

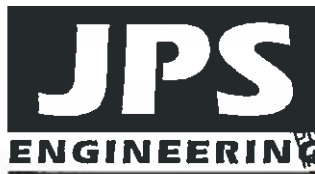
Feasibility of Reconstruction for the Chilcott Ditch Jimmy Camp Creek Siphon

Sponsored by the

Chilcott Ditch Company

in conjunction with

The Colorado Water Conservation Board



19 E. Willamette Ave.
Colorado Springs, CO 80903
(719)-477-9429
(719)-471-0766 fax
www.jpsengr.com
JPS Project No. 101602

FEASIBILITY STUDY APPROVAL
Pursuant to Colorado Revised Statutes 37-60-121 & 122, and
in accordance with policies adopted by the Board, the
CWCB staff has determined this Feasibility Study meets all
applicable requirements for approval.

Signed

Date

1/23/17

December 2016

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CHILCOTT DITCH Company

James Taylor
President

Jessie Shaffer
Secretary

Mike Fink, P.E.
Treasurer

Acknowledgement of those who assisted in preparation of this report:

Jessie Shaffer
Secretary, Chilcott Ditch Company

John P. Schwab, P.E.
JPS Engineering, Inc.

Feasibility Study Chilcott Ditch Company Jimmy Camp Creek Siphon Reconstruction Project

Introduction (Need for the Project)

The Chilcott Ditch Company (the "Company"), located in El Paso County, operates the Chilcott Ditch for the benefit of its shareholders by providing direct flow irrigation water. The ditch diverts from Fountain creek, just north of the Town of Fountain, and water deliveries are made through the Company's 8 mile ditch to service historically irrigated areas under the ditch as well as to an augmentation station that measures direct flow water returning back to Fountain creek on behalf of shareholders taking delivery of their pro-rata share through the augmentation station. A 42 inch diameter, 1,300 foot long siphon conveys ditch water flows under Jimmy Camp Creek to historically irrigated farmland to the south of the City of Fountain. During the 1940's the siphon was constructed from asphalt dipped corrugated steel pipe and has been in service for nearly 76 years. The structure has been repaired numerous times over its history due to piping failures. However, over the past 5 years, the piping failures have become excessive with 3 failures being repaired and 3 more that have created sinkholes in the drainage way of Jimmy Camp Creek jeopardizing needed water deliveries to downstream shareholders. In reviewing the siphon's age, maintenance history and number of failures, the Company has concluded that the siphon has reached its useful life and the Company wants to rebuild the siphon prior to the 2017 irrigation season which commences on March 15, 2017.

Project Sponsor

The Company is a mutual ditch company and a non-profit corporation registered in the State of Colorado. There are currently 6 shareholders that own various amounts of the 105 shares of outstanding company stock. Currently shareholders within the Company are entirely comprised of Special Districts, School Districts, Home Rule Cities (or enterprises thereof) or local governmental agencies within El Paso County. The Company has the power to set annual assessments to be paid by the shareholders, the power to curtail water deliveries to shareholders that fail to pay their assessments, and the power to offer stock for sale to pay back assessments. The Company's articles of incorporation and by-laws are included in Appendix A.

Project Service Area and Facilities

The Company provides irrigation water to approximately 2200-acres of actively cultivated property within in El Paso County and the Company provides deliveries of its surface water rights to shareholders with active water court decrees in which the water is diverted from Fountain Creek, measured and then returned to Fountain Creek on behalf of the shareholders who utilize it in various augmentation plans and as supplemental water supplies in their respective municipal service areas. The head gate of the ditch is located north of the City of Fountain, on Fountain Creek, and extends southeast approximately 8 miles. The siphon structure is located approximately 3.3 miles down ditch where it crosses Jimmy Camp Creek. Irrigated acreage within the service area is primarily used for cattle ranching, hay production and soil conservation

activities. Hay crops are used as cattle feed and a source of revenue when it is sold. A map of the ditch is shown on page 7. A map of the service area is in the back pocket of this report.

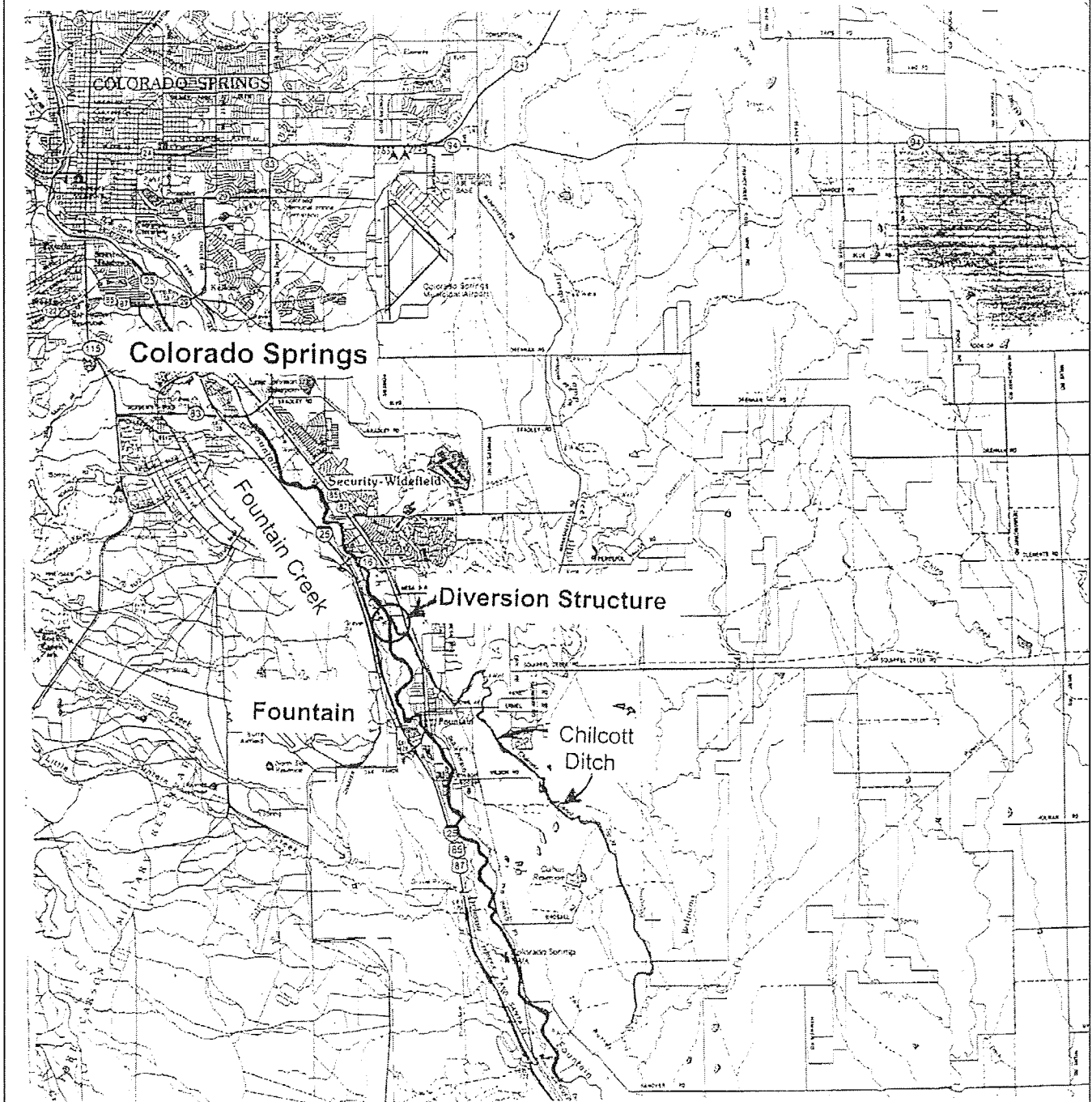
Hydrology and Water Rights

The source of water for the Company and its contract carriage obligations is direct flow water rights from Fountain Creek. The water rights diverted at the Company head gate consist of 14 distinctive rights with dates of appropriation ranging from 1861 to 1909 and totaling 90.8 cfs. The Company owns 3 of these rights totaling 55.4 cfs with the remaining 35.4 cfs being foreign water (i.e. water not decreed to the Company) that is contractually diverted and delivered to the owners of the foreign water via carriage agreements between the Company and the owner that owns the foreign water rights (note: All current carriage agreement owners are also shareholders within the Company). In 2006, shareholders representing 20.5 shares (of the 105 outstanding) received a water court decree that quantified the historical use, including ditch-wide historical river headgate diversions and consumptive use of the Chilcott Ditch water rights in water court case no. 2006CW119. The relevant findings of that decree are summarized in the table below, and a copy of the decree can be found in Appendix C:

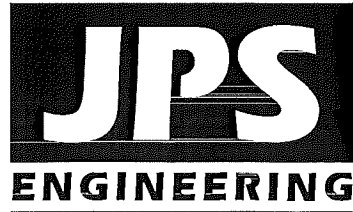
Table 1.

Summary of Chilcott Ditch Ditch-Wide Historical Consumptive Use Quantification from Case No. 2006CW119	
	Ditch-Wide Quantification
Study Period	1940-2005
Average River Headgate Diversions	4,961 af/yr (47.25 af/share/yr)
Average Farm Headgate Deliveries	4,465 af/yr (42.52 af/share/yr)
Average Historical Consumptive Use	2,584 af/yr (24.61 af/share/yr)
Average Historical Return Flows	1881 af/yr (17.91 af/share/yr)

As noted in the Table, the Company water rights, on average, divert 4,961 AF of water per year with over half of that amount (2,584 AF/year) being consumptive use.



LOCATION MAP



CHILCOTT SIPHON

FIGURE A1

JPS PROJ NO. 111606

Project Description and Alternatives

The purpose of this project is to provide a means for the Company to continue providing irrigation water to shareholders while minimizing the occurrence of future failures which result in curtailment of water deliveries and crop failure risks. Three alternatives were considered:

1. The no-action alternative.
2. Reconstructing the siphon utilizing slip lining (i.e. "Insitu-Form).
3. Reconstructing the diversion using low head Polyvinyl Chloride Pipe, i.e. PVC (\$575,000).

Alternative No. 1 was considered unacceptable since it means the Company must incur a great amount of risk and potential liability of not meeting its obligations for water deliveries to shareholders in the event that the siphon fails and cannot be repaired for an extended period of time.

Alternative No. 2 was ruled out due to; a) maintenance concerns surrounding repair of the the "In-Situ" product, b) existing siphon pipe offsets creating slip lined restrictions and c) possibility of future shear failures of the insitu product due to future host pipe movements.

Alternative No. 3 was selected, since it is considered to be the least costly approach with the best long-term value to provide the necessary reliability and ease of maintenance that the Company desires.

Selected Alternative

The selected alternative, **Alternative No. 3**, involves removal of the existing 42" CMP and installation of the new 42" diameter PVC together with pipe connections at the existing concrete inlet structure and existing concrete outlet structure.

JPS Engineering has prepared cost estimates for engineering design and construction for the project and has also prepared a conceptual plan which is attached in the back pocket of this study.

Cost Estimate

The estimated cost of the completed project is approximately \$575,000. The cost breakdown is summarized in Table 2 below.

Table 2. Chilcott Ditch Company – Siphon Replacement Project - Cost Estimate

Item	Quantity	Unit	Unit Price \$	Amount \$
Mobilization	1	LS	\$11,500	\$11,500
Clearing & Grubbing	14,400	Sq.Yd.	\$1	\$14,400
Trench Stabilization Material	600	Tons	\$45	\$27,000
42" Dia. PVC Pipe Installation	1,300	LF	\$225	\$292,500
5' I.D. Access Manholes	3	Ea.	\$7,500	\$22,500
Drain/Blow Off Assy	1	Ea.	\$4,500	\$4,500
Connections to Ex. Conc. Structures	2	Ea.	\$4,000	\$8,000
Concrete Thrust Blocks	4	Tons	\$1,500	\$6,000
Erosion Control BMP's	1	LS	\$6,500	\$6,500
Site Restoration, Seeding & Clean Up	1	LS	\$10,000	\$10,000
Asphalt Removal & Reinstallation	135	Sq.Yd.	\$75	\$10,125
Curb & Gutter Removal & Reinstallation	100	LF	\$35	\$3,500
Demobilization	1	LS	\$11,500	\$11,500
			Subtotal	\$428,025
Design and Construction Contingency @ 10%				\$42,802.50
Contractor Overhead & Profit @ 12%				\$51,363.00
Construction Cost Subtotal				\$522,191
Engineering Design and Construction Services @ 10%				\$52,219.05
Project Total				\$574,410

Implementation Schedule

JPS Engineering is expected to complete the final design by December 31, 2016 with solicitation for bids running through January 15, 2017. Construction is expected to begin February 1, 2017 and project completion is expected to be achieved by May 1, 2017.

Permitting

All easements and rights of way have previously been obtained. A City of Fountain Street Cut permit will be obtained by the Contractor after award of the construction contract and the Company expects to be exempt from 404 permitting by Statutory exemption, 33 CFR Section 323.4(a) 3. This will be confirmed with the Army Corps of Engineers.

Institutional Considerations

Entities that are, or may be, involved in the design, construction, and financing of the project include:

Chilcott Ditch Company; financing and project management.
JPS Engineering; design and construction engineering services
Conservation Board (CWCB); financing

The Company will be the lead for the financing, design, and construction of the project and will be the entity entering into contracts and agreements with the various entities for the services provided by each.

Financial Analysis

The Company is applying for a loan from the CWCB in a maximum amount of \$575,000, to fund the project, however it is understood by the Company that the amount of the loan, if approved, will be limited to the lesser of; a) the maximum amount applied for, or b) the actual cost of the project to include engineering, construction and finance services. The Company will cover any costs that exceed the maximum loan amount.

The CHILCOTT DITCH COMPANY is requesting a 20-year loan from the CWCB. Since all of the current shareholders within the Company are municipalities or local governmental agencies, it is anticipated that the standard municipal lending rate would be 2.35%, resulting in annual payments of \$36,364. The expected emergency reserve fund will be pledged by the Company from its current unrestricted reserves as indicated in its adopted 2017 budget (see Appendix D). Table 3 is a summary of the financial aspects of the project. Current annual assessments levied in support of debt service obligations amount to \$137.69 per share and anticipated assessments required to cover existing debt service plus the debt service of this project equates to \$484.00 per share per year.

Table 3. Financial Summary

Project Cost	\$575,000
Loan Amount (100% of Project Cost)	\$575,000
1% CWCB Loan Origination Fee	\$5,750
CWCB Loan Payment Amount (Annual Principal + Interest)	\$36,364
Outstanding Shares of Stock	105
Current Debt Service Assessment per Share	\$137.69
Additional Debt Service Assessment per Share	\$346
Total Debt Service Assessment per Share	\$484.00
Average annual Consumptive Use per share (AF)	24.61
Average Annual Debt Service Per AF Historical Consumptive Use	\$19.67

Operation and maintenance costs are expected to decrease with the new siphon structure, and can be accommodated by the Company's annual income.

Credit Worthiness

The Company currently has outstanding debt in the form of a loan from the Colorado Water Conservation Board which was funded in 2001. The principal balance, as of December 31, 2016 on the Company's borrowed debt will be in the amount of \$144,367 with annual payment obligations of \$14,457/year through year 2030. To our knowledge, the Company's repayment history on this loan has no flaws (i.e. defaults, late payments, etc.). In addition Company stock is valued at \$147,660/share based on recent sales information, which, for 105 outstanding shares equates to over \$15.5 Million dollars of net worth for outstanding Company stock. As previously stated, the Company has the power to set annual assessments to be paid by the shareholders in support of debt service repayment and Company operating costs and the power to offer stock for sale to pay back assessments should shareholders fail to pay their assessments.

Table 4 shows the Financial Ratios for the Company as well as debt to equity ratios on a per share of stock basis. The ratios indicate the company has average to strong ability to repay the loan and the debt to equity ratio indicates shareholder equity is high in relation to debt, even with the additional debt service.

Table 4. Financial Ratios

Financial Ratio	⁽¹⁾Without Project		⁽¹⁾With Project
Operating Ratio (revenue/expense)	1.53%	(strong)	1.23 (average)
Debit Service Coverage Ratio (revenues-expenses)/debt service	5.58	(strong)	1.24 (average)
Cash Reserves to Current Expense	62.8%	(strong)	
Annual Debt Service Cost per acre-foot (4,961 acre-foot entitlement.)	\$2.91	(strong)	\$10.25 (strong)
⁽²⁾ Stock Debt to Equity Ratio	0.93%	(strong)	4.64% (strong)

(1) – Assumes 2016 assessments of \$1,450/share of stock

(2) – Debt to Equity ratio calculated as total debt liability per share divided by current market value per share and assumes no stock owner has pledged all or a portion of their stock equity to third party lenders

Alternative Financing Considerations

The Company has investigated alternative financing sources, primarily funding through Colorado Water and Power Authority. However, those sources are not expected to be able to fund the project pursuant to the Company's desired timeline for full implementation (i.e. May 1, 2017).

Collateral

As security for the CWCB loan the Company can pledge assessment income, and the project itself.

Economic Analysis

The economic benefit of the project is considered to be significant. The NRCS, in 2001 estimated the value of property affected to be \$5.5 million, within roughly 2000-acres of the service area (ref: Chilcott Ditch Company Diversion Structure Feasibility Study November 1999). The short-term (1 year) value of potential damage to this property in the event crop loss occurs is estimated as \$704,157. Using an estimated total project cost of \$650,000 (to cover design and construction of the diversion and all appurtenances, construction supervision, and up to \$75,000 in cost overrun), the project cost/benefit ratio is \$704,157/ \$650,000 or 1.09.

Social and Physical Impacts

The project will have no significant *social impacts*, since it will assure the continued operation of a currently existing irrigation system(s). The project will have minor physical impacts since construction is taking place on lands currently undeveloped and once construction is complete the new siphon structure will be in the same location as the existing siphon structure.

Conclusions

1. The Chilcott Ditch Company is an incorporated entity in the State of Colorado with the ability to enter into a contract with the CWCB for the purpose of obtaining a construction loan.
2. Financial data conclude that the Chilcott Ditch Company is a low risk borrower with average to strong ability to repay the loan obligation being sought.
3. Rights-of way and/or easements have been previously acquired for the project and are adequate for the construction of this project.
4. The project would provide for the continued delivery of irrigation water to shareholders of the Company.
5. The total estimated cost of the project is \$575,000 and is proposed to be financed in its entirety by the Chilcott Ditch Company.
6. The Chilcott Ditch Company is eligible for a loan from the CWCB. The project is necessary to avoid unreasonable risk of injury or damage to property or crops, and because the condition is not the result of negligence in the operation or maintenance of the infrastructure.
7. The project is technically and financially feasible.

Appendix A

Articles of Incorporation By-Laws

Colorado Department of State <business@sos.state.co.us>
Thursday, November 03, 2016 8:20 AM
Marsha Howland
Receipt

Colorado Secretary of State
File Report receipt

www.sos.state.co.us

Thank you for using our online services. Here is the receipt for your transaction.

Name	CHILCOTT DITCH COMPANY
ID number	19871000942
Document number	20161753814
Payment type	CREDIT
Last 4 digits	0495
Amount paid	\$10.00
Date and time	11/03/2016 08:19 AM

Colorado Secretary of State | Business Organizations | 303-894-2200, option 2 | business@sos.state.co.us

Wm Sweetland
David McKane
Samuel Bell

Territory OF COLORADO,

COUNTY OF El Paso

I, W. M. Perkins

County, in the City of El Paso

Wesley Willigian Sweetland and
Concepcion Bile

Justice of the Peace in

El Paso

do hereby certify that

personally known to me to be the same persons whose names are subscribed to the annexed and foregoing certificate of incorporation, appeared before me this day in person, and each severally acknowledged that he signed, sealed and delivered the said instrument of writing as his free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and seal, on this eleventh

day of February A. D. 18 74

W. M. Perkins Justice of the Peace

This document has been inspected
and recorded on the Records
of the Tax Department
Date March 29 1874
Chas. J. Plummer Clerk

CERTIFICATE OF INCORPORATION

Wesley Willigian Sweetland

CORPORATE,
OF COLORADO,
County of El Paso

COUNTY OF El Paso
Filed in the office of the Clerk
of the County aforesaid this 187 day of March 187 4

Filed in the County of El Paso
this 187 day of March 187 4

Filed in the County of El Paso
this 187 day of March 187 4

Filed in the County of El Paso
this 187 day of March 187 4



OFFICE OF
COUNTY ASSESSOR
 EL PASO COUNTY, COLO.

COLORADO SPRINGS, COLO., 2/27 191

This is to certify that the "Chilcott
 Ditch Company, is not placed on
 the assessment books for taxation
 in any form - as I understand
 it is a mutual company.

J. A. Perkins
 Assessor El Paso

of

THE CHILCOTT DITCH COMPANY.

KNOW ALL MEN BY THESE PRESENTS, That we, C. J. MILLER, President, and GEORGE I. PHILLIPS, Secretary of THE CHILCOTT DITCH COMPANY, a corporation duly organized on the eleventh day of February, A. D. 1874, under and by virtue of the laws of the Territory of Colorado, in that case made and provided, do hereby make this our certificate in triplicate; and in accordance with the laws of the State of Colorado, we make the following statement:


FIRST: That at a meeting of the Board of Trustees of the said Company, held in the town of Fountain, El Paso County, Colorado, on the 19th day of March, A. D. 1897, the following resolutions were read and adopted: Resolved, that a special meeting of the stockholders of The Chilcott Ditch Company be duly called and held upon the 21st day of April, A. D. 1897, at 2 o'clock P. M. on said day at the office of the Secretary of said Company in the Town of Fountain, County of El Paso and State of Colorado, for the purpose of voting upon and adopting or rejecting the following amendment to the Third Article of the Certificate of Incorporation of said Company, that is to say: Article Three.- The Capital Stock of our said Company is Five Thousand Two Hundred and Fifty Dollars divided into One Hundred and Five shares of the par value of Fifty Dollars for each share.

SECOND: That thirty days' notice of the said special meeting was given to each stockholder by delivering to each personally, or depositing in the post office, a notice stating the time and ^{place} and object of the meeting; also public notice ^{was given} by advertisement, ten days prior to said meeting, in the Colorado Springs Gazette ^{daily} a newspaper of general

circulation, published in Colorado Springs, Colorado, and being the newspaper published nearest the Company's office; all of which said notices were signed by the Secretary of said Company.

THIRD: That the said special meeting of the stockholders of the said Company, thus duly called, was held at the Company's office in the Town of Fountain, El Paso County, Colorado, in accordance with said notice and advertisement, *and in accordance with the By-Laws of the Company and the Laws of the State of Colorado.*

FOURTH: That at the said special meeting of the stockholders of the said Company, votes representing two-thirds of all the stock of the said Company were cast in favor of the adoption of said resolution and the proposed change.

IN WITNESS WHEREOF, We, the President and Secretary of the said Company, do hereby set our hands and seals, and have attached the date, this 7 day of May, A. D. 1897.

C. J. Miller (SEAL)
President
George I. Phillips (SEAL)
Secretary

State of Colorado,)
County of El Paso,) ss.

Before me, E. L. C. Darnell, a Notary Public
in and for said County and State, personally appeared U. J. MILLER,
President, and GEORGE I. PHILLIPS, Secretary of THE CHILCOTT DITCH
COMPANY, to me personally known to be the persons whose names are sub-
scribed to the foregoing Amended Certificate of Incorporation, and
acknowledged that they made, signed and executed the said Amended Cer-
tificate for the uses and purposes therein mentioned.

WITNESS my hand and Notarial Seal this 7 day of May,

A. D. 1897.

My commission expires

May 23 1898

E. L. C. Darnell

Notary Public.



~~1114~~
24664 ✓

AMENDED CERTIFICATE OF
INCORPORATION

of

THE CHILCOTT DITCH COMPANY

DOMESTIC

FILED in the office of the Secretary
of State, of the State of Colorado,
on the 15 day of March

A. D. 1897 at 4:30 o'clock P.M.

Recorded in Book 60 Page 373

John W. White
SECRETARY OF STATE

By John W. White Deputy

This document has been inspected
and proper on the Re-
cords of the Finance Department

Date March 28, 1965 OK

Shneider Clerk

CERTIFICATE OF FULL-PAID CAPITAL STOCK

of

THE CHILCOTT DITCH COMPANY.

We, the undersigned, President and majority of the Board of Directors of THE CHILCOTT DITCH COMPANY, do hereby certify; That the total Capital Stock of said Company is Five Thousand Two Hundred and Fifty (\$5,250.) Dollars, divided into One Hundred and Five (105) shares of the par value of Fifty (\$50.) Dollars a share, and that all of said stock has been issued and paid in.

WITNESS our hands and the corporate seal of the Company this
7 day of May, A. D. 1897.

C. J. Miller
President.

H. T. Williams
George Phillips

Being a majority of the
Board of Trustees.

State of Colorado, }
County of El Paso, } ss.

Subscribed and sworn to before me, E. L. Brownell

E. L. Brownell, a Notary Public within and for said County and
State, this 7 day of May, A. D. 1897.

My commission expires May 23 1898

E. L. Brownell
Notary Public.

State of Colorado)
County of El Paso)

We the undersigned

Geo. H. Phay Secretary of

organized and existing

the purpose of carrying

declare and certify that

said The Chilcote Ditch

of voting on the question

in accordance with law

office of the Secretary

Paso County, Colorado,

tion of said company

tended for a period of

1894, being the date of

-inal charter by limit

We do further a

majority of the votes are

in favor of extending

corporation, and no re

~~1189~~
24665 ✓
CERTIFICATE OF FULL PAID
CAPITAL STOCK

of

THE CHILCOTT DITCH COMPANY

DOMESTIC

FILED in the office of the Secretary
of State, of the State of Colorado,
on the 18 day of May
A. D. 1897 at 11:20 o'clock A.M.
Recorded in Book 6 Page 372

Geo. H. Phay
SECRETARY OF STATE
W. H. H. H. Deputy

And in accordance with said vote to extend the term of

lawfully declared the life of said company to be

fixed at 20 years from the date of the charter of said

W. H. H. H., Secretary of the State of Colorado

Witness my hand and seal this 18th day of May 1897

Geo. H. Phay

County of El Paso)

O. S. Loomis President and *Geo. J. Phillips* Secretary
of the Chilcote Ditch Company being first duly sworn, both say that
the above and foregoing statement is true, that the Corporate seal
attached to said statement and certificate is the Common and Corpor-
ate seal of said Company.

Subscribed and sworn to
before me this 8th day of February
A. D. 1896.

O. S. Loomis
Geo. J. Phillips

A. E. Ames
Notary Public

My commission expires *March 4th 1896*

1000
Certificate of
examination of
of the records
of the

This document has been inspected
and properly Entered on the Re-
cords of The Flat Tax Department

Date March 25 1966

Schneider Clerk

OK

7-190-247-1
37-1-108
of the records
of the
10

10-1-107
10-1-108
10-1-109
10-1-110

KNOW ALL MEN BY THESE PRESENTS, That, pursuant to the statutes of the State of Colorado, and by the authority and direction of a Resolution adopted at a special meeting of the stockholders of The Chilcott Ditch Company, we, A. C. GIBBIE as President and W. F. HINCH as Secretary of said THE CHILCOTT DITCH COMPANY, a Corporation heretofore organized under the laws of the Territory, now State of Colorado, do hereby certify that a special meeting of the stockholders of said The Chilcott Ditch Company was held on the 24th day of August, A. D. 1914, in pursuance of a notice given as provided by law, for the purpose of submitting to the stockholders of the said Company the question of the renewal and extension of the corporate life of said Company for a period of twenty years from and after the date of the expiration of the last renewal of its said charter, and at said special meeting seventy-six (76) shares, out of a total outstanding capital of 105 shares, were voted in favor of renewing and extending the corporate life of said Company for a period of twenty years from and after the date of the expiration of the last renewal thereof, to-wit, the 11th day of February, 1914, and by unanimous vote of all the shares of capital stock represented at said meeting, to-wit seventy-six (76) shares, the same being more than a majority of the outstanding capital stock of said Company, a Resolution was adopted renewing, continuing and extending the corporate life of said Company for a period of twenty years from and after the 11th day of February, A. D. 1914.

THEREFORE, BE IT KNOWN, that said The Chilcott Ditch Company does hereby certify and declare that the corporate life and existence of said Company was and is hereby renewed, continued and extended for a period of twenty years from and after the 11th day of February, A. D. 1914.

IN WITNESS WHEREOF, said and
hereunto caused these presents to be executed by its President and
Secretary in the name and under the seal of said Company, at the
Town of Fountain in the State of Colorado, this 24th day of August,
A. D. 1914.

THE CHILCOTT DITCH COMPANY,

A. C. GEBBIE
President.

ATTEST:

W. F. Hinch
Secretary.

STATE OF COLORADO,) SS.
COUNTY OF EL PASO.)

I, George I. Phillips a Notary Public within
and for the County and State aforesaid, do hereby certify that
A. C. GEBBIE, President, and W. F. HINCH, Secretary, respectively,
of said The Chilcott Ditch Company, are personally known to me to be
the persons whose names are subscribed to the foregoing certificate,
and that they each appeared before me this day in person and acknowl-
edged that they signed, sealed and delivered the foregoing certifi-
cate as their free and voluntary act and as the free and voluntary
act of said The Chilcott Ditch Company; that the seal attached
thereto is the common corporate seal of said corporation.

Given under my hand and Notarial seal this 24th
day of August, A. D. 1914.

My commission expires

January 18th 1916
George I. Phillips
Notary Public.

Department of the Treasury
Internal Revenue Service

Aug. 28, 1918
Denver, Colo.

100

CERTIFICATE OF EXTENSION
OF INCORPORATION OF
THE CHILCOTT DITCH COMPANY.

100

RECEIVED PAYMENT

AUG 28 1914

JAMES B. PEARCE, Sec'y of State

By Carol Albert-Elliott

FILED
FEB 22 1966
FBI - NEW YORK

✓
12/20/68
Mr. [Signature]
12/21/68

WILLIS L. STRACHAN
ATTORNEY AND COUNSELOR
COLORADO SPRINGS
COLORADO

This document has been inspected and properly entered on the records of The Flat Tax Department.

Date March 28, 1948 Clerk L. H. [illegible] OK

STATE OF COLORADO,
COUNTY OF El Paso }

To Whom It May Concern:

This is to certify that a special meeting of the stockholders of The Chilcote Ditch Company, a Colorado corporation, was held at Fountain, Colorado on the 16th day of May, A. D. 1934, such meeting having been called by the stockholders representing at least ten per cent (10%) of the entire capital stock of the company outstanding. Notice of such meeting, as provided by law, was published for two weeks ~~of not less than thirty days and at least ten days~~ prior to the date fixed for said meeting in a newspaper printed at Fountain, State of Colorado, and notice of said meeting was delivered personally or mailed to each stockholder thirty (30) days prior to the date of such meeting, there being represented at such meeting 81 shares of the capital stock of said company out of a total of 105 shares outstanding.

At said meeting a resolution was passed to extend the corporate existence of this said corporation twenty years, from and after the date of the expiration of its corporate life, the resolution receiving a MAJORITY vote of all the outstanding stock of the corporation. The president and secretary were authorized to certify this resolution under the corporate seal of the company, to file such certificate with the Secretary of State of the State of Colorado, and to file duplicate certificate under seal of the company in the office of the Recorder of Deeds in each county or counties wherein the company may do business in the State of Colorado, and in pursuance of such resolution, we do hereby certify the same under the seal of the company.

Crested Wilson
President.



J. F. Birch
Secretary.

* Corporate existence may be renewed perpetually or for any specified number of years.
† This certificate of renewal shall be filed before or within one year after the expiration of the charter to be renewed.
Fee for filing certificate of renewal is \$20.00 for \$50,000 or less and twenty cents for each additional fractional part of one thousand dollars of authorized capital stock, plus \$5.00 for certificate of filing.

97955

CERTIFICATE OF RENEWAL

OF THE

CERTIFICATE OF INCORPORATION

*The Chilcott
Ditch Company*

DOMESTIC

RECORDED

MAY 18 1934

PAGE 5251

BOOK 364

Secretary of State

4 9 00

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108 00 00

108 00 00

Indexed by

3.50

A-42-10
This document has been inspected
and properly entered on the
records of the Flat Tax Department.

Date May 21, 1934
McIntire Clerk

E. H. T.

This document has been inspected
and properly entered on the Re-
cords of the Flat Tax Department.

Date March 28, 1938
Adams Clerk

OK

OK

CERTIFICATE OF RENEWAL OF CORPORATE
EXISTENCE

Rufus S. Marshall as President and Pat Janitell
as Secretary of the CHILCOTT DITCH COMPANY do hereby respectively
certify that a special meeting of the stockholders of the Chilcott Ditch
Company was called in accordance with the provisions of the By-Laws
of said corporation and in accordance with the provisions of the Statutes
of the State of Colorado and held at the offices of the Town Clerk in Foun-
tain, Colorado, on May 12th, 1952 at the hour of two o'clock in the after-
noon; that notice of said meeting was mailed to each stockholder of the
corporation by the Secretary at least thirty days prior to the date of
said meeting and that notice of said meeting was published in the Colo-
rado Springs Gazette-Telegraph not more than thirty or not less than
ten days prior to the holding of said meeting; that at said meeting 62
shares of stock were represented in person or by proxy out of a total of
195 shares issued and outstanding; that it was unanimously carried
by all of the stock represented at said meeting to extend the corporate life
of said company in perpetuity.

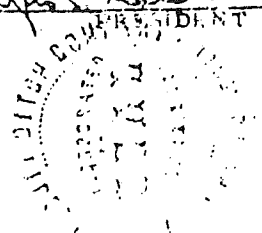
IN WITNESS WHEREOF, We have hereunto set our hands and
affixed the seal of said corporation this 12 day of May, A. D. 1952.

CHILCOTT DITCH COMPANY

By Rufus S. Marshall
PRESIDENT

Attest:

Pat Janitell
Secretary



122090

CERTIFICATE OF RENEWAL

CHILCOTT DITCH COMPANY

RECORDED

BOOK 621 PAGE 230

DOMESTIC

FILED in the office of the Secretary of
State, of the State of Colorado, on the
2nd day of July

A.D. 1952 at 2:30 o'clock P.M.

GEORGE J. BAKER,
Secretary of State

Filing Clerk _____ Fees _____
Old Age Pension Fund _____

This document has been inspected
and properly Entered on the Re-
cords of The Flat Tax Department.

Date July 7, 1952

[Signature] Clerk

This document has been inspected
and properly Entered on the Re-
cords of The Flat Tax Department.

into March 25, 1968
[Signature] Clerk

5-65-12
This document has been inscribed
and properly Entered on the Re-
cord of The Flat Tax Department

Date Mar-19-20
By Harry Bradt Clerk

attach to 942

Assessor's Certificate
In re,
The Chilcott
Ditch Company

FILED in the office of the Secretary of
State, of the State of Colorado, on the
day of March
A. D. 1920, Filed about 7
Recorded March Page
By [Signature] Deputy
Filing Clerk Leahy Fee 50

Indexed by
P.O.C.

BY-LAWS
OF
THE CHILCOTT DITCH COMPANY
(as amended November 18, 2015)

ARTICLE I
Trustees

1. The business and affairs of the Chilcott Ditch Company ("Company") shall be managed by a Board of Trustees composed of three members who shall be elected by the stockholders.
2. The Trustees of the Company shall be elected annually as provided in Article II of these By-Laws, and shall serve without compensation.
3. A regular annual meeting of the Board of Trustees shall be held immediately following the annual meeting of the stockholders, and, at such meeting, the Board of Trustees shall elect, by ballot from their members, a President, a Secretary, and a Treasurer. Further, the Board of Trustees may elect or appoint such other officers and agents as may be necessary for the conduct of the affairs of the Company. Other regular meetings shall be held by the Board of Trustees at such times and places as established by a duly adopted resolution of the Board of Trustees. Regular meetings of the Board of Trustees may be held without notice. No notice of any adjourned meeting need be given.
4. A special meeting of the Board of Trustees shall be held upon call of the President of the Company at such time and place as may be specified in the notice of such meeting, provided that a special meeting may also be held upon call of any two Trustees. Notice of each special meeting shall be mailed to each Trustee addressed to him at his residence or usual place of business at least three days before the day on which the meeting is to be held, or it shall be hand delivered to his residence or usual place of business at least one day before the day on which the meeting is to be held or as otherwise required by the Colorado Corporation Code then in effect. No notice of any adjourned meeting need be given. Respecting notice, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.
 - a. The Board of Trustees shall manage and have full control of all of the Company's business and corporate powers, approve all contracts, authorize debt (i.e. borrowing through loans) not to exceed their term of office or 1 year, whichever occurs first, and direct the execution of all work. Further the Board of Trustees may contract for such work and pass upon all liability incurred by the Company.
 - b. The Board of Trustees shall establish minimum standards for all head gates, and shall be responsible for the maintenance of existing head gates meeting minimum standards. The Board of Trustees shall have no responsibility for water once

beyond any head gate, and each shareholder assumes the responsibility for control of all water once beyond his head gate or head gates as the case may be.

c. No new head gates will be installed on the Chilcott Ditch ("Ditch"), except that the Board of Trustees is authorized to construct one or more augmentation stations of appropriate size that will allow release of water back to Fountain Creek for use of water outside the historical service area, after approval of such use by the Board of Trustees pursuant to Article VI, below.

d. The following shall be a minimum standard for all head gates:

A head gate shall be a screw-type, metal head gate not to exceed 24 inches with a concrete collar. The pipe from the head gate to the shareholder's lateral is not to exceed 30 feet at the company's expense. In addition, the Board of Trustees may impose minimum head gate requirements from time to time.

Further, all shareholders shall so design and construct their laterals so that water running through them does not cause any damage to the Ditch. In case of damage, the shareholder agrees to indemnify the Company for all expenses incurred in maintaining Ditch from this cause.

5.

6. A majority of the number of Trustees fixed by the By-Laws shall constitute a quorum for the transaction of business.

7. All meetings of the Board of Trustees shall be held at such place as is designated in the notice thereof.

7. All vacancies incurred in the Board of Trustees between annual elections occasioned by death, resignation, or otherwise shall be filled by a vote of the majority of the remaining members of said Board of Trustees, or by a majority vote of the outstanding shares entitled to vote, represented in person or by proxy at a special meeting of the stockholders, and any Trustee filling such a vacancy shall be elected for the unexpired term of his predecessor in office.

8. Any Trustee may resign at any time by giving written notice of such resignation to the President or the Secretary of the Company. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the President or the Secretary.

9. Trustees may be removed as provided in the Colorado Corporation Code.

10. Upon call of the President or any agent of the Board of Trustees, each member owning one or more shares may report to a place designated by the President for pool-labor; and each member appearing shall be paid such amount per hour as shall be set by the Board of Trustees, which sum shall be applied as credit toward his ensuing year's assessment.

ARTICLE II Stockholders

1. The annual meeting of the stockholders shall be held at such place in the Town of Fountain in the State of Colorado as shall be designated in the notice thereof on or around the second Wednesday of December of each year for the election of Trustees and the transactions of such other business as may properly come before the meeting.

2. Special meetings of the stockholders may be called to be held at such place as may be designated in the notice thereof at any time by resolution by the Board of Trustees, or shall be called at any time upon the written request of the stockholders representing a majority of the outstanding stock of the Company, or upon written request of a majority of the Board of Trustees.

3. Public notice of the time and place of holding such meetings and elections and also of general and special meetings of the stockholders shall be given as required by the Colorado Corporation Code, and unless the Code then in effect requires otherwise such notice shall be published not less than ten (10) days previous thereto in a newspaper published in or nearest to the Town of Fountain, El Paso County, Colorado, and by sending to each stockholder a copy of said published notice at least ten (10) days before such meeting, properly addressed to each stockholder at his last known address, by certified or registered mail, return receipt requested, signed by the President or Secretary, stating the time, place, and object of said meeting; if, however, any stockholder shall fail to furnish the Secretary with his correct post office address, he shall not be entitled to such separate notice. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or in order to make a determination of stockholders for any other proper purpose, the Board of Trustees shall fix in advance a date as the record date for any such determination of stockholders in lieu of closing stock transfer books, all as provided in the Colorado Corporation Code. Respecting notice, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

4. At every annual or special meeting the President shall preside; and the President shall appoint two (2) stockholders from those present to act as inspectors of any election held. Stockholders shall be entitled, in person or by proxy, to one vote per each share of stock held by them. After closing the polls, the inspectors shall make a report in writing to the President of the names of the voters and the number of votes cast and the number of votes received by each candidate. Whereupon the President shall declare the three persons having received the highest number of votes to be the persons elected as Trustees for the ensuing year. In case of failure to elect all of said three (3) Trustees, another ballot shall be taken immediately which procedure shall be followed until the Board of Trustees is filled. In case of failure to elect a new Board of

three Trustees the incumbent officers shall hold their offices until their successors are elected and qualified.

5. A majority of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If a quorum is not present, the meeting may be adjourned by the affirmative vote of the majority of the shares represented at the meeting and entitled to vote. Adjournment shall be to a day and time certain but the duration of any one adjournment shall not exceed sixty days.

6. The order of business at the annual meeting and at all special meetings, as far as possible, of the stockholders shall be as follows:

1. Call meeting to order by President.
2. Reading and disposal of any unapproved minutes.
3. Treasurer's report.
4. Appointment of election inspectors by the President.
5. Reports of officers and committees.
6. Unfinished business.
7. Election of Trustees.
8. New business and levy of assessments.
9. Adjournment.

In addition thereto, Robert's Rules of Order shall be the parliamentary guide subject to the above changes insofar as procedure is concerned.

7. For debt authorizations where the debt amortization is greater than one (1) year, such debt authorizations shall be voted on at a special meeting of stockholders or at the annual meeting of stockholders. A majority vote of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute authorization for indebtedness lasting greater than one (1) year.

ARTICLE III Officers

1. The President shall be the chief executive officer of the Company and shall preside at all meetings of the Board of Trustees. The President shall have the general care, supervision, and direction of the affairs of the Company pursuant to the direction of the Board of Trustees; he, or his designee, shall sign all contracts and stock certificates on behalf of the Company and perform such other duties as the Board of Trustees shall from time to time prescribe.

2. In the absence of the President, or during his inability to perform the duties of his office, the Treasurer shall act in his place and have and exercise all the powers of the President. Further, the Treasurer, or his designee, shall be the custodian of and receive all money and bonds, and notes and other property of like nature belonging to the Company; shall give bond in such sum as the Board of Trustees may require for the safe-keeping and proper accounting of the

same; shall pay out all money only upon proper vouchers certified by the President and Secretary; shall transfer property only upon order of the President and Board of Trustees of the Company and shall make a report annually or more often as required by the President or Board of Trustees.

3. The Secretary, or his designee, shall keep a record of all proceedings of the Board of Trustees and of the Company; shall attest by his signature and the seal of the company all official documents and certificates of stock issued; shall keep a complete set of books showing all the accounts, property, and transactions of the Company; shall carefully examine all bills and accounts due or against the Company and present them to the Board of Trustees for its action; shall certify all bills and vouchers audited by the Board of Trustees; shall collect all assessments and money due the Company and pay the same over to the Treasurer taking his receipt for the same; and shall make a report of the business transacted by him annually or more often if so required by the President or Board of Trustees.

ARTICLE IV Assessments

1. The Company shall have the power to levy assessments from time to time on its outstanding capital stock, to be levied pro-rata on said shares of stock, payable in money or other form of compensation as approved by the Company, for the purpose of keeping the property of the Company in good repair and for the payment of any indebtedness or claim against the Company or interest thereon; provided, however that any such assessments shall first be submitted to the stockholders of the Company at an annual or at a special meeting duly called for that purpose, and at which meeting a majority of the outstanding stock, either by person or by proxy voting thereon, shall vote in favor of making such assessment.

2. All regular assessments levied for any given year shall be payable to the Company and shall be due no later than January 30th of each year for which they were levied.

3. Any delinquent assessment shall draw interest at the rate of two per cent (2%) per month beginning 30 days from date due.

4. Whenever a stockholder is delinquent in payment of an assessment, the Company shall have the following powers and rights at their option:

a. The Company shall have a perpetual lien upon such shares of stock and the water rights represented by the same for any and all such assessments and all parts thereof until the same are fully paid.

b. The Company through its Board of Trustees shall have the power to withhold water from delinquent stockholders until assessments shall have been paid.

c. The Company may maintain an action to recover any unpaid assessment that shall remain due and unpaid for a period of thirty (30) days and all attorney's fees and costs of the action from the date it is due; provided, however, before such an action

may be maintained, the Company must make written demand therefor by mailing such demand notice to the delinquent stockholder, postage prepaid, at his last known address.

d. If the assessments on any share or shares of stock have not been paid for a period of three (3) years or more after the time when due, then, at the option of the Company it may institute any type of action it may elect to foreclose on these shares of stock. This right shall be in addition to any other rights it has for the collection of delinquent assessments.

e. No stockholder shall have the right to vote or hold office if he is delinquent on his stock assessments.

f. No stock shall be transferred upon the books of the Company until all unpaid obligations have been paid in full.

ARTICLE V Stock Certificates

1. Each stockholder of the Company shall receive a certificate under the seal of the Company for the number of shares of capital stock which he may be entitled, which certificate shall be signed by the President and Secretary of the Company and shall otherwise conform to the Colorado Corporation Code.

2. No transfer of stock shall be allowed or recognized except upon return to the Company of the old certificate and until transfer upon the books of the Company; provided, however, when the old certificate is returned to the Company, the Secretary shall cancel the old certificate and shall issue a new certificate as provided above to the person entitled thereto.

3. Each certificate of stock shall bear the following notice:

Unpaid assessments are FIRST LIEN upon this stock. This stock is transferable on the books of the Company, subject to the payment of all unpaid assessments.

4. The holder of any shares of stock of the Company shall immediately notify the Company of any loss or destruction of the certificate representing the same. The Company may issue a new certificate in the place of any certificate theretofore issued by it alleged to have been lost or destroyed, and the Board of Trustees may require the owner of the lost or destroyed certificate or his legal representatives to give the Company a bond in such sum as the Board of Trustees may direct, and with such surety indemnifying the Company against any claim that may be made against it on account of the alleged loss or destruction of any such certificate or the issuance of such new certificate. A new certificate may be issued without requiring any bond, when, in the judgment of the Board of Trustees, it is proper so to do.

5. No stock or water right represented by said stock shall be transferred or used upon any land not formerly irrigated with water from the Company, unless and until a proposed

application for use outside of the historic service area has been approved by the Board of Trustees under the procedures described in Article VI, below.

6. The Company shall keep a record of its stockholders, giving the names and addresses of all stockholders and the number of shares held by each. This record shall be kept by the Secretary of the Company.

7. The Company shall recognize exclusively for all purposes as stockholders only persons who are stockholders of record.

8. The Company shall have no liability whatsoever to any stockholder by reason of the fact that the Company fails to honor any restriction upon transfer of stock of the Company whether the restriction is endorsed upon the face of the certificate representing such stock or whether the Company otherwise has notice of such restriction.

ARTICLE VI Legal Proceedings By Stockholders

1. As a condition precedent to filing in any court of the State of Colorado, or with the Office of the State Engineer in the case of a substitute supply plan, any application that may or will affect the enjoyment or use of any water rights decreed to the Company, a stockholder shall notify the Board of Trustees in writing of the proposed application, and with such notice shall furnish to the Board of Trustees a true copy of the application and all attachments in the form in which it is proposed to be filed and shall further at the same time furnish to the Board of Trustees all legal and engineering information available to the stockholder directly or indirectly relevant to the application in question.

2. Immediately upon receipt of a proposed application and supporting documents, the Board of Trustees shall forthwith cause the application to be evaluated by itself and, if believed necessary by the Board of Trustees, by lawyers, engineers and other professionals. If, in its discretion, the Board of Trustees determines that other stockholders should receive notice of the proposed application; it shall provide reasonable notice to those stockholders it deems to be interested before acting upon the proposed application.

3. At a date, time and place set by the Board of Trustees not more than 40 days after receiving the proposed application, the Board of Trustees shall meet with the applicant and shall discuss openly, fairly, fully and candidly the application and the comments of the Board of Trustees with respect thereto.

4. Not later than 90 days following the receipt of the proposed application and required attachments, the Board of Trustees shall furnish to the stockholder in question a written decision of the Board of Trustees concerning the proposed application. If, in its discretion, the Board of Trustees determines that the proposed application will not injure the Company or its stockholders, then the proposed application shall be approved. If, in its discretion, the Board of Trustees determines that the proposed application will cause any such injury, but that such injury can be prevented by imposing terms and conditions upon the application, then the Board of

Trustees shall approve the application with appropriate terms and conditions. If, in its discretion, the Board of Trustees determines that the proposed application will cause such injury and that the injury cannot be prevented by imposing terms and conditions, or if the applicant stockholder refuses to accept the terms and conditions imposed by the Board of Trustees, then the Board of Trustees shall deny the request. It is intended that Board of Trustees approval shall be a prerequisite to any Water Court or State Engineer action and that any terms and conditions imposed upon the application by the Board of Trustees shall be incorporated in the Water Court or State Engineer application and in any decree entered by the Water Court or approval issued by the State Engineer. The approval of any such proposed application by the Board of Trustees shall not constitute a waiver of any rights of the Company to file a statement of opposition in any and all Water Court or State Engineer proceedings involving any water carried through the Ditch.

5. The reasonable costs incurred by the Board of Trustees in causing an application to be evaluated as provided in this article of these By-Laws shall be paid by the stockholder who is making the application and those costs, if not promptly paid, shall become and be, upon a vote of the Board of Trustees, an assessment against the shares of capital stock owned by the stockholder in question, which assessment shall be due thirty days following notification by the Board of Trustees to the stockholder of the assessment, and if the assessment becomes delinquent in payment, the Company shall have the powers and rights provided in Article IV with respect to delinquent assessments.

ARTICLE VII Amendments

All By-Laws of the Company shall be subject to amendment or repeal in part or in whole and new By-Laws may be developed, either of which may be approved by the affirmative vote of majority of shares represented in person or by proxy and entitled to vote at any annual or special meeting.

ARTICLE VIII Corporate Seal

The corporate seal of this Company shall tie in the words and figures as follows, to wit:

"The Chilcott Ditch Company, El Paso County, Colorado"

in a circle with

"Incorporated February 11, 1874"

in the center. Such seal is impressed upon the margin hereof and hereby is adopted as the seal of the Company.

ARTICLE IX Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January in each year and shall end the last day of December of each year.

Appendix C

Water Rights Summary Ditchwide Quantification 2006CW119

EFILED Document – District Court
2006CW119
CO Pueblo County District Court 10th JD
Filing Date: Aug 17 2009 9:45AM MDT
Filing ID: 26617392
Review Clerk: N/A

District Court, Water Division No. 2 State of Colorado Pueblo Colorado Judicial Building 320 West 10th Street Pueblo, CO 81003 719-583-7000	Court Use Only
CONCERNING THE APPLICATION FOR WATER RIGHT OF THE CITY OF FOUNTAIN AND SECURITY WATER DISTRICT IN EL PASO COUNTY.	Case No. 2006CW119 Water Division No. 2
FINDINGS OF FACT, CONCLUSIONS OF LAW AND JUDGMENT AND DECREE OF THE WATER COURT	

This matter came before the Water Court upon the application of the City of Fountain and the Security Water District in El Paso County. The Water Court, having reviewed all matters contained in the application, having taken such testimony and evidence as was necessary, and being otherwise fully advised in the premises, hereby enters the following Findings of Fact, Conclusions of Law, and Judgment and Decree.

FINDINGS OF FACT

1. The names, addresses and telephone numbers of the Applicants are:

City of Fountain ("Fountain")
c/o Utilities Director
116 South Main Street
Fountain, CO 80817
719-322-2076

Security Water District ("Security")
P.O. Box 5156
Colorado Springs, CO 80931
719-392-3475

2. Applicants initiated this matter on December 28, 2006 by filing with the Water Clerk, Water Division No. 2, a joint application for change of water rights.

3. Timely and adequate notice of the pendency of these proceedings *in rem* has been given in the manner required by law. The Water Court has jurisdiction over the subject matter of these proceedings and over all who have standing to appear as parties, whether or not they have appeared.

4. The land and water rights involved herein are not included within the boundaries of any designated ground water basin.

5. Timely statements of opposition were filed by the following:

- 5.1. State and Division Engineers;
- 5.2. Chilcott Ditch Company;
- 5.3. Southeastern Colorado Water Conservancy District;
- 5.4. City of Colorado Springs, acting through its enterprise, Colorado Springs Utilities;
- 5.5. Fountain Mutual Irrigation Company;
- 5.6. District 67 Irrigation Canals Association, individually and by its members;
- 5.7. Colorado Centre Metropolitan District; and
- 5.8. Cody Land and Water LLC.

6. The time for filing additional statements of opposition has expired and no other person has entered his appearance herein or moved to intervene herein.

7. This matter was referred to the Water Referee pursuant to the provisions of C.R.S. § 37-92-302 (4). On Applicants' motion, this matter was re-referred to the Water Court Judge by an order dated April 18, 2008.

8. The Water Referee consulted with the Division Engineer as required by law and summaries of such consultation have been filed with the Court and served on the parties herein. Applicants responded in writing to the concerns raised therein on January 29, 2008.

9. The following parties have entered into stipulations with Applicants resolving their concerns in this matter:

- 9.1. District 67 Irrigation Canals Association, individually and by its members;
- 9.2. Colorado Centre Metropolitan District;
- 9.3. Fountain Mutual Irrigation Company;

- 9.4. City of Colorado Springs, acting through its enterprise, Colorado Springs Utilities;
 - 9.5. Southeastern Colorado Water Conservancy District;
 - 9.6. Cody Land and Water LLC;
 - 9.7. State and Division Engineers; and
 - 9.8. Chilcott Ditch Company.
10. Change of Shares: 20.5 shares out of 105 shares (or 19.524 percent) of the water rights decreed to the Chilcott Ditch Company ("Ditch Company") are changed herein. Applicants have a contract to purchase the 20.5 shares.
11. Description of Chilcott Ditch Water Rights:
- 11.1. Fountain Creek Priority No. 27 for 27.0 cfs, with an appropriation date of March 21, 1866, as described in the decree for the original adjudication in former Water District 10, decree entered by the District Court, El Paso County, on February 15, 1882. Applicants' *pro rata* share of the Priority No. 27 water right equals 5.271 cfs.
 - 11.2. Fountain Creek Priority No. 39 for 20.63 cfs, with an appropriation date of March 21, 1874, as described in the decree for the original adjudication in former Water District 10, decree entered by the District Court, El Paso County, on February 15, 1882. Applicants' *pro rata* share of the Priority No. 39 water right equals 4.028 cfs.
 - 11.3. Fountain Creek Priority No. 172 for 30.95 cfs, with an appropriation date of December 18, 1905, as described in the decree entered by the District Court, El Paso County, on June 2, 1919, in Case No. 10146. Applicants' *pro rata* share of the Priority No. 172 water right equals 6.043 cfs.
 - 11.4. The foregoing water rights are herein referred to as the "Chilcott Ditch Water Rights." Applicants' 20.5 shares, comprising their interest in the Chilcott Ditch Water Rights, are referred to as the "Subject Water Rights."
12. Point of diversion: The point of diversion is at a point on the north bank of Fountain Creek in the SE ¼ of Section 25, Township 15 South, Range 66 West of the 6th P.M.
13. Source: Fountain Creek.
14. Ditch-Wide Analysis of Historic Use: The Ditch Company's water resource consultant, TZA Water Engineers, provided its historic use analysis of the Chilcott Ditch Water rights to Applicants' water resource consultants, W.W. Wheeler and Associates, Inc.

("Wheeler"). Wheeler completed a ditch-wide historic use analysis of the Chilcott Ditch Water Rights.

14.1. The Wheeler analysis included the period 1940 through 2005. This period encompasses wet years, dry years, and years of average supply, and is representative of historical use under the Chilcott Ditch system.

14.2. The maximum number of acres historically irrigated by the Chilcott Ditch Water Rights was 2,628 acres located on the north, east and southeast sides of the City of Fountain in El Paso County, Colorado, as shown in Exhibit A attached hereto and incorporated herein. The number of irrigated acres was reduced over time as the historically irrigated lands became urbanized. In calculating the historic consumptive use of the Chilcott Ditch Water Rights, Applicants made the following assumptions regarding the historically irrigated acreage, based on aerial photographs and other evidence: 2,628 acres were irrigated from 1940 to 1975; 2,399 acres were irrigated from 1976 to 1985; and 1,819 acres were irrigated from 1986 to 2005. The Court finds that these assumptions are reasonable and appropriate.

14.3. The typical cropping pattern for the irrigated acreage was alfalfa (50%), pasture grass (35%) and silage corn (15%).

14.4. The ditch-wide average weighted irrigation requirement for these crops was 1.50 acre feet per acre per year.

14.5. The predominant method of irrigation under the ditch was flood irrigation.

14.6. The annual river headgate diversions for the Chilcott Ditch Water Rights from 1940 to 2005 averaged 4961 acre feet per year, or 47.25 acre feet per share per year for the 105 outstanding shares of the Ditch Company.

14.7. On an overall average basis, approximately 10% of the water diverted under the Chilcott Ditch Water Rights seeped from the ditch as water was delivered to individual farms. This water is referred to in this decree as ditch loss.

14.8. The annual farm headgate deliveries for the Chilcott Ditch Water Rights averaged approximately 4465 acre feet per year, or 42.52 acre feet per share per year for the 105 outstanding shares of the Chilcott Ditch Company.

14.9. The Chilcott Ditch Water Rights did not provide a sufficient water supply in most years to fully satisfy the crop demand for the lands irrigated by the ditch, which created a water short condition on these lands.

14.10. The maximum ditch-wide average efficiency of flood irrigation on individual farms under the ditch is 65%, and at least 35% of the water delivered to individual

farms for irrigation use returned to the stream as return flows. Of these return flows, approximately 50% returns as surface flow in the same month as the diversion and approximately 50% returns as subsurface groundwater flow.

14.11. Diversions under the Chilcott Ditch Water Rights occurred all year long, including in the winter months to increase soil moisture content. Return flows during winter months typically exceeded the diversion amounts, resulting in net winter return flows.

14.12. The historic consumptive use attributable to the Chilcott Ditch Water Rights averaged 2584 acre feet per year, or 24.61 acre feet per share per year.

14.13. The historic return flows attributable to the use of the Chilcott Ditch Water Rights was 1881 acre feet per year, or 17.91 acre feet per share per year.

14.14. The ditch-wide historic monthly net depletions and return flows as a percentage of average ditch-wide farm headgate deliveries are as follows:

Derivation of Ditch-Wide Depletion and Return Flow Percentages

Month	(1) Farm Headgate Delivery (acre-feet)	(2) Monthly Depletion (acre-feet)	(3) Depletion Percentage $(2) \div (1) \times 100$	(4) Return Flow Percentage $100 - (3)$
November	259	123	47.5	52.5
December	47	-30		NA
January	26	-41		NA
February	97	21		NA
March	292	132	45.2	54.8
April	513	286	55.8	44.2
May	768	495	64.5	35.5
June	566	368	65.0	35.0
July	588	397	67.5	32.5
August	524	348	66.4	33.6
September	362	221	61.0	39.0
October	423	263	62.2	37.8
Totals	4,465	2,583		

15. Applicants' Pro Rata Entitlement of the Consumptive Use: The Subject Water Rights are being changed in this case based on a ditch-wide analysis of the Chilcott Ditch Water Rights. The Subject Water Rights represent a total of 19.524% of the Chilcott Ditch Water Rights. Accordingly, Applicants are entitled to a combined total of 19.524% of the water diverted under the Chilcott Ditch Water Rights, subject to the terms and conditions below.

16. **Plan of Operation:** Diversions under the Subject Water Rights will continue to be made at the headgate of the Chilcott Ditch and released back to Fountain Creek at the Chilcott augmentation station. The Applicants will place orders and take delivery of the Subject Water Rights in a manner consistent with their Operating Agreement with the Ditch Company. The Operating Agreement is not part of this decree. The Applicants will take delivery and measure their share of the Subject Water Rights at the Chilcott Ditch augmentation station, subject to ditch losses. The measured water will then be returned to Fountain Creek to replace historic return flows and as augmentation credits ("depletion credits"), pursuant to paragraph 18 herein.

17. **Type of Use:** Subject to the terms of this decree, the Subject Water Rights are hereby changed to include all municipal uses by Fountain and Security, including but not limited to domestic, irrigation, commercial, industrial, recreational, fishery, piscatorial, wildlife, augmentation, replacement, substitution, exchange, and storage for later use. Applicants reserve the right to claim re-use, successive use and use to extinction of all return flows after initial use of the consumptive use portion of the Subject Water Rights, including but not limited to lawn irrigation return flows and sewer return flows.

TERMS AND CONDITIONS

18. The following terms and conditions will apply to the changes requested herein. The study period and ditch loss used in the ditch wide analysis of the Chilcott Ditch Water Rights for the change of the Subject Water Rights will not cause injury with the implementation of the below terms and conditions.

18.1. The Applicants will limit their monthly depletion credits so that the depletion amounts do not exceed the Applicants' augmentation station delivery under the Subject Water Rights, multiplied by the historic monthly depletion factors in paragraph 18.3. The amounts not taken as monthly depletion credits will meet the Applicants' return flow obligations in the time, location, and amount as necessary to prevent injury to other water rights.

18.2. The Applicants will limit deliveries under the Subject Water Rights as follows:

(Values in Acre-Feet)

Month	Maximum Delivery to Augmentation Station	20-Year Average Delivery to Augmentation Station	Maximum Monthly Consumptive Use	20-Year Average Consumptive Use
November 1-14	101	51	48	24
November 15-30	0	0	0	0
December	0	0	0	0
January	0	0	0	0
February	0	0	0	0
March 1-15	0	0	0	0
March 16-31	115	57	52	26
April	201	100	112	56
May	301	150	194	97
June	222	110	144	72
July	231	115	156	78
August	205	102	136	68
September	141	71	86	43
October	164	83	102	51
Annual Limits	1,261	839	774	515

18.3. The ditch-wide historic average consumptive use per share of the Chilcott Ditch Company is 24.61 acre-feet per year. Any increased use of ditch capacity by unchanged Chilcott Ditch Company shares subsequent to this case shall not be considered a changed circumstance that could increase this quantification. The use of the Subject Water Rights resulted in an average of 505 acre feet of historic consumptive use per year. The amount of historic consumptive use from the Subject Water Rights varies from year to year, depending on the amount of water available for diversion under the Chilcott Ditch Water Rights. Subject to the monthly, seasonal and annual volumetric limitations set forth in paragraph 18.2, Applicants' consumptive use credits will be calculated by multiplying the amount of in-priority diversions under the Subject Water Rights delivered to Fountain Creek through the Chilcott augmentation station by the following monthly depletion factors:

Month	Depletion Factor (%)
November 1-14	47.5
November 15-30	NA
December	NA
January	NA
February	NA
March 1-15	NA
March 16-31	45.2
April	55.8
May	64.5
June	65.0
July	67.5
August	66.4
September	61.0
October	62.2

18.4. Water may be delivered to the Applicants under the Subject Water Rights from March 16th through November 14th, subject to the Applicants' Operating Agreement with the Ditch Company.

18.5. Ditch loss attributable to the Subject Water Rights will continue to be left in the ditch to compensate for the ongoing losses as the Ditch Company continues to deliver water to other shareholders. Ditch loss is typically assessed at 10 percent of diversions, but this amount can vary from time to time depending upon actual conditions and operations. The amount of water delivered by the Ditch Company to Applicants will be subject to ditch loss reduction, which will be determined by the Ditch Company using the same percentage applied to other shareholders at farm headgates. If the Chilcott Ditch ceases to be used for delivering water to shareholders at points downstream from the augmentation station, then the water previously left in the Ditch under this decree to compensate for historical ditch losses shall be returned to Fountain Creek through the augmentation station.

18.6. Applicants will install measuring devices, provide accounting and supply calculations regarding depletions as are reasonably determined by the Division Engineer to be necessary for the proper administration and operation of the Subject Water Rights. In addition, Applicants shall file annual reports with the Division Engineer by November 15th of each year summarizing diversions under the Subject Water Rights.

18.7. Subject to the terms of this decree, the Subject Water Rights will be used to meet Fountain's and Security's present and future municipal needs. Prior to such municipal use, Applicants shall provide the Chilcott Ditch Company and the State and Division Engineers with written notice of the number of shares being

permanently converted to municipal use. After such notice, the converted portion of the Subject Water Rights will be measured and released to Fountain Creek through the Chilcott Ditch Company's existing augmentation station when used for the changed uses by Applicants. Until Applicants have used their interest in the Subject Water Rights for municipal purposes, any water not converted may be leased for irrigation within the Chilcott Ditch system in accordance with the decree in this case. Applicants may lease only that portion of the Subject Water Rights that have not already converted to municipal use, and any water so leased shall not be used for any other purpose during such irrigation year. If the Subject Water Rights continue to be used for irrigation through the Chilcott Ditch, the Subject Water Rights shall be subject to the volumetric limits set forth in paragraph 18.2.

18.8. Administration of Water and Transit Losses.

18.8.1. Applicants shall use the USGS Fountain Creek Transit Loss Model to assess transit losses for the use of the Subject Water Rights in any application for exchange, replacement, or plan for augmentation filed pursuant to paragraph 18.10. Nothing concerning use of the USGS Fountain Creek Transit Loss Model as set forth in this decree shall limit the Division and State Engineers' exercise of their discretion and judgment in the administration of Applicants' change of water rights in accordance with this decree, or assessing any additional appropriate transit loss.

18.8.2. Applicants agree to participate in the future in a combined and coordinated effort with various stakeholders to update the existing USGS Fountain Creek Transit Loss Model from the point of the USGS Colorado Springs gage to the confluence with the Arkansas River. The purpose of this work will be to improve the administration of water rights and stream flow in Fountain Creek by including existing and future water uses, water rights and plans for augmentation in the framework of the transit loss model. Applicants agree to pay their ratable share of the costs for updating the transit loss model, based on Applicants' pro rata share of the work required to include the Applicants' water uses in the model, or on such other basis as the participants in that project may mutually agree. Applicants will also pay their ratable share of the costs for operating the transit loss model based on the same pro rata share, or on such other basis as the participants in that project may mutually agree. Such ratable shares shall include consideration of the contributions by the Chilcott Ditch Company so as to not cause Applicants as Chilcott Ditch Company shareholders to pay twice for the update and operation costs or to pay those expenses being borne by the Chilcott Ditch Company. This paragraph does not impose obligations on State administrative officials.

18.9. This decree shall operate and be administered on a daily basis as set forth herein. Applicants shall provide accounting to the Division Engineer that includes

the following: the daily amount delivered to the Chilcott Ditch augmentation station associated with the Subject Water Rights; the amount of depletion credits and return flows of such deliveries based on the percentages identified in paragraph 14.14; and Applicants' disposition and use of such depletion credits.

18.10. Except for continued irrigation under the Chilcott Ditch, there will be no use of the Subject Water Rights by an Applicant until that Applicant obtains a further change of water right, plan for augmentation, exchange and/or substitute water supply plan for the use of its interest in the Subject Water Rights. Such change of water right, plan for augmentation, exchange and/or substitute water supply plan must address any material injury to other vested water rights by such Applicant's use of its interest in the Subject Water Rights, including, without limitation, replacement of historical return flows in time, quantity, and location as described herein so as to prevent such material injury. As a result, before an Applicant can use the historical consumptive use quantified in this case for the uses listed in paragraph 17, such Applicant shall obtain an additional water court decree or substitute water supply plan that specifically describes and authorizes such uses. The State and Division Engineers acknowledge that Security has filed an application in Case No. 06CW126, District Court, Water Division No. 2, and that Fountain has filed an application in Case No. 09CW103, District Court, Water Division No. 2 in furtherance of this requirement.

18.11. Any reuse of municipal return flows from the Subject Water Rights shall occur only upon separate application decreed by the Water Court or administratively approved by the State Engineer as authorized by statute.

18.12. The acreage on which the Subject Water Rights were historically used is located within the City of Fountain. Most of said acreage has been developed and receives municipal water service from the City of Fountain. For the remaining portions of the historically irrigated acreage (as depicted on the map attached hereto as Exhibit B) that have not been developed or have not received final plat approval within two (2) years of the date of this decree, Applicants shall comply with § 37-92-305(4.5)(a), C.R.S. by revegetating pursuant to all applicable revegetation and weed control provisions of any covenants held by the Applicants on such acreage. In addition, from and after the date of this decree, the City of Fountain shall enforce its ordinances related to control of noxious weeds, dust, and nuisances on all such previously-irrigated lands.

18.13. Applicants hereby abandon their *pro rata* interest in Fountain Creek Priority No. 172, described in paragraph 11.3. Applicants' *pro rata* interest is 19.524 percent of 30.95 cfs or 6.043 cfs. This abandonment shall not affect the remaining 24.907 cfs of Priority No. 172 that is owned by the Chilcott Ditch Company and attributable to shares other than the Subject Water Rights, and which shall remain available for diversion and use by Chilcott when in priority.

18.14. To replicate historical winter return flows, Applicants shall deliver the following amounts of consumable water above any calling water right on Fountain Creek located downstream of the Chilcott Ditch diversion point. At times when there is no calling water right on Fountain Creek downstream of the Chilcott Ditch, such return flow deliveries may be made on the Arkansas River from Applicants' storage accounts in Pueblo Reservoir or from other structures which would not be injurious to the Winter Water Storage Program.

December: 5.8 acre-feet
January: 3.9 acre-feet

If/when Applicants reach a volumetric limit and at all times when Applicants are not making use of the Subject Water Rights for the changed uses, Applicants will continue to take delivery of the return flow component of their *pro rata* share of the Subject Water Rights and shall deliver the return flow component to Fountain Creek at the Chilcott augmentation station. Deliveries of the return flow component at such times shall not count against Applicants' volumetric limits.

19. Case W-4082 decreed a plan of substitution and exchange whereby water attributable to 10 shares of Chilcott Ditch Company could be withdrawn from the West Turf Farm Wells Nos. 1-3 for agricultural irrigation uses only. These same 10 shares make up part of the 20.5 shares comprising the Subject Water Rights. The parcel irrigated by West Turf Farm Wells Nos. 1-3 and the locations of the wells themselves are now within the City of Fountain municipal boundary. Furthermore, the City of Fountain has purchased the West Turf Farm wells to be used for municipal purposes and augmented pursuant to the City's augmentation plans. Neither Applicant has used or intends to use the wells to withdraw 10 shares of the Subject Water Rights, as authorized by the decree in Case W-4082. Applicants agree that they will not protest the inclusion of the plan for substitution and exchange decreed in W-4082, including the right to divert the Chilcott Ditch Water Rights through Well Nos. 1-3, in the 2010 or any future Division Engineer's abandonment list, provided, however, that such listing does not include or result in abandonment of the water rights decreed to the Fountain Mutual Ditch or the Chilcott Ditch Water Rights.

20. The amount of historical consumptive use water available to the Applicants for the Subject Water Rights is based on a ditch wide analysis of the Chilcott Ditch Water Rights described in paragraph 14 of this decree. Some lands historically irrigated by the Chilcott Ditch were also irrigated at certain times by water from the Miller Ditch, Liston & Love North Ditch or Calhan Reservoir water rights. The historical consumptive use of the water from the Miller Ditch changed in Case No. 80CW100 was previously quantified in Case No. 03CW59. The historical consumptive use of the water from the Liston & Love North Ditch was previously quantified in Case No. 85CW38. Water stored in Calhan Reservoir has been and continues to be used as a supplemental irrigation supply on certain lands historically irrigated by the Chilcott Ditch. The historical consumptive use analysis for the Chilcott Ditch Water Rights in this case has treated the Liston & Love North Ditch and the Calhan Reservoir water as a supplemental irrigation supply.

21. The parcels historically irrigated with the Subject Water Rights are shown on Exhibit C and shall not be irrigated using the Subject Water Rights ("Dry Up Parcels"). Any reirrigation of the Dry Up Parcels, other than irrigation by the City of Fountain's municipal water distribution system, and irrigation in connection with revegetation shall use a water right other than the Chilcott Ditch Water Rights approved by the Division Engineer. If the Subject Water Rights are sought to be used in an administratively approved replacement plan, the historically irrigated acreage may be subject to additional dry-up requirements.

CONCLUSIONS OF LAW

101. The application herein was filed with the Water Court pursuant to § 37-92-302(1)(a), C.R.S.

102. Statements of opposition were filed herein as described in paragraph 5, and the time for filing additional statements of opposition has expired according to law. § 37-92-302(1)(c), C.R.S.

103. The Water Court has exclusive jurisdiction over the subject matter of this application and over all persons affected hereby. § 37-92-203(1), C.R.S.

104. The Water Court has jurisdiction over this application pursuant to §§ 37-92-302 (4) and 37-92-303, C.R.S.

105. The determination of historical use and historical consumptive use concerning the Chilcott Ditch Water Rights and the Subject Water Rights, and the changes in type and place of use for the Subject Water Rights, should be approved subject to the terms and conditions herein. § 37-92-305, C.R.S.

106. The Court is required pursuant to § 37-92-304(6), C.R.S. to retain jurisdiction for some period following entry of this decree, such period to be determined by the Court, to reconsider the question of injury to the vested rights of others. The Water Court will retain such jurisdiction until 5 years after Applicants use 75 percent of the Subject Water Rights for changed purposes on the questions of injury to the vested rights of others. Applicants shall give written notice to the Division Engineer and all parties hereto when 75 percent of the Subject Water Rights have been used for changed purposes. Retained jurisdiction shall run for 5 years from the date of the notice and then shall automatically end, if no petition is filed. However, this judgment and decree is final for all other purposes.

107. Applicants, and any other owner of shares of Chilcott Ditch Company, may rely on the findings and conclusions contained herein regarding historical use, historical consumptive use per share and related matters determined herein in any future applications for change of water rights or plans for augmentation or exchange involving the Chilcott Ditch Water Rights. The quantification of the Subject Water Rights herein is based on a ditch wide analysis of the Chilcott Ditch Water Rights. The determination of

consumptive use per share for the Chilcott Ditch Water Rights is intended to be *res judicata* as to the remaining Chilcott Ditch Water Rights. Williams v. Midway Ranches Property Owners' Assoc., Inc., 938 P.2d 515, 524 (Colo. 1997).

JUDGMENT AND DECREE OF THE WATER COURT

1001. The foregoing Findings of Fact and Conclusions of Law are incorporated herein and made a part of this Judgment and Decree as if set out in full.

1002. The application in this matter, including the changes in type, place, manner and season of use of the Subject Water Rights, and determination of historical use and historical consumptive use concerning the Chilcott Ditch Water Rights and the Subject Water Rights, are hereby approved, subject to the terms and conditions described herein. C.R.S. § 37-92-305.

1003. Pursuant to the provisions contained in C.R.S. § 37-92-304(6), approval of this change of water rights shall be subject to the continuing jurisdiction of the Water Court until 5 years from the date that Applicants provide notice of their first use 75 percent of the Subject Water Rights for changed purposes to reconsider the question of injury to the vested rights of others. Any party may within said period, petition the Water Court for the purpose of modifying this decree. Such petition shall be filed with the Water Court under the above-styled caption and case number and shall be served by certified mail, return receipt requested, on counsel of record for all parties who have appeared herein. The party filing the petition shall have the burden of going forward to establish a prima facie case based on the facts alleged in the petition. If the Court finds those facts to be established, Applicants shall thereupon have the burden of proof to show: (a) that there is no material injury as alleged in the petition; or (b) that any modification sought by the petitioner is not required to avoid material injury alleged in the petition; or (c) that any term or condition proposed by Applicants in response to the petition does avoid material injury alleged in the petition. If no petition is lodged within the described period and if the retained jurisdiction is not extended by the Water Court in accordance with the provisions of the statute, this decree shall automatically become final under its own terms.

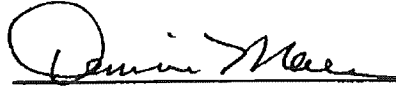
1004. Applicants' *pro rata* interest (6.043 cfs of 30.95 cfs) in Fountain Creek Priority No. 172, described in paragraph 11.3, is abandoned. This abandonment shall not affect the remaining 24.907 cfs of Priority No. 172 that is owned by the Chilcott Ditch Company and attributable to shares other than the Subject Water Rights, and which shall remain available for diversion and use by Chilcott when in priority.

1005. Copies of this decree shall be filed with the Water Court and provided to the parties as required by statute.

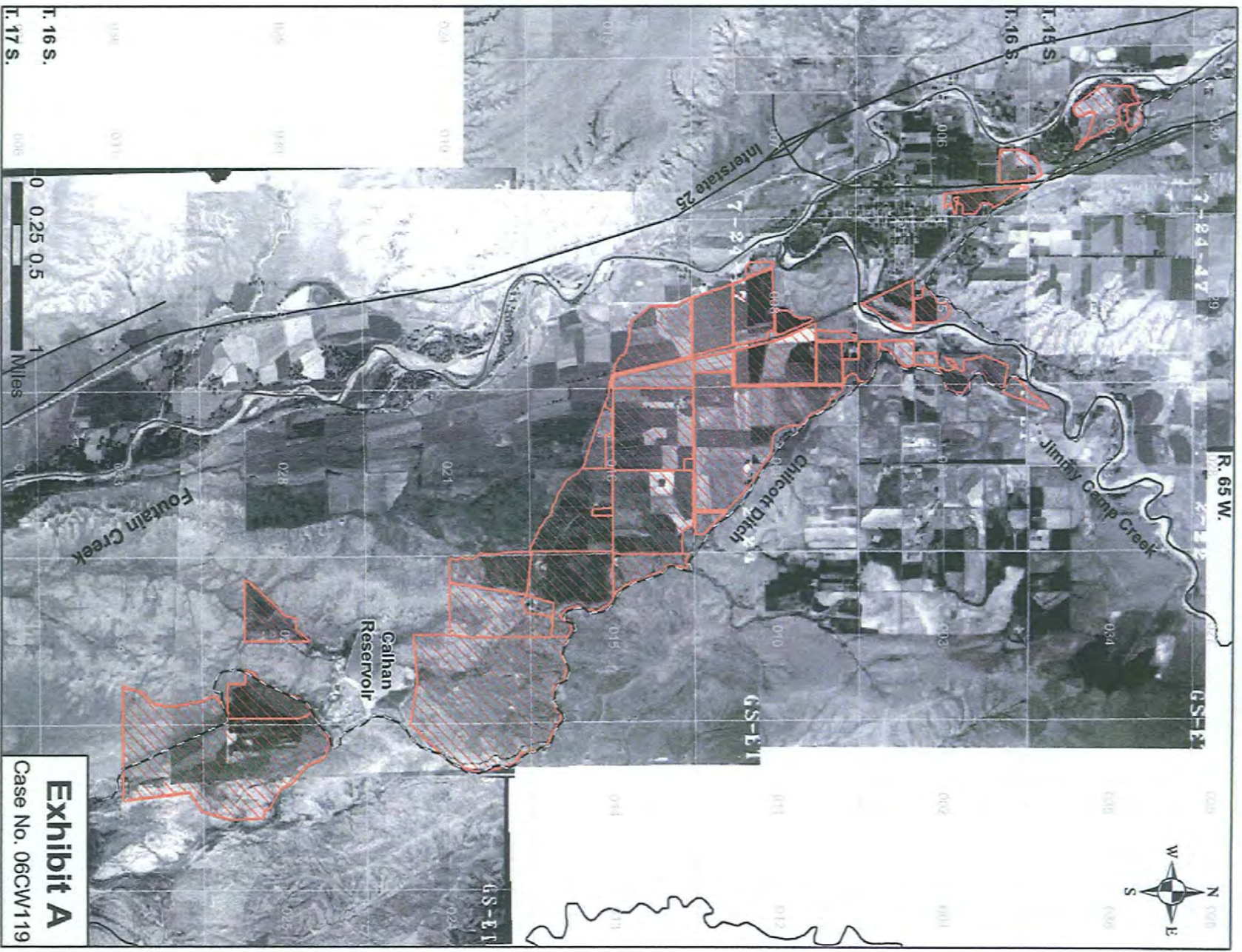
1006. There was no trial in this matter and no factual issues were litigated. The findings of fact, conclusions of law and decree were completed as a result of substantial discussions, negotiations and compromises by, between and among the Applicants and

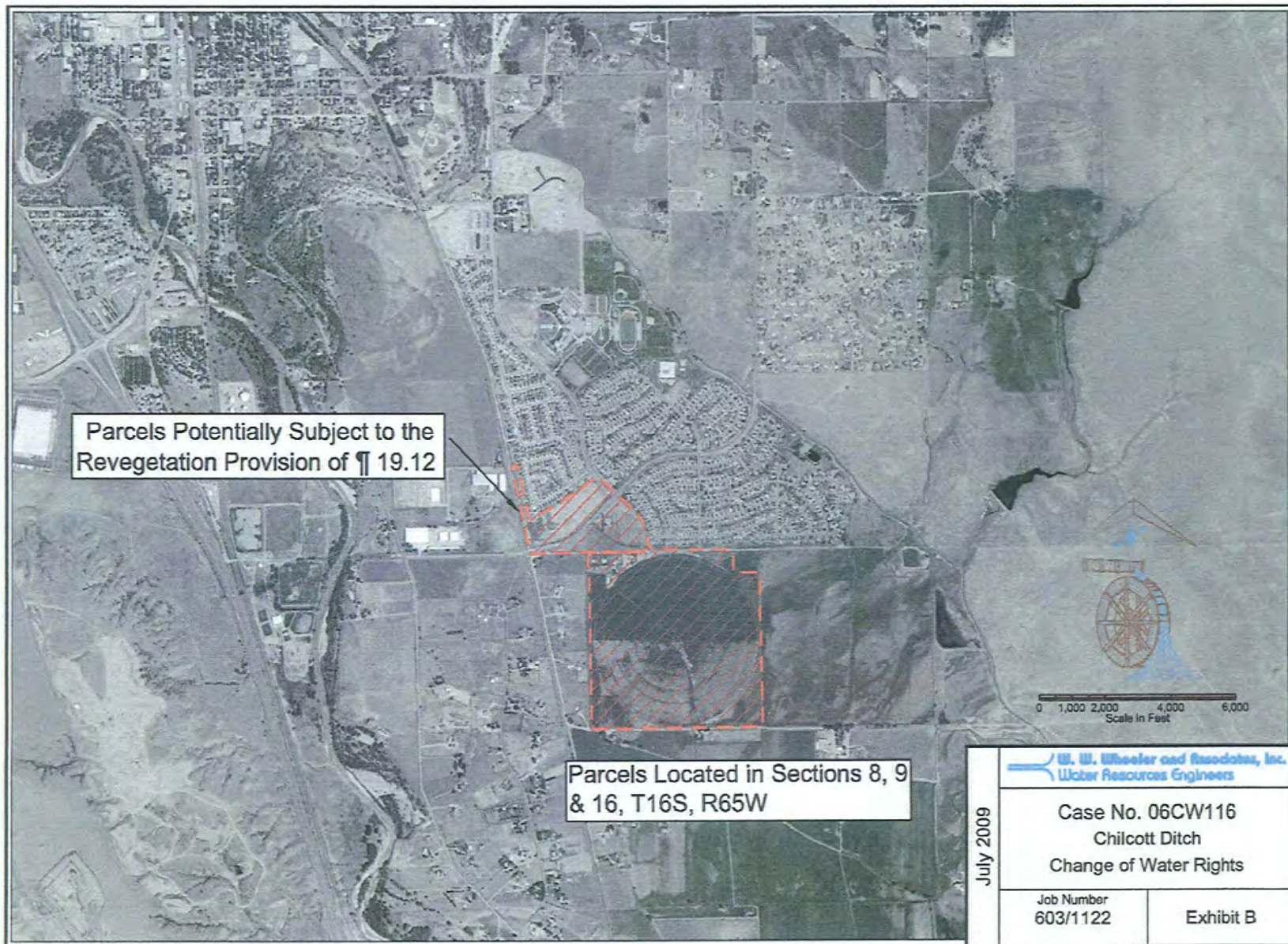
the several objectors pertaining to all parts of the findings, conclusions and decree. It is specifically understood and agreed by the parties hereto and found by the Court that the acquiescence of the parties to a stipulated decree under the factual and legal circumstances of this particular matter and upon the numerous and interrelated compromises reached by the parties shall never give rise to any argument, claim, defense, or theory of acquiescence, waiver, bar, merger, *stare decisis*, *res judicata*, estoppel, laches, or otherwise or to any administrative or judicial practice or precedent, by or against any of the parties hereto in any other matter, case or dispute not involving the Chilcott Ditch Water Rights. All parties stipulate and agree that they do not intend the findings, conclusions and decree to have the effect of precedent or preclusion on any factual or legal issue in any other matter not involving the Chilcott Ditch Water Rights.

Dated: August 11, 2009.



Dennis Maes
Water Judge
Water Division No. 2





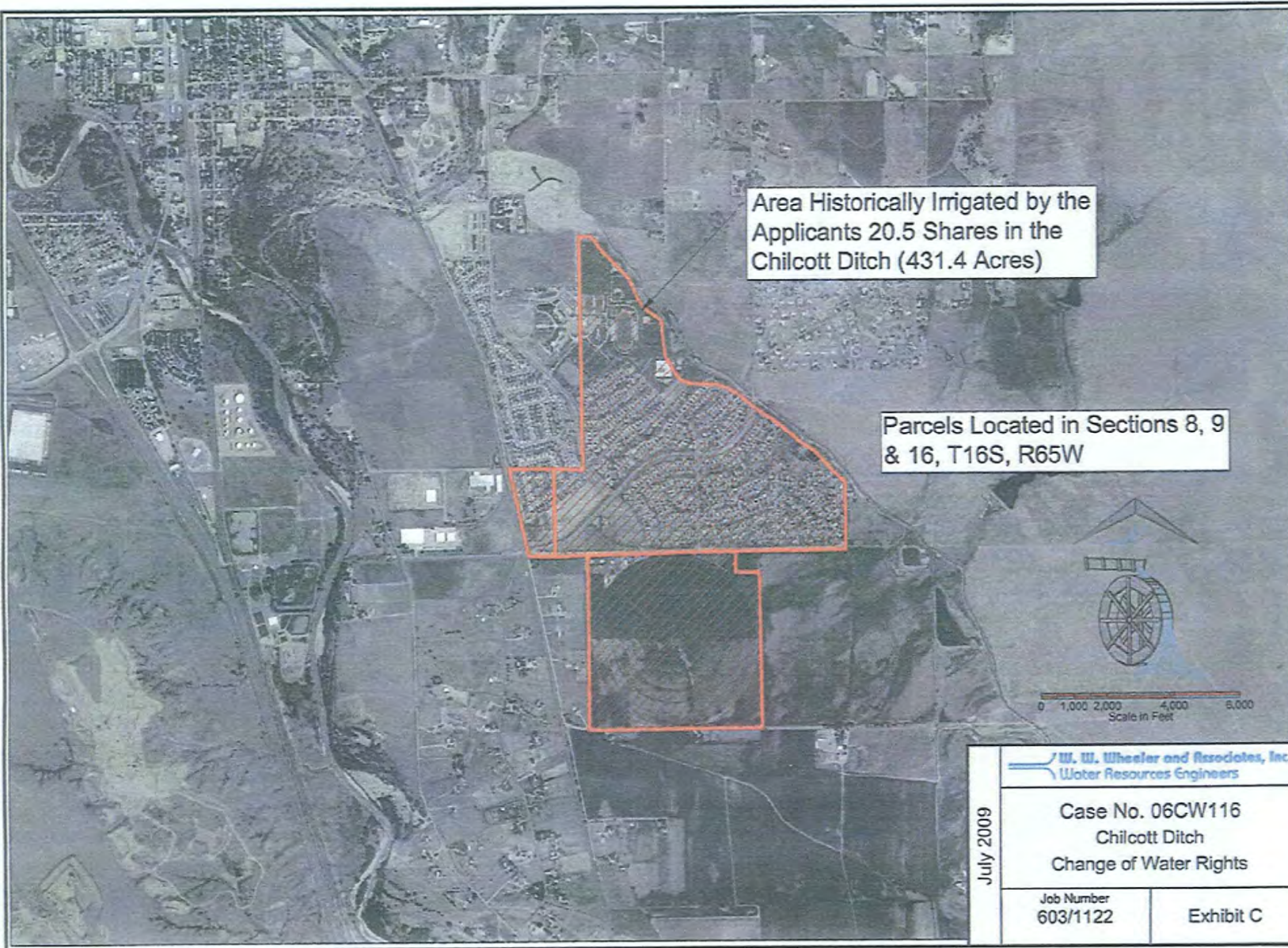
July 2009

W. W. Wheeler and Associates, Inc.
Water Resources Engineers

Case No. 06CW116
Chilcott Ditch
Change of Water Rights

Job Number
603/1122

Exhibit B



Appendix E

CWCB Loan Application




COLORADO

Colorado Water
Conservation Board

Department of Natural Resources

Water Project Loan Program

Application Type	
<input type="checkbox"/> Prequalification (Attach 3 years of financial statements)	<input checked="" type="checkbox"/> Loan Approval (Attach Loan Feasibility Study)
Agency/Company Information	
Company / Borrower Name: <u>CHILCOTT DITCH COMPANY</u>	
Authorized Agent & Title: <u>JESSIE SHAFFER - MANAGER / BOARD SECRETARY</u>	
Address: <u>1845 WOODMOOR DRIVE, MONUMENT, CO 80132</u>	
Phone: <u>(719) 488-2525</u>	Email: <u>JESSIES@WOODMOORWATER.COM</u>
Organization Type: <input checked="" type="checkbox"/> Ditch Co, <input type="checkbox"/> District, <input type="checkbox"/> Municipality	Incorporated? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
County: <u>EL PASO</u>	Number of Shares/Taps: <u>105</u>
Water District: <u>N/A</u>	Avg. Water Diverted/Yr <u>4961</u> acre-feet
Number of Shareholders/Customers Served: <u>6</u>	Current Assessment per Share \$ <u>1450</u> (Ditch Co)
Federal ID Number: <u>84-0410936</u>	Average monthly water bill \$ <u>N/A</u> (Municipality)
Contact Information	
Project Representative: <u>JESSIE SHAFFER</u>	
Phone: <u>(719) 488-2525</u>	Email: <u>JESSIES@WOODMOORWATER.COM</u>
Engineer: <u>JPS ENGINEERING - JOHN SCHWAB</u>	
Phone: <u>(719) 477-9429</u>	Email: <u>JOHN@JPSENGR.COM</u>
Attorney: <u>LEILA BEHNAM POUR - VRANESH & RAISCH</u>	
Phone: <u>(303) 443-6151</u>	Email: <u>LCB@URLAW.COM</u>
Project Information	
Project Name: <u>JIMMY CAMP CREEK SIPHON RECONSTRUCTION</u>	
Brief Description of Project: (Attach separate sheets if needed) <u>REPLACEMENT OF EXISTING 1300 FOOT SIPHON UNDER</u> <u>JIMMY CAMP CREEK, FOUNTAIN, COLORADO</u>	
General Location: (Attach Map of Area) <u>SEE FEASIBILITY REPORT</u>	
Estimated Engineering Costs: <u>\$52,809</u>	Estimated Construction Costs: <u>\$522,191</u>
Other Costs (Describe Above): <u>\$0</u>	Estimated Total Project Costs: <u>\$575,000</u>
Requested Loan Amount: (Limit 90% of Total Project Costs) <u>\$575,000</u>	Requested Loan Term (10, 20, or 30 years): <u>20</u> Years
Project Start Date(s) Design: <u>11-30-2016</u>	Construction: <u>2-1-2017</u>
Signature	
 Signature / Title <u>MANAGER / SECRETARY</u> Date <u>11-30-16</u>	Return to: Finance Section Attn: Anna Mauss 1313 Sherman St #718 Denver, CO 80203 Ph. 303/866.3449 e-mail: anna.mauss@state.co.us

Appendix F

Financial Statements and Budgets 2014 to 2016

Chilcott Ditch Company
Balance Sheet
As of October 31, 2016

Assets

Current Assets

Integrity Checking Account	\$ 86,549.28
Debt Service Reserve - CD	<u>15,000.00</u>

Total Current Assets	<u>101,549.28</u>
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Property and Equipment

Property Structure	<u>168,463.46</u>
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Net Property and Equipment	<u>168,463.46</u>
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Total Assets	<u><u>\$ 270,012.74</u></u>
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Liabilities and Stockholders' Equity

Current Liabilities

Note Payable - CWCB	\$ <u>152,716.74</u>
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Total Current Liabilities	<u>152,716.74</u>
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Long-Term Liabilities

Total Long-Term Liabilities	<u>0.00</u>
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Total Liabilities	<u>152,716.74</u>
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Stockholders' Equity

Other Equity	22,937.16
Retained Earnings	<u>94,358.84</u>

Total Stockholders' Equity	<u>117,296.00</u>
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Total Liabilities and Stockholders' Equity	<u><u>\$ 270,012.74</u></u>
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Chilcott Ditch Company

Income Statement

	10 Months Ended October 31, 2016 Actual	10 Months Ended October 31, 2016 Budget	Over/(Under) Budget
Sales			
Share Assessment Fees	152,250	152,250	0.00
Fountain Carriage Agreement Fees	9,890	9,722	168.00
Woodmoor Carriage Agreement Fees	59,342	58,331	1,011.00
Security Carriage Agreement Fees	7,065	6,944	121.00
Interest Income (Company Reserves)	211	200	11.00
Misc. Income	1,500	0	1,500.00
Total Sales	<u>230,258</u>	<u>227,447</u>	<u>2,811.00</u>
Gross Profit	<u>230,258.00</u>	<u>227,447.00</u>	<u>2,811.00</u>
Operating Expenses			
Salaries	8,503.44	9,000.00	(496.56)
Office Supplies & Exoenses	274.23	200.00	74.23
Misc. Expense	0.00	500.00	(500.00)
Payroll Tax Expense	0.00	800.00	(800.00)
Property Taxes	71.34	75.00	(3.66)
Vehicle/Equipment Expense	5,309.70	700.00	4,609.70
Ditch Maintenance & Repair	35,279.92	38,000.00	(2,720.08)
Membership Dues/Fees	763.75	3,000.00	(2,236.25)
Interest on Loan (CWCB)	6,429.78	6,739.00	(309.22)
Insurance	695.41	3,000.00	(2,304.59)
Equipment Purchase	0.00	20,000.00	(20,000.00)
Professional Fees	37,907.68	75,500.00	(37,592.32)
Cost of Facilities	40,663.22	46,000.00	(5,336.78)
Total Operating Expenses	<u>135,898.47</u>	<u>203,514.00</u>	<u>(67,615.53)</u>
Operating Income (Loss)	<u>94,359.53</u>	<u>23,933.00</u>	<u>70,426.53</u>
Other Income (Expenses)			
Total Other Income (Expenses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss) Before Taxes	<u>94,359.53</u>	<u>23,933.00</u>	<u>70,426.53</u>
Net Income (Loss)	<u>\$ 94,359.53</u>	<u>\$ 23,933.00</u>	<u>\$ 70,426.53</u>

Chilcott Ditch Company
Balance Sheet
As of ~~October~~ 31, 2015
December
Assets

Current Assets

Integrity Checking Account	\$	218.18
Debt Service Reserve - CD		<u>15,000.00</u>

Total Current Assets		<u>15,218.18</u>
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Property and Equipment

Property - Structure		<u>168,463.46</u>
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Net Property and Equipment		<u>168,463.46</u>
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Total Assets	\$	<u><u>183,681.64</u></u>
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Liabilities and Stockholders' Equity

Current Liabilities

Note Payable - CWCB	\$	<u>160,744.48</u>
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Total Current Liabilities		<u>160,744.48</u>
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Long-Term Liabilities

Total Long-Term Liabilities		<u>0.00</u>
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Total Liabilities		<u>160,744.48</u>
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Stockholders' Equity

Other Equity		26,941.59
Retained Earnings		<u>(4,004.43)</u>

Total Stockholders' Equity		<u>22,937.16</u>
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Total Liabilities and Stockholders' Equity	\$	<u><u>183,681.64</u></u>
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Chilcott Ditch Company

Income Statement

	12 Months Ended October 31, 2015 December Actual	12 Months Ended October 31, 2015 October Budget	Over/(Under) Budget
Sales			
Assessment Revenue	81,975	81,975	0.00
Stock Certificate Transfer Fee	1,050	800	250.00
Misc Income	7,350	0	7,350.00
Security Carriage Agreement	5,321	6,321	(1,000.00)
Woodmoor Carriage Agreement	44,694	44,694	0.00
Interest Income (Company Reserves)	615	50	565.00
Total Sales	<u>141,005</u>	<u>133,840</u>	<u>7,165.00</u>
Gross Profit	<u>141,005.00</u>	<u>133,840.00</u>	<u>7,165.00</u>
Operating Expenses			
Ditch Maintenance	23,014.06	13,900.00	9,114.06
Salary Expense	6,737.50	0.00	6,737.50
Misc. Expense	625.00	0.00	625.00
Membership Dues (upper Dist. 10/PPRWA)	2,215.00	1,600.00	615.00
Insurance Expense	4,025.84	1,200.00	2,825.84
Interest Expense (CWCBB)	6,738.54	6,739.00	(0.46)
Payroll Tax Expense	698.87	0.00	698.87
Overpayment Refunds	11,438.00	11,438.00	0.00
Professional Fees	89,445.44	86,350.00	3,095.44
Property Taxes	70.96	0.00	70.96
Total Operating Expenses	<u>145,009.21</u>	<u>121,227.00</u>	<u>23,782.21</u>
Operating Income (Loss)	<u>(4,004.21)</u>	<u>12,613.00</u>	<u>(16,617.21)</u>
Other Income (Expenses)			
Total Other Income (Expenses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss) Before Taxes	<u>(4,004.21)</u>	<u>12,613.00</u>	<u>(16,617.21)</u>
Net Income (Loss)	<u>\$ (4,004.21)</u>	<u>\$ 12,613.00</u>	<u>\$ (16,617.21)</u>

Chilcott Ditch Company
Balance Sheet
As of December 31, 2014

Assets

Current Assets

Integrity Checking Account	\$ 60,455.89
Debt Service Reserve - CD	<u>24,372.00</u>

Total Current Assets	<u>84,827.89</u>
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Property and Equipment

Property - Structure	<u>168,463.46</u>
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Net Property and Equipment	<u>168,463.46</u>
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Total Assets	<u><u>\$ 253,291.35</u></u>
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Liabilities and Stockholders' Equity

Current Liabilities

Note Payable - CWCB	\$ <u>168,463.46</u>
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Total Current Liabilities	<u>168,463.46</u>
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Long-Term Liabilities

Total Long-Term Liabilities	<u>0.00</u>
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Total Liabilities	<u>168,463.46</u>
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Stockholders' Equity

Other Equity	966.79
Retained Earnings	<u>83,861.10</u>

Total Stockholders' Equity	<u>84,827.89</u>
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Total Liabilities and Stockholders' Equity	<u><u>\$ 253,291.35</u></u>
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Chilcott Ditch Company

Income Statement

	2 Months Ended December 31, 2014 Actual	2 Months Ended December 31, 2014 Budget	Over/(Under) Budget
Sales			
Assessment	\$ 45,056	\$ 81,975	\$ (36,919.00)
Security Carriage Agreement	\$ 0	\$ 6,321	(6,321.00)
Stock Certificate Transfer Fee	0	800	(800.00)
Woodmoor Carriage Agreement Fees	44,694	44,694	0.00
Interest Income (Company Reserves)	0	50	(50.00)
Misc. Income	350	0	350.00
Total Sales	<u>90,100</u>	<u>133,840</u>	<u>(43,740.00)</u>
Gross Profit	<u>90,100.00</u>	<u>133,840.00</u>	<u>(43,740.00)</u>
Operating Expenses			
Ditch Maintenance	1,058.37	13,900.00	(12,841.63)
Member ship Dues (Upper Dist. 10/PPRWA)	650.00	1,600.00	(950.00)
Insurance	614.72	1,200.00	(585.28)
Principal on Loan (CWCB)	0.00	7,719.00	(7,719.00)
Loan Interest (CWCB)	0.00	6,739.00	(6,739.00)
Overpayment Refunds	0.00	11,438.00	(11,438.00)
Professional Fees	29,890.95	86,350.00	(56,459.05)
Total Operating Expenses	<u>32,214.04</u>	<u>128,946.00</u>	<u>(96,731.96)</u>
Operating Income (Loss)	<u>57,885.96</u>	<u>4,894.00</u>	<u>52,991.96</u>
Other Income (Expenses)			
Total Other Income (Expenses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss) Before Taxes	<u>57,885.96</u>	<u>4,894.00</u>	<u>52,991.96</u>
Net Income (Loss)	<u>\$ 57,885.96</u>	<u>\$ 4,894.00</u>	<u>\$ 52,991.96</u>



2013/2014 CHILCOTT BUDGET VS. ACTUAL

November 1, 2013 thru September 9, 2014

CATEGORIES	ACCOUNT NAME	BUDGET	ACTUAL	ADDITIONAL ACCOUNT INFO	
INCOME	General Assessment Fee*	\$ 36,750.00	\$ 36,750.00		
	Reserve Fund/Cap. Improve. Proj. **	\$5,250.00	\$ 5,250.00		
	Certificate Transfer	\$ 100.00	\$ -		
	Fountain Carriage Agreement	\$ 7,000.00	\$ -		
	Interest Income	\$ 5.00	\$ -		
	Legal Fee Reimbursement	\$ 500.00	\$ -		
	Review Fee	\$ 1,500.00	\$ -		
	Security Carriage Agreement	\$ 12,000.00	\$ 12,982.87		
	Woodmoor Carriage Agreement (42%)	\$ 35,180.00	\$ 35,184.21		
		\$ -	\$ -		
		\$ -	\$ -		
		\$ -	\$ -		
		\$ -	\$ -		
TOTAL GROSS INCOME		\$ 98,285.00	\$ 90,167.08	AVAILABLE FUNDS	ACCOUNT INFO
EXPENSE	Capital Improvement Projects	\$ -	\$ -	\$ -	
	Ditchrider	\$ 9,200.00	\$ 6,544.04	\$ 2,655.96	
	Ditch Maintenance & Repair	\$ 8,000.00	\$ 7,465.06	\$ 534.94	
	Dues (Upper Dist. 10, PPRWA)	\$ 1,565.00	\$ 915.00	\$ 650.00	
	Engineering (Woodmoor Case)	\$ 7,500.00	\$ 13,417.12	\$ (5,917.12)	
	Gas/Supplies	\$ 1,000.00	\$ -	\$ 1,000.00	
	Insurance	\$ 1,500.00	\$ 2,201.86	\$ (701.86)	
	Legal	\$ 28,000.00	\$ 35,254.83	\$ (7,254.83)	
	Loan (CWCB)	\$ 14,457.52	\$ 14,457.52	\$ -	
	Management	\$ 15,200.00	\$ 19,219.15	\$ (4,019.15)	
	Office Supplies	\$ 100.00	\$ -	\$ 100.00	
	Postage	\$ 100.00	\$ 97.72	\$ 2.28	
	Property Taxes	\$ 75.00	\$ 70.38	\$ 4.62	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
		\$ -	\$ -	\$ -	
TOTAL EXPENSES		\$ 86,697.52	\$ 99,642.68	\$ (12,945.16)	
*Note: In 2013-2014, the General Assessment Fee is \$400 per Share. There are 105 Shares. ** \$50 will be deposited in the Reserve Fund for Capital Improvement Projects			\$ (9,475.60)		

Budget Notes
Chilcott Ditch Co.
2015 Fiscal Year (Nov. 1, 2014 through Oct. 31, 2015)

Revenues:

A. Share Assessments:

- Fountain Pre-Paid \$4,650.00 in 2014 toward 2015 Assessments
- Budget Based on Assessments Set at \$825/share

B. Stock Transfer Fees:

- Proposed to be Set (by formal policy) at \$100/share Transferred

C. Carriage Agreement Fees:

- Fees for 2015 based on Expenditures for Fiscal Year End 2014

Expenditures:

D. Overpayment Refunds:

- Return of past years' overpayments paid per carriage agreements

E. Insurance:

- General Liability – 2015 premium paid in 2014 fiscal year
- Automotive – Estimated at \$1,200.00

F. Professional Fees:

- Accounts Payable (Legal) at EOFY 2014 = \$19,463.04
- Legal Line Item Estimate Based on 2013 Actual + AP
- Management Fees include \$1,845.00 (AP) for 2014 Services by GLS
- Ditchrider Services Estimated for 8 Months

Reserves:

G. Reserves:

- Transfer to Unrestricted General Reserves Calculated at Approximate Reserve Policy from 2014 Annual Meeting (i.e. +/- \$50 per share)
- CD Value at EOFY 2014 Shown
- CD Restricted by CWCB for Debt Service Emergency Reserve

2015 FISCAL YEAR BUDGET (Nov. 1, 2014 Through Oct. 31, 2015)
CHILCOTT MUTUAL DITCH COMPANY

November, 2014

	(a) ACTUAL YR. END 2013	(b) BUDGETED YR. END 2014	(c) ACTUAL YR. END 2014	(d) BUDGETED YR. END 2015	(e) NOTES
Share Assessment \$825.00 per share					
1 Balance Beginning of Year	\$0	\$0	\$0	\$0	
2 Revenues:					
3 Share Assessment Fees	\$42,002	\$42,000	\$46,650	\$81,975	Note A
4 Stock Certificate Transfer Fees	\$0	\$100	\$0	\$800	Note B
5 Fountain Carriage Agreement Fees	\$0	\$7,000	\$0	\$0	
6 Woodmoor Carriage Agreement Fees	\$33,200	\$35,180	\$35,184	\$44,694	Note C
7 Security Carriage Agreement Fees	\$12,322	\$12,000	\$12,983	\$6,321	Note C
10 Interest Income (Company Reserves)	\$3	\$5	\$0	\$50	
11 Total Revenues	\$87,527	\$96,285	\$94,817	\$133,840	
12 Transfers:					
13 Transfer From Reserve Fund	\$0	\$0	\$11,597	\$0	
14 Total Revenues & Transfer	\$87,527	\$96,285	\$106,415	\$133,840	

November, 2014

	(f) ACTUAL YR. END 2013	(g) BUDGETED YR. END 2014	(h) ACTUAL YR. END 2014	(i) BUDGETED YR. END 2015	(j) NOTES
Expenditures:					
15 Const. of Facilities	\$0	\$0	\$0	\$0	
16 Ditch Maintenance & Repair	\$8,448	\$9,275	\$8,722	\$13,900	
17 Membership Dues (Upper Dist. 10/PPRWA)	\$1,565	\$1,565	\$915	\$1,600	
18 Interest on Loan (CWCB)	\$7,321	\$7,035	\$7,035	\$6,739	
19 Principal on Loan (CWCB)	\$7,137	\$7,422	\$7,422	\$7,719	
20 Overpayment Refunds	\$0	\$0	\$0	\$11,438	Note D
21 Insurance	\$1,000	\$1,500	\$3,374	\$1,200	Note E
22 Equipment Purchase	\$3,500	\$0	\$0	\$0	
23 Professional Fees	\$54,801	\$59,900	\$78,946	\$86,350	Note F
24 Total Expenditures	\$83,772	\$86,698	\$106,415	\$128,946	
25 Transfer to Reserve Fund	\$3,755	\$9,587	\$0	\$4,894	Note G
Total Reserve Funds:	\$36,699	\$46,286	\$26,941	\$32,858	
26 Debt Service Reserve CD (Restricted)	\$22,533	\$23,435	\$24,372	\$25,395	Note G
General Reserve (unrestricted)	\$14,166	\$22,851	\$2,569	\$7,463	
27 Balance @ Yr. End	\$0	\$0	\$0	\$0	

2015 MAINTENANCE EXPENSE - Chilcott Mutual Ditch Co.
November, 2014

Ditch System		ACTUAL YR. END 2013	BUDGETED YR. END 2014	ACTUAL YR. END 2014	BUDGETED YR. END 2015
1.	Fuel	\$0	\$1,000	\$0	\$1,000
2.	Office Supplies/Postage	\$199	\$200	\$98	\$200
3.	Property Taxes	\$72	\$75	\$70	\$100
4.	Vehicle Maintenance	\$0	\$0	\$0	\$600
5.	General Ditch Maintenance	\$8,052	\$8,000	\$7,465	\$8,000
6.	Transit Loss Fees	\$0	\$0	\$0	\$1,500
7.	Miscellaneous	\$125	\$0	\$0	\$500
	Subtotal	<u>\$8,448</u>	<u>\$9,275</u>	<u>\$7,633</u>	<u>\$11,900</u>
	Contingency	\$0	\$0	\$0	\$2,000
	Total	<u><u>\$8,448</u></u>	<u><u>\$9,275</u></u>	<u><u>\$7,633</u></u>	<u><u>\$13,900</u></u>

2015 PROFESSIONAL FEE'S - Chilcott Mutual Ditch Co.
November, 2014

	ACTUAL YR. END 2013	BUDGETED YR. END 2014	ACTUAL YR. END 2014	BUDGETED YR. END 2015
Professional Fees:				
1 Management Services	\$15,207	\$15,200	\$19,219	\$19,850
2 Ditchrider	\$8,802	\$9,200	\$6,544	\$10,000
3 Legal Services				
a. General Services	\$28,856	\$28,000	\$35,255	\$24,000
b. Water Rights Opposition	\$0	\$0	\$0	\$25,000
4 Engineering				
a. *General Services/Plan Review	\$1,937	\$7,500	\$13,417	\$2,500
b. Water Rights/Opposition	\$0	\$0	\$0	\$3,000
Contingency	\$0	\$0	\$0	\$2,000
Total Professional Fees	<u>\$54,801</u>	<u>\$59,900</u>	<u>\$74,435</u>	<u>\$86,350</u>

*Note: Value represents "net" fees paid. Plan review fees are paid by the Applicant are are therefore not a part of net fees estimated

2015 MAINTENANCE EXPENSE - Chilcott Mutual Ditch Co.

November, 2015

		ACTUAL YR. END 2014	BUDGETED YR. END 2015	ESTIMATED YR. END 2015	BUDGETED YR. END 2016
<u>EQUIPMENT PURCHASES</u>					
1	Flex Wing Mower	\$0	\$0	\$0	\$20,000
	Contingency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,000</u>

Budget Notes
Chilcott Ditch Co.
2016 Budget Year (Jan. 1, 2016 through Dec. 31, 2016)

Revenues:

A. Share Assessments:

- Budget Based on Assessments Set at \$1,450/share

B. Carriage Agreement Fees:

- Fees for 2016 based on 2015 End of Calendar Year Estimated Expenditures
- Woodmoor – 42% (Ops + Loan)
- Fountain – 7% (Ops + Loan)
- Security – 5% (Ops + Loan)

Expenditures:

C. Construction

- Headgate Flume at End of Useful Life
- Culvert Required to Cease Interception of Stormwater Flows

D. Insurance:

- General Liability
- Automotive
- Worker's Compensation

E. Professional Fees:

- Management based on \$1,500/mo. for 12 mo's
- Ditchrider Services Estimated for 7 Full Months

Reserves:

F. Reserves:

- Transfer to Unrestricted General Reserves Targeted at a Minimum of \$50 per share from Reserve Policy (Ref: 2014 Annual Meeting Minutes)
- CD Restricted by CWCB for Debt Service Emergency Reserve

2016 CALENDAR YEAR BUDGET
CHILCOTT MUTUAL DITCH COMPANY

November, 2015

	(a) ACTUAL YR. END 2014	(b) BUDGETED YR. END 2015	(c) ESTIMATED YR. END 2015	(d) BUDGETED YR. END 2016	(e) NOTES
Share Assessment \$1,450.00 per share					
Revenues:					
1 Balance Beginning of Year	\$0	\$0	\$0	\$0	
2 Revenues:					
3 Share Assessment Fees	\$46,650	\$81,975	\$81,975	\$152,250	Note A
4 Stock Certificate Transfer Fees	\$0	\$800	\$0	\$0	
5 Fountain Carriage Agreement Fees	\$0	\$0	\$7,350	\$9,722	Note B
6 Woodmoor Carriage Agreement Fees	\$35,184	\$44,694	\$35,184	\$58,331	Note B
7 Security Carriage Agreement Fees	\$12,983	\$6,321	\$5,320	\$6,944	Note B
10 Interest Income (Company Reserves)	\$0	\$50	\$100	\$200	
11 Total Revenues	\$94,817	\$133,840	\$129,929	\$227,447	
12 Transfers:					
13 Transfer From Reserve Fund	\$11,597	\$0	\$8,955	\$0	
14 Total Revenues & Transfer	\$106,414	\$133,840	\$138,884	\$227,447	

	(f) ACTUAL YR. END 2014	(g) BUDGETED YR. END 2015	(h) ESTIMATED YR. END 2015	(i) BUDGETED YR. END 2016	(j) NOTES
Expenditures:					
15 Salaries	\$0	\$0	\$5,500	\$9,000	
16 Office Supplies & Expense	\$98	\$200	\$200	\$200	
17 Miscellaneous	\$0	\$0	\$1,000	\$500	
18 Payroll Taxes & Unemployment Comp.	\$0	\$0	\$797	\$800	
19 Const. of Facilities	\$0	\$0	\$0	\$46,000	Note C
20 Property Taxes	\$70	\$100	\$71	\$75	
21 Vehicle/Equipment Exp.	\$0	\$1,600	\$200	\$700	
22 Ditch Maintenance & Repair	\$8,554	\$12,200	\$23,000	\$38,000	
23 Membership Dues/Fees	\$915	\$1,600	\$1,300	\$3,000	
24 Interest on Loan (CWCB)	\$7,035	\$6,739	\$6,739	\$6,739	
25 Principal on Loan (CWCB)	\$7,422	\$7,719	\$7,719	\$7,719	
26 Overpayment Refunds	\$0	\$11,438	\$11,438	\$0	
27 Insurance	\$3,374	\$1,200	\$2,762	\$3,000	Note D
28 Equipment Purchase	\$0	\$0	\$0	\$20,000	
29 Professional Fees	\$78,946	\$86,350	\$85,655	\$75,500	
30 Total Expenditures	\$106,414	\$128,946	\$138,884	\$211,233	
31 Transfer to Reserve Fund	\$0	\$4,894	\$0	\$16,215	Note E
Total Reserve Funds:					
32 Debt Service Reserve CD (Restricted)	\$26,941	\$32,858	\$17,986	\$34,201	
General Reserve (unrestricted)	\$24,372	\$25,395	\$15,000	\$15,000	Note F
	\$2,569	\$7,463	\$2,986	\$19,201	
33 Balance @ Yr. End	\$0	\$0	\$0	\$0	

** All expenses shown are "net expenses" and are gross expenses less revenues generated from reimbursements (i.e. legal), pass through's (i.e. T-Loss), etc. Net expenditures are used for calculating carriage agreement fees. If gross expenditures are used, carriage fees are erroneously increased

2016 CONSTRUCTION

November, 2015

General Construction		ACTUAL YR. END 2014	BUDGETED YR. END 2015	ESTIMATED YR. END 2015	BUDGETED YR. END 2016
1.	Headgate Metering Flume	\$0	\$0	\$0	\$16,000
2.	Culvert Crossing South of Link Rd.	\$0	\$0	\$0	\$25,000
	Contingency	\$0	\$0	\$0	\$5,000
Total Construction		\$0	\$0	\$0	\$46,000

2016 MAINTENANCE EXPENSE - Chilcott Mutual Ditch Co.

November, 2015

<u>Ditch System</u>	<u>ACTUAL YR. END 2014</u>	<u>BUDGETED YR. END 2015</u>	<u>ESTIMATED YR. END 2015</u>	<u>BUDGETED YR. END 2016</u>
1. Equipment Rental	\$0	\$0	3477	\$3,000
2. Herbicide Application	\$0	\$0	0	\$3,000
3. General Maintenance	\$7,465	\$8,000	\$19,433	\$30,000
Subtotal	\$7,465	\$8,000	\$22,910	\$36,000
Contingency	\$0	\$2,000	\$0	\$2,000
Total	<u>\$7,465</u>	<u>\$10,000</u>	<u>\$22,910</u>	<u>\$38,000</u>

2016 PROFESSIONAL FEE'S - Chilcott Mutual Ditch Co.

November, 2015

	ACTUAL YR. END 2014	BUDGETED YR. END 2015	ESTIMATED YR. END 2015	BUDGETED YR. END 2016
Professional Fees:				
1 Management Services	\$19,219	\$19,850	\$23,255	\$18,000
2 Internet Technology Website	\$0	\$0	\$500	\$500
3 Ditchrider	\$6,544	\$10,000	\$4,900	\$0
4 Legal Services				
a. General Services	\$35,255	\$24,000	\$5,000	\$5,000
b. Water Rights Opposition	\$0	\$25,000	\$42,000	\$35,000
5 Engineering				
a. *General Services/Plan Review	\$13,417	\$2,500	\$0	\$5,000
b. Water Rights/Opposition	\$0	\$3,000	\$10,000	\$10,000
Contingency	\$0	\$2,000	\$0	\$2,000
Total Professional Fees	<u>\$74,435</u>	<u>\$86,350</u>	<u>\$85,655</u>	<u>\$75,500</u>

*Note: Value represents "net" fees paid. Plan review fees are paid by the Applicant are are therfore not a part of net fees estimated

Budget Notes
Chilcott Ditch Co.
2017 Budget Year (Jan. 1, 2016 through Dec. 31, 2016)

Revenues:

A. Share Assessments:

- Budget Based on Assessments Set at \$1,300/share

B. Carriage Agreement Fees:

- Fees for 2016 based on 2015 End of Calendar Year Estimated Expenditures
- Woodmoor – 42% (Ops + CWCB Loan #1)
- Fountain – 7% (Ops + CWCB Loan #1)
- Security – 5% (Ops + CWCB Loan #1)

Expenditures:

C. Construction

- Various Ditch Crossing Culverts at End of Useful Life
- Jimmy Camp Creek Siphon at End of Useful Life

D. Insurance:

- General Liability
- Automotive

E. Professional Fees:

- Management based on \$1,500/mo. for 12 mo's

Reserves:

F. Reserves:

- 2017 Transfer to Unrestricted General Reserves Equals \$304.52/share
- Restricted Reserves Estimated at \$15K for CWCB Loan #1 and \$36,400 for CWCB Loan #2 (i.e. Siphon Reconstruction Loan)

2017 CALENDAR YEAR BUDGET
CHILCOTT MUTUAL DITCH COMPANY

November, 2016

	(a) ACTUAL YR. END 2015	(b) BUDGETED YR. END 2016	(c) ESTIMATED YR. END 2016	(d) BUDGETED YR. END 2017	(e) NOTES
Share Assessment \$1,300.00 per share					
Revenues:					
1 Balance Beginning of Year	\$0	\$0	\$0	\$0	
2 Revenues:					
3 Share Assessment Fees	\$81,975	\$152,250	\$152,250	\$136,500	Note A
4 Stock Certificate Transfer Fees	\$1,050	\$0	\$0	\$0	
5 Fountain Carriage Agreement Fees	\$7,350	\$9,722	\$9,890	\$10,485	Note B
6 Woodmoor Carriage Agreement Fees	\$44,694	\$58,331	\$59,342	\$62,908	Note B
7 Security Carriage Agreement Fees	\$5,321	\$6,944	\$7,065	\$7,489	Note B
8 Loan Proceeds (CWCB #2)	\$0	\$0	\$0	\$575,000	
9 Interest Income (Company Reserves)	\$615	\$200	\$200	\$200	
10 Total Revenues	\$141,005	\$227,447	\$228,747	\$792,582	
11 Transfers:					
12 Transfer From Reserve Fund	\$11,723	\$0	\$0	\$0	
13 Total Revenues & Transfer	\$152,728	\$227,447	\$228,747	\$792,582	

	(f) ACTUAL YR. END 2015	(g) BUDGETED YR. END 2016	(h) ESTIMATED YR. END 2016	(i) BUDGETED YR. END 2017	(j) NOTES
Expenditures:					
15 Ditch Rider/Labor	\$9,800	\$9,000	\$10,500	\$12,000	
16 Office Supplies & Expense	\$302	\$200	\$300	\$300	
17 Miscellaneous	\$625	\$500	\$1,000	\$1,000	
18 Payroll Taxes & Unemployment Comp.	\$699	\$800	\$797	\$0	
19 Const. of Facilities	\$0	\$46,000	\$40,663	\$605,000	Note C
20 Property Taxes	\$71	\$75	\$71	\$100	
21 Vehicle/Equipment Exp.	\$0	\$700	\$5,500	\$3,500	
22 Ditch Maintenance & Repair	\$23,014	\$38,000	\$40,000	\$45,000	
23 Membership Dues/Fees	\$2,215	\$3,000	\$800	\$1,000	
24 Loan Borrowing Cost (CWCB #2)	\$0	\$0	\$0	\$5,750	
25 Interest on Loan (CWCB)	\$6,739	\$6,739	\$6,429	\$6,109	
26 Principal on Loan (CWCB)	\$7,719	\$7,719	\$7,719	\$8,348	
27 Overpayment Refunds	\$11,438	\$0	\$0	\$0	
28 Insurance	\$4,026	\$3,000	\$1,500	\$1,500	Note D
29 Equipment Purchase	\$0	\$20,000	\$0	\$0	
30 Professional Fees	\$86,081	\$75,500	\$47,100	\$71,000	Note E
31 Total Expenditures	\$152,728	\$211,233	\$149,782	\$760,607	
32 Transfer to Reserve Fund	\$0	\$16,215	\$78,965	\$31,975	
Total Reserve Funds:	\$15,218	\$34,201	\$94,183	\$126,158	Note F
33 Debt Service Reserve CD (Restricted)	\$15,000	\$15,000	\$15,000	\$51,400	
General Reserve (unrestricted)	\$218	\$19,201	\$79,183	\$74,758	
34 Balance @ Yr. End		\$0	\$0	\$0	

**** All expenses shown are "net expenses" and are gross expenses less revenues generated from reimbursements (i.e. legal), pass through's (i.e. T-Loans), etc. Net expenditures are used for calculating carriage agreement fees. If gross expenditures are used, carriage fees are erroneously increased**

2017 CONSTRUCTION

November, 2015

General Construction		ACTUAL YR. END 2015	BUDGETED YR. END 2016	ESTIMATED YR. END 2016	BUDGETED YR. END 2017
1.	Headgate Metering Flume		\$16,000	\$19,000	\$0
2.	Culvert Crossings		\$25,000	\$20,546	\$20,000
4.	Siphon Replacement	\$0	\$0	\$0	\$575,000
	Contingency		\$5,000	\$0	\$10,000
Total Construction			\$46,000	\$39,546	\$605,000

2017 MAINTENANCE EXPENSE - Chilcott Mutual Ditch Co.**November, 2016**

Ditch System		ACTUAL YR. END 2015	BUDGETED YR. END 2016	ESTIMATED YR. END 2016	BUDGETED YR. END 2017
1.	Herbicide Application	\$0	\$3,000	\$0	\$3,000
2.	General Ditch Maintenance	\$23,014	\$30,000	\$40,000	\$35,000
	Subtotal	\$23,014	\$33,000	\$40,000	\$38,000
	Contingency	\$0	\$2,000	\$0	\$4,300
	Total	<u>\$23,014</u>	<u>\$35,000</u>	<u>\$40,000</u>	<u>\$42,300</u>

2017 EQUIPMENT EXPENSE - Chilcott Mutual Ditch Co.

November, 2016

		ACTUAL YR. END 2015	BUDGETED YR. END 2016	ESTIMATED YR. END 2016	BUDGETED YR. END 2017
<u>EQUIPMENT PURCHASES</u>					
1	Flex Wing Mower	\$0	\$20,000	\$0	\$0
	Contingency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Total	<u>\$0</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$0</u>

2017 PROFESSIONAL FEE'S - Chilcott Mutual Ditch Co.

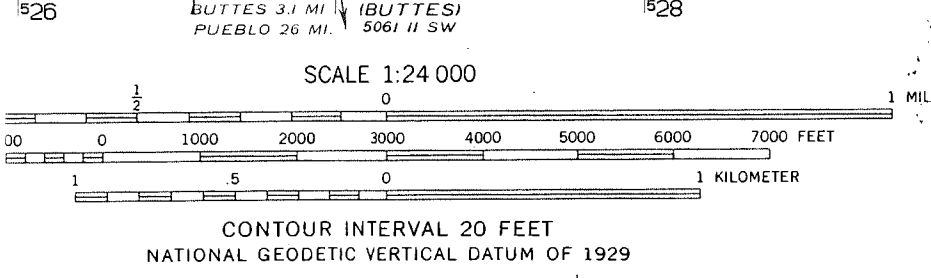
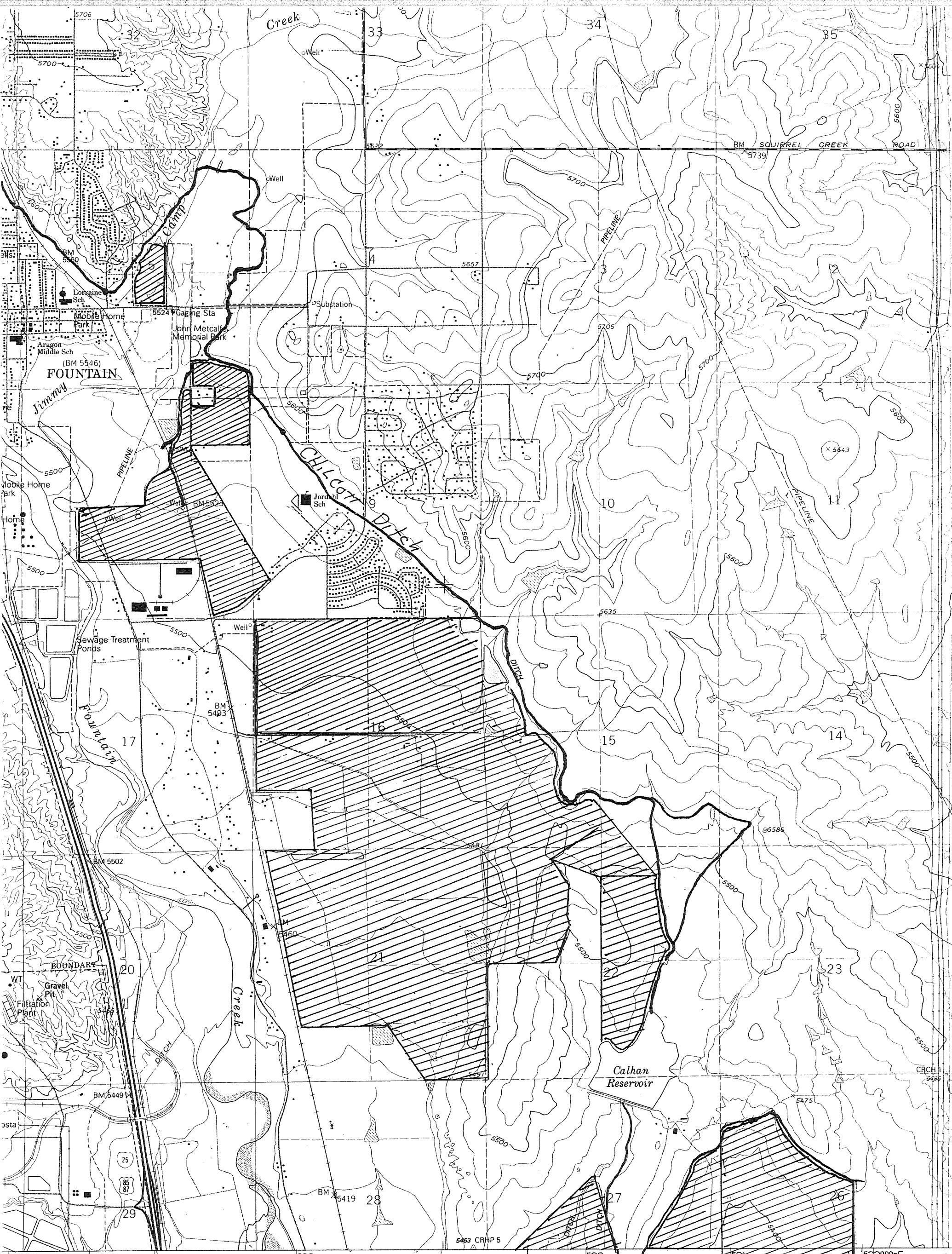
November, 2016

	ACTUAL YR. END 2015	BUDGETED YR. END 2016	ESTIMATED YR. END 2016	BUDGETED YR. END 2017
Professional Fees:				
1 Management Services	\$18,000	\$18,000	\$18,000	\$18,000
2 Internet Technology Website	\$364	\$500	\$1,000	\$500
3 Legal Services				
a. General Services	\$1,365	\$5,000	\$0	\$2,500
b. Water Rights Opposition	\$56,105	\$35,000	\$17,000	\$30,000
4 Engineering				
a. *General Services/Plan Review	\$1,260	\$5,000	\$3,100	\$5,000
b. Water Rights/Opposition	\$8,987	\$10,000	\$8,000	\$10,000
Contingency	\$0	\$2,000	\$0	\$5,000
Total Professional Fees	<u>\$86,081</u>	<u>\$75,500</u>	<u>\$47,100</u>	<u>\$71,000</u>

*Note: Value represents "net" fees paid. Plan review fees are paid by the Applicant are are therefore not a part of net fees estimated

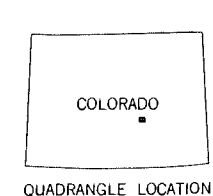
Appendix G

Preliminary Plan Drawing Map of Service Area



THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
Y U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

SERVICE AREA
CHILCOTT DITCH



- ROAD CLASSIFICATION
- Primary highway, hard surface
 - Secondary highway, hard surface
 - Light duty road, hard or improved surface
 - Unimproved road
 - Interstate Route
 - U. S. Route
 - State Route

FOUNTAIN,
38104-F6-TF-0
1961
REVISED 1994
DMA 5061 II NW-SERIES



Jimmy Camp Creek

Jimmy Camp Rd

Jimmy Camp Rd

Enclaver Ln

Eagleside Elementary School

Lantern Ln

RESOLUTIONS OF THE SHAREHOLDERS
OF CHILCOTT DITCH COMPANY

The Shareholders of the Chilcott Ditch Company (Company) at a Shareholders' meeting held November 2nd, at 1:00 p.m. in the City of Fountain, Colorado, adopted the following resolutions concerning a secured loan from either the Colorado Water Resources and Power Development Authority or the State of Colorado Water Conservation Board (CWCB) ("Lender"), for the purpose of replacement of the Jimmy Camp Creek Siphon (Project), in an amount not to exceed \$575,000 which may include a loan origination fee of 1% of the loan amount.

At said meeting, the Shareholders charged that these resolutions are irrevocable during the term of the loan and, pursuant to the Company's bylaws, authorized the Board of Directors and officers, RESOLVED as follows:

1. to enter into and comply with the terms of a contract with the Lender for a loan in an amount not to exceed \$575,000, as needed to finance the project costs, which may include a loan origination fee of 1%, and
2. to levy and collect assessments from the shareholders in an amount sufficient to pay the annual amounts due under the LOAN CONTRACT, and to pledge assessment revenues and the Company's right to receive said revenues for repayment of the loan, and
3. to place said pledged revenues in a special account separate and apart from other COMPANY revenues, and
4. to make the annual payments required by the PROMISSORY NOTE and to make annual deposits to a debt service reserve fund, and
5. to pledge the shareholder assessments and personal property acquired by the use of the loan (i.e. the siphon) for the loan, and
6. to execute all documents as required by the LOAN CONTRACT, including, but not limited to, a PROMISSORY NOTE, SECURITY AGREEMENT and DEED OF TRUST, necessary to convey a security interest in said property to the CWCB, and
7. to take such other actions and to execute such other documents as may be necessary to consummate and implement the loan.

CERTIFICATION

THE UNDERSIGNED, RESPECTIVELY, THE PRESIDENT AND TREASURER OF THE COMPANY, HEREBY CERTIFY THAT THE FOREGOING ARE TRUE AND CORRECT COPIES OF RESOLUTIONS DULY ADOPTED AT A MEETING OF THE COMPANY'S SHAREHOLDERS DULY CALLED AND HELD AS ABOVE RECITED, PURSUANT TO THE COMPANY'S BYLAWS, AND THAT SAID RESOLUTIONS HAVE NOT BEEN AMENDED OR RESCINDED.

GIVEN UNDER OUR HANDS AND THE SEAL OF THE COMPANY THE 2ND DAY OF NOVEMBER 2016.

(SEAL)

ATTEST:

By:

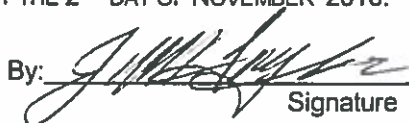

Signature

NAME: JESSIE J. SHAFFER

TITLE: TREASURER

DATE: 11-2-16

By:


Signature

NAME: James W. Taylor

TITLE: President

DATE: 11-2-16

RESOLUTIONS OF THE BOARD OF DIRECTORS
OF CHILCOTT DITCH COMPANY

The Board of Directors of Chilcott Ditch Company (Company), at a meeting held November 2nd, at 1:00 p.m. in the City of Fountain, Colorado, adopted the following resolutions concerning a secured loan from either the Colorado Water Resources and Power Development Authority or the State of Colorado Water Conservation Board (CWCB) ("Lender"), for the purpose of replacement of the Jimmy Camp Creek Siphon (Project), in an amount not to exceed \$575,000 which may include a loan origination fee of 1% of the loan amount.

At said meeting, the Board charged that these resolutions are irrevocable during the term of the loan and, pursuant to the Company's bylaws, authorized the President and Corporate Treasurer, RESOLVED as follows.

1. to enter into and comply with the terms of a contract with the Lender for a loan in an amount not to exceed \$575,000, as needed to finance the project costs, which may include a loan origination fee of 1%, and
2. to levy and collect assessments from the shareholders in an amount sufficient to pay the annual amounts due under the LOAN CONTRACT, and to pledge assessment revenues and the Company's right to receive said revenues for repayment of the loan, and
3. to place said pledged revenues in a special account separate and apart from other COMPANY revenues, and
4. to make the annual payments required by the PROMISSORY NOTE and to make annual deposits to a debt service reserve fund, and
5. to pledge the shareholder assessments and personal property acquired by the use of the loan (i.e. the siphon) for the loan, and
6. to execute all documents as required by the LOAN CONTRACT, including, but not limited to, a PROMISSORY NOTE, SECURITY AGREEMENT and a DEED OF TRUST, and
7. to take such other actions and to execute such other documents as may be necessary to consummate and implement the loan.

CERTIFICATION

THE UNDERSIGNED, THE PRESIDENT AND THE CORPORATE TREASURER HEREBY CERTIFY THAT THE FOREGOING ARE TRUE AND CORRECT COPIES OF RESOLUTIONS DULY ADOPTED AT A MEETING OF THE COMPANY'S BOARD OF DIRECTORS DULY CALLED AND HELD AS ABOVE RECITED, PURSUANT TO THE COMPANY'S BYLAWS, AND THAT SAID RESOLUTIONS HAVE NOT BEEN AMENDED OR RESCINDED.

GIVEN UNDER OUR HANDS AND THE SEAL OF THE COMPANY THE 2ND DAY OF NOVEMBER 2016.

(SEAL)

ATTEST:

By: 

Signature

NAME: JESSIE J. SHAFFER

TITLE: TREASURER

DATE: 11-2-16

By: 

Signature

NAME: James W. Taylor

TITLE: President

DATE: 11-2-16

Chilcott Ditch Company
Shareholder's Listing
2-Nov-16

Name	Number of Shares
El Paso County Parks	1
Fountain-Fort Carson School District 8	2.5 *
City of Colorado Springs	9
Woodmoor Water & Sanitation Dist.	1
Woodmoor Water & Sanitation Dist.	57
Security Water District	11.25
City of Fountain	23.25
	105

* Leased to City of Fountain