

STATE OF COLORADO

Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 721
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 866-4474
www.cwcb.state.co.us



TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, PE, Chief
Finance Section

DATE: March 7, 2014

SUBJECT: **Agenda Item 31, March 18-19, 2014 Board Meeting
Finance – Rodney Preisser Loan Settlement**

John W. Hickenlooper
Governor

Mike King
DNR Executive Director

James Eklund
CWCB Director

Introduction/Background

CWCB approved a \$90,000 loan to Rodney Preisser (now deceased) in 1998 (Contract No. C153824). The purpose of the loan was for the acquisition of augmentation water in the Horse Creek Basin identified as the Box Springs Water Rights. Rodney Preisser experienced financial hardship that eventually led to bankruptcy. In 2007, Mr. Preisser stopped making the annual CWCB loan payments. Six of the 30 payments were made leaving a loan balance of \$75,407.21. Staff has been routinely reporting the delinquency and progress towards a settlement regarding this loan.

Jason Preisser purchased the Rush Ranch property from his father in 2005. The Ranch is reliant on the Box Springs Water Rights for irrigation of 850 acres enrolled in the Federal Conservation Reserve Program. The water rights, described as 2 cfs out of 60 cfs decreed to Box Springs Canal No. 1 (appropriation date of 10/24/1899 and adjudication date of 8/30/1922) are held as collateral by a Deed of Trust in CWCB's loan contract. As part of the 2012 bankruptcy settlement, the bankruptcy trustee conveyed the Box Springs Water Rights to Jason Preisser subject to the lien held by CWCB.

In November 2012, the Board declined an offer from Jason which included two options to settle the debt: 1) enter into a loan with Jason Preisser for \$85,000 or 2) a cash settlement of \$35,000. CWCB staff countered with an offer to settle the debt for a cash payment of the full principal amount remaining on the loan. CWCB Financial Policy #3 allows the Board to forgive all or part of a loan.

In February 2014, Jason accepted CWCB's offer and has submitted a check for the full principal balance of \$75,407.21. A settlement agreement has been drafted by the Attorney General's Office to accept this as a final settlement of the principal amount and forgive the interest due on the loan. Acceptance of this settlement allows CWCB to release the Deed of Trust. The agreement is pending final signature by the State Controller.

Staff Recommendation

Staff recommends that the Board support the terms of the Settlement Agreement between Jason Preisser and CWCB as full repayment of the loan obligation including the release of the Deed of Trust.