

STORAGE AGREEMENT
(Terrace Reservoir)

This Storage Agreement, dated this 4th day of April, 2016, is between THE TERRACE IRRIGATION COMPANY, a Colorado nonprofit corporation (the "Company"), the COLORADO WATER CONSERVATION BOARD ("CWCB"), and the VALLE DEL SOL COMMUNITY CENTER/ALAMOSA RIVERKEEPERS®, an unincorporated nonprofit Colorado association ("ARK").

WHEREAS, the Company owns and operates Terrace Reservoir located in Conejos County, Colorado, which derives its water from, and releases water to, the Alamosa River (the "Reservoir");

WHEREAS, due to existing deficiencies in the spillway, the Reservoir is currently under a State Engineer storage restriction to 7 feet below the crest of its spillway, which limits its current capacity to approximately 13,180 acre feet;

WHEREAS, the Company intends, utilizing money provided by natural resource damage ("NRD") funds available in connection with the cleanup of the Summitville Mine, to redesign and reconstruct the spillway, so as to lift the storage restriction, which would allow approximately 15,182 acre feet to be stored in the Reservoir (the "Spillway Improvements");

WHEREAS, the Alamosa River Watershed Restoration Master Plan and Environmental Assessment dated July 2005 (the "Master Plan") identifies the need to improve stream flow in the Alamosa River below the Reservoir as part of an overall restoration plan for the Alamosa River, to be funded, in part, by NRD money;

WHEREAS, from time to time, ARK intends to acquire and donate to the CWCB, and the CWCB expects to accept donation of existing decreed water rights that divert from the Alamosa River or its tributaries above or below the Reservoir using, in part, NRD money, to provide instream flows to preserve and improve the natural environment in the Alamosa River below the Reservoir (the "Acquired Rights");

WHEREAS, ARK and the CWCB desire to store the Acquired Rights in the Reservoir for release from time to time to provide instream flows in the Alamosa River below the Reservoir (the "Instream Flow Releases");

WHEREAS, the Company has agreed to allow such storage and Instream Flow Releases, on the terms and conditions set forth in this Agreement;

THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, the parties agree as follows:

1. Storage Right. The Company agrees to allow the CWCB to store up to 2,000 acre feet of water derived from the Acquired Rights in the Reservoir on an annual basis (the "Stored Instream Flow Water"), provided that, and only if and when, the Spillway Improvements to Terrace Reservoir are completed and the existing storage restriction lifted. If the existing storage restriction only partially lifted, the Stored Instream Flow Water shall be limited to the amount over and above 13,180 acre feet that can be legally stored in the Reservoir after the Spillway Improvements are completed.

2. Change of Acquired Rights. ARK and/or the CWCB shall be responsible for the acquisition of the Acquired Rights, and for obtaining the approval of the Division 3 Water Court for the change and storage of the Acquired Rights in Terrace Reservoir for subsequent release for instream flow purposes (the "Water Court Change"). The Acquired Rights cannot be diverted into storage in Terrace Reservoir except when and to the extent (a) the Acquired Rights are in priority, and (b) there is physical water available (without regard to Instream Flow Releases) at the historic headgates of the Acquired Rights. Any such Water Court Change decree shall incorporate this Agreement by express reference and be subject to the provisions of this Agreement. Subject to compliance with the foregoing, the Company agrees not to oppose any such Water Court Change proceeding.

3. Instream Flow Releases. The Company will make releases of the Stored Instream Flow Water from time to time on the dates and in the amounts directed in writing by the CWCB, or its agents, provided that the Company need not make such releases at times that the full release capacity of Terrace Reservoir is otherwise being used to make releases of irrigation water for delivery to shareholders in the Company. Neither the Company nor any of its shareholders (nor any other water user) shall be entitled to divert from the Alamosa River any Stored Instream Flow Water released from the Reservoir under the provisions of this Paragraph 3. The CWCB or its agents will work with the Division 3 Engineer and Water Commissioners to ensure that the Instream Flow Releases are protected from diversion and are appropriately documented in annual records maintained by the Office of the Division 3 Engineer. If the CWCB elects to appoint a person or entity to act as its agent with regard to this Paragraph 3, the CWCB shall provide written notification to the Company of such designation.

4. Evaporation and Seepage Losses. The Stored Instream Flow Water shall be subject to the same evaporation and seepage losses charged by the Company or Water Commissioner to any other water stored in Terrace Reservoir, on a pro rata basis. The Company shall notify ARK and the CWCB of the rate of evaporation and seepage losses charged, and update such information whenever the rate is changed.

5. Beginning of Season Bookover. Any Stored Instream Flow Water that remains in storage on the date that the Reservoir begins to make irrigation water releases (normally in April) shall be booked over to the Company for irrigation use by its shareholders, and shall no longer be available for Instream Flow Releases unless this Agreement is amended to provide for carry-over storage on terms and conditions

acceptable to all parties. The Company shall notify ARK and the CWCB in writing, if possible, before the start of each irrigation season to allow any Stored Instream Flow water remaining in the Reservoir to be released for instream flow purposes prior to such bookover. The Company agrees to use its best efforts to assist the CWCB in fully utilizing the Stored Instream Flow Water each year.

6. Spill. In the event of a spill from the Reservoir, any Stored Instream Flow water will be spilled first. If the Company anticipates such a spill event, it will provide ARK and the CWCB, if possible, prior notice before the spill is expected to occur, in order to enable ARK and CWCB to make a controlled release of the Stored Instream Flow water prior to such a spill. ARK and the Company acknowledge that it may not always be possible for the Company to anticipate a spill event and provide such prior notice.

7. Accounting. The Company, working with the District 21 Water Commissioner, shall maintain complete and accurate records of the amount of Acquired Instream Flow Rights stored in the Reservoir at any time, the amount of any evaporation and seepage losses assessed against such water, the amount of any Instream Flow Releases, the amount of any Stored Instream Flow Water booked-over pursuant to Paragraph 5 above, and the amount of any Stored Instream Flow Water spilled pursuant to Paragraph 6 above. The Company or Water Commissioner shall provide such records to the CWCB and ARK from time to time upon reasonable request.

8. Costs and Expenses. The Company shall bear all costs and expenses associated with the storage and release of water pursuant to this Agreement, except as expressly set forth herein. As part of the improvements of the spillway, the Company will design and install a mechanism to allow the release of measurement of the Stored Instream Flow water at low flow release rates.

9. Priority of Rights. Any new instream flow appropriations made by the CWCB on the Alamosa River shall be junior in priority to the existing storage rights decreed to the Reservoir. However, the Acquired Rights can continue to exercise their original priorities, subject to any terms and conditions imposed in the Water Court Change proceedings.

10. Dispute Resolution. The Company, the CWCB and ARK shall meet at least once a year to review and discuss operations under this Agreement, and to attempt to resolve any disputes. Before commencing any litigation relating to this Agreement, the parties agree to meet and attempt to resolve their dispute in good faith. The parties shall have the right to enforce this Agreement by injunction or specific performance. All parties waive any claim to assert or recover damages for breach of this Agreement.

11. Notices. Any notices required or permitted under this Agreement shall be given to the party, or their successors and assigns, at their address set forth below. Any party may change their address from time to time by notice properly given. Notices shall be delivered by U.S. Mail, first class postage prepaid, and shall be deemed received three

days after deposit in the U.S. Mail. An email copy of a notice is encouraged to be given as well, but is not required.

If given to the Company:

Gerald Faucette
President
The Terrace Reservoir Company
P.O. Box 109
Monte Vista, CO 81144
Email: gerald070@centurytel.net
Phone: 719-274-4459

If given to ARK:

Cindy Medina
Alamosa River Keepers
P.O. Box 753
La Jara, CO 81140
Email: cmariver01@gmail.com
Phone: 719-274-4298

If given to the CWCB:

Linda Bassi, Chief
Stream & Lake Protection Section
Colorado Water Conservation Board
1313 Sherman Street, Suite 721
Denver, CO 80203
Email: Linda.bassi@state.co.us
Phone: 303-866-3441

12. ARK/CWCB Agreement. ARK and the CWCB are or may become parties to separate agreement(s) between them regarding the acquisition, donation and use of the Acquired Rights. Nothing in this Agreement shall be deemed to modify or amend any such agreements.

13. Miscellaneous.

(a) This Agreement constitutes the complete agreement between the Company, on one hand, and ARK/CWCB on the other. All prior negotiations, understandings or agreements related hereto as merged herein, subject to Paragraph 12 above.

(b) This Agreement shall be enforceable in the Water Court as a water matter, pursuant to C.R.S. §37-92-102(3).

(c) The waiver, or failure by a party to enforce any of its rights under this Agreement, on one or more occasions shall not modify this Agreement or preclude such party from fully enforcing its rights on subsequent occasions.

(d) The parties recognize that operation experiences may require modifications to be made to this Agreement to best achieve the goals of all parties. The parties agree to discuss any such possible amendments in good faith. Any modification or amendment of this Agreement, however, must be set forth in a document executed by all of the parties hereto; provided that should ARK cease to exist prior to the time it assigns its rights hereunder to another party, then only the written consent of the CWCB and the Company shall be required to amend or modify this Agreement.

(e) This Agreement shall constitute a restrictive covenant running with and burdening the Reservoir and benefitting the CWCB and the Acquired Rights, shall be recorded in Conejos County, and shall be binding on the Company and its successors and assigns. ARK may freely assign any of rights or obligations under this Agreement to another entity, but shall notify the Company and CWCB of any such assignment.

(f) This Agreement shall be perpetual in term.

(g) This Agreement shall not be effective until and unless executed by authorized representatives of all the parties hereto. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same Agreement.

Executed as of the date first set forth above.

[SEPARATE EXECUTION PAGES FOLLOW]

THE TERRACE RESERVOIR COMPANY,
a Colorado nonprofit corporation

By: [Signature]

Name: Gerald Falckite

Its: President

STATE OF COLORADO)
) ss.
COUNTY OF CONEJOS)

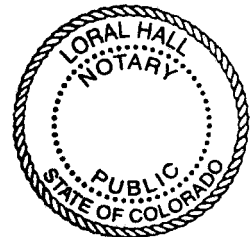
The foregoing instrument was executed and acknowledged before me this 25
day of FEBRUARY, 20 11, by GERALD FALCKITE as President of
The Terrace Reservoir Company, a Colorado nonprofit corporation.

Witness my hand and official seal.

[Signature]

Notary Public

My commission expires: 11/15/14



MY COMMISSION EXPIRES
NOVEMBER, 15, 2014



VALLE DEL SOL COMMUNITY CENTER,
On behalf of the ALAMOSA RIVER KEEPERS

By: Julie Gomez-Nuanes
Julie Gomez-Nuanes, President

STATE OF COLORADO)
) ss.
COUNTY OF CONEJOS)

The foregoing instrument was executed and acknowledged before me this 18th
day of February, 2011, by Julie Gomez-Nuanes as President of
Valle Del Sol Community Center.

Witness my hand and official seal.

Carolyn K. Entz
Notary Public

My commission expires: 9-15-2013

THE COLORADO WATER CONSERVATION
BOARD

By: Jennifer Gimbel
Name: Jennifer Gimbel
Its: Director

STATE OF COLORADO)
) ss.
COUNTY OF Denver)

The foregoing instrument was executed and acknowledged before me this February 14th ^{DKB}
day of February, 2011, by Jennifer Gimbel as Director of the Colorado Water
Conservation Board.)

Witness my hand and official seal.

Deborah K. Burrell
Notary Public

My commission expires: March 22, 2014

