



COLORADO

Colorado Water
Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203

January 7, 2019

Mr. Charles Smith, General Manager
Lake Durango Water Authority
PO Box 657
Durango, CO 81302

Re: Source Water Supply Project
Loan Contract Number CT2015-013

NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Dear Mr. Smith

This letter is to advise you that the Project referenced was substantially completed on January 1, 2019. In accordance with the Loan Contract, the Company owes \$148,968.89 for interest accrued during the construction phase of the Project (see attached Project Expenditure Schedule). Please make this "interest only payment" check payable to the Colorado Water Conservation Board and include the Loan Contract Number on the check.

The total amount disbursed under this contract was \$2,525,000.00 (\$2,500,000.00 plus \$25,000.00 for the 1% service fee). The first annual loan payment will be due on January 1, 2020, in the amount of \$146,021.00 as presented in the attached Promissory Note and Loan Repayment Schedule.

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 = \$2,525,000.00
Expended Amount = \$2,525,000.00

ec: Celene Hawkins, CWCB Board Member, San Juan River Basin





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January 7, 2019

Mr. Charles Smith, General Manager
Lake Durango Water Authority
PO Box 657
Durango, CO 81302

Re: Source Water Supply Project
WSRF Grant Funding Contract Number CTGG1 2015-0370

NOTICE OF GRANT PROJECT CLOSEOUT

Dear Mr. Smith:

This letter is to advise you that the grant provided by CWCB for the Project referenced above has been closed out. The CWCB has paid all applicable project charges submitted and the total amount disbursed under this grant contract was \$500,000. No grant funds remain available to be reversed back into the original source Fund.

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

Sincerely,

Kirk Russell, P.E. Chief
CWCB Finance Section

Grant Contract Amount = \$500,000.00
Expended Amount = \$500,000.00



Colorado Water Conservation Board
Project Expenditure Schedule

Source Water Supply Project								
<div>Lake Durango Water Authority P. O. Box 657 Durango, CO 81302 c/o Mr. Charles Smith Ph. 970-247-4062 Fax manage@lakedurango.org</div>				Loan Contract No.:	Original	Amended	Final	
				Authorization:	CT2015-013			
				Contract Amount	\$2,525,000.00		\$ 2,500,000.00	
				Loan Service Fee %	1.00%			
				Loan Service Fee	\$25,000.00		\$ 25,000.00	
				Total Loan Amount	\$2,525,000.00		\$ 2,525,000.00	
				Interest:	4.00%		4.00%	
				Term (Years):	30		30	
Conditions:	Up to 90%		Up to 90%					
IDC Calculation Date:	1/1/2019							
Substantial Completion Date				1/1/2019	Contract Expires:		1/31/2019	
Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest	% Complete
					\$2,525,000.00			
1	10/8/2014	Engineering/Legal	\$ 30,949.02	\$ 30,949.02	\$ 2,494,050.98	\$ 5,243.53	\$ 5,243.53	1%
2	6/9/2015	Engineering/Legal	\$ 64,258.81	\$ 95,207.83	\$ 2,429,792.17	\$ 9,168.76	\$ 14,412.29	4%
3	12/21/2015	Engineering	\$ 217,259.37	\$ 312,467.20	\$ 2,212,532.80	\$ 26,356.84	\$ 40,769.13	12%
4	10/4/2016	Engineering	\$ 34,230.59	\$ 346,697.79	\$ 2,178,302.21	\$ 3,072.31	\$ 43,841.44	14%
5	11/18/2016	Construction & Pipe Delivery	\$ 154,705.19	\$ 501,402.98	\$ 2,023,597.02	\$ 13,122.39	\$ 56,963.83	20%
6	1/9/2017	Construction	\$ 72,799.38	\$ 574,202.36	\$ 1,950,797.64	\$ 5,760.13	\$ 62,723.96	23%
7	3/2/2017	Construction	\$ 119,200.03	\$ 693,402.39	\$ 1,831,597.61	\$ 8,752.22	\$ 71,476.18	27%
8	4/28/2017	Pipeline Const Engineering & Water Purchase	\$ 163,441.21	\$ 856,843.60	\$ 1,668,156.40	\$ 10,879.67	\$ 82,455.85	34%
9	5/8/2017	Pipeline & Electline Construction	\$ 200,500.24	\$ 1,057,343.84	\$ 1,467,656.16	\$ 13,249.50	\$ 95,705.35	42%
10	7/11/2017	Construction	\$ 67,488.06	\$ 1,124,831.90	\$ 1,400,168.10	\$ 3,986.42	\$ 99,691.77	45%
11	8/8/2017	Construction	\$ 134,572.81	\$ 1,259,404.71	\$ 1,265,595.29	\$ 7,536.08	\$ 107,227.85	50%
12	9/1/2017	Construction	\$ 166,944.26	\$ 1,426,348.97	\$ 1,098,651.03	\$ 8,909.79	\$ 116,137.64	56%
13	10/18/2017	Pipeline Construction	\$ 291,897.25	\$ 1,718,246.22	\$ 806,753.78	\$ 14,075.05	\$ 130,212.69	68%
14	12/18/2017	Construction	\$ 148,468.52	\$ 1,866,714.74	\$ 658,285.26	\$ 6,166.53	\$ 136,379.22	74%
15	1/23/2018	Pipeline Construction	\$ 188,309.16	\$ 2,055,023.90	\$ 469,976.10	\$ 7,078.36	\$ 143,457.58	81%
16	3/7/2018	Pipeline Construction	\$ 68,501.23	\$ 2,123,525.13	\$ 401,474.87	\$ 2,252.10	\$ 145,709.68	84%
17	6/18/2018	Pump and Pileline Const	\$ 21,721.91	\$ 2,145,247.04	\$ 379,752.96	\$ 488.96	\$ 146,178.64	85%
18	8/9/2018	Construction Materials - 210 Pipeline	\$ 160,866.27	\$ 2,306,133.31	\$ 218,866.69	\$ 2,556.55	\$ 148,735.19	91%
19	12/21/2018	Final Closeout & Water Purchase	\$ 193,866.69	\$ 2,500,000.00	\$ 25,000.00	\$ 233.70	\$ 148,968.89	99%
Final	1/1/2019	Loan Service Fee @ 1%	\$ 25,000.00	\$ 2,525,000.00	\$ 0.00	-	\$ 148,968.89	100%

PROMISSORY NOTE

Date: June 4, 2014

Borrower: Lake Durango Water Authority, a Water Authority pursuant to
C.R.S. §29-1-204.2

Principal Amount: \$2,525,000

Interest Rate: 4.00% per annum

Term of Repayment: 30 years

Loan CONTRACT No.: C150317

Loan Payment: \$146,021.00

Payment Initiation Date*: January 1, 2019

Maturity Date*: January 1, 2049

* Payment Initiation Date and Maturity Date fields are filled in after the project has been substantially completed.

1. 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. Notwithstanding anything herein or in the LOAN CONTRACT to the contrary, all amounts payable under this PROMISSORY NOTE or the LOAN CONTRACT shall be payable only from the "NET REVENUE" (as defined in the LOAN RESOLUTION of the BORROWER authorizing the same).
2. Principal and interest shall be payable in equal loan payments, with the first payment due and payable one year from Payment Initiation Date (the date the CWCB determines that the project is substantially complete), and annually thereafter. 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 721, 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 PROMISSORY 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 PROMISSORY 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 INSTRUMENT") of even date and amount and cover certain revenues and/or accounts of the BORROWER. The LOAN

CONTRACT and SECURITY INSTRUMENT grant additional rights to the CWCB.

8. 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 PROMISSORY 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 PROMISSORY NOTE shall be governed in all respects by the laws of the State of Colorado.
11. This Note is issued pursuant to and under the authority of §11-57-210, C.R.S. and §31-35-413, C.R.S., and pursuant to such statutes, the foregoing recital shall be conclusive evidence of the validity and the regularity of the issuance of this Note after its delivery for value, shall conclusively impart full compliance with all of the provisions of Title 31, Article 35, Part 4, C.R.S., and this Note containing such recital shall be incontestable for any cause whatsoever after its delivery for value.
12. This Note, including the interest hereon, does not constitute a debt or indebtedness of the authority within the meaning of any constitutional or statutory provision or limitation, and shall not be considered or held to be a general obligation of the BORROWER. This Note shall not constitute a debt or an indebtedness of the contracting governmental entities which organized the authority or of any cooperating parties, within the meaning of any constitutional or statutory provision or limitation.



(SEAL)

DEBTOR:

Lake Durango Water Authority,
a Water Authority pursuant to C.R.S. §29-1-204.2

By: Ward Holmes
Signature

Name: Ward Holmes

Title: President

Date: June 4, 2014

Attest:

By: Chris Hendrick
Signature

Name: ~~Ron Borrego~~ Chris Hendrick

Title: ~~Secretary~~ Assistant Secretary

Date: June 4, 2014

COLORADO WATER CONSERVATION BOARD

LOAN REPAYMENT SCHEDULE

Borrower	Lake Durango Water Authority	FINAL
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Loan Contract Number	C150317	RE2019-267
Principal	\$2,525,000.00	
Interest Rate	4.00%	
Frequency	Annual	
Term (In Years)	30	
First Payment Due	January 1, 2020	
Payment Amount	\$146,021.00	

Loan Payment No.	Annual Payment Due Date	Annual Payment Amount	Principal	Interest	Principal BALANCE
					\$ 2,525,000.00
1	1-Jan-20	\$146,021.00	\$ 45,021.00	\$ 101,000.00	\$ 2,479,979.00
2	1-Jan-21	\$146,021.00	\$ 46,821.84	\$ 99,199.16	\$ 2,433,157.16
3	1-Jan-22	\$146,021.00	\$ 48,694.71	\$ 97,326.29	\$ 2,384,462.45
4	1-Jan-23	\$146,021.00	\$ 50,642.50	\$ 95,378.50	\$ 2,333,819.95
5	1-Jan-24	\$146,021.00	\$ 52,668.20	\$ 93,352.80	\$ 2,281,151.75
6	1-Jan-25	\$146,021.00	\$ 54,774.93	\$ 91,246.07	\$ 2,226,376.82
7	1-Jan-26	\$146,021.00	\$ 56,965.93	\$ 89,055.07	\$ 2,169,410.89
8	1-Jan-27	\$146,021.00	\$ 59,244.56	\$ 86,776.44	\$ 2,110,166.33
9	1-Jan-28	\$146,021.00	\$ 61,614.35	\$ 84,406.65	\$ 2,048,551.98
10	1-Jan-29	\$146,021.00	\$ 64,078.92	\$ 81,942.08	\$ 1,984,473.06
11	1-Jan-30	\$146,021.00	\$ 66,642.08	\$ 79,378.92	\$ 1,917,830.98
12	1-Jan-31	\$146,021.00	\$ 69,307.76	\$ 76,713.24	\$ 1,848,523.22
13	1-Jan-32	\$146,021.00	\$ 72,080.07	\$ 73,940.93	\$ 1,776,443.15
14	1-Jan-33	\$146,021.00	\$ 74,963.27	\$ 71,057.73	\$ 1,701,479.88
15	1-Jan-34	\$146,021.00	\$ 77,961.80	\$ 68,059.20	\$ 1,623,518.08
16	1-Jan-35	\$146,021.00	\$ 81,080.28	\$ 64,940.72	\$ 1,542,437.80
17	1-Jan-36	\$146,021.00	\$ 84,323.49	\$ 61,697.51	\$ 1,458,114.31
18	1-Jan-37	\$146,021.00	\$ 87,696.43	\$ 58,324.57	\$ 1,370,417.88
19	1-Jan-38	\$146,021.00	\$ 91,204.28	\$ 54,816.72	\$ 1,279,213.60
20	1-Jan-39	\$146,021.00	\$ 94,852.46	\$ 51,168.54	\$ 1,184,361.14
21	1-Jan-40	\$146,021.00	\$ 98,646.55	\$ 47,374.45	\$ 1,085,714.59
22	1-Jan-41	\$146,021.00	\$ 102,592.42	\$ 43,428.58	\$ 983,122.17
23	1-Jan-42	\$146,021.00	\$ 106,696.11	\$ 39,324.89	\$ 876,426.06
24	1-Jan-43	\$146,021.00	\$ 110,963.96	\$ 35,057.04	\$ 765,462.10
25	1-Jan-44	\$146,021.00	\$ 115,402.52	\$ 30,618.48	\$ 650,059.58
26	1-Jan-45	\$146,021.00	\$ 120,018.62	\$ 26,002.38	\$ 530,040.96
27	1-Jan-46	\$146,021.00	\$ 124,819.36	\$ 21,201.64	\$ 405,221.60
28	1-Jan-47	\$146,021.00	\$ 129,812.14	\$ 16,208.86	\$ 275,409.46
29	1-Jan-48	\$146,021.00	\$ 135,004.62	\$ 11,016.38	\$ 140,404.84
30	1-Jan-49	\$146,021.03	\$ 140,404.84	\$ 5,616.19	\$ -
TOTALS		\$4,380,630.03	\$2,525,000.00	\$1,855,630.03	\$0.00



Figure 1 - New road down to Intake Tower



Figure 2 - 30 in. DIP pipe



Figure 3 - Discharging of water into Lake Durango



Figure 4 - Pump station at Lake Nighthorse Intake Tower



Figure 5 - Map of pipeline route

Project Description

In response to inadequate water supply and poor treated water quality the Authority was established in 2008 to purchase and assume operation of the Lake Durango Water Company's system. A Yield Analysis indicated that additional water rights were needed and purchase/use of water in the Animas-La Plata Project (ALP) was determined to be the best solution.

This Project included a water rights purchase, a pump station and 4.5 miles of pipeline delivery system from the ALP (aka Lake Nighthorse Reservoir) to the Lake Durango Reservoir.

In order to pump from Lake Nighthorse to Lake Durango it was necessary to enter into an agreement with the La Plata West Water Authority (LPWWA) for the use of the intake structure that was built prior to the filling of the Lake. LPWWA and its partners, the Southern Ute and Ute Mountain Ute Tribes, entered into a three-party agreement in August 2013. The agreement allowed for the upsizing of a portion of the pipeline to benefit the partners for future use. The first project water was pumped to Lake Durango in March 2018.

P R O J E C T D A T A		
Sponsor: Lake Durango Water Authority	County: La Plata	Water Source: Animas River
Type of Loan: Water Rights & Infrastructure	Board Approval Date: May 2011	
Loan Terms: 4.0% for 30 years (Original) \$2,525,000 (Final) \$2,525,000		WSRF Funding: \$500,000
Design Engineer: Bartlett and West Inc.		
Contractor: Canyon Construction, Underwater Services Inc. (installed screens in Lake Nighthorse)		