



COLORADO

Colorado Water
Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203

September 14, 2018

Mr. Keith Caldon, President
Sanchez Ditch and Reservoir Company
RR 1 Box 215
San Acacio, CO 81151

Re: Sanchez Reservoir Outlet Rehabilitation Project
Loan Contract Number CT2015-012 (C150342)

NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Dear Mr. Caldon:

This letter is to advise you that the Project referenced above was substantially completed on September 1, 2018. In accordance with the Loan Contract, the Company owes \$99,146.05 for interest accrued during the construction phase of the Project (see attached Project Expenditure Schedule). Per the Company's request, this interest amount will be rolled into the final loan balance.

The total amount disbursed under this contract was \$1,502,461.69 (\$1,487,585.83 plus \$14,875.86 for the 1% service fee). An adjustment in the amount of \$14.31 will be made to the contract for funds no longer needed. Peg Mason, Contracts Manager, will follow up with an executed "Option Letter" reflecting the adjusted amount.

The first interest only annual payment will be due on September 1, 2019, in the amount of \$30,049.52 as presented in the attached Promissory Note and Loan Repayment Schedule.

Please note, in accordance with the Borrower's Liability Insurance Provision of the Loan Contract, a renewed insurance certificate must be submitted to the CWCB annually and a Reserve Account must be maintained during the entire repayment period.

It has been a pleasure working with you on the successful completion of this project. Please don't hesitate to call if you have any questions regarding this matter.

Sincerely,

Kirk Russell, P.E., Chief
CWCB Finance Section

Loan Contract Amount = \$1,502,476.00
Expended Amount = \$1,502,461.69

ec: Heather Dutton, CWCB Board Member, Rio Grande River Basin



**Colorado Water Conservation Board
Project Expenditure Schedule**

Sanchez Reservoir Outlet Rehabilitation Project

Sanchez Ditch and Reservoir Company
R.R. 1 Box 215
San Acacio, CO 81151
c/o Mr. Keith Caidon
Ph. 719-588-4807
Fax
keithcaidon_6@hotmail.com

Loan Contract No.: CT2016-012
Authorization: \$1,381,276.00
Contract Amount: \$1,387,600.00
Loan Service Fee %: 1.00%
Loan Service Fee: \$13,676.00
Total Loan Amount: \$1,381,276.00
Interest: 2.00%
Term (Years): 40
Up to 90%
Conditions: 9/1/2018
IDC Calculation Date: 9/1/2018

Contract Expires: 9/1/2018

September 1, 2018

Substantial Completion Date

Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest
					\$ 1,502,476.00		
1	9/19/2013	Engineering	\$ 6,125.45	\$ 6,125.45	\$ 1,486,350.55	\$ 606.84	\$ 606.84
2	9/19/2013	Engineering	\$ 3,990.25	\$ 10,115.70	\$ 1,492,360.30	\$ 395.31	\$ 1,002.15
3	10/8/2013	Engineering	\$ 5,324.00	\$ 15,439.70	\$ 1,487,036.30	\$ 521.90	\$ 1,524.05
4	11/11/2013	Engineering	\$ 5,286.88	\$ 20,726.58	\$ 1,481,749.42	\$ 508.41	\$ 2,032.46
5	12/18/2013	Engineering	\$ 6,187.50	\$ 26,914.08	\$ 1,475,561.92	\$ 582.47	\$ 2,614.93
6	1/8/2014	Engineering	\$ 6,149.00	\$ 33,063.08	\$ 1,469,412.92	\$ 571.44	\$ 3,186.37
7	2/18/2014	Engineering	\$ 12,422.85	\$ 45,485.93	\$ 1,456,990.07	\$ 1,127.25	\$ 4,313.62
8	3/4/2014	Engineering	\$ 24,883.38	\$ 70,369.31	\$ 1,432,106.69	\$ 2,238.82	\$ 6,552.44
9	4/23/2014	Engineering	\$ 23,927.75	\$ 94,297.06	\$ 1,408,178.94	\$ 2,087.29	\$ 8,639.73
10	8/11/2014	Engineering	\$ 5,570.40	\$ 99,867.46	\$ 1,402,608.54	\$ 452.35	\$ 9,092.08
11	9/29/2014	Engineering/Construction	\$ 34,694.45	\$ 134,561.91	\$ 1,367,914.09	\$ 2,724.23	\$ 11,816.31
12	11/10/2014	Engineering/Construction	\$ 269,068.44	\$ 403,631.35	\$ 1,098,844.85	\$ 20,508.25	\$ 32,324.56
13	12/2/2014	Engineering/Construction	\$ 176,101.80	\$ 579,733.15	\$ 922,742.85	\$ 13,210.05	\$ 45,534.61
14	1/12/2015	Engineering/Construction	\$ 308,354.07	\$ 886,087.22	\$ 816,388.78	\$ 22,282.50	\$ 67,827.11
15	2/4/2015	Engineering/Construction	\$ 135,722.38	\$ 1,021,809.58	\$ 480,666.42	\$ 9,705.08	\$ 77,532.19
16	2/28/2015	Engineering/Construction	\$ 155,047.86	\$ 1,176,857.44	\$ 325,818.58	\$ 10,900.08	\$ 88,432.27
17	4/1/2015	Engineering/Construction	\$ 120,251.02	\$ 1,297,108.46	\$ 205,367.54	\$ 8,229.78	\$ 96,662.05
18	6/4/2015	Engineering	\$ 3,938.08	\$ 1,301,044.54	\$ 201,431.48	\$ 255.58	\$ 96,917.63
19	8/10/2015	Engineering	\$ 2,466.00	\$ 1,303,510.54	\$ 198,965.48	\$ 151.07	\$ 97,068.70
20	9/28/2015	Engineering	\$ 389.24	\$ 1,303,899.78	\$ 198,576.22	\$ 22.80	\$ 97,091.50
21	9/19/2016	Engineering/Monitoring	\$ 50,000.00	\$ 1,353,899.78	\$ 148,576.22	\$ 2,035.62	\$ 99,127.12
22	8/22/2018	Engineering/Monitoring	\$ 34,540.00	\$ 1,388,439.78	\$ 114,036.22	\$ 18.93	\$ 99,146.05
Final	9/1/2018	Add Interest to Loan Principal	\$ 99,146.05	\$ 1,487,585.83	\$ 14,890.17	\$ (99,146.05)	\$ -
Final	9/1/2018	Loan Service Fee @ 1%	\$ 14,875.86	\$ 1,502,461.69	\$ 14.31	\$ -	\$ -
Final	9/1/2018	Adjustment for Funds Not Needed	\$ (14,311)	\$ 1,502,461.69	\$ 0.00	\$ -	\$ -

COLORADO WATER CONSERVATION BOARD

LOAN REPAYMENT SCHEDULE

Borrower	Sanchez Ditch and Reservoir Company
Loan Contract Number	CT 2015-012 (C150342)
Principal	\$1,502,476.00
Interest Rate	2.00%
Frequency	Annual
Term (In Years)	40 35
First Payment Due	September 1, 2019
Payment First 5 Years	\$30,049.52
Payment Amount - 35 Years	\$60,102.36

FINAL

Loan Payment No.	Annual Payment Due Date	Annual Payment Amount	Principal	Interest	Principal BALANCE
Adjustment	1-Sep-18	\$14.31	\$ 14.31	\$ -	\$ 1,502,476.00
1	1-Sep-19	\$30,049.52	\$ -	\$ 30,049.52	\$ 1,502,461.69
2	1-Sep-20	\$30,049.52	\$ -	\$ 30,049.52	\$ 1,502,461.69
3	1-Sep-21	\$30,049.52	\$ -	\$ 30,049.52	\$ 1,502,461.69
4	1-Sep-22	\$30,049.52	\$ -	\$ 30,049.52	\$ 1,502,461.69
5	1-Sep-23	\$30,049.52	\$ -	\$ 30,049.52	\$ 1,502,461.69
6	1-Sep-24	\$60,102.36	\$ 30,053.13	\$ 30,049.23	\$ 1,472,408.56
7	1-Sep-25	\$60,102.36	\$ 30,654.19	\$ 29,448.17	\$ 1,441,754.37
8	1-Sep-26	\$60,102.36	\$ 31,267.27	\$ 28,835.09	\$ 1,410,487.10
9	1-Sep-27	\$60,102.36	\$ 31,892.62	\$ 28,209.74	\$ 1,378,594.48
10	1-Sep-28	\$60,102.36	\$ 32,530.47	\$ 27,571.89	\$ 1,346,064.01
11	1-Sep-29	\$60,102.36	\$ 33,181.08	\$ 26,921.28	\$ 1,312,882.93
12	1-Sep-30	\$60,102.36	\$ 33,844.70	\$ 26,257.66	\$ 1,279,038.23
13	1-Sep-31	\$60,102.36	\$ 34,521.60	\$ 25,580.76	\$ 1,244,516.63
14	1-Sep-32	\$60,102.36	\$ 35,212.03	\$ 24,890.33	\$ 1,209,304.60
15	1-Sep-33	\$60,102.36	\$ 35,916.27	\$ 24,186.09	\$ 1,173,388.33
16	1-Sep-34	\$60,102.36	\$ 36,634.59	\$ 23,467.77	\$ 1,136,753.74
17	1-Sep-35	\$60,102.36	\$ 37,367.29	\$ 22,735.07	\$ 1,099,386.45
18	1-Sep-36	\$60,102.36	\$ 38,114.63	\$ 21,987.73	\$ 1,061,271.82
19	1-Sep-37	\$60,102.36	\$ 38,876.92	\$ 21,225.44	\$ 1,022,394.90
20	1-Sep-38	\$60,102.36	\$ 39,654.46	\$ 20,447.90	\$ 982,740.44
21	1-Sep-39	\$60,102.36	\$ 40,447.55	\$ 19,654.81	\$ 942,292.89
22	1-Sep-40	\$60,102.36	\$ 41,256.50	\$ 18,845.86	\$ 901,036.39
23	1-Sep-41	\$60,102.36	\$ 42,081.63	\$ 18,020.73	\$ 858,954.76
24	1-Sep-42	\$60,102.36	\$ 42,923.26	\$ 17,179.10	\$ 816,031.50
25	1-Sep-43	\$60,102.36	\$ 43,781.73	\$ 16,320.63	\$ 772,249.77
26	1-Sep-44	\$60,102.36	\$ 44,657.36	\$ 15,445.00	\$ 727,592.41
27	1-Sep-45	\$60,102.36	\$ 45,550.51	\$ 14,551.85	\$ 682,041.90
28	1-Sep-46	\$60,102.36	\$ 46,461.52	\$ 13,640.84	\$ 635,580.38
29	1-Sep-47	\$60,102.36	\$ 47,390.75	\$ 12,711.61	\$ 588,189.63
30	1-Sep-48	\$60,102.36	\$ 48,338.57	\$ 11,763.79	\$ 539,851.06
31	1-Sep-49	\$60,102.36	\$ 49,305.34	\$ 10,797.02	\$ 490,545.72
32	1-Sep-50	\$60,102.36	\$ 50,291.45	\$ 9,810.91	\$ 440,254.27
33	1-Sep-51	\$60,102.36	\$ 51,297.27	\$ 8,805.09	\$ 388,957.00
34	1-Sep-52	\$60,102.36	\$ 52,323.22	\$ 7,779.14	\$ 336,633.78
35	1-Sep-53	\$60,102.36	\$ 53,369.68	\$ 6,732.68	\$ 283,264.10
36	1-Sep-54	\$60,102.36	\$ 54,437.08	\$ 5,665.28	\$ 228,827.02
37	1-Sep-55	\$60,102.36	\$ 55,525.82	\$ 4,576.54	\$ 173,301.20
38	1-Sep-56	\$60,102.36	\$ 56,636.34	\$ 3,466.02	\$ 116,664.86
39	1-Sep-57	\$60,102.36	\$ 57,769.06	\$ 2,333.30	\$ 58,895.80
40	1-Sep-58	\$60,073.72	\$ 58,895.80	\$ 1,177.92	\$ -
TOTALS		\$2,253,815.87	\$1,502,476.00	\$751,339.87	\$0.00

**APPENDIX A-1, AMENDMENT NO.2 TO LOAN CONTRACT CT2015-012
AMENDMENT TO PROMISSORY NOTE**

Date: May 1, 2018
Borrower: Sanchez Ditch and Reservoir Company
Total Loan Amount: \$1,502,476.00
Interest Rate: 2.00%
Term of Repayment: 40 years
Loan Contract No.: CT2015-012 (C150342)
Loan Payment: \$30,049.52, interest only annual payment for the first five years of repayment, followed by 35 annual payments of interest and principal, at the annual payment amount of \$60,102.36
Payment Initiation Date: September 1, 2018 (To be filled in at Substantial Completion of Project)
Maturity Date: September 1, 2058 (To be filled in at Substantial Completion of Project)

For Value Received, the BORROWER promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the LOAN CONTRACT and this promissory note.

1. This Amendment to Promissory Note *shall replace and supersede* the Original Promissory Note attached to the Original Contract and the Amendment to Promissory Note attached to Contract Amendment No. 1, both incorporated by reference.
2. Principal and interest shall be payable in equal loan payments, with the first annual, interest only payment due and payable one year from Payment Initiation Date, and annually thereafter for the first five years. Annual payments after the first five years will include interest and principal. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of 5% of the annual payment if the CWCB does not receive the annual payment within 15 calendar days of the due date.
5. This Note may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. All payments received shall be applied first to late charges, if any, next to accrued interest and then to reduce the principal amount.
7. This Note is issued pursuant to the LOAN CONTRACT between the CWCB and the BORROWER. The LOAN CONTRACT creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced

by a Security Agreement ("Security Instruments") of even date and amount and cover certain revenues, real property, water rights and/or accounts of the BORROWER. The LOAN CONTRACT and Security Instruments grant additional rights to the CWCB, including the right to accelerate the maturity of this Note in certain events.

8. If any annual payment is not paid when due or any default under the LOAN CONTRACT or the Security Instruments securing this Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear interest at the rate of 7% per annum from the date of default. The CWCB shall give the BORROWER written notice of any alleged default and an opportunity to cure within thirty (30) days of receipt of such notice before the BORROWER shall be considered in default for purposes of this Promissory Note.
9. The BORROWER and any co-signer or guarantor hereby agree that if this Note or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
10. This Note shall be governed in all respects by the laws of the State of Colorado.

BORROWER: Sanchez Ditch and Reservoir
Company

(SEAL)

By Keith Caldon
Signature

Attest:

By Tom Caldon
Signature

Name Keith Caldon

Title President

Name Tom Caldon

Date 5/1/18

Title Secretary

Date 5/1/18



Sanchez Reservoir Outlet Rehabilitation Project

Sanchez Ditch and Reservoir Company
Substantially Complete September 1, 2018



Figure 1 - Before construction - original outlet tower



Figure 2 - New staff gage construction



Figure 3 - After construction - new outlet controls



Figure 4 - After construction - new intake

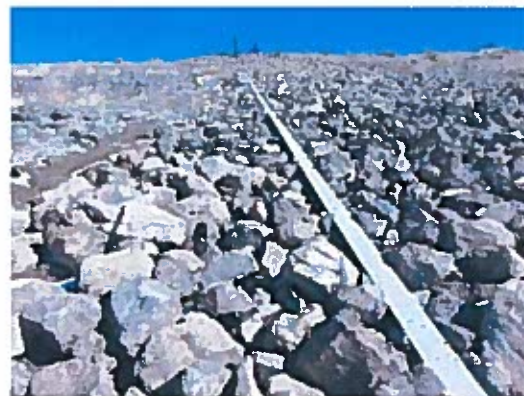


Figure 5 - After construction - new staff gage

Project Description

The Sanchez Ditch and Reservoir Company provides irrigation water for users in Costilla County, southwest of the town of San Luis. The Company's primary storage reservoir is Sanchez Reservoir. The approximately 104,000 acre-foot reservoir was built in 1910. The reservoir's original outlet included a 135-foot tall concrete gate tower. In order to operate the dam, a tramway/gondola ran along a cable and was powered by a portable gasoline generator. Because daily operation of the gate is required during irrigation season, the reliability and safety of the gondola system was a concern of the Company. Using loan and grant funds, the Company demolished the gate tower; the installed new control gates and operators; lined the outlet conduit with shotcrete; repaired the downstream outlet structure; and, installed a new perimeter drain and weir along the right side of the outlet structure to control seepage. Additional seepage monitoring was also funded through the project.

P R O J E C T D A T A		
Sponsor: Sanchez Ditch and Reservoir Company	County: Costilla	Water Source: Ventero Creek
Type of Loan: Reservoir Rehabilitation	Board Approval Date: September 2012	
Loan Terms: 2.0% for 40 years (Original) \$1,502,476.00 (Final) \$1,502,461.69		WSRF Funding: \$914,400
Design Engineer: Smith Geotech & AECOM		
Contractor: Moltz Construction, Inc.		