



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street
Denver, CO 80203

P (303) 866-3441
F (303) 866-4474

John Hickenlooper, Governor

Robert Randall, DNR Executive Director

Rebecca Mitchell, CWCB Director

TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief

DATE: July 18-19, 2018 Board Meeting

AGENDA ITEM: 19b. Financial Matters
Two Rivers Water & Farming Company and Two Rivers Farms F-2 Inc. - Loan Payment Delinquency

Introduction (This is for information only and no action is necessary)

This is an update on the Two Rivers Water & Farming Company (aka Two Rivers Farms F-2 Inc.) (Borrower) delinquent loan payment (contract #C150328A).

The Board approved a loan for \$1,184,882 for the Orlando Reservoir Rehabilitation Project in November 2011. The loan contract was executed on March 9, 2012.

The loan is secured by: 1) a pledge of the revenues from the Borrower's alfalfa hay production; 2) a lien on the water rights in Orlando Reservoir No. 2; 3) a lien on the Orlando Reservoir No. 2 property and; 4) a lien on the 1,200 acres of farmland irrigated by the reservoir. The liens are all 'first position liens' and were valued at the time to be nearly \$3.5 million.

The construction phase of the Project was closed out on March 1, 2013, and the first annual payment of \$76,006.78 was due one year later on March 1, 2014.

In July of 2015, the Borrower made a \$210,000 payment in exchange for the release of 158.7 acres of farmland. This parcel of land was originally appraised at \$140,000 in December 2011.

As of March 1, 2018, the loan balance was \$736,242.44.

Annual Payments

Over the five years of repayment, the Borrower was late three times. In 2016 and 2017 a 5% late fee (\$3,800.34) was charged, per policy. The most recent payment was 90 days past due on May 1, 2018. CRS 24-30-202 provides that the CWCB may refer the loan to the State Controller's Office for Collections or work with the Borrower into good standing via a payment plan.

To avoid sending the loan to Collections, staff reached out to the Borrower in letter dated May 24, 2018 with an offer to allow a good faith monthly payment starting in of June 2018. Payments will be made in four installments and includes the 5% late fee, interest, and the full annual payment. As of the time of the writing of this memo, the Borrower has made one payment.

Staff will continue to work with the Borrower and will provide the Board with additional updates as needed.

