

January 27, 2022

VIA E-MAIL

Dear Douglas County Commissioners Abe Laydon, George Teal and Lora Thomas:

As you know, Douglas County (the "County") has requested proposals for projects that the County can fund with the monies received under the American Rescue Plan Act ("ARPA"). Renewable Water Resources, LLC ("RWR"), previously submitted to the County its proposal (the "RWR Proposal") for \$20 million as the "Initial Payment" (as defined in the RWR Proposal) to lock in a per acre foot price of \$18,500.00. Questions have been raised whether such ARPA funds can be used on RWR's project.

RWR has retained the law firm of Brownstein Hyatt Farber Schreck, LLP ("Brownstein") to analyze this matter. We have been informed by our attorneys that the rules and regulations governing the use of ARPA funds may not allow the County to spend \$20 million on projects that are not completed by 2026. There is some ambiguity regarding what "completion" means. RWR believes that further guidance may be issued that may allow the County to move forward with RWR with some changes to the proposal.

Brownstein has further advised RWR that the County can spend ARPA funds it receives as compensation for general revenue loss without the limitation discussed above. RWR's understanding of the final ARPA rules is that up to \$10 million of ARPA funds may be utilized in this unrestricted manner. In the event the County and RWR conclude the County cannot spend \$20 million on the RWR project, RWR is willing to revise the terms RWR Proposal as follows: **"In consideration for the Initial Payment of \$10 million, the Purchase Price for the water rights will be fixed at \$19,500.00 per annual acre foot."**

The other terms of the RWR Proposal remain the same. RWR believes that its project is critical to provide clean, renewable and reliable water to the County and its residents. In furtherance of this important goal of establishing water security for the County, RWR is willing to work with the County to create a framework that works for both parties.

John Kim  
Manager  
Renewable Water Resources LLC