

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Anna Mauss, P.E.
Kirk Russell, P.E., Chief
Finance Section

DATE: November 4, 2011

SUBJECT: **Consent Agenda Item 4a, November 15-16, 2011 Board Meeting**
Finance Section – Construction Fund and Severance Tax Trust Fund Perpetual
Base Account – Loan De-authorization
Huerfano Cucharas Irrigation Company – Cucharas Dam Rehabilitation
Project

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

Jennifer L. Gimbel
CWCB Director

Introduction

At the November 2010 Board meeting, the Huerfano-Cucharas Irrigation Company (HCIC) was approved for a \$9,999,000 loan for the Cucharas Dam Rehabilitation Project. The loan was for a two-phased approach to address a storage restriction. No loan contracts have been executed for this project.

Staff Recommendation

Staff recommends that the Board deauthorize the loan approved at the November 2010 Board meeting for a loan not to exceed \$9,999,000 (\$9,900,000 for project costs and \$99,000 for the 1% loan service fee) to the Huerfano-Cucharas Irrigation Company for the Cucharas Dam Rehabilitation Project from the Construction Fund.

Background

Prior to the loan approval, Two Rivers Water Company had purchased a controlling interest in HCIC in February 2010. Since the November 2010 Board meeting, Two River's business model has evolved. It now plans to redirect its efforts to rehabilitate its other water assets to support its agricultural operations. Two Rivers Water Company is requesting a new project loan in the November 2011 agenda item 34c.