Colorado, by and through its State Board of Land Commissioners*, Colorado District Court for the City and County of Denver, Case No. 2011 CV 8565 (the “**Proceeding**”), pursuant to which Rangeview and PC have brought certain claims, and the State has brought certain counterclaims, arising out of or related to the A&R Lease;

WHEREAS, in connection with the settlement of the Proceeding, the State, Rangeview and PC are entering into a 2014 Amended and Restated Lease Agreement, dated as of the date hereof (the “**2014 A&R Lease**”), to memorialize certain agreements between the Parties, including with respect to the A&R Lease;

WHEREAS, in connection with the settlement of the Proceeding, the State and PC are entering into an Assignment and Termination Agreement, dated as of the date hereof (the “**Assignment and Termination**”), whereby the State conveys any and all interests it holds to receive payments pursuant to Section 2.1 of the CAA to PC, and the State and PC agree that, as between the State and PC, the CAA will be of no further force and effect;

WHEREAS, PC granted a security interest in certain real property, personal property, and fixtures to the State as described in the Mortgage Deed, Security Agreement, and Financing Statement dated April 11, 1996, to secure the payment of PC’s obligations under the CAA; and

WHEREAS, as a condition to entry into the 2014 A&R Lease and the dismissal of the Proceeding, the Parties are required to execute this Release.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises, the mutual agreements, provisions and covenants contained herein and in the 2014 A&R Lease, the dismissal of the Proceeding, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged by the Parties hereto, the State, Rangeview and PC do hereby agree as follows:

1. 2014 A&R Lease. The Parties have executed and delivered the 2014 A&R Lease, attached hereto as Exhibit A.
 2. Rights Under the CAA. The State and PC have executed and delivered the Assignment and Termination, attached hereto as Exhibit B.
 3. Release of Mortgage. The State has executed and delivered the Release of Mortgage and Termination Statement, attached hereto as Exhibit C.
 4. Dismissal. The Proceeding will be dismissed pursuant to the Joint Stipulated Motion to Dismiss attached hereto as Exhibit D.
 5. Release by Rangeview and PC. Each of Rangeview and PC, for and on behalf of itself and those claiming by, through or under it (collectively, the **RVPC Releasors**"), does hereby unconditionally and fully release and forever discharge the State and its affiliates, trustees, officers, members, directors, employees, agents and other representatives, past, present and future, and their respective heirs, successors and assigns (collectively, the **"State Released Parties"**) from any and all past, present and future claims, cross claims, counterclaims, controversies, disputes, liabilities, obligations, demands, damages, debts, liens, actions and causes of action, of any and every nature whatsoever, whether known or unknown, suspected or unsuspected, contingent or matured, accrued or unaccrued, concealed, hidden, latent or patent, direct or indirect, whether at law, by statute or in equity, in contract or in tort, under state, federal or foreign jurisdiction and whether or not the economic effects of such alleged matters arise or are discovered in the future (all of the foregoing are herein collectively referred to as the **"RVPC Claims"**"), that each of the RVPC Releasors has, had, or may have (or claim to have) against any of the State Released Parties, singly or in any combination, on account of, arising out of, or resulting from or related to or with respect to the A&R Lease or the Proceeding or the facts, events or circumstances related thereto, in any event that arose or accrued during, or otherwise relate to, the period ending on the date hereof. The foregoing release is intended to be, and is, a full and complete unconditional release in favor of the State Released Parties with respect to all the RVPC Claims, except as provided in Section 7 below.
 6. Release by the State. The State, for and on behalf of itself and those claiming by, through or under it (collectively, the **"State Releasors"**"), does hereby unconditionally and fully release and forever discharge each of Rangeview and PC, and each of their respective affiliates, subsidiaries, parents, direct or indirect owners, managers, officers, security-holders, members, directors, employees, agents and other representatives, past, present and future, and their respective heirs, successors and assigns (collectively, the **"RVPC Released Parties"**) from any and all past, present and future claims, cross claims, counterclaims, controversies, disputes, liabilities, obligations, demands, damages, debts, liens, actions and causes of action, of any and every nature whatsoever, whether known or unknown, suspected or unsuspected, contingent or matured, accrued or unaccrued, concealed, hidden, latent or patent, direct or indirect, whether at law, by statute or in equity, in contract or in tort, under state, federal or foreign jurisdiction and whether or not the economic effects of such alleged matters arise or are discovered in the future (all of the foregoing are herein collectively referred to as the **"State Claims"**"), that each of the State Releasors has, had, or may have (or claim to have) against any of the RVPC Released Parties, singly or in any combination, on account of, arising out of, or resulting from or related to or with respect to the A&R Lease or the Proceeding or the facts, events or circumstances related thereto, in each case that arose or accrued during, or otherwise relate to, the period ending on the date hereof. The foregoing release is intended to be, and is, a full and complete unconditional release in favor of the RVPC Released Parties with respect to all the State Claims, except as provided in Section 7 below.
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7. Exclusions.
- a) Notwithstanding anything to the contrary in this Release, this Release shall not apply to and shall not constitute a release of any RVPC Claims or State Claims arising from or related to a breach of this Release, the 2014 A&R Lease or any other agreement entered into in connection with the transactions contemplated by this Release, the 2014 A&R Lease or the settlement of the Proceeding (collectively, the “**Settlement Documents**”), including, without limitation, any breach of any representation, warranty or covenant in any Settlement Document. In addition, this Release shall not limit, abrogate or hinder in any way the rights to indemnification of the State, Rangeview or PC under the 2014 A&R Lease.
 - b) Also, the Parties acknowledge that there is a dispute regarding the interpretation and applicability of Section 7.2(d) of the 2014 A&R Lease (formerly Section 7.2(e) of the A&R Lease) and agree that, notwithstanding anything to the contrary in this Release, this Release shall not apply to and shall not constitute a release of the right to seek a determination of the meaning of that provision (including its predecessor provision in the A&R Lease) or be admissible as evidence in any such proceeding. The Parties agree that nothing contained in the Settlement Documents (including execution thereof) will prejudice the Parties’ respective positions relative to Section 7.2(d) of the 2014 A&R Lease. If the Parties are unable to resolve such dispute, the dispute will be determined by arbitration pursuant to Section 15.16 of the 2014 A&R Lease.
8. Successors and Assigns. This Release shall be binding upon and inure to the benefit of the State, Rangeview and PC, and their respective representatives, designees, successors and assigns. Each of the RVPC Released Parties and the State Released Parties is an intended beneficiary of this Release and is and shall be expressly entitled to enforce this Release in so far as it operates in his, her or its favor, including by injunctive or other equitable relief or other means, as appropriate.
9. Governing Law. This Release, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Release or the negotiation, execution or performance of this Release, shall be governed by and construed in accordance with the laws of the State of Colorado applicable to contracts made and performed in such State without giving effect to any choice or conflict of law provision or rule (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado.
10. Submission to Jurisdiction; Consent to Service of Process. The Parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the County of Denver, Colorado over any dispute arising out of or relating to this Release or any of the transactions contemplated hereby and each Party hereby irrevocably agrees that all claims in respect of such dispute or any suit, action or proceeding related thereto may be heard and determined in such courts. The Parties hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the Parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law.
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11. Construction. The Parties hereto have participated jointly in the negotiation and preparation of this Release. In the event an ambiguity or question of intent or interpretation arises, this Release shall be construed as if drafted jointly by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any Party hereto by virtue of the authorship of any of the provisions of this Release.
 12. Representation of Counsel. Each of the Parties hereto hereby acknowledges and agrees that such Party has read this Release, has consulted with independent legal counsel before executing this Release and has had such independent legal counsel explain the meaning and effect of this Release, and has relied upon its own judgment in executing this Release with full knowledge of the meaning and effect of this Release.
 13. Severability. Any term or provision of this Release that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. To the extent that any court concludes that any provision of this Release is void or voidable, the court shall reform such provision to render the provision enforceable, but only to the extent absolutely necessary to render the provision enforceable.
 14. Headings. The division of this Release into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Release. The section and subsection headings in this Release are not intended to be full or precise descriptions of the text to which they refer and are not to be considered part of this Release.
 15. "Including" and "Herein." The word "including" means "including without limitation" and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it. All uses of the words "herein," "hereto," "hereof," "hereby" and "hereunder" and similar expressions refer to this Release and not to any particular section or portion of it.
 16. Counterparts. This Release may be executed in one or more counterparts (and may be delivered by facsimile, .pdf or other electronic transmission), each of which shall be deemed an original but all of which together will constitute one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party hereto appears on each counterpart, but it shall be sufficient that the signature of, or on behalf of, each Party hereto appears on one or more of the counterparts.
-

17. Amendments and Waivers. No amendment of any provision of this Release shall be valid unless the same shall be in writing and signed by each of the State, Rangeview and PC. No waiver by any Party hereto of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No failure on the part of any Party hereto to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by applicable law.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Release as of the date first set forth above.

STATE OF COLORADO, ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS

By: /s/ Bill Ryan
Name: Bill Ryan
Title: Director

RANGEVIEW METROPOLITAN DISTRICT

By: /s/ Mark W. Harding
Name: Mark W. Harding
Title: President

**PURE CYCLE CORPORATION,
a Colorado corporation**

By: /s/ Mark W. Harding
Name: Mark W. Harding
Title: President

[Signature Page to Settlement Agreement and Mutual Release]

Exhibit A

2014 A&R Lease

2014 Amended and Restated Lease Agreement, by and among the Land Board, the District, and the Registrant. For Exhibit A to the Settlement Agreement and Mutual Release, see Exhibit 10.2 filed herewith.

Exhibit B

Assignment and Termination

Assignment and Termination, dated July 10, 2014, by and among the Land Board, the District, and the Registrant. For Exhibit B to the Settlement Agreement and Mutual Release, see Exhibit 10.3 filed herewith.

Exhibit C

Release of Mortgage and Termination Statement

Release of Mortgage and Termination Statement, by and among the Land Board and the Registrant. For Exhibit C to the Settlement Agreement and Mutual Release, see Exhibit 10.4 filed herewith.

Exhibit D

Joint Stipulated Motion to Dismiss

[attached]

DISTRICT COURT CITY AND COUNTY OF DENVER, COLORADO

1437 Bannock Street
Denver, Colorado 80202

Plaintiffs:PURE CYCLE CORPORATION; and RANGEVIEW METROPOLITAN DISTRICT

v.

Defendants:STATE OF COLORADO, by and through its STATE BOARD OF LAND COMMISSIONERS.

and

Plaintiff: HIGH PLAINS A&M, LLC.

v.

Defendant: PURE CYCLE CORPORATION.

▲ COURT USE ONLY ▲

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JOINT STIPULATED MOTION TO DISMISS

Plaintiffs Rangeview Metropolitan District and Pure Cycle Corporation, and Defendant State Board of Land Commissioners (referred to together as the "Parties"), through their undersigned counsel, hereby submit this Joint Stipulated Motion to Dismiss.

The Parties have executed a Settlement Agreement and Mutual Release that fully and finally resolves all claims and counterclaims asserted by the Parties in this litigation.

WHEREFORE, the Parties respectfully request that the Court GRANT this Motion and dismiss with prejudice the Parties' claims and counterclaims.

Respectfully submitted this ____th day of July, 2014.

LEWIS ROCA ROTHGERBER LLP

s/ James M. Lyons [Orig. Sign. on File]

James M. Lyons, #882

René A. Carmody, #40202

Counsel for Plaintiff/Defendant Pure Cycle Corporation and Plaintiff Rangeview Metropolitan District

SENN VISCIANO CANGES P.C.

s/ Frank W. Visciano [Orig. Sign. on File]

Frank W. Visciano, #7274

Attorneys for Plaintiff Pure Cycle Corporation

PETROCK & FENDELL, P.C.

s/ Frederick A. Fendel [Orig. Sign. on File]

Frederick A. Fendel, III, # 10476

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JOHN W. SUTHERS, Attorney General

Filed pursuant to C.R.C.P. Rule 121 § 1-26.

s/ Ed Hamrick

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Attorneys for Defendant State Board of Land Commissioners

* Counsel of Record

+ Special Assistant Attorney General

CERTIFICATE OF SERVICE

I hereby certify on this __th day of July, 2014, a true and correct copy of the foregoing **JOINT STIPULATED MOTION TO DISMISS** was served electronically, via ICCES, which caused automatic electronic notice of such filing upon:

Russell Bean
Clanahan, Beck & Bean, P.C.
1873 S. Bellaire St., Suite 1401
Denver, Colorado 80222

s/ _____

2014 AMENDED AND RESTATED LEASE AGREEMENT

between

STATE OF COLORADO, ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS, LESSOR

and

RANGEVIEW METROPOLITAN DISTRICT, LESSEE

and

PURE CYCLE CORPORATION, SERVICE PROVIDER AND EXPORT WATER CONTRACTOR

Lease No. S-37280

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2014 AMENDED AND RESTATED LEASE AGREEMENT

THIS 2014 AMENDED AND RESTATED LEASE AGREEMENT is by and among the State of Colorado, acting by and through its State Board of Land Commissioners ("Land Board"), Rangeview Metropolitan District ("Rangeview"), a quasi-municipal corporation and political subdivision of the State of Colorado, acting by and through its water activity enterprise, and Pure Cycle Corporation ("Pure Cycle"), a Colorado corporation.

NOW, THEREFORE, in consideration of the promises hereinafter stated, to be kept and performed by the Parties, their successors and assigns, the Parties agree as follows:

ARTICLE 1

Definitions

"Affiliate" shall be defined to mean any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. "Control" shall mean ownership of more than 50% of the shares of stock entitled to vote for the election of directors in the case of a corporation, and more than 50% of the voting power in the case of a business entity other than a corporation.

"Agreement" shall be defined to mean this 2014 Amended and Restated Lease Agreement, Lease No. S-37280, effective as of July 10, 2014.

"Annual Rent" shall be defined as set forth in Section 7.1.

"Construction" shall be defined as set forth in Section 5.1.

"Effective Date" shall be defined as set forth in Section 3.1.

"East Cherry Creek Agreement" shall be defined to mean that certain agreement dated July 8, 1983 by and between OAR, Incorporated (Rangeview's predecessor), and East Cherry Creek Valley Water and Sanitation District.

"ECCV" shall be defined to mean East Cherry Creek Valley Water and Sanitation District.

"Entitlement Basis" shall be defined to mean a sale or other disposition of water to a third party with the third party bearing all costs of withdrawal, treatment and delivery.

"Enterprise" shall be defined as Rangeview's water activity enterprise established by resolution of Rangeview adopted at a public meeting of Rangeview's board of directors on September 11, 1995, and effective as of the date of its adoption.

"Export Water" shall be defined as set forth in Section 6.1.

"Export Water Contractor" shall be defined as Pure Cycle and its successors and assigns.

"Export Water Purchaser" shall be defined to mean any person or entity who purchases Export Water other than the Export Water Contractor and a retail end user.

"Force Majeure" shall be defined as set forth Section 15.20.

“Gross Revenues” shall be defined to mean all pre-tax amounts or consideration actually received directly or indirectly by Rangeview, Service Provider, the Export Water Contractor, an Export Water Purchaser or an Off-Site Water Purchaser, as applicable, from the sale or other disposition of the applicable Water Rights, including usage fees, service charges, option rights, the right to first use, reuse, successive use, the sale of treated effluent and all other revenues, excluding taxes and refunds; provided, however that “Gross Revenues” shall not include any tap fees described in Section 7.7.

“Index” shall be defined to mean the Consumer Price Index for Urban Consumers-All items (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor. In the event that the Index shall subsequently be converted to a different standard reference base or otherwise revised, the determination involved shall be made with the use of such conversion factor, formula or table for converting said Index as may be published by the Bureau of Labor Statistics, or if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or, failing such publication, by any other nationally recognized publisher of similar statistical information. In the event that the Index shall cease to be published, then for the purposes of this Agreement, there shall be substituted such other index as the Parties shall agree upon, and if they are unable to agree, then ninety (90) days after the Index ceases to be published, such matters shall be determined by arbitration as provided in Section 15.16 of this Agreement.

“Initial Royalty Rates” shall be defined as set forth in Section 7.2(a).

“Initial Permitted Sale” shall be defined as set forth in Section 6.1.

“Land Board” is defined to mean the State of Colorado acting by and through its State Board of Land Commissioners.

“Lease” is defined to mean the aggregate of the following:

- a. Lease S-37280, dated April 26, 1982 between the Land Board and OAR, Inc., whose rights and obligations were subsequently conveyed to Lowry Range Metropolitan District, now known as Rangeview;
- b. Amendment to Lease S-37280, dated February 22, 1983;
- c. Amendment to Lease S-37280, dated December 19, 1983;
- d. Amendment to Lease S-37280, dated November 26, 1984;
- e. Amendment to Lease S-37280, dated June 5 and 6, 1986;
- f. Transfer Agreement dated December 8, 1986 (“Transfer Agreement”);
- g. Novation Agreement dated December 7, 1988 (“Novation Agreement”); and
- h. Amended and Restated Lease effective April 11, 1996 (the “A&R Lease”).

“Lowry Range” shall be defined to mean the approximately 24,567.21 acres, more or less, according to U.S. Government survey, in Arapahoe County, Colorado more particularly described as follows:

Township 5 South, Range 64 West of the 6th P.M., Sections 7 through 10: all; Sections 15 through 22: all; Sections 27 through 34: all.

Township 4 South, Range 65 West of the 6th P.M., Sections 33: all; and 34, all.

Township 5 South, Range 65 West of the 6th P.M., Section 3: all; Sections 10 through 15: all, less certain surface rights granted for the Aurora Reservoir (but including the water under the Aurora Reservoir) in Section 15; Sections 22 through 27: all, less certain surface rights granted for the Aurora Reservoir (but including the water under the Aurora Reservoir) in Section 22; Sections 35 and 36: all; Section 34: north 2,183.19 feet.

Township 5 South, Range 66 West, of the 6th P.M., Section 36: all.

“Minimum Annual Water Production Payments” shall be defined as set forth in Section 7.1(b).

“Non-Export Water” shall be defined to mean the Water Rights other than (i) the Export Water and (ii) the water subject to the East Cherry Creek Agreement.

“Off-Site” shall be defined to mean outside the boundaries of the Lowry Range.

“Off-Site Water” shall be defined to mean Non-Export Water designated for use Off-Site.

“Off-Site Water Purchaser” shall be defined to mean any person or entity that purchases Off-Site Water.

“Operating Expenses” shall mean all actual maintenance and operating costs incurred by Rangeview or its Service Provider in discharging Rangeview’s obligations to provide Non-Export Water to Water Users as required by Section 8.1. Such Operating Expenses may include, for example, expenses for repairs to the infrastructure; salaries, wages and employee benefit expenses; fees for services, materials and supplies; rents, administrative and general expenses; insurance expenses; fees for legal, engineering, accounting and other consulting and technical services; and taxes and other governmental charges. Such Operating Expenses shall not include expenditures which are properly capitalized under generally accepted accounting principles, depreciation or obsolescence charges or reserves therefor, reserves for any other purpose, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal or amortization of bonded or other indebtedness, royalties, or losses from the sale, abandonment, reclassification, re-evaluation or other disposition of capitalized assets.

“Parties” shall be defined to mean the Land Board, Rangeview, and Pure Cycle.

“Proceeding” is defined to mean the case entitled *Pure Cycle Corporation and Rangeview Metropolitan District v. State of Colorado*, by and through its State Board of Land Commissioners, Colorado District Court, in and for the City and County of Denver Case No. 2011 CV 8565, pursuant to which Rangeview and Pure Cycle, in its roles as Export Water Contractor and Service Provider, have brought certain claims, and the Land Board has brought certain counterclaims, arising out of or related to the A&R Lease.

“Pure Cycle” shall be defined to mean Pure Cycle Corporation, a Colorado corporation.

“Rangeview” shall be defined to mean Rangeview Metropolitan District, a State quasi-municipal corporation and political subdivision of the State of Colorado, acting directly as such or acting by and through the Enterprise.

“Realigned Reservoir C” shall be defined to mean the reservoir designated on **Exhibits D and L** attached hereto.

“Reserved Water” shall be defined as set forth in Section 5.1(e).

“Sale of Water” or similar phrases used herein shall mean the sale of the rights as set forth in Section 5.1 and Section 6.1.

“Service Agreement” shall be defined as set forth in Section 9.1.

“Service Provider” shall be defined to mean (a) Pure Cycle and its successors and assigns and (b) any entity, other than Rangeview, actually delivering the Non-Export Water and related services to the Water Users as permitted by Article 9.

“Settlement Agreement” shall be defined to mean the Settlement Agreement and Mutual Release dated as of July 10, 2014 among the Parties.

“Sky Ranch Property” shall be defined to mean the approximately 932 acres, more or less, in Arapahoe County, Colorado more particularly described on **Exhibit M** attached hereto.

“Substitute Facilities” shall be defined as set forth in Section 8.3.

“Water Interest Ratio” shall be defined as set forth in Section 8.3.

“Water Rights” shall be defined as set forth in Section 5.1.

“Water Users” shall be defined to mean surface tenants, occupants, developers, land owners and all other water users on the Lowry Range.

ARTICLE 2

Preliminary Matters

2.1 A dispute has arisen between the Parties concerning the status of the A&R Lease as evidenced in part by the claims asserted by and against the Parties in the Proceeding.

2.2 The Parties to this Agreement desire to: (1) amend and completely restate the rights and obligations of the Lease; (2) acknowledge and agree that the Lease as amended and completely restated by this Agreement is valid and enforceable; (3) eliminate uncertainty surrounding the Lease as amended and completely restated by this Agreement; and (4) resolve all issues between the Parties to this Agreement which are related to all issues which have been raised or could be raised in connection with the Proceeding.

2.3 The Parties affirm and acknowledge that Rangeview has had, and as of the Effective Date continues to have, the exclusive service rights set forth in Sections 5.6, 6.4 and 8.1 below.

ARTICLE 3

Effective Date

3.1 Effective Date of This Agreement. This Agreement shall be binding on the date it is fully executed and delivered by the Parties subject only to, as a condition subsequent, entry of the final non-appealable order of the Denver District Court in the Proceeding approving this Agreement and the related Settlement Agreement. The date of the final non-appealable order of the Denver District Court shall be deemed the Effective Date of this Agreement. The Parties agree to cooperate and to use their best efforts to obtain prompt entry of a final non-appealable order.

3.2 Amendment. This Agreement amends, restates in its entirety, and supersedes in all respects the Lease, and from and after the Effective Date, this Agreement, including the Exhibits hereto and the Settlement Agreement, shall control and define the rights and obligations of the Parties with respect to the subject matter of this Agreement.

3.3 Objectives of This Agreement. The Parties acknowledge that it is in their best interests to arrange for water development on the Lowry Range to be pursued in a manner which encourages efficient and economical use of the water resources which are the subject of this Agreement and encourages surface development on the Lowry Range. Rangeview has the objective of acquiring an adequate water supply to provide water delivery to Water Users pursuant to this Agreement and, subject to the terms of this Agreement, to apply the Export Water and Non-Export Water to uses which create revenue and thereby provides additional royalty payments to the Land Board. In order to achieve this objective, the Parties acknowledge that Rangeview's first priority for utilization of its available revenues will be the fulfillment of its commitment to provide water service exclusively to Water Users. The Land Board contemplates that it may lease, sell, or otherwise dispose of portions of the surface of the Lowry Range at some undetermined point in the future and anticipates that the availability and provision of water service to the Lowry Range pursuant to this Agreement may promote development on the Lowry Range.

3.4 Rangeview. The Parties acknowledge that the Enterprise caused Rangeview, acting directly and not through the Enterprise, to execute and deliver a guaranty of this Agreement in the form attached hereto as **Exhibit I**.

ARTICLE 4

Leased Premises

4 . 1 General Description of Water Subject to This Agreement. Except as otherwise reserved to the Land Board in Section 5.1 below, this Agreement shall encompass the use of all of the waters on and under the surface of the Lowry Range.

ARTICLE 5

Grant of Lease

5.1 Grant. Subject to the terms, conditions and limitations set forth in this Agreement, the Land Board hereby leases to Rangeview the right and privilege during the term of this Agreement to divert and put to beneficial use all water on and under the surface of the Lowry Range, including all rights to the first use, reuse, successive use and disposition of such water, together with the right to use as much of the surface and underground portions of the Lowry Range as provided in Article 11 of this Agreement as may be reasonably required in the exercise of the rights granted by this Agreement, including, in accordance with commercially reasonable and prudent water provider practice in Colorado, the right to drill and build wells, construct buildings (except office and other such buildings not directly necessary for the extraction and transportation of water), make excavations, stockpiles, dumps, drains, roads, power lines, pipelines, and other improvements (all such activity hereinafter being referred to as "Construction"), but only as may be reasonably necessary for the development and delivery of the water pursuant to this Agreement. The foregoing items exclusive of the reservations set forth below are collectively referred to as the "Water Rights."

Reserving, however, to the Land Board:

(a) Except as are herein specifically granted, the right to exercise all rights and privileges of every type and nature which are incident to the ownership of the Lowry Range, or any part thereof, at any time, for any purpose, including, without limitation, the right to explore, prospect for and extract oil and gas and other minerals, including sand and gravel, on or under said land, in a manner not inconsistent with the full exercise by Rangeview of the rights and privileges herein granted;

(b) The right at any time to go upon those portions of the Lowry Range not exclusively utilized by Rangeview and the right at all reasonable times upon five (5) days' written notice during the term of this Agreement to go upon those portions of the Lowry Range exclusively utilized by Rangeview and every part thereof for the purpose of inspecting same, including metering, measuring and other similar devices, and, in accordance with Section 7.6, to inspect the books of accounts and records of water development and use therein, and of ascertaining whether or not Rangeview, and those entities holding under and buying from or contracting with Rangeview, are carrying out the terms, covenants and agreements of this Agreement;

(c) All interests in the Water Rights and all interests in the Lowry Range previously granted by the Land Board identified in **Exhibit A**;

(d) The Land Board's recharge rights set forth in 6.2(b);

(e) A total of 2,500 acre-feet annually ("Reserved Water"), as more specifically identified on **Exhibit J** attached hereto, shall be reserved for the Land Board's or its lessees' use for any purpose other than real estate development, mining and oil-and-gas development.

(f) The right to require Rangeview to move the surface water diversion points for Coal Creek and Box Elder to locations on the Lowry Range chosen by the Land Board, with the objective of moving such surface water diversion points to a technically feasible location within a 2,500 foot range of the north border of the Lowry Range. The Land Board shall consider alternatives that adequately protect the riparian areas, but is under no obligation to accept such alternatives. In selecting such surface water diversion points, consistent with the foregoing, the Land Board shall reasonably consult in good faith with Rangeview, including each Party reasonably considering the engineer report created by the other Party, if necessary.

(g) The Land Board may revoke and withdraw its grant of groundwater Water Rights under this Section 5.1 with respect to Water Rights on or under 1280 acres to be determined by the Land Board, without additional compensation to Rangeview. The Land Board may also revoke and withdraw groundwater Water Rights on or under up to 2,560 additional acres, to be determined by the Land Board, from its grant of Water Rights under this Section 5.1 in exchange for equitable groundwater resources or, if equitable groundwater resources are not available, reasonable cash compensation. Whether water to be exchanged constitutes equitable groundwater resources will be determined based on the quantity of such water available by aquifer, the legal type and permitted use of such water, the priority date of such water, the saturated thickness of aquifers, permeability, transmissivity, and other geologic conditions compared to the Water Rights withdrawn, as well as economic considerations such as changes in the number of wells required, pumping costs, pipeline locations, and treatment costs and other economic considerations which commercially reasonable and prudent water providers would incur. The Land Board will pay reasonable infrastructure relocation costs incurred by Rangeview or the Export Water Contractor, as applicable, if necessary, resulting from any removal, relocation or withdrawal of Water Rights pursuant to this Section 5.1(h).

5.2 Term. The term of the Lease commenced at 12:00 noon on May 1, 1982, and, as amended by this Agreement, shall expire at 12:00 noon on May 1, 2081 unless terminated earlier in accordance with the terms of this Agreement or otherwise extended.

5.3 Effect of Expiration of the Agreement.

(a) Upon expiration, or earlier termination of the term of this Agreement, the right to the use of the Non-Export Water shall automatically and without further act of the Parties or anyone else revert to the Land Board. To the extent Non-Export Water is actually being delivered to provide water service to Water Users or users of Non-Export Water Off-Site, the Land Board agrees that such water will continue to be made available to (i) Water Users under commercially reasonable agreements to be negotiated at the time of such expiration or termination, which agreements shall include adequate revenue for the Land Board, and (ii) users of Non-Export Water Off-Site in accordance with the contracts described in Section 5.3(b) below. In the event no agreement is reached, then the terms of such agreements shall be determined by arbitration pursuant to Section 15.16.

(b) Rangeview, the Service Provider and the Export Water Contractor each agree not to enter into agreements or contracts related to the Off-Site Water whose terms shall disproportionately allocate economic benefits, revenues, obligations, rates and terms (including, without limitation, accounting for inflation and anticipated changes in the demand for water services) as between Rangeview, the Service Provider and the Export Water Contractor during the term of the Agreement and the Land Board after the Agreement has expired or terminated. Each of Rangeview, the Service Provider and the Export Water Contractor agrees to provide the Land Board written notice twenty-one (21) days in advance of Rangeview, the Service Provider or the Export Water Contractor's entry into any agreement or contract related to the Off-Site Water. Such notice shall include the relevant terms and conditions of the applicable agreement or contract. The failure of the Land Board to object following the receipt of such notice shall not be deemed to be an acceptance by the Land Board of the terms and conditions of the applicable agreement or contract or a waiver of the Land Board's rights under this Section 5.3(b), provided, however, that the foregoing sentence shall not create a consent right for the Land Board. Rangeview shall be responsible for all augmentation obligations, including any lagged depletions and any other augmentation after the expiration or termination of the Agreement for any water produced by Rangeview.

5.4 Land Board's Legal Right to Water. The Land Board hereby warrants and represents that, except as provided in **Exhibit A**, it has all right, title and interest in the Water Rights granted to Rangeview and it has not granted such rights to any other person or entity. Rangeview agrees to pursue diligently (1) the adjudication of all of the Water Rights, and (2) the development of the Water Rights as necessary to provide water service to Water Users in a commercially reasonable time and manner and in accordance with prudent water provider practice in Colorado, without cost or legal expense to the Land Board. The Land Board shall reasonably cooperate and render assistance with respect to all permits, applications, filings and documents related to Rangeview's activity in adjudicating all of the Water Rights and shall be provided courtesy copies of such papers five (5) days before they are filed. It is further agreed by the Parties hereto that all permits, applications, filings, documents and decrees in connection with establishing such Water Rights shall bear the name of, and be made in the name of Land Board and, if necessary, Rangeview, as lessee. Legal title to the Water Rights shall be held in the name of the Land Board except to the extent reasonably necessary to include Rangeview, as lessee, in water decrees, without cost to the Land Board, and any water rights adjudicated on and under the Lowry Range shall automatically become Water Rights under this Agreement. Nothing in this Agreement shall be deemed to prohibit Rangeview from adjudicating in its sole name and for its sole benefit any other Off-Site water rights not subject to this Agreement.

Unless expressly agreed to by the Land Board in writing and in its sole discretion, the Water Rights, the water system to be constructed, and the rights-of-way on and aquifers under the Lowry Range required to deliver both Export and Non-Export Water, and any other rights granted hereunder, shall not be used for any business or other purpose except to provide water service consistent with this Agreement and the water decrees by which such Water Rights have been or may be adjudicated.

5.5 Sale of Land. C.R.S. 36-1-118(4) provides that the Land Board may, in its discretion, offer for sale any land leased at any time during the term of any lease as though said lease had not been executed, or it may withdraw such land from sale during the full term of the lease. The Land Board affirms that the right to develop, divert, convey and use the Water Rights and the interest in the surface of the Lowry Range conferred by Article 11 of this Agreement shall be withdrawn from sale until this Agreement terminates in accordance with the provisions hereof.

5.6 Exclusivity.

(a) The Land Board affirms that, consistent with the obligations of Rangeview and its Service Provider to provide service to all Water Users pursuant to Sections 6.4 and 8.1 hereof, the Land Board shall require all Water Users to obtain water service exclusively from Rangeview during the term of this Agreement, except with regard to the waivers set forth on **Exhibit K** attached hereto and the Reserved Water.

(b) Accordingly, the Land Board agrees that if it shall lease or contract for exchanges, sales or other dispositions pertaining to any interest in or beneath the surface of the Lowry Range during the term of this Agreement, the Land Board shall include a covenant in any such transfer agreements, and in any deed related thereto, requiring the acquiror of such Lowry Range property and any subsequent transferee of such property to obtain all water service required with respect to such property exclusively from Rangeview during the term and subject to the terms of this Agreement.

(c) Each of Rangeview, the Service Provider and the Export Water Contractor covenant that, notwithstanding the grant of exclusivity with regard to providing service to Water Users as set forth in Section 5.6(a), Section 6.4 and Section 8.1 hereof, such parties shall not bring any claims, cross claims, counterclaims, controversies, disputes, liabilities, obligations, demands, damages, debts, liens, actions or causes of action against (i) the Land Board, with regard to the failure of any past, present or future Water User to receive any service, including without limitation the Non-Export Water, from Rangeview, the Service Provider or the Export Water Contractor on an exclusive basis, and (ii) any of the past or present Water Users, with regard to such Water User's past, present or future election to receive any water service from any person or entity other than Rangeview, the Service Provider or the Export Water Contractor, to the extent relating to any past or present leases. For the sake of clarity, the foregoing sentence shall not apply to any failure by the Land Board to comply with its obligations under Section 5.6(b).

ARTICLE 6

Right to Sell Water

6.1 Rangeview's Conveyance of Export Water.

(a) As of April 11, 1996, and subject only to the terms of this Agreement, Rangeview sold the right to divert and sell outside the Lowry Range the use of up to a total gross volume of 1,165,000 acre feet of the non-tributary and not non-tributary water included in the Water Rights ("Export Water") pursuant to an agreement in the form attached hereto as **Exhibit C** (the "Initial Permitted Sale"). The Export Water may be withdrawn only to the extent permitted by the water decrees by which such water was adjudicated as outlined on **Exhibit J**, as such decrees may be amended from time to time, and may not be withdrawn in quantities or in any other manner that would adversely affect the delivery of Non-Export Water to Water Users or Off-Site users. Notwithstanding the expiration or early termination of this Agreement, such right to divert, sell and use the total gross volume of 1,165,000 acre feet of Export Water shall be absolute and irrevocable subject to the provisions of Section 6.6. The diversion and use of the Export Water shall be in accordance with the terms of the water decrees by which such water was adjudicated, as such decrees may be amended, from time to time and will include the right to sell all use, reuse, and successive uses of the Export Water. Upon the sale or other disposition of all or any portion of the Export Water following the Initial Permitted Sale, Rangeview shall cause to be paid and the Land Board shall receive the royalty described in Section 7.2 below. The Land Board will have no approval rights as to any sale or other disposition of the use of the Export Water subsequent to the Initial Permitted Sale, except that Rangeview shall provide to the Land Board written notice of and access to the contemplated sale documents twenty-one (21) days in advance of such sale or other disposition pursuant to Rangeview's rights as set forth in Section 12.1 of **Exhibit C**. Contracts for sales of the use of Export Water shall provide for the substitution of facilities and oversizing of pipes as provided in Sections 8.3 and 8.4 below and that the capital costs for the Export Water delivery system and oversizing of pipes will not be charged, directly or indirectly, to the Land Board, Rangeview, or Water Users (except to the extent such facilities are substituted for on-site service, in which case Water Users will indirectly bear costs through rates and charges and Rangeview may incur administrative and maintenance expenses with respect thereto). In addition, Rangeview shall cause such contracts to provide for the payment of royalties as otherwise provided in this Agreement.

(b) Rangeview is in the process of adjudicating certain tributary waters on the Lowry Range. To the extent Rangeview is successful in completing adjudication of such rights, and to the extent water is available pursuant to such adjudication, the Export Water Contractor shall have the right at any time during the first five (5) years following the adjudication to substitute up to 1,650 acre feet per year of non-tributary water which constitutes a portion of the Export Water as defined in this Section 6.1 for an absolute and irrevocable decree for up to 1,650 acre feet of tributary water. If the Export Water Contractor exercises the foregoing right, the Export Water Contractor shall reconvey a total gross volume of 165,000 acre feet of non-tributary water and not non-tributary water which constitutes the Export Water to the Land Board, as lessor, and Rangeview, as lessee, to become Non-Export Water subject to this Agreement and the Export Water Contractor shall enter into an agreement with Rangeview which provides that in years when less than a total of 3,300 acre feet per year of tributary water on the Lowry Range is physically available, the Export Water Contractor shall only utilize up to fifty percent (50%) of the available tributary water unless the remaining available tributary water is not being utilized by Rangeview, its Service Provider, or the Land Board, as applicable, and Rangeview, its Service Provider, or the Land Board, if applicable, agrees that it does not plan to utilize such water during the year, in which case the Export Water Contractor may utilize the available tributary water which Rangeview, its Service Provider, or the Land Board does not plan to use up to a maximum of 1,650 acre feet. In no case shall Non-Export Water be used to augment the Export Water Contractor's tributary water hereunder.

For example, if in a year there are only 2,400 acre feet of tributary water available, the Export Water Contractor could only utilize 1,200 acre feet unless Rangeview, its Service Provider, or the Land Board, if applicable, does not plan to use some portion of the remaining 1,200 acre feet, in which case the Export Water Contractor could use the unused tributary water up to a maximum of 450 acre feet for a combined total of 1,650 acre feet.

6.2 Right to Artificially Recharge.

(a) Right to Recharge of Rangeview, the Service Provider, and the Export Water Contractor. Rangeview, the Service Provider, and the Export Water Contractor shall have the right to artificially recharge and to store the recharged water in the aquifers from which such Water Rights are withdrawn and to withdraw such artificially recharged and stored water. Rangeview, the Service Provider and the Export Water Contractor shall also have the right to store additionally acquired water in reservoirs on the surface of the Lowry Range in a commercially reasonable manner consistent with prudent water provider practice in Colorado and subject to the requirements set forth herein.

(i) If Rangeview, the Service Provider or the Export Water Contractor desires to construct a surface reservoir, such entity must notify the other entities of such intention and give them the opportunity to participate in the project. Any such reservoir must be compatible with the existing and reasonably projected development of the surrounding land and must generally be consistent with Realigned Reservoir C as set forth on **Exhibit L**; provided, however that in connection with the construction of Realigned Reservoir C, each Party may request reasonable alterations to **Exhibit L** and the other Parties shall reasonably accommodate any such requested reasonable alterations. Any disputes over whether the proposed reservoir will be compatible with the development of the surrounding land or consistent with Realigned Reservoir C (including any requested alterations thereto) shall be resolved by arbitration pursuant to Section 15.16 of this Agreement. The burden of proof in such arbitration shall be on the entity desiring to construct the reservoir. If a reservoir is constructed, the entity or entities constructing such reservoir shall permit reasonable access to the reservoir, if requested by surrounding land owners, municipalities, parks and recreation districts or similar entities, provided that the access requested does not interfere with or render more costly the planned use and operation of the reservoir and provided that it shall not be the responsibility of Rangeview, the Service Provider or the Export Water Contractor to provide amenities or safety features to accommodate needs of such third persons unrelated to the water service function of the reservoir.

(ii) Subject to the provisions of subsection (i) above.

(1) Notwithstanding Article 11, if Rangeview, its Service Provider or the Export Water Contractor plans to construct a reservoir, the Land Board shall grant to Rangeview, the Service Provider or the Export Water Contractor, as applicable, a perpetual right-of-way on the land for such reservoir, which does not expire unless the reservoir is abandoned in accordance with Section 14.2. This right-of-way shall be granted in exchange for payment of the then fair market value for the land except as otherwise provided in Section 11.2 with respect to Realigned Reservoir C.

(2) If the reservoir is planned to be jointly constructed by Rangeview and/or its Service Provider and the Export Water Contractor, then the fees will be based on the proportionate part of the reservoir to be used by Rangeview or its Service Provider on the one hand, and the Export Water Contractor on the other.

(iii) Any artificial recharge must be done in accordance with all applicable laws, rules, and regulations in effect at the time of such artificial recharge, and notwithstanding such compliance, shall not interfere with or render more burdensome or costly delivery of the Non-Export Water to Water Users.

(iv) Each of Rangeview, the Service Provider and the Export Water Contractor (but excluding the end user, an Off-Site Water Purchaser which is not an Affiliate of the Service Provider, and an Export Water Purchaser which is not an Affiliate of the Export Water Contractor) shall be jointly and severally liable for all damages, including without limitation, environmental or water quality damages, if any, incurred by the Land Board or the Water Users caused by Rangeview, the Service Provider or the Export Water Contractor arising out of the artificial recharge, storage, or withdrawal of such artificially recharged water.

(v) Rangeview shall cause all contracts for the sale or other disposition of the Export Water or Off-Site Water to provide that the Land Board shall be paid the royalty required by Section 7.4 at the time the recharged water is withdrawn. The royalty shall be payable by the entity withdrawing such water and the Land Board shall have the right to enforce such payment requirement, including the rights as provided in Section 6.6. If there is a dispute as to the royalty attributable to such recharged water when it is withdrawn, the royalty shall be resolved by arbitration pursuant to Section 15.16 of this Agreement.

(vi) The right to recharge Export Water is not alienable from the Export Water and must be sold in conjunction therewith. Subject to Section 15.19, the right to recharge sold with the Export Water shall be deemed abandoned when the Export Water Contractor withdraws the entire portion of the Export Water purchased plus the entire amount of water recharged by the Export Water Contractor or when the Export Water Contractor has failed to recharge any portion of the aquifers for a period of ten (10) years. In the event of a dispute in the determination of the abandonment of the right to recharge, the matter shall be determined by arbitration pursuant to Section 15.16 of this Agreement.

(vii) Rangeview and the Service Provider's right to recharge Off-Site Water is not alienable from the Off-Site Water and must be sold or otherwise disposed of in conjunction therewith.

(viii) Rangeview shall cause the Service Provider and the Export Water Contractor to comply with this Section 6.2(a) in conducting any recharge activities permitted above.

(b) Land Board's Right to Recharge. The Land Board shall have the right to artificially recharge, store and withdraw water in the aquifers beneath the Lowry Range in accordance with all applicable laws, rules and regulations in effect at the time of such artificial recharge; provided, however, that notwithstanding such compliance, the Land Board shall not interfere with or render more burdensome or costly the storage of or delivery of or recharge of water by Rangeview, the Service Provider or the Export Water Contractor. Further, the Land Board shall be liable for damages, including without limitation, environmental or water quality damages, if any, incurred by Rangeview, the Service Provider, the Export Water Contractor or the Water Users caused by such artificial recharge, storage or withdrawal by the Land Board.

6.3 Non-Export Water Available to Export. Subject to the provisions of this Agreement, Rangeview shall have the right to lease and use the Non-Export Water for use Off-Site. Rangeview shall pay to the Land Board forty-five percent (45%) of Gross Revenues, if any, for the disposal of untreated effluent, sewage, or sewerage Off-Site, within thirty (30) days after receipt. If there is a dispute as to such payment, the matter shall be resolved by arbitration pursuant to Section 15.16 of this Agreement. The Land Board shall be provided twenty-one (21) days' advance written notice and access to contemplated contracts for the disposal of effluent, sewage, and sewerage Off-Site.

6.4 Sale of Use of Water on the Lowry Range. Subject to the provisions of this Agreement, Rangeview shall have (a) the exclusive right to provide water service to all current and future Water Users on the Lowry Range, except with regard to the waivers set forth on **Exhibit K** attached hereto and the Reserved Water, with respect to each of which Rangeview explicitly waives any exclusivity rights, and subject to the conditions set forth in Section 8.1, and (b) the duty to provide water service to all Water Users. Reuse and successive use of Non-Export Water, if any, shall be done in a commercially reasonable manner consistent with prudent water provider practice in Colorado.

Rangeview agrees that if it acquires any additional water to provide water service to Water Users, it shall, consistent with prudent water provider practices in Colorado, use such water to provide water service to Water Users without additional cost to the Land Board. Any additional water shall not be subject to the terms of this Agreement except (x) to the extent that such additional water is stored in aquifers beneath the surface of the Lowry Range or in reservoirs on the surface of the Lowry Range, in which case, such water shall thereafter be subject to the royalty set forth in Section 7.4 and (y) to the extent such additional water may remain subject to the rates and charges in Section 8.2 as described below. In the event that Rangeview cannot reasonably provide water service to Water Users at rates and charges in accordance with Section 8.2, Rangeview may notify the Land Board that an increase in the rates and charges applicable to such water service is required to cover the cost of acquiring the additional water, in which case the Land Board shall have the option of (i) permitting Rangeview to charge such increased rates or (ii) serving any Water Users requesting service after the Non-Export Water is committed. If Rangeview does not acquire additional water for Water Users, then Rangeview shall continue to provide Non-Export Water to Water Users who are issued taps prior to the time when the available Non-Export Water was committed pursuant to such taps.

Rangeview shall not issue taps based on unused cumulative rights under the decrees for the Non-Export Water. The phrase “unused cumulative rights under the decrees” means the amount of water that could otherwise have been legally withdrawn pursuant to the Statewide Non-Tributary Ground Water Rules, 2 C.C.R. 402-7, Rule 8A., over and above the allowed average annual amount of withdrawal permitted under the decrees.

The Land Board may utilize (1) the Reserved Water to the extent permitted under Section 5.1(e) or (2) the Reserved Water or any other water sources it may have or acquire for service on the Lowry Range in accordance with (A) this Section 6.4 to service Water Users requesting service after the available Non-Export Water has been committed and (B) Section 8.1 to service Water Users requesting service in the event that Rangeview and Service Provider are unable to provide plans and projections reasonably evidencing that such Parties are able to perform their obligations to provide water to future Water Users within a reasonable time frame. In accordance with (X) this Section 6.4 to service Water Users requesting service after the available Non-Export Water has been committed and (Y) Section 8.1 to service Water Users requesting service in the event that Rangeview and Service Provider are unable to provide plans and projections reasonably evidencing that such Parties are able to perform their obligations to provide water to future Water Users within a reasonable time frame, the Land Board shall have the right to jointly use and expand the facilities constructed by Rangeview or its Service Provider to provide water service to Water Users to the same extent Rangeview would have used and expanded such facilities consistent with prudent water provider practices in Colorado if it had acquired additional water to service such Water Users.

6.5 [Reserved].

6.6 Termination of Export Water or Off-Site Water. In the event the Export Water Contractor fails to pay the royalties required by this Agreement or an Off-Site Water Purchaser fails to pay any fees with respect to its purchase of Off-Site Water within ten (10) business days after the applicable due date, or takes or fails to take action which would cause material harm to the Water Rights or the aquifers or the surface of the Lowry Range then owned by the Land Board and such action or failure is not cured within thirty (30) days after written notice has been given by the Land Board or Rangeview specifically setting forth the nature of the problem, or if more than thirty (30) days is reasonably required to cure such matter complained of, if the Export Water Contractor or Off-Site Water Purchaser, as applicable, shall fail to commence to correct the same within said thirty (30) day period and shall thereafter fail to prosecute the same to completion with reasonable diligence, or commits a fraud in the performance (as opposed to the inducement) of this Agreement, as may be determined in a final non-appealable order of a court of competent jurisdiction, the Land Board or Rangeview may elect to terminate the rights to the portion of the Export Water or Off-Site Water which has not been conveyed or is not otherwise subject to a good faith, binding agreement to be conveyed to an Export Water Purchaser or Off-Site Water Purchaser and pursue such other remedies as may be provided by law. Rangeview, at its option, without prejudice to any other remedies it may have, may cure any of the foregoing defaults in order to protect its rights under this Agreement without waiting for the thirty (30) day period to run and seek reimbursement from the Export Water Contractor or Off-Site Water Purchaser, as applicable, for any costs and damages associated therewith.

ARTICLE 7

Rent and Royalty Payments to Land Board

7.1 **Annual Rent.**

(a) Rangeview shall pay annual rent ("Annual Rent") in the amount of Five Thousand Dollars (\$5,000.00) to the Land Board on or before May 1 of each year until this Agreement expires or otherwise terminates. The Annual Rent shall be increased every five (5) years proportionally to the five (5) year increase, in the Index. In no case shall the annual rent be reduced.

(b) On or before May 1 of each year, beginning with May 1, 2015, until this Agreement expires or otherwise terminates, Rangeview, or its Service Provider shall pay the Land Board \$10 per acre-foot of Non-Export Water designated for use Off-Site (collectively, the "Minimum Annual Water Production Payments"). The Parties intend that the Non-Export Water designated for use Off-Site will consist of all Water Rights less the Export Water, the water reserved to ECCV and the water reserved to the Land Board, and agree that it will be as more specifically identified on **Exhibit J** attached hereto. The Minimum Annual Water Production Payments shall serve as prepaid royalties against future production and shall be forfeited to the Land Board if no royalties are paid by Rangeview or its Service Provider to the Land Board for the sale or other disposition of the Export Water or Non-Export Water in excess of the aggregate amount of the Minimum Annual Water Production Payments prior to the expiration or termination of the Agreement.

7.2 **Royalty for Export Water and Off-Site Water.**

(a) **Royalty Rates for Public Versus Private Use of Export Water and Off-Site Water.** A sum equal to ten percent (10%) of Gross Revenues shall be paid to the Land Board as a royalty in the case of a sale or other disposition of Export Water or Off-Site Water to a Title 32 municipal district or other similar municipal or public entity, and a sum equal to twelve percent (12%) of the Gross Revenues shall be paid to the Land Board as a royalty in the case of a sale or other disposition of Export Water or Off-Site Water to all others. These royalty rates shall be referred to as the "Initial Royalty Rates."

(b) **Application of Initial Royalty Rates.** In addition to the Annual Rent, Rangeview shall pay or cause the Export Water Contractor, Export Water Purchaser or Off-Site Water Purchaser, as applicable, to pay the Initial Royalty Rates (subject to adjustment as provided in Section 7.2(c)) on the sale or other disposition of the Export Water or Off-Site Water.

(c) Adjustment of Initial Royalty Rate for Export Water.

(i) If the Export Water is sold or disposed of by the Export Water Contractor on an Entitlement Basis to a public entity for an amount in excess of Forty-Five Million Dollars (\$45,000,000) in Gross Revenues, the Initial Royalty Rate for such Export Water shall be increased for Gross Revenues received in excess of \$45,000,000 as follows:

<u>Gross Revenue</u>	<u>Royalty Rate</u>
0 - \$45,000,000	10%
\$45,000,000 - \$60,000,000	20%
\$60,000,000 - \$75,000,000	30%
\$75,000,000 - \$90,000,000	40%
Over \$90,000,000	50%

As an example, if the Export Water Contractor receives One Hundred Million Dollars (\$100,000,000) in Gross Revenues from sales of the Export Water on an Entitlement Basis to a public entity, the Land Board will receive a royalty as follows:

<u>Gross Revenue</u>	<u>Royalty</u>
the first \$45,000,000	\$4,500,000
the next \$15,000,000	\$3,000,000
the next \$15,000,000	\$4,500,000
the next \$15,000,000	\$6,000,000
the next \$10,000,000	\$5,000,000

(ii) If the Export Water is sold by or disposed of by the Export Water Contractor on an Entitlement Basis for a private use for an amount in excess of Forty-Five Million Dollars (\$45,000,000), the Initial Royalty Rate shall be increased for the Export Water Contractor's Gross Revenues in excess of Forty-Five Million Dollars (\$45,000,000) as follows:

<u>Gross Revenue</u>	<u>Royalty Rate</u>
0 - \$45,000,000	12%
\$45,000,000 - \$60,000,000	24%
\$60,000,000 - \$75,000,000	36%
\$75,000,000 - \$90,000,000	48%
Over \$90,000,000	50%

(d) Subsequent to the anniversary date of this Agreement in the year 2081, any ongoing Gross Revenues from the sale of Export Water shall belong to and be paid to the Land Board. Following the anniversary date of this Agreement in the year 2081, to the extent Export Water is actually being delivered to provide water service to customers, the Land Board shall continue to provide service to such customers in accordance with the existing service contracts for such customers, provided Rangeview, the Service Provider and the Export Water Contractor have, with respect to the contracts for Export Water, complied with the terms set forth in Section 5.3(b) for contracts related to Off-Site Water, as though the Export Water were Off-Site Water.

7.3 Royalties for On-site Use.

(a) Initial Royalty. For sales or other dispositions of Non-Export Water for use on the Lowry Range, Rangeview will pay to the Land Board a royalty of twelve percent (12%) of the Gross Revenues from the sale or other disposition of the Non-Export Water (including any reuse or successive use of treated effluent) to Water Users.

(b) Royalty at Build-Out. At such time as metered production in any calendar year of Non-Export Water reaches 13,000 acre feet (including any re-use of water), or, alternatively, at such time as a total of 10,000 surface acres on the Lowry Range has been (i) rezoned to a use other than agricultural, (ii) finally platted, and (iii) water tap agreements have been entered into with respect to all improvements to be constructed on such acreage, then the Land Board may elect to receive, at its option, in lieu of the royalty provided in Section 7.3(a), an amount equal to fifty percent (50%) of the collective net profits derived by Rangeview and the Service Provider from the sale of Non-Export water to Water Users. Net Profits shall be defined as the Gross Revenues received from water users less (i) the currently amortized portion of applicable capital costs (assuming for purposes of this calculation that such costs are to be amortized over the estimated useful lives of the assets involved) incurred with respect to the Non-Export Water delivery system; and (ii) all Operating Expenses whether incurred by Rangeview or its Service Provider.

7 . 4 Recharge Royalty. If additional water acquired by the Export Water Contractor, Rangeview or its Service Provider is stored pursuant to Section 6.2(a) in surface reservoirs or in aquifers beneath the surface of the Lowry Range, such entity shall pay or cause to be paid to the Land Board a royalty equal to ten percent (10%) (for sales or dispositions to public entities) or twelve percent (12%) (for sales or dispositions to all others) of the Gross Revenues for such stored water sold or disposed of by the Export Water Contractor, Rangeview or its Service Provider, respectively, at the time of the sale or other disposition of such stored or recharged water (regardless of whether such sale or other disposition is to a retail purchaser or to Water Users).

7 . 5 Payment of Royalty. Payment of any royalty payable pursuant to this Agreement shall be deemed earned in proportionate part as Gross Revenues derived from the subject transaction are received. In the case of an installment sale, the royalty shall be deemed earned upon receipt of each installment payment. The royalty on Export Water or Off-Site Water sold shall be deemed earned as actual payments are made by the purchaser of the Export Water or Off-Site Water, as applicable. Royalties earned in any calendar year quarter shall be paid to the Land Board within thirty (30) days after the end of the quarter in which earned. Unpaid royalties shall accrue interest at the rate of two percent (2%) per month from the date due.

7.6 Reporting.

(a) Rangeview shall report to the Land Board the quantity of Water Rights (including any recharged or stored water pursuant to Section 6.2(a)) delivered, specifying the amounts of Export Water and Non-Export Water delivered and the amounts of such Export Water and Non-Export Water removed from each aquifer under the Lowry Range in accordance with **Exhibit J**, the exact amount of Gross Revenues or gross tap fee revenues relating to the sale or other disposition of Water Rights and a calculation of the royalties paid or payable to the Land Board as result thereof, and the entity to whom the Water Rights were delivered. The report shall be due within thirty (30) days after the end of each calendar year, until such time as production of Export and/or Non-Export Water reaches 500 acre feet in a calendar year, and thereafter on or before the thirtieth (30th) day following the end of each calendar quarter during the term of this Agreement. The Land Board shall deliver a report to Rangeview specifying the quantity of Water Rights removed by the Land Board from each aquifer under the Lowry Range, and such report shall be due within thirty (30) days after the end of each calendar year.

(b) Rangeview shall, or shall cause its Service Provider and/or the Export Water Contractor to, prepare and keep full, complete, and proper books, records and accounts of all Water Rights (including any recharged or stored water pursuant to Section 6.2(a)) sales or dispositions and shall document such transactions as may be required by law. Said books, records, and accounts of Rangeview, its Service Provider, and/or the Export Water Contractor shall be open at all reasonable times, upon ten (10) days' prior written notice, to the inspection of the Land Board and its representatives who may, at the Land Board's expense, copy or extract all or a portion of said books, records, and accounts for a period of up to five (5) years after the date such books, records and accounts are made. The Land Board's right to inspect shall not prejudice the Land Board's right to collect payments due pursuant to this Agreement. The Land Board may, upon no less than fourteen (14) days' prior written notice to Rangeview, its Service Provider, and/or the Export Water Contractor, cause a partial or complete audit of the entire records and operations of Rangeview, its Service Provider, and/or the Export Water Contractor for a five (5) year period preceding the date of the audit relating to the Lowry Range and water use pursuant to this Agreement to be made at the Land Board's expense by an auditor selected by the Land Board. Within fourteen (14) days following the Land Board's notice, Rangeview, its Service Provider, and/or the Export Water Contractor shall make available to the Land Board's auditor the books and records the auditor reasonably deems necessary or desirable for the purpose of making the audit. Any deficiency in the payment of royalties determined upon such inspection or audit shall be immediately due and payable by Rangeview, and by the inspected or audited party if other than Rangeview, together with interest thereon at the rate of two percent (2%) per month from the date or dates such amounts should have been paid. If such deficiency is in excess of two percent (2%) of the royalty previously paid, then Rangeview shall pay or cause the audited party if other than Rangeview to pay to the Land Board the actual cost of the audit at the time the deficiency is paid.

7.7 Royalties on Tap Fees. Rangeview shall pay or cause the Export Water Contractor, Export Water Purchaser, or Off-Site Water Purchaser, as applicable, to pay royalties to the Land Board in the amount of 2% of all gross tap fee revenues received with respect to Water Rights, provided that any tap fees applicable to the Sky Ranch Property shall be exempt from any such royalties.

ARTICLE 8

Development of Infrastructure and Water Service on the Lowry Range

8.1 Rangeview Shall Serve. Subject to the requirement that customers pay any appropriate fees and charges and comply with reasonable policies, rules and regulations which may govern the activities of Rangeview acting in its capacity as the provider of water service to the Lowry Range, Rangeview shall, consistent with the terms of this Agreement, including Section 6.4, and consistent with the obligations of the Service Provider as set forth in Article 9 below, provide water service during the term of this Agreement to all Water Users, except with regard to the waivers set forth on **Exhibit K** attached hereto and the Reserved Water. All Water Users shall be required to obtain water service exclusively from Rangeview. All such service, whether actually provided by Rangeview, or some other entity as may be approved by the Land Board, shall remain the primary obligation and responsibility of Rangeview, and shall be provided in a commercially reasonable time and manner consistent with prudent water service practice in Colorado.

Rangeview and the Service Provider shall provide, within a reasonable time frame, to the Land Board plans and projections reasonably evidencing that Rangeview and the Service Provider can perform their respective obligations to provide water to future Water Users within a reasonable time frame under the schedule of any future proposed real estate, mining, oil and gas, or other future proposed development or use of the Lowry Range, upon terms and conditions reasonably acceptable to the Land Board in consultation with the future Water User associated with such development. If the Land Board reasonably determines that Rangeview or the Service Provider cannot perform their respective obligations on terms and conditions and in a delivery time frame acceptable in accordance with commercially reasonable and prudent water provider practice in Colorado, the Land Board shall deliver to Rangeview and the Service Provider a written notice specifically stating the reasons for its determination, and the Land Board and the future Water User shall not be under any obligation to take water or water service from Rangeview or the Service Provider and may receive water or water service from any other source or provider. In determining whether Rangeview or the Service Provider can reasonably perform their respective obligations, the Land Board shall only consider the terms and conditions and the delivery time frame upon which such obligations will be performed. In the event of a dispute as to the Land Board's determination, the Land Board and Rangeview agree to enter into dispute resolution in accordance with Section 15.16.

8.2 Water Fees and Rates. Tap fees, usage charges, and service charges to Water Users on the Lowry Range for Non-Export Water shall not exceed the average of those similar charges then imposed by the Town of Castle Rock, East Cherry Creek Valley Water and Sanitation District, and Parker Water and Sanitation District, or their respective successors.

8.3 Substitution of Facilities. All contracts for the sale of Export Water and Off-Site Water shall allow Rangeview, the Service Provider, or the Land Board (upon the expiration or termination of this Agreement), as applicable, at its option, to utilize the ground water wells and transmission facilities which are used to produce Export Water or Off-Site Water under the following conditions:

(a) Rangeview, the Service Provider or the Land Board, as applicable, must provide substitute well capacity (the "Substitute Facilities") of equivalent quantity and, to the extent practicable, water quality as the well capacity utilized by the Export Water Contractor under this Section 8.3.

(b) Subject to further substitution, the Substitute Facilities will be dedicated to the benefit of the Export Water or Off-Site Water user, as applicable. Title to the Substitute Facilities shall be held in the same manner as title to the facilities which they replace.

(c) The construction and operation of the Substitute Facilities are intended to enable Rangeview, the Service Provider or the Land Board, as applicable, to incrementally expand the delivery system for the Export Water and/or Off-Site Water to provide service to those areas of the Lowry Range on which the Export Water and/or Off-Site Water delivery system has already been developed.

(d) The intent of this Section 8.3 is to allow Rangeview, the Service Provider or the Land Board, as applicable, the use of that portion of the Export Water or Off-Site Water delivery system, utilizing the excess capacity as discussed in Section 8.4, to provide water service to the Lowry Range. The further intent of this Section 8.3 is to ensure that facilities initially constructed to serve Export Water or Off-Site Water will, as necessary, be available for service to the Lowry Range if Substitute Facilities are constructed and dedicated to the Export Water or Off-Site Water user as outlined in Sections 8.3(a) and (b). The Export Water or Off-Site Water user will have the same opportunity to substitute facilities from the Non-Export Water delivery system for the Export Water or Off-Site Water delivery system so that the well field is developed in a manner reasonably consistent with the master plan attached hereto as **Exhibit D**. The well field and Non-Export Water for use on-site, Off-Site Water, or Export Water delivery systems, when fully completed, shall have been developed in a manner such that each of Rangeview, the Service Provider, the Land Board or the Export Water Contractor, as applicable, shall bear the economic burden of developing its proportionate part of the total infrastructure serving Water Users on the Lowry Range and outside the Lowry Range.

(e) In the event a dispute arises concerning substitution of facilities pursuant to this Section, the dispute shall be resolved by arbitration pursuant to Section 15.16 of this Agreement.

8.4 Right to Use Transmission Lines; Infrastructure. All contracts for the sale of Export Water and Off-Site Water will provide for construction of excess capacity in Export Water or Off-Site Water transmission lines, as applicable, only within the Lowry Range, so as to accommodate the transmission of water for on-site use within that portion of the Lowry Range which may be served by those lines. The Service Provider, Rangeview, or the Land Board, as applicable, shall have access to and the right to use such excess capacity. The well field and delivery systems built for delivery of Export Water or Off-Site Water must be built in a commercially reasonable manner using accepted engineering practices considering the requirements of Section 8.3 and 8.4 related to the development of infrastructure for water service on or off the Lowry Range. The costs of constructing (1) infrastructure to deliver Export Water or Off-Site Water; and (2) the excess pipeline capacity required by this Section will not be paid, directly or indirectly, by Rangeview, the Land Board, or Water Users (except to the extent such facilities are substituted for on-site service, in which case Water Users will indirectly bear costs through rates and charges and Rangeview may incur administrative and maintenance expenses with respect thereto). Ownership of the excess capacity needed for on-site use, to the extent not already owned by Rangeview, the Service Provider, or the Land Board, will be transferred to Rangeview, the Service Provider, or the Land Board (upon the expiration or termination of this Agreement), as applicable, at such time as such capacity is utilized, under agreements which provide for the payment by Rangeview, the Service Provider, or the Land Board, as applicable, of a proportionate share of operation, maintenance and replacement costs.

8.5 Title to Equipment and Improvements. Rangeview acknowledges and shall cause its Service Provider to acknowledge that equipment and improvements placed on the Lowry Range are subject to the provisions of this Agreement. Rangeview shall pay or cause its Service Provider to pay all taxes, fees, assessments or other charges, if any, which may be assessed upon or become due with respect to, the equipment and improvements during the term of this Agreement. On the Effective Date, this Agreement shall be recorded with the Clerk and Recorder for Arapahoe County.

8.6 Future Leases. The Parties acknowledge that the Lowry Range is tax exempt as long as it is owned by the Land Board or another tax exempt entity and that the operation of Rangeview is based upon a revenue and not a tax base. The provisions of any leases or contracts for exchanges, sales or other dispositions pertaining to any interest in the surface of the Lowry Range shall not restrict the ability of Rangeview to sell water exclusively to, and receive revenue from, Water Users. Unless expressly authorized in writing by the Land Board or unless otherwise required by law, Rangeview will not impose taxes, assessments or other charges of any kind on Water Users in connection with the provision of, or cost to deliver, Non-Export Water to such Water Users except as contemplated by Section 8.2; provided that Rangeview may assess amounts it is required to pay in lieu of taxes pursuant to § 36 1-120.5(5), 15 C.R.S. (1990 Rplc.).

8.7 Rangeview District Boundaries. If required by the Land Board, subject to complying with reasonable policies, rules and regulations which may govern the activities of Rangeview, and to the extent permitted by law, upon petition for inclusion by a landowner within the Lowry Range qualified under Title 32 or other appropriate action thereafter, Rangeview shall cooperate and, with due diligence proceed to take action pursuant to law, to include such area as may be designated by such petition or other action within Rangeview's district boundaries.

8.8 Development of Lowry Range. The nature, timing, financing, and approval of development of any land uses shall be the sole responsibility of the Land Board. The Land Board makes no representation as to if, when, and how the land development, if any, on the Lowry Range will occur, or as to the density of any such development.

8.9 Reserves. Rangeview shall establish and maintain a maintenance and operating reserve for providing Non-Export Water to Water Users in accordance with Section 8.1. The amount of such reserve shall be at least equal to thirty-three and one-third percent (33-1/3%) of the Operating Expenses budgeted by Rangeview and, if applicable, its Service Provider, for the then current calendar year. In establishing such reserve initially and in increasing the amount of such reserve as a result of an increase in budgeted Operating Expenses or an expenditure which diminishes the reserve below the required amount, Rangeview shall allocate any available funds not budgeted to other proper and necessary functions of Rangeview toward building such reserve. Such reserve funds shall be continuously maintained and may be utilized by Rangeview solely for paying lawful obligations relating to the provision of Non-Export Water to Water Users as required by Section 8.1.

8.10 Sale or Assignment of Reservoir Rights. Rangeview, the Service Provider and the Export Water Contractor may sell, assign or release their respective rights as set forth in Exhibit D of the A&R Lease to (a) Reservoir A decreed for 6,200 acre-feet of storage and 381 acres, (b) Reservoir B decreed for 10,000 acre-feet of storage and 359 acres, and (c) Reservoir D decreed for 4,000 acre-feet of storage and 170 acres, to the City of Aurora, Colorado, its designee or an affiliate on its behalf. For the sake of clarity, the transfers contemplated by this Section 8.10 shall not be subject to any royalty or other payment from Rangeview, the Service Provider or the Export Water Contractor to the Land Board under this Agreement. Rangeview acknowledges and agrees that any such transaction will not affect, impact or convey any rights the Land Board has in the Lowry Range.

ARTICLE 9

Service Provider Contract

9.1 Service Provider for Rangeview. As of April 11, 1996, Rangeview entered into a Service Provider contract in the form attached hereto as **Exhibit B-1** (the "Service Agreement") pursuant to which a Service Provider agreed to provide the service of delivering Non-Export Water to current and future Water Users pursuant to and consistent with the terms of the A&R Lease. As of the Effective Date, at its option Rangeview may amend its Service Provider contract to allow its Service Provider to provide the service of delivering Off-Site Water to users Off-Site pursuant to and consistent with the terms of this Agreement and to otherwise reflect the terms of this Agreement to the extent applicable. Such amendment shall be substantially in the form of **Exhibit B-2**. Rangeview shall not enter into any other Service Provider contract except as contemplated by this Agreement without the express written consent of the Land Board. All future Service Provider contracts shall be substantially in the form of **Exhibit B-2** only with such changes as may be approved in writing by the Land Board. If Rangeview chooses to contract with a Service Provider to provide Non-Export Water services on the Lowry Range or Off-Site Water, Rangeview shall cause such Service Provider to comply with all obligations of Rangeview under this Agreement relating to Non-Export Water services on the Lowry Range or Off-Site Water. Rangeview agrees (and will cause any other Service Provider to agree) that:

(a) The Service Provider contract cannot be assigned or transferred without the express written consent of the Land Board, which consent may be withheld by the Land Board in its sole discretion. The Service Provider contract cannot be amended without the express written consent of the Land Board, which consent shall not be unreasonably withheld.

(b) Any breach by the Service Provider of its obligations under its Service Provider contract with Rangeview shall constitute a breach of this Agreement by Rangeview subject to Rangeview's right to cure such breach or default.

(c) Ten (10) days prior to the execution of any construction or financing contracts by Rangeview or the Service Provider in excess of Five Hundred Thousand Dollars (\$500,000) related to the provision of Non-Export Water Service to Water Users (including contracts for the disposal of effluent, sewage or sewerage as permitted under Section 6.3 of this Agreement), Rangeview shall provide or cause the Service Provider to provide the Land Board with courtesy copies of such contracts (drafts being acceptable if finals are not yet available).

(d) Water service on the Lowry Range shall be provided as needed in a commercially reasonable time and manner consistent with prudent water service practice in Colorado if and when development of the surface of the Lowry Range may occur.

(e) If there is an approved Service Provider, all financing for infrastructure for delivery of Water Rights to Water Users and all costs of operation, maintenance, debt service and repair to provide water service to Water Users will be provided without cost to Rangeview, the Land Board or any Water User on the Lowry Range, except to the extent paid for with the water fees and rates described in Section 8.2, and Rangeview shall not issue bonds to finance such infrastructure or service.

(f) Re-use and successive use of Non-Export Water, if any, shall be done in a commercially reasonable manner consistent with prudent water provider practice in Colorado.

(g) If the Service Provider decides not to provide or not to continue providing service during the term of this Agreement, then Rangeview shall require the Service Provider to give one (1) year's prior written notice to Rangeview which written notice shall be transmitted by Rangeview to the Land Board. During such one-year period, the Service Provider shall continue to provide service in accordance with the terms of the Service Agreement, unless Land Board and Rangeview require the Service Provider to discontinue providing services prior to the expiration of such one-year period.

(h) Rangeview and its Service Provider shall, at all times, act in a commercially reasonable manner consistent with prudent water provider practice in Colorado.

(i) If and to the extent at any time monies are not available to Rangeview to fund the reserve which Rangeview is required to maintain pursuant to Section 8.9 or if monies in such reserve are withdrawn such that the amount of the reserve drops below the amount which Rangeview is required to maintain and such reserve cannot reasonably be expected to be reestablished from anticipated income to Rangeview within one year, then Rangeview shall promptly notify the Service Provider of such fact and the Service Provider shall within thirty (30) days deliver funds to Rangeview sufficient to replenish the reserve fund to its required level. Notwithstanding the fact that the reserve can reasonably be expected to be reestablished within one year, the Service Provider shall be required to deliver funds to Rangeview sufficient to replenish the reserve fund to its required level at the time the Service Provider discontinues service.

ARTICLE 10

East Cherry Creek Valley
Water and Sanitation District

10.1 **Terms and Revenue.** The terms of the East Cherry Creek Agreement are not altered or affected by this Agreement, nor is its duration extended. All revenue paid by ECCV pursuant to the East Cherry Creek Agreement subsequent to the effective date of the A&R Lease shall be paid as follows: fifty percent (50%) to be paid by Rangeview directly to the Land Board (unless ECCV agrees to pay such fifty percent (50%) directly to the Land Board) and fifty percent (50%) to be paid by ECCV directly to Rangeview. No additional royalty with respect to the revenue derived from the East Cherry Creek Agreement shall be payable to the Land Board.

10.2 **Title Reversion.** Upon the expiration or termination of the East Cherry Creek Agreement, for whatever reason, all interests in the water, infrastructure, and leased premises related thereto, to the extent provided for in the East Cherry Creek Agreement, shall automatically and without further act of the Parties or anyone else revert to the Land Board free and clear of this Agreement. The Land Board agrees not to take any action inconsistent with the Land Board's rights, duties, and obligations of this Agreement which would cause Rangeview to be in default or otherwise result in liability to Rangeview under the East Cherry Creek Agreement. Nothing in the preceding sentence shall prevent the Land Board or Rangeview from taking any actions they are permitted to take by law with respect to ECCV.

ARTICLE 11

Rights-of-Way

11.1 **Master Plan.** The Parties agree to a master plan of rights-of-way, which plan is attached to this Agreement as **Exhibit D**. To the extent not already granted, the rights-of-way described on **Exhibit D** shall be granted by Land Board to Rangeview within sixty (60) days of Rangeview's complete application with Land Board for specific rights-of-way, provided that the requested rights-of-way are necessary for construction of facilities within a reasonable time after the rights-of-way are to be granted. Except as otherwise provided in Section 6.2(a)(ii)(1), the grant shall be made in accordance with the form attached as **Exhibit F**, which form may be amended to comply with applicable statutes, regulations and Land Board policy directives from time to time. Said master plan may be amended by Land Board for the convenience of the Parties, provided that any such amendment shall not materially adversely affect the rights and privileges of any Party. The total acres of rights-of-way shall not be reduced and the Land Board may relocate rights-of-way, whether planned or in use, for the commercially reasonable development of the Lowry Range. If the Land Board relocates rights-of-way which are in use by Rangeview, its Service Provider or the Export Water Contractor (or which any such entity has expended funds to develop for use), then the Land Board must pay the affected entities' costs associated with relocating such rights-of-way.

11.2 **Fee for Right-of-Way.** Rangeview shall pay the Land Board an amount equal to Fifty Dollars (\$50.00) per acre of the surface land utilized at the time of granting a right-of-way, which, commencing with the effective date of the A&R Lease, shall be increased every five (5) years proportionally to the five (5) year increase in the Index. In no case shall the rights-of-way fee be reduced. Land Board shall include a description of the master plan of rights-of-way in subsequent leases, sales or other dispositions pertaining to the Lowry Range and shall, subject to the amendment provisions set forth in Section 11.1, be bound by such master plan in all subsequent leases, sales or other dispositions.

Notwithstanding the foregoing, with respect to Realigned Reservoir C, Rangeview shall pay the Land Board fifty dollars (\$50) per acre, as increased every five (5) years proportionally to the five (5) year increase in the Index as described above, for the right-of-way to the first 260 acres needed for Realigned Reservoir C. Subject to Section 6.2(a) (i) (including any alterations pursuant thereto), the additional right-of-way for the remaining acreage required for Realigned Reservoir C, as shown on **Exhibit L** attached hereto, and any additional right-of-way acreage that is reasonably required to access Realigned Reservoir C, as mutually and reasonably agreed between the Parties, shall be granted in exchange for payment to the Land Board of the fair market value of the land based on the highest and best use of the land, but excluding from such valuation any transactions or estimations of value based on the land being used as a reservoir site.

Notwithstanding anything else to the contrary herein, Rangeview shall pay the Land Board fair market value for any future additional rights-of-way requested by Rangeview after the Effective Date of this Agreement required for Rangeview's disposal of untreated effluent, sewage, or sewerage.

11.3 License to Service Provider. To the extent necessary to implement the intent of Article 11, Rangeview may grant to its Service Provider and/or the Export Water Contractor a license to use the rights-of-way granted by the Land Board to Rangeview for the purposes contemplated by this Agreement. Such licenses shall be in the forms attached hereto as **Exhibits G** and **H**, respectively.

ARTICLE 12

Bonding Requirements

12.1 Bond. No operations are to be commenced on the Lowry Range until Rangeview, its Service Provider or the Export Water Contractor or their agents have filed good and sufficient bonds with Land Board consistent with the requirements of C.R.S. § 38-26-106 and § 36-1-129 in an amount fixed by Land Board, to secure the payment for damages, losses or expenses caused by Rangeview, its Service Provider or the Export Water Contractor or their agents as a result of operations on or under the Lowry Range. Land Board may waive the bonding requirements, in its discretion, and may require that the bond be maintained in full force and effect for one (1) year after cessation of the operations for which the bond was intended.

12.2 Bond of Contractors. Bonds provided by contractors for construction activities to Rangeview, its Service Provider or the Export Water Contractor may list Land Board as a coinsured. As long as such bonds otherwise comply with Section 12.1 above and list Land Board as coinsured, the contractors shall not be required to obtain any other bonds for the Land Board. Contracts entered into by Rangeview, its Service Provider or the Export Water Contractor which constitute public works shall comply with § 24-91-103, 103.5 and 103.6, 10B C.R.S. (1988 Rplc.).

ARTICLE 13

Default and Remedies

13.1 Events of Default. The following events shall hereinafter be referred to as "Events of Default":

(a) Rangeview shall default in the due and punctual payment of royalties, rents or any other amounts payable hereunder, and such default shall continue for ten (10) business days after the applicable due date;

(b) This Agreement shall be transferred to or shall pass to or devolve upon any other person or Party except as expressly permitted by this Agreement;

(c) This Agreement or the Non-Export Water or any part thereof shall be taken upon execution or by other process of law directed against Rangeview, or shall be taken upon or subject to any attachment at the instance of any creditor or claimant against Rangeview, and said attachment shall not be discharged or disposed of within sixty (60) days after the levy thereof;

(d) Rangeview shall file a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or shall be dissolved or shall make an assignment for the benefit of creditors;

(e) Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Rangeview shall be instituted against Rangeview, or a receiver or trustee shall be appointed for all or substantially all of the property of Rangeview, and such proceeding shall not be dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment;

(f) If any Party shall fail to perform any material term, covenant or condition herein contained and such failure shall continue and not be cured for a period of thirty (30) days after written notice specifically setting forth the nature of the default has been given by the non-defaulting Party to the defaulting Party, or if more than thirty (30) days is reasonably required to cure such matter complained of, if the defaulting Party shall fail to commence to correct the same within said thirty (30) day period and shall thereafter fail to prosecute the same to completion with reasonable diligence. For purposes of this subparagraph (f), if Rangeview has a Service Provider and such Service Provider shall breach any of its obligations to Rangeview, or if the Export Water Contractor shall breach any of its obligations to Rangeview, or if an Export Water Purchaser or Off-Site Water Purchaser shall breach any of its obligations to Rangeview or the Export Water Contractor, and such acts or omissions also constitute or result in the failure to perform a material obligation for which Rangeview has responsibility hereunder, then the same shall constitute a material failure of performance by Rangeview. Further in such event, the thirty (30) day period provided in the first sentence of such subparagraph (f) shall be extended up to a maximum of sixty (60) days if Rangeview first attempts to require its Service Provider, the Export Water Contractor, Export Water Purchaser or Off-Site Water Purchaser, as applicable, to cure during any applicable cure period provided in the agreements applicable to the defaulting Party, so that if in such case the Service Provider, the Export Water Contractor, Export Water Purchaser or Off-Site Water Purchaser, as applicable, fails to cure, Rangeview itself shall have an additional thirty (30) days to cure such material failure of performance. Thus, for example, if such a material failure of performance results from an act or omission of Rangeview's Service Provider, the Land Board may immediately give Rangeview notice regarding the same and thereby commence the running of Rangeview's cure period. That period would be thirty (30) days, unless Rangeview in turn gives notice to its Service Provider and commences an applicable cure period under the Service Provider Agreement, in which case if the Service Provider fails to cure, Rangeview would have an additional thirty (30) days to cure; provided that no more than a total of sixty (60) days shall be allowed for such cure period (subject to any reasonably required extension as provided in the first sentence of this paragraph (f)).

13.2 Remedies. If any one or more Events of Default shall occur and not be cured within any applicable cure period, then:

(a) If Rangeview is the defaulting Party, Land Board, without prejudice to any other remedies that it may have, may give written notice of its intention to terminate this Agreement on the date of such notice or on any later date specified in such notice, and, on the date specified in such notice, Rangeview's right to possession of the premises will cease and this Agreement will be terminated (except as to Rangeview's liability set forth in this Section 13.2) as if the expiration of the term fixed in such notice were the end of the term of this Agreement. In connection with such termination, Land Board with notice may re-enter and take possession of the leased premises or any part thereof (subject to any existing licenses related to delivery of Export Water) and repossess the same as the Land Board's former estate, and expel Rangeview from the premises and those claiming through or under Rangeview except with respect to the Export Water, and remove the effects of both or either, without being deemed guilty of any manner of trespass and without prejudice to any other remedies. In the event of such termination, Rangeview and its Service Provider shall surrender and peacefully deliver to the Land Board the above described land and the Non-Export Water, and such land as was in Rangeview's possession or control shall be returned to the Land Board in good condition (subject to any existing licenses related to the delivery of Export Water), and the Land Board shall be entitled to the return of all Non-Export Water, plus the title to all infrastructure built to divert or withdraw and deliver Non-Export water and any other interest in shared facilities for use with the Non-Export Water, plus the revenue stream associated with such Non-Export Water and the East Cherry Creek Agreement, and the reserves required to be maintained by Rangeview pursuant to Section 8.9. Upon such termination, if Rangeview shall remain in possession of any part of the Lowry Range (subject to any existing licenses related to delivery of Export Water) or Non-Export Water, Rangeview shall be guilty of an unlawful detainer and shall be subject to eviction or removal, forcibly or otherwise, to the extent provided by law.

(b) In the Event of Default by any Party, the non-defaulting Party shall be entitled to any and all damages proximately caused by the default or breach and its costs and reasonable attorney fees (to the extent permitted by law) from the defaulting Party. In addition, Rangeview shall be entitled to specifically enforce performance by the Land Board of the Land Board's obligations under this Agreement.

13.3 No Waiver. No failure by Rangeview or the Land Board, to insist upon the strict performance of any agreement, term, covenant or condition hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial payment of any amount payable during the continuance of any such breach, shall constitute a waiver of any such breach of such agreement, term, covenant or condition hereof to be performed or complied with by Rangeview or the Land Board, as the case may be. No breach thereof shall be waived, altered, or modified except by written instrument executed by the Land Board, or Rangeview, as the case may be. No waiver of any breach shall affect or alter this Agreement, but each and every agreement, term, covenant and condition hereof shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Notwithstanding any termination of this Agreement, the same shall continue in force and effect as to any provisions hereof which require observance or performance of Rangeview or Land Board subsequent to termination.

13.4 Land Board's Right to Cure Rangeview's Breach. The Land Board may, but shall not be obligated to, cure any default by Rangeview, specifically including, but not by way of limitation, Rangeview's failure to pay any tax due hereunder, obtain insurance, make repairs, or satisfy lien claims, after providing reasonable notice to Rangeview, and whenever the Land Board so elects, all costs and expenses paid by the Land Board in curing such default, including, without limitation, reasonable attorneys' fees, shall be so much additional rent due ten (10) days after such payment together with interest at the rate of two percent (2%) per month from the date of advancement to the date of repayment by Rangeview to the Land Board.

ARTICLE 14

Improvements

14.1 **Transfer of Improvements.** In the event this Agreement is terminated by forfeiture, surrender, or election upon default or breach, and no later than the expiration of this Agreement, title to all improvements and equipment and related permits and licenses and all rights-of-way on the Lowry Range exclusively for delivering Non-Export Water and interests in shared facilities used for delivery of Non-Export Water shall automatically, without the necessity of any further action by the Parties or anyone else, revert and be transferred to the Land Board as of the date of such forfeiture, surrender, election, upon default or breach, or as of the expiration of the Agreement. Such automatic reversion and transfer shall be conclusively evidenced of record by the Land Board's filing with the Clerk and Recorder for Arapahoe County a certificate stating the fact of such reversion and transfer. Title to improvements and rights-of-way on the Lowry Range for the sale of the use of Export Water including, without limitation, the East Cherry Creek Agreement, shall not be affected by termination of this Agreement.

14.2 **Abandonment of Export Water Facilities.** Once the Export Water Contractor (including any of its assigns and any Export Water Purchasers) withdraws the entire portion of the Export Water purchased plus the entire amount of water recharged by the Export Water Contractor and the Export Water Contractor has failed to recharge any portion of the aquifer for a period of ten (10) years, the Land Board shall have the right to notify the Export Water Contractor in writing of its intention to declare the rights-of-way, improvements and equipment on the Lowry Range owned or licensed by the Export Water Contractor as abandoned. The Export Water Contractor shall have three (3) months from receipt of such notice to remove any improvements and equipment which can be removed without damaging the Lowry Range or any shared facilities. At the end of such three (3) month period, title to any improvements and equipment then remaining and all rights-of-way shall automatically, without necessity of any further action by the Export Water Contractor or anyone else, revert and be transferred to the Land Board as of such date. Such automatic reversion and transfer shall be conclusively evidenced of record by the Land Board's filing with the Clerk and Recorder for Arapahoe County a certificate stating the fact of such reversion and transfer. In the event of a dispute regarding this Section 14.2, the matter shall be determined by arbitration pursuant to Section 15.16 of this Agreement.

ARTICLE 15

General Provisions

15.1 **Assignment by Rangeview, the Service Provider or Export Water Contractor.** Rangeview may assign its interest in this Agreement, but only upon terms expressly approved in writing by the Land Board in its sole discretion. The Service Provider may assign its interest in this Agreement, but only in accordance with the Service Agreement and only upon terms expressly approved in writing by the Land Board in its sole discretion. Export Water Contractor shall be entitled to assign any of its interests in the Export Water pursuant to the terms of this Agreement; provided, however that the Export Water Contractor may not assign any of its obligations under this Agreement without assigning the corresponding rights under the Agreement without the express approval in writing of the Land Board in its sole discretion. Any attempted assignment in contravention of this section shall be null and void. This provision shall not limit in any way Export Water Contractor's right to sell, assign or otherwise transfer the Export Water granted to the Export Water Contractor by the Land Board and Rangeview in the Bargain and Sale Deed, dated April 11, 1996, filed in Arapahoe County at Reception No. A6097802.

15.2 Work Requirements. To the extent work is performed on the Lowry Range directly by (i) Rangeview or its Service Provider (ii) independent contractors of Rangeview or its Service Provider or (iii) a permitted assignee (in which case any reference to Rangeview shall be deemed to be a reference to the assignee where appropriate), the following shall apply:

(a) Indemnity. Rangeview and its Service Provider shall jointly and severally indemnify and hold harmless the Land Board against and from all liabilities, claims and demands, settlement or litigation expenses and related attorneys' fees (hereafter "Indemnified Items") for personal injury or property damage arising out of, or caused by, any act or omission of Rangeview, its Service Provider, or their contractors, agents or employees.

(b) Insurance. Rangeview shall at all times carry insurance in the amounts and for the liabilities required by § 24-10-114, 10A C.R.S. (1988 Repl.), as amended, which insurance shall name the Land Board as an additional insured. Rangeview shall require its Service Provider at all times to carry insurance in amounts and with carriers reasonably acceptable to the Land Board for worker's compensation coverage in accordance with Colorado law, and for public liability insurance covering death and bodily injury with limits of not less than One Million Five Hundred Thousand Dollars (\$1,500,000.00) for one person, and Five Million Dollars (\$5,000,000.00) for any one accident or disaster, and property damage coverage with limits of not less than Five Hundred Thousand Dollars (\$500,000.00), which insurance shall name the Land Board as an additional insured. The Land Board reserves the right to reasonably increase the limits of insurance required of the Service Provider as the Land Board may deem appropriate from time to time; provided that, if Rangeview or the Service Provider disputes the reasonableness of such increase, the matter shall be submitted to arbitration as provided in Section 15.16.

(c) Liens. Except with respect to liens or encumbrances expressly permitted hereunder, Rangeview and its Service Provider shall jointly and severally indemnify and hold the Land Board harmless from and against all Indemnified Items relating to liens or claims of right to enforce liens arising from actions of Rangeview or its Service Provider, their contractors and agents. Rangeview and its Service Provider shall promptly cause any such lien to be removed notwithstanding the fact that Rangeview may believe that there is a valid defense to any such claim. Rangeview and its Service Provider shall retain the right to pursue any claims against the claimant after any such lien is removed.

(d) Permits and Licenses. Rangeview and its Service Provider shall, at their own expense, apply for and obtain all necessary building, occupancy, well and other permits and licenses which may be required by any governmental entity which has jurisdiction over the operations to be performed pursuant to this Agreement. Copies of all such permits and licenses shall be provided to the Land Board.

(e) Taxes. Rangeview and its Service Provider shall be jointly and severally responsible for and shall pay all taxes, fees and assessments, including payments pursuant to § 36-1-120.5(5), 15 C.R.S. (1990 Rplc.), if any, in connection with the work, improvements, facilities or the materials to be utilized in accomplishing the activities of Rangeview or its Service Provider pursuant to this Agreement.

15.3 Third Party Beneficiaries. Except as otherwise contemplated by the provisions of this Agreement, it is not the intent of the Parties, nor shall it be the effect of this Agreement, to vest rights of any nature or form in individuals or entities not executing this Agreement.

15.4 Notice. All notices required by this Agreement shall be in writing and shall be delivered to the person to whom the notice is directed, either in person, by courier service or by United States mail as a certified item, return receipt requested, addressed to the address stated below. Notices delivered in person or by courier service shall be deemed given when delivered to the person to whom the notice is directed. Notices delivered by mail shall be deemed given on the date of delivery as indicated on the return receipt. The Parties may change the stated address by giving ten (10) days' written notice of such change pursuant to this section.

RANGEVIEW METROPOLITAN DISTRICT:

Rangeview Metropolitan District
1490 Lafayette, Suite 203
Denver, Colorado 80218
Attn: President

With a copy to:

Pure Cycle Corporation
1490 Lafayette, Suite 203
Denver, Colorado 80218
Attn: President

STATE BOARD OF LAND COMMISSIONERS:

Board of Land Commissioners
Attention: Director
1127 Sherman Street, Suite 300
Denver, Colorado 80203

With a copy to:

Office of Attorney General
Attn: State Land Board Attorney
1300 Broadway, 10th Floor
Denver, Colorado 80203

15.5 Construction. Where required for proper interpretation, words in the singular shall include the plural, and the masculine gender shall include the neuter and the feminine, and vice versa, as is appropriate. The article and section headings are for convenience and are not a substantive portion of this Agreement. This Agreement shall be construed and interpreted in accordance with the laws of the State of Colorado. It shall be construed as if it were equally drafted in all aspects by all Parties.

15.6 Entire Agreement. This Agreement, including the items attached in accordance with the provisions of this Agreement, the Service Provider Agreement and the Settlement Agreement of even date herewith, constitute the entire agreement among the Parties pertaining to the subject matter of this Agreement and supersede all prior and contemporaneous agreements and understandings of the Parties as to the subject matter of this Agreement. No representation, warranty, covenant, agreement or condition not expressed in this Agreement shall be binding upon the Parties or shall change or restrict the provisions of this Agreement.

15.7 Authority. Each of the Parties represents and warrants that it has all requisite power, corporate and otherwise, to execute, deliver and perform its obligations pursuant to this Agreement, that the execution, delivery and performance of this Agreement and the documents to be executed and delivered pursuant to this Agreement have been duly authorized by it, and that upon execution and delivery, this Agreement and all documents to be executed and delivered pursuant to this Agreement will constitute its legal, valid and binding obligations, enforceable against it in accordance with their terms.

15.8 Copies. Numerous copies of this Agreement have been executed by the Parties. Each such executed copy shall have the full force and effect of an original, executed Agreement.

15.9 Amendment. This Agreement shall not be amended except by a writing executed by all Parties.

15.10 Compliance with Law. Rangeview and the Land Board covenant and agree that during the continuance of this Agreement, they shall comply fully with all provisions, terms, and conditions of all laws whether state or federal, and orders issued thereunder, which may be in effect during the continuance hereof, which in any manner affect their operations and the Lowry Range and the Water Rights which are the subject of this Agreement.

15.11 Binding Effect. The benefits and terms and obligations of this Agreement shall extend to and be binding upon the successors or permitted assigns of the respective Parties hereto.

15.12 Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the Parties hereto that the remainder of this Agreement shall not be affected thereby. It is also agreed that in lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

15.13 [Reserved].

15.14 Further Assurance. Each of the Parties hereto, at any time and from time to time, will execute and deliver such further instruments and take such further action as may reasonably be requested by the other Party hereto, in order to cure any defects in the execution and delivery of, or to comply with or accomplish the covenants and agreements contained in, this Agreement and/or any other agreements or documents related thereto.

15.15 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado and applicable federal law.

15.16 Arbitration. Any controversy or claim arising out of or relating to the computation of royalties or net profits interest under this Agreement, and all other controversies or claims which the Parties have expressly agreed herein shall be submitted to arbitration, shall be settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association, including discovery, experts, evidence and hearings; provided however, that the arbitration shall be by majority decision of a panel of three arbitrators, at least two of whom shall have experience and expertise in water rights or water utility matters, who may, but need not, be affiliated with the American Arbitration Association. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Arbitration shall be instituted on written demand of any Party, setting forth the issues to be arbitrated. The Party responding to the arbitration demand shall respond to the demand within twenty (20) days, after which the Parties shall proceed to select arbitrators within thirty (30) days. If the Parties are unable within thirty (30) days to agree on three arbitrators, each shall appoint one arbitrator, who together shall appoint the third. If a Party fails to appoint an arbitrator within thirty (30) days, an arbitrator shall be appointed for such Party by the American Arbitration Association upon the request of another Party. Rangeview and the Land Board agree that the Service Provider or the Export Water Contractor, as applicable, may participate directly in any arbitration which affects such entity's rights and/or obligations with respect to the Water Rights; provided such entity agrees to be bound by the arbitration award to the same extent as the Land Board and Rangeview. Arbitration shall be concluded and an award entered within 180 days of the completion of selection of the arbitration panel.

15.17 Litigation. Except as provided in Section 15.16 above, in the event of claims, disputes or other disagreements between the Parties which the Parties are not able to resolve amicably, any Party may bring suit in a court of competent jurisdiction seeking resolution of the matter.

15.18 Duty of Good Faith and Fair Dealing. The parties acknowledge and agree that each Party has a duty of good faith and fair dealing in its performance of this Agreement. Rangeview will advise the Land Board of its and its Service Provider's activities no less than annually until such time as production of Water Rights exceeds 500 acre feet per year and thereafter, quarterly during the term of this Agreement and will respond to reasonable requests of the Land Board for additional information on Rangeview's and its Service Provider's activities affecting the Lowry Range.

15.19 Force Majeure. Should any Party be unable to perform any obligation required of it under this Agreement, other than the payment of money, due to any cause beyond its control (including, but not limited to war, insurrection, riot, civil commotion, shortages, strikes, lockout, fire, earthquake, calamity, windstorm, flood, material shortages, failure of any suppliers, freight handlers, transportation vendors or like activities, or any other *force majeure*), then such Party's performance of any such obligation shall be suspended for such period as the Party is unable to perform such obligation.

IN WITNESS WHEREOF, the Land Board has caused these presents to be executed in multiple originals by the State Board of Land Commissioners and sealed with the official seal of the Land Board. Rangeview and Pure Cycle has similarly executed this Agreement this 10th day of July, 2014.

STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

/s/ Bill Ryan _____
Bill Ryan, Director

RANGEVIEW METROPOLITAN DISTRICT,
ACTING BY AND THROUGH ITS WATER
ACTIVITY ENTERPRISE

/s/ Mark Harding _____
Mark Harding, President

PURE CYCLE CORPORATION

/s/ Mark Harding _____
Mark Harding, President

STATE OF COLORADO)
CITY AND) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of July, 2014, by William Ryan, as President of the State of Colorado, State Board of Land Commissioners.

Witness my hand and official seal.

My commission expires: March 25, 2018

/s/ Neil A. Livingston
Notary Public

STATE OF COLORADO)
CITY AND) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 10th day of July, 2014, by Mark W. Harding, as President of Rangeview Metropolitan District.

Witness my hand and official seal.

My commission expires: September 30, 2015

/s/ Arlene Gail Gregoire
Notary Public

STATE OF COLORADO)
CITY AND) SS.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 10th day of July, 2014, by Mark W. Harding, as President of Pure Cycle Corporation.

Witness my hand and official seal.

My commission expires: September 30, 2015

/s/ Arlene Gail Gregoire
Notary Public

EXHIBIT INDEX

Exhibit A	Water Previously Conveyed
Exhibit B-1	Original Service Agreement
Exhibit B-2	Amended Service Agreement
Exhibit C	Export Water Contract
Exhibit D	Amended and Restated Master Plan
Exhibit E	[reserved]
Exhibit F	Right-of-Way Grant Form
Exhibit G	Service Provider Right-of-Way License
Exhibit H	Export Water Contractor Right-of-Way License
Exhibit I	Guaranty
Exhibit J	Aquifer Decree Allocation
Exhibit K	Waivers
Exhibit L	Realigned Reservoir C
Exhibit M	Sky Ranch Legal Description

Exhibit A

Water Previously Conveyed

Water Previously Conveyed. Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit B-1

Original Service Agreement

Service Agreement, dated April 11, 1996, by and between the Registrant and the District. Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit B-2

Amended Service Agreement

Amended and Restated Service Agreement, dated July 11, 2014, by and between the Registrant and the District. For Exhibit B-2 to the 2014 Amended and Restated Lease Agreement, see Exhibit 10.5 filed herewith.

Exhibit C

Export Water Contract

Agreement for Sale of Export Water, dated April 11, 1996, by and among the Registrant and the District. Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit D

Amended and Restated Master Plan

Amended and Restated Master Plan – This exhibit consists of a map of the Lowry Range which is approximately 24,567.21 acres, more or less, according to the U.S. Government survey, in Arapahoe County, Colorado. The full legal description of the Lowry Range is set forth in Exhibit 10.2 filed herewith. The map depicts proposed areas for managed development of the Lowry Range to be used in managing proposed rights-of-way and well sites for the development of water rights on and under the surface of the Lowry Range.

Exhibit E

[Reserved]

Exhibit F

Right-of-Way Grant Form

Right of Way Grant Form – Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit G

Service Provider Right-of-Way License

Service Provider Right-of-Way License – Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit H

Export Water Contractor Right-of-Way License

Export Water Contractor Right-of-Way License – Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit I

Guaranty

Guaranty, dated April 11, 1996, issued by the District in favor of the Land Board – Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-QSB for the period ended May 31, 1996.

Exhibit J

Aquifer Decree Allocation

The Parties agree to negotiate in good faith to reasonably determine a mutually acceptable allocation of Water Rights among each of the aquifers and among the Parties that is in accordance with the decrees by which such Water Rights were adjudicated, as such decrees may be amended from time to time, and the respective rights and obligations of the Parties in and to the Water Rights. In the event no agreement is reached, then the this Exhibit J shall be determined by arbitration pursuant to Section 15.16.

From and after the determination of Exhibit J in accordance with the foregoing paragraph, in the event that the decrees are subsequently amended, the Parties shall negotiate in good faith to agree upon an amended Exhibit J that is generally consistent with the allocation of Water Rights upon which the Parties mutually agreed in accordance with the foregoing paragraph.

Exhibit K

Waivers

The entities listed below, and their successors and assigns, shall be excluded from the requirement to have water services provided by Rangeview:

AG 41745 - RUNNING CREEK RANCH

OG 1960 - CONOCOPHILLIPS COMPANY

Exhibit L

Realigned Reservoir C

Realigned Reservoir C – This exhibit consists of a map of a portion of the Lowry Range depicting a proposed reservoir site for storage of water rights.

Exhibit M

Sky Ranch Legal Description

This exhibit consists of a complete legal description of the Registrant's Sky Ranch Property consisting of approximately 932 acres, more or less, in Arapahoe County, Colorado.

ASSIGNMENT AND TERMINATION AGREEMENT

THIS ASSIGNMENT AND TERMINATION AGREEMENT (this “**Assignment and Termination**”) is entered into as of July 10, 2014 (the “**Effective Date**”) by and between the State of Colorado, acting by and through its State Board of Land Commissioners (the “**State**”), and Pure Cycle Corporation, a Colorado corporation (“**PC**”). Each of the State and PC may be referred to herein as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, the State and Rangeview Metropolitan District, a state quasi-municipal corporation and political subdivision of the State of Colorado (“**Rangeview**”), are parties to that certain Amended and Restated Lease Agreement, Lease No. S-37280, entered into effective April 11, 1996 (the “**A&R Lease**”);

WHEREAS, in connection with the entry into the A&R Lease, the State, PC, and certain additional parties thereto entered into a Comprehensive Amendment Agreement No. 1, dated April 11, 1996 (the “**CAA**”), pursuant to which PC is obligated to pay the State certain proceeds from the sale or other disposition of Export Water (as defined in the A&R Lease);

WHEREAS, the State, on the one hand, and Rangeview and PC, on the other hand, are counterparties to that certain litigation, *Pure Cycle Corporation and Rangeview Metropolitan District v. State of Colorado, by and through its State Board of Land Commissioners*, Colorado District Court for the City and County of Denver, Case No. 2011 CV 8565 (the “**Proceeding**”), pursuant to which Rangeview and PC have brought certain claims, and the State has brought certain counterclaims, arising out of or related to the A&R Lease;

WHEREAS, in connection with the settlement of the Proceeding, the State, PC and Rangeview are entering a Settlement Agreement and Mutual Release dated as of the date hereof (the “**Agreement**”), to memorialize certain agreements between the parties, including with respect to the A&R Lease; and

WHEREAS, as a condition to entry into the Agreement and the dismissal of the Proceeding, the Parties have agreed to execute this Assignment and Termination.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. The State hereby sells, assigns, transfers, conveys, delivers and sets over to PC all of the right, title, interest, powers, privileges and remedies of the State to, and PC hereby purchases, acquires and accepts from the State all of the State’s right, title, interest, powers, privileges and remedies to, receive payments, disbursements, monies or other assets due or to become due to the State pursuant to Section 2.1 of the CAA, which may be held and enjoyed by PC for its own use and for the use of its successors, assigns and other legal representatives.
 2. The Parties hereby agree that, except as set forth in the foregoing Section 1, as between the Parties, the CAA shall be of no further force and effect. Each Party hereby waives any and all other rights under the CAA and each Party acknowledges and agrees that the other Party shall have no further obligations to the first Party pursuant to the CAA.
 3. This Assignment and Termination shall be governed by and construed and interpreted in accordance with the substantive laws of the State of Colorado, without regard to conflicts of law provisions.
-

4. This Assignment and Termination is and shall be binding upon the successors and assigns of each Party.

5. This Assignment and Termination may be executed in multiple counterparts, each of which shall be deemed an original hereof, but all of which will constitute one and the same document.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Assignment and Termination as of the date first set forth above.

STATE OF COLORADO, ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS

By: /s/ Bill Ryan
Name: Bill Ryan
Title: Director

**PURE CYCLE CORPORATION,
a Colorado corporation**

By: /s/ Mark Harding
Name: Mark Harding
Title: President

RELEASE OF MORTGAGE AND TERMINATION STATEMENT

This Release of Mortgage and Termination Statement ("Release") is dated the 10th day of July, 2014, between the State of Colorado, acting by and through the State Board of Land Commissioners (the "Land Board" or "Mortgagee"), whose address is 1127 Sherman Street, Suite 300, Denver, Colorado 80203, and Pure Cycle Corporation, a Colorado corporation, successor by merger to Pure Cycle Corporation, a Delaware corporation ("Pure Cycle" or "Mortgagor"), whose address is 1490 Lafayette Street, Suite 203, Denver, Colorado 80218.

WHEREAS, the Mortgagor conveyed and granted a security interest in certain real property, personal property, and fixtures to the Mortgagee as described in the Mortgage Deed, Security Agreement, and Financing Statement dated April 11, 1996, and recorded with the Arapahoe County Clerk and Recorder at Reception No. A6097804 (the "Mortgage Deed") to secure the payment of certain obligations under an agreement entitled Comprehensive Amendment Agreement No. 1, among PureCycle, the Land Board and others, dated April 11, 1996 (the "Comprehensive Agreement"); and

WHEREAS, the obligations under the Comprehensive Agreement have been fully paid and satisfied;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned does hereby remise, release and forever quitclaim unto the present owner or owners of said real property, its successors and assigns forever, all of the right, title and interest which the undersigned has by virtue of the above described Mortgage Deed in and to the Export Water (as that term is defined in the Amended and Restated Lease Agreement No. S-38280, dated April 11, 1996, between Rangeview Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado, acting by and through its water activity enterprise, and the Land Board) which is located on and under that certain real property consisting of approximately 24,567.21 acres, more or less, according to U.S. Government Survey, in Arapahoe County, Colorado, more particularly described as follows (the "Lowry Range"):

Township 5 South, Range 64 West of the 6th P.M.,

Sections 7 through 10: all; Sections 15 through 22: all; Sections 27 through 34: all.

Township 4 South, Range 65 West of the 6th P.M., Sections 33: all and 34: all.

Township 5 South, Range 65 West of the 6th P.M., Section 3: all; Sections 10 through 15: all, less certain surface rights granted for the Aurora Reservoir (but including the water under the Aurora Reservoir) in Section 15; Sections 22 through 27: all, less certain surface rights granted for the Aurora Reservoir (but including the water under the Aurora Reservoir) in Section 22; Sections 35 and 36: all; Section 34: north 2,183.19 feet.

Township 5 South, Range 66 West of the 6th P.M., Section 36: all

(a street address of the Lowry Range does not exist);

TO HAVE AND TO HOLD THE SAME, together with all and singular the privileges and appurtenances thereunto belonging forever. By this Release, the said Mortgage Deed is to be considered fully and absolutely released, cancelled, and forever discharged.

This Release shall further constitute a termination of all security interests and of the Mortgage Deed as a financing statement.

PURE CYCLE CORPORATION

By: /s/ Mark W. Harding
Mark W. Harding, President
Tax Payer ID No. 84-0705083

**STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS**

/s/ Bill Ryan
Bill Ryan, Director

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 9th day of July, 2014 by William Ryan, as Director of the State of Colorado, State Board of Land Commissioners.

Witness my hand and official seal.

My commission expires: March 25, 2018

/s/ Neil A. Livingston
Notary Public

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 10th day of July, 2014, by Mark W. Harding, as President of Pure Cycle Corporation,

Witness my hand and official seal.

My commission expires: September 30, 2015

/s/ Arlene Gail Gregoire
Notary Public

AMENDED AND RESTATED SERVICE AGREEMENT

between

PURE CYCLE CORPORATION

and

RANGEVIEW METROPOLITAN DISTRICT,
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE

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AMENDED AND RESTATED SERVICE AGREEMENT

THIS AMENDED AND RESTATED SERVICE AGREEMENT (the "Agreement") is entered into as of the ___ day of July, 2014, by and between PURE CYCLE CORPORATION, a Colorado corporation ("Pure Cycle"), and RANGEVIEW METROPOLITAN DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, acting by and through its water activity enterprise ("Rangeview").

RECITALS

A. Rangeview is a special district organized pursuant to Title 32 of the Colorado Revised Statutes with the power, among others, to supply water for domestic and other public and private purposes. Rangeview's water activity enterprise was established by resolution of the district adopted at a public meeting of its board of directors on September 11, 1995, and effective as of the date of its adoption.

B. Pure Cycle is a corporation involved in the acquisition and development of water.

C. Rangeview and the State of Colorado, acting through the State Board of Land Commissioners (the "Land Board"), are parties to Lease Number S-37280, dated April 26, 1982, as last amended and restated effective April 11, 1996 (the "A&R Lease"), pursuant to which Rangeview has certain Water Rights (as defined in the Lease).

D. Pure Cycle and Rangeview are parties to a Service Agreement (the "Original Agreement") dated April 11, 1996, pursuant to which Rangeview granted Pure Cycle the exclusive right as its agent to provide water services to surface tenants, occupants, developers, landowners and all other water users on the Lowry Range (as defined in Section 1.1) (collectively "Water Users"), subject to the terms and conditions set forth in the A&R Lease.

E. The Land Board, on the one hand, and Rangeview and Pure Cycle, on the other hand, are counterparties to that certain litigation, *Pure Cycle Corporation and Rangeview Metropolitan District v. State of Colorado, by and through its State Board of Land Commissioners*, Colorado District Court for the City and County of Denver, Case No. 2011 CV 8565 (the "Proceeding"), pursuant to which Rangeview and Pure Cycle have brought certain claims, and the Land Board has brought certain counterclaims, arising out of or related to the A&R Lease.

F. As part of the settlement of the Proceeding, the Land Board, Rangeview, and Pure Cycle have entered into a 2014 Amended and Restated Lease Agreement dated the date hereof (the "Lease"), which supersedes the A&R Lease. A copy of this Agreement is attached to the Lease as Exhibit B-2.

G. As part of the settlement of the Proceeding, Rangeview and Pure Cycle have agreed to supersede the Original Agreement with this Agreement in accordance with the Lease.

H. Rangeview believes that settlement of the Proceeding is in the best interest of Rangeview and is desirous of expanding its relationship with Pure Cycle in exchange for Pure Cycle's commitment to (1) market its Non-Export Water (as defined in the Lease), (2) sell water service utilizing the Non-Export Water, and (3) construct, maintain and operate the infrastructure necessary to deliver water service to Water Users and Off-Site Users (as defined in Section 1.4), and to provide such water service to Water Users and Off-Site Users as Rangeview's agent in accordance with the terms of the Lease and this Agreement.

I. Rangeview has determined that it is in the best interest of Rangeview to settle the Proceeding on the terms proposed and to amend the Original Agreement with Pure Cycle for a number of reasons, including the following:

- (1) Pure Cycle has a long-term relationship with Rangeview and is the Service Provider for the Water Rights with respect to Water Users.
- (2) It is more efficient and economical to have only one service provider with respect to Rangeview's Water Rights.
- (3) Pure Cycle has expertise in the area of water development, including the financial feasibility of such development.

AGREEMENT

In consideration of the foregoing, the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I

Definitions

1 . 1 Lowry Range. "Lowry Range" shall mean the approximately 24,567.21 acres, more or less, according to U.S. Government survey, in Arapahoe County, Colorado more particularly described as follows:

Township 5 South, Range 64 West, Sections 7 through 10: all; Sections 15 through 22: all; Sections 27 through 34: all.

Township 4 South, Range 65 West, Sections 33: all; and 34: all.

Township 5 South, Range 65 West, Section 3: all; Sections 10 through 15: all, less certain surface rights granted for (but including the water under) the Aurora Reservoir) in Section 15; Sections 22 through 27: all, less certain surface rights granted for (but including the water under) the Aurora Reservoir in Section 22; Sections 35 and 36: all; Section 34: north 2,183.19 feet.

Township 5 South, Range 66 West, Section 36: all.

- 1.2 Non-Export Water. "Non-Export Water" shall have the meaning set forth in the Lease.
- 1.3 Off-Site. "Off-Site" shall mean outside the boundaries of the Lowry Range.
- 1.4 Off-Site Users. "Off-Site Users" shall mean all users of Off-Site Water.
- 1.5 Off-Site Water. "Off-Site Water" shall have the meaning set forth in the Lease.
- 1.6 Definitions. Capitalized terms used but not defined herein shall be defined as set forth in the Lease.

1.7 Intent of This Agreement. This Agreement is intended to provide the terms and conditions under which Pure Cycle will act as Rangeview's agent to provide water service to Water Users and Off-Site Users consistent with the obligations of each of Rangeview and Pure Cycle under the Lease. Notwithstanding anything to the contrary contained herein, in the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the Lease shall control.

ARTICLE II

Grant and East Cherry Creek Revenues

2.1 Appointment of Agent. During the term of this Agreement and subject to the terms of the Lease (which terms are incorporated herein by reference), Rangeview hereby grants to Pure Cycle the sole and exclusive right as its agent to (a) market Non-Export Water, (b) lease or use the Non-Export Water (subject to the terms of the Lease), and (c) provide water services to the Water Users and Off-Site Users. To the extent, if any, that the terms of this Agreement are contrary to, or inconsistent with, the terms of the Lease, the provisions of the Lease shall control and govern the conduct of the parties hereto. By execution of this Agreement, Pure Cycle, as service provider to Rangeview, consents and agrees to be bound by the Lease provisions relative to the Service Provider.

2.2 East Cherry Creek Revenues. Rangeview acknowledges that Pure Cycle has loaned funds to Rangeview to operate the district, which loans are documented in a promissory note dated April 17, 1995 (the "Note"). Rangeview agrees that it will apply any revenue received by Rangeview pursuant to the East Cherry Creek Agreement (i) toward payment to the Land Board of its share of such revenues pursuant to Section 10.1 of the Lease, (ii) to establish a fund for Rangeview's budget for the district's current calendar year operations, (iii) to establish and maintain the reserve required by Section 8.9 of the Lease, and (iv) remaining revenues, if any, toward repayment of the Note, and once the Note has been repaid in full, Rangeview agrees to pay to Pure Cycle ninety-eight percent (98%) of Rangeview's share of any remaining revenue received by Rangeview pursuant to the East Cherry Creek Agreement.

ARTICLE III

Rangeview Representations and Covenants

3.1 Lease. Rangeview represents and warrants that all terms and conditions of the Lease have been complied with by it and, to its knowledge, by the Land Board. Rangeview shall not enter into any amendments to the Lease that affect Pure Cycle's rights and/or obligations under this Agreement without Pure Cycle's prior written approval. Rangeview agrees that it will comply with the terms of the Lease, including paying all rents and royalties due under the Lease, and maintain it in effect during the term of this Agreement. It shall not be a breach of this covenant if Rangeview's failure to maintain the Lease in effect is due to a breach of this Agreement or the Lease by Pure Cycle.

3.2 Conflicts of Interest. The parties hereto acknowledge that certain members of the board of directors of Rangeview are officers, directors or employees of Pure Cycle and may have conflicts of interest with regard to this transaction. Rangeview represents and warrants that such board members have, pursuant to § 24-18-110, C.R.S., filed all necessary disclosure statements with Rangeview and the Colorado Secretary of State, and that Rangeview has provided copies of such disclosure statements to the Land Board. Pure Cycle represents and warrants that the members of Pure Cycle's board of directors who also serve on the Rangeview board of directors have fully disclosed such interests to the disinterested board members of Pure Cycle prior to obtaining board approval of this Agreement and those members with potential conflicts have abstained from voting on this Agreement.

ARTICLE IV

Agreements and Service

4.1 Customers. Pure Cycle, as Rangeview's agent, may negotiate and enter into agreements to lease or use the Non-Export Water and to provide water service utilizing the Non-Export Water subject to the terms of this Agreement and the terms of the Lease. Pure Cycle shall make available to Rangeview copies of any such agreements twenty-one (21) days prior to the execution (a draft being acceptable if finals are not available). Rangeview shall review such information for the sole purposes of determining whether such contract is commercially reasonable and in compliance with prudent water provider practice in Colorado. Rangeview shall be deemed to have consented to the contract unless, within fourteen (14) days of the date of delivery of the contract, it delivers to Pure Cycle a notice specifically stating the reasons for its determination that the proposed contract is not commercially reasonable or is not in compliance with prudent water provider practice in Colorado. Disputes, if any, as to matters under this Section will be submitted to arbitration pursuant to Section 15.16, and a hearing shall be held within fourteen (14) days of selection of an arbitrator or arbitrators, as applicable.

4.2 Construction. Pure Cycle shall cause construction of a Water System (as defined below) to provide water service to meet the demand for water of Water Users and Off-Site Users and shall do so in a commercially reasonable time and manner consistent with prudent water service practice in Colorado and consistent with Article 9 of the Lease, subject to the receipt of all necessary governmental approvals. Upon receiving a written request for water service from a Water User or Off-Site User, Rangeview shall give Pure Cycle written notice of such request. Within thirty (30) days after receipt of all information necessary to establish the service needs of the Water User or Off-Site User, Rangeview and Pure Cycle shall establish a schedule identifying the scope of improvements and the timing of construction ("Construction Schedule") for such user. Upon execution of a tap purchase agreement with such user or some other agreement which secures the commitment of the Water User or Off-Site User to purchase water taps or receive water service, which tap purchase agreement shall indicate, if applicable, that Rangeview's commitment for service is subject to the completion of the improvements identified in the Construction Schedule or such other time as would be consistent with the Lease, Pure Cycle shall cause construction of the identified improvements pursuant to the time frame set forth in the Construction Schedule. Once construction is completed, Pure Cycle will provide Rangeview with copies of the plans for the improvements as built. The term "Water System" shall mean wells, intake lines, pumps, treatment facilities, transmission systems, storage facilities and all other components of a water supply system to provide Non-Export Water to Water Users or Off-Site Users. Pure Cycle shall cause the Water System to be completed in a workmanlike manner and in compliance with the plans approved by Rangeview, which approval will not be unreasonably withheld or delayed. Pure Cycle shall make available to Rangeview copies of any and all construction contracts and related documents concerning the Water System. Ten (10) days prior to the execution of any construction contract related to the Water System in excess of Five Hundred Thousand Dollars (\$500,000), Pure Cycle shall provide Rangeview with a copy of such contract (a draft being acceptable if final are not available) and information regarding how the improvements will be financed and how such financing obligation will be paid. Rangeview shall review such information for the sole purposes of determining whether such contract is commercially reasonable and in compliance with prudent water provider practice in Colorado and whether the project is fiscally viable. Rangeview shall be deemed to have consented to the contract unless, within fourteen (14) days of the date of delivery of the contract, it delivers to Pure Cycle a notice specifically stating the reasons for its determination that the proposed contract is not commercially reasonable, is not in compliance with prudent water provider practice in Colorado, or the project is not fiscally viable. Disputes, if any, as to matters under this Section will be submitted to arbitration pursuant to Section 15.16, and a hearing shall be held within fourteen (14) days of selection of an arbitrator or arbitrators, as applicable.

4.3 Quality. Pure Cycle shall cause the Water System to be designed to comply with applicable requirements of the federal Safe Drinking Water Act or such other similar or successor laws (the "Safe Drinking Water Act") in effect at the time the Water System is constructed. In addition, Pure Cycle shall operate and maintain the Water System, and to the extent necessary, modify or upgrade the Water System, such that the water provided through the Water System complies with the Safe Drinking Water Act; provided, however, that it shall not be a default of this Section if at any time the water fails to comply with the requirements of the Safe Drinking Act, Pure Cycle cures such noncompliance within thirty (30) days of learning of such noncompliance, or if more than thirty (30) days is reasonably required to cure such noncompliance, Pure Cycle commences to correct the problem within thirty (30) days and thereafter prosecutes the same to completion with reasonable diligence.

4.4 Rules and Regulations of Rangeview. All construction, operation, and maintenance of the Water System shall be performed in accordance with the Rangeview Metropolitan District Rules and Regulations, as adopted from time to time (the "Rules and Regulations") which shall not be inconsistent with the terms of the Lease.

ARTICLE V

Coordination of Export and Non-Export Water

5.1 Substitution of Facilities. In connection with the provision of Non-Export Water to Water Users and Off-Site Users, Pure Cycle shall (i) be entitled, at Pure Cycle's option subject to Rangeview's consent which shall not be unreasonably withheld, to exercise Rangeview's right to substitute facilities and (ii) have the obligation to provide substitute facilities on Rangeview's behalf to the Export Water Purchaser as provided in Section 8.3 of the Lease.

5.2 Right to Use Transmission Lines; Infrastructure. Pursuant to the Lease, all contracts for the sale of Export Water will provide for construction of excess capacity in Export Water transmission lines only within the Lowry Range, so as to accommodate the transmission of water for on-site use within that portion of the Lowry Range which may be served by those lines. Ownership of the excess capacity needed for use on the Lowry Range will be transferred to Rangeview at such time as such capacity is utilized, under agreements which provide for the payment by Rangeview of a proportionate share of operation, maintenance and replacement costs. Rangeview agrees to provide such excess capacity to Pure Cycle to provide the services contemplated hereunder and Pure Cycle agrees to assume Rangeview's obligations with respect to operation, maintenance and replacement costs under the excess capacity agreements for so long as this Agreement is in effect.

ARTICLE VI

Ownership, Operation, and Maintenance of Facilities

6.1 Ownership Prior to Termination. Rangeview shall own the Water System, Pure Cycle shall operate and be responsible for the maintenance of the Water System.

6.2 Ownership Post-Expiration. In the event this Agreement expires pursuant to Section 14.2 or terminates pursuant to Section 14.6, title to any rights-of-way on the Lowry Range used exclusively for delivering Non-Export Water and any interest of Pure Cycle in the Water System or shared facilities for delivery of Non-Export Water pursuant to agreements described in Section 5.2 or otherwise, shall automatically, without the necessity of any further action by the parties, revert and be transferred to the Land Board as of the date of such expiration or termination in accordance with Section 14.1 of the Lease.

6.3 Ownership Post-Termination. In the event this Agreement is terminated by Rangeview pursuant to Section 14.3 or by Pure Cycle pursuant to Section 14.5, Pure Cycle shall surrender all of Pure Cycle's interest in rights-of-way on the Lowry Range used exclusively for delivering Non-Export Water and any interest of Pure Cycle in the Water System or shared facilities for delivery of Non-Export Water pursuant to agreements described in Section 5.2 or otherwise, to Rangeview in accordance with Section 14.4 of this Agreement.

ARTICLE VII

Obligations of Pure Cycle

7 . 1 Water System. At its cost, Pure Cycle shall provide a Water System for Water Users and Off-Site Users in a commercially reasonable manner consistent with prudent water provider practice in Colorado in order to meet the demand of Water Users and Off-Site Users and for water subject to the terms and conditions of the Lease and this Agreement. In addition, Pure Cycle shall install and maintain meters, in accordance with the Rules and Regulations, capable of measuring the quantity of Non-Export Water delivered to Water Users and Off-Site Users. Pure Cycle acknowledges that unless expressly agreed to by the Land Board in writing, the Non-Export Water, the Water System and the rights-of-way on and aquifers under the Lowry Range required to deliver Non-Export Water and any other rights granted with respect to the Non-Export Water under the Lease, shall not be used for any business or other purpose except to provide water service consistent with this Agreement, the Lease and the water decrees by which such water has been or may be adjudicated.

7 . 2 Control. Pure Cycle shall have the responsibility for and control over the details and means for providing the services hereunder subject to the requirement that the services be provided in a commercially reasonable time and manner consistent with prudent water service practice in Colorado and in accordance with the Lease, this Agreement and the Rules and Regulations.

7.3 Phased Development. Pure Cycle may phase the installation of the Water System in accordance with the needs of Water Users and Off-Site Users, it being understood that additional Water Users will be generated or created only upon the development of the Lowry Range. Pure Cycle shall have no obligation whatsoever to install or create access to a Water System in advance of the need for such facilities, such need to be based upon commercially reasonable standards for similar development projects. To the extent portions of the Lowry Range have been sold by the Land Board, Pure Cycle agrees to provide Rangeview with a reasonable long range development plan for such land.

7 . 4 Administration. Pure Cycle shall operate, maintain and administer the Water System, including billing (but not collecting) all charges for water services in accordance with Article VIII and issuing taps on behalf of Rangeview. Taps for Non-Export Water shall not be issued based on “unused cumulative rights under the decrees” (as that phrase is defined in the Lease).

7 . 5 Records. Pure Cycle shall keep and maintain accurate files of all contracts concerning the Water System and all other records necessary to the orderly administration and operation of the Water System which are required to be kept by local, state or federal statutes, ordinances or regulations or which are necessary to comply with the Lease. Pure Cycle shall provide a copy of each executed contract concerning the Water System within three days.

7 . 6 Services. Pure Cycle shall employ or contract with such engineers and qualified operators as it deems appropriate, to perform the duties of operating the Water System, including the following:

- (a) cooperating with Rangeview and other state, county, local and federal authorities in providing such tests as are necessary to maintain compliance with appropriate governmental standards;
- (b) supervising the connection of lines to private development and recording such connections for billing purposes in accordance with Section 8.2;
- (c) coordinating construction with various utility companies to ensure minimum interference with the Water System;
- (d) performing all maintenance and repairs necessary to continue the efficient operation of the Water System;
- (e) providing for the services of subcontractors necessary to maintain and continue the efficient operation of the Water System; and
- (f) providing for emergency preparedness to provide response to emergencies, including, but not limited to, interruption of services because of line breaks, freeze-up or other mechanical problems.

To the extent Pure Cycle engages contractors, it shall require such contractors to maintain bonds and insurance, including workers' compensation insurance, in compliance with applicable laws, the Lease, and the Rules and Regulations.

7.7 Recharge. Pure Cycle shall have the right to artificially recharge and to store the recharged water in the aquifers from which such Non-Export Water is withdrawn and to withdraw such artificially recharged and stored water in accordance with Section 6.2(a) of the Lease. Pure Cycle shall also have the right to store additionally acquired water in reservoirs on the surface of the Lowry Range in a commercially reasonable manner consistent with prudent water provider practice in Colorado and subject to the requirements of the Lease.

7.8 Compliance with Laws. Pure Cycle shall comply with all applicable government statutes, regulations, ordinances, permits and orders, including the Rules and Regulations and, if applicable, Colo. Rev. Stat. § 24-91-103, 103.5 and 103.6 (1995 Supp.), in its performance under this Agreement.

7 . 9 Permits and Licenses. Pure Cycle shall, at its own expense, apply for and obtain all necessary building, occupancy, well and other permits and licenses which may be required by any governmental entity which has jurisdiction over the operations to be performed by Pure Cycle pursuant to this Agreement. All well permits shall be obtained in the name of the Land Board and, if necessary, Rangeview as lessee.

7.10 Taxes. Pure Cycle shall be solely responsible for and shall pay all taxes, fees, charges and assessments, if any, in connection with the work or the materials to be utilized in accomplishing the activities of Pure Cycle pursuant to this Agreement.

7.11 Off-Site Disposal. Pure Cycle shall maintain a system for measuring any use or reuse of effluent, sewage, or sewerage from the use of Non-Export Water which is disposed of Off-Site to ensure compliance with the Lease.

7.12 Financing. Pure Cycle shall be responsible for financing its obligations hereunder with the funds it receives pursuant to this Agreement or from such other sources as it deems desirable subject to Section 4.1 hereof and the terms of the Lease.

7.13 Reporting. In addition to the reports required pursuant to Section 8.5, Pure Cycle agrees to provide Rangeview with annual budgets and business plans with respect to the Water System and such other information as Rangeview may reasonably request in order to assure itself that the demands of Water Users and Off-Site Users are being adequately provided for and to assist Rangeview in its long-term planning efforts. Pure Cycle shall also provide courtesy copies of annual budgets and business plans to the Land Board. Pure Cycle shall also supply Rangeview with such information as Rangeview may reasonably require to comply with its obligations to state, county, local and federal authorities, including, for example, the results of tests on the quality of the water and information concerning compliance with health and safety regulations.

7.14 Access. Pure Cycle agrees to permit the Land Board access to the Lowry Range to the same extent Rangeview is required to grant the Land Board access under Section 5.1(b) of the Lease.

ARTICLE VIII

Billing and Rates

8.1 Rates.

(a) Rangeview will establish the tap fees, usage charges, and service charges, including late payment charges, to be imposed upon the Water Users for the water services provided by Pure Cycle hereunder consistent with Section 8.2 of the Lease.

(b) The tap fees, usage charges, and service charges, including late payment charges, to be imposed upon Off-Site Users for the services provided by Pure Cycle hereunder shall be established pursuant to the mutual agreement of Pure Cycle and the Off-Site Water Purchaser; provided, that such agreements shall comply with Section 5.3(b) of the Lease.

8.2 Billing.

(a) Pure Cycle shall read the meters and bill the Water Users and Off-Site Users for water services provided hereunder, including all tap fees, usage charges, and service charges, on behalf of Rangeview and in accordance with the Rules and Regulations. The bills shall provide that payment shall be made by Water Users and Off-Site Users to Rangeview at an address designated by Rangeview. Rangeview shall have the option, upon sixty (60) days written notice to Pure Cycle, to assume the obligation of reading meters and billing hereunder. Pure Cycle shall have the option upon sixty (60) days written notice to Rangeview to relinquish the obligation of reading meters and billing hereunder. In either case, Pure Cycle shall deliver to Rangeview the records necessary to enable Rangeview to perform such services. Pure Cycle shall thereafter continue to perform all obligations hereunder except those pertaining to billing. If Rangeview's costs are significantly impacted by the transfer of billing responsibilities, the amounts paid to Pure Cycle under this Agreement shall be subject to renegotiation under Section 8.3.

(b) Rangeview shall be responsible for collection efforts on delinquent accounts. To the extent necessary to enable Rangeview to determine royalties due under the Lease, Pure Cycle shall code the bills in a manner which will enable Rangeview to distinguish which bills are for recharged water and of such bills which are to Title 32 water districts or similar municipal entities supplying water for public use ("Public Entities"). After deducting the amount required to be paid or accrued to pay the royalties required for Non-Export Water under the Lease, Rangeview shall pay Pure Cycle on or before the 15th day of each month one hundred percent (100%) of tap fees and ninety-eight percent (98%) of all remaining amounts collected by Rangeview from Water Users in the previous month. Such payment will be accompanied by a report from Rangeview specifying the amount received by Rangeview from Public Entities for recharged water and the amount received by Rangeview from other Water Users in the previous month. Once the royalty obligation set forth in Section 7.3(b) of the Lease becomes applicable, Pure Cycle shall provide Rangeview with a report on or before the 10th day of each month specifying those costs and expenses of Pure Cycle for the preceding month which are components of Net Profits (as that term is defined in the Lease) in order to enable Rangeview to determine the royalties payable under the Lease and the amount payable to Pure Cycle for the previous month.

8.3 Renegotiation. The parties acknowledge that due to the fact that the Lowry Range has not yet been developed, the operating costs of Rangeview and Pure Cycle with respect to the water service to be provided to Water Users are unknown. Therefore, notwithstanding the provisions of Section 8.2, if the two percent (2%) of revenues retained by Rangeview are insufficient to cover Rangeview's costs relating to the provision of water service with respect to Non-Export Water, including, without limitation, the proportionate share of Rangeview's reasonable general, legal, administrative, engineering, regulatory compliance, and long-term planning costs attributable to provision of water service with respect to Non-Export Water and Rangeview's reserve requirements pursuant to Section 8.9 of the Lease, Pure Cycle and Rangeview shall negotiate an amendment to Section 8.2 in good faith which provides Rangeview with sufficient revenues from this Agreement to cover its costs relating to the provision of water service with respect to Non-Export Water. During any period of renegotiation, each party shall continue to perform its obligations under this Agreement. Disputes as to an appropriate amendment to provide Rangeview with sufficient revenues under this Section will be settled by arbitration pursuant to Section 15.16 of this Agreement.

8.4 Reserves.

(a) Rangeview shall utilize the two percent (2%) of revenues retained by it pursuant to Section 8.2 and, if applicable, the two percent (2%) of revenues retained by it pursuant to Section 2.2 from the East Cherry Creek Agreement, (i) to pay proper and necessary expenses related to the functions of Rangeview, (ii) to build and maintain the reserve required by Section 8.9 of the Lease (which reserve is equal to thirty-three percent (33%) of the Operating Expenses budgeted by Rangeview and Pure Cycle for the then current calendar year), (iii) to establish a fund for Rangeview's budget for the following calendar year, and (iv) to increase the reserve fund described in (ii) above to an amount equal to fifty (50%) of the Operating Expenses budgeted by Rangeview and Pure Cycle for the then current year. The reserve fund shall be continuously maintained and may be utilized by Rangeview solely for paying lawful obligations relating to the provision of Non-Export Water to Water Users as required by Section 8.1 of the Lease.

(b) Pure Cycle agrees that if and to the extent at any time monies are not available to Rangeview to fund the reserve which Rangeview is required to maintain pursuant to Section 8.9 of the Lease or if monies in such reserve are withdrawn (for a purpose permitted by Section 8.4(a) above and by Section 8.9 of the Lease) such that the amount of the reserve drops below the amount which Rangeview is required to maintain pursuant to the Lease and such reserve cannot reasonably be expected to be reestablished from anticipated income to Rangeview within one year, then within thirty (30) days of receipt of notice from Rangeview of such fact, Pure Cycle shall deliver funds to Rangeview sufficient to replenish the reserve fund to the level required pursuant to the Lease. Notwithstanding the fact that the reserve can reasonably be expected to be reestablished within one year, Pure Cycle agrees to deliver funds to Rangeview sufficient to replenish the reserve fund to the level required pursuant to the Lease at the time this Agreement terminates. If Pure Cycle has given notice to Rangeview pursuant to Section 14.5 of Pure Cycle's election to terminate this Agreement, any use by Rangeview of the reserve fund in a manner which would cause Pure Cycle to be required to replenish the fund pursuant to the foregoing sentence because the termination date of this Agreement will occur sooner than the date on which the reserves are reasonably expected to be reestablished shall require the prior written consent of Pure Cycle, which consent shall not be withheld to the extent it is necessary to make such expenditure at that time.

(c) Any dispute as to the necessity of an expenditure or whether the reserve fund can reasonably be expected to be reestablished from anticipated income within one year shall be submitted to arbitration pursuant to Section 15.16 of this Agreement.

8.5 Reports and Audits.

(a) Within twenty-five (25) days after the end of each calendar year, until such time as Rangeview notifies Pure Cycle that production of Export Water and/or Non-Export Water has reached 500 acre feet in any calendar year, and thereafter on or before the twenty-fifth (25th) day following the end of each calendar quarter during the term of this Agreement, Pure Cycle shall deliver a report to Rangeview which specifies the quantity of Non-Export Water (including any recharged or stored water pursuant to Section 6.2(a) of the Lease) delivered by Pure Cycle and the amount of such Non-Export Water removed from each aquifer under the Lowry Range in accordance with Exhibit J to the Lease, the exact amount of Gross Revenues or gross tap fee revenues relating to the sale or other disposition of Non-Export Water and a calculation of the royalties paid or payable to the Land Board as a result thereof, the entity to whom the Non-Export Water was delivered and, if applicable, the costs and expenses of Pure Cycle for such period which are components of Net Profits and such other information as may be necessary in order to enable Rangeview to comply with its reporting obligations to the Land Board regarding the accuracy of royalties paid under the Lease.

(b) Pure Cycle shall prepare and keep full, complete, and proper books, records and accounts of all Non-Export Water (including any recharged or stored water pursuant to Section 6.2(a) of the Lease) sales or dispositions and, if applicable, expenses of Pure Cycle included in the calculation of Net Profits and shall document such transactions as may be required by law. Said books, records, and accounts of Pure Cycle shall be open at all reasonable times, upon three (3) days prior written notice, to the inspection of Rangeview and its representatives, and upon ten (10) days prior written notice, to the inspection of the Land Board and its representatives, who may, at Rangeview's or the Land Board's expense, as applicable, copy or extract all or a portion of said books, records, and accounts for a period of five (5) years after the date such books, records and accounts are made. Rangeview or the Land Board may, upon no less than fourteen (14) days' prior written notice to Pure Cycle, cause a partial or complete audit to be made at Rangeview's or the Land Board's expense, as applicable, by an auditor selected by Rangeview or the Land Board, as applicable, of the entire records and operations of Pure Cycle for a five (5) year period preceding the date of the audit relating to the Lowry Range and Non-Export Water use pursuant to this Agreement. Within fourteen (14) days following receipt of such a notice, Pure Cycle shall make available to the auditor the books and records the auditor reasonably deems necessary or desirable for the purpose of making the audit. If the results of the audit reveal a deficiency in the amounts paid by Rangeview to the Land Board under the Lease as a result of inaccurate reports provided by Pure Cycle to Rangeview, then Pure Cycle shall refund the revenues it received from Rangeview under Section 8.2 which should have been paid to the Land Board together with interest thereon at the rate of two percent (2%) per month from the date or dates such amounts should have been paid to the Land Board. If such inaccuracies resulted in a deficiency to the Land Board in excess of two percent (2%) of the royalties previously computed by Rangeview for the period covered by the audit, then Pure Cycle shall also pay the actual cost of the audit.

(c) Rangeview shall prepare and keep full, complete, and proper books, records and accounts of all collections with respect to Non-Export Water (including any recharged or stored water pursuant to Section 6.2(a) of the Lease) sales or dispositions and, if applicable, expenses of Rangeview included in the calculation of Net Profits and shall document such transactions as may be required by law. Said books, records, and accounts of Rangeview shall be open at all reasonable times to the inspection of Pure Cycle and its representatives who may also, at Pure Cycle's expense, audit, copy or extract all or a portion of said books, records, and accounts for a period of five (5) years after the date such books, records and accounts are made. Pure Cycle may, upon fourteen (14) days' prior written notice to Rangeview, cause a partial or complete audit to be made at Pure Cycle's expense, by an auditor selected by Pure Cycle, of the entire records and operations of Rangeview relating to the Lowry Range and Non-Export Water collections and expenses pursuant to this Agreement. Within fourteen (14) days following receipt of such a notice, Rangeview shall make available to the auditor the books and records the auditor deems necessary or desirable for the purpose of making the audit. Any deficiency in the payment of amounts due Pure Cycle pursuant to Section 8.2 determined by such audit shall be immediately due and payable by Rangeview together with interest thereon at the rate of two percent (2%) per month from the date or dates such amounts should have been paid. If such deficiency is in excess of two percent (2%) of the amounts previously computed by Rangeview for the period covered by the audit, then Rangeview shall pay the actual cost of the audit, at the time the deficiency is paid.

ARTICLE IX

Management of Non-Export Water

9 . 1 Use of Non-Export Water. All use of Non-Export Water by Pure Cycle hereunder, including any re-use or successive use, shall be done in a commercially reasonable manner consistent with prudent water provider practice in Colorado in accordance with the Lease and the decrees adjudicating such water.

9.2 Additional Water. To the extent Rangeview determines to locate additional sources of water for Water Users or Off-Site Users, Pure Cycle agrees to locate such additional sources of water for Rangeview. The parties acknowledge that if Rangeview acquires such additional water, it shall not be subject to the provisions of the Lease except to the extent required by the Lease. In recognition of the fact that it will be more efficient and economical to have only one service provider and to limit the number of parties jointly using and expanding the Water System, Rangeview agrees that if it acquires such additional water, it shall give Pure Cycle the first opportunity to negotiate a service provider agreement with respect to any additional water. To the extent Pure Cycle desires to be the service provider for such additional water but the parties are unable to reach an agreement on the terms of such service provider agreement, the missing terms shall be settled by arbitration in accordance with Section 15.16. In establishing such terms, the parties agree that the arbitrator shall take into consideration prudent water provider practices in Colorado. The terms of this Agreement may be considered by the arbitrator in determining what terms would be consistent with prudent water provider practice in Colorado except to the extent such terms are influenced or dictated by the terms of the Lease. Pure Cycle agrees that if Rangeview does not acquire additional water for Water Users, Pure Cycle shall permit the Land Board, as required by the Lease, to jointly use and expand the Water System to the same extent Pure Cycle, as Rangeview's service provider, would have used and expanded such facilities consistent with prudent water provider practices in Colorado if Rangeview had acquired additional water to provide service to Water Users requesting service after the Non-Export Water is committed.

ARTICLE X

Rights-of-Way

10.1 Master Plan. As set forth in Exhibit D to the Lease, a master plan of rights-of-way, has been agreed upon with respect to the Lowry Range, subject to certain rights of the Land Board to amend the master plan.

10.2 Rights-of-Way. When a right-of-way on or under the Lowry Range is reasonably necessary to enable Pure Cycle to perform the services contemplated by this Agreement, Pure Cycle shall notify Rangeview. Rangeview shall file a request for the right-of-way with the Land Board in accordance with the Lease. Upon grant of a right-of-way by the Land Board, Rangeview shall promptly notify Pure Cycle and, to the extent necessary to enable Pure Cycle to perform its services hereunder, Rangeview shall grant a license to Pure Cycle to use the right-of-way granted by the Land Board. Such license shall be in the form of the license attached to the Lease as Exhibit G.

10.3 Fees for Rights-of-Way. Pure Cycle shall pay the costs (including, if applicable, legal and engineering fees) associated with obtaining rights-of-way. Pure Cycle acknowledges that the fees for Rights-of-Way on the Lowry Range are set forth in the Lease.

10.4 Condemnation of Land Not Owned by the Land Board. Upon Pure Cycle's request, Rangeview agrees to use its governmental powers of condemnation if condemnation is reasonably necessary to enable Pure Cycle to perform the services contemplated by this Agreement. Rangeview agrees to grant Pure Cycle a right-of-way in such condemned property substantially in the form attached hereto as Exhibit A. The fee for such right-of-way shall be based on the fair market value of the right-of-way at the time of the grant assuming this Agreement will expire at the end of the term set forth in Section 14.2. Pure Cycle shall be responsible for the costs associated with Rangeview's condemnation of such land. Nothing herein shall grant power to condemn land owned by the Land Board or to interfere with the Land Board's rights under the Lease.

ARTICLE XI

Indemnification

11.1 General. Pure Cycle agrees that it shall jointly and severally with Rangeview indemnify and hold harmless the Land Board against and from all liabilities, claims and demands, settlement or litigation expenses and related attorneys' fees (hereafter "Indemnified Items") for personal injury or property damage arising out of, or caused by, any act or omission of Rangeview, Pure Cycle, their contractors, agents or employees.

11.2 Liens. Except with respect to liens or encumbrances expressly permitted under the Lease, Pure Cycle agrees that it shall jointly and severally with Rangeview indemnify and hold the Land Board harmless from and against all Indemnified Items relating to liens or claims of right to enforce liens arising from actions of Rangeview or Pure Cycle, its contractors and agents.

11.3 Mutual Indemnity. As between Pure Cycle and Rangeview, each party shall indemnify and hold harmless the other, to the extent permitted by law, against and from all Indemnified Items (i) for personal injury or property damage arising out of, or caused by, any act or omission of such party, its contractors, agents or employees or (ii) relating to liens or claims of right to enforce liens arising from actions of such party, its contractors and agents. The party whose actions caused such liens to arise shall promptly cause any such lien to be removed notwithstanding the fact that such party may believe that there is a valid defense to any such claim. Such party shall retain the right to pursue any claims against the person filing the lien after any such lien is removed.

ARTICLE XII

Financing

12.1 Review by Land Board. Pursuant to Section 9.1(c) the Lease, Pure Cycle agrees to provide the Land Board with courtesy copies of any construction or financing contracts in excess of Five Hundred Thousand Dollars (\$500,000) entered into by Pure Cycle related to the provision of Non-Export Water to Water Users (including contracts for the disposal of effluent, sewage or sewerage) ten (10) days prior to the execution of any such contracts (drafts being acceptable if finals are not yet available).

ARTICLE XIII

Insurance and Bonds

13.1 Insurance. Pure Cycle shall at all times carry insurance in amounts and with carriers acceptable to Rangeview for workers' compensation coverage fully covering all persons engaged in the performance of this Agreement in accordance with Colorado law, and for public liability insurance covering death and bodily injury with limits of not less than \$1,500,000 for one person and \$5,000,000 for any one accident or disaster, and property damage coverage with limits of not less than \$500,000, which insurance shall name Rangeview and the Land Board as additional insureds. Pure Cycle acknowledges that under the Lease, the Land Board has reserved the right to reasonably increase the required limits of insurance as the Land Board may deem appropriate from time to time. Rangeview shall give notice to Pure Cycle within five (5) days of receipt of a request from the Land Board to increase the limits of insurance. Pure Cycle shall promptly obtain such increased coverage and shall furnish the Land Board with proof of such coverage; provided that, if Pure Cycle disputes the reasonableness of such request, Pure Cycle shall have the right to submit such dispute to arbitration in accordance with Sections 15.2(b) and 15.16 of the Lease.

13.2 Bonds. No operations are to be commenced on the Lowry Range until Pure Cycle has filed good and sufficient bonds, consistent with the requirements of § 38-26-106 and § 36-1-129, with the Land Board, and listing Rangeview as a coinsured, in an amount fixed by the Land Board to secure the payment for damages, losses or expenses caused by Pure Cycle as a result of operations on or under the Lowry Range. Pure Cycle acknowledges that, pursuant to the Lease, the Land Board may require that the bonds be held in full force and in effect for one year after cessation of the operations for which the bonds were intended. In addition, Pure Cycle shall comply with the Rules and Regulations with respect to bonds required by Rangeview.

13.3 Bond of Contractors. Bonds provided by contractors for construction activities to Pure Cycle may list the Land Board and Rangeview as coinsureds. As long as such bonds otherwise comply with Section 13.2 above and list the Land Board and Rangeview as coinsureds, the contractors shall not be required to obtain any other bonds for the Land Board or Rangeview.

ARTICLE XIV

Term, Default and Termination

14.1 Effective Date. Rangeview's rights under the Lease are subject to entry of a final non-appealable order in the Proceeding. The parties to the Proceeding have reached a settlement agreement, to which the Lease is attached as Exhibit A (the "Settlement Agreement"). This Agreement shall be binding on the date that it is fully executed and delivered by both parties hereto, subject only as a condition subsequent to the occurrence of the Effective Date (as that term is defined in the Settlement Agreement). If the Settlement Agreement is terminated, this Agreement shall be null and void ab initio and shall have no force and effect.

14.2 Term. This Agreement shall commence on the Effective Date and, unless sooner terminated pursuant to this Article, shall expire at 12:00 noon on May 1, 2081.

14.3 Default and Termination.

(a) The following events shall constitute events of default under this Agreement:

(i) The filing by a party of a petition in bankruptcy, insolvency or for reorganization under the bankruptcy laws of the United States or under any insolvency act of any state, the dissolution of a party, or a party making an assignment for the benefit of creditors;

(ii) The taking of the Lease or the Non-Export Water or any part thereof by execution or other process of law or the subjection of the Lease or the Non-Export Water or any part thereof to attachment, which attachment is not discharged or disposed of within sixty (60) days after the levy thereof;

(iii) The institution against a party of involuntary proceedings under any such bankruptcy law or insolvency act or for dissolution, or the appointment of a receiver or trustee for all or substantially all of the property of a party, which proceeding is not dismissed or receivership or trusteeship is not vacated within sixty (60) days after such institution or appointment; or

(iv) The material default in the performance of any material term, covenant or condition in this Agreement which default shall continue and not be cured for a period of thirty (30) days after written notice specifically setting forth the nature of the default has been given by the non-defaulting party to the defaulting party, or if more than thirty (30) days is reasonably required to cure such matter complained of, if the defaulting party shall fail to commence to correct the same within said thirty (30) day period and shall thereafter fail to prosecute the same to completion with reasonable diligence.

(b) If an event of default shall occur, then the non-defaulting party may, at its option, without any prejudice to any other remedies it may have, (i) terminate this Agreement upon giving written notice of termination to the defaulting or breaching party, and, if Rangeview is the non-defaulting party, at its option, exercise its rights under Section 14.4, and/or (ii) commence an action for specific performance of the obligations of the defaulting party and/or damages proximately caused by the default or breach and its costs and reasonable attorneys' fees (including costs incurred to cure such default pursuant to Section 14.3(c)).

(c) If either party shall act or fail to act in a manner which would constitute an Event of Default (as that term is defined in the Lease) under the Lease, immediately, with the passage of time, with notice, or any of the foregoing, the non-defaulting party may, at its option, without prejudice to any other remedies it may have, cure such Event of Default and seek reimbursement from the defaulting party for any costs and damages associated therewith or offset such costs and damages from any amounts owed to the defaulting party under this Agreement or otherwise without waiting for the thirty-day period provided for in Section 14(a)(iv) to run.

14.4 Declaration of Forfeiture. If an event of default occurs and Rangeview terminates this Agreement or in the event of a termination pursuant to Section 14.5, Rangeview shall have the right, in connection with such termination, to enter onto the Lowry Range and any part thereof (subject to any existing licenses related to delivery of Export Water), and to expel Pure Cycle from the premises and those claiming through or under Pure Cycle pursuant to this Agreement, and remove the effects of both or either, without being deemed guilty of any manner of trespass and without prejudice to any other remedies. In the event of such termination, Pure Cycle shall surrender and peacefully deliver to Rangeview the above described land and the Non-Export Water, and such land as was in Pure Cycle's possession or control shall be returned to Rangeview in good condition (subject to any existing licenses related to the delivery of Export Water), and Rangeview shall be entitled to the return of all Non-Export Water, plus any interest of Pure Cycle in all infrastructure built to divert or withdraw and deliver the Non-Export Water and any interest in shared facilities for use with the Non-Export Water, plus the revenue stream associated with such Non-Export Water and the East Cherry Creek Agreement. Subject to the following sentence, title to such assets will be conveyed to Rangeview free and clear of all security interests, liens and encumbrances existing at the time of delivery to Rangeview. Notwithstanding the foregoing, Pure Cycle shall have the right to encumber the revenues it receives pursuant to this Agreement in connection with the construction and development of the Water System. Upon such termination, if Pure Cycle shall remain in possession of any part of the Lowry Range (subject to any existing rights-of-way or licenses related to delivery of Export Water) or Non-Export Water, Pure Cycle shall be guilty of an unlawful detainer and shall be subject to eviction or removal, forcibly or otherwise, to the extent provided by law.

14.5 Pure Cycle Right of Termination. Pure Cycle may terminate this Agreement at any time without cause upon giving one year's prior written notice to Rangeview. During the one-year period, Pure Cycle shall continue to discharge all of its obligations under this Agreement and shall be entitled to the benefits of this Agreement, unless Rangeview and the Land Board, at their option, require Pure Cycle to discontinue providing services hereunder prior to the expiration of the one-year notice period.

14.6 Termination of Lease. If Rangeview's rights to the Non-Export Water are terminated under the Lease, this Agreement shall terminate.

ARTICLE XV

General Provisions

15.1 Assignment. Pure Cycle may assign its interest in this Agreement, but only upon terms expressly approved in writing by Rangeview, which approval may not be unreasonably withheld. Rangeview shall not be deemed to be unreasonable in withholding consent if it is unable to obtain the consent required from the Land Board pursuant to Section 9.1(a) of the Lease for such assignment. Any attempted assignment in contravention of this Section shall be null and void. Notwithstanding the foregoing, Pure Cycle may contract with third parties to perform portions of its obligations under this Agreement and such action on Pure Cycle's part shall not be deemed an assignment of its interest in this Agreement.

15.2 Third Party Beneficiaries. It is not the intent of the parties, nor shall it be the effect of this Agreement, to vest rights of any nature or form in individuals or entities not executing this Agreement as a party except to the extent that this Agreement specifically contemplates vesting rights in the Land Board.

15.3 Notice. All notices required by this Agreement shall be in writing and shall be delivered to the person to whom the notice is directed, in person, by courier service or by United States mail as a certified item, return receipt requested, addressed to the address stated below. Notices delivered in person or by courier service shall be deemed given when delivered to the person to whom the notice is directed. Notices delivered by mail shall be deemed given on the date of delivery as indicated on the return receipt. The parties may change the stated address by giving ten (10) days' written notice of such change pursuant to this Section.

If to Rangeview:

Rangeview Metropolitan District
1490 Lafayette Street, Suite 203
Denver, Colorado 80218
Attention: President

With copies to the Land Board when required by this Agreement:

Board of Land Commissioners
1127 Sherman Street, Suite 300
Denver, Colorado 80203
Attention: President

and

Office of the Attorney General
1300 Broadway, 10th Floor

Denver, Colorado 80203
Attention: State Land Board Attorney

If to Pure Cycle:

Pure Cycle Corporation
1490 Lafayette Street, Suite 203
Denver, Colorado 80218
Attention: President

15.4 Construction. Where required for proper interpretation, words in the singular shall include the plural, and the masculine gender shall include the neuter and the feminine, and vice versa, as is appropriate. The article and section headings are for convenience and are not a substantive portion of the Agreement. The Agreement shall be construed as if it were equally drafted in all aspects by all parties.

15.5 Entire Agreement. This Agreement, including the items referenced herein or to be attached in accordance with the provisions of this Agreement, constitutes the entire agreement among the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings of the parties as to the subject matter of this Agreement. No representation, warranty, covenant, agreement or condition not expressed in this Agreement shall be binding upon the parties or shall change or restrict the provisions of this Agreement.

15.6 Authority. Each of the parties represents and warrants that it has all requisite power, corporate and otherwise, to execute, deliver and perform its obligations pursuant to this Agreement, that the execution, delivery and performance of this Agreement and the documents to be executed and delivered pursuant to this Agreement have been duly authorized by it, and that upon execution and delivery, this Agreement and all documents to be executed and delivered pursuant to this Agreement will constitute its legal, valid and binding obligation, enforceable against it in accordance with their terms.

15.7 Copies. Numerous copies of this Agreement have been executed by the parties. Each such executed copy shall have the full force and effect of an original, executed Agreement.

15.8 Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same instrument.

15.9 Amendment. This Agreement shall not be amended except by a writing executed by both parties and, to the extent required by Section 9.1(a) of the Lease, no such amendment shall be made without the written consent of the Land Board, which consent shall not be unreasonably withheld.

15.10 Compliance with Law. Rangeview and Pure Cycle covenant and agree that during the continuance of this Agreement, they shall comply fully with all provisions, terms, and conditions of all laws whether state or federal, and orders issued thereunder, which may be in effect during the continuance hereof, which in any manner affect their operations and the Lowry Range and Non-Export Water.

15.11 Binding Effect. The benefits and terms and obligations of this Agreement shall extend to and be binding upon the successors or permitted assigns of the respective parties hereto.

15.12 Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby. It is also agreed that in lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there shall be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

15.13 Duty of Good Faith and Fair Dealing; Regular Consultation. The parties acknowledge and agree that each party has a duty of good faith and fair dealing in its performance of this Agreement. Pure Cycle will advise Rangeview of its activities no less than annually until such time as Rangeview notifies Pure Cycle that production of Export Water and/or Non-Export Water has reached five hundred (500) acre feet in any calendar year and thereafter, quarterly during the term of this Agreement and will respond to reasonable requests of Rangeview for additional information on Pure Cycle's activities affecting the Lowry Range.

15.14 Further Assurance. Each of the parties hereto, at any time and from time to time, will execute and deliver such further instruments and take such further action as may reasonably be requested by the other party hereto, in order to cure any defects in the execution and delivery of, or to comply with or accomplish the covenants and agreements contained in this Agreement and/or any other agreements or documents related thereto.

15.15 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado and applicable federal law.

15.16 Arbitration. Any controversy or claim arising out of or relating to the computation of amounts due pursuant to Section 8.2 under this Agreement and all other controversies or claims which the parties have expressly agreed herein shall be submitted to arbitration or which relate to matters which the parties to the Lease have agreed shall be submitted to arbitration, shall be settled by arbitration in accordance with the Commercial Rules of the American Arbitration Association, including discovery, experts, evidence and hearings. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration shall be instituted on written demand of any Party setting forth the issues to be arbitrated. The Party responding to the arbitration demand shall respond to the demand within ten (10) days, after which the Parties shall proceed to select an arbitrator within ten (10) days; provided however, that if the Parties are unable to agree on a single arbitrator within such ten (10) days, the arbitration shall be by majority decision of a panel of three arbitrators, at least two of whom shall have experience and expertise in water rights or water utility matters, who may, but need not, be affiliated with the American Arbitration Association. Within ten (10) days, each Party shall appoint one arbitrator, who together shall appoint the third. If a Party fails to appoint an arbitrator within ten (10) days, an arbitrator shall be appointed for such Party by the American Arbitration Association upon the request of another Party. Arbitration shall be concluded and an award entered within sixty (60) days of the completion of selection of the arbitration panel, unless a shorter period is set forth elsewhere in this Agreement. Rangeview and Pure Cycle agree that the Land Board may participate directly in any arbitration which affects the Land Board's rights and/or obligations with respect to the Non-Export Water; provided such Land Board agrees to be bound by the arbitration award to the same extent as Rangeview and Pure Cycle.

15.17 Litigation and Attorneys' Fees. Except as provided in Section 15.16 above, in the event of claims, disputes or other disagreements between the parties which the parties are not able to resolve amicably, either party may bring suit in a court of competent jurisdiction seeking resolution of the matter. The prevailing party in any arbitration or suit shall be entitled to recover its reasonable attorneys' fees and costs from the other party.

15.18 Force Majeure. Should either party be unable to perform any obligation required of it under this Agreement, other than the payment of money, because of any cause beyond its control (including, but not limited to war, insurrection, riot, civil commotion, shortages, strikes, lockout, fire, earthquake, calamity, windstorm, flood, material shortages, failure of any suppliers, freight handlers, transportation vendors or like activities, or any other force majeure), then such party's performance of any such obligation shall be suspended for such period as the party is unable to perform such obligation.

IN WITNESS WHEREOF, the parties hereto have executed this Service Agreement on the date first written above.

RANGEVIEW METROPOLITAN DISTRICT, ACTING BY AND THROUGH ITS
WATER ACTIVITY ENTERPRISE

By: /s/ Scott Lehman
Scott Lehman, Director

PURE CYCLE CORPORATION

By: /s/ Mark W. Harding
Mark W. Harding, President

RIGHT-OF-WAY, BOOK _____, PAGE _____

THIS INDENTURE is made this _____ day of _____, 20____, between Rangeview Metropolitan District, acting by and through its water activity enterprise (“Rangeview”), whose address is _____, Colorado _____ and Pure Cycle Corporation, a Colorado corporation (“Pure Cycle”), whose address is _____, Colorado _____.

WHEREAS, Rangeview and Pure Cycle entered into a Service Agreement effective April 11, 1996, which was amended and restated effective July ____, 2014, pursuant to which Pure Cycle is to construct, operate and maintain a water system on Rangeview’s behalf (the “Service Agreement”);

WHEREAS, pursuant to the Service Agreement, Pure Cycle has applied to Rangeview for a right-of-way over, upon, under and across the surface of certain portions of land owned by Rangeview as hereinafter described, for the purpose of constructing, reconstructing, operating, repairing, removing and maintaining a _____; and

WHEREAS, Rangeview has agreed to grant such right-of-way for the purpose aforesaid and none other, upon the terms and conditions set forth herein.

NOW, THEREFORE, Rangeview, in consideration of the premises and the sum of _____ Dollars (\$ _____), paid to Rangeview, the receipt of which is hereby acknowledged, and in further consideration of the terms and conditions of the Service Agreement, does grant and convey to Pure Cycle, its successors and assigns, a non-exclusive right-of-way for the purpose of constructing, reconstructing, operating, and maintaining _____ *(describe scope and purpose)*, upon, over, under and across the surface of those lands described as follows: *[insert legal description here]*, (the “Premises”).

Subject to the following conditions:

1. This grant is made with the understanding that Pure Cycle must begin construction of these facilities described above within five years from the date hereof, failing which this grant may be subject to cancellation of the unconstructed portions at the option of Rangeview.
2. In the event Rangeview should at any time desire to occupy or use or permit the occupancy or use of the Premises, which are subject to the right-of-way herein granted, or any portions thereof, for any purpose with which the aforesaid facilities would interfere, then Rangeview may require Pure Cycle to relocate, raise, lower, disconnect, or otherwise adjust the facilities described above at any location or locations where said facilities pass over and across the Premises after first, in each case, receiving not less than 180 days prior written notice from Rangeview. In such event, Pure Cycle shall be furnished a similar right-of-way to relocate, raise, lower, disconnect or otherwise adjust said facilities. The expense of said relocation, movement, or rebuilding shall be paid by Rangeview according to the Service Agreement.



3. This grant of right-of-way is made subject to any and all leases, easements, rights-of-way and other interests heretofore legally granted and now in full force and effect, if any there be.
4. Rangeview reserves the right to cultivate, use, develop, occupy, sell, lease or otherwise dispose of the Premises and to use the Premises for all purposes, including the issuance of additional rights to third parties, except as necessarily limited by the facilities described above; provided that Pure Cycle's rights to the Premises are not unreasonably impaired by the exercise of this right by Rangeview.
5. Rangeview reserves the right to require, at Pure Cycle's cost, the burial of any power lines and, to the extent reasonable, other facilities when, in Rangeview's discretion, development of the adjoining property or other circumstances warrant burial. Rangeview shall be given not less than 180 days written notice of such requirement.
6. This right-of-way is made for the sole and only purpose as herein set forth and no other and does not give Pure Cycle exclusive possession of any part of the land above described. If Pure Cycle or its successors, assigns or licensees shall at any time use or attempt to use the same for any other purpose whatsoever, then this right-of-way shall become void and of no effect, and any and all such rights and privileges herein granted shall revert to Rangeview, subject to any right to cure which may exist under the Service Agreement.
7. Pure Cycle shall have the right to trim trees and shrubbery upon this right-of-way only if such trees and shrubbery should interfere with or endanger the proper operation, construction and maintenance of said facilities.
8. Pure Cycle shall not transfer or assign this right-of-way except as permitted by the Service Agreement.
9. Pure Cycle shall provide drainage and erosion control structures, fences, gates, cattleguards, or any other facilities reasonably necessary to protect the Premises.
10. Pure Cycle shall not unreasonably fence or obstruct free and open access to and travel upon, over and across the Premises, without written authorization of Rangeview.
11. Pure Cycle shall have such rights of ingress and egress as may be necessary for the construction, reconstruction, operation, maintenance, and removal of said facilities, but shall not leave open, or permit to be left open, any fences, bars or gates not owned by Pure Cycle. All such fences, bars or gates which may be damaged or disturbed in any way shall be fully restored by Pure Cycle.

12. In the event that the facilities for which this right-of-way is granted are to be materially enlarged, replaced, relocated, or added to in the future, Pure Cycle shall advise Rangeview of such change and furnish surveys, plats, and a description of the proposed change to Rangeview. Any such changes and the consideration required therefor, shall be controlled by the Service Agreement.
13. The rights herein granted shall expire when the Service Agreement expires, or otherwise terminates, but no later than May 1, 2081; however, any right-of-way for the "Off-Site Water," as that term is defined in the Amended and Restated Lease (S-37280) dated July ___, 2014, between Rangeview and the State of Colorado acting by and through the State Board of Land Commissioners (the "Lease"), may continue for so long as, and to the extent this right-of-way continues to be used to service users of Off-Site Water as that term is defined in the Lease. If the facilities are abandoned or discontinued, all rights hereunder shall automatically terminate. Normal non-use of the approved facility or facilities constructed that is consistent with the prudent operation of a municipal water delivery system shall not constitute abandonment of the facility.
14. Except as permitted by the Service Agreement, Pure Cycle may not remove its facilities or related improvements without the permission of Rangeview.
15. If this right-of-way is terminated for any cause whatsoever, Pure Cycle shall restore the Premises, as near as reasonably practicable, to their original condition, if requested to do so by Rangeview.
16. Pure Cycle agrees to assume all liability arising from the exercise of the right-of-way herein granted in accordance with the terms of the Service Agreement.
17. Upon completion of construction or reconstruction of the herein described facility, Pure Cycle agrees to restore the Premises surrounding the facility, as near as reasonably practicable, to its original condition, unless otherwise agreed to in writing by Rangeview.
18. Pure Cycle shall be responsible for and shall pay all taxes, fees, assessments and other charges, if any, in connection with its work, improvements, materials, or facilities to be utilized in accomplishing its activities pursuant to this grant of right-of-way.
19. This grant shall extend to and be binding upon the successors, licensees and assigns of the parties hereto, and the use of it shall be subject in all respect to the Service Agreement. Any conflict between this grant and the Service Agreement shall be governed by the terms of the Service Agreement.

IN WITNESS WHEREOF, Rangeview Metropolitan District, acting by and through its water activity enterprise, has executed this grant, and has caused its seal to be hereunto affixed; and Pure Cycle Corporation has accepted this grant and affixed its corporate seal hereto, the day and year first above written.

RANGEVIEW METROPOLITAN DISTRICT, acting by and through its water activity enterprise

By: _____
Title: _____

PURE CYCLE CORPORATION

By: _____
Title: _____

STATE OF COLORADO)
) SS.
COUNTY OF _____)

The foregoing grant of right-of-way was acknowledged before me this ____ day of _____, 20__, by _____, as _____ of Rangeview Metropolitan District, acting by and through its water activity enterprise.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

[SEAL]

STATE OF COLORADO)
) SS.
COUNTY OF _____)

The foregoing grant of right-of-way was acknowledged before me this ____ day of _____, 20__, by _____, as _____ of Pure Cycle Corporation, a Delaware corporation.

WITNESS my hand and official seal.

My commission expires: _____

Notary Public

[SEAL]

Pure Cycle Corporation Announces Settlement of Litigation with the State Land Board

Denver, Colorado – July 14, 2014 – Pure Cycle Corporation (NASDAQ Capital Market: PCYO) announces today that the Company and the State of Colorado acting by and through the Land Board (“the Land Board”) have reached a settlement.

In December 2011, the Company and Rangeview Metropolitan District (“the District”) filed a lawsuit against the Land Board involving certain claims arising out of or related to the Amended and Restated Lease and Agreement dated April 1996.

On July 10, 2014 the Company, the District, and the Land Board reached a settlement agreement resolving this dispute and entered into a new Amended and Restated Lease and related agreements that collectively include, among other items, the following key components:

- Affirmation that the Company and the District have had and continue to have the exclusive right to provide water service to water users on the Lowry Range;
- The right to sell or assign certain reservoir sites;
- A conveyance of the Land Board’s \$2.3 million CAA interests to the Company;
- Agreement by the Company to pay royalties from gross revenues for Export Water sales;
- A relinquishment by the State Land Board of issues currently subject to arbitration;
- The right by the Company to develop an additional approximately 14,000 acre-feet of water for use off the Lowry Range;
- The Company will pay a minimum annual water production fee, which is to be credited against future royalties;
- A reduction in royalties on Tap Fees to 2%;

“We are pleased to have a resolution to this litigation and closure to long-standing issues with the Land Board. We believe all involved parties achieved their key objectives in this revised agreement and there will be long-term benefits for all parties,” commented Mark Harding, President and CEO. “We appreciate the cooperation we received from the Land Board in resolving this litigation, and we look forward to working closely with the Land Board in the future. As with any agreement that extends more than 65 years into the future, we know at times we will have disagreements, and there will be differing interpretations of provisions; however, we look forward to continuing to work with the Land Board in developing these valuable assets,” Mr. Harding continued.

We will host a conference call on Wednesday, July 16, 2014 at 1pm Eastern (11am Mountain) to discuss the settlement. Call details are below. Additionally, prior to the call we will post a detailed slide presentation which overviews the Settlement and revised lease on our website which can be accessed at www.purecyclewater.com.

CALL DETAILS

When: 1pm Eastern on Wednesday July 16, 2014
Call in number: 1-855-241-1929 (no pass codes required)
Replay available until: July 23, 2014
Replay call in number: 1-855-859-2056
Passcode: 74213342

Company Information

Pure Cycle owns water assets in several river basins in the State of Colorado as well as certain aquifers in the Denver, Colorado metropolitan area. Pure Cycle provides water and wastewater services, including the design, construction, operation and maintenance of water and wastewater systems, to wholesale customers, which are local governmental entities who provide water and wastewater services to their end-use customers located in the greater Denver metropolitan area. Pure Cycle also owns approximately 15,000 acres in Southeastern Colorado that are leased to area farmers.

Additional information including our recent press releases and Annual Reports are available at www.purecyclewater.com, or you may contact our President, Mark W. Harding, at 303-292-3456 or at info@purecyclewater.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements, other than statements of historical facts, that address events or developments that we expect will or may occur in the future, such as statements regarding future long term benefits from the new Amended and Restated Lease. The words “anticipate,” “likely,” “may,” “should,” “could,” “will,” “believe,” “estimate,” “expect,” “plan,” “intend” and similar expressions are intended to identify forward-looking statements. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. Factors that could cause actual results to differ from projected results include, without limitation: the risk factors discussed in Part I, Item 1A of our most recent Annual Report on Form 10-K; and those factors discussed from time to time in our press releases, public statements and documents filed or furnished with the U.S. Securities and Exchange Commission. Except as required by law, we disclaim any obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.
