

A RESOLUTION AUTHORIZING THE PURCHASE OF LOWER ARKANSAS WATER MANAGEMENT ASSOCIATION STOCK OWNED BY ARKANSAS RIVER FARMS, LLC FOR COLORADO SPRINGS UTILITIES; AND AUTHORIZING THE EXECUTION OF CLOSING DOCUMENTS

WHEREAS, the City Charter of the City of Colorado Springs, § 6-50 provides: “The City shall have the authority to buy, exchange, augment, lease, own and control water and water rights”; and

WHEREAS, the City of Colorado Springs on behalf of its enterprise, Colorado Springs Utilities, and Arkansas River Farms, LLC entered into that certain Water Share and Storage Purchase Letter of Intent on September 27, 2017 (the “LOI”) outlining the terms under which Colorado Springs Utilities would execute a Purchase and Sale Agreement through which it would acquire up to 2,500 shares of stock (“Subject Stock”) in the Lower Arkansas Water Management Association (“LAWMA”) that represent an ownership interest in senior Arkansas River water rights (the “Subject Water Rights”) and are anticipated to yield approximately 2,000 acre-feet of renewable and reusable water to Utilities in five years out of every ten consecutive years; and

WHEREAS, upon execution of a Purchase and Sale Agreement and the closing documents described herein and on behalf of and in coordination with its enterprise, Colorado Springs Utilities, the City of Colorado Springs will hold title to stock certificates representing up to 2,500 shares of Subject Stock and the Subject Water Rights represented by the Subject Stock; and

WHEREAS, the Subject Stock is currently represented by LAWMA stock certificate numbers 786 and 787; and

WHEREAS, the Subject Stock shall be transferred to the City of Colorado Springs following closing on the purchase; and

WHEREAS, the acquisition of the Subject Stock and Subject Water Rights is in the public interest as the acquisition of new water rights is required to meet Colorado Springs Utilities’ water customers’ long-term water demands; and

WHEREAS, the acquisition of the Subject Stock and Subject Water Rights is further supported by Executive Limitation 10, which provides that the Colorado Springs Utilities’ Chief Executive Officer “may not fail to protect and optimize existing water resources and aggressively seek to develop new water sources”; and

WHEREAS, such acquisitions are not subject to the procedures of *The City of Colorado Springs Procedure Manual for the Acquisition and Disposition of Real Property Interest* (“Real Estate Services Manual”), however, Colorado Springs Utilities has attempted to follow the Real Estate Services Manual to the greatest extent possible; and

WHEREAS, Colorado Springs Utilities and Arkansas River Farms, LLC agree that the purchase price to be paid by Colorado Springs Utilities for the Subject Stock is up to \$8,750,000.00; and

WHEREAS, Colorado Springs Utilities requests approval to execute a Purchase and Sale Agreement (“Purchase Agreement”) for the Subject Stock, proceed with closing on the purchase of the Subject Stock, to execute all necessary closing documents, and to accept the Subject Stock for the City of Colorado Springs on behalf of Colorado Springs Utilities; and

WHEREAS, pursuant to Chapter 4 and Chapter 7, of Real Estate Services Manual and City Code §7.7.1802, the City Council shall authorize the purchase and acceptance of real property subject to appropriate terms, conditions, and compliance with the provisions of the Real Estate Services Manual.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. City Council authorizes the execution of a Purchase Agreement and the purchase of the Subject Stock from Arkansas River Farms, LLC for the agreed upon amount up to \$8,750,000.00 with additional closing costs, in accordance with the Purchase Agreement to be entered into between the parties.

Section 2. In accordance with Chapter 4 and Chapter 7 of the Real Estate Services Manual, and City Code §7.7.1802, City Council hereby finds that there is a public purpose for the purchase of the Subject Stock and authorizes the purchase and acceptance of the Subject Stock by deed and stock transfer.

Section 3. The City’s Real Estate Services Manager is authorized to execute all documents necessary to complete the closing on the acquisition of the Subject Stock.

Section 4. Upon execution of all documents necessary to complete the purchase of the Subject Stock, Colorado Springs Utilities is authorized to take all steps necessary for transfer of the Subject Stock to the City of Colorado Springs from Arkansas River Farms, LLC.

DATED at Colorado Springs, Colorado, this _____ day of June, 2018.

ATTEST:

Richard Skorman, Council President

Sarah B. Johnson, City Clerk