



TO: Colorado Water Conservation Board Members

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

DATE: March 22-23, 2017 Board Meeting

AGENDA ITEM: 29a. Change to Existing Loans
Big Elk Meadows Association - Emergency Raw Water Storage Reconstruction

Introduction

The Big Elk Meadows Association (Association) received approval of a \$1,515,000 CWCB loan, Contract number CT2015-039 (C150391), to finance the Emergency Raw Water Storage Reconstruction (Project) at the January 2014 Board Meeting. The purpose of the Project is to restore the water supply to the Big Elk Meadows community by rebuilding its five raw water storage dams which were destroyed in the September 2013 flood event within the tributaries to the South Platte River. The original Project cost estimate was \$1,900,000. Due to an increase in construction cost, and a delay in receiving FEMA grant funds, the Association is requesting a loan increase of \$500,000 to help with its cash flow during construction and through the FEMA grant reimbursement period. See the attached Project Data Sheet for a location map and a Project summary, and the original loan request Board Memo.

Staff Recommendation

Staff recommends the Board approve a loan increase of \$505,000 (\$500,000 for Project costs and \$5,000 for the 1% service fee), for a total loan not to exceed \$2,020,000 (\$2,000,000 for Project costs and \$20,000 for the 1% Loan Service Fee) to the Big Elk Meadows Association for costs related to the Emergency Raw Water Storage Reconstruction Project, from the Severance Tax Perpetual Base Fund. The loan terms shall be modified to 6 years of no interest, followed by 30-years at the interest rate of 2.75% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Additionally staff recommends modifying the following existing contract condition:

"Any future grant funds obtained for the purpose of this Project shall be submitted to CWCB to be applied to the balance of the loan within thirty (30) calendar days after receipt of said funds."

to read:

"Except for FEMA grant funds, any future grant funds obtained for the purpose of this Project shall be submitted to CWCB to be applied to the balance of the loan within thirty (30) calendar days after receipt of said funds. Non-rescinded FEMA grant funds shall be applied to the balance of the loan within thirty (30) calendar days after FEMA Project Closeout, as long as the borrower deposits received FEMA grant funds in a restricted account prior to Project Closeout. FEMA grant funds shall only be used for the repayment of rescinded grant funds, Project cost, or to pay down the loan principal."



Background

Big Elk Meadows is a community located between Lyons and Estes Park on the West Fork of the Little Thompson River (West Fork). The Association owns and maintains the raw water supply system, roadways, and common space within Big Elk Meadows. The raw water supply system includes five online reservoirs: Sunset Lake, Rainbow Lake, Willow Lake, Mirror Lake, and Meadow Lake. All lakes were formed by earthen dams. All five dams underwent a new hazard classification in 2014. All were determined to be low hazard, but Meadow, Mirror, and Willow were found to be jurisdictional based on the height of those dams. The treated water system serving the community is owned and operated by the Big Elk Water Association (BEWA), a separate legal entity from the Association.

During the September 2013 flood, flow along the West Fork reached historic levels and resulted in the destruction of all five dams; both flow monitoring stations; the community's access road (CR-47); the majority of interior roads; and the water, power, and telephone services. Power was restored on November 8, 2013 and CR-47 opened for general access on December 13, 2013. Delays and uncertainty with FEMA grant funding has necessitated a loan increase to help the Association's cash flow during construction and through the FEMA grant reimbursement period.

Project Update

The Association is continuing repairs from the 2013 flooding of the West Fork of the Little Thompson River. The status of each phase is below.

Phase 1 -Mirror Lake Dam, Rainbow Lake Dam, and Monitoring Stations: Mirror Lake has the water supply intake to the water treatment plant and the dam serves as the primary access road into the community. Rainbow Dam is the largest storage reservoir above the water treatment plant intake. The construction contract for these dams was awarded to Ackerman's Excavation in September 2014 and construction began in November 2014. Construction of Mirror Lake Dam was substantially completed in April 2015 and the State Engineer's Office Dam Safety Branch (SEO) approved construction on December 3, 2015. Rainbow Dam was substantially completed in December 2016. The upper measuring flume was completed but the lower flume design is still in progress. It will be completed separately from the dam restoration projects through a State Emergency Fund grant of \$57,000.

Phase 2 - Meadow Lake Dam: This phase is on hold while it is under appeal with FEMA. The Dam is a critical element to the Association's augmentation plan that allows the water treatment plant to operate. However, because it is downstream of the water treatment plant, FEMA de-obligated its grant funds when it determined it was not a part of the water utility. FEMA made this determination in the Summer of 2014, and the Association has appealed first to the regional office and then to the federal office in Washington DC. The Colorado Division of Homeland Security and Emergency Management supports the appeal and has been assisting the Association through the appeal process. Although FEMA tries to respond to appeals within 90 days, a response to the last appeal (filed in March 2016) has yet to be issued. Regardless of the appeal outcome, the Association must build Meadow Lake dam in order for its augmentation plan to function. Construction must be complete by September 2018, which is the FEMA deadline for the Association's flood repair work. The Association has been awarded a grant through the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery Program (CDBG-DR), which will help offset Meadow Lake's cost should FEMA issue a final project denial.

Phase 3 - Willow Lake Dam: Final design has been completed and bids were opened in February 2017. ZakDirt is the apparent low bidder and a construction contract is pending. Construction is planned to commence May 2017 and be completed by September 2017.

Phase 4 - Sunset Lake Dam: Final design is pending and construction is tentatively planned to commence Fall 2017.

Funding Update

The Association and FEMA originally had individual Project Worksheets covering all five dams. These were later consolidated into one overall Project Worksheet. In the consolidation, the obligated funds were decreased leaving no funds for Sunset Lake and partial funding for Mirror Lake. With the de-obligation of Meadow Lake, the total FEMA obligated funds are \$1,842,715. A successful appeal of Meadow Lake could increase that to \$2,494,712. The Association has received approximately \$600,000 in FEMA grant funds to date.

The Association has also received approval of a \$1,585,000 grant through HUD's CDBG-DR grant program. Funds will be used to help offset Meadow Lake and Willow Lake project costs as well as fund lake restoration efforts that are focused on shoreline and lake bottom improvements, and other improvements related to lake and fish health. Those restoration efforts will only be funded through the CDBG-DR grant and will not need CWCB loan funds to cover any costs.

In 2014, the Association and BEWA each collected a special assessment of \$5,000 per user (166 lots and 160 water users). This was to be paid through a 3-year plan and of the \$1,630,000 to be raised, only \$19,000 (~1%) remains uncollected.

A summary of dam reconstruction costs and funding sources is shown in Table 1.

TABLE 1: PROJECTED DAM RECONSTRUCTION FINAL FUNDING SUMMARY

Name	Project Cost	CWCB Loan*	FEMA Grant	CDBG-DR Grant	Association Cash
Mirror Lake	\$913,960 (Actual Cost)	-	\$685,470 (75%)	-	\$228,490 (25% match)
Rainbow Lake	\$792,993 (Actual Cost)	-	\$594,745 (75%)	-	\$198,248 (25% match)
Meadow Lake	\$1,200,000 (Engineer's Est.)	\$500,000		\$600,000	\$100,000
Willow Lake	\$955,500 (Bid+Contingency)	-	\$562,500 (69%)	\$393,000	-
Sunset Lake	\$300,000 (Engineer's Est.)	-	-	-	\$300,000
TOTALS	\$4,162,453	\$500,000	\$1,842,715	\$993,000	\$826,738

*Represents the expected final debt after reimbursements have been made.

Financial Analysis

Table 2 provides a summary of the Project's financial aspects. The original contract allowed for the first three years of the loan to be assessed a 0% interest rate. In recognition of the extended time it has taken for the entire project to be completed, and the delays in receiving obligated FEMA funds, the period of 0% interest will be extended by three years for a total of six years. The remaining term of the loan will remain at 2.75% with the principal amortized over 30 years.

To date \$995,618.72 of CWCB Loan Funds have been disbursed for Mirror and Rainbow Lake construction. After all reimbursements are completed the Association expects the final loan balance to be approximately \$500,000. A successful Meadow Lake appeal could reduce the final loan amount to zero. Increased construction costs of Meadow, Willow, or Sunset could increase the final loan balance.

The original CWCB emergency loan request projected a need for a \$247,500 Small Business Administration (SBA) loan to cover costs related to road and office repair. This need was never realized and the loan was not obtained.

TABLE 2: FINANCIAL SUMMARY

	At \$2M Loan	At \$0.5M Loan
Total Project Cost	\$4,162,453	\$4,162,453
Borrower Match	\$826,738	\$826,738
FEMA Grant	\$342,715	\$1,842,715
CDBG-DR Grant	\$993,000	\$993,000
CWCB Loan Amount	\$2,000,000	\$500,000
CWCB Loan Amount (Including 1% Service Fee)	\$2,020,000	\$520,000
CWCB Annual Loan Payment	\$99,757	\$25,680
CWCB Loan Obligation (Including 10% Reserve)	\$109,732	\$28,248
Number of Association Members	166	166
Annual/Monthly Cost Per Homeowner for CWCB Loan	\$661/yr \$55/mo	\$170/yr \$14/mo
Current Association Dues (Annual)	\$1,550	\$1,550
Future Association Dues (Annual)	\$1,990	\$1,550
Project Cost per AF recovered (108 AF)	\$38,541	\$38,541

Overall flood recovery efforts of the entire community include the dam reconstruction efforts undertaken by the Association as well as the water distribution repair efforts undertaken by BEWA. The overall flood recovery funding summary is shown in Table 3. The water distribution lines were able to be completed without adding long-term debt to the community.

TABLE 3: PROJECTED RECOVERY FUNDING

Activity	Project Cost	Loans	Special Assessments	Grants
Dam Reconstruction	\$4,162,453	\$500,000 (CWCB)	\$826,738	\$2,835,715
Water Distribution	\$3,055,000	\$0	\$493,750	\$2,561,250

Creditworthiness: The Association has three loans with a total of \$337,025 in existing debt. CWCB Loan C150372 was approved in 2011 for the Meadow Lake Dam Outlet Improvements. That project was substantially completed on February 1, 2013, seven months before the dam was destroyed in the flood. The first annual payment was deferred for three years to help offset the Association's financial hardship related to flood recovery. The first annual payment was made on February 1, 2017. The two private loans are from individual homeowners within Big Elk Meadows who provided access to quick cash for flood repair efforts. All loans are in good standing.

Prior to the flood, Association dues were \$1,471 annually. The dues are currently \$1,550 and may need to be increased commensurate with the final loan balance. Since 2013, the homeowner assessment

default rate has been less than 2% and there have been no foreclosures or bankruptcies. There have been 15 property closings over the past two years where people who could no longer afford to live in Big Elk Meadows have sold in order to resolve their debts.

TABLE 4: EXISTING DEBT OBLIGATION

Lender	Original Balance	Current Balance	Annual Payments	Maturity Date	Collateral
CWCB (C150327)	\$272,700	\$268,230	\$16,741	2046	Assessment Revenues, 40-acre parcel
Private Party	\$90,000	\$23,597	\$12,048	2019	Unsecured
Private Party	\$100,000	\$45,198	\$21,564	2019	Unsecured
TOTAL		\$337,025	\$50,353		

TABLE 5: FINANCIAL RATIOS

Financial Ratio	FY 15/16	Future w/ \$2M Loan	Future w/ \$0.5M Loan
Operating Ratio (revenues/expenses) weak: <100% - average: 100% - 120% - strong: >120%	107% (average) \$274K/\$255K	100% (average) \$350K/\$349K	102% (average) \$274K/\$268K
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% - average: 100% - 120% - strong: >120%	156% (strong) (\$274K-\$221K) \$34K	101% (average) (\$349K-\$221K) \$128K	113% (average) (\$274K-\$221K) \$47K
Cash Reserves to Current Expenses weak: <50% - average: 50% - 100% - strong: >100%	25% (weak) \$65K/\$255K	19% (weak) \$65K/\$349K	24% (weak) \$65K/\$268K
Debt per Tap (166 lots) weak: >\$5,000 - average: \$2,500 - \$5,000 - strong: <\$2,500	\$2,030 (strong) \$337K/166	\$13,795 (weak) \$2.29M/166	\$4,747 (average) \$788K/166

Collateral: Security for this loan will remain a pledge of assessment revenues, backed by a rate covenant, and an undivided 100% interest in the five dams. Additionally the Association pledged a 160-acre parcel of land within Big Elk Meadows with the original loan contract. After final costs and reimbursements are determined, the loan contract may be amended to adjust the lien on the land as necessary to cover only 110% of the final loan amount. This is in compliance with CWCB Financial Policy #5 (Collateral).

cc: Paul Cyphers, Treasurer, Big Elk Meadows Association
 Jennifer Mele, Colorado Attorney General's Office

Attachments: Water Project Loan Program - Project Data Sheet
 Original Board Memo (updated 1/29/14)



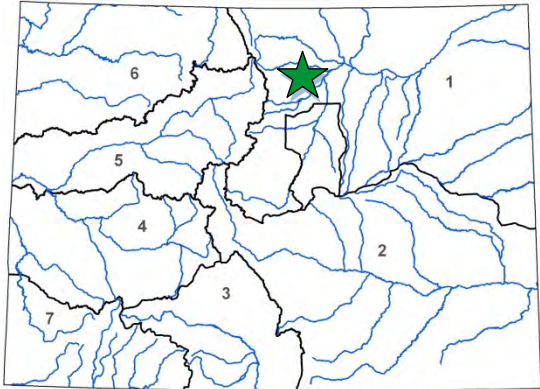
Emergency Raw Water Storage Repair

Big Elk Meadows Association

March 2017 Board Meeting

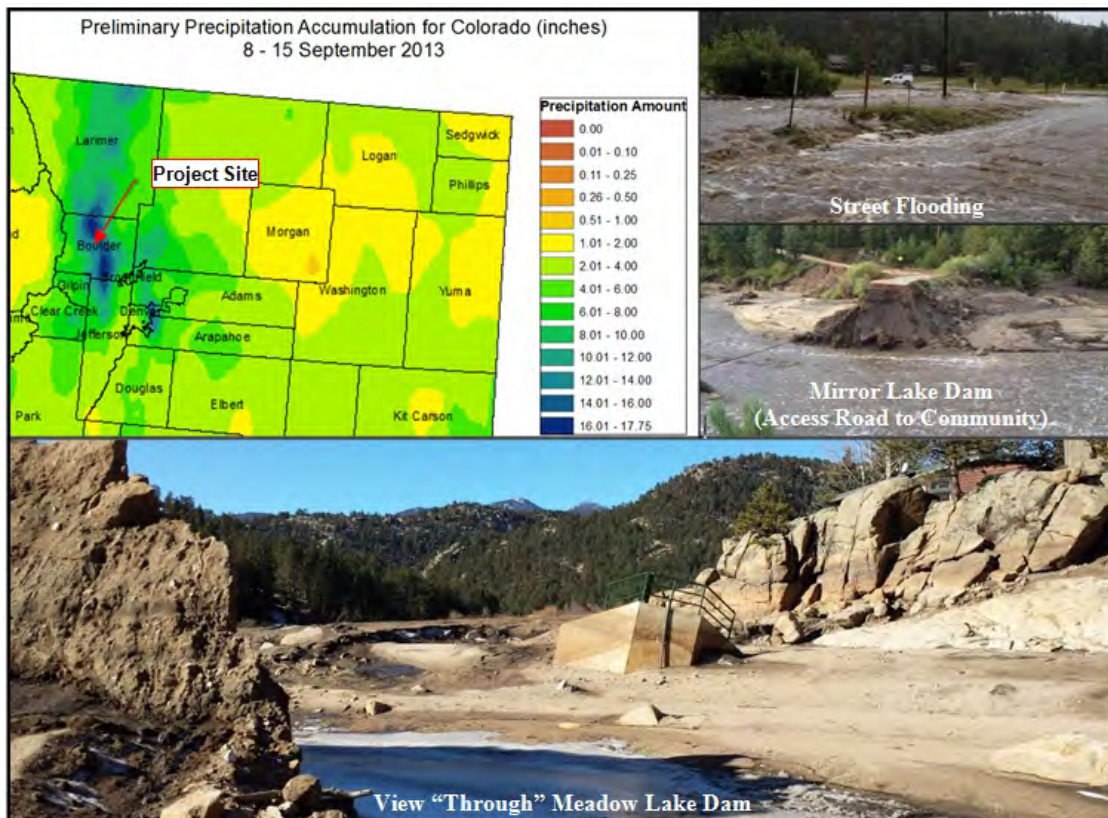
(Loan Increase)

L O A N D E T A I L S	
Project Cost:	\$4,162,453
CWCB Loan:	\$2,020,000
Loan Term and Interest Rate:	6-Yrs @ 0%, 30-Yrs @ 2.75%
Funding Source:	Severance Tax PBF
B O R R O W E R T Y P E	
Agriculture	Municipal
0%	0% Low - 100% Mid - 0% High
Commercial	0%
P R O J E C T D E T A I L S	
Project Type:	Reservoir Rehabilitation
Water Storage Preserved:	108 AF



L O C A T I O N	
County:	Boulder/Larimer
Water Source:	W. Fork Little Thompson R.
Drainage Basin:	South Platte River
Division:	1
District:	4

During the unprecedented flood of September 2013 in the tributaries to the South Platte River, a significant number of diversion structures and dams along the river corridor were damaged. Measured rainfall in and around Big Elk Meadows exceeded the 1,000-year Average Recurrence Interval for rainfall. Flow along the West Fork reached historic levels and resulted in the destruction of all five dams; both flow monitoring stations; the community's access road (CR-47); the majority of interior roads; and the water, power, and telephone services. The purpose of this project is to restore the community's water supply by reconstructing the five dams and two monitoring stations. Two of the five dams have been rebuilt and the Association is seeking an increase to the emergency loan to help with its cash flow during construction and through the FEMA grant reimbursement period.



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



John W. Hickenlooper
Governor

Mike King
DNR Executive Director

James Eklund
CWCB Director

TO: Colorado Water Conservation Board Members

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

DATE: January 17, 2014 (**Updated January 29, 2014**)

SUBJECT: **Agenda Item 16b, January 27-28, 2014 Board Meeting**
Finance – Emergency Loans
Big Elk Meadows Association– Emergency Raw Water Storage Reconstruction Project

Introduction

The Big Elk Meadows Association (Association) is applying for an Emergency Loan for the Emergency Raw Water Storage Reconstruction Project (Project). During the unprecedented flood of September 2013 in the tributaries to the South Platte River, a significant number of diversion structures and dams along the river corridor were damaged. The Association's five raw water storage dams were destroyed as a result of this flood. The purpose of the Project is to rebuild the dams and measurement structures so the Association can restore the water supply to its Big Elk Meadows community and meet water accounting requirements. The total Project cost is estimated to be \$1,900,000. See attached Project Data Sheet for a location map and project summary.

Staff Recommendation (Board approved Staff Recommendation on January 27, 2014)

Staff recommends the Board approve a loan not to exceed \$1,515,000 (\$1,500,000 for Project cost and \$15,000 for the 1% service fee) to the Big Elk Meadows Association for 100% of engineering and construction costs related to the Emergency Raw Water Storage Reconstruction Project from the Severance Tax Perpetual Base Fund, up to the approved loan amount. The loan terms shall be 3 years of no interest followed by 27 years at a middle-income municipal interest rate of 2.75% per annum. Security for the loan shall be in compliance with CWCB Financial Policy #5.

Additionally, staff recommends the following contract condition:

Any future grant funds obtained for the purpose of this Project shall be submitted to CWCB to be applied to the balance of the loan within thirty (30) days after receipt of said funds.

Background

Big Elk Meadows is a community located between Lyons and Estes Park on the West Fork of the Little Thompson River (West Fork). The Association owns and maintains the raw water supply system, roadways, and common space within Big Elk Meadows. The raw water supply system includes five online reservoirs: Sunset Lake, Rainbow Lake, Willow Lake, Mirror Lake, and Meadow Lake. All lakes were formed by earthen dams. Meadow Lake Dam is classified by the State Engineer's Office (SEO) Dam Safety Branch, as a jurisdictional low hazard dam. The other four dams are classified as non-jurisdictional low hazard dams. The treated water system serving the community is owned and operated by the Big Elk Water Association (BEWA).

In 2011, the Association was approved for a CWCB loan (C150327) to replace the existing 6-inch outlet of Meadow Lake Dam with a 12-inch outlet pipe. This loan also provided funds to install flow meters at the upstream and downstream perimeter of Big Elk Meadows. This work was done to bring the Association into compliance with its 1995 augmentation decree and the SEO water accounting requirements. That project was substantially completed on February 1, 2013.

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 reached historic levels and resulted in the destruction of all five dams; both flow monitoring stations; the community's access road (CR-47); the majority of interior roads; and the water, power, and telephone services. Following the flood event the community was evacuated by military helicopters. Power was restored on November 8 and CR-47 opened for general access on December 13. However, until water service is restored, the community cannot fully return.

Loan Feasibility Study

Leonard Arnold, with Elk Ridge Consulting, prepared the Loan Feasibility Study titled "*Emergency Loan Application and Feasibility Study*," dated November 30, 2013, with assistance from Park Engineering. The study includes an alternative analysis and preliminary engineering cost estimates. The feasibility study was prepared in accordance with the CWCB guidelines.

Borrower – Big Elk Meadows Association

The Association is a nonprofit corporation, formed August 2, 1966, and serves the Big Elk Meadows subdivision. The community, located 10 miles northwest of Lyons, includes 205 private lots and 163 residences distributed across 460 acres, and 198 acres of common space. Maximum build-out is not expected to exceed 172 residences. The Association is in good standing with the Colorado Secretary of State.

The Association is governed by a board of directors who exercise all the powers of the Association and levy assessments. Assessments are established by the membership each year. The owners of each lot are personally liable for the assessments and, when not paid, assessments become a lien upon the lot which may be foreclosed against. The primary sources of income are member assessments and a cost reimbursement from BEWA. This cost reimbursement is according to the fairshare agreement between the Association and BEWA. This agreement requires BEWA to reimburse a portion of operation and maintenance cost incurred by the Association when BEWA receives benefits of such cost.

Water Rights

The water rights impacted by this project include:

TABLE 1: IMPACTED WATER RIGHTS

Name	Amount	Appropriation Date	Adjudication Date
Rainbow Lake	28.13 AF	11/10/1952	12/31/1971
Mirror Lake	17.15 AF	11/10/1952	12/31/1971
Meadow Lake	32.30 AF	8/13/1953	12/31/1971
Willow Lake	22.00 AF	8/13/1953	12/31/1971
Sunset Lake	8.60 AF	8/13/1953	12/31/1971

Big Elk Meadows also has seven decreed wells (Case No. 1-W6464) and an augmentation plan to cover its out of priority depletions (Case No. 1-95CW238).

Project Description

The goal of the Project is to restore the community's raw water supply and meet the 1995 augmentation plan's water accounting requirements by reconstructing the five dams and two measurement structures that were destroyed by the September 2013 flood.

Alternative 1 – Do Nothing: This alternative is unacceptable. These reservoirs are the Big Elk Meadows community's water supply and augmentation source.

Selected Alternative 2 – Rebuild with Improvements: This alternative consists of reconstructing the five dams and two monitoring stations, resulting in 108.18 AF of restored water storage for drinking, fire protection, recreation, and downstream use. In addition to the dams, 3.75 miles of stream bed and associated riparian zones will be repaired. In general, each of the five dams will be improved as they will be designed and built to current standards. Each dam was originally built with an upstream slope of approximately 2H:1V and a downstream slope of approximately 1.5H:1V. The dams will be redesigned and reconstructed with all slopes flattened to current standards of 3H:1V. Additionally, the designs will ensure each spillway is adequately sized and will provide for improved water control on each dam's outlet pipe.

The projects will be phased in order of importance and are as follows:

TABLE 2: PROJECT PHASING

Phase	Task	SEO Classification	Storage Size	Notes
1	(2) Monitoring Stations	-	-	Required for water accounting.
	Mirror Lake Dam	Non-Jurisdictional, Low Hazard	17 AF	Connected to water treatment plant (intake to be enlarged). Access road over dam.
	Rainbow Lake Dam	Non-Jurisdictional, Low Hazard	28 AF	Largest storage above water treatment plan intake.
2	Meadow Lake Dam	Jurisdictional, Low Hazard	32 AF	Most downstream reservoir. Releases water for downstream users.
3	Willow Lake Dam	Non-Jurisdictional, Low Hazard	22 AF	Above water treatment plant.
4	Sunset Lake Dam	Non-Jurisdictional, Low Hazard	9 AF	Above water treatment plant.

The estimated engineering and construction cost of this Alternative is \$1,900,000 and is further broken down in Table 3. The Association has been approved for two grants through the CWCB/Northern emergency grant program totaling \$45,000. FEMA has classified the five dams as critical infrastructure; accordingly, up to 75% of the cost associated with the dams should be reimbursable through FEMA. In an unforeseen event where FEMA funds become unavailable, the Association's members have agreed to cap the CWCB loan at \$1.5 million and fund the balance with a special assessment. This \$1.5 million loan request will allow the Association to partially use the loan as a bridge loan to cover expenses before FEMA funds are reimbursed. Included in Table 3 is the estimated FEMA contribution and resulting loan balance. FEMA amounts are shown for informational purposes only and the final loan amount is subject to actual reimbursements.

TABLE 3: PROJECT COST SUMMARY

Task	Cost	Estimated FEMA Contribution	Estimated Association Responsibility
Engineering & Permitting	\$170,000	\$123,750	\$46,250
Phase 1 Construction	\$572,000	\$376,500	\$195,500
Phase 2 Construction	\$427,000	\$320,250	\$106,750
Phase 3 Construction	\$290,500	\$217,875	\$72,625
Phase 4 Construction	\$240,500	\$180,375	\$60,125
Subtotal	\$1,700,000	\$1,218,750	\$481,250
Contingency	\$200,000	\$146,550	\$53,450
Total	\$1,900,000	\$1,365,300	\$534,700

Schedule: Design has already commenced and construction will begin as soon as possible. The Association has set a July 2014 goal to complete Rainbow and Mirror Lake (and water distribution repairs) which will allow residences to return. Total Project completion is projected to occur by February 2016.

Financial Analysis

Table 4 provides a summary of the Project's financial aspects. The first three years of the loan will be assessed a 0% interest rate. The remaining term of the loan will be assessed a middle-income interest rate of 2.75% with the principal amortized over 27 years. Staff is recommending an exemption to Financial Policy #11 to allow for 100% funding of eligible Project cost.

In addition to the dams and monitoring stations, extensive work will also be required on the water distribution system, interior roads, and general repairs. The water distribution system is estimated to require \$1,600,000 in repairs, of which FEMA will provide 75% reimbursement. BEWA has applied for a Small Business Authority (SBA) emergency loan to serve as a bridge loan for water distribution repairs. This will allow BEWA to fund its 25% match of \$400,000 through a special assessment spread over three years (\$818 per homeowner per year). Therefore this SBA bridge loan is not included in the future financial ratios in Table 7. The Association has separately been approved for a \$247,500 loan through the SBA to fund its interior roads and general repair projects. This loan is included in the future financial ratios in Table 7.

TABLE 4: FINANCIAL SUMMARY

	Without FEMA Funds	Estimated after FEMA Funds
Total Project Cost	\$1,900,000	\$1,900,000
Borrower Match or FEMA Contribution	\$355,000	\$1,365,300
CWCB/Northern Grant	\$45,000	\$45,000
CWCB Loan Amount	\$1,500,000	\$489,700
CWCB Loan Amount (Including 1% Service Fee)	\$1,515,000	\$504,700
CWCB Annual Loan Payment	\$80,231	\$26,728
CWCB Loan Obligation (Including 10% Reserve)	\$88,254	\$29,401
Number of Association Members	163	163
Annual Cost Per Homeowner for Emergency CWCB Loan	\$541	\$180
Annual Cost Per Homeowner for 2011 CWCB Loan	\$103	\$103
Annual Cost Per Homeowner for Emergency SBA Loan	\$7	\$7
Special Assessment for Borrower Match	\$2,178	NA
Current Association Dues (Annual)	\$1,471	\$1,471
Future Association Dues (Annual)	\$2,041	\$1,681
Project Cost per AF recovered (108 AF)	\$17,600	\$17,600

TABLE 5: PROJECTED RECOVERY FUNDING

Activity	Project Cost	Loan	Special Assessment	Northern Grant	FEMA	Authority Annual Obligation
Dam Reconstruction	\$1,900,000	\$489,700 (CWCB)	-	\$45,000	\$1,365,300 (FEMA)	\$29,401
Water Distribution	\$1,600,000	-	\$400,000	-	\$1,200,000 (FEMA)	-
Roads & Office Repair	\$247,500	\$247,500 (SBA)	-	-	-	\$1,045
TOTAL	\$3,747,500	\$737,200	\$400,000	\$45,000	\$2,565,300	\$30,446

Creditworthiness: The Association has three loans with a total of \$343,421 in existing debt. These loans are in good standing. The first payment on CWCB Loan C150327 is due on February 1, 2014. To provide much needed capital to address the flood emergency, the Association is seeking a three year deferment of this loan under Agenda Item 17a of this Board Meeting.

TABLE 6: EXISTING DEBT

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
CWCB (Contract C150327)	\$272,700	\$272,700	\$16,741	2043	Assessment Revenues, 40-acre parcel.
Private Party	\$90,000	\$62,167	\$12,048	2019	Unsecured
Wright Water Engineers	\$24,994	\$8,554	\$13,128	2014	Unsecured

TABLE 7: FINANCIAL RATIOS

Financial Ratio	Past 3 Years	Future* w/ Project (\$1.5M Loan)	Future* w/ Project & FEMA Funds
Operating Ratio (revenues/expenses) weak: <100% - average: 100% - 120% - strong: >120%	104% (Average) \$340K/\$326K	103% (Average) \$433K/\$419K	104% (Average) \$374K/\$360K
Debt Service Coverage Ratio (revenues-expenses)/debt service weak: <100% - average: 100% - 120% - strong: >120%	156% (Strong) \$340K-\$301K \$25K	122% (Average) \$445K-\$301K \$118K	124% (Average) \$374K-\$301K \$59K
Cash Reserves to Current Expenses weak: <50% - average: 50% - 100% - strong: >100%	7% (Weak) \$21.7K/\$326K	5% (Weak) \$21.7K/\$419K	6% (Weak) \$21.7K/\$360K
Debt Per Tap (total debt/homeowners) weak: >\$5,000 - average: \$2,500 - \$5,000 - strong: <\$2,500	\$2,100 (Strong) \$343K/163	\$12,600 (Weak) \$2.05M/163	\$6,400 (Weak) \$1.04M/163

* Includes: Emergency CWCB loan, SBA emergency loan, 2011 CWCB Loan, and existing Private Party loan

Collateral: As security for the loan, the Association will pledge its assessment revenues backed by a rate covenant, and the Project itself. Additionally, the Association is willing to pledge up to 160-acres of land within Big Elk Meadows. This pledge of land will be amended as necessary to cover 110% of the final loan amount after the Project is completed and FEMA reimbursements have been applied. This is in compliance with the CWCB Financial Policy #5 (Collateral).

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

Attachment: Water Project Loan Program – Project Data Sheet