

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Jonathan Hernandez, P.E., Project Manager
Kirk Russell, P.E., Chief
Finance and Administration Section

DATE: January 17, 2014

SUBJECT: **Agenda Item 17a, January 27-28, 2014 Board Meeting**
Finance Section – Loan Deferral
Big Elk Meadows Association

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

James Eklund
CWCB Director

Introduction

The Big Elk Meadows Association (Association) has requested deferment of its annual loan payments for a period of three years from the Association's current CWCB Construction Fund loan (per letter received on January 11, 2014 - attached). The purpose for this request is to help offset the Association's financial burden related to the September 2013 flood event in the South Platte Basin. The Association's CWCB annual loan payment is \$16,741.47. This request is made pursuant to CWCB Financial Policy #10.

Staff Recommendation

Staff recommends the Board approve the Big Elk Meadows Association's request for financial relief by granting an annual loan payment deferment of principal and interest for three years for Loan Contract C150327. During the three year deferment interest will be adjusted from 4.5% to 0%. After the deferral period the interest rate will revert to 4.5%. The repayment period will be extended three years for a loan maturity date of February 1, 2046. The deferment will expire, and the Associations next annual payment will be due on February 1, 2017.

Background

The Association has one CWCB loan as shown in Table 1. This loan was for improvements to Meadow Lake Dam, two monitoring stations, and Ish Reservoir improvements. The Project was substantially completed on February 1, 2013.

Table 1: CWCB Loan Contract Summary

Loan Contract	Contract Date	Contract Amount	Current Balance	Maturity Date	Annual Payment	Collateral
C150327	2/15/2012	\$272,700	\$272,700	2043	\$16,741.47	Land (40-acre parcel)

During the September 2013 flood, measured rainfall in and around Big Elk Meadows exceeded the 1,000-year Average Recurrence Interval for rainfall. Flow along the West Fork of the Little Thompson reached historic levels and resulted in the destruction of all five dams (including Meadow Lake Dam); both loan funded flow monitoring stations; the community's access road (CR-47); the majority of interior roads; and the water, power, and telephone services. Flood damage was extensive enough to require evacuation of the community via military helicopters. Power was restored on November 8 and CR-47 opened for general access on December 13. Residences in the community are not able to return full time until the water service is restored, currently planned for July 2014.

To repair the dams and monitoring stations the Association has requested an emergency loan from the CWCB (See Agenda Item 16b of this Board Meeting) and has also sought CWCB/Northern grant funds. The Association is working with FEMA to determine eligibility for reimbursements. FEMA has indicated repairs to the water system and dams are eligible for federal assistance but not roadways and general site cleanup.

Discussion

The Board has the statutory authority under § 37-60-120 (3), C.R.S. (2013), to adjust the interest rate, extend the repayment period, or defer one or more annual payments provided that the applicant has demonstrated it has encountered significant and unexpected financial difficulties, and it has been duly diligent in its efforts to comply with the repayment provisions of its contract with the Board.

Financial Difficulties: The September 2013 flood event brought significant and unexpected financial difficulties to the Association. Repairs to the five dams and two measurement structures alone are estimated at \$1,900,000. It is estimated that other repairs will approach \$2 million. These repairs will be funded through CWCB and SBA emergency loans, FEMA reimbursements, and special assessments.

Diligent Efforts to Repay: Interest during construction (IDC) was paid promptly upon project completion keeping the loan in good standing. The first annual loan payment is due on February 1, 2014. The Authority was prepared to make an on-time payment before the September 2013 flood event.

Interest Rate and Repayment Period: The Association requests CWCB to adjust the interest rate during the deferral period from 4.5% to 0%. After the deferral period the interest rate will revert to 4.5%. The request for 0% interest rate during deferment is in line with CWCB's emergency loan program created to help repair diversion structures and dams along the river corridor in response to this flood event. Those emergency loans include three years of no payments and 0% interest. The

loan repayment period would be modified so the first payment is due February 1, 2017 with the last payment due on February 1, 2046.

Collateral

Collateral for this loan, as described in the recorded Deed of Trust, is “An undivided one-hundred percent interest in the E ½ of the N ½ of the N ½ of Section 2, T3N, R72W of the 6th Principal Meridian, located in Boulder County, Colorado, containing 40 acres of land.” As described, the legal description covers two quarter-quarter sections (NE ¼ of the NE ¼ and NW ¼ of the NE ¼) totaling 80 acres. With the loan deferral amendment, the Deed of Trust will be amended to precisely describe the 40 acres that is the collateral. The amended Deed of Trust collateral statement will be corrected to read:

An undivided one-hundred percent interest in the NE ¼ of the NE ¼ of Section 2, T3N, R72W of the 6th Principal Meridian, located in Boulder County, Colorado, containing 40 acres of land.

This legal description correctly identifies the 40 acres as shown in the 2011 Feasibility Study maps.

cc: Roger Vesely, President, Big Elk Meadows Association
Susan Schneider/Jennifer Mele, Colorado Attorney General’s Office

Attachments: Big Elk Meadows – January 11, 2014 Letter
Revised Repayment Schedule

BIG ELK MEADOWS ASSOCIATION
P.O. Box 440
Lyons, CO 80540

January 11, 2014

Kirk Russell, P.E., Chief
Colorado Water Conservation Board
1313 Sherman Street, Room 721
Denver, CO 80203

RE: Loan Contract Number C150327
Loan Payment Deferral Request

Dear Mr. Russell,

This is a request for a three-year loan payment deferral relative to the above referenced loan agreement between the Colorado Water Conservation Board and Big Elk Meadows Association. The annual loan payment is due February 1, 2012, in the amount of \$16,741.47. The total loan amount was \$272,700, and the first payment was made February 1, 2012.

Due to the unprecedented flood of September 2013 in the tributaries to the South Platte River, the Association encountered significant hardship and unexpected financial difficulties resulting from the damage incurred by the flood. Big Elk Meadows Association suffered catastrophic damage to its community. The Association has 160 homes, with a substantial number of full-time residents. Following is a list of major damages sustained:

- Five dams totally destroyed, including the dam repaired under this loan
- Destruction of our domestic water system supplying all homes
- Destruction of our County and State access roads
- Heavily damaged interior roads
- Loss of power distribution
- Loss of all communications systems

The impact, including Meadow Lake Dam, is estimated at \$4.5 million to \$5.0 million. During the next three years, we will commit our resources to the reconstruction of our lakes and infrastructure. Deferral of this loan payment would relieve some of our financial burden during this trying time.

Your consideration to process this request for a three-year loan payment deferral for Board approval will be greatly appreciated. Please advise if you need anything else from the Association regarding this matter.

Best regards,



Roger Vesely, President
Board of Directors
Big Elk Meadows Association

COLORADO WATER CONSERVATION BOARD

LOAN REPAYMENT SCHEDULE

Borrower	Big Elk Meadows Association
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Loan Contract Number	C150327
Principal	\$272,700.00
Interest Rate	4.50%
Frequency	Annual
Term (In Years)	30
First Payment Due	February 1, 2017
Payment Amount	\$16,741.47

Loan Payment No.	Annual Payment Due Date	Annual Payment Amount	Principal	Interest	Principal BALANCE
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					\$ 272,700.00
Deferred	1-Feb-14	\$0.00	\$ -	\$ -	\$ 272,700.00
Deferred	1-Feb-15	\$0.00	\$ -	\$ -	\$ 272,700.00
Deferred	1-Feb-16	\$0.00	\$ -	\$ -	\$ 272,700.00
1	1-Feb-17	\$16,741.47	\$ 4,469.97	\$ 12,271.50	\$ 268,230.03
2	1-Feb-18	\$16,741.47	\$ 4,671.12	\$ 12,070.35	\$ 263,558.91
3	1-Feb-19	\$16,741.47	\$ 4,881.32	\$ 11,860.15	\$ 258,677.59
4	1-Feb-20	\$16,741.47	\$ 5,100.98	\$ 11,640.49	\$ 253,576.61
5	1-Feb-21	\$16,741.47	\$ 5,330.52	\$ 11,410.95	\$ 248,246.09
6	1-Feb-22	\$16,741.47	\$ 5,570.40	\$ 11,171.07	\$ 242,675.69
7	1-Feb-23	\$16,741.47	\$ 5,821.06	\$ 10,920.41	\$ 236,854.63
8	1-Feb-24	\$16,741.47	\$ 6,083.01	\$ 10,658.46	\$ 230,771.62
9	1-Feb-25	\$16,741.47	\$ 6,356.75	\$ 10,384.72	\$ 224,414.87
10	1-Feb-26	\$16,741.47	\$ 6,642.80	\$ 10,098.67	\$ 217,772.07
11	1-Feb-27	\$16,741.47	\$ 6,941.73	\$ 9,799.74	\$ 210,830.34
12	1-Feb-28	\$16,741.47	\$ 7,254.10	\$ 9,487.37	\$ 203,576.24
13	1-Feb-29	\$16,741.47	\$ 7,580.54	\$ 9,160.93	\$ 195,995.70
14	1-Feb-30	\$16,741.47	\$ 7,921.66	\$ 8,819.81	\$ 188,074.04
15	1-Feb-31	\$16,741.47	\$ 8,278.14	\$ 8,463.33	\$ 179,795.90
16	1-Feb-32	\$16,741.47	\$ 8,650.65	\$ 8,090.82	\$ 171,145.25
17	1-Feb-33	\$16,741.47	\$ 9,039.93	\$ 7,701.54	\$ 162,105.32
18	1-Feb-34	\$16,741.47	\$ 9,446.73	\$ 7,294.74	\$ 152,658.59
19	1-Feb-35	\$16,741.47	\$ 9,871.83	\$ 6,869.64	\$ 142,786.76
20	1-Feb-36	\$16,741.47	\$ 10,316.07	\$ 6,425.40	\$ 132,470.69
21	1-Feb-37	\$16,741.47	\$ 10,780.29	\$ 5,961.18	\$ 121,690.40
22	1-Feb-38	\$16,741.47	\$ 11,265.40	\$ 5,476.07	\$ 110,425.00
23	1-Feb-39	\$16,741.47	\$ 11,772.34	\$ 4,969.13	\$ 98,652.66
24	1-Feb-40	\$16,741.47	\$ 12,302.10	\$ 4,439.37	\$ 86,350.56
25	1-Feb-41	\$16,741.47	\$ 12,855.69	\$ 3,885.78	\$ 73,494.87
26	1-Feb-42	\$16,741.47	\$ 13,434.20	\$ 3,307.27	\$ 60,060.67
27	1-Feb-43	\$16,741.47	\$ 14,038.74	\$ 2,702.73	\$ 46,021.93
28	1-Feb-44	\$16,741.47	\$ 14,670.48	\$ 2,070.99	\$ 31,351.45
29	1-Feb-45	\$16,741.47	\$ 15,330.65	\$ 1,410.82	\$ 16,020.80
30	1-Feb-46	\$16,741.74	\$ 16,020.80	\$ 720.94	\$ -

TOTALS

\$502,244.37	\$272,700.00	\$229,544.37	\$0.00
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