

Feasibility of North Poudre Irrigation Company Mountain Supply Reservoir No. 10 Repairs

Sponsored by

The North Poudre Irrigation Company
3729 Cleveland Ave
Wellington, CO 80549

Prepared by

Tessara Water, LLC
13101 Cavanaugh Road
Hudson, CO 80642

January, 2017

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North Poudre Irrigation Company, Inc.

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Feasibility Study Mountain Supply Reservoir No. 10 Rehabilitation Project January, 2017

Introduction (Need for the Project)

The North Poudre Irrigation Company (NPIC), located in Larimer County, Colorado owns and operates Mountain Supply Reservoir No. 10 as an irrigation water storage reservoir for the benefit of the shareholders. The reservoir is located in section 13, township 6 north, range 60 west of the sixth prime meridian and has a storage decree of 344 acre feet. The dam was constructed in 1905 and a major rehabilitation of the dam completed in the 1973.

In August of 2015 there was a failure in the CMP outlet tube approximately 15 feet downstream of the intake headgate. All water in the reservoir drained through the hole in the outlet tube but at a rate slow enough that all water was contained in the outlet ditch and no damage was sustained. The State Engineers Office (SEO) put a zero storage hold on the reservoir on August 20, 2015 until repairs could be made. NPIC made temporary repairs to the outlet tube in January and February of 2016 and the SEO granted NPIC permission to store water to gage height six feet (approximately 80 acre feet) for two years while permanent repairs were designed and made. Documentation of the CMP failure, temporary repairs, SEO storage restriction, and the most current (2014) Engineering Inspection Report are found in **Appendix A**.

Lifting the SEO restriction on the reservoir is essential to NPIC's irrigation deliveries. There are 48 shareholders who collectively own 81 shares of NPIC stock that receive water from Mountain Supply Reservoir No. 10 through the Lower 10 ditch. Approximately 600 acre foot of water is delivered annually to these shareholders.

Project Sponsor

NPIC is a mutual ditch company and a non-profit corporation registered in the State of Colorado. There are 570 shareholders and 10,000 shares of stock. NPIC has the power to set annual assessments to be paid by the shareholders, the power to cut off water deliveries to shareholders that fail to pay their assessments, and the power to offer stock for sale to pay back assessments. NPIC articles of incorporation and bylaws are included in **Appendix B**.

Project Service Area and Facilities

NPIC has an office in Wellington, Colorado and operates 21 storage reservoirs, five flood control dams, and approximately 200 miles of ditches. NPIC also owns

a large machine shop, equipment including trucks, excavators, pickups, front-end loader, motor graders, and various other pieces of equipment.

The service area encompasses approximately 300 square miles (shown in **Appendix C**) and additional service area covering 14 communities and municipal water providers that own NPIC shares (Ft. Collins, Windsor, Ault, Severance, Eaton, Thornton, North Weld County Water District, East Larimer County Water District, Northern Colorado Water Association, Fort Collins Loveland Water District, West Fort Collins Water District, Sunset Water District, Nunn and Pierce). The NPIC infrastructure is important to North Central Colorado economy.

Hydrology and Water Rights

NPIC Mountain Supply Reservoir No. 10 is an off stream reservoir with a drainage basin of approximately 0.14 square miles. The reservoir is fed by the Upper 10 Ditch which is in turn fed by numerous other ditches in the NPIC system, the ultimate source of the water being the North Fork of the Cache la Poudre River and the Cache la Poudre River. Mountain Supply Reservoir No. 10 (a.k.a. Railroad Reservoir No. 3) has decreed water rights for storage of 344 acre feet, priority No. 82, dated May 15, 1905. This water decree is shown in **Appendix D**.

Project Description

NPIC contracted with Tessara Water, LLC in September of 2015 to investigate alternatives for repairs and upgrades that will remove the storage restriction imposed by the SEO. As part of this investigation Tessara Water has performed a document and plan review, conducted a geotechnical investigation, surveyed the site to construct a storage volume table, completed a hydrology study of the reservoir, conducted numerous site inspections, consulted with the SEO's Dam Safety Engineer, and met with NPIC personnel to discuss operating needs and procedures.

Results of the investigation have shown that there is a need to repair the inlet structure at the end of the Upper 10 ditch that controls flows into the reservoir, make repairs to the inlet pipeline that extends from the inlet structure to the reservoir, provide a dissipation structure at the end of the pipeline to prevent further erosion, remove silt and straighten the channel from the dissipation structure to the new gate tower, remove the existing concrete intake structure and gate along with the temporary patch to the outlet conduit, make permanent repairs to the outlet conduit, replace the removed intake structure with a new gate tower, and construct a new spillway control wall. Figure 1 shows the locations of the proposed work.



Figure 1. Locations of Proposed Work.



Existing Inlet Structure

The existing concrete inlet structure at the end of the Upper 10 ditch serves as a check structure for deliveries to two irrigation headgates and the entrance to the 30-inch diameter RCP inlet pipeline to the reservoir. Water from the ditch to the pipeline is checked using cumbersome wood checkboards. Currently the shareholder to the east is using a pump to supplement his deliveries as the headgate will not deliver the required flow. It is believed that the headgate to the west is abandoned. Replacement of the concrete structure, replacement

of the 12-inch headgate to the east with an 18-inch headgate, and replacing the checkboard system with a 36-inch canal gate are recommended.

The 500-foot long 30-inch diameter RCP pipeline that extends from the inlet structure to the reservoir is at a grade of approximately four percent. This steep grade results in velocities of 16 feet per second at the downstream end of the pipe.



Downstream End of Existing 30-Inch RCP Inlet

There is no energy dissipation structure at the end of the pipe and the over the years the extreme velocity has eroded the soil at the end of the pipe to the extent that several sections of the RCP have been displaced and removed. Inspection of the pipeline shows that in addition to the four 8-foot sections of RCP pipe that have been displaced another four to eight sections have moved significantly enough that there is leakage in the joints. It is recommended that the most

downstream sections of pipe that show significant movement be replaced, an additional four 8-sections of pipe be added to the end of the pipeline, and an energy dissipation structure be added at the end of the pipeline. The entire length of the pipeline, from inlet structure to dissipation structure should then be lined using CIPP methods.

Along with construction of the pipeline the eroded area at the end of pipeline should be filled with compacted soil and riprap used to protect the area immediately downstream of the dissipation structure. The section of channel from the dissipation structure to the reservoir dead pool along with the section of

channel from the dead pool to the new gate tower should be straightened and over-excavated to control and allow for future siltation.

The existing intake structure consists of a concrete structure encasing the upturned end of the 24-inch CMP outlet conduit. The upturned end is beveled to the 3:1 slope of the dam. The control gate is mounted on the sloped structure



Existing Intake Structure

and connected by a stem passing through a buried encasement pipe to the operator at the dam crest. A trash rack covers the control gate and Jersey barriers have been placed around the structure to prevent riprap from rolling onto the gate and silt from building up on the upstream face. The 2016 repairs were made immediately downstream of the intake structure. It is recommended that the intake structure and repaired section of the outlet conduit be removed and replaced with a gate tower accessible from the dam crest by a walkway. The

section of damaged CMP outlet conduit would be replaced with new CMP on the same grade as the existing, and then the entire outlet conduit lined using CIPP methods. The outlet conduit would connect to the downstream side of the new gate tower at elevation 5165.7 feet and be controlled by a gate and operator. An additional gate and operator would be placed on the upstream side of the gate tower at elevation 5170 feet which is at the minimum elevation that would provide full capacity to the reservoir (after the addition of the spillway control wall). The proposed gate tower, walkway, gates, and outlet conduit configuration is shown in Appendix D.

Although there is approximately four feet of silt in the bottom of the reservoir the topographic survey of the area shows that there is 323 acre feet of storage in the reservoir between elevation 5170 feet (the elevation to which the reservoir can be effectively drained) and the spillway elevation of 5180 feet. Currently, the spillway is not well defined. By constructing a concrete control wall with the top of wall at elevation 5185.5 feet the added six inches of storage would bring the reservoir capacity to the decreed 344 acre feet. This could be accomplished without removal of silt. The existing outlet gate which is at elevation 5167.94 feet would be raised to elevation 5170 feet.

Alternatives

NPIC's most pressing need is to lift the SEO storage restriction so that irrigation water deliveries may continue to downstream users. Lifting the restriction involves repair of the outlet conduit. An alternative to the CIPP lining of the

existing CMP is an open cut breach of the dam and replace the outlet conduit with a new pipe. This would involve the removal and replacement of approximately 4,000 cubic yards of dam embankment material, placement of a mud mat, installation of 130 lineal feet of concrete-encased steel pipe, construction of a new outlet structure, and installation of a cutoff trench and sand collar all at an estimated cost of \$105,000. A camera inspection of the outlet conduit revealed no structural deficiencies in the conduit downstream of the repair area and as there have been no operational issues with outlet structure the CIPP alternative was selected at a cost of approximately \$25,000.

An alternative to the selected gate tower and walkway is a gate tower within the dam embankment with a control gate in the tower and the secondary gate at an inlet structure with a grade beam supporting the gate stem and vent extending from the structure to the dam crest. This would only be a viable alternative if the dam were to be breached. The gate tower costs would be approximately the same in this scenario and the inlet structure and grade beam would have to offset the cost of the walkway. The gate tower with walkway was selected because the design was successfully used on NPIC's nearby, and very similar, Reservoir No. 10 so engineering and design costs were reduced. A drawing of the proposed gate tower, walkway, and outlet conduit may be found in **Appendix E**.

As previously mentioned, the construction of a concrete spillway to raise the storage level of the reservoir six inches was chosen over the alternative of removing 20 acre feet of silt from the reservoir. The cost of the removing the silt at three dollars per cubic yard would be approximately \$125,000 while the cost of the control wall is estimated to be less than \$15,000.

Replacement of the approximate 500 lineal foot of 30-inch diameter RCP would involve excavation and removal of the existing pipe, placement of pipe bedding, purchase and placement of new pipe, and backfilling and seeding of the area. A construction easement for the excavation operations would need to be obtained from the adjacent landowner. The cost of replacement of the pipe is estimated to be approximately \$90,000. The chosen CIPP lining of the existing pipe is only slightly lower in cost but is a much quicker and simpler construction method with fewer unknown cost variables.

Table 1 presents the cost estimate for the chosen alternatives.

Table 1
Cost Estimate Mountain Supply Res. No. 10

Item No.	Item Description	Quantity	Units	Unit Price	Amount
1	Geotechnical Survey	1	L.S.	\$3,250	\$3,250
2	Pre-Construction and Topographic Survey	1	L.S.	\$9,970	\$9,970
3	Mobilization	1	L.S.	\$27,000	\$27,000
4	Construction Surveying	1	L.S.	\$3,500	\$3,500
5	Dewatering and Erosion Control	1	L.S.	\$7,000	\$7,000
6	Inlet Structure	15	C.Y.	\$1,200	\$18,000
7	30-Inch RCP Repairs	1	L.S.	\$6,000	\$6,000
8	30-inch CIPP	485	L.F.	\$182	\$88,270
9	Dissipation Structure	16	C.Y.	\$1,200	\$19,200
10	Excavate Inlet and Intake Channel	1	L.S.	\$12,000	\$12,000
11	Clearing Grubbing and Stripping and Demolition	1	L.S.	\$3,000	\$3,000
12	24-Inch CMP Replacement and Encasement	1	L.S.	\$12,000	\$12,000
13	24-inch CIPP Lining	130	L.S.	\$200	\$26,000
14	Gate Tower	25	C.Y.	\$1,200	\$30,000
15	Gates and Operators	1	L.S.	\$40,000	\$40,000
16	Walkway, Trash Racks	1	L.S.	\$38,000	\$38,000
17	Spillway Control Wall	1	L.S.	\$15,000	\$15,000
18	Riprap	600	Ton	\$45	\$27,000
19	Bedding	140	Ton	\$44	\$6,160
20	Seeding	1	L.S.	\$3,000	\$3,000
				Subtotal	\$394,350
21	Engineering, Legal, and Contingency	25%	L.S.		\$98,588
				TOTAL	\$492,938

Implementation Schedule

Drawings and Specification for the project will be submitted to the SEO by the end of March 2017. Upon approval of the design the project will be put out to bid and construction completed before the 2018 irrigation season.

Easements

NPIC has full access to the project area and no additional easements are required to complete the project.

Permitting

No permitting is expected to be required to complete the project.

Institutional Considerations

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

The North Poudre Irrigation Company/Scott Hummer – administration and financing;
Tessara Water, LLC, Tara Schutter, P.E., Engineering and Project Management
Colorado Water Conservation Board – financing.

NPIC 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 provide by each party shown above.

Financial Analysis

NPIC is requesting a 30-year loan from the Colorado Water Conservation Board (CWCB) in the amount of \$494,900 (\$490,000 project cost plus \$4,900 loan service fee) to cover 100% of the estimated total cost of the project.

There are 10,000 outstanding shares of NPIC stock. An estimated blended interest rate of 2.50% was calculated according to the classification of ownership shown in Table 3. We understand the CWCB staff will determine the actual distribution of the shareholder classifications and determine an interest rate. These values are used for illustration purposes.

Table 2
North Poudre Irrigation Company Stock Ownership

Classification	Number of Shares	% Ownership	Interest Rate	Blended Rate
Total number of shares:	10,000			
Commercial	10	0.10%	6.00%	0.006%
Low income municipal	134.50	1.34%	2.40%	0.032%
Middle income municipal	6,693.00	66.93%	2.75%	1.840%
High income municipal	477.00	4.77%	3.10%	0.148%
Ag	2,685.50	26.86%	1.70%	0.457%
Blended Interest Rate (30 year)				2.48%
Blended Interest Rate (Rounded)				2.50%

At an interest rate of 2.50%, annual payments on a loan of \$494,900 are \$23,645. Added to the first 10 payments is 10% of the payment to be deposited in a reserve account making the first ten payments \$28,594. The annual assessment would increase \$2.86 per share. The \$2.86 per share increase in

assessment cost represents an increase of \$0.64 per acre foot of water based on the historic average of 4.44 acre feet of water delivered per share. A summary of the project's cost is shown in Table 4.

Table 3
Financial Summary

Project Cost + 1% Loan Service Fee	\$494,900
CWCB Loan Payment	\$23,645
CWCB Loan Payment Amount (Including 10% Reserve)	\$28,594
Number of Shareholders	570
Number of Shares of Stock	10,000
Loan Payment per Share of Stock	\$2.86
Current Assessments per Share*	\$216.35
Future Assessments per Share	\$219.21
Annual Increased Cost Per Acre Foot (Avg. Annual Delivery: 4.44 AF)	\$0.64

*The 2015 assessment was \$200. There are three pending loans in disbursement with total estimated annual payments of \$216,348 which will raise the annual assessment to \$216.35 before the addition of this loan.

Credit worthiness: NPIC assesses shareholder fee's annually (February 1) based on the projected operating costs, debt service, and water assessment costs for the year. If it is evident that there will be surplus funds at the end of the fiscal year (October 31), the Board of Directors typically refunds the money to the shareholders in the form of cash or allows shareholders to apply the refund to the next year's assessment. If expenses exceed the projected amount NPIC draws funds from a \$500,000 unsecured line of credit from the First National Bank in Fort Collins. The loan amount is included in the next years projected expenses and repaid when the first assessments are received. This method of operation results in financial ratios of 100% with or without the project.

NPIC has eight outstanding loans with the CWCB dating to 1985. NPIC has made all scheduled payments on each of these loans. In addition to these eight loans NPIC has three additional loans in progress with the CWCB. The existing and pending loans are summarized in Table 5. Of the three pending loans, NPIC could potentially recover \$495,000 in FEMA grant money for the Fossil Creek Reservoir Inlet Diversion Structure project, the NPIC Reservoir No. 4 Rehabilitation Project is ready for closeout and is approximately \$150,000 under the approved loan amount, and the Livermore Tunnel Project is currently on track to be completed within budget.

NPIC has no other long term debt.

**TABLE 4
EXISTING DEBT**

CWCB LOAN #	ORIGINAL BALANCE	CURRENT BALANCE	ANNUAL PAYMENT	MATURITY DATE	PROJECT
C153833	\$500,000	\$133,807	\$36,889	9/1/2019	NPIC Res. No. 5 & 6
C153385	\$1,331,704	\$551,644	\$77,612	5/1/2024	Fossil Creek Res.
C150013	\$623,778	\$341,858	\$46,061	5/1/2024	Res. No. 6 Outlet Indian Creek Res. Res. No. 5 Spillway
C153449	\$1,152,909	\$558,114	\$67,192	5/1/2026	Res. No. 15
C150170	\$735,280	\$495,961	\$50,572	2/1/2027	NPIC Res. No. 1
C153496	\$404,502	\$231,034	\$23,574	5/1/2029	Clark Lake
C153572	\$340,551	\$215,094	\$19,847	5/1/2031	NPIC Res. No. 2
C153637	\$1,761,096	\$1,052,676	\$64,378	5/1/2035	NPIC Res. No. 5 & 6
Subtotal (Existing Debt):		\$3,580,188	\$386,125		
Three Loans in Progress:					
C150368	\$876,680		\$44,220		Fossil Creek Res. Inlet Diversion Structure
C150378	\$2,263,410		\$105,062		NPIC Res. No. 4
CT2017-1402	\$1,451,673		\$67,066		Livermore Tunnel
Subtotal Loans In Progress:			\$216,348		
Estimated Total All Loans:			\$602,473		

NPIC uses revenue from recreation leases on their reservoirs to help make CWCB loan payments. In 2016 the income from these leases was approximately \$400,000 and is expected to remain near that amount. Typically the leases are for three years and are increased 2% when they are renewed. In addition to the recreational leases NPIC receives annual payments of \$188,224 for the sale of the Halligan Reservoir site to the City of Fort Collins.

Assessments are used to fund operations and maintenance as well as water assessments and fees for shares in other ditch companies, including the \$1.50/unit for 40,000 units of Colorado Big Thompson.

Complete financial information may be found in NPIC's Annual Reports. The financial statements from the Annual Reports for 2013, 2014, and 2015 are found in **Appendix F**.

Alternative financing considerations:

NPIC has investigated alternative financing sources.

Collateral:

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

Economic Analysis:

The economic benefit of the project is considerable. By rehabilitating the reservoir NPIC will be able to store their full decree of 344 acre feet of water. Using an estimated cost of \$3,000/AF for building new storage the value of the project is \$1,032,000 compared to the estimated cost of \$495,000.

Social, Environmental, Physical Impacts:

Forty-eight shareholders rely on the delivery of 600 acre feet of water through Mountain Supply Reservoir No. 10 to irrigate agricultural crops. The livelihood of these shareholders is dependent on the ability of NPIC to deliver water through the reservoir. Additionally there is the potential for water trades and exchanges to Windsor Reservoir No. 8 which is located immediately below Mountain supply Reservoir No. 10.

Environmental and physical impacts will be minimal as the project will only restore the reservoir to its previous condition.

Conclusions

1. NPIC 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 fund loan.
2. NPIC has full access to complete the work.
3. The project would provide for additional storage of water for the beneficial use of the shareholders and ensure that NPIC retains its full decree of water dating to 1905.
4. The total estimated cost of the project is \$594,900 of which 100% will be financed by a loan from the CWCB Construction Fund.
5. The project is technically and financially feasible.
6. Mountain Supply Reservoir No. 10 is essential to water deliveries to 48 shareholders owning 81 shares of NPIC stock.
7. The cost per acre foot of storage water and water delivered is very low.

The CWCB Water Project Loan Application may be found in **Appendix G**.

Appendix A

Engineering Inspection Reports and SEO Correspondence



COLORADO
Division of Water Resources
Department of Natural Resources

Dam Safety Branch

November 12, 2014

Mr. Scott Hummer
North Poudre Irr Co.
P.O. Box 100
Wellington, CO 80549
npicscott@qwestoffice.net

VIA EMAIL

When replying, please refer to:
Mountain Supply #10 Dam
(aka North Poudre #10), DAMID 030404
Water Division 1, Water District 3

SUBJECT: 2014 Engineer's Inspection Report

Dear Scott,

I recently performed the inspection of Mountain Supply #10 Dam with Rob McNaughton on October 8, 2014. This inspection was in accordance with Section 37-87-107 of the Colorado Revised Statutes, which assigns to the State Engineer responsibility for determining safe storage levels for all reservoirs in the State of Colorado. Conditions observed during the dam safety inspection resulted in a recommended safe storage level of **Full Storage**.

Attached are copies of the Engineer's Inspection Report and photographs taken during the inspection. Please see page 3 of the report for actions required by you to maintain and/or improve the safety of this dam. Once you have reviewed the report, please return a signed copy of the signature page, via electronic or regular mail, to the Division 1 Office. Lastly, please feel free to contact me (970) 352-8712 ext 1218, regarding any dam safety issues, or to discuss any part of this inspection.

Sincerely,

Kallie Bauer, P.E.
Dam Safety Engineer

ec: Bill McCormick, Chief, Dam Safety Branch
Mark Simpson, District 3 Water Commissioner



ENGINEER'S INSPECTION REPORT

INSPECTOR: KEB

OFFICE OF THE STATE ENGINEER - DIVISION OF WATER RESOURCES - DAM SAFETY BRANCH

1313 SHERMAN STREET, ROOM 818, DENVER, CO 80203, (303) 866-3581

DAM NAME: MOUNTAIN SUPPLY #10	T: 080N R: 0690W S: 13	COUNTY: LARIMER	DATE OF INSPECTION: 10/8/2014
DAM ID: 030404 YRCompl: 1974	DAM HEIGHT(FT): 22.0	SPILLWAY WIDTH(FT): 150.0	PREVIOUS INSPECTION: 8/27/2008
CLASS: Low hazard	DAM LENGTH(FT): 944.0	SPILLWAY CAPACITY(CFS): 6538.0	NORMAL STORAGE (AF): 344.0
DIV: 1 WD: 3	CRESTWIDTH(FT): 20.0	FREEBOARD (FT): 6.5	SURFACE AREA(AC): 48.0
EAP: Not Required	CRESTELEV(FT): 5130.0	DRAINAGE AREA (AC.): 170.0	OUTLET INSPECTED:

CURRENT RESTRICTION: -- NONE --

OWNER: NORTH POUDRE IRR. CO.	OWNER REP.: SCOTT HUMMER
ADDRESS: P. O. BOX 100	CONTACT NAME: SCOTT HUMMER
WELLINGTON CO 80549-0000	CONTACT PHONE: (970) 568-3612

INSPECTION PARTY: Rob McNaughton	Kallie Bauer
REPRESENTING: NPIC	co-DNR-Dam Safety

FIELD CONDITIONS OBSERVED	WATER LEVEL: BELOW DAM CREST 10 FT. Below Spillway 2.7 FT. GAGE ROD READING 10.4
	GROUND MOISTURE CONDITION: <input checked="" type="checkbox"/> DRY <input type="checkbox"/> WET <input type="checkbox"/> SNOWCOVER OTHER

DIRECTIONS: MARK AN X FOR CONDITIONS FOUND AND UNDERLINE WORDS THAT APPLY

UPSTREAM SLOPE

- PROBLEMS NOTED ☐ (0) NONE ☐ (1) RIPRAP - MISSING, SPARSE, DISPLACED, WEATHERED ☐ (2) WAVE EROSION - WITH SCARPS
- ☐ (3) CRACKS WITH DISPLACEMENT ☐ (4) SINKHOLE ☐ (5) APPEARS TOO STEEP ☐ (6) DEPRESSION OR BULGES ☐ (7) SLIDES
- ☐ (8) CONCRETE FACING - HOLES CRACKS, DISPLACED, UNDERMINED ☒ (9) OTHER vegetation

The upstream slope has large riprap and appears stable. There is some brush on the upstream slope that has been sprayed. The weeds and dying and should be removed as they die. Dead woody debris and brush can attract rodents.

Some sand has blown on to the riprap this is not a dam safety issue but may encourage vegetation growth.

CONDITIONS OBSERVED: ☐ Good ☒ Acceptable ☐ Poor

CREST

- PROBLEMS NOTED ☒ (10) NONE ☐ (11) RUTS OR PUDDLES ☐ (12) EROSION ☐ (13) CRACKS - WITH DISPLACEMENT ☐ (14) SINKHOLES
- ☐ (15) NOT WIDE ENOUGH ☐ (16) LOW AREA ☐ (17) MISALIGNMENT ☐ (18) IMPROPER SURFACE DRAINAGE ☐ (19) OTHER

The crest is at gage height 20.2

No problems noted. The crest is a dirt road and is graded to the upstream slope.

CONDITIONS OBSERVED: ☒ Good ☐ Acceptable ☐ Poor

DOWNSTREAM SLOPE

- PROBLEMS NOTED ☐ (20) NONE ☐ (21) LIVESTOCK DAMAGE ☐ (22) EROSION OR GULLIES ☐ (23) CRACKS - WITH DISPLACEMENT ☐ (24) SINKHOLE
- ☐ (25) APPEARS TOO STEEP ☐ (26) DEPRESSION OR BULGES ☐ (27) SLIDE ☐ (28) SOFT AREAS ☒ (29) OTHER vegetation

Downstream slope has lots of brush and vegetation on the slope. The brush has been sprayed and is dying it will be removed once it is dead. There is an area near the crest where a different spray was used that killed everything the ground is bare.

CONDITIONS OBSERVED: ☐ Good ☒ Acceptable ☐ Poor

SEEPAGE

- PROBLEMS NOTED ☐ (30) NONE ☐ (31) SATURATED EMBANKMENT AREA ☐ (32) SEEPAGE EXITS ON EMBANKMENT
- ☐ (33) SEEPAGE EXITS AT POINT SOURCE ☐ (34) SEEPAGE AREA AT TOE ☐ (35) FLOW ADJACENT TO OUTLET ☐ (36) SEEPAGE INCREASED / MUDDY
- DRAIN OUTFALLS SEEN ☒ No ☐ Yes Show location of drains on sketch and indicate ☐ (37) FLOW INCREASED / MUDDY ☐ (38) DRAIN DRY / OBSTRUCTED
- ☐ (39) OTHER

No seepage observed during the inspection.

There are no drains at this site.

CONDITIONS OBSERVED: ☐ Good ☒ Acceptable ☐ Poor

OUTLET

PROBLEMS NOTED ☐ (40) NONE ☐ (41) NO OUTLET FOUND ☐ (42) POOR OPERATING ACCESS ☐ (43) INOPERABLE
☐ (44) **UPSTREAM** OR **DOWNSTREAM** STRUCTURE DETERIORATED (45) OUTLET OPERATED DURING INSPECTION ☐ YES ☒ NO
INTERIOR INSPECTED ☒ (120) NO ☐ (121) YES ☐ (46) CONDUIT **DETERIORATED** OR **COLLAPSED** ☐ (47) JOINTS DISPLACED ☒ (48) VALVE LEAKAGE
☐ (49) OTHER

Outlet operated through the full cycle annually with no problems noted. The outlet was not releasing at the time of inspections.

Outlet pipe has water sitting in it the owner reports the head gate leaks.

It is recommended that an interior outlet inspection be performed due to the age of the structure. It is the best way to determine the condition of the outlet pipe.

There are some cattails in downstream outlet channel the owner is encouraged to remove the cattails below the outlet especially where it has become overgrown and thick. The standing water in the pipe can greatly reduce the life of the pipe.

CONDITIONS OBSERVED: ☐ Good ☒ Acceptable ☐ Poor

SPILLWAY

PROBLEMS NOTED ☐ (50) NONE ☐ (51) NO EMERGENCY SPILLWAY FOUND ☐ (52) EROSION **WITH BACKCUTTING** ☐ (53) CRACK - **WITH DISPLACEMENT**
☐ (54) APPEARS TO BE STRUCTURALLY INADEQUATE ☐ (55) APPEARS TOO SMALL ☐ (56) INADEQUATE FREEBOARD ☐ (57) FLOW OBSTRUCTED
☐ (58) CONCRETE **DETERIORATED / UNDERMINED** ☒ (59) OTHER

The service spillway is at gage height 12.71, the emergency spillway is at gage height 13.69

Spillway is earthen swale with no grade control- It is recommended to periodically survey the spillway to ensure the proper elevation is maintained.

The spillway should be evaluated to determine the hydraulic capacity. The tributary is small and is likely adequate but should be confirmed.

CONDITIONS OBSERVED: ☒ Good ☐ Acceptable ☐ Poor

MONITORING

EXISTING INSTRUMENTATION FOUND ☐ (110) NONE ☐ (111) GAGE ROD ☐ (112) PIEZOMETERS ☐ (113) SEEPAGE **WEIRS / FLUMES**
☐ (114) SURVEY MONUMENTS ☐ (115) OTHER
MONITORING OF INSTRUMENTATION ☐ (116) NO ☒ (117) YES PERIODIC INSPECTIONS BY: ☒ (118) OWNER ☐ (119) ENGINEER

There is no instrumentation at this dam.

No gage rod on this dam. The Rules and Regulations require a gage rod at all reservoirs.

CONDITIONS OBSERVED: ☐ Good ☐ Acceptable ☒ Poor

MAINTENANCE AND REPAIRS

PROBLEMS NOTED ☐ (60) NONE ☐ (61) ACCESS ROAD NEEDS MAINTENANCE ☐ (62) LIVESTOCK DAMAGE
☒ (63) BRUSH ON **UPSTREAM SLOPE, CREST DOWNSTREAM SLOPE, TOE** ☐ (64) TREES ON **UPSTREAM SLOPE, CREST DOWNSTREAM SLOPE, TOE**
☐ (65) RODENT ACTIVITY ON **UPSTREAM SLOPE, CREST DOWNSTREAM SLOPE, TOE** ☐ (66) DETERIORATED CONCRETE - **FACING, OUTLET SPILLWAY**
☐ (67) GATE AND OPERATING MECHANISM NEED MAINTENANCE ☐ (68) OTHER

Please continue to work on vegetation removal on the dam.

CONDITIONS OBSERVED: ☐ Good ☒ Acceptable ☐ Poor

Go to next page for Overall Conditions and Items Requiring Actions

OVERALL CONDITIONS

Overall dam is in Satisfactory Condition, thank you for your efforts in spraying the vegetation. To make this work the most effective please remove the dead brush from the dam. The outlet channel should be cleared so the water does not back up in to the outlet pipe this can reduce the life of the pipe. Given the age of the outlet pipe an internal outlet inspection is recommended. A staff gage should be installed to meet the requirements of Rule 5.5.2

Based on this Safety Inspection and recent file review, the overall condition is determined to be:

☒ (71) SATISFACTORY

☐ (72) CONDITIONALLY SATISFACTORY

☐ (73) UNSATISFACTORY

ITEMS REQUIRING ACTION BY OWNER TO IMPROVE THE SAFETY OF THE DAM

The State Engineer, by providing this dam safety inspection report, does not assume responsibility for any unsafe condition of the subject dam. The sole responsibility for the safety of this dam rests with the reservoir owner or operator, who should take every step necessary to prevent damages caused by leakage or overflow of waters from the reservoir or floods resulting from a failure of the dam.

MAINTENANCE - MINOR REPAIR - MONITORING

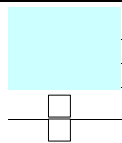
- ☐ (80) PROVIDE ADDITIONAL RIPRAP: _____
- ☒ (81) LUBRICATE AND OPERATE OUTLET GATES THROUGH FULL CYCLE **annually**
- ☒ (82) CLEAR TREES AND/OR BRUSH FROM: **slopes and outlet channel**
- ☐ (83) INITIATE RODENT CONTROL PROGRAM AND PROPERLY BACKFILL EXISTING HOLES: _____
- ☐ (84) GRADE CREST TO A UNIFORM ELEVATION WITH DRAINAGE TO THE UPSTREAM SLOPE: _____
- ☐ (85) PROVIDE SURFACE DRAINAGE FOR: _____
- ☐ (86) MONITOR: _____
- ☐ (87) DEVELOP AND SUBMIT AN EMERGENCY ACTION PLAN: _____
- ☒ (88) OTHER **install staff gage**
- ☒ (89) OTHER _____

ENGINEERING - EMPLOY AN ENGINEER EXPERIENCED IN DESIGN AND CONSTRUCTION OF DAMS TO: (Plans and Specifications must be approved by State Engineer prior to construction.)

- ☐ (90) PREPARE PLANS AND SPECIFICATIONS FOR REHABILITATION OF THE DAM: _____
- ☐ (91) PREPARE AS -BUILT DRAWINGS OF: _____
- ☐ (92) PERFORM A GEOTECHNICAL INVESTIGATION TO EVALUATE THE STABILITY OF THE DAM: _____
- ☐ (93) PERFORM A HYDROLOGIC STUDY TO DETERMINE REQUIRED SPILLWAY SIZE: _____
- ☐ (94) PREPARE PLANS AND SPECIFICATIONS FOR AN ADEQUATE SPILLWAY: _____
- ☐ (95) SET UP A MONITORING SYSTEM INCLUDING WORK SHEETS, REDUCED DATA AND GRAPHED RESULTS: _____
- ☒ (96) PERFORM AN INTERNAL INSPECTION OF THE OUTLET: **recommended not required**
- ☐ (97) OTHER: _____
- ☐ (98) OTHER: _____
- ☐ (99) OTHER: _____

SAFE STORAGE LEVEL: RECOMMENDED AS A RESULT OF THIS INSPECTION

- ☒ (101) FULL STORAGE
- ☐ (102) CONDITIONAL FULL STORAGE
- ☐ (103) RECOMMENDED RESTRICTION
- ☐ (104) CONTINUE EXISTING RESTRICTION



FT. BELOW DAM CREST
FT. BELOW SPILLWAY CREST
FT. GAGE HEIGHT
NO STORAGE-MAINTAIN OUTLET FULLY OPEN

REASON FOR RESTRICTION

ACTIONS REQUIRED FOR CONDITIONAL FULL STORAGE OR CONTINUED STORAGE AT THE RESTRICTED LEVEL:

Engineer's Signature _____ INSPECTED BY _____ Owner's Signature _____ OWNER/OWNER'S REPRESENTATIVE _____ DATE: ____/____/____

GUIDELINES FOR DETERMINING CONDITIONS

CONDITIONS OBSERVED - APPLIES TO UPSTREAM SLOPE, CREST, DOWNSTREAM SLOPE, OUTLET, SPILLWAY

GOOD

In general, this part of the structure has a near new appearance, and conditions observed in this area do not appear to threaten the safety of the dam.

ACCEPTABLE

Although general cross-section is maintained, surfaces may be irregular, eroded, rutted, spalled, or otherwise not in new condition. Conditions in this area do not currently appear to threaten the safety of the dam.

POOR

Conditions observed in this area appear to threaten the safety of the dam.

CONDITIONS OBSERVED - APPLIES TO SEEPAGE

GOOD

No evidence of uncontrolled seepage. No unexplained increase in flows from designed drains. All seepage is clear. Seepage conditions do not appear to threaten the safety of the dam.

ACCEPTABLE

Some seepage exists at areas other than the drain outfalls, or other designed drains. No unexplained increase in seepage. All seepage is clear. Seepage conditions observed do not currently appear to threaten the safety of the dam.

POOR

Seepage conditions observed appear to threaten the safety of the dam. Examples:
1) Designed drain or seepage flows have increased without increase in reservoir level.
2) Drain or seepage flows contain sediment, i.e., muddy water or particles in jar samples.
3) Widespread seepage, concentrated seepage, or ponding appears to threaten the safety of the dam.

CONDITIONS OBSERVED - APPLIES TO MONITORING

GOOD

Monitoring includes movement surveys and leakage measurements for all dams, and piezometer readings for High hazard dams. Instrumentation is in reliable, working condition. A plan for monitoring the instrumentation and analyzing results by the owner's engineer is in effect. Periodic inspections by owner's engineer.

ACCEPTABLE

Monitoring includes movement surveys and leakage measurements for High and Significant hazard dams; leakage measurements for Low hazard dams. Instrumentation is in serviceable condition. A plan for monitoring instrumentation is in effect by owner. Periodic inspections by owner or representative. OR, NO MONITORING REQUIRED.

POOR

All instrumentation and monitoring described under "ACCEPTABLE" here for each class of dam, are not provided, or required periodic readings are not being made, or unexplained changes in readings are not reacted to by the owner.

CONDITIONS OBSERVED - APPLIES TO MAINTENANCE AND REPAIR

GOOD

Dam appears to receive effective on-going maintenance and repair, and only a few minor items may need to be addressed.

ACCEPTABLE

Dam appears to receive maintenance, but some maintenance items need to be addressed. No major repairs are required.

POOR

Dam does not appear to receive adequate maintenance. One or more items needing maintenance or repair has begun to threaten the safety of the dam.

OVERALL CONDITIONS

SATISFACTORY

The safety inspection indicates no conditions that appear to threaten the safety of the dam, and the dam is expected to perform satisfactorily under all design loading conditions. Most of the required monitoring is being performed.

CONDITIONALLY SATISFACTORY

The safety inspection indicates symptoms of structural distress (seepage, evidence of minor displacements, etc.), which, if conditions worsen, could lead to the failure of the dam. Essential monitoring, inspection, and maintenance must be performed as a requirement for continued full storage in the reservoir.

UNSATISFACTORY

The safety inspection indicates definite signs of structural distress (excessive seepage, cracks, slides, sinkholes, severe deterioration, etc.), which could lead to the failure of the dam if the reservoir is used to full capacity. The dam is judged unsafe for full storage of water.

SAFE STORAGE LEVEL

FULL STORAGE

Dam may be used to full capacity with no conditions attached.

CONDITIONAL FULL STORAGE

Dam may be used to full storage if certain monitoring, maintenance, or operational conditions are met.

RESTRICTION

Dam may not be used to full capacity, but must be operated at some reduced level in the interest of public safety.

HAZARD CLASSIFICATION OF DAMS

High hazard

Loss of human life is expected in the event of failure of the dam, while the reservoir is at the high water line.

Significant hazard

Significant damage to improved property is expected in the event of failure of the dam while the reservoir is at the high water line, but no loss of human life is expected.

Low hazard

Loss of human life is not expected, and damage to improved property is expected to be small, in the event of failure of the dam while the reservoir is at high water line.

NPH hazard - No loss of life or damage to improved property, or loss of downstream resource is expected in the event of failure of the dam while the reservoir is at the high water line.



Photo 1. Upstream slope with some riprap and some vegetation

Photo 2. Crest looking north



Photo 3. Downstream slope with vegetation



Photo 4. Downstream slope with some bare areas

Photo 5. On crest looking toward Spillway



Photo 6. On crest looking downstream at outlet



Photo 7. Looking at downstream end of outlet



Photo 8. Service Spillway



Photo 9. Standing on spillway looking upstream



August 20, 2015

Mr. Scott Hummer
North Poudre Irr Co.
P.O. Box 100
Wellington, CO 80549
npicscott@qwestoffice.net

Via Email

When replying, please refer to:
Mountain Supply #10 Dam
(aka North Poudre #10), DAMID 030404
Water Division 1, Water District 3

SUBJECT: Guidance on Dam rehabilitation in Response to the State Engineer's Reservoir Restriction Order

Dear Mr. Hummer,

On August 6, 2015 we were notified of a problem at Mountain Supply #10 Dam and we performed an inspection to evaluate the reported conditions. Upon inspection we found the outlet pipe had failed near the upstream gate. Based on observations of the empty reservoir it appears there is a hole in the 24" Corrugated Metal Pipe, CMP outlet pipe. It appears near the intake structure the condition of the rest of the pipe is unknown. Since the reservoir drained out the outlet pipe and in the outlet ditch no damage was caused to downstream property.

You will be receiving a zero-storage restriction order from the State Engineer formally documenting the restricted reservoir level for Mountain Supply #10 (aka North Poudre #10) Reservoir as a result of damage to the outlet.

To date the reservoir has been emptied to the level of the outlet. There is small amount of water passing through the reservoir. The outlet gate is fully open. Repair of the dam and removal of the restriction will require the design and oversight by a qualified engineer. The following bullet points relate to what we see as the most efficient means of repair of the project and the quickest path back to full storage.

- The gate should remain fully open. And the reservoir should be monitored to ensure that water is not being stored against the outlet structure or embankment.
- The outlet conduit should have a video inspection performed to determine the condition of the entire conduit



Mr. Scott Hummer
Mountain Supply #10 Reservoir Restriction Guidance
DAMID 030404
August 20, 2015
Page 2 of 2

- The owner needs to hire a Professional Engineer registered in the State of Colorado and experienced in dam engineering and construction to develop alternatives to repair the dam and select an alternative
- Submit Plans and Specifications to our office for review and approval
- Repair work must be constructed and accepted by our office before the storage restriction can be lifted.

The regulatory process for repairing and modifying dams in Colorado is detailed in Rule 6 of the Rules and Regulations for Dam Safety and Construction, which is available on our website (<http://water.state.co.us/damsafety/dams.asp>). I am available to clarify any of the details and processes required in Rule 6 with you and your engineer as needed.

Our office appreciates your cooperation in this matter and we look forward to working with you to determine the most efficient and effective way to rehabilitate this dam and return it to safe, full storage condition. If you or your engineer should have any questions, please contact me at (970) 352-8712 xt 1218.

Sincerely,

Kallie E. Bauer, P.E.
Dam Safety Engineer

ec: Bill McCormick, Chief, Dam Safety Branch
Dave Nettles, Division Engineer, Water Division 1
Mark Simpson, District 3 Water Commissioner



Mr. Scott Hummer
Mountain Supply #10 Reservoir Restriction Guidance
DAMID 030404
August 20, 2015
Page 2 of 2

- The owner needs to hire a Professional Engineer registered in the State of Colorado and experienced in dam engineering and construction to develop alternatives to repair the dam and select an alternative
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Our office appreciates your cooperation in this matter and we look forward to working with you to determine the most efficient and effective way to rehabilitate this dam and return it to safe, full storage condition. If you or your engineer should have any questions, please contact me at (970) 352-8712 xt 1218.

Sincerely,



Kallie E. Bauer, P.E.
Dam Safety Engineer

cc: Bill McCormick, Chief, Dam Safety Branch
Dave Nettles, Division Engineer, Water Division 1
Mark Simpson, District 3 Water Commissioner





CONSTRUCTION INSPECTION REPORT

PROJECT INFORMATION

Dam Name:	Mountain Supply #10	Inspector:	KEB
DAMID:	030404	Date:	02/29/16
C-#:	C-	Time on Site:	1:30-2:30
Dam Owner:	North Poudre Irrigation	Contact:	Rob MacNaughton
Engineer:		Contact:	
Contractor:		Contact:	
Approved Plans & Specifications On-site? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Engineer Following Const. Obs. Plan? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

INSPECTION PARTICIPANTS

Inspection Participants:	Rob MacNaughton (NPIC); Kallie Bauer (SEO)
--------------------------	--

CONDITIONS

Reservoir:	empty
Weather:	Cool, mid-40s, sunny, windy
Equipment:	Excavator,

CONSTRUCTION STATUS

Work Completed to Date:	1. Excavated a trench to expose the outlet pipe 2. Wrapped pipe for temporary fix 3. Put one side of form for the encasement
Work in Progress:	Finishing the forming of the encasement
Work Planned and est. Timeframe:	Plan to pour tomorrow

OBSERVATIONS AND DISCUSSION

Purpose of Inspection:	Inspect the excavation on the pipe
Items Inspected:	1. The excavation appears to expose the pipe and the encasement appears to be adequate for a temporary repair
Items not in compliance with approved plans/specs:	
Problems/Concerns:	Still waiting for letter from Engineer detailing the temporary repair and permanent
Change Orders:	
Minor Changes:	
Issues Discussed:	1. The concrete should be allowed to cure for a few days before the forms are stripped recommend taking a cylinder that can be broken if planning on trying to strip forms early 2. The backfill placed around the encasement should be consistent and uniform material placed in lifts and compacted and tested 3.



OBSERVATIONS AND DISCUSSION

Resolution of Deficiencies:	
Action Items:	<ol style="list-style-type: none">1. Submit the video inspection of pipe2. Submit construction plans3. Submit specification - include liner, backfill requirements4. Sequence of work - excavation, lining, extension5. Discuss if the extension of the pipe is required and tie in detail6. Submit sheet on plastic used for temporary fix7. Submit notes on the temporary repair work performed
Recommendations:	
Conclusions:	Submit request for temporary repair as soon as possible
Next Inspection:	TBD

PHOTOGRAPHS

Standing on Dam Crest looking down at upstream slope

PHOTOGRAPHS

Looking toward dam at the pipe wrapped and the rebar and one side of forms



Looking upstream showing forms at a slight camber to allow for better compaction

PHOTOGRAPHS

Metal was existing this will all be removed during final repair





COLORADO
Division of Water Resources
Department of Natural Resources

Dam Safety Branch

April 9, 2016

Mr. David Rau, P.E.
Paragon Consulting Group, Inc.
1103 Oak Park Drive, Suite 110
Fort Collins, CO 80525
dmrau@paragoncg.com

VIA EMAIL

When replying, please refer to:
MOUNTAIN SUPPLY #10 DAM
(aka North Poudre #10), DAMID 030404
Water Division 1, Water District 3

SUBJECT: Temporary Approval to Store Water

Dear Mr. Rau,

Our office is in receipt of your submittal dated March 9, 2016 requesting approval for temporary partial fill of Mountain Supply #10 Dam. The reservoir was restricted on August 17, 2015, because of a hole in the outlet pipe near the intake structure. The letter requests a 2-year temporary fill allowance to gage height 6 while the long term repair is designed and constructed. The letter outlines the temporary and long term repair plans for the Dam.

Based on your letter and inspections performed by Kallie Bauer the following work is being or has already been completed for the temporary repair:

- An internal outlet inspection was performed
- The embankment was excavated back about two feet beyond the hole in the outlet conduit. The outlet was then wrapped in plastic wrap. The conduit was then fully encased in concrete. The encasement was then backfilled using the removed material. This material was sampled and tested in the lab so optimum moisture and density could be tested in the field as the material was re-placed.
- NPIC personnel will monitor weekly and report monthly to SEO office

The long term repair will include:

- Removal of the temporary repair
- Removal of the elbow at the upstream end of the outlet conduit
- Lining of the outlet conduit
- Construction of new outlet gate tower with primary spillway
- Evaluation of the emergency spillway to ensure adequacy

The following schedule was proposed in your letter:

- Summer 2016 - Hire qualified engineer to perform design



- Fall 2016 - Submit to Design to SEO for Review
- Winter 2017- Request loans and grants to help complete the work
- Winter 2017/Spring 2018 - Construction
- Spring 2018 - Construction complete

As stated in the restriction letter, a Professional Engineer registered in the State of Colorado and experienced in dam engineering and construction is required to develop design and construction documents for this repair project. Plans and specifications will need to be reviewed by our office before any repair work can be done. The regulatory process for repairing and modifying dams in Colorado is detailed in Rule 6 of the Rules and Regulations for Dam Safety and Construction, which is available on our website (<http://water.state.co.us/damsafety/dams.asp>). We are available to clarify any of the details and processes required in Rule 6 with you and your engineer as needed.

Based on our observations during our inspections, the temporary repair plan appears to be adequate to safely allow for minimum storage for a two year period. However, continued regular monitoring by NPIC is required and it is understood that if conditions change for the worse the reservoir will have to be emptied.

Therefore, the owner is granted conditional approval to store water, when it becomes legally and physically available, **to gage height 6, approximately 80ac-ft**, with the understanding that if the work described above is not completed in two years, the zero storage restriction will be reinstated. This temporary approval to store was previously issued verbally on March 22, 2016. This letter serves as the official notice of the approval. We are hopeful that the dam owner has been able to capture water in storage in the time between verbal and official approvals. We apologize for the delay in issuing this official approval.

Please note, this temporary approval to store water does not constitute final acceptance of the project. Final acceptance of the project and approval for full use of the dam and reservoir will not be granted until a design and construction documents have been submitted and approved by our office and the project built and approved.

The State Engineer, by providing this temporary fill allowance does not assume responsibility for any unsafe condition of the subject dam. The sole responsibility for the safety of this dam rests with the reservoir owner and operator, who should take every step necessary to prevent damages caused by leakage or overflow of waters from the reservoir or floods resulting from a failure of the dam. Therefore, it is in the owner's best interest to operate and maintain the facility in a manner such that the safety of the dam and the general public are not jeopardized.

We are enclosing a copy of Rules 12 and 15 of the Rules and Regulations for the owner's reference and use. These rules pertain to general maintenance items and the owner's responsibilities, respectively.



Mr. David Rau, P.E.
Mountain Supply #10 Dam - Temporary Fill Approval Letter
DAMID 030404
April 9, 2016
Page 3 of 3

Our office appreciates your cooperation in this matter and we look forward to working with you to determine the most efficient and effective way to rehabilitate this dam and return it to safe, full storage condition. If you or your engineer should have any questions, please contact Kallie Bauer in our Greeley Office at (970) 352-8712 ext 1218.

Sincerely,



William T. McCormick III, P.E., P.G.
Chief, Dam Safety Branch
for, Deputy State Engineer

Enc: Copy of Rules 12 and 15 of the "Rules and Regulations for Dam Safety and Dam Construction"

cc: Dave Nettles, Division Engineer, Water Division 1
Mark Simpson, District 3 Water Commissioner
Kallie Bauer, Dam Safety Engineer
Jeremy Franz, Design Review Engineer
Scott Hummer, North Poudre Irrigation Company, npicscott@qwestoffice.net



Appendix B

Articles of Incorporation and Bylaws



OFFICE OF THE SECRETARY OF STATE

UNITED STATES OF AMERICA, } ss. CERTIFICATE.
STATE OF COLORADO.

*I, Byron A. Anderson, Secretary of State
of the State of Colorado, do hereby certify that*

the annexed are full, true and complete copies of Articles of Incorporation and Articles
of Amendments to the Articles of Incorporation of

THE NORTH POUDRE IRRIGATION COMPANY

as filed in this office and admitted to record.

... IN TESTIMONY WHEREOF I have hereunto
set my hand, and affixed the Great
Seal of the State of Colorado, at the
City of Denver, this ----- Seventh -----
day of ----- August ----- A. D. 1970

Byron A. Anderson
SECRETARY OF STATE
By *Jeremiah J. Connolly*
DEPUTY

CERTIFICATE OF INCORPORATION OF THE NORTH POUDRE
IRRIGATION COMPANY.

- - - - -

Know all men by these presents, that we, Burton D. Sanborn, George M. Houston, and Henry C. Luther, residents of the state of Colorado, have associated ourselves together under the name and style of THE NORTH POUDRE IRRIGATION COMPANY, for the purpose of becoming a body corporate and politic under and by virtue of the laws of the state of Colorado; and in accordance with the provisions of the laws of said state, we do hereby make, execute and acknowledge in triplicate this certificate in writing of our intention so to become a body corporate, under and by virtue of said laws, and in so doing, do hereby certify as follows:

I.

The corporate name and style of our said corporation shall be THE NORTH POUDRE IRRIGATION COMPANY.

II.

The objects and purposes for which our said company is formed and incorporated, are as follows:

(a) To acquire the canals, reservoirs and lands situated in Larimer county, in the state of Colorado, heretofore owned and operated by The North Poudre Land, Canal and Reservoir Company, its successors and assigns, together with all rights, rights of way, reservoir sites, privileges, franchises, water rights, appropriations of water, from the North Fork of the Cache la Poudre river and its tributaries, and all structures, flumes, headgates, appliances and facilities connected therewith and appurtenant thereto; to own, cultivate and develop said lands, and to operate and develop the said canal and reservoir system, and to apply the water diverted thereby and stored in said reservoirs to the cultivation of said lands, the promotion of agriculture by irrigation, and for other beneficial uses.

(b) To build, construct, and complete, reservoirs for the storage of water for irrigation, so far as the same may remain unconstructed and incompleted, six reservoirs, upon the said lands heretofore located as a part of the said North Poudre Canal and reservoir system, to-wit: reservoir number one (1), being located on section twenty-one (21) in township nine (9) north, range sixty-nine (69) west of the sixth (6TH) P.M.; reservoir number two (2) being located on sections twenty-four and twenty-five (24 and 25) in township nine (9) north, range sixty-nine (69) west, and sections nineteen and thirty (19 and 30) in township nine (9) north, range sixty-eight (68) west of the sixth (6th) P.M.; reservoir number three (3) being situated on sections eighteen and nineteen in township nine north, range sixty-eight west; reservoir number four (4) being situated on sections twenty-nine (29) township nine (9) north, range sixty-eight (68) west of the sixth (6th) P.M.; reservoirs number five and six (5 and 6), these being treated as one, and being situated on sections thirty-one and thirty-two (31 and 32) in township nine (9) north, and sections five and six (5 and 6) in township eight (8) north, range sixty-eight (68) west of the sixth (6th) P.M.; and reservoir number seven (7) or Stuchell reservoir, being situated on sections seven and eight (7 and eight) in township nine (9) north, range sixty-eight (68) west of the sixth (6th) P.M.; and to acquire, ^{construct and build} other reservoirs and reservoir sites for the storage of water to be used in connected with the said system; and also to acquire, own, operate and maintain the property and necessary ditches and laterals for the carriage and distribution of water to said reservoirs, and to discharge, deliver and distribute the water stored therein to the said lands and to be irrigated and brought under cultivation thereby.

(c) To make and acquire further appropriations of water for irrigation through and by means of said canals and reservoirs from the Cache la Poudre river and its tributaries, and from floods, storms,

and seepage water wherever found available and not theretofore appropriated.

(d) To acquire lands for rights of way for its canals, inlet, supply, discharge, and lateral ditches, and for sites for its reservoirs from the public domain over state lands and from private owners under and by virtue of the laws of the state of Colorado, and of the United States, by grant, purchase, condemnation or otherwise, and buy other waters; as aforesaid, both under appropriations already made, and appropriations hereafter to be acquired, and to apply the same to the lands owned by said company, and for the irrigation and cultivation of the same, and to sell and dispose of the right to the use of said waters for irrigation, domestic and other purposes, to such persons and corporations as may require the use of the same, upon such prices and upon such terms and conditions as may hereafter be agreed and determined upon, and for that purpose to make contracts of sale and provide for the conveyance of water rights and privileges, either as connected with the sale of the stock of said company, or otherwise, as may be determined from time to time, by the board of directors, or as its by-laws duly enacted, shall prescribe.

(e) To acquire lands by grant, purchase, lease, or otherwise, from the state, United States, or from private persons, and to use, cultivate, sell, lease, dispose of, and improve the same, in connection with said canal and reservoir system under and by virtue of the laws of the state of Colorado.

(f) To promote the foregoing purposes by the exercise of all the powers necessary for the development and successful operation of said enterprise; to sell, mortgage, and pledge the property and franchises of said company, and any and every part thereof; to borrow money and to secure such loans and procure funds upon the security of its said property for the corporate purposes of our said company, and generally to do and perform all things necessary to be done under and

by virtue of its corporate powers and to do the business and carry out the objects and purposes hereinbefore set forth.

III.

The natural stream from which water is taken to supply said canals and reservoirs, and the supply of water for the purposes hereinbefore named, and from which further appropriations are to be made, is the Cache la Poudre river, and its tributaries, particularly the North Fork of the Cache la Poudre river. Water is also to be taken and supplied for said purposes directly from any and all of the tributaries, water sheds, draws, flood water channels, and water ways, intercepted by the main canal of the company, known as the North Poudre Canal, and by other ditches constructed, and suitable to be constructed for the diversion and storage of water for irrigation in the reservoirs of our said company.

IV.

The main line of the canal, and the headgate thereof, which has heretofore been constructed, and to be acquired by this company, is an irrigating canal described as follows, to-wit: the headgate of said canal, being known as the North Fork canal, has its headgate on the west side of the North Fork of the Cache la Poudre river, situated $35^{\circ} 47'$ E. variation 15° E., 508 feet, from the southwest corner of section 18, township 10, north, range 70, west of the sixth (6th) principal meridian; the said canal extends thence in an easterly course through the county of Larimer and state of Colorado, the description of which more fully appears in those certain proceedings then pending in the district court of Larimer county, wherein, on the eleventh day of April, 1882, a decree of priority of appropriation was rendered in favor of said canal for irrigation purposes, and reference to which is here made, said canal being used for both the direct irrigation of lands lying thereunder, and for an inlet or supply ditch to the reservoirs of said company hereinbefore mentioned and described;

that the waters, water rights and appropriations so diverted and stored are to be used and distributed for domestic purposes for irrigation and other beneficial uses, both directly from said ditch, and indirectly through and by means of storage in said reservoir to and upon the lands belonging to said company, and to other lands lying under said system under and by virtue of proper and lawful contracts of sale or lease and under proper regulations for the use thereof.

V.

That the amount of the capital stock of our said company is one hundred and fifty thousand (\$150000) dollars, and shall be divided into three thousand (3000) shares of the par value of fifty dollars (\$50) for each share.

VI.

The term of existence of our said company shall be twenty (20) years, with power thereafter to extend the term of existence in form and manner as provided by the laws of the state of Colorado.

VII.

That the affairs and management of our said company shall be controlled by a board of directors consisting of five persons, and the names of the board of directors who shall manage the affairs of the said company for the first year of its existence, and until the first Monday in February, 1902, and until their successors are duly elected and qualified are H. C. Andrews, Burton D. Sanborn, George M. Houston, Edwin S. Pinney and Raymond F. Walter.

VIII.

The principal office and place of business of our said company shall be at Greeley, Weld county, Colorado. The company may also have and occupy an office at the city of Ft. Collins, Larimer county, Colorado, and the principal business of our said company shall be carried on in the counties of Larimer and Weld, in the state of Colorado, where the canals, reservoirs and principal part of the property

of our company is located.

IX.

The board of directors of said company shall have power to make such prudential by-laws as it may deem proper for the management of the affairs of said company, not inconsistent with the laws of the state of Colorado, for the purposes of carrying on the branches of business of said company as above set forth.

IN WITNESS WHEREOF we have hereunto set our hands and seals this thirty-first day of July, A.D., 1901.

Burton D. Sanborn (seal)

George M. Houston (seal)

Henry C. Luther (seal)

In presence of

State of Colorado) .

: SS
County of Weld.)

I *Milton A. Lyons* a notary public in and for said county, in the state aforesaid, do hereby certify that Burton D. Sanborn, George M. Houston and Henry C. Luther, of Greeley, Weld county, Colorado, who are personally known to me to be the persons whose names are subscribed to the within and foregoing certificate of incorporation, appeared before me this day in person, and acknowledged that they signed, sealed and delivered the said instrument of writing as their free and voluntary act, for the uses and purposes therein set forth.

I further certify that my commission expires *May 25th 1904*

GIVEN under my hand and *Notarial* seal, on this thirty-first day of July, A.D., 1901.



Milton A. Lyons
Notary public in and for the county of Weld and state of Colorado.

#33067

OK
m.w.

STATE OF COLORADO,)
COUNTY OF LARIMER.) SS.

I, BLAINE HAMMOND, do hereby certify that I am County Assessor of the county of Larimer and state of Colorado, and that the North Poudre Irrigation Company is a mutual ditch company owning a system of canals and reservoirs used for the purpose of delivering water to its stockholders, and so far as I am informed, is engaged in no other business whatsoever; said the North Poudre Irrigation Company does not pay taxes on any of its ditch and reservoir property.

IN WITNESS WHEREOF I have hereunto set my hand and affixed the seal of my office.

Blaine Hammond

atc. 111-31 21
- 111-31 21
501

Assessor's Certificate
D. W. R.

The North Poudre
Irrigation Company

28 January
21-000000 Ad

P. C. J. [unclear]
[unclear] [unclear]

125

U.S. No. 10530

CERTIFICATE OF INCORPORATION OF
THE NORTH Poudre IRRIGATION
COMPANY OF THE STATE OF COLO-
RADO

DOMESTIC

EXE

Filed in the office of the Secretary
of State of the State of Colorado
on the 1st day of August
1968
David G. Smith
Secretary

This document has been inspected
and properly entered in the Re-
cords of The Flat Tax Department.
Date August 29, 1968 OK
J. Harris Clerk

C E R T I F I C A T E O F A M E N D M E N T S

to

C E R T I F I C A T E O F I N C O R P O R A T I O N

of

T H E N O R T H P O U D R E I R R I G A T I O N C O M P A N Y .

It is hereby certified by The North Poudre Irrigation Company, a corporation duly organized under the laws of the State of Colorado, and by Burton D. Sanborn, its President, that the certificate of incorporation of said Company heretofore filed in the office of the Secretary of State of the State of Colorado, on the first day of August, 1901, has been duly amended as follows:

1st. Article V of said certificate of incorporation has been amended so that the same shall read:

"That the amount of the capital stock of our said Company shall be Four Hundred Thousand Dollars (\$400,000), which shall be divided into Eight thousand shares of the par value of Fifty Dollars (\$50.00) for each share."

2nd. Article II of said certificate of incorporation has been amended by adding thereto another sub-paragraph numbered (G), reading as follows:

"(G) To acquire and become the owner of, by grant, purchase, lease or otherwise, the land embraced in the site of what is commonly known as Fossil Creek reservoir basin, in Larimer County, Colorado, being a part of the following described government subdivisions, viz: Sections Sixteen (16) and Seventeen (17), the South East quarter and the East half of the South West quarter of Section Nine (9), the South West quarter of Section Ten (10), and the West half of Section Fifteen (15), - all in Township Six (6) North, of Range Sixty Eight (68) West of the Sixth Principal Meridian; also to develop said basin,

having an estimated acreage at high water mark of 705.3 acres and a cubical capacity for holding 490,000,000 cubic feet of water, by the construction of dams, embankments, outlet delivery gates, waste ways, and outlet and inlet ditches, so that the same shall be rendered a complete and perfected irrigation reservoir; also to acquire the rights of way for and to construct necessary outlet and inlet ditches; to fill said reservoir and to refill the same from time to time indefinitely throughout the corporate life of this corporation, from the water otherwise unappropriated from Fossil Creek and from the Cache la Poudre River; also to appropriate by means of said reservoir and its outlet and inlet ditches, all unappropriated waters, both from Fossil Creek and from the Cache la Poudre River, in Irrigation District No. 3, for the purposes aforesaid; also to conduct water stored in said reservoir from time to time by the nearest practical route to the Cache la Poudre, and to dispose of said water for irrigation purposes to those desiring to use the same, and to receive in exchange therefor the equivalent amount of water to be delivered at the headgate of the North Poudre ditch of this Company, to fill its other reservoirs, and by means thereof to supplement the water supply of the remaining reservoir system of this Company; also to have power to contract for the delivery of said water for other considerations to irrigation water consumers who may desire to utilize the same; also to have all incidental powers reasonably necessary and essential to own, use, operate and maintain said Fossil Creek reservoir, either with or independently of the other reservoirs of this corporation."

It is further certified that said amendments have been made and effected as the result of the following facts:

1st. At a meeting of the Board of Directors of said corporation, duly held at the office of the Company in the City of Greeley, Weld County, Colorado, on Wednesday the 23rd day of October, 1901, pursuant

to due notice given to each and every director, at which meeting four directors were present, and to the action whereof the fifth director, Harry E. O'Neill, subsequently gave his written assent, a resolution was proposed and unanimously adopted, recommending and submitting said proposed amendments to a special meeting of the stockholders of said corporation then and there called to meet on Tuesday the 24th day of December, 1901, at the hour of two o'clock P. M. of said day, at the office of said Company in the City of Greeley, Weld County, Colorado, for submission separately to a vote of said stockholders, and at said meeting of said Board of Directors the Secretary was instructed to notify all stockholders of said proposed amendments and of the calling of said special stockholders meeting, and the place, date and hour thereof.

2nd. In strict conformity with the statute in that behalf, the Secretary of the Company mailed a notice to each and every stockholder of said Company at his postoffice address, which notice included a copy of said proposed amendments and a statement that the same would be separately voted on at said Special Stockholders Meeting, the date, place and hour whereof was in said notice specified. Said notices were mailed by the Secretary of said Company, as shown by his records, and in fact, thirty days and more next preceding said Special Stockholders Meeting. A like notice of said Special Stockholders Meeting, including a verbatim copy of said proposed amendments, was duly published in The Greeley Tribune, a newspaper of general circulation published in Greeley, Weld County, Colorado, for ten days and more next preceding said 24th day of December, 1901, which fact is shown by the publisher's affidavit of publication on file in the office of the Secretary of said Company and attached to the minutes thereof.

3rd. Special Stockholders Meeting of said Company was duly convened and organized at the hour of two o'clock P. M. on Tuesday the 24th day of December, 1901, at the office of said Company in Greeley,

Weld County, Colorado, being at the place, day and hour specified in said call of the Board of Directors and in said mailed and published notices given as above. At said Special Stockholders Meeting, at which there were present in person and by proxy 2024 shares of the stock of said Company, being more than two-thirds of all the stock thereof then issued, subscribed and in good faith outstanding, said proposed amendments were severally duly submitted to be voted on by said stockholders.

At said Special Stockholders Meeting, as shown by the minutes thereof and in fact, the vote cast in favor of said first amendment, viz: said amendment to article V, was 2024 shares, and the vote cast against said amendment was no shares. The vote in favor of the adoption of said first amendment constitutes more than two-thirds of all the stock of said corporation then and now issued, subscribed and in good faith outstanding. Upon said vote the Chairman of said meeting, being the President of said Company, announced said first amendment duly adopted.

At said Special Stockholders Meeting, as shown by the minutes thereof and in fact, the vote cast in favor of said second amendment, viz: said amendment to Article II, was 2024 shares, and the vote cast against said amendment was no shares. The vote in favor of the adoption of said second amendment constitutes more than two-thirds of all the stock of said corporation then and now issued, subscribed and in good faith outstanding. Upon said vote the Chairman of said meeting, being the President of said Company, announced said second amendment duly adopted.

IN WITNESS WHEREOF, said The North Poudre Irrigation Company has caused its corporate name to be hereunto subscribed, by its

President, and its corporate seal affixed attested by its Secretary,
and said Burton D. Sanborn has also hereunto subscribed his name,
this 26th day of December, A. D., 1901, in triplicate.

THE NORTH POUDRE IRRIGATION COMPANY,
By Burton D. Sanborn President.

Burton D. Sanborn
President of The North Poudre
Irrigation Company.

ATTEST:

Wm. D. Smith
Secretary.
STATE OF COLORADO,)
County of Weld.) ss.

Burton D. Sanborn, being first duly
sworn, on oath deposes and says: I am President of The North Poudre
Irrigation Company, a corporation organized pursuant to the laws of the
State of Colorado. I have read the certificate of amendments to
the certificate of incorporation of said The North Poudre Irrigation
Company annexed hereto, and well know the contents thereof. All
and singular the allegations, matters and facts in said certificate
set forth are true of my own knowledge.

Burton D. Sanborn

Subscribed and sworn to before me this
26th day of December, A. D., 1901.

I further certify my Notarial Commission expires January 26, 1904.

Wm. D. Smith
Notary Public.

33793 ~~11001~~

CERTIFICATE OF AMENDMENTS
to
CERTIFICATE OF INCORPORATION
of
THE NORTH POUDRE IRRIGATION
COMPANY.

EXU
DOMESTIC.

FILED IN THE OFFICE OF THE SECRETARY
OF STATE OF THE STATE OF COLORADO

On 28th day of Dec
1968 at 11:00 AM
Signed in presence of
David L. Miller
J. R. K. K. K.

60.00

This document has been inspected
and proper. Entered in the Re-
cords of the Flat Tax Department.

Date August 20, 1968
Clerk

6 copies to the
Secretary
12/19/12
H. M.

A M E N D M E N T

- to -

ORIGINAL ARTICLES OF INCORPORATION

- of -

THE NORTH POUDBRE IRRIGATION COMPANY

. - - - o O o - - -

I, L. C. MOORE, of the County of Larimer and State of Colorado, DO HEREBY CERTIFY that I am the President of THE NORTH POUDBRE IRRIGATION COMPANY, a corporation, duly organized and existing under the laws of the State of Colorado, which has heretofore filed its original Articles of Incorporation and certain Amendments thereto as provided by law.

I DO FURTHER CERTIFY that in the call for the Regular Annual Meeting of the Stockholders of said THE NORTH POUDBRE IRRIGATION COMPANY, held pursuant to the Articles of Incorporation and By-laws of said Company on the 5th day of February, A. D. 1912, notice was given that at said meeting there would be submitted to the Stockholders of said THE NORTH POUDBRE IRRIGATION COMPANY a proposal to amend Article five (5) of the Articles of Incorporation by increasing the capital stock of said Company from eight thousand (8000) shares, of the par value of fifty (\$50.00) dollars per share, to ten thousand (10000) shares, of the par value of fifty (\$50.00) dollars per share, and that, as required by the By-laws of

'Article 5. That the amount of the capital stock of our said Company shall be five hundred thousand (\$500,000.00) dollars, which shall be divided into ten thousand (10,000) shares of the par value of fifty (\$50.00) dollars for each share.'

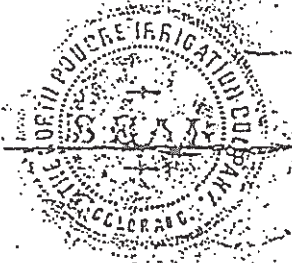
2nd. That the President be, and he is, hereby directed to cause a certificate of said amendment, signed by him, verified by his affidavit and attested by the Secretary, with the seal of the corporation thereunto affixed, to be filed for record in the office of the Secretary of State, and a like certificate to be filed in the office of the recorder of each County wherein the original Articles of Incorporation are filed."

I DO FURTHER CERTIFY that the vote on said resolution was taken by ballot, and that the total number of votes cast on said ballot was seven thousand two hundred fifty-six and six tenths (7,256.6); that the total number of votes cast in favor of the adoption of the resolution was five thousand four hundred ninety-one and six tenths (5,491.6); that the total number of votes cast against the adoption of said resolution was one thousand seven hundred sixty-five (1,765); that said vote was duly announced by the tellers appointed to canvass the same, and that no objection or exception was taken thereto; and that it appearing that more than two-thirds of all stock of the corporation subscribed and in good faith outstanding was voted for the adoption of said resolution, the said resolution was duly declared adopted by the President.

I DO FURTHER CERTIFY that at the Regular Annual Meeting of the Stockholders of The North Poudre Irrigation Company, held on the 3rd day of February, A. D. 1913, due notice having been given in the call of said Annual Meeting that the resolution passed amending the Articles of Incorporation as aforesaid, would be a subject matter for dis-

cussion, and reconsideration if desired, and on resolution duly offered in that behalf and by vote taken by ballot, the said resolution amending the Articles of Incorporation as hereinabove set forth was unanimously reaffirmed.

IN TESTIMONY WHEREOF, I, L. C. Moore, President of THE NORTH POUDRE IRRIGATION COMPANY, pursuant to the laws of the State of Colorado in this behalf made and provided, have hereunto set my hand, as President of said Corporation, and caused the seal of said corporation to be hereunto affixed, attested by the Secretary thereof, this 1st day of March A. D. 1913.



THE NORTH POUDRE IRRIGATION COMPANY

By L. C. Moore President.

ATTEST:

L. C. Buttorff Secretary.

STATE OF COLORADO)
- SS.
COUNTY OF LARIMER)

L. C. MOORE, appearing before Helen Peterson
a Notary Public in and for said County, in the State afore-
said, and being first duly sworn, deposes and says:

That he has read and well knows all of the
facts, statements and matters and things in the foregoing
Certificate of Amendment to the Articles of Incorporation
of The North Poudre Irrigation Company contained, and that
all of the facts, statements, matters and things therein
contained are true of his own knowledge.

L. C. Moore

Subscribed and sworn to before me

this 10th day of March, A. D. 1913.

My commission expires June 16, 1914.



Helen Peterson
Notary Public.

57755

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

MAR 5 1913

Date Mar 5 1913
By Red M. Bennett Clerk

AMENDMENT TO
ARTICLES OF INCORPORATION
OF
THE NORTH POURE IRRIGATION CO.

JAN 21 1913

FILED FOR AMENDMENT

MAR 5 1913

Allen

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

OK

Date August 20, 1962
Nelson Clerk

In the office of the Secretary
of the County of ... on the
... day of ...
A. D. 1913 at ...
Recorded by ...
By ...
Filed Clerk

Shaw
2/17/13
Shaw
Indexed by
ES

CERTIFICATE OF RENEWAL OF THE
INCORPORATION OF
THE NORTH POUDRE IRRIGATION COMPANY

THE UNDERSIGNED, who are respectively President and Secretary of the NORTH POUDRE IRRIGATION COMPANY, do hereby certify:

That a special meeting of the stockholders of the North Poudre Irrigation Company was duly called to meet at Fort Collins, Colorado, on the 6th day of February, 1922, by stockholders of said company representing more than 10% of the capital stock thereof.

That the call for said meeting and notice thereof, was duly published for two successive weeks prior to said meeting in the "Wellington Sun", the newspaper published nearest to the place where the principal operations of said company are carried on and that notice of said meeting was duly given by mail more than 30 days prior to the date of said meeting to each stockholder, said notices as published and mailed, stating that said meeting was called to convene at Fort Collins on the 6th day of February, 1922, for the purpose of passing upon the question as to whether or not the articles of incorporation of the North Poudre Irrigation Company should be renewed.

We do further certify that on the 6th day of February, at the hour of 10 o'clock A.M., a special meeting of the stockholders was held at Fort Collins, Colorado, for said purpose and that there were present at said meeting, in person or by proxy, 6528.8 shares, the same being more than a majority of the capital stock of said company, issued and outstanding, and more than a majority of the total capitalization of said company.

We do further certify that at said meeting the following resolution was duly passed and adopted by unanimous vote, to wit:

RESOLUTION OF THE STOCKHOLDERS
OF THE NORTH POUDRE IRRIGATION COMPANY

WHEREAS, the corporate existence of the North Poudre Irrigation Company has expired by limitation, and,

WHEREAS, a special meeting of the stockholders of said company has been called by the holders of more than 10% of the entire capital stock of said company, as well as by resolution of the last Board of Directors of said Company to meet at Fort Collins on the 6th day of Feb'y, 1922, for the purpose of considering the question as to whether or not the corporate existence of said company shall be extended for an additional period of 20 years, and

WHEREAS, said meeting has been duly convened at said time and place, and it has been ascertained that there is present at said meeting more than a majority of the capital stock of said company, represented in person or by proxy, to-wit: 6528.8 shares out of 10,000 the total capitalization.

NOW, THEREFORE BE IT RESOLVED by the stockholders of the North Poudre Irrigation Company that the term of existence of said company shall be and the same is hereby extended for an additional period of 20 years.

BE IT FURTHER RESOLVED, that the President and Secretary of said company be and they are hereby directed and required under the seal of said company to certify the fact of the extension of the term of said corporation for an additional period of 20 years and cause the same to be filed in the office of the Secretary of the State of Colorado, and in the office of the County Clerk and Recorder of Larimer County, Colorado.

And the undersigned, pursuant to said resolution so passed and adopted, do hereby certify to the facts hereinabove stated and that the corporate life of said the North Poudre Irrigation Company, has by proper action of its stockholders, at special meeting duly called for that purpose, been and the same is hereby extended for an additional period of 20 years, and the articles of incorporation renewed.

IN WITNESS WHEREOF the undersigned, J.F. Vandewark, as President, and S.M. Newell, as Secretary, have hereunto set their hands and caused to be affixed hereto the corporate seal of said corporation, this 6th day of February, 1922.

J.F. Vandewark
President

ATTEST:

S.M. Newell
Secretary



190-11
and properly
Records of The Flat

75260

Date Mar-6-22
Van Crait

Certificate of Renewal
The North Poudre
Irrigation Company

FILED in the Office of the Secretary of
State of the State of Colorado, at the
City of Denver, March
2, 1922, at 1:20 P.M.
Cash paid to State \$12.00

By Realty 110.00

Recorded by
Maloney
Date 4/1/22
Examined by
Larson & Casey

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

Date August 20 1968 O.K.
Senior Clerk

COPIES 1000

THE NORTH Poudre IRRIGATION COMPANYCERTIFICATE
OF
EXTENSION OF CORPORATE EXISTENCE
PROVIDING FOR PERPETUAL EXISTENCE.

The undersigned, who are respectively President and Secretary of The North Poudre Irrigation Company, a ditch company organized and existing under the laws of the State of Colorado, do hereby certify:

1. That a special meeting of the stockholders of The North Poudre Irrigation Company was duly called to meet at Fort Collins, Colorado, on the 26th day of October, A. D. 1938.

2. That the call for said meeting and notice thereof was duly published for two successive weeks prior to said meeting, in the Fort Collins Leader, a weekly newspaper printed and published in the City of Fort Collins, Larimer County, State of Colorado, being the newspaper published nearest to the place where the principal operations of the company are carried on, and that notice of said meeting was duly given by mail or delivery, more than thirty days prior to the date of said meeting, to each stockholder, said notices as published, mailed and delivered stating that said meeting was called to convene at the Municipal Court Room in the City Hall in the City of Fort Collins, Larimer County, Colorado, at the hour of 10 o'clock A. M. on said day, for the purpose of passing upon the question as to whether or not Article VI of the certificate of incorporation of The North Poudre Irrigation Company should be amended so that said Article VI shall read as follows:

VI.

Our said company shall have perpetual existence.

3. That on the 26th day of October, A. D. 1936, at the hour of 10 o'clock A. M., a special meeting of the stockholders of The North Poudre Irrigation Company was held at the Municipal Court Room in the City Hall, in the City of Fort Collins, Larimer County, Colorado, for the purpose above described, and that there were present at said meeting, in person or by proxy, 6876.32 shares, the same being more than a majority of the capital stock of said company issued and outstanding, and more than a majority of the total capitalization of said company.

4. That at said meeting the following resolution was duly passed and adopted by unanimous vote, to-wit:

R E S O L U T I O N

WHEREAS, by the terms of its articles of incorporation and various amendments thereto, the corporate life of The North Poudre Irrigation Company will, unless renewed, expire on, to-wit, the first day of August, 1941; and

WHEREAS, under the laws of the State of Colorado now existing, the stockholders of this corporation may, by appropriate action, provide that the corporation may have perpetual existence; and

WHEREAS, the corporate activities of the company require that the company have perpetual existence;

NOW, THEREFORE, BE IT RESOLVED by the stockholders of The North Poudre Irrigation Company:

1. That Article VI of the certificate of incorporation of The North Poudre Irrigation Company be amended so that said Article VI shall read as follows:

VII.

Our said company shall have perpetual existence.

2. That the President and Secretary of this company shall, under the corporate seal of said company, certify the fact of said amendment, and shall make as many certificates as

253

may be necessary, so as to file one in the office of the Recorder of Deeds in each county where the company may do business, and one in the office of the Secretary of State of the State of Colorado.

3. That the President, Secretary and other proper officers of this corporation be and they are hereby authorized and directed to do all things requisite or proper for the purpose of effectuating the provisions of this resolution.

5. That the undersigned, pursuant to said resolution so presented and adopted, do hereby certify to the facts hereinabove stated, and that Article VI of the certificate of incorporation of The North Poudre Irrigation Company has been amended so that said Article VI now reads as follows:

VI.

Our said company shall have perpetual existence.

IN WITNESS WHEREOF, the undersigned, E. F. Munroe, as President, and Stella M. Newell, as Secretary, have hereunto set their hands and caused to be affixed hereto the corporate seal of said corporation, this 26th day of October,

A. D. 1936.

E. F. Munroe
President.

Attest:

Stella M. Newell
Secretary.

101137

W. H. H.

D-190-11

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

Date *Oct. 31, 1936*
M. E. White Clerk

W. H. H.

Certificate of Renewal
The North Boudre
Irrigation Company

DOMESTIC

RECORDED

BOOK 396 PAGE 261

FILED in the office of the Secretary of
State of the State of *October*
29 1936 at *10:25* AM
W. H. H.
By *W. H. H.* Clerk

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

Date *August 29, 1936*
W. H. H. Clerk

Inspected by
W. H. H.

AMENDMENT
TO
ORIGINAL ARTICLES OF INCORPORATION
OF
THE NORTH POUDRE IRRIGATION COMPANY

I, Harlan Seaworth, of the County of Larimer and State of Colorado, do hereby certify that I am the President of The North Poudre Irrigation Company, a corporation duly organized and existing under the laws of the State of Colorado, which has heretofore filed its original Articles of Incorporation and certain Amendments thereto as provided by law.

I do further certify that in the call for the regular annual meeting of the stockholders of said The North Poudre Irrigation Company, held pursuant to the Articles of Incorporation and By-Laws of said Company on February 7, 1966, notice was given that at said meeting there would be submitted to the stockholders of said The North Poudre Irrigation Company the proposal to amend a part of Article II of the Articles of Incorporation granting the right of said corporation to borrow money from the United States of America under its Small Reclamation Projects Act of 1956 as Amended for the improvement of the Company's system; and that as required by the By-Laws of said Company and the Statutes of the State, said notice of said regular annual meeting was published not less than ten days previous thereto in the Fort Collins Coloradoan, a newspaper published in the City of Fort Collins, which is the City next closest to the principal office of said Company, and by delivering personally and depositing in the post office thirty (30) days before such meeting said notice properly addressed to each stockholder, signed by the President and Secretary, stating the time, place and, inter alia, as one of the objects of said meeting the proposed amendment to said Articles of Incorporation hereinabove referred to.

I do further certify that at the regular annual meeting of the stockholders of said The North Poudre Irrigation Company, held on the 7th day of February, 1966, out of the 10,000 shares comprising the stock of said Company there was represented in person and by proxy 7,354.95.

I do further certify that at said regular annual meeting of the stockholders of said The North Poudre Irrigation Company so held on the 7th day of February, 1966, and pursuant to the call therefor, and notice thereof, the following Resolution was presented and duly adopted as follows, to-wit:

"BE IT RESOLVED by the stockholders of North Poudre Irrigation Company at said company's regular annual meeting held in the company office at Wellington, Colorado, on Monday, February 7, 1966, as follows:

That Article II(f) be amended to include, among other powers, the right to borrow money from The United States of America under its Small Reclamation Projects Act of 1956 as amended, for the improvement of the company's system.

BE IT FURTHER RESOLVED that the President be and he is hereby directed to cause a certificate of said amendment signed by him, verified by his affidavit, and attested by the secretary, with the seal of the company thereunto affixed, to be filed for record in the office of the Secretary of State, and a like certificate to be filed in the office of the Recorder of each County wherein the original Articles of Incorporation are filed."

I do further certify that the vote on said resolution was taken by ballot and that the total number of votes cast on said ballots was 7,354.95 shares and that all of the total of said votes were cast in favor of the adoption of the Resolution; that said vote was duly announced by the tellers appointed to canvass the same and that no objection or exception was taken thereto; and that it appearing that more than two-thirds of all stock of the Corporation subscribed and in good faith outstanding was voted for the adoption of said Resolution, the said Resolution was duly declared adopted by the President.

By-Laws

of

The North Poudre Irrigation Company

1988

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**I.
CAPITAL STOCK**

The Capital stock of said company is, and shall be, Five Hundred Thousand Dollars (\$500,000.00), which shall be divided into Ten Thousand (10,000) shares of the par value of Fifty Dollars (\$50.00) for each share.

**II.
AMENDMENTS TO ARTICLES OF INCORPORATION**

Any proposed amendment or amendments may be voted upon by the stockholders at their regular annual meeting; provided, that the published notice of such meeting shall have contained information that such amendment, giving the purpose of the same, would be presented and acted upon at such meeting; or any proposed amendment or amendments may be voted upon at a meeting of the stockholders, called by the Board of Directors, for the purpose of making such amendment, the purpose of such amendment having been stated in such notice.

Provided, whenever the holder or holders of one-third of the outstanding stock, as shown by the stock book of the Company, shall, in writing request the President to call a special meeting of the stockholders for the purpose of considering any proposed amendment or amendments, the President shall, without delay, call a meeting of the Board of Directors and present the same to it, and thereupon the Board shall call a special meeting of the stockholders for the purpose of considering the proposed amendment or amendments to the articles of incorporation.

A two-thirds vote of all the capital stock subscribed and outstanding shall be required in favor of an amendment to said articles of incorporation before the same shall be declared adopted.

**III.
STOCKHOLDERS' MEETINGS**

The annual meeting of the stockholders shall be held on or about the first Monday in February of each year at a place in Larimer County selected by the Board of Directors, and such meeting shall be called to order between nine and eleven o'clock A.M., at the discretion of the Board of Directors. Reasonable advance written notice shall be given by the Board as to time, place and general purpose of the meeting.

The President of the Board of Directors shall call the meeting to order and appoint a committee on credentials, and when it is found by the report of said committee, or otherwise, the majority of the stock is represented in person or by proxy, at such meeting or adjourned meeting, the stockholders' meeting shall proceed.

A. QUORUM. A majority of all of the stock of the Company outstanding must be represented in person or by proxy to constitute a quorum to transact any business.

B. PROXIES. Each stockholder shall have the right to appoint, in writing, any person of his or her choice to vote for him or her by proxy. Such proxies must be registered with the Credentials Committee prior to the opening of the ballot boxes for election of Directors at the stockholders' meeting.

C. DUTIES OF OFFICERS AND COMMITTEES.

1. The President of the Board of Directors, or in his or her absence, the Vice-President, shall preside at all stockholders' meetings; provided, that if neither is present, the stockholders may elect a chairperson from among their number.
2. The Secretary of the Board of Directors shall act as Secretary of all stockholders' meetings and keep all minutes of such meetings; provided, that when he or she is absent the stockholders may choose a Secretary from among their number for such meeting.
3. The Credentials Committee shall register all members attending the stockholders' meeting and shall register all proxies. The Committee shall determine the number of votes to be cast by each member and proxy holder, and shall be responsible for counting the ballots cast for those nominated to the Board of Directors.

D. ORDER OF BUSINESS. The order of business at the stockholders' meeting shall be as follows:

1. Meeting called to order by the Chairperson.
2. Appointment of three stockholders of the Company as a Credentials Committee.
3. Registration of proxies with Credentials Committee.
4. Report of Credentials Committee.
5. Annual report.
6. Nomination of Directors.
7. Opening of polls for election of Directors.
8. Old business.
9. New Business (must include vote on assessment for the following year).

E. FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or in order to make a determination of shareholders for any other proper purpose including their qualifications to serve as director, the stock transfer books shall be closed as of the close of the last business day at least 15 days prior to the meeting, but as near 15 days as possible. Business day means any day other than a national holiday, Saturday and Sunday.

IV.
BOARD OF DIRECTORS

A. MEMBERSHIP OF THE BOARD OF DIRECTORS. Membership of the Board of Directors shall consist of five persons who shall be stockholders,

and who shall have his or her home within a radius of 30 miles from the Town of Wellington and who shall be elected as hereafter provided and hold office until their successors are elected and qualified. This residency requirement has been considered by the entire Board and is adopted because of the desirability of having a Director familiar with the area that the Company serves and residency in the radius aforementioned should assure that the person has an acquaintance or will become acquainted with the area, the geography, the people and the problems of the North Poudre Irrigation Company.

B. ELECTION OF THE BOARD OF DIRECTORS. The Directors to fill expiring terms are elected at the annual stockholders' meeting. Terms are for three years except when elected to fill a vacancy. Regular terms for two Directors expire in February of 1972 and in February of 1973, and the term for one Director expires in February of 1974.

Each stockholder shall have the right to nominate a member for the Board of Directors, and election shall be by ballot on the nominations except for an election by unanimous acclamation.

The polls shall be open for at least one hour; each stockholder having the right to vote in person or by proxy the number of shares owned by him or her, and may vote said number of shares for as many Directors as are to be elected, or may accumulate such shares and give to one candidate as many votes as the number of his or her shares multiplied by the number of Directors to be elected, or may distribute his or her votes among as many candidates and in such proportion as he or she may desire.

All ballots shall contain the name of the Director or Directors for whom the ballot is cast and clearly set forth the number of votes cast for each Director if the ballot be cast for more than one.

The ballot shall be signed by the person casting same. Once a ballot is placed in the ballot box, it shall not be withdrawn.

The Credentials Committee shall count and certify the vote. Any ballot not completed and signed as required in these By-Laws shall be invalid and shall not be counted.

The person or persons having the highest number of votes for any vacancy or vacancies, as certified by the Credentials Committee, shall be declared elected to the Board of Directors for the term being filled.

Any other matter involving the propriety and the authenticity of a ballot shall be resolved by majority vote of the Credentials Committee during the count of the ballots and shall be binding on all concerned unless such determination be arbitrary and capricious.

C. VACANCIES ON THE BOARD OF DIRECTORS. In the event a vacancy occurs on the Board of Directors, the remaining members of the Board shall have the right, at the next regular Board meeting following the creation of such vacancy, to elect from among the stockholders of the Company a successor in such office, who shall assume and discharge the duties of such office until the next ensuing annual stockholders' meeting,

at which time a successor shall be elected by the stockholders to fill the unexpired term, if any, of such Director.

If the Board of Directors shall for any reason be unable to agree upon, or to select a successor to fill such vacancy, they may, in their discretion, call a special meeting of the stockholders of said Company for the purpose of making a choice to fill such vacancy; or if the Board of Directors has failed to fill such vacancy, or fails or refuses to call a special meeting of the stockholders to fill such vacancy, on the written request of the stockholders holding ten per cent (10%) of the shares of said Company, notice by the President shall be given of a special meeting of the stockholders to be held for the purpose of electing a stockholder to fill the vacancy on the Board of Directors; such election to be held as at the annual stockholders' meeting.

D. OFFICERS OF THE BOARD OF DIRECTORS. At the first regular meeting of the Board of Directors following the annual meeting of the stockholders, the Board shall organize and elect a President and a Vice President from their number. Such election shall be by ballot, and the affirmative vote of the majority of the whole Board shall be required for each election.

When a vacancy shall occur in the office of President or Vice President, it shall be filled at the regular or special meeting of the Board of Directors called for that purpose by a vote of a majority of the whole Board. Each member of the Board shall be notified of the proposed election.

E. REGULAR MEETINGS OF THE BOARD OF DIRECTORS. The Board of Directors shall hold its regular meeting on the first Wednesday after the first Monday of each month, beginning at such hour as may be designated from time to time.

F. SPECIAL MEETINGS OF THE BOARD OF DIRECTORS. Special meetings of the Board of Directors may be called at any time by the President, and shall be called by the President upon request, in writing, of any two Directors.

G. QUORUM. At a meeting of the Board of Directors three members present in person shall constitute a quorum for the transaction of business.

H. POWERS OF THE BOARD OF DIRECTORS. All corporate powers shall be and hereby are vested in and shall be exercised by the Board of Directors, who shall have full control and authority over the Corporation, and shall have power:

1. To appoint and remove at pleasure all employees and agents of the Company, prescribe their duties and fix their compensation;
2. To call special meetings of the stockholders;
3. To make all rules and regulations for the guidance of the officers, and for the management of the affairs of the Corporation;
4. To borrow money on the credit or responsibility of the Corporation, for the uses, needs and demands of the objectives

and aims for which the Corporation is organized, as outlined in its articles of incorporation, hereby conferring on said Board of Directors, the power to mortgage or pledge all the rights, properties and franchises of said Corporation;

5. To grant, bargain, sell and convey, in whole or in part, the lands, franchises, rights and properties of the Corporation, rendering the entire, full and absolute consideration therefor to the beneficial uses and needs of the Corporation. Further, to lease, exchange, transfer, and otherwise dispose of all or any part of the Corporation's property and assets;
6. To do all other things necessary to the proper management and control of the Corporation, including the right to make purchases for and on behalf of the Corporation, and, in the name of the Corporation, to enter and carry on suits at law, and to do any and all other things not inconsistent with these rules; subject to the laws of the State of Colorado, which may seem to them wise and for the best interests of the Corporation;
7. To make such prudential By-Laws as they shall, from time to time, deem proper for the management of the Corporation.

V. OFFICERS AND EMPLOYEES

The elective officers shall be President, Vice President, and the appointive officers shall be a Secretary, a Treasurer, an attorney, and such superintendent or superintendents, manager, or managers, agents, ditch riders, keepers, custodians, or other officers as in the discretion of the Board of Directors may, from time to time, be necessary to appoint and employ, for the furtherance of the best interests of the corporation, subject to the limitations of these rules and of the articles of incorporation.

The Board of Directors shall elect the President and Vice President from their number, who shall hold office for one year, or until their successors are elected and qualified.

The office of Secretary and the office of Treasurer may be combined at the option of the Board of Directors.

The Secretary, and all other appointive officers, clerks and employees, shall hold office during the pleasure of the Board.

The Treasurer shall be such person or institution as in the judgment of the Board of Directors shall be a person of integrity, worth and responsibility, and unless such Treasurer shall be an institution of known responsibility, subject to the examination of a bank examiner, or like officer, said Treasurer shall be obligated to furnish to the Board of Directors, for the benefit of this corporation, a good and sufficient bond in the sum of at least Ten Thousand Dollars in each instance, which bond shall be executed by a reputable surety company, and the Board of Directors shall

pay the premium on such bond, as an expense incurred for this Corporation; provided, if at any time the Board of Directors, on account of the large amount of money held by such Treasurer for this Corporation, may deem a bond of such minimum amount insufficient, they may require an increased bond of such amount as may seem best.

The Secretary shall furnish a like bond, concerning which the foregoing regulations shall also apply.

And, if it seem best to the Board of Directors, they may require bonds from any or all other officers or employees, for such amounts as they think best, the premiums on which bonds shall be paid as above provided.

VI. DUTIES OF OFFICERS

A. PRESIDENT. The duties and powers of the President shall be those usual to the executive officer of a corporation.

B. VICE PRESIDENT. The duties and powers of the Vice President shall be the same as those of the President, but they shall be exercised only in the absence, resignation, death or removal or other inability of the President.

C. SECRETARY. The duties of the Secretary shall be the usual duties of such an officer in a corporation of this kind and nature, as modified by these rules.

In case of the absence or inability of the Secretary to discharge the usual duties of a Secretary at any time or place, the Board of Directors may appoint a Secretary pro tem, or may supply the vacancy by appointment.

D. TREASURER. The Treasurer shall be the custodian of such money as from time to time shall be deposited with the Treasurer by the Secretary or other officers or agents of the Corporation, or by individuals or Corporations for the account of this Corporation, and shall pay out such money only on properly drawn orders or checks, countersigned by the President or Vice President and Secretary or Treasurer of the Corporation, and shall, as often as may be required by the Secretary or President, or Board of Directors, make a written statement of the sums received on behalf of the Corporation since the Treasurer's last report, the amount paid out on orders as above provided, and the sum remaining to the credit of the Corporation.

E. OTHER OFFICERS. The duties of the other officers and employees of the Company shall be as from time to time prescribed by the Board of Directors.

VII. COMPENSATION OF OFFICERS AND EMPLOYEES

The officers and employees of this company shall receive such salary and compensation or remuneration for their services as the Board of Directors, in their discretion, shall from time to time determine.

VIII. ISSUE AND TRANSFER OF STOCK

Certificates of the capital stock of the Corporation shall be numbered and registered as they are issued. They shall exhibit the holder's name, post office address or residence when known, and the number of shares, and shall be signed by the President and countersigned or attested by the Secretary, and shall bear the corporate seal.

The total number of shares outstanding shall never exceed the authorized capital stock of the Corporation. Guaranteed signatures shall normally be furnished for the transfer of stock on the books of the Corporation and shall be furnished whenever North Poudre so requires. Transfers of stock may also be made in the presence of the Secretary or President, by the holder, either in person or by an attorney-in-fact, or by a legal representative who shall surrender the certificate for cancellation, which certificate shall be cancelled and a transfer fee as set from time to time by the Board of Directors paid to the Secretary, before a new certificate shall be issued in lieu thereof. Other transfer requirements shall be as required by the Board of Directors. The surrendered certificate shall be kept on file in the Secretary's office.

The mere possession of a certificate of stock as between the Corporation and the holder shall not be regarded as vesting any ownership of the same in any person other than the registered owner until transfer thereof is made on the books of the Corporation.

Unless waived in writing by the Board for good cause shown, no transfer of stock shall be made or shall be valid, until all assessments against the same have been fully paid. However, if any portion of the stock is being reissued without any change in ownership, or reissued to add or delete a spouse's name, with the spouse's approval, and written proof is furnished as to who is to pay assessments, the assessments as to such stock need to be paid only if delinquent. Assessments do not have to be paid when any stockholder creates a voluntary lien against the stock, for example, by security agreement or deed of trust.

Except for shares now issued which may be transferred as existing, no certificates of stock shall be issued or transferred in any multiple other than one-half share, and the owner of the stock according to the records of the Company shall be liable for all assessments.

On a transfer of stock or preferred water right in Fossil Creek Reservoir other than through a regular assignment without the necessity of supporting documentation the North Poudre Irrigation Company will charge such attorney fees and expenses as are necessary to satisfy itself as to the sufficiency of the transfer documents and may also require an indemnity agreement as a condition of transfer.

Certificates for rights in Fossil Creek Reservoir shall be issued or transferred only on the basis of one preferred right per certificate. No fractional certificates are allowed.

**IX.
STOCK LEDGER**

The Secretary shall keep a book called a stock ledger containing the names of all persons who are or shall have been within one year, stockholders in the Corporation, showing their place of residence, as last known, the number of shares of stock held by them respectively; and the time when they respectively became the owners thereof; which book shall, during the usual business hours of the day, be open for inspection of the stockholders and creditors of the Corporation, and their personal representative, at its principal office; and any and every stockholder, creditor or representative shall have the right to make extracts from said book. The secretary shall also keep a certificate book and stubs. The stub shall show how the certificate was issued.

Upon written request of a North Poudre stockholder of record, stating a proper purpose and payment of \$25.00, such stockholder shall be entitled to a copy of the list of North Poudre stockholders then being used by the Company. On written request for a list of more recent date by a stockholder of record, North Poudre will extend the list to more recent date upon payment in advance of the approximate cost of revising the list. Any stockholder who uses the list and runs for office of director shall be refunded the amount paid, whether or not elected. Any stockholder requesting a list shall state the purpose for which it is to be used, and shall agree and certify in writing that the list will not be sold or released to anyone. The Secretary may decline to furnish the list if, in the Secretary's judgment, the Secretary believes the request improper for any reason. Denial of the list by the Secretary may be appealed in writing to the North Poudre Board within thirty days after the written refusal to furnish same.

**X.
VOTING STOCK**

The stock shall be considered and treated by the Corporation as personal property, and any person pledging or mortgaging the same as security for any debt, shall be considered as holding the same and liable accordingly as a stockholder.

Every personal representative, legal representative, executor, administrator, conservator and guardian shall represent the stock in his or her hands at all stockholders' meetings, and shall vote the same as a stockholder, and shall be liable in the same manner and to the same extent as the testator, intestate or ward would or should if living or competent to act; and every person who shall pledge or mortgage his or her stock as collateral security or as security at all for any debt shall nevertheless be entitled to vote the same at all stockholders' meetings while he or she remains the equitable owner and until the legal and equitable title shall have been forfeited against him or her by foreclosure.

**XI.
PAID UP STOCK**

The stock of the Corporation shall all be issued as fully paid stock, and shall not be liable to future calls.

**XII.
ASSESSMENTS**

When the corporation shall have no income or funds sufficient to meet the necessary expenses of maintenance and repairs of its property, to pay to its officers, agents and employees, to protect and defend its rights, and to pay its legal indebtedness of whatever nature, an assessment shall be levied on its paid up stock, pro rata, on all shares, and payable in money. Except as provided by law, no assessment shall be made unless the question of making the same shall have first been submitted to the stockholders at an annual meeting, or a special meeting called for that purpose and a majority of the stockholders, either in person or by proxy, voting thereon, shall vote in favor of making such assessment.

When such an assessment shall have been duly made, any stockholder who shall fail, neglect or refuse to pay the same when due and after notice thereof, shall not be entitled to draw or receive any water from the canals or reservoirs of the Corporation or to receive other benefits of any kind or nature by reason of his or her ownership in the capital stock of the Corporation, until assessment is fully paid.

The Board, to reduce administrative expense, may prescribe certain minimum assessment payments which shall be made in one lump sum by the date required.

All assessments shall be due and payable as soon as levied, and shall be delinquent at such time as the Board of Directors shall prescribe, and shall draw interest from the date they are delinquent until they are paid, at such rate of interest as may be prescribed by the Board of Directors.

The interest on an unpaid assessment is an integral part of the assessment and no stockholder who fails, neglects or refuses to pay the interest on a past due assessment after notice thereof shall be entitled to draw or receive any water from the canals or reservoirs of the Corporation or receive other benefits of any kind or nature by reason of ownership in the capital stock of the Corporation until the unpaid interest is paid in full.

When assessments are unpaid and interest has accrued thereon any payment received by North Poudre thereafter shall first be applied to the payment of delinquent interest and the balance, if any, toward the unpaid assessment.

When any stockholder shall be in default in the payment of any installment or assessment upon the stock pursuant to the determination and levy of the Board of Directors for the period of thirty days after personal notice thereof, and demand thereof by the Secretary or after a written or printed notice and demand therefor has been deposited in the post office, properly addressed to the last known post office address of such delinquent stock-

However, the Board of Directors at any meeting may order that the share or shares of stock held by such delinquent stockholder therein be sold by the President at Public Auction at some certain time and place to be designated in such order, to the highest bidder for cash; provided, however, that notice of such sale shall be published in some public newspaper published in Fort Collins, and provided further that the proceeds of any such sale over and above the amount due on such share or shares for delinquent assessments, interest, expenses, and reasonable attorney fees incurred or paid by the company incident to such sale, shall be paid to the delinquent stockholder. Each stockholder shall be liable to pay all interest, costs, expenses and reasonable attorney fees paid or incurred by the company with regard to efforts to collect any delinquent stock assessments and the interest thereon.

The perpetual lien for assessment provided for by C.R.S. 7-42-104 shall be prior in right to any other lien, voluntary or involuntary, and however created, against the stock assessed.

XIII.

NOTICE OF ASSESSMENTS

The Secretary shall, as early as possible after the same is levied, notify each stockholder of his or her assessment and demand payment thereof. Notice shall be made by delivery to each stockholder, either personally or by depositing in the post office such written notice and demand, properly stamped, and addressed to the place last known to be the residence of such stockholder according to North Poudre records. The stockholder shall furnish any changes of address to North Poudre in writing.

XIV.

AMENDMENTS TO BY-LAWS

These By-Laws may be amended at any meeting of the Board of Directors by a majority vote of the full Board.

XV.

PARK CREEK

The Park Creek Dam was constructed by the North Poudre Irrigation Company with an outlet that makes it possible for the Company to deliver water from Park Creek Dam to a supplier of domestic water. The potential to deliver water from Park Creek Dam for domestic purposes is a valuable asset of The North Poudre Irrigation Company, and The North Poudre Irrigation Company intends to receive fair and reasonable compensation for the delivery of any water from Park Creek Reservoir for domestic purposes. Any delivery of water from Park Creek for domestic purposes shall be only on such terms and conditions as The North Poudre Irrigation Company approves after taking into consideration the expense of constructing and paying for the Park Creek Dam. Accordingly, no individual stockholder or stockholders shall be allowed to receive water for domestic purposes directly from Park Creek Dam or at any point where delivery is made possible because of the existence of Park Creek Dam. Nothing in this By-Law shall prevent the delivery of water for irrigation purposes.

This By-Law is further enacted to protect the Company from any claim which might be made by the Northern Colorado Water Conservancy District, it being the Company's present understanding that the Northern Colorado Water Conservancy District may contend that The North Poudre Irrigation Company cannot receive water for \$1.50 per acre-foot unit if it supplies water for domestic use. (4-7-71)

XVI.

APPLICATION FOR A HEADGATE

No applications for a headgate will be accepted unless ten shares of stock or more are owned and water for said shares is delivered through the proposed headgate and measuring device. This By-Law does not require the Company to approve a headgate even if ten shares or more are involved but shall serve as a general guideline. (7/3/71)

XVII.

INDEMNIFICATION

The North Poudre Irrigation Company shall indemnify all present and future Directors, officers and other employees of the company from liability incurred by reason of the performance of their official duties on behalf of the North Poudre Irrigation Company and pay all reasonable fees, costs and expenses incurred with the authority of such attorney in defending legal action in which liability by reason of the performance of such official duties is alleged against such Directors, officers and employees, provided, however, that if in the judgment of the Board of Directors of the Company the director, officer, or employee is guilty of willful or wanton misconduct, willful or wanton neglect of duty, intentional injury, or criminal act, any of which is essential to such asserted liability, there shall be no such indemnity or payment of legal fees, costs or expenses. Any Director served with any process in any action, suit or proceeding shall immediately notify the Company and furnish copies of all papers served upon him or her if a Director claims or may claim that the Company must indemnify him or her as herein provided. The allegations of any action, suit or proceeding shall in the first instance determine the Company's obligation hereunder but there shall be no liability in the event there is a judgment in the Court having jurisdiction in which it is determined that there were acts or omissions which constitute willful or wanton misconduct, willful or wanton neglect of duties, intentional injury, or a criminal act. (3-6-74)

XVIII.

The following shall be a By-Law effective immediately governing delivery of any water within the North Poudre system, namely, that no water shall be delivered for replacement water for any land not irrigated through the North Poudre system of ditches and reservoirs nor shall water from the North Poudre System be delivered where it can be used for replacement water for wells not under the North Poudre system.

This By-Law is necessary to preserve the rights of the North Poudre stockholders and to preserve the flexibility necessary to make water exchanges to keep the total system functioning effectively and to avoid claimed violation of Northern Colorado Water Conservancy District rules, policies, or by-laws. (4-3-74)

XIX.

When no water has been delivered through a headgate for a period of one year or more as disclosed by the Company's records or a report to the Board of Directors, and the stock records of The North Poudre Irrigation Company and other available information indicate the stock is no longer owned to provide water to land below the headgate, upon the direction of the Board of Directors, the Secretary-Manager of The North Poudre Irrigation Company shall cause the headgate to be locked or removed as the Board may direct. At the end of each irrigation season, the Secretary-Manager shall advise the Board of Directors of those headgates to be locked or removed. Thereafter, the headgate may be used or replaced only if there is compliance with the by-laws and rules and regulations of the Company regarding the installation of a new headgate. (4-9-76)

XX.

The Cache La Poudre Water Users Association has objected to the use of water outside the Cache La Poudre Basin, citing the City of Boulder v. the Boulder and Left Hand Ditch Company case, No. 26996, decided December 13, 1976, 192 Colo. 219, 557 P.2d, 1182 (1976), by the Colorado Supreme Court. The Colorado Supreme Court, in this case, again recognized that junior appropriators have rights in return flow to the extent that they may not be injured by a change in the place of use of the irrigation water which provides that return flow.

The Board of Directors in considering the best interest of The North Poudre Irrigation Company and the fact it must exchange water with other users does not wish to cause injury to stockholders in The North Poudre Irrigation Company, nor to other water users in the Cache La Poudre Basin.

The Board of Directors believes and finds that it is in the best interest of The North Poudre Irrigation Company to prohibit the delivery of water which a stockholder would receive because of ownership of stock in The North Poudre Irrigation Company outside of the drainage basin of the Cache La Poudre River and this by-law hereby prohibits the delivery of any water where the use of same would be outside the drainage basin of the Cache La Poudre River.

This By-Law shall be effective on January 1, 1978, but stockholders of record as of August 3, 1977 shall have until January 1, 1981, before delivery to such stockholder under this by-law is prohibited.

XXI.

Rules, regulations, policies, and forms may be adopted, supplemented, or amended by the Board of Directors from time to time to assist the operation of the company.

By-Laws
Of
North Poudre Irrigation
Company

February 2011

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I. Capital Stock

The Capital stock of said company is, and shall be, Five Hundred Thousand Dollars, (\$500,000.00), which shall be divided into Ten Thousand (10,000) shares of the par value of Fifty Dollars (\$50.00) for each share.

II. Amendments to Articles of Incorporation

Any proposed amendment or amendments may be voted upon by the stockholders at their regular annual meeting; provided, that the published notice of such meeting shall have contained information that such amendment, giving the purpose of the same, would be presented and acted upon at such meeting; or any proposed amendment or amendments may be voted upon at a meeting of the stockholders, called by the Board of Directors, for the purpose of making such amendment, the purpose of such amendment having been state in such notice.

Provided, whenever the holder or holders of one-third of the outstanding stock, as shown by the stock book of the Company, shall, in writing request the President to call a special meeting of the stockholders for the purpose of considering any proposed amendment or amendments, the President shall, without delay, call a meeting of the Board of Directors and present the same to it, and thereupon the Board shall call a special meeting of the stockholders for the purpose of considering the proposed amendment or amendments to the articles of incorporation.

A two-thirds vote of all the capital stock subscribed and outstanding shall be required in favor of an amendment to said articles of incorporation before the same shall be declared adopted.

III. Stockholder's Meeting

The annual meeting of the stockholders shall be held on or about the first Monday in February of each year at a place in Larimer County selected by the Board of Directors, and such meeting shall be called to order between eight and eleven o'clock AM, at the discretion of the Board of Directors. Reasonable advance written notice shall be given by the Board as to time, place and general purpose of the meeting.

The President of the Board of Directors shall call the meeting in order to appoint a committee on credentials, and when it is found by the report of said committee, or otherwise, the majority of the stock is represented in person or by proxy, at such meeting or adjourned meeting, the stockholders' meeting shall proceed.

- I. **Quorum.** A majority of all the stock of the Company outstanding must be represented in person or by proxy to constitute a quorum to transact any

business.

- II. **Proxies.** Each stockholder shall have the right to appoint, in writing, any person of his or her choice to vote for him or her by proxy. Such proxies must be registered with the Credentials Committee prior to the opening of the ballot boxes for election of Directors at the stockholder's meeting.

III. **Duties of Officers and Committees.**

- i. The President of the Board of Directors, or in his or her absence, the Vice-President, shall preside at all stockholders' meetings; provided, that if neither is present, the stockholders may elect a chairperson from among their number.
- ii. The Secretary of the Board of Directors shall act as Secretary of all stockholders' meetings and keep all minutes of such meetings; provided, that when he or she is absent the stockholders may choose a Secretary from among their number such meeting.
- iii. The Credentials Committee shall register all members attending the stockholders' meeting and shall register all proxies. The Committee shall determine the number of votes to be cast by each member and proxy holder, and shall be responsible for counting the ballots cast for those nominated to the Board of Directors.

IV. **Order of Business.** The order of business at the stockholders' meeting shall be as follows:

- i. Meeting shall be called to order by the President.
- ii. Appointment of three stockholders of the Company as a Credentials Committee.
- iii. Registration of proxies with Credentials Committee.
- iv. Report of the Credentials Committee
- v. Annual report.
- vi. Nomination of Directors.
- vii. Opening of polls for election of Directors.
- viii. Old Business.

ix. New Business (must include vote on assessment for the following year.)

V. Fixing of Record Date.

For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or in order to make a determination of shareholders for any other proper purpose including their qualifications to serve as director, the stock transfer books shall be closed as of the close of the last business day at least 15 days prior to the meeting, but as near 15 days as possible. Business day means any day other than a national holiday, Saturday and Sunday.

IV. Board of Directors

I. Membership of the Board of Directors.

Membership of the Board of Directors shall consist of five persons who shall be stockholders and who shall have his or her home within a radius of 30 miles from the Town of Wellington and who shall be elected as hereafter provided and hold office until their successors are elected and qualified. This residency requirement has been considered by the entire Board and is adopted because of the desirability of having a Director familiar with the area that the Company serves and residency in the radius aforementioned should assure that the person has an acquaintance or will become acquainted with the area, geography, the people and problems of the North Poudre Irrigation Company.

II. Election of the Board of Directors.

The Directors to fill expiring terms are elected at the annual stockholders' meeting. Terms are for three years except when elected to fill a vacancy. Regular terms for two Directors expire in February 1972 and in February 1973, and the term for one Director expires in February of 1974.

Each stockholder shall have the right to nominate a member for the Board of Directors, and election shall be by ballot on the nominations except for an election by unanimous acclamation.

The polls shall be open for at least one hour, or until all votes are cast; each stockholder having the right to vote in person or by proxy the number of shares owned by him or her, and may vote said number of shares for as many Directors as are to be elected, or may accumulate such shares and give to one candidate as many votes as the number of his or her shares multiplied by the number of

the Directors to be elected, or may distribute his or her votes among as many candidates and in such proportion as he or she may desire.

All ballots shall contain the name of the Director or Directors for whom the ballot is cast and clearly set forth the number of votes cast for each Director if the ballot be cast for more than one.

The ballot shall be signed by the person casting same. Once a ballot is placed in the ballot box, it shall not be withdrawn.

The Credentials Committee shall count and certify the vote. Any ballot not completed and signed as required in the By-Laws shall be invalid and shall not be counted.

The person or persons having the highest number of votes for any vacancy or vacancies, as certified by the Credentials Committee, shall be declared elected to the Board of Directors for the term being filled.

Any other matter involving the propriety and the authenticity of a ballot shall be resolved by majority vote of the Credentials Committee during the count of the ballots and shall be binding on all concerned unless such determination be arbitrary and capricious.

III. Vacancies on the Board of Directors.

In the event a vacancy occurs on the Board of Directors, the remaining members of the Board shall have the right, at the next regular Board meeting following the creation of such vacancy, to elect from among the stockholders of the Company a successor in such office, who shall assume and discharge the duties of such office until the next ensuing annual stockholders' meeting, at which time a successor shall be elected by the stockholders to fill the unexpired term, if any, of such Director.

If the Board of Directors shall for any reason be unable to agree upon, or to select a successor to fill such vacancy, they may, in their discretion call a special meeting of the stockholders of said Company for the purpose of making a choice to fill such vacancy; or if the Board of Directors has failed to fill such vacancy, or fails or refuse to call a special meeting of the stockholders to fill such vacancy, on the written request of the stockholders holding ten per cent (10%) of the shares of said Company, notice by the President shall be given of a special meeting of the stockholders to be held for the purpose of electing a stockholder to fill the vacancy on the Board of Directors; such election to be held as at the annual stockholders' meeting.

IV. Officers of the Board of Directors.

At the first regular meeting of the Board of Directors following the annual meeting of the stockholders, the Board shall organize and elect a President and a Vice President from their number. Such election shall be by ballot, and the affirmative vote of the majority of the whole Board shall be required for each election.

When a vacancy shall occur in the office of President or Vice President, it shall be filled at the regular or special meeting of the Board of Directors called for the purpose by a vote of a majority of the whole Board. Each member of the Board shall be notified of the proposed election.

V. Regular Meetings of the Board of Directors.

The Board of Directors shall hold its regular meeting on the first Wednesday after the first Monday of each month, beginning at such hour as may be designated from time to time.

VI. Special Meetings of the Board of Directors.

Special meetings of the Board of Directors may be called at any time by the President, and shall be called by the President upon request, in writing, of any two directors.

VII. Quorum.

At a meeting of the Board Directors three members present in person shall constitute a quorum for the transaction of business.

VIII. Powers of the Board of Directors.

All corporate powers shall be and hereby are vested in and shall be exercised by the Board of Directors, who shall have full control and authority over the Corporation and shall have power:

- i. To appoint and remove at pleasure all employees and agents of the Company, prescribe their duties and fix their compensation;
- ii. To call special meetings of the stockholders;
- iii. To make all rules and regulations for the guidance of the officers, and for the management of the affairs of the Corporation;

- iv. To borrow money on the credit or responsibility of the Corporation, for the uses, needs and demands of the objectives and aims for which the Corporation is organized, as outlined in its articles of incorporation, hereby conferring on said Board of Directors, the power to mortgage or pledge all the rights, properties and franchise of said Corporations;
- v. To grant, bargain, sell and convey, in whole or in part, the lands, franchises, rights and properties of the Corporation, rendering the entire, full an absolute consideration therefore to the beneficial uses and needs of the Corporation. Further to lease, exchange, transfer, and otherwise dispose of all or any part of the Corporation's property and assets;
- vi. To do all other things necessary to the proper management and control of the Corporation, including the right to make purchases for and on behalf of the Corporation, to enter and carry on suits at law, and to any and all other things not inconsistent with these rules; subject to the laws of the State of Colorado, which may seem to them wise and for the best interests of the Corporation;
- vii. To make such prudential By-Laws as they shall, from time to time, deem proper for the management of the Corporation.

V. Officers and Employees

The elective officers shall be President, Vice President, and the appointive officers shall be a Secretary, a Treasurer, an attorney, and such superintendent or superintendents, manager, or managers, agents, ditch riders, keepers, custodians, or other officers as in the discretion of the Board of Directors may, from time to time, be necessary to appoint and employ, for the furtherance of the best interest of the corporation, subject to the limitations of these rules and of the articles of incorporation.

The Board of Directors shall elect the President and Vice President from their number, who shall hold office for one year or until their successors are elected and qualified.

The office of Secretary and the office of Treasurer may be combined at the option of the Board of Directors.

The Secretary, and all other appointive officers, clerks and employees, shall hold office during the pleasure of the Board.

The Treasurer shall be such person or institution as in the judgment of the Board of Directors shall be a person of integrity, worth and responsibility, and unless such Treasurer shall be an institution of known responsibility, subject to the examination of a bank examiner, or like

officer, said Treasurer shall be obligated to furnish to the Board of Directors, for the benefit of this corporation, a good and sufficient bond in the sum of at least Ten Thousand Dollars in each instance, which bond shall be executed by a reputable surety company, and the Board of Directors shall pay the premium on such bond, as an expense incurred for this Corporation; provided, if at any time the Board of Directors, on account of the large amount of money held by such Treasurer for this Corporation, may deem a bond of such minimum amount insufficient, they may require an increased bond of such amount as may seem best.

The Secretary shall furnish a like bond, concerning which the foregoing regulations shall also apply.

And, if it seems best to the Board of Directors, they may require bonds from any or all other officers or employees, for such amounts as they think best, the premiums on which bonds shall be paid as above provided.

VI. Duties of Officers

I. President.

The duties and powers of the President shall be those usual to the executive officer of a corporation.

II. Vice President.

The duties and powers of the Vice President shall be the same as those of the President, but they shall be exercised only in the absence, resignation, death or removal or other inability of the President.

III. Secretary.

The duties of the Secretary shall be the usual duties of such an officer in a corporation of this kind and nature, as modified by these rules.

In the case of the absence or inability of the Secretary to discharge the usual duties of a Secretary at any time or place, the Board of Directors may appoint a Secretary pro tem, or may supply the vacancy by appointment.

IV. Treasurer.

The Treasurer shall be the custodian of such money as from time to time shall be deposited with the Treasurer by the Secretary or other officers or agents of the Corporation, or by individuals or Corporations for the account of this Corporation, and shall pay out such money only on properly drawn orders or

checks, countersigned by the President or Vice President and Secretary or Treasurer of the Corporation, and shall as often as may be required by the Secretary or President, or Board of Directors, make a written statement of the sums received on behalf of the Corporation since the Treasurer's last report, the amount paid out on orders as above provided, and the sum remaining to the credit of the Corporation.

V. Other Officers.

The duties of the other officers and employees of the Company shall be as from time to time prescribed by the Board of Directors.

VII. Compensation of Officers and Employees

The officers and employees of this company shall receive such salary and compensation or remuneration for their services as the Board of Directors, in their discretion, shall from time to time determine.

VIII. Issue and Transfer of Stock

Certificates of the capital stock of the Corporation shall be numbered and registered as they are issued. They shall exhibit the holder's name, post office address or residence when known, and the number of shares, and shall be signed by the President and countersigned or attested by the Secretary, and shall bear the corporate seal.

The total number of shares outstanding shall never exceed the authorized capital stock of the Corporation. Guaranteed signatures shall normally be furnished for the transfer of stock on the books of the Corporation and shall be furnished whenever North Poudre so requires. Transfers of stock may also be made in the presence of the Secretary or President, by the holder, either in person or by an attorney-in-fact, or by a legal representative who shall surrender the certificate for cancellation, which certificate shall be cancelled and a transfer fee as set from time to time by the Board of Directors paid to the Secretary, before a new certificate shall be issued in lieu thereof. Other transfer requirements shall be as required by the Board of Directors. The surrendered certificate shall be kept on file in the Secretary's office.

The mere possession of a certificate of stock as between the Corporation and the holder shall not be regarded as vesting any ownership of the same in any person other than the registered owner until transfer thereof is made on the books of the Corporation.

Unless waived in writing by the Board for good cause shown, no transfer of stock shall be made or shall be valid, until all assessments against the same have been fully paid. However, if any portion of the stock is being reissued without any change in ownership, or reissued to add or

delete a spouse's name, with the spouse's approval, and written proof is furnished as to who is to pay assessments, the assessments as to such stock need to be paid only if delinquent. Assessments do not have to be paid when any stockholder creates a voluntary lien against the stock, for example, by a security agreement or deed of trust.

Except for shares now issued which may be transferred as existing, no certificates of stock shall be issued or transferred in any multiple other than one share, and the owner of the stock according to the records of the Company shall be liable for all assessments.

On a transfer of stock or preferred water right in Fossil Creek Reservoir other than through a regular assignment without the necessity of supporting documentation the North Poudre Irrigation Company will charge such attorney fees and expenses as are necessary to satisfy itself as to the sufficiency of the transfer documents and may also require an indemnity agreement as a condition of transfer.

Certificates for rights in Fossil Creek Reservoir shall be issued or transferred only on the basis of one preferred right per certificate. No fractional certificates are allowed.

IX. Stock Ledger

The Secretary shall keep a book called a stock ledger containing the names of all persons who are or shall have been within one year, stockholders in the Corporation, showing their place of residence, as last known, the number of shares of stock held by them respectively; and the time when they respectively became the owners thereof; which book shall, during the usual business hours of the day, be open for inspection of the stockholders and creditors of the Corporation, and their personal representative, at its principal office; and any and every stockholder, creditor or representative shall have the right to make extracts from said book. The secretary shall also keep a certificate e book and stubs. The stub shall show how the certificate was issued.

Upon written request of a North Poudre stockholder of record, stating a proper purpose and payment of \$25.00, such stockholder shall be entitled to a copy of the list of North Poudre stockholders then being used by the Company. On written request for a list of more recent date by a stockholder of record, North Poudre will extend the list to a more recent date upon payment in advance of the approximate cost of revising the list. Any stockholder who uses the list and runs for office of director shall be refunded the amount paid, whether or not elected. Any stockholder requesting a list shall state the purpose for which it is to be used, and shall agree and certify in writing that the list will not be sold or released to anyone. The Secretary may decline to furnish the list if, in the Secretary's judgment that the request is improper for any reason. Denial of the list by the Secretary may be appealed in writing to the North Poudre Board within thirty days after the written refusal to furnish same.

X. Voting Stock

The stock shall be considered and treated by the Corporation as personal property, and any person pledging or mortgaging the same as security for any debt, shall be considered as holding the same and liable accordingly as a stockholder.

Every personal representative, legal representative, executor, administrator, conservator and guardian shall represent the stock in his or her hands at all stockholder's meetings, and shall vote the same as a stockholder, and shall be liable in the same manner and to the same extent as the testator, intestate or ward would or should if living or competent to act; and every person who shall pledge or mortgage his or her stock as collateral security or as security for any debt shall nevertheless be entitled to vote the same at all stockholders' meetings while he or she remains the equitable owner and until the legal and equitable title shall have been forfeited against him or her by foreclosure.

XI. Paid Up Stock

The stock of the Corporation shall all be issued as fully paid stock, and shall not be liable to future calls.

XII. Assessments

When the corporation shall have no income or funds sufficient to meet the necessary expenses of maintenance and repairs of its property, to pay its officers, agents and employees, to protect and defend its rights, and to pay its legal indebtedness of whatever nature, an assessment shall be levied on its paid up stock, pro rata, on all shares, and payable in money. Except as provided by law, no assessment shall be made unless the question of making the same shall have first been submitted to the stockholders at an annual meeting, or a special meeting called for that purpose and a majority of the stockholders, either in person or by proxy, voting thereon, shall vote in favor of making such assessment.

When such an assessment shall have been duly made, any stockholder who shall fail, neglect or refuse to pay the same when due and after notice thereof, shall not be entitled to draw or receive any water from the canals or reservoirs of the Corporation or to receive other benefits of any kind or nature by reason of his or her ownership in the capital stock of the Corporation, until assessment is fully paid.

The Board to reduce administrative expense may prescribe certain minimum assessment payments which shall be made in one lump sum by the date required.

All assessments shall be due and payable as soon as levied, and shall be delinquent at such time as the Board of Directors shall prescribe, and shall draw interest from the date they are

delinquent until they are paid, at such rate of interest as may be prescribed by the Board of Directors.

The interest on an unpaid assessment is an integral part of the assessment and no stockholder who fails, neglects or refuses to pay the interest on a past due assessment after notice thereof shall be entitled to draw or receive any water from the canals or reservoirs of the Corporation or receive other benefits of any kind or nature by reason of ownership in the capital stock of the Corporation until the unpaid interest is paid in full.

When assessments are unpaid and interest has accrued thereon any payment of any installment or assessment upon the stock pursuant to the determination and levy of the Board of Directors for the period of thirty days after personal notice thereof, and demand thereof by the Secretary or after a written or printed notice and demand therefore has been deposited in the post office, properly addressed to the last known post office address of such delinquent stockholder, the Board of Directors at any meeting may order that the share or shares of stock held by such delinquent stockholder therein be sold by the President at Public Auction at some certain time and place to be designated in such order, to the highest bidder for cash; provided, however, that notice of such sale shall be published in some public newspaper published in Fort Collins, and provided further that the proceeds of any such sale over and above the amount due on such share or shares for delinquent assessments, interest, expenses, and reasonable attorney fees incurred or paid by the company incident to such sale, shall be paid to the delinquent stockholder. Each stockholder shall be liable to pay all interest, costs, expenses and reasonable attorney fees paid or incurred by the company with regard to efforts to collect any delinquent stock assessments and interest thereon.

The perpetual lien for assessment provided for by CRS 7-42-104 shall be prior to any other lien, voluntary or involuntary, and however created, against the stock assessed.

XIII. Notice of Assessments

The Secretary shall, as early as possible after the same is levied, notify each stockholder of his or her assessment and demand payment thereof. Notice shall be made by delivery to each stockholder, either personally or by depositing in the post office such written notice and demand, properly stamped, and addressed to the place last known to be the residence of such stockholder according to North Poudre records. The stockholder shall furnish any changes of address to North Poudre in writing.

XIV. Amendments to By-Laws

These By-Laws may be amended at any meeting of the Board of Directors by a majority vote of the full Board.

XV. Park Creek

The Park Creek Dam was constructed by the North Poudre Irrigation Company with an outlet that makes it possible for the Company to deliver water from Park Creek Dam to a supplier of domestic water. The potential to deliver water from Park Creek Dam for domestic purpose is a valuable asset of The North Poudre Irrigation Company, and The North Poudre Irrigation Company intends to receive fair and reasonable compensation for the delivery of any water from Park Creek Reservoir for domestic purposes. Any delivery of water from Park Creek for domestic purposes shall be only on such terms and conditions as The North Poudre Irrigation Company approves after taking into consideration the expense of constructing and paying for Park Creek Dam. Accordingly, no individual stockholder or stockholders shall be allowed to receive water for domestic purposes directly from Park Creek Dam or at any point where delivery is made possible because of the existence of Park Creek Dam. Nothing in this By-Law shall prevent the delivery of water for irrigation purposes.

The By-Law is further enacted to protect the Company from any claim which might be made by the Northern Colorado Water Conservancy District, it being the Company's present understanding that the Northern Colorado Water Conservancy District may contend that The North Poudre Irrigation Company cannot receive water for \$1.50 per acre-foot unit if it supplies water for domestic use. (4-7-1971)

XVI. Application for a Headgate

No applications for a headgate will be accepted unless ten shares of stock or more are owned and water for said shares is delivered through the proposed headgate and measuring device. This By-Law does not require the Company to approve a headgate even if ten shares or more are involved but shall serve as a general guideline. (7/3/1971)

XVII. Indemnification

Each Director, officer, employee or agent of the Company (and his heirs, executors and administrators) shall be indemnified by the Company against expenses reasonably incurred by or imposed upon him in connection with or arising out of any action, suit or proceeding in which he may be involved or to which he may be made a party by reason of his being or having been a Director, officer, employee or agent of the Company or at its request, of any other Company of which it is a shareholder or creditor and from which he is not entitled to be indemnified (whether or not he continues to be a Director or officer at the time of imposing or incurring such expenses), to the fullest extent permitted by the laws of Colorado, as they exist or may hereafter be amended, including in circumstances in which indemnification is otherwise discretionary under Colorado law, in accordance with and subject to the limitations which may be contained in the bylaws of the Company from time to time in effect. The foregoing right of indemnification shall not be exclusive of other rights to which he may be entitled under

applicable law. (2/9/2011)

XVIII. Augmentation Water

The following shall be a By-Law effective immediately governing delivery of any water within the North Poudre system, namely, that no water shall be delivered for replacement water for any land not irrigated through the North Poudre system of ditches and reservoirs nor shall water from the North Poudre System be delivered where it can be used for replacement water for wells not under the North Poudre system.

This By-Law is necessary to preserve the rights of the North Poudre stockholders and to preserve the flexibility necessary to make water exchanges to keep the total system functioning effectively and to avoid claimed violations of Northern Colorado Water Conservancy District rules, policies, or by-laws. (4/3/1974)

XIX. Abandoned Headgates

When no water has been delivered through a headgate for a period of one year or more as disclosed by the Company's records or a report to the Board of Directors, and the stock records of the North Poudre Irrigation company and other available information indicate the stock is no longer owned to provide water to land below the headgate, upon the direction of the Board of Directors, the Secretary/Manager of the North Poudre Irrigation Company shall cause the headgate to be locked or removed as the Board may direct. At the end of each irrigation season, the Secretary/Manager shall advise the Board of Directors of those headgates to be locked or removed. Thereafter, the headgate may be used or replaced only if there is compliance with the By-Laws, rules and regulations of the Company regarding the installation of a new headgate. (4/9/1976)

XX. Cache la Poudre Drainage Basin

The Cache la Poudre Water Users Association has objected to the use of water outside the Cache La Poudre Basin, citing the City of Boulder v. the Boulder and Left Hand Ditch Company case, No. 26996, decided December 13, 1976, 192 Colo. 219, 519, 557 P. 2d, 1182 (1976), by the Colorado Supreme Court. The Colorado Supreme Court, in this case, again recognized that junior appropriators have rights in return flow to the extent that they may not be injured by a change in the place of use of the irrigation water which provides the return flow.

The Board of Directors in considering the best interest of The North Poudre Irrigation Company and the fact it must exchange water with other users does not wish to cause injury to stockholders in The North Poudre Irrigation Company, nor to other water users in the Cache la Poudre Basin.

The Board of Directors believes and finds that it is in the best interest of The North Poudre Irrigation Company to prohibit the delivery of water which a stockholder would receive because of the ownership of stock in the North Poudre Irrigation Company outside of the drainage basin of the Cache La Poudre River and this By-Law hereby prohibits the delivery of any water where the use of same would be outside the drainage basis of the Cache la Poudre River.

This By-Law shall be effective on January 1, 1978, but stockholders of record as of August 3, 1977 shall have until January 1, 1981, before delivery to such stockholder under this By-Law is prohibited. (8/3/1978)

XXI. Policies, Rules and Regulations

Rules, regulations, policies, and forms may be adopted, supplemented, or amended by the Board of Directors from time to time to assist the operation of the Company.

XXII. Change of Water Rights

I. Application-Review-Standard.

Any stockholder (Applicant) desiring a change of water right as defined in the Water Right Determination and Administration Act of 1967, Colorado Revised Statutes §37-92-101 et. seq., including but not limited to, a change in point of diversion, type of use, or place of use of any water that the Applicant is entitled to receive as a result of stock ownership must first make a written Application to the directors of the Company. A change of water right shall also, without limitation, include the use of water the shareholder is entitled to as a result of stock ownership as augmentation water in a plan for augmentation or exchange. The request should detail the requested change and include adequate terms and conditions to prevent injury to the Company and its shareholders. In evaluating whether the requested change of water rights can be made without injury to the Company and its shareholders, the Company may obtain an engineering and legal analysis of the requested change by the Applicant and the terms and conditions offered by the Applicant.

- a. The Applicant shall include a deposit of One Thousand Dollars (\$1000.00) payable to the Company which shall be used by the Company to pay all costs and expenses incurred by the Company for any initial estimate of reasonable engineering, expert and attorney fees for the review as contemplated in Paragraph Four (4). Any part of the One Thousand Dollar (\$1000.00) deposit remaining after determination of the initial estimate, if any, will be applied toward the deposit required in Paragraph Five (5).

II. Timely Review.

The Company shall evaluate the proposed Application for change of water right within a reasonable amount of time which shall be defined as not less than sixty (60) days nor more than one hundred fifty (150) days after,

- a. A completed Application as described in Paragraph One (1) and Paragraph Five (5) has been received by the Company and
- b. The deposit as described in Paragraph Five (5) has been accepted by the Company.

III. Board Approval Required.

No Application for approval for a change of water right or plan for augmentation as described above may be made to the District Court for any Water Division, State of Colorado (Water Court), unless and until the same has been approved or denied by the Company. If an Application has been approved by the Company, the Applicant must include terms and conditions at least as stringent as those approved by the Company in an Application to the District Court for Water Division No. 1, State of Colorado.

IV. Applicant pays all costs, fees and expenses.

Any Applicant submitting a proposal for a change of water rights to the Company for review, evaluation and comment whether approved or not approved by the Company, must reimburse the Company for all reasonable costs, fees, and expenses, including a charge for time spent by the Directors and any Company employees in analyzing the Application to the Company. Said Applicant shall also be responsible for all legal, engineering and other expert review and analysis of said Application that may be incurred by the Company. Furthermore, the Applicant shall be responsible for all costs, fees and expenses incurred by the Company including reasonable engineering, expert and attorney fees for any filing Water Court, including opposition. Court expenses and fees shall include but not be limited to administrative hearings, referee hearings, water court proceedings in Water Division No. 1 and any appeals therefrom or thereafter.

V. Payment of estimated costs.

Prior to analyzing the proposed change, the Company will make an initial estimate of all costs, fees and expenses as described in Paragraph 1 (a). The Company shall make such estimate within forty-five (45) days of an Application by the Applicant to the Company. The Applicant shall then have thirty (30) days after receipt of the

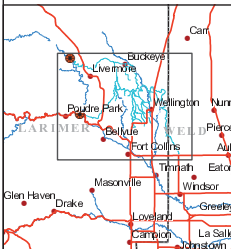
estimate from the Company to make a deposit of estimated expenses which can be in the form of an interest bearing account in the name of the Company, bond or other instrument as may be approved by the Company. The Company shall not commence any action on any Application until, and unless the Applicant makes said deposit. If the estimate and deposit needs to be adjusted by further payment or reimbursement, said adjustment shall be made upon the completion of the evaluation or at any time subsequent thereto. In no event shall the Company be required to finally approve or disapprove the proposed Application until all such costs, fees and expenses incurred by the Company are fully reimbursed by the Applicant. (3/5/2008)

Appendix C

Map of Service Area

**Figure 1 -
North Poudre
Irrigation Company**

Canal and Headgate
Inventory With Irrigated
Parcels



Legend

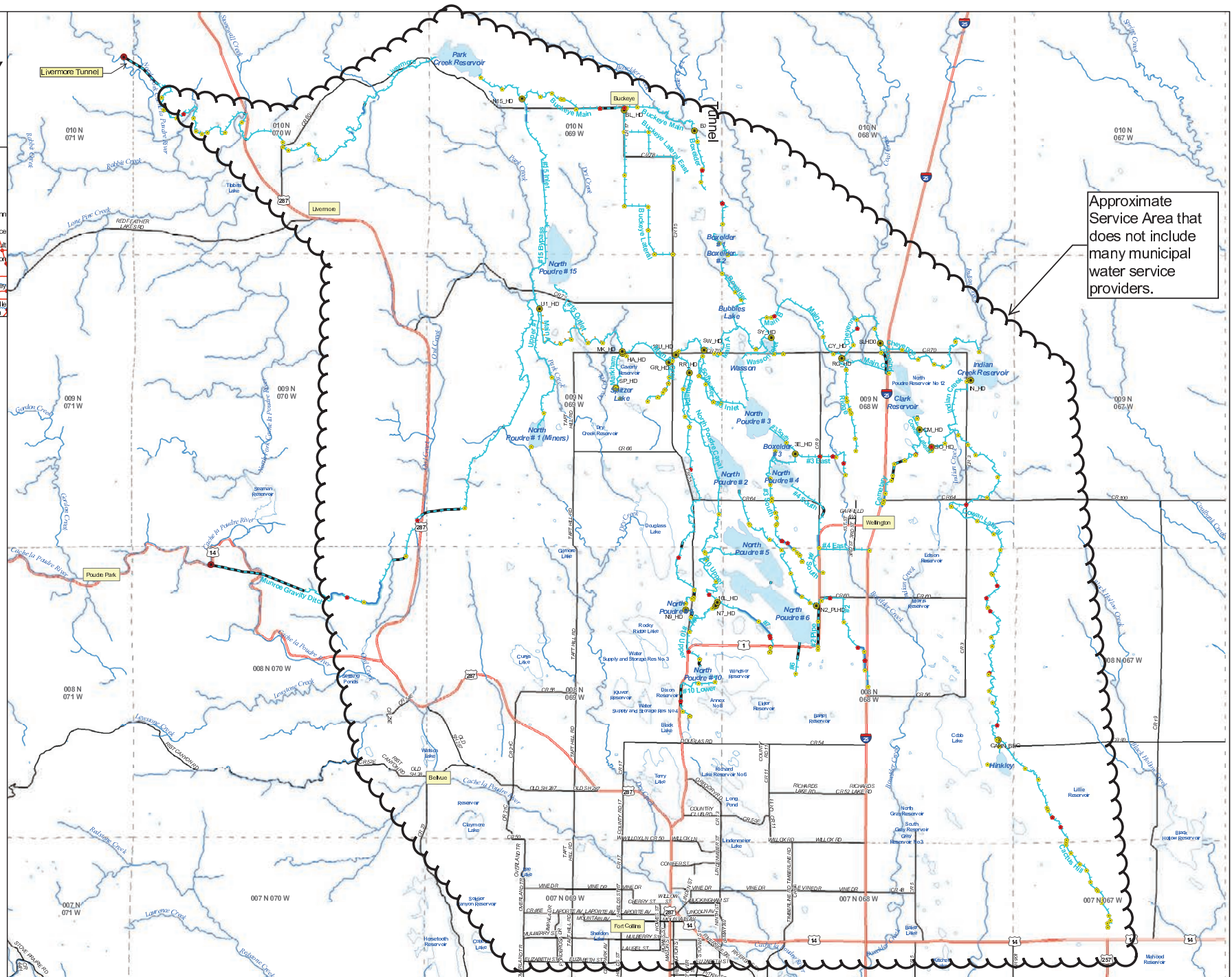
- Headgate
- Turnout
- Abandoned Turnout
- Rivers and Streams
- NPIC Canals and Laterals
 - Tunnel
 - Concrete Lined
 - Rock Lined
 - Unlined
- Roads
- Highways
- NPIC Reservoirs
- Other Lakes and Reservoirs
- Township and Range



1 0.5 0 1
Miles

1:62,500

Coordinate System: UTM
Zone: 13
Datum: NAD 27
False Easting: 500000.0
False Northing: 0.0
Central Meridian: -105.0
Riverside Technology, Inc.
Water Resources Engineering and Consulting



Approximate
Service Area that
does not include
many municipal
water service
providers.

Appendix D

Water Rights

MOUNTAIN SUPPLY RESERVOIR NO. 10

The North Poudre Irrigation Company, claimant.

In accordance with the findings: That the Mountain Supply Reservoir No. 10, sometimes known as Railroad Reservoir No. 3, is located in section 13, township 6 north, range 60 west of the 6th P.M.; that the source of supply is water from the North Fork of the Cache la Poudre river diverted through and by means of the North Poudre Canal, and water from the Cache la Poudre river, diverted through and by means of the Poudre Valley Ditch; that the storage depth of the reservoir as constructed, is 15 feet above the base of the outlet tube, an estimated capacity of 15,000,000 cubic feet; that the work of construction commenced May 15, 1905, and was prosecuted with reasonable diligence to completion; that water has been stored to the total capacity of the reservoir and beneficially applied for irrigation; that an appropriation of water from the sources defined, sufficient to fill said reservoir to a total storage depth of 15 feet above the base of the outlet tube, an amount estimated at 15,000,000 cubic feet, was made by reason of the construction of said reservoir and the beneficial application of water stored therein, as of date May 15, 1905.

IT IS ORDERED, ADJUDGED AND DECREED, that Mountain Supply Reservoir No. 10, sometimes known as Railroad Reservoir No. 3, be granted a priority²⁰ of date May 15, 1905, for the storage of water for irrigation from the sources defined, necessary to fill said reservoir to a total storage depth of 15 feet above the base of the outlet tube, an amount estimated at 15,000,000 cubic feet, said priority being No. 92.

The above appropriation and priority number is awarded to said reservoir upon the condition that the court may, on final hearing of any claim for appropriation, herein continued for further hearing, grant to such continued claim an appropriation and priority number of a date earlier than said priority herein awarded to this claimant, should the court, upon such final hearing of any continued claim, so determine.

Appendix E

**ANNUAL REPORTS FINANCIAL INFORMATION
2013-2015**

[illegible]

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress is \$1,710,294 spent to date on a reservoir expansion project.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant shareholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. In September 2013, the Company incurred significant damage to the Fossil Creek inlet and diversion structure related to a flooding event. No other assets were identified as impaired as a result of the September flooding. The amount of the impairment loss for the inlet and diversion was \$136,823. The Company did not receive any insurance proceeds from the event nor do they expect to receive any.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$22,595 and \$23,352 at October 31, 2013 and 2012, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Five members provided approximately 64% of the assessments received by the Company for the years ended October 31, 2013 and 2012, respectively. The organizational implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from shareholders. During the years ended October 31, 2013 and 2012, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2013 and 2012.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2013 and 2012.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2010 through 2013 (all open years).

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches and reservoirs.

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2013			October 31, 2012		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$15,062,763	\$(5,151,722)	\$ 9,911,041	\$15,062,763	\$(4,933,155)	\$10,129,608
Totals	\$15,062,763	\$(5,151,722)	\$ 9,911,041	\$15,062,763	\$(4,933,155)	\$10,129,608

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows, as of October 31, 2013:

Year Ended October 31,	Amount
2014	\$ 286,932
2015	192,381
2016	80,982
2017	83,739
2018	86,607
Thereafter	299,780
Total	\$ 1,030,421

3. Note Receivable

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible, therefore, no allowance for uncollectable accounts is deemed to be required. At October 31, 2013 and 2012, the note receivable, net consisted of the following:

Fiscal Year Ending October 31	October 31, 2013	October 31, 2012
2012	\$ -	\$ 188,224
2013	188,224	188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
Thereafter	1,515,645	1,515,645
Note receivable - gross	2,456,765	2,644,989
Less: discount on note receivable	(708,908)	(803,271)
Less: deferred gain on sale	(1,239,991)	(1,306,579)
	507,866	535,139
Note receivable - current portion (net)	(28,670)	(27,273)
Note receivable - long-term (net)	\$ 479,196	\$ 507,866

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 687,883	\$ -	\$ 43,225	\$ 644,658	\$ 45,387

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	665,095	-	33,935	631,160	35,632
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	263,773	-	10,385	253,388	10,904
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	239,854	-	7,854	232,000	8,247
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,177,619	-	40,826	1,136,793	41,642

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	221,163	-	27,976	193,187	29,103
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	431,288	-	28,638	402,650	29,794
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2027. Collateralized by Miners Lake Reservoir.	592,949	-	31,301	561,648	32,318
To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2013, and is secured by the revenues of the Company.	112,000	400,000	452,000	60,000	60,000
Totals	4,391,624	\$ 400,000	\$ 676,140	4,115,484	\$ 293,027
Less current portion	336,139			293,027	
Totals	\$ 4,055,485			\$ 3,822,457	

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

The annual requirements to amortize all debt outstanding as of October 31, 2013, are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2014	\$ 293,027	\$ 153,096	\$ 446,123
2015	242,296	143,827	386,123
2016	251,961	134,162	386,123
2017	262,041	124,082	386,123
2018	272,556	113,567	386,123
2019-2023	1,380,365	405,501	1,785,866
2024-2028	941,583	253,578	1,195,161
2029-2033	346,659	75,603	422,262
2034-2035	124,994	7,475	132,469
Total	\$ 4,115,482	\$ 1,410,891	\$ 5,526,373

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$4,823 and \$5,259 for the years ended October 31, 2013 and 2012, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2013 and 2012, were as follows:

October 31,	2013	2012
Current income tax expense	\$ 183,412	\$ 156,000
Deferred income tax benefit	(5,000)	(5,000)
Income tax expense	\$ 178,412	\$ 151,000

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Year Ended October 31,	2013	2012
Income tax expense at U.S. federal statutory rates	\$ 161,412	\$ 137,000
State income taxes	22,000	19,000
Deferred tax	(5,000)	(5,000)
Income tax expense	\$ 178,412	\$ 151,000

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax liability of \$23,000 and \$21,000, as of October 31, 2013 and 2012, respectively.

8. Subsequent Events

In November, the Company received an emergency loan from Colorado Water Conservation Board in the amount of \$481,770 for the Fossil Creek inlet and diversion structure emergency repairs. The loan is a 30 year term loan with no interest or principal payments until November 1, 2017. Interest is fixed at 2.35%.

Management has evaluated subsequent events through December 18, 2013 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

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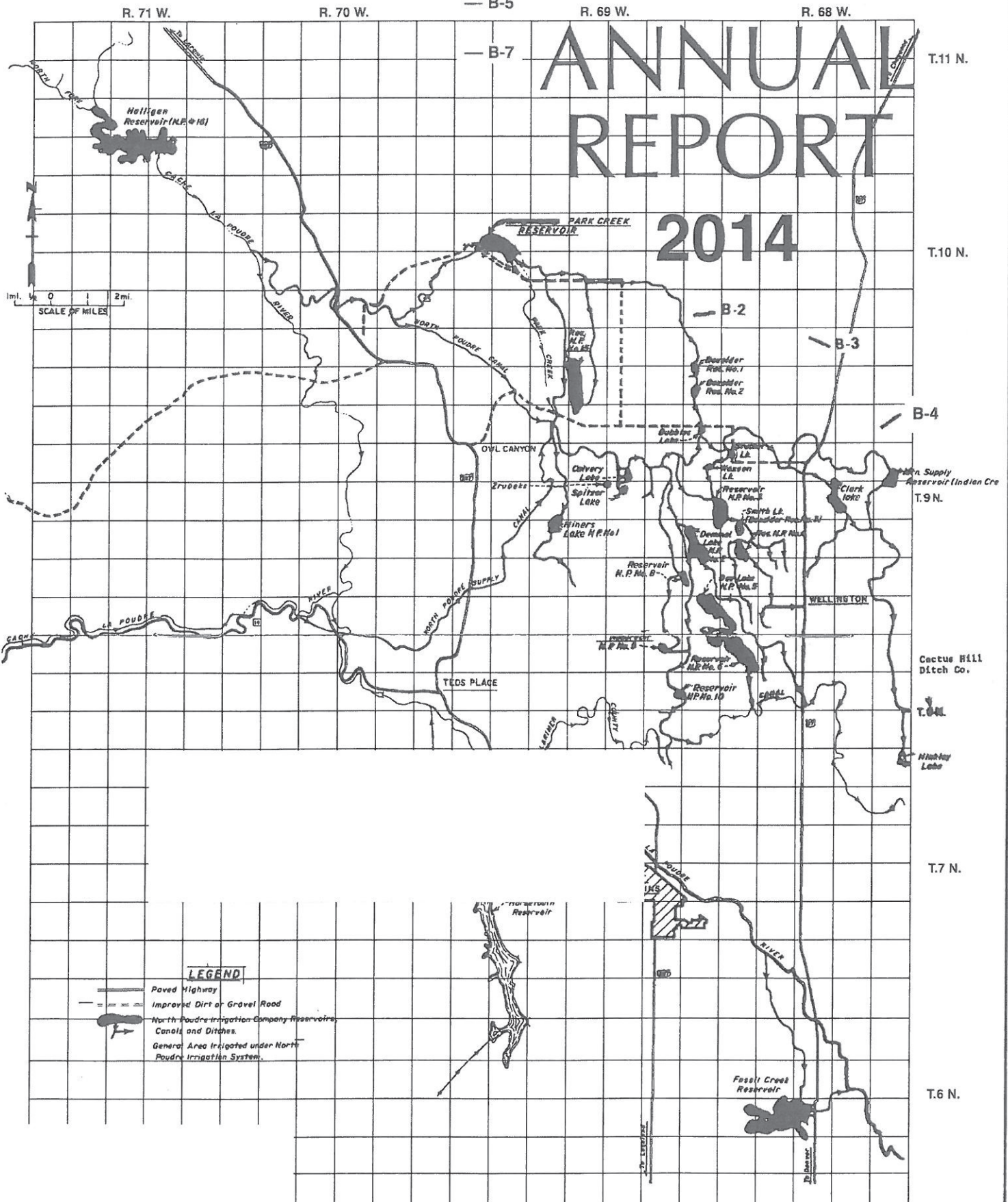
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THE NORTH POUDRE IRRIGATION COMPANY

P.O. Box 100

Wellington, CO 80549

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors and Stockholders of
The North Poudre Irrigation Company

We have audited the accompanying balance sheets of The North Poudre Irrigation Company (a nonprofit corporation) (the "Company") as of October 31, 2013 and 2012, and the related statements of income and changes in retained earnings, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes, the design, the implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether by fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Poudre Irrigation Company as of October 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Greeley, Colorado
December 18, 2013

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

October 31,	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 62,607	\$ 51,526
Assessments receivable	9,084	26,088
Accounts receivable, other	106,500	1,000
Income taxes receivable	425,225	-
Note receivable, related party	30,139	28,670
Accrued interest receivable	65,515	68,532
Prepaid expenses	25,831	22,317
Total current assets	724,901	198,133
Fixed assets, net		
Land	528,544	528,544
Priorities, water rights and easements	425,650	425,650
Construction in progress	182,348	1,710,294
Ditches and reservoirs	15,471,603	15,471,603
Buildings and improvements	269,240	269,240
Radio and office equipment	42,695	42,695
Machinery and equipment	566,897	566,897
Transportation equipment	221,215	193,675
Total	17,708,192	19,208,598
Less: accumulated depreciation	(6,191,588)	(5,961,554)
Total fixed assets, net	11,516,604	13,247,044
Other assets		
Note receivable, related party, net of current portion above	449,057	479,196
Deferred income tax asset	724,000	-
Other assets	17,942	17,942
Total other assets	1,190,999	497,138
Total assets	\$ 13,432,504	\$ 13,942,315

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

	2014	2013
Liabilities		
Current liabilities		
Accounts payable	\$ 92,136	\$ 25,524
Accrued interest payable	81,710	78,609
Accrued compensated absences	25,446	22,595
Income taxes payable	-	25,520
Deferred oil and gas lease income	46,740	105,383
Current portion of notes payable	890,483	293,027
Total current liabilities	1,136,515	550,658
Long-term liabilities		
Notes payable, net of current portion above	4,287,794	3,822,457
Deferred oil and gas lease income	27,265	74,005
Deferred income tax liability	-	23,000
Security deposit	5,000	5,000
Total long-term liabilities	4,320,059	3,924,462
Total liabilities	5,456,574	4,475,120
Stockholders' equity		
Common stock, \$50 par value (10,000 shares authorized and issued and 10,000 and 9,999.5 shares outstanding, respectively)	500,000	499,975
Additional paid in capital	941,340	834,865
Retained earnings	6,534,590	8,132,355
Total stockholders' equity	7,975,930	9,467,195
Total liabilities and stockholders' equity	\$ 13,432,504	\$ 13,942,315

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Operations and Changes in Retained Earnings

For the Years Ended October 31,	2014	2013
Operating revenues and gains		
Assessments	\$ 1,382,243	\$ 1,294,253
Recreational lease revenue	407,733	377,442
Water sales	159,499	174,269
Oil and gas lease revenue	105,383	122,375
Other income	38,199	22,699
Net gain on sales of fixed assets	73,450	67,788
Total operating revenues and gains	2,166,507	2,058,826
Operating expenses		
Salaries and wages	508,587	399,923
Repairs, maintenance and supplies	1,421,190	275,371
Depreciation	265,994	261,772
Water purchases and assessments	144,826	115,731
Insurance	66,926	60,953
Accounting and legal fees	119,921	48,394
Gas and oil	56,365	43,987
Payroll taxes	51,655	39,624
Utilities and telephone	37,941	31,384
Weed control	59,994	23,534
Employee benefits	47,059	18,224
Office and other expenses	19,522	17,181
Employee mileage	8,869	16,675
Directors' fees and expense	13,942	11,410
Engineering and other expense	8,970	4,740
Vehicle and other taxes	1,253	1,380
Loss on abandonment of construction in progress	1,971,521	-
Impairment loss on fixed assets	-	136,823
Total operating expenses	4,804,535	1,507,106
(Loss) income from operations	(2,638,028)	551,720
Other income (expenses)		
Interest income	89,312	90,595
Oil and gas royalty income	68,078	26,142
Interest expense	(159,641)	(159,151)
Total other income (expenses)	(2,251)	(42,414)
Net (loss) income before income taxes	(2,640,279)	509,306
Income tax (benefit) expense	(1,042,514)	180,412
Net (loss) income	(1,597,765)	328,894
Retained earnings at beginning of year	8,132,355	7,803,461
Retained earnings at end of year	\$ 6,534,590	\$ 8,132,355

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Cash Flows

For the Years Ended October 31,	2014	2013
Cash flows from operating activities		
Net income	\$ (1,597,765)	\$ 328,894
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	265,994	261,772
(Gain) on sale of fixed assets	(3,450)	(1,200)
Loss on abandonment of construction in progress	1,971,521	-
Impairment loss on fixed assets	-	136,823
Amortization of deferred gain on sale of fixed assets	(70,000)	(66,588)
Amortization of deferred oil and gas lease income	(105,383)	(122,375)
Deferred income taxes	(747,000)	2,000
Decrease (increase) in operating assets:		
Assessments receivables	17,004	(18,091)
Accounts receivable, other	1,000	(1,000)
Income taxes receivable	(425,225)	-
Accrued interest receivable	3,017	4,632
Prepaid expenses	(3,514)	(1,139)
Increase (decrease) in operating liabilities:		
Accounts payable	66,612	1,823
Income taxes payable	(25,520)	(52,960)
Other accrued expenses	5,952	(5,517)
Net cash flows from operating activities	(646,757)	467,074
Cash flow from investing activities		
Payments received for note receivable	98,670	93,861
Proceeds from sale of fixed assets	3,850	1,200
Purchases of fixed assets	(443,575)	(250,372)
Net cash flows from investing activities	(341,055)	(155,311)
Cash flow from financing activities		
Proceeds from short-term borrowing	855,000	400,000
Repayment of short-term borrowing	(505,000)	(452,000)
Proceeds from long-term borrowing	900,378	-
Repayment of long-term debt	(251,485)	(224,140)
Net cash flows from financing activities	998,893	(276,140)
Net change in cash and cash equivalents	11,081	35,623
Cash and cash equivalents at beginning of year	51,526	15,903
Cash and cash equivalents at end of year	\$ 62,607	\$ 51,526
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 156,540	\$ 163,911
Cash paid during the year for income taxes	\$ 155,231	\$ 231,372
Supplemental noncash flow information:		
Fixed assets acquired through issuance of debt	\$ 63,900	\$ -
Sale of treasury stock through accounts receivable	\$ 106,500	\$ -

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

1. Summary of Significant Accounting Policies

This summary of The North Poudre Irrigation Company's (the "Company") significant accounting policies is to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Operations

The Company was incorporated January 1, 1901, under the laws of the State of Colorado to provide irrigation water for agricultural uses to its approximately 600 stockholders in the Northern Colorado Front Range. The Company's business office and maintenance facilities are located in Wellington, Colorado.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Assessments and Other Receivables

Assessments and other receivables are recorded at the invoiced amount. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. The Company has determined that no allowance is necessary as of October 31, 2014 and 2013.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and receivables.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. The Company had no amounts on deposit in excess of federally insured limits at October 31, 2014 and 2013.

Credit risk with respect to receivables is considered low based on past collection experience.

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress is \$43,751 for the construction of the Fossil Creek Inlet and \$138,597 for the rehabilitation of Reservoir No. 4.

During the year ended October 31, 2014 the Company abandoned construction in progress project of the expansion of Halligan Reservoir which resulted in a loss of abandonment of \$1,971,521.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant stockholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. In September 2013, the Company incurred significant damage to the Fossil Creek inlet and diversion structure related to a flooding event. No other assets were identified as impaired as a result of the September flooding. The amount of the impairment loss for the inlet and diversion was \$136,823. The Company did not receive any insurance proceeds from the event nor do they expect to receive any. No indications of impairment were identified during the year ended October 31, 2014.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$25,446 and \$22,595 at October 31, 2014 and 2013, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Five members provided approximately 64% of the assessments received by the Company for the years ended

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

October 31, 2014 and 2013. The organizational implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from stockholders. During the years ended October 31, 2014 and 2013, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2014 and 2013.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2014 and 2013.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2012 through 2014 (all open years).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

and reservoirs.

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2014			October 31, 2013		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371	\$ 15,062,763	\$ (5,151,722)	\$ 9,911,041
Totals	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371	\$ 15,062,763	\$ (5,151,722)	\$ 9,911,041

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows:

Year Ended October 31,	Amount
2015	\$ 312,431
2016	201,032
2017	87,939
2018	86,607
2019	92,691
Thereafter	207,089
Total	\$ 987,789

3. Note Receivable

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible; therefore, no allowance for uncollectable accounts is deemed to be required. At October 31, 2014 and 2013, the note receivable, net consisted of the following:

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

Fiscal Year Ending October 31	October 31, 2014	October 31, 2013
2013	\$ -	\$ 188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
2018	188,224	188,224
Thereafter	1,327,421	1,327,421
Note receivable - gross	2,268,541	2,456,765
Less: discount on note receivable	(619,354)	(708,908)
Less: deferred gain on sale	(1,169,991)	(1,239,991)
	479,196	507,866
Note receivable - current portion (net)	(30,139)	(28,670)
Note receivable - long-term (net)	\$ 449,057	\$ 479,196

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 644,658	\$ -	\$ 45,387	\$ 599,271	\$ 47,656

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	631,160	-	35,632	595,528	37,414
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	253,388	-	11,449	241,939	11,449
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	232,000	-	8,659	223,341	8,659
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,136,793	-	42,475	1,094,318	42,475

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	193,187	-	30,276	162,911	30,276
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	402,650	-	29,794	372,856	30,998
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2027. Collateralized by Miners Lake Reservoir.	561,648	-	32,319	529,329	33,369
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 27 annual installments of \$24,301, principal and interest, beginning November 1, 2017, maturing on November 1, 2043. Collateralized by Fossil Creek Reservoir.	-	102,620	-	102,620	-

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 30 annual installments of which will include principal and interest, beginning upon expending all approved funds (\$1,636,200) or upon project completion, whichever is sooner. Collateralized by Reservoir No.4. Contains a debt service requirement which begins upon payment of first annual payment.

First National Bank, 2.75% interest, payable in 36 monthly installments of \$1,852 which includes principal and interest, beginning February 21, 2014, maturing on January 21, 2017. Collateralized by two pickup trucks.

First National Bank, 3.75% interest, payable in three annual installments of \$242,338 which includes principal and interest, beginning July 15, 2015, maturing on July 15, 2017. Collateralized by the City of Fort Collins installment agreement.

To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2015, and is secured by the revenues of the Company.

	60,000	855,000	505,000	410,000	410,000
Totals	4,115,484	\$ 1,819,278	\$ 756,485	5,178,277	\$ 890,483
Less current portion	293,027			890,483	
Totals	\$ 3,822,457			\$ 4,287,794	

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

The annual requirements to amortize all outstanding debt are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2015	\$ 890,483	\$ 170,205	\$ 1,060,688
2016	498,876	151,812	650,688
2017	513,325	144,159	657,484
2018	285,840	124,585	410,425
2019	295,946	113,306	409,252
2020-2024	1,472,328	395,200	1,867,528
2025-2029	794,529	146,979	941,508
2030-2034	364,666	50,858	415,524
2035-2039	62,284	1,262	63,546
Total	\$ 5,178,277	\$ 1,298,366	\$ 6,476,643

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$6,041 and \$4,823 for the years ended October 31, 2014 and 2013, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2014 and 2013, were as follows:

October 31,	2014	2013
Current income tax expense (benefit)	\$ (295,514)	\$ 185,412
Deferred income tax (benefit)	(747,000)	(5,000)
Income tax expense (benefit)	\$ (1,042,514)	\$ 180,412

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Year Ended October 31,	2014	2013
Income tax expense at U.S. federal		
statutory rates	\$ (295,514)	\$ 163,412
State income taxes	-	22,000
Deferred tax	(747,000)	(5,000)
Income tax (benefit) expense	\$ (1,042,514)	\$ 180,412

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax liability of \$-0- and \$23,000, as of October 31, 2014 and 2013, respectively.

For the year ended October 31, 2014 the Company experienced a net operating loss ("NOL") on their tax return. The Company elected, for federal tax purposes, to carryback the NOL two years and carry the remaining NOL forward for 20 years (expiring in 2034). This resulted in an income tax benefit of approximately \$270,000.

8. Subsequent Events

Management has evaluated subsequent events through December 10, 2014 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

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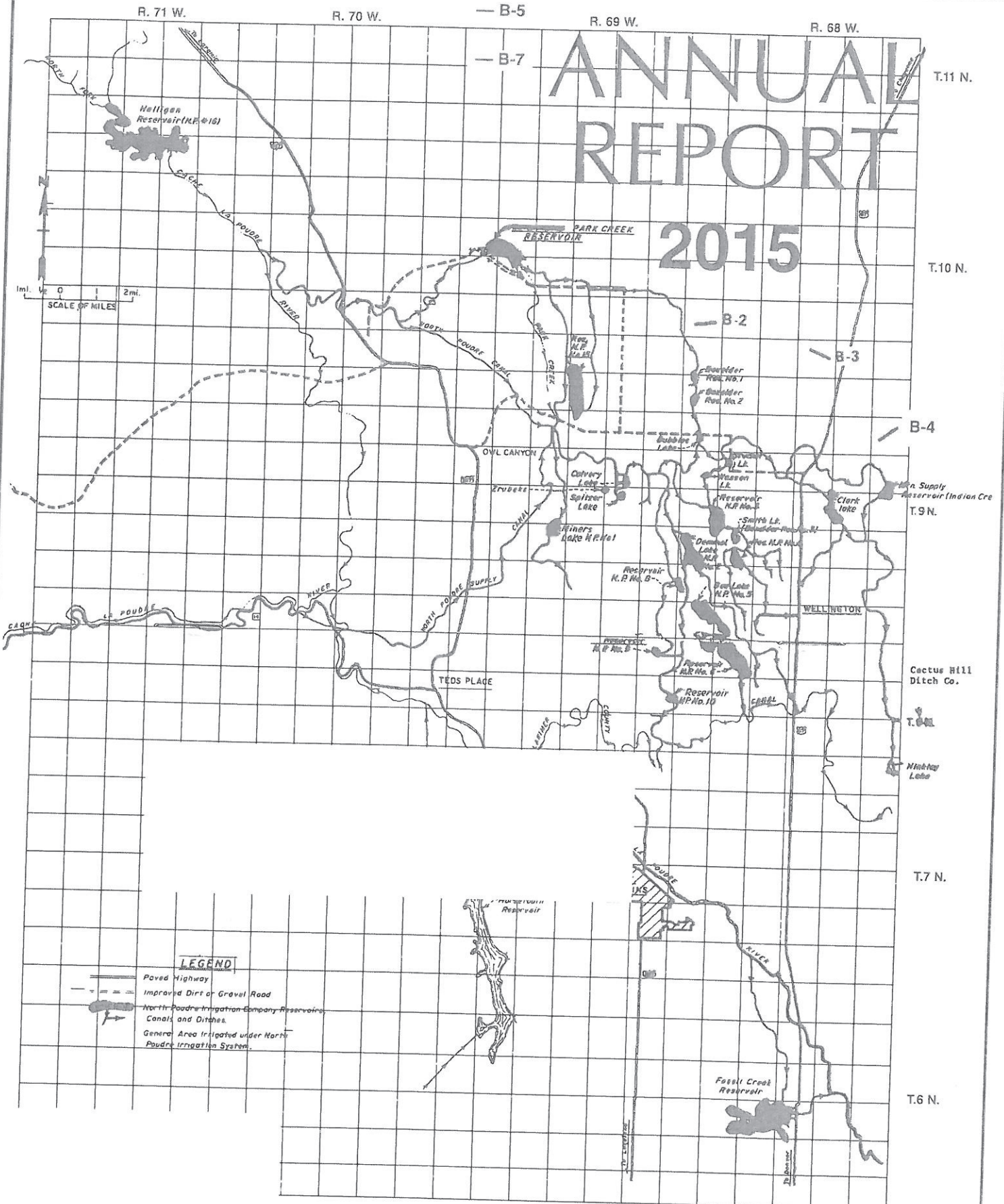
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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors and Stockholders of
The North Poudre Irrigation Company
Wellington, Colorado

We have audited the accompanying balance sheets of The North Poudre Irrigation Company (a nonprofit corporation) (the "Company") as of October 31, 2015 and 2014, and the related statements of operations and changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, the implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether by fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Poudre Irrigation Company as of October 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Greeley, Colorado
January 13, 2016

Denver • Boulder • Vail • Fort Collins • Greeley

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

October 31,	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 332,490	\$ 62,607
Assessments receivable	17,368	9,084
Accounts receivable, other	-	106,500
Income taxes receivable	-	425,225
Note receivable, related party	31,683	30,139
Accrued interest receivable	65,477	65,515
Prepaid expenses	26,024	25,831
Total current assets	473,042	724,901
Property and equipment, net		
Land	528,544	528,544
Priorities, water rights and easements	425,650	425,650
Construction in progress	720,083	182,348
Ditches and reservoirs	15,471,603	15,471,603
Buildings and improvements	346,552	269,240
Radio and office equipment	42,695	42,695
Machinery and equipment	566,897	566,897
Transportation equipment	221,215	221,215
	18,323,239	17,708,192
Less: accumulated depreciation	(6,470,492)	(6,191,588)
Total property and equipment, net	11,852,747	11,516,604
Other assets		
Note receivable, related party, net of current portion	417,374	449,057
Deferred income tax asset	356,000	724,000
Other assets	17,942	17,942
Total other assets	791,316	1,190,999
Total assets	\$ 13,117,105	\$ 13,432,504

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

	2015	2014
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 86,738	\$ 92,136
Accrued interest payable	71,077	81,710
Accrued compensated absences	29,853	25,446
Deferred oil and gas lease income, net of current portion	27,265	46,740
Current portion of notes payable	408,386	890,483
Total current liabilities	623,319	1,136,515
Long-term liabilities		
Notes payable, net of current portion	3,882,371	4,287,794
Deferred oil and gas lease income, net of current portion	-	27,265
Deferred income tax liability	11,000	-
Security deposit	5,000	5,000
Total long-term liabilities	3,898,371	4,320,059
Total liabilities	4,521,690	5,456,574
Stockholders' equity		
Common stock, \$50 par value (10,000 shares authorized and issued and 10,000 and 10,000 shares outstanding, respectively)	500,000	500,000
Additional paid in capital	941,340	941,340
Retained earnings	7,154,075	6,534,590
Total stockholders' equity	8,595,415	7,975,930

Total liabilities and stockholders' equity \$ 13,117,105 \$ 13,432,504

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Operations and Changes in Retained Earnings

Ended October 31,	2015	2014
Operating revenues and gains		
Assessments	\$ 2,032,904	\$ 1,382,243
Water sales	419,273	407,733
Recreational lease revenue	768,901	159,499
Oil and gas lease revenue	46,740	105,383
Other income	114,874	38,199
Net gain on sales of property and equipment	73,587	73,450
Total operating revenues and gains	3,456,279	2,166,507
Operating expenses		
Repairs, maintenance and supplies	749,413	1,421,190
Salaries and wages	541,090	508,587
Depreciation	278,904	265,994
Water purchases and assessments	200,950	144,826
Accounting and legal fees	172,388	119,921
Office and other expenses	116,817	19,522
Insurance	67,855	66,926
Weed control	59,698	59,994
Payroll taxes	53,044	51,655
Employee benefits	44,039	47,059
Utilities and telephone	33,499	37,941
Gas and oil	32,996	56,365
Employee mileage	25,812	8,869
Directors' fees and expense	11,902	13,942
Vehicle and other taxes	1,181	1,253
Engineering and other expense	593	8,970
Loss on abandonment of construction in progress	-	1,971,521
Total operating expenses	2,390,181	4,804,535
Income (Loss) from operations	1,066,098	(2,638,028)
Other income (expenses)		
Interest income	84,460	89,312
Oil and gas royalty income	11,711	68,078
Interest expense	(163,784)	(159,641)
Total other (expenses)	(67,613)	(2,251)
Net income (loss) before income taxes	998,485	(2,640,279)
Income tax expense (benefit)	379,000	(1,042,514)
Net income (loss)	619,485	(1,597,765)
Retained earnings at beginning of year	6,534,590	8,132,355
Retained earnings at end of year	\$ 7,154,075	\$ 6,534,590

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Cash Flows

Ended October 31,	2015	2014
Cash flows from operating activities		
Net income (loss)	\$ 619,485	\$ (1,597,765)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	278,904	265,994
(Gain) on sale of fixed assets	-	(3,450)
Loss on abandonment of construction in progress	-	1,971,521
Amortization of deferred gain on sale of fixed assets	(73,587)	(70,000)
Amortization of deferred oil and gas lease income	(46,740)	(105,383)
Deferred income taxes	379,000	(747,000)
Decrease (increase) in operating assets:		
Assessments receivables	(8,284)	17,004
Accounts receivable, other	-	1,000
Income taxes receivable	425,225	(425,225)
Accrued interest receivable	38	3,017
Prepaid expenses	(193)	(3,514)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,398)	66,612
Income taxes payable	-	(25,520)
Other accrued expenses	(6,226)	5,952
Net cash flows from operating activities	1,562,224	(646,757)
Cash flow from investing activities		
Payments received for note receivable	103,726	98,670
Proceeds from sale of fixed assets	-	3,850
Purchases of fixed assets	(615,047)	(443,575)
Net cash flows from investing activities	(511,321)	(341,055)
Cash flow from financing activities		
Proceeds from short-term borrowing	-	855,000
Repayment of short-term borrowing	(410,000)	(505,000)
Proceeds from the sale of common stock	106,500	-
Proceeds from long-term borrowing	331,747	900,378
Repayment of long-term debt	(809,267)	(251,485)
Net cash flows from financing activities	(781,020)	998,893
Net change in cash and cash equivalents	269,883	11,081
Cash and cash equivalents at beginning of year	62,607	51,526
Cash and cash equivalents at end of year	\$ 332,490	\$ 62,607
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 163,822	\$ 163,911
Cash paid during the year for income taxes	\$ -	\$ 231,372
Supplemental noncash flow information:		
Fixed assets acquired through issuance of debt	\$ (63,900)	\$ -
Sale of treasury stock through accounts receivable	\$ (106,500)	\$ -

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

1. Summary of Significant Accounting Policies

This summary of The North Poudre Irrigation Company's (the "Company") significant accounting policies is to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Operations

The Company was incorporated January 1, 1901, under the laws of the State of Colorado to provide irrigation water for agricultural uses to its approximately 600 stockholders in the Northern Colorado Front Range. The Company's business office and maintenance facilities are located in Wellington, Colorado.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Assessments and Other Receivables

Assessments and other receivables are recorded at the invoiced amount. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. The Company has determined that no allowance is necessary as of October 31, 2015 and 2014.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and receivables.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. The Company had no amounts on deposit in excess of federally insured limits at October 31, 2015 and 2014.

Credit risk with respect to receivables is considered low based on past collection experience.

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress as of October 31, 2015 and 2014 is \$65,817 and \$43,751, respectively, for the construction of the Fossil Creek Inlet, \$485,729 and \$138,597, respectively, for the rehabilitation of Reservoir No. 4, \$132,502 and \$0, respectively for the Boxelder flood dams and \$36,035 and \$0, respectively, for other projects.

During the year ended October 31, 2014 the Company abandoned construction in progress project of the expansion of Halligan Reservoir which resulted in a loss of abandonment of \$1,971,521.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant stockholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. No indications of impairment were identified during the year ended October 31, 2015 or 2014.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$29,853 and \$25,446 at October 31, 2015 and 2014, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Two members provided approximately 36% and 47% (each individually more than 10%) of the assessments received by the Company for the years ended October 31, 2015 and 2014, respectively. The organizational

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from stockholders. During the years ended October 31, 2015 and 2014, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2015 and 2014.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2015 and 2014.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2013 through 2015 (all open years).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches and reservoirs.

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2015			October 31, 2014		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$ 14,778,174	\$ (5,428,523)	\$ 9,349,651	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371
Totals	\$ 14,778,174	\$ (5,428,523)	\$ 9,349,651	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows:

Year Ended October 31,	Amount
2016	\$ 201,032
2017	87,939
2018	86,607
2019	92,691
2020	89,867
Thereafter	111,222
Total	\$ 669,358

3. Note Receivable, Related Party

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible; therefore, no allowance for uncollectible accounts is deemed to be required. At October 31, 2015 and 2014, the note receivable, net consisted of the following:

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

Fiscal Year Ending October 31	October 31, 2015	October 31, 2014
2013	\$ -	\$ 188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
2018	188,224	188,224
Thereafter	1,139,197	1,139,197
Note receivable - gross	2,080,317	2,268,541
Less: discount on note receivable	(534,856)	(619,354)
Less: deferred gain on sale	(1,096,404)	(1,169,991)
	449,057	479,196
Note receivable - current portion (net)	(31,683)	(30,139)
Note receivable - long-term (net)	\$ 417,374	\$ 449,057

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 599,271	\$ -	\$ 47,646	\$ 551,625	\$ 50,039
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	595,528	-	37,414	558,114	39,285

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	241,939	-	11,449	230,490	12,022
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	223,341	-	8,659	214,682	9,092
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,094,318	-	42,475	1,051,843	43,325
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	162,911	-	30,276	132,635	31,496

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	372,856	-	30,998	341,858	32,250
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2028. Collateralized by Miners Lake Reservoir.	529,329	-	33,369	495,960	34,453
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 27 annual installments of \$24,301, principal and interest, beginning November 1, 2017, maturing on November 1, 2043. Collateralized by Fossil Creek Reservoir.	102,620	44,724	-	147,344	-

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 30 annual installments of which will include principal and interest, beginning upon expending all approved funds (\$1,636,200) or upon project completion, whichever is sooner. Collateralized by Reservoir No.4. Contains a debt service requirement which begins upon payment of first annual payment.	122,758	287,024	-	409,782	-
First National Bank, 2.75% interest, payable in 36 monthly installments of \$1,852 which includes principal and interest, beginning February 21, 2014, maturing on January 21, 2017. Collateralized by two pickup trucks. This was paid in full during the year ended October 31, 2015.	48,406	-	48,406	-	-
First National Bank, 3.75% interest, payable in three annual installments of \$242,338 which includes principal and interest, beginning July 15, 2015, maturing on July 15, 2017. Collateralized by the City of Fort Collins installment agreement.	675,000	-	518,576	156,424	156,424

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2015, and is secured by the revenues of the Company.	410,000	-	410,000	-	-
Totals	5,178,277	\$ 331,748	\$ 1,219,268	4,290,757	\$ 408,386
Less current portion	890,483			408,386	
Totals	\$4,287,794			\$3,882,371	

The annual requirements to amortize all outstanding debt are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2016	\$ 408,386	\$ 132,450	\$ 540,836
2017	262,041	116,195	378,236
2018	272,556	106,533	379,089
2019	282,349	102,601	384,950
2020	258,074	91,159	349,233
2021-2025	1,332,757	284,682	1,617,439
2026-2030	596,367	83,245	679,612
2031-2035	321,101	19,381	340,482
Total	\$3,733,631	\$ 936,246	\$4,669,877

The Colorado Water Conservation Board loans collateralized by the Fossil Creek and Reservoir No. 4 projects, totaling \$557,126 as of October 31, 2015, are not reflected in the above amortization, as the payments will not start until the projects are deemed complete.

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$5,007 and \$6,041 for the years ended October 31, 2015 and 2014, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2015 and 2014, were as follows:

October 31,	2015	2014
Current income tax expense (benefit)	\$ -	\$ (295,514)
Deferred income tax (benefit)	379,000	(747,000)
Income tax expense (benefit)	\$ 379,000	\$ (1,042,514)

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Years Ended October 31,	2015	2014
Income tax expense at U.S. federal statutory rates	\$ -	\$ (295,514)
Deferred tax	379,000	(747,000)
Income tax (benefit) expense	\$ 379,000	\$ (1,042,514)

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax asset of \$11,000 and \$0, as of October 31, 2015 and 2014, respectively.

For the year ended October 31, 2014 the Company experienced a net operating loss ("NOL") on their tax return. The Company elected, for federal tax purposes, to carryback the NOL two years and carry the remaining NOL forward for 20 years (expiring in 2034). As of October 31, 2015, the remaining NOL approximated \$1,000,000.

8. Subsequent Events

Management has evaluated subsequent events through January 13, 2016 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

Appendix F

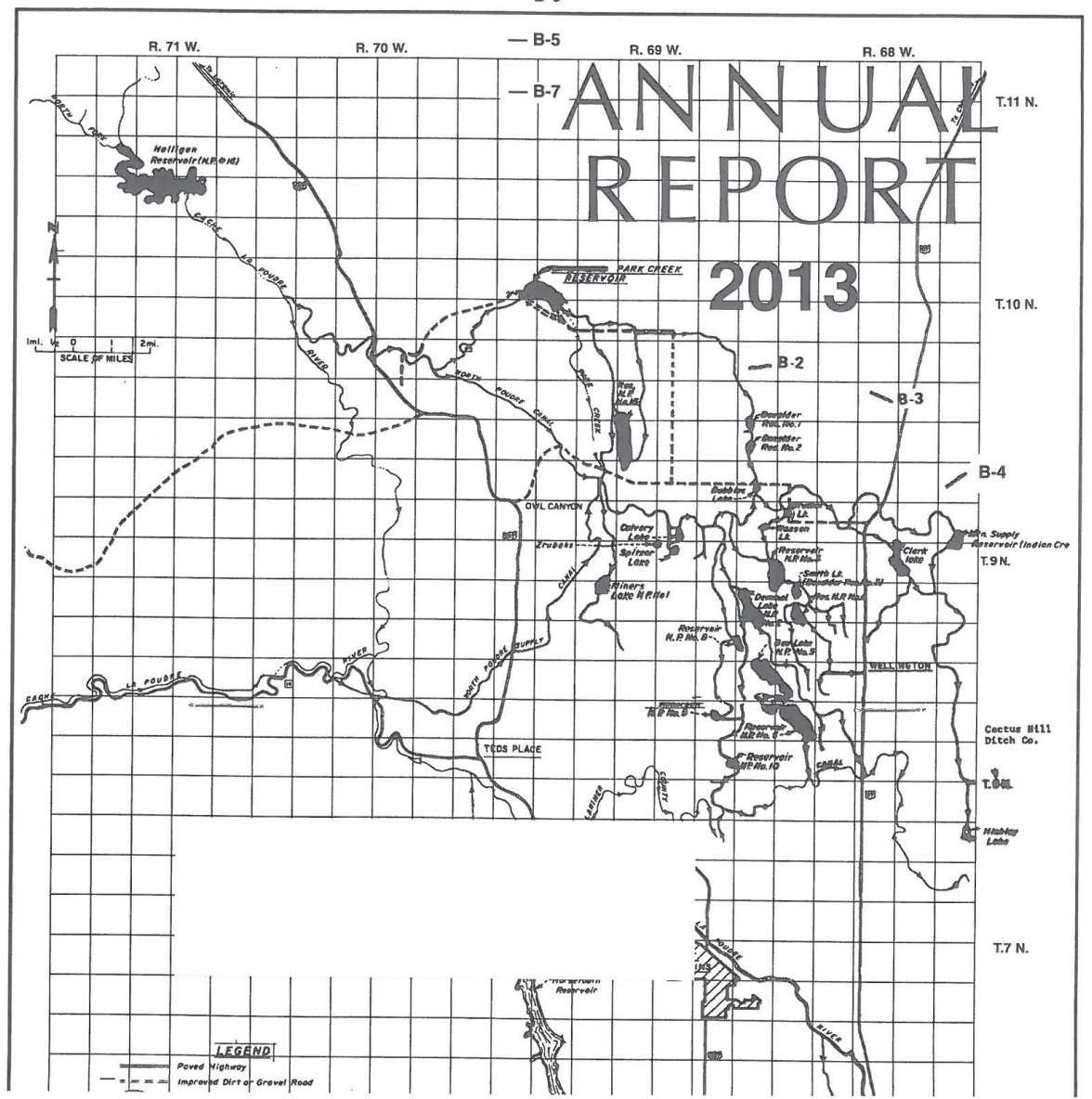
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T.11 N.

T.10 N.

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T.9 N.

Cactus Hill
Ditch Co.

T.8 N.

Harker
Lake

T.7 N.

LEGEND

- Paved Highway
- - - Improved Dirt or Gravel Road

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress is \$1,710,294 spent to date on a reservoir expansion project.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant shareholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. In September 2013, the Company incurred significant damage to the Fossil Creek inlet and diversion structure related to a flooding event. No other assets were identified as impaired as a result of the September flooding. The amount of the impairment loss for the inlet and diversion was \$136,823. The Company did not receive any insurance proceeds from the event nor do they expect to receive any.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$22,595 and \$23,352 at October 31, 2013 and 2012, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Five members provided approximately 64% of the assessments received by the Company for the years ended October 31, 2013 and 2012, respectively. The organizational implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from shareholders. During the years ended October 31, 2013 and 2012, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2013 and 2012.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2013 and 2012.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2010 through 2013 (all open years).

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches and reservoirs.

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2013			October 31, 2012		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$15,062,763	\$(5,151,722)	\$ 9,911,041	\$15,062,763	\$(4,933,155)	\$10,129,608
Totals	\$15,062,763	\$(5,151,722)	\$ 9,911,041	\$15,062,763	\$(4,933,155)	\$10,129,608

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows, as of October 31, 2013:

Year Ended	Amount
October 31,	
2014	\$ 286,932
2015	192,381
2016	80,982
2017	83,739
2018	86,607
Thereafter	299,780
Total	\$ 1,030,421

3. Note Receivable

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible, therefore, no allowance for uncollectable accounts is deemed to be required. At October 31, 2013 and 2012, the note receivable, net consisted of the following:

Fiscal Year Ending October 31	October 31, 2013	October 31, 2012
2012	\$ -	\$ 188,224
2013	188,224	188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
Thereafter	1,515,645	1,515,645
Note receivable - gross	2,456,765	2,644,989
Less: discount on note receivable	(708,908)	(803,271)
Less: deferred gain on sale	(1,239,991)	(1,306,579)
	507,866	535,139
Note receivable - current portion (net)	(28,670)	(27,273)
Note receivable - long-term (net)	\$ 479,196	\$ 507,866

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 687,883	\$ -	\$ 43,225	\$ 644,658	\$ 45,387

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	665,095	-	33,935	631,160	35,632
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	263,773	-	10,385	253,388	10,904
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	239,854	-	7,854	232,000	8,247
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,177,619	-	40,826	1,136,793	41,642

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	221,163	-	27,976	193,187	29,103
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	431,288	-	28,638	402,650	29,794
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2027. Collateralized by Miners Lake Reservoir.	592,949	-	31,301	561,648	32,318
To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2013, and is secured by the revenues of the Company.	112,000	400,000	452,000	60,000	60,000
Totals	4,391,624	\$ 400,000	\$ 676,140	4,115,484	\$ 293,027
Less current portion	336,139			293,027	
Totals	\$ 4,055,485			\$ 3,822,457	

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

The annual requirements to amortize all debt outstanding as of October 31, 2013, are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2014	\$ 293,027	\$ 153,096	\$ 446,123
2015	242,296	143,827	386,123
2016	251,961	134,162	386,123
2017	262,041	124,082	386,123
2018	272,556	113,567	386,123
2019-2023	1,380,365	405,501	1,785,866
2024-2028	941,583	253,578	1,195,161
2029-2033	346,659	75,603	422,262
2034-2035	124,994	7,475	132,469
Total	\$ 4,115,482	\$ 1,410,891	\$ 5,526,373

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$4,823 and \$5,259 for the years ended October 31, 2013 and 2012, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2013 and 2012, were as follows:

October 31,	2013	2012
Current income tax expense	\$ 183,412	\$ 156,000
Deferred income tax benefit	(5,000)	(5,000)
Income tax expense	\$ 178,412	\$ 151,000

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2013 and 2012

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Year Ended October 31,	2013	2012
Income tax expense at U.S. federal		
statutory rates	\$ 161,412	\$ 137,000
State income taxes	22,000	19,000
Deferred tax	(5,000)	(5,000)
Income tax expense	\$ 178,412	\$ 151,000

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax liability of \$23,000 and \$21,000, as of October 31, 2013 and 2012, respectively.

8. Subsequent Events

In November, the Company received an emergency loan from Colorado Water Conservation Board in the amount of \$481,770 for the Fossil Creek inlet and diversion structure emergency repairs. The loan is a 30 year term loan with no interest or principal payments until November 1, 2017. Interest is fixed at 2.35%.

Management has evaluated subsequent events through December 18, 2013 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

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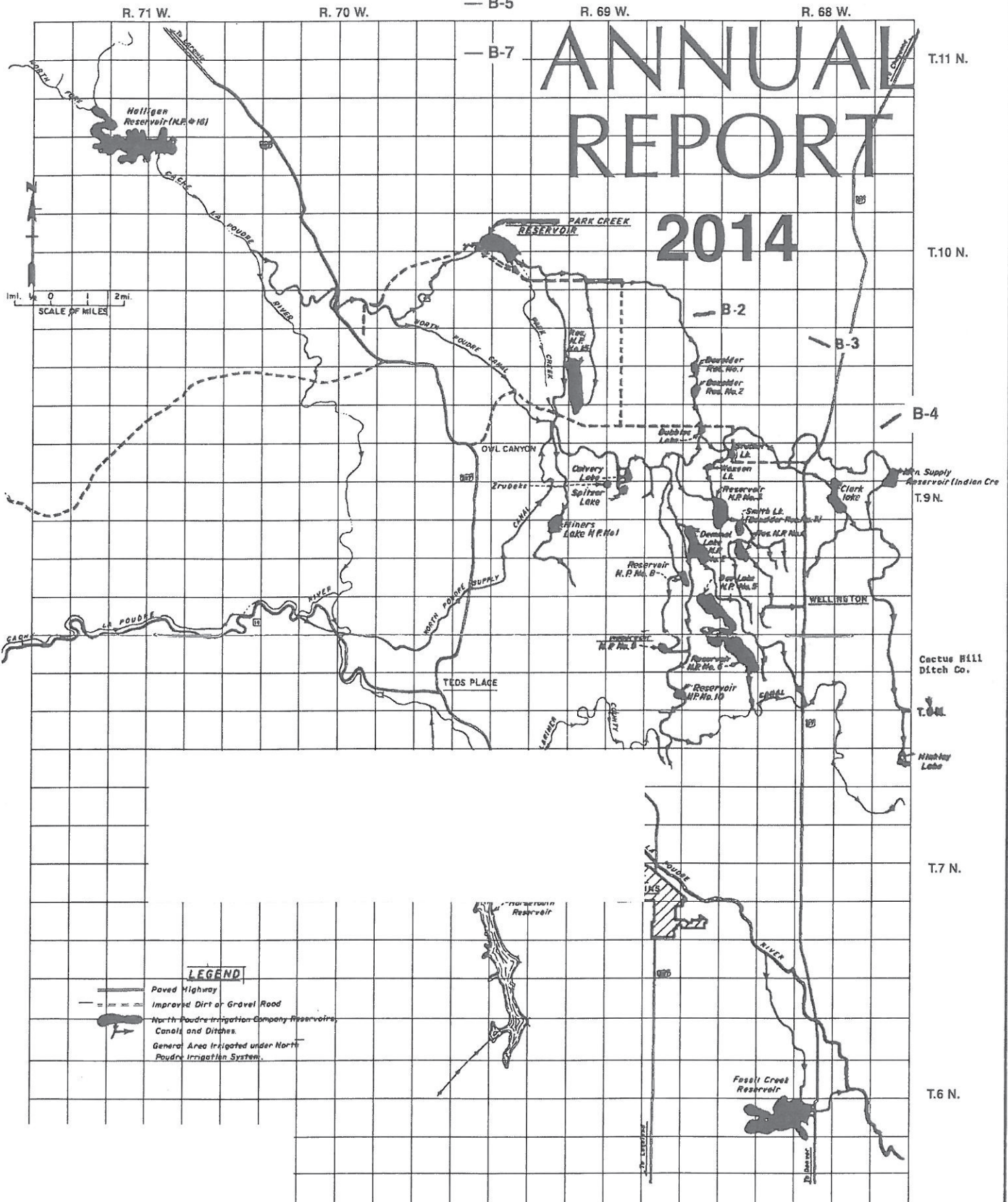
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THE NORTH POUDRE IRRIGATION COMPANY

P.O. Box 100

Wellington, CO 80549

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors and Stockholders of
The North Poudre Irrigation Company

We have audited the accompanying balance sheets of The North Poudre Irrigation Company (a nonprofit corporation) (the "Company") as of October 31, 2013 and 2012, and the related statements of income and changes in retained earnings, and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes, the design, the implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether by fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Poudre Irrigation Company as of October 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Greeley, Colorado
December 18, 2013

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

October 31,	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 62,607	\$ 51,526
Assessments receivable	9,084	26,088
Accounts receivable, other	106,500	1,000
Income taxes receivable	425,225	-
Note receivable, related party	30,139	28,670
Accrued interest receivable	65,515	68,532
Prepaid expenses	25,831	22,317
Total current assets	724,901	198,133
Fixed assets, net		
Land	528,544	528,544
Priorities, water rights and easements	425,650	425,650
Construction in progress	182,348	1,710,294
Ditches and reservoirs	15,471,603	15,471,603
Buildings and improvements	269,240	269,240
Radio and office equipment	42,695	42,695
Machinery and equipment	566,897	566,897
Transportation equipment	221,215	193,675
Total	17,708,192	19,208,598
Less: accumulated depreciation	(6,191,588)	(5,961,554)
Total fixed assets, net	11,516,604	13,247,044
Other assets		
Note receivable, related party, net of current portion above	449,057	479,196
Deferred income tax asset	724,000	-
Other assets	17,942	17,942
Total other assets	1,190,999	497,138
Total assets	\$ 13,432,504	\$ 13,942,315

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

	2014	2013
Liabilities		
Current liabilities		
Accounts payable	\$ 92,136	\$ 25,524
Accrued interest payable	81,710	78,609
Accrued compensated absences	25,446	22,595
Income taxes payable	-	25,520
Deferred oil and gas lease income	46,740	105,383
Current portion of notes payable	890,483	293,027
Total current liabilities	1,136,515	550,658
Long-term liabilities		
Notes payable, net of current portion above	4,287,794	3,822,457
Deferred oil and gas lease income	27,265	74,005
Deferred income tax liability	-	23,000
Security deposit	5,000	5,000
Total long-term liabilities	4,320,059	3,924,462
Total liabilities	5,456,574	4,475,120
Stockholders' equity		
Common stock, \$50 par value (10,000 shares authorized and issued and 10,000 and 9,999.5 shares outstanding, respectively)	500,000	499,975
Additional paid in capital	941,340	834,865
Retained earnings	6,534,590	8,132,355
Total stockholders' equity	7,975,930	9,467,195
Total liabilities and stockholders' equity	\$ 13,432,504	\$ 13,942,315

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Operations and Changes in Retained Earnings

For the Years Ended October 31,	2014	2013
Operating revenues and gains		
Assessments	\$ 1,382,243	\$ 1,294,253
Recreational lease revenue	407,733	377,442
Water sales	159,499	174,269
Oil and gas lease revenue	105,383	122,375
Other income	38,199	22,699
Net gain on sales of fixed assets	73,450	67,788
Total operating revenues and gains	2,166,507	2,058,826
Operating expenses		
Salaries and wages	508,587	399,923
Repairs, maintenance and supplies	1,421,190	275,371
Depreciation	265,994	261,772
Water purchases and assessments	144,826	115,731
Insurance	66,926	60,953
Accounting and legal fees	119,921	48,394
Gas and oil	56,365	43,987
Payroll taxes	51,655	39,624
Utilities and telephone	37,941	31,384
Weed control	59,994	23,534
Employee benefits	47,059	18,224
Office and other expenses	19,522	17,181
Employee mileage	8,869	16,675
Directors' fees and expense	13,942	11,410
Engineering and other expense	8,970	4,740
Vehicle and other taxes	1,253	1,380
Loss on abandonment of construction in progress	1,971,521	-
Impairment loss on fixed assets	-	136,823
Total operating expenses	4,804,535	1,507,106
(Loss) income from operations	(2,638,028)	551,720
Other income (expenses)		
Interest income	89,312	90,595
Oil and gas royalty income	68,078	26,142
Interest expense	(159,641)	(159,151)
Total other income (expenses)	(2,251)	(42,414)
Net (loss) income before income taxes	(2,640,279)	509,306
Income tax (benefit) expense	(1,042,514)	180,412
Net (loss) income	(1,597,765)	328,894
Retained earnings at beginning of year	8,132,355	7,803,461
Retained earnings at end of year	\$ 6,534,590	\$ 8,132,355

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Cash Flows

For the Years Ended October 31,	2014	2013
Cash flows from operating activities		
Net income	\$ (1,597,765)	\$ 328,894
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	265,994	261,772
(Gain) on sale of fixed assets	(3,450)	(1,200)
Loss on abandonment of construction in progress	1,971,521	-
Impairment loss on fixed assets	-	136,823
Amortization of deferred gain on sale of fixed assets	(70,000)	(66,588)
Amortization of deferred oil and gas lease income	(105,383)	(122,375)
Deferred income taxes	(747,000)	2,000
Decrease (increase) in operating assets:		
Assessments receivables	17,004	(18,091)
Accounts receivable, other	1,000	(1,000)
Income taxes receivable	(425,225)	-
Accrued interest receivable	3,017	4,632
Prepaid expenses	(3,514)	(1,139)
Increase (decrease) in operating liabilities:		
Accounts payable	66,612	1,823
Income taxes payable	(25,520)	(52,960)
Other accrued expenses	5,952	(5,517)
Net cash flows from operating activities	(646,757)	467,074
Cash flow from investing activities		
Payments received for note receivable	98,670	93,861
Proceeds from sale of fixed assets	3,850	1,200
Purchases of fixed assets	(443,575)	(250,372)
Net cash flows from investing activities	(341,055)	(155,311)
Cash flow from financing activities		
Proceeds from short-term borrowing	855,000	400,000
Repayment of short-term borrowing	(505,000)	(452,000)
Proceeds from long-term borrowing	900,378	-
Repayment of long-term debt	(251,485)	(224,140)
Net cash flows from financing activities	998,893	(276,140)
Net change in cash and cash equivalents	11,081	35,623
Cash and cash equivalents at beginning of year	51,526	15,903
Cash and cash equivalents at end of year	\$ 62,607	\$ 51,526
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 156,540	\$ 163,911
Cash paid during the year for income taxes	\$ 155,231	\$ 231,372
Supplemental noncash flow information:		
Fixed assets acquired through issuance of debt	\$ 63,900	\$ -
Sale of treasury stock through accounts receivable	\$ 106,500	\$ -

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

1. Summary of Significant Accounting Policies

This summary of The North Poudre Irrigation Company's (the "Company") significant accounting policies is to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Operations

The Company was incorporated January 1, 1901, under the laws of the State of Colorado to provide irrigation water for agricultural uses to its approximately 600 stockholders in the Northern Colorado Front Range. The Company's business office and maintenance facilities are located in Wellington, Colorado.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Assessments and Other Receivables

Assessments and other receivables are recorded at the invoiced amount. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. The Company has determined that no allowance is necessary as of October 31, 2014 and 2013.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and receivables.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. The Company had no amounts on deposit in excess of federally insured limits at October 31, 2014 and 2013.

Credit risk with respect to receivables is considered low based on past collection experience.

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress is \$43,751 for the construction of the Fossil Creek Inlet and \$138,597 for the rehabilitation of Reservoir No. 4.

During the year ended October 31, 2014 the Company abandoned construction in progress project of the expansion of Halligan Reservoir which resulted in a loss of abandonment of \$1,971,521.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant stockholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. In September 2013, the Company incurred significant damage to the Fossil Creek inlet and diversion structure related to a flooding event. No other assets were identified as impaired as a result of the September flooding. The amount of the impairment loss for the inlet and diversion was \$136,823. The Company did not receive any insurance proceeds from the event nor do they expect to receive any. No indications of impairment were identified during the year ended October 31, 2014.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$25,446 and \$22,595 at October 31, 2014 and 2013, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Five members provided approximately 64% of the assessments received by the Company for the years ended

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

October 31, 2014 and 2013. The organizational implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from stockholders. During the years ended October 31, 2014 and 2013, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2014 and 2013.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2014 and 2013.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2012 through 2014 (all open years).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

and reservoirs.

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2014			October 31, 2013		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371	\$ 15,062,763	\$ (5,151,722)	\$ 9,911,041
Totals	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371	\$ 15,062,763	\$ (5,151,722)	\$ 9,911,041

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows:

Year Ended October 31,	Amount
2015	\$ 312,431
2016	201,032
2017	87,939
2018	86,607
2019	92,691
Thereafter	207,089
Total	\$ 987,789

3. Note Receivable

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible; therefore, no allowance for uncollectable accounts is deemed to be required. At October 31, 2014 and 2013, the note receivable, net consisted of the following:

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

Fiscal Year Ending October 31	October 31, 2014	October 31, 2013
2013	\$ -	\$ 188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
2018	188,224	188,224
Thereafter	1,327,421	1,327,421
Note receivable - gross	2,268,541	2,456,765
Less: discount on note receivable	(619,354)	(708,908)
Less: deferred gain on sale	(1,169,991)	(1,239,991)
	479,196	507,866
Note receivable - current portion (net)	(30,139)	(28,670)
Note receivable - long-term (net)	\$ 449,057	\$ 479,196

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 644,658	\$ -	\$ 45,387	\$ 599,271	\$ 47,656

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	631,160	-	35,632	595,528	37,414
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	253,388	-	11,449	241,939	11,449
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	232,000	-	8,659	223,341	8,659
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,136,793	-	42,475	1,094,318	42,475

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	193,187	-	30,276	162,911	30,276
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	402,650	-	29,794	372,856	30,998
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2027. Collateralized by Miners Lake Reservoir.	561,648	-	32,319	529,329	33,369
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 27 annual installments of \$24,301, principal and interest, beginning November 1, 2017, maturing on November 1, 2043. Collateralized by Fossil Creek Reservoir.	-	102,620	-	102,620	-

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 30 annual installments of which will include principal and interest, beginning upon expending all approved funds (\$1,636,200) or upon project completion, whichever is sooner. Collateralized by Reservoir No.4. Contains a debt service requirement which begins upon payment of first annual payment.

First National Bank, 2.75% interest, payable in 36 monthly installments of \$1,852 which includes principal and interest, beginning February 21, 2014, maturing on January 21, 2017. Collateralized by two pickup trucks.

First National Bank, 3.75% interest, payable in three annual installments of \$242,338 which includes principal and interest, beginning July 15, 2015, maturing on July 15, 2017. Collateralized by the City of Fort Collins installment agreement.

To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2015, and is secured by the revenues of the Company.

	60,000	855,000	505,000	410,000	410,000
Totals	4,115,484	\$ 1,819,278	\$ 756,485	5,178,277	\$ 890,483
Less current portion	293,027			890,483	
Totals	\$ 3,822,457			\$ 4,287,794	

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

The annual requirements to amortize all outstanding debt are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2015	\$ 890,483	\$ 170,205	\$ 1,060,688
2016	498,876	151,812	650,688
2017	513,325	144,159	657,484
2018	285,840	124,585	410,425
2019	295,946	113,306	409,252
2020-2024	1,472,328	395,200	1,867,528
2025-2029	794,529	146,979	941,508
2030-2034	364,666	50,858	415,524
2035-2039	62,284	1,262	63,546
Total	\$ 5,178,277	\$ 1,298,366	\$ 6,476,643

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$6,041 and \$4,823 for the years ended October 31, 2014 and 2013, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2014 and 2013, were as follows:

October 31,	2014	2013
Current income tax expense (benefit)	\$ (295,514)	\$ 185,412
Deferred income tax (benefit)	(747,000)	(5,000)
Income tax expense (benefit)	\$ (1,042,514)	\$ 180,412

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2014 and 2013

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Year Ended October 31,	2014	2013
Income tax expense at U.S. federal		
statutory rates	\$ (295,514)	\$ 163,412
State income taxes	-	22,000
Deferred tax	(747,000)	(5,000)
Income tax (benefit) expense	\$ (1,042,514)	\$ 180,412

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax liability of \$-0- and \$23,000, as of October 31, 2014 and 2013, respectively.

For the year ended October 31, 2014 the Company experienced a net operating loss ("NOL") on their tax return. The Company elected, for federal tax purposes, to carryback the NOL two years and carry the remaining NOL forward for 20 years (expiring in 2034). This resulted in an income tax benefit of approximately \$270,000.

8. Subsequent Events

Management has evaluated subsequent events through December 10, 2014 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

ANNUAL REPORT 2015

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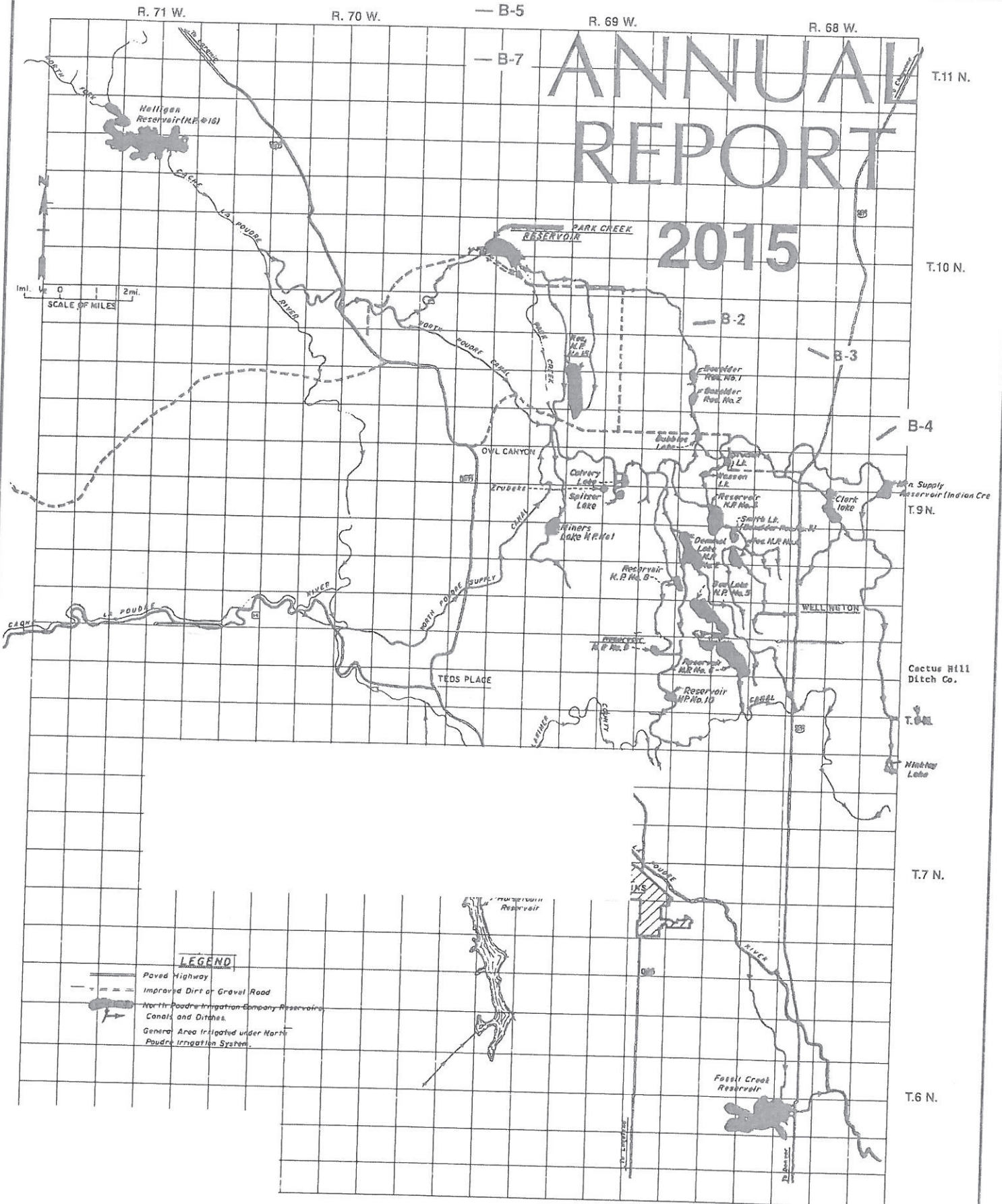
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Wellington, CO 80549

P.O. Box 100

THE NORTH POUDRE IRRIGATION COMPANY

FINANCIAL STATEMENTS

The North Poudre Irrigation Company

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INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Board of Directors and Stockholders of
The North Poudre Irrigation Company
Wellington, Colorado

We have audited the accompanying balance sheets of The North Poudre Irrigation Company (a nonprofit corporation) (the "Company") as of October 31, 2015 and 2014, and the related statements of operations and changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, the implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether by fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The North Poudre Irrigation Company as of October 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anton Collins Mitchell LLP

Greeley, Colorado
January 13, 2016

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

October 31,	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 332,490	\$ 62,607
Assessments receivable	17,368	9,084
Accounts receivable, other	-	106,500
Income taxes receivable	-	425,225
Note receivable, related party	31,683	30,139
Accrued interest receivable	65,477	65,515
Prepaid expenses	26,024	25,831
Total current assets	473,042	724,901
Property and equipment, net		
Land	528,544	528,544
Priorities, water rights and easements	425,650	425,650
Construction in progress	720,083	182,348
Ditches and reservoirs	15,471,603	15,471,603
Buildings and improvements	346,552	269,240
Radio and office equipment	42,695	42,695
Machinery and equipment	566,897	566,897
Transportation equipment	221,215	221,215
	18,323,239	17,708,192
Less: accumulated depreciation	(6,470,492)	(6,191,588)
Total property and equipment, net	11,852,747	11,516,604
Other assets		
Note receivable, related party, net of current portion	417,374	449,057
Deferred income tax asset	356,000	724,000
Other assets	17,942	17,942
Total other assets	791,316	1,190,999
Total assets	\$ 13,117,105	\$ 13,432,504

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Balance Sheets

	2015	2014
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 86,738	\$ 92,136
Accrued interest payable	71,077	81,710
Accrued compensated absences	29,853	25,446
Deferred oil and gas lease income, net of current portion	27,265	46,740
Current portion of notes payable	408,386	890,483
Total current liabilities	623,319	1,136,515
Long-term liabilities		
Notes payable, net of current portion	3,882,371	4,287,794
Deferred oil and gas lease income, net of current portion	-	27,265
Deferred income tax liability	11,000	-
Security deposit	5,000	5,000
Total long-term liabilities	3,898,371	4,320,059
Total liabilities	4,521,690	5,456,574
Stockholders' equity		
Common stock, \$50 par value (10,000 shares authorized and issued and 10,000 and 10,000 shares outstanding, respectively)	500,000	500,000
Additional paid in capital	941,340	941,340
Retained earnings	7,154,075	6,534,590
Total stockholders' equity	8,595,415	7,975,930

Total liabilities and stockholders' equity \$ 13,117,105 \$ 13,432,504

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Operations and Changes in Retained Earnings

Ended October 31,	2015	2014
Operating revenues and gains		
Assessments	\$ 2,032,904	\$ 1,382,243
Water sales	419,273	407,733
Recreational lease revenue	768,901	159,499
Oil and gas lease revenue	46,740	105,383
Other income	114,874	38,199
Net gain on sales of property and equipment	73,587	73,450
Total operating revenues and gains	3,456,279	2,166,507
Operating expenses		
Repairs, maintenance and supplies	749,413	1,421,190
Salaries and wages	541,090	508,587
Depreciation	278,904	265,994
Water purchases and assessments	200,950	144,826
Accounting and legal fees	172,388	119,921
Office and other expenses	116,817	19,522
Insurance	67,855	66,926
Weed control	59,698	59,994
Payroll taxes	53,044	51,655
Employee benefits	44,039	47,059
Utilities and telephone	33,499	37,941
Gas and oil	32,996	56,365
Employee mileage	25,812	8,869
Directors' fees and expense	11,902	13,942
Vehicle and other taxes	1,181	1,253
Engineering and other expense	593	8,970
Loss on abandonment of construction in progress	-	1,971,521
Total operating expenses	2,390,181	4,804,535
Income (Loss) from operations	1,066,098	(2,638,028)
Other income (expenses)		
Interest income	84,460	89,312
Oil and gas royalty income	11,711	68,078
Interest expense	(163,784)	(159,641)
Total other (expenses)	(67,613)	(2,251)
Net income (loss) before income taxes	998,485	(2,640,279)
Income tax expense (benefit)	379,000	(1,042,514)
Net income (loss)	619,485	(1,597,765)
Retained earnings at beginning of year	6,534,590	8,132,355
Retained earnings at end of year	\$ 7,154,075	\$ 6,534,590

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company

Statements of Cash Flows

Ended October 31,	2015	2014
Cash flows from operating activities		
Net income (loss)	\$ 619,485	\$ (1,597,765)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	278,904	265,994
(Gain) on sale of fixed assets	-	(3,450)
Loss on abandonment of construction in progress	-	1,971,521
Amortization of deferred gain on sale of fixed assets	(73,587)	(70,000)
Amortization of deferred oil and gas lease income	(46,740)	(105,383)
Deferred income taxes	379,000	(747,000)
Decrease (increase) in operating assets:		
Assessments receivables	(8,284)	17,004
Accounts receivable, other	-	1,000
Income taxes receivable	425,225	(425,225)
Accrued interest receivable	38	3,017
Prepaid expenses	(193)	(3,514)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,398)	66,612
Income taxes payable	-	(25,520)
Other accrued expenses	(6,226)	5,952
Net cash flows from operating activities	1,562,224	(646,757)
Cash flow from investing activities		
Payments received for note receivable	103,726	98,670
Proceeds from sale of fixed assets	-	3,850
Purchases of fixed assets	(615,047)	(443,575)
Net cash flows from investing activities	(511,321)	(341,055)
Cash flow from financing activities		
Proceeds from short-term borrowing	-	855,000
Repayment of short-term borrowing	(410,000)	(505,000)
Proceeds from the sale of common stock	106,500	-
Proceeds from long-term borrowing	331,747	900,378
Repayment of long-term debt	(809,267)	(251,485)
Net cash flows from financing activities	(781,020)	998,893
Net change in cash and cash equivalents	269,883	11,081
Cash and cash equivalents at beginning of year	62,607	51,526
Cash and cash equivalents at end of year	\$ 332,490	\$ 62,607
Supplemental cash flow information:		
Cash paid during the year for interest	\$ 163,822	\$ 163,911
Cash paid during the year for income taxes	\$ -	\$ 231,372
Supplemental noncash flow information:		
Fixed assets acquired through issuance of debt	\$ (63,900)	\$ -
Sale of treasury stock through accounts receivable	\$ (106,500)	\$ -

The accompanying notes are an integral part of these financial statements.

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FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

1. Summary of Significant Accounting Policies

This summary of The North Poudre Irrigation Company's (the "Company") significant accounting policies is to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Operations

The Company was incorporated January 1, 1901, under the laws of the State of Colorado to provide irrigation water for agricultural uses to its approximately 600 stockholders in the Northern Colorado Front Range. The Company's business office and maintenance facilities are located in Wellington, Colorado.

Cash and Cash Equivalents

The Company considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Assessments and Other Receivables

Assessments and other receivables are recorded at the invoiced amount. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. The Company has determined that no allowance is necessary as of October 31, 2015 and 2014.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and receivables.

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances. The Company had no amounts on deposit in excess of federally insured limits at October 31, 2015 and 2014.

Credit risk with respect to receivables is considered low based on past collection experience.

Property and Equipment

Property and equipment are recorded at cost for assets purchased and fair market value for donated assets. All property and equipment are depreciated over the estimated useful lives of the assets, as shown below, using the straight-line method.

	Life
Ditches and reservoirs	50-100 years
Buildings and improvements	10-40 years
Radio and office equipment	10 years
Machinery and equipment	10 years
Transportation equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When depreciable assets are disposed of, the

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in earnings.

Included in construction in progress as of October 31, 2015 and 2014 is \$65,817 and \$43,751, respectively, for the construction of the Fossil Creek Inlet, \$485,729 and \$138,597, respectively, for the rehabilitation of Reservoir No. 4, \$132,502 and \$0, respectively for the Boxelder flood dams and \$36,035 and \$0, respectively, for other projects.

During the year ended October 31, 2014 the Company abandoned construction in progress project of the expansion of Halligan Reservoir which resulted in a loss of abandonment of \$1,971,521.

Deferred Gain on Sale of Property

During 2004, the Company sold the Halligan Reservoir to the City of Fort Collins, a significant stockholder, and related party, for approximately \$5,200,000. The consideration given included approximately \$1,000,000 of cash and a non-interest bearing note receivable with gross payments of approximately \$4,200,000 (see Note 3). The initial gain on the sale was deferred because the minimum initial investment by the buyer was less than the amount required for full recognition. Therefore the gain is being recognized into income as payments are received using the installment method. The installment method apportions each cash receipt and principal payment by the buyer between cost recovered and profit. The apportionment is in the same ratio as total cost and total profit bear to the sales value.

Long-Lived Assets

The Company periodically reviews long-lived assets, including identifiable intangibles, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates the recoverability of its long-lived assets based on estimated undiscounted future cash flows and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived asset. If impaired, the long-lived asset is written down to its estimated fair value. No indications of impairment were identified during the year ended October 31, 2015 or 2014.

Fair Value of Financial Instruments

The Company's financial instruments are cash equivalents, accounts receivable, notes receivable, accounts payable, and notes payable. The recorded value of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable and the note receivable approximate their fair values, as interest approximates market rates.

Compensated Absences

Employees are granted vacation leave in varying amounts, depending upon the length of continuous service the employee has given the Company. The Company's liability for accrued compensated absences was \$29,853 and \$25,446 at October 31, 2015 and 2014, respectively.

Revenue Recognition

The Company recognizes revenues from assessments and water sales as earned. Amounts billed in advance of the period in which service is rendered are recorded as deferred revenue.

Two members provided approximately 36% and 47% (each individually more than 10%) of the assessments received by the Company for the years ended October 31, 2015 and 2014, respectively. The organizational

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

implications of these concentrations are recognized by management and the Board.

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The Company has entered into two oil and gas leases ranging from three to five years and received \$460,605 in advance lease payments. This lease income is being amortized over the life of the leases on a straight line basis. The Company also receives oil and gas royalties from producing wells on the Company's land.

Income Taxes

The Company is exempt from income taxes under IRC Section 501(c)(12). The Company retains this exemption during years that 85% of the Company's gross income is received from stockholders. During the years ended October 31, 2015 and 2014, the 85% test was not met. Accordingly, the Company has filed corporate federal and Colorado state income tax returns for the years ended October 31, 2015 and 2014.

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") 740, *Income Taxes*, which require recognition of deferred tax assets and liabilities for the expected future income tax consequences of transactions that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using current enacted tax rates. The provision for income taxes includes the amount due for the current period and the change in deferred taxes between periods. The Company provides a valuation allowance against its deferred tax assets when it determines that it is more likely than not that the deferred tax assets may not be realized.

The Company evaluates uncertainties related to its tax positions annually. Accordingly, the tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities. The amount that is ultimately sustained for uncertain tax positions could differ from the amount recognized. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements at October 31, 2015 and 2014.

Management makes judgments regarding the interpretation of tax laws that might be challenged upon an audit and cause changes to previous estimates of tax liability. In addition, the Company operates within multiple taxing jurisdictions and is subject to audit in these jurisdictions, as well as by the Internal Revenue Service.

In management's opinion, adequate provisions for income taxes have been made for fiscal years 2013 through 2015 (all open years).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Rental Income

The Company leases recreational rights to various organizations with initial terms ranging from three to ten years. The costs of these depreciable assets are included on the balance sheets under the caption ditches and reservoirs.

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

The following is a summary of the carrying amounts of property on lease by major class:

Description	October 31, 2015			October 31, 2014		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Ditches and Reservoirs	\$ 14,778,174	\$ (5,428,523)	\$ 9,349,651	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371
Totals	\$ 14,778,174	\$ (5,428,523)	\$ 9,349,651	\$ 14,778,174	\$ (5,212,803)	\$ 9,565,371

Future minimum rental payments to be received on non-cancellable leases are contractually due as follows:

Year Ended October 31,	Amount
2016	\$ 201,032
2017	87,939
2018	86,607
2019	92,691
2020	89,867
Thereafter	111,222
Total	\$ 669,358

3. Note Receivable, Related Party

The Company has a non-interest bearing note receivable from the City of Fort Collins, Colorado, which matures in 2031. The note requires annual payments of \$188,244 and is secured by municipal bonds issued by the City of Fort Collins, Colorado. The note has been recorded at the present value of future cash flows, utilizing an imputed interest rate of 5.12%.

As discussed in Note 1, the gain on the sale was deferred, and is reflected as a discount of the note receivable in the accompanying balance sheets. The Company believes that the note is fully collectible; therefore, no allowance for uncollectable accounts is deemed to be required. At October 31, 2015 and 2014, the note receivable, net consisted of the following:

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

Fiscal Year Ending October 31	October 31, 2015	October 31, 2014
2013	\$ -	\$ 188,224
2014	188,224	188,224
2015	188,224	188,224
2016	188,224	188,224
2017	188,224	188,224
2018	188,224	188,224
Thereafter	1,139,197	1,139,197
Note receivable - gross	2,080,317	2,268,541
Less: discount on note receivable	(534,856)	(619,354)
Less: deferred gain on sale	(1,096,404)	(1,169,991)
	449,057	479,196
Note receivable - current portion (net)	(31,683)	(30,139)
Note receivable - long-term (net)	\$ 417,374	\$ 449,057

4. Notes Payable

The following is a summary of activity in notes payable for the year ended October 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$77,612, principal and interest, beginning May 1, 1985, maturing on May 1, 2024. Collateralized by the one half interest in Fossil Creek Dam Structure.	\$ 599,271	\$ -	\$ 47,646	\$ 551,625	\$ 50,039
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$67,192, principal and interest, beginning May 1, 1987, maturing May 1, 2026. Collateralized by an undivided one half interest in the No. 15 Reservoir dam structure.	595,528	-	37,414	558,114	39,285

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$23,574, principal and interest, beginning May 1, 1989, maturing May 1, 2028. Collateralized by an undivided one half interest in the Clarks Lake dam structure.	241,939	-	11,449	230,490	12,022
Colorado Department of Natural Resources (Colorado Water Conservation Board), 5% interest, payable in 40 annual installments of \$19,847, principal and interest, beginning June 15, 1992, maturing June 15, 2031. Collateralized by an undivided one half interest in the No. 2 dam structure.	223,341	-	8,659	214,682	9,092
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2% interest, payable in 40 annual installments of \$64,378, principal and interest, beginning May 1, 1996, maturing May 1, 2035. Collateralized by #5 and #6 dam structures.	1,094,318	-	42,475	1,051,843	43,325
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.03% interest, payable in 20 annual installments of \$36,889, principal and interest, beginning August 31, 2000, maturing August 31, 2019. Collateralized by the No. 6 Reservoir outlet.	162,911	-	30,276	132,635	31,496

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 4.04% interest, payable in 20 annual installments of \$46,061, principal and interest, beginning May 1, 2005, maturing on May 1, 2024. Collateralized by Indian Creek, #4 and #5 Reservoirs.	372,856	-	30,998	341,858	32,250
Colorado Department of Natural Resources (Colorado Water Conservation Board), 3.25% interest, payable in 20 annual installments of \$50,572, principal and interest, beginning February 1, 2009, maturing on February 1, 2028. Collateralized by Miners Lake Reservoir.	529,329	-	33,369	495,960	34,453
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 27 annual installments of \$24,301, principal and interest, beginning November 1, 2017, maturing on November 1, 2043. Collateralized by Fossil Creek Reservoir.	102,620	44,724	-	147,344	-

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Colorado Department of Natural Resources (Colorado Water Conservation Board), 2.35% interest, payable in 30 annual installments of which will include principal and interest, beginning upon expending all approved funds (\$1,636,200) or upon project completion, whichever is sooner. Collateralized by Reservoir No.4. Contains a debt service requirement which begins upon payment of first annual payment.	122,758	287,024	-	409,782	-
First National Bank, 2.75% interest, payable in 36 monthly installments of \$1,852 which includes principal and interest, beginning February 21, 2014, maturing on January 21, 2017. Collateralized by two pickup trucks. This was paid in full during the year ended October 31, 2015.	48,406	-	48,406	-	-
First National Bank, 3.75% interest, payable in three annual installments of \$242,338 which includes principal and interest, beginning July 15, 2015, maturing on July 15, 2017. Collateralized by the City of Fort Collins installment agreement.	675,000	-	518,576	156,424	156,424

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NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
To provide for short-term cash requirements, the Company has established a line of credit agreement with a local financial institution to borrow up to \$500,000 at 4.25% rate of interest. The loan is due March 3, 2015, and is secured by the revenues of the Company.	410,000	-	410,000	-	-
Totals	5,178,277	\$ 331,748	\$ 1,219,268	4,290,757	\$ 408,386
Less current portion	890,483			408,386	
Totals	\$4,287,794			\$3,882,371	

The annual requirements to amortize all outstanding debt are as follows:

Fiscal Year Ending October 31	Principal	Interest	Total Debt Service
2016	\$ 408,386	\$ 132,450	\$ 540,836
2017	262,041	116,195	378,236
2018	272,556	106,533	379,089
2019	282,349	102,601	384,950
2020	258,074	91,159	349,233
2021-2025	1,332,757	284,682	1,617,439
2026-2030	596,367	83,245	679,612
2031-2035	321,101	19,381	340,482
Total	\$3,733,631	\$ 936,246	\$4,669,877

The Colorado Water Conservation Board loans collateralized by the Fossil Creek and Reservoir No. 4 projects, totaling \$557,126 as of October 31, 2015, are not reflected in the above amortization, as the payments will not start until the projects are deemed complete.

5. Water Allotment Agreement

The Company entered into an agreement December 5, 1945, with the Northern Colorado Water Conservancy District for the annual purchase of 40,000 acre feet of water, or any such portion that may be delivered, at \$1.50 per unit. Payment is due May 1 of every year and is secured by an irrevocable levy of assessment on the capital stock of the Company. Payments shall continue until the delivery system is paid for and thereafter for operating and maintenance changes.

6. Pension Plan

The Company sponsors a deferred compensation plan for all full-time employees. The Company matches

NOTES TO FINANCIAL STATEMENTS

The North Poudre Irrigation Company Notes to Financial Statements October 31, 2015 and 2014

employee deferrals up to a maximum of 3% of compensation. The Company's contribution to the plan was \$5,007 and \$6,041 for the years ended October 31, 2015 and 2014, respectively.

7. Income Taxes

The current and deferred income taxes for the years ended October 31, 2015 and 2014, were as follows:

October 31,	2015	2014
Current income tax expense (benefit)	\$ -	\$ (295,514)
Deferred income tax (benefit)	379,000	(747,000)
Income tax expense (benefit)	\$ 379,000	\$ (1,042,514)

A reconciliation of the effective tax rates and the statutory U.S. federal income tax rates are as follows:

Years Ended October 31,	2015	2014
Income tax expense at U.S. federal statutory rates	\$ -	\$ (295,514)
Deferred tax	379,000	(747,000)
Income tax (benefit) expense	\$ 379,000	\$ (1,042,514)

The only temporary differences between book and tax basis assets and liabilities and their approximate tax effects that give rise to the net deferred tax liability relate to depreciation expense, represented by a long-term deferred tax asset of \$11,000 and \$0, as of October 31, 2015 and 2014, respectively.

For the year ended October 31, 2014 the Company experienced a net operating loss ("NOL") on their tax return. The Company elected, for federal tax purposes, to carryback the NOL two years and carry the remaining NOL forward for 20 years (expiring in 2034). As of October 31, 2015, the remaining NOL approximated \$1,000,000.

8. Subsequent Events

Management has evaluated subsequent events through January 13, 2016 the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure, except as noted above.

Appendix G

CWCB WATER PROJECT LOAN APPLICATION

COLORADO WATER CONSERVATION BOARD

WATER PROJECT LOAN APPLICATION

Instructions: This application should be typed or printed neatly with black ink. Attach additional sheets as necessary to fully answer any question or to provide additional information that would be helpful in the evaluation of this application. When finished, please sign and return this application to:

THE COLORADO WATER CONSERVATION BOARD

Finance Section

1580 Logan St., Suite 600

Denver, CO 80203

Attn: Anna Mauss, P.E.

Phone: (303) 866-3441 x3224 Fax (303) 894-2578

Email: anna.mauss@state.co.us

Part A. - Description of the Applicant (Generally, the applicant is also the prospective owner and sponsor of the proposed project)

Name of applicant The North Poudre Irrigation Company

Mailing Address P.O. Box 100, Wellington, CO 80549

Business Phone (970) 568-3612

Fax (970) 221-4659

Federal ID Number _____

email shummer@NPICwater.com

1 Person to contact regarding this application:

Name Scott Hummer

Position/Title Manager

Address P.O. Box 100, Wellington, CO 80549

Business Phone (970) 568-3612

Cell (970) 222-3405

Email shummer@NPICwater.com

1 Type of organization (Ditch Co., Irrigation District, Municipality, etc.): Mutual Ditch Company

Date of Annual Meeting 1st Monday in February

Is the organization incorporated in the State of Colorado? YES x NO _____ (If YES, please include a copy of the articles of incorporation, and the bylaws)

CWCB Water Project Loan Application

1. Please provide a brief description of the owner's existing water supply facilities and describe any existing operational or maintenance problems. Attach a map of the service area
See Feasibility Study for description and map.
-
-
-

For existing facilities indicate:

Number of shareholders 568 or Number of customers served _____

Current Assessment per share \$ 200 Number of shares 10,000

Number of acres irrigated 28,000 Water Right: See Feasibility Study CFS.

Average water diverted per year: See Feasibility Study acre-feet.

Part B. - Description of the Project

1. Name of the Project North Poudre Irrigation Mountain Supply Reservoir No. 10 Repairs

2. Purpose of this loan application. Check one.

_____ New project
X _____ Rehabilitation or replacement of existing facility
_____ Enlargement of existing facility
_____ Emergency Repair
_____ Other (describe) _____

3. If the project is for rehabilitation of an existing reservoir, is the reservoir currently under a storage restriction order from the State Engineer? YES X NO _____

4. General location of the project. (Please include county, and approximate distance and direction from nearest town, as well as legal description, if known.)

Approximately 3 miles south and 3 miles west of Wellington. Located in section 13,
township 6 north, range 60 west of the sixth prime meridian

5. Please provide a brief narrative description of the proposed project including purpose, need, facilities, type of water uses to be served and service area. Attach separate sheet, if needed.

See Feasibility Study.

6. Will the acquisition of additional water rights be necessary? YES _____ NO X

If YES, please explain. _____

CWCB Water Project Loan Application

7. Please list the names, addresses and phone numbers of the Applicants' engineer(s) and attorney(s).

NAME

ADDRESS and PHONE

Tessara Water, LLC

13101 Cavanaugh Road Hudson, CO 80642 (303) 990-5128

Lind, Ottenhoff and Root LLP

355 Eastman Park Drive, Suite 200 Windsor, CO 80550

8. List any feasibility studies or other investigations that have been completed or are now in progress for the proposed project. If so, submit one copy of the study with this application

Feasibility of North Poudre Irrigation Company Mountain Supply Reservoir No. 10 Repairs

9. Estimated cost of the project. Please include estimated engineering costs, and estimated construction costs, if known.

Estimated Engineering Costs: \$ 98,588

Estimated Construction Costs: \$ 394,350

Estimated Other Costs: \$ _____ (land, water rights purchase, etc.)

Estimated Total Costs: \$ 492,938

10. Loan amount and terms you are requesting.

Requested Loan Amount: \$ 494,900 (Usually 90 % of est. Total Costs)

Term (length) of loan: 30 years (Usually 10, 20, or 30 years)

Interest Rate: 2.50% (Please call for our current rates)

Part C. - Project Sponsor Financial Information

Because the CWCB's Fund is a revolving fund, it is important that the project sponsor have the financial capacity to repay any loans made by the CWCB. The following information is needed to assist the CWCB in a preliminary assessment of the applicant's financial capacity. The project sponsor will submit the three most recent annual financial statements.

1. List any existing long-term liability (multi-year) or indebtedness that exceeds one thousand dollars. For example, bank loans, government agency loans, bond issues, accounts payable, etc. Include names and addresses of lenders, amounts, due dates and maturity dates.

CWCB Water Project Loan Application

<u>Lender Name & Address</u>	<u>Remaining Amount</u>	<u>Annual Payment</u>	<u>Maturity Date</u>
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See Feasibility Study

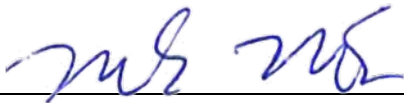
2. Are any of the above liabilities now in default, or been in default at any time in the past?
YES ____ NO x. If YES, please give detailed explanation.

3. Please provide a brief narrative description of sources of funding, in addition to the CWCB, which have been explored for this project (Examples would be Banks, USDA Rural Development, NRCS, Colorado Water Resources and Power Development Authority, Colorado Division of Local Government, etc.). 1st National Bank, Fort Collins.

4. What collateral will you be offering for this loan? Possibilities include a pledge of revenues, the project itself, real estate, water rights. Annual assessments, the project itself.

The above statements are true, to the best of my knowledge:

Signature of Applicant



Printed Name: Nels Nelson

Title President

Date 1-27-2017