



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203

July 10, 2015

Mr. John McKowen, CEO
Two Rivers Water and Farming Company
Two Rivers Farms F-2, Inc.
2000 S. Colorado Blvd.
Annex Building Ste. 420
Denver, CO 80222

Re: Summary of Actions Required
CWCB Loan Contract Number CT2015-164 (C150328A)

Mr. John McKowen:

This letter will summarize and confirm the actions needed in order to remedy errors in the Loan Contract referenced above and the premature sale/transfer of collateralized land. In addition, Two Rivers Water and Farming Company (Company) is requesting a partial release of one of the Deeds of Trust used as collateral for the Loan. A meeting was held on July 9, 2015, at CWCB's office, to discuss these actions. The meeting included members of the Company, Company's Legal Counsel, CWCB Staff and the State Attorney General's Office at which time all parties agreed to the following:

1. The Loan Contract will no longer include TRWC, Inc as a signatory party to the Contract. The Two Rivers Water and Farming Company and the Two Rivers Farms F-2, Inc. will be the signatory parties; and
2. The Company will confirm that parcel 1's total acres, as described and encumbered by the Deed of Trust, Appendix 7 to the Original Loan Contract, matches the Company's request for release; and
3. The Company will confirm the ownership and encumbrance of all pledged property held as collateral for the Loan Contract, which includes the Orlando Reservoir #2 water rights, pledged by the Deed of Trust, Appendix 5 to the Original Loan Contract and the real property known as Orlando Reservoir #2, pledged in the Deed of Trust, Appendix 6, to the Original Loan Contract and the real property known as parcels 2 through 5, pledged in the Deed of Trust, Appendix 7 to the Original Loan Contract; and



4. CWCB will execute an amended Deed of Trust for parcels 2 through 5 legally described and encumbered by the Deed of Trust, Appendix 7 to the Original Loan Contract. CWCB will record the amended Deed of Trust with Pueblo County, Colorado, in consideration of a principal pre-payment of \$210,000.00; and
5. The CWCB agrees to and will execute a full release of the Deed of Trust, Appendix 7 to the Original Loan Contract with Pueblo County; and
6. All other Loan repayment terms will remain the same. CWCB will apply the \$210,000.00 to the principal balance. The annual payment will remain as identified in the Original Loan Contract.

Prior to the execution of this Contract Amendment, the Borrowers shall submit to CWCB a letter from its attorney stating that it is the attorney's opinion that (1) the person signing for the Borrowers are duly elected or appointed and have the authority to sign such documents on behalf of the Borrowers and to bind the Borrowers; (2) there are no provisions in the state or local law that prevent this Amendment from binding the Borrowers; and (3) this Amendment will be valid and binding against the Borrowers if entered into by the CWCB.

If you have any questions or concerns regarding the above, please do not hesitate to contact me or Peg Mason at (303) 866-3441.

Sincerely,



Kirk Russell, P.E., Chief
Finance Section
Colorado Water Conservation Board

cc: Susan Schneider, First Assistant Attorney General, Colorado Attorney General's Office
Peg Mason, CWCB Contracts Manager

