



COLORADO

Colorado Water Conservation Board

Department of Natural Resources
1313 Sherman Street, Room 718
Denver, CO 80203

January 23, 2020

Mr. Phil Hemphill, President
Fort Lyon Canal Company
750 Bent Avenue
Las Animas, CO 81054
connie@flcc.net

Re: Fort Lyon Canal Company Adobe Creek Dam Rehabilitation Project
CWCB Loan Contract Number CT2018-1960

NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Dear Mr. Hemphill:

This letter is to advise you that the Project referenced above will be substantially completed on February 1, 2020. In accordance with the Loan Contract, the Company owes \$114,110.27 for interest accrued during the construction phase of the Project. Per your request, this amount will be rolled into the total final loan balance. (see attached Project Expenditure Schedule).

The total amount disbursed under this contract was \$8,053,081.83 (\$7,973,348.35 plus \$79,733.48 for the 1% service fee). An adjustment in the amount of \$127,918.17 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 annual loan payment will be due on February 1, 2021, in the amount of \$273,467.12 as presented in the attached Loan Repayment Schedule and Promissory Note.

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 = \$8,181,000.00
Expended Amount = \$8,053,081.83

cc: Mr. Jack Goble, CWCB Board Member, Arkansas Basin



Colorado Water Conservation Board
Project Expenditure Schedule

Fort Lyon CC Adobe Creek Dam Rehabilitation

Fort Lyon Canal Company
750 Bent Avenue
Las Animas, CO 81054
c/o Phil Hemphill

Ph. 719-456-0720
Fax
connie@flcc.net

	Original	Amended	Final
Loan Contract No.:	CT2018-1960		
Authorization:	\$8,181,000.00		
Contract Amount	\$8,100,000.00		\$ 7,973,348.35
Loan Service Fee %	1.00%		
Loan Service Fee	\$81,000.00		\$ 79,733.48
Total Loan Amount	\$8,181,000.00		\$ 8,053,081.83
Interest:	1.50%		1.50%
Term (Years):	40		40
Conditions:	Up to 100%		Up to 100%
IDC Calculation Date:	2/1/2020		

Substantial Completion Date

2/1/2020

Contract Expires:

10/30/2020

Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest
					\$ 8,181,000.00		
1	12/4/2017	Engineering and legal fees	\$ 303,255.20	\$ 303,255.20	\$ 7,877,744.80	\$ 9,832.95	\$ 9,832.95
2	1/3/2018	Engineering, design and legal fees	\$ 24,247.78	\$ 327,502.98	\$ 7,853,497.02	\$ 756.33	\$ 10,589.28
3	1/25/2018	Engineering and Design	\$ 53,904.18	\$ 381,407.16	\$ 7,799,592.84	\$ 1,632.63	\$ 12,221.91
4	2/26/2018	Engineering and Design	\$ 99,329.34	\$ 480,736.50	\$ 7,700,263.50	\$ 2,877.83	\$ 15,099.74
5	3/21/2018	Design and Engineering	\$ 63,180.45	\$ 543,916.95	\$ 7,637,083.05	\$ 1,770.78	\$ 16,870.52
6	4/25/2018	Design and Engineering	\$ 37,367.68	\$ 581,284.63	\$ 7,599,715.37	\$ 993.57	\$ 17,864.09
7	5/17/2018	Design and Engineering	\$ 19,767.00	\$ 601,051.63	\$ 7,579,948.37	\$ 507.71	\$ 18,371.80
8	8/27/2018	Design and Construction	\$ 51,538.07	\$ 652,589.70	\$ 7,528,410.30	\$ 1,107.72	\$ 19,479.52
9	9/27/2018	Design and Construction	\$ 28,814.17	\$ 681,403.87	\$ 7,499,596.13	\$ 582.60	\$ 20,062.12
10	10/17/2018	Design and Construction	\$ 341,786.81	\$ 1,023,190.68	\$ 7,157,809.32	\$ 6,629.73	\$ 26,691.85
11	11/21/2018	Design and Construction	\$ 694,625.41	\$ 1,717,816.09	\$ 6,463,183.91	\$ 12,474.71	\$ 39,166.56
12	12/21/2018	Design and Construction	\$ 457,762.17	\$ 2,175,578.26	\$ 6,005,421.74	\$ 7,656.54	\$ 46,823.10
13	1/17/2019	Design and Construction	\$ 340,109.28	\$ 2,515,687.54	\$ 5,665,312.46	\$ 5,311.30	\$ 52,134.40
14	2/13/2019	Design and Construction	\$ 1,028,865.26	\$ 3,544,552.80	\$ 4,636,447.20	\$ 14,925.59	\$ 67,059.99
15	3/7/2019	Design and Construction	\$ 1,038,695.15	\$ 4,583,247.95	\$ 3,597,752.05	\$ 14,129.10	\$ 81,189.09
16	4/16/2019	Design and Construction	\$ 738,483.42	\$ 5,321,731.37	\$ 2,859,268.63	\$ 8,831.45	\$ 90,020.54
17	5/13/2019	Design and Construction	\$ 758,057.69	\$ 6,079,789.06	\$ 2,101,210.94	\$ 8,224.41	\$ 98,244.95
18	6/12/2019	Design and Construction	\$ 799,245.81	\$ 6,879,034.87	\$ 1,301,965.13	\$ 7,685.90	\$ 105,930.85
19	6/26/2019	Design and Construction	\$ 793,381.29	\$ 7,672,416.16	\$ 508,583.84	\$ 7,173.04	\$ 113,103.89
20	8/12/2019	Design and Construction	\$ 60,775.75	\$ 7,733,191.91	\$ 447,808.09	\$ 432.09	\$ 113,535.98
21	9/25/2019	Design and Construction	\$ 75,098.72	\$ 7,808,290.63	\$ 372,709.37	\$ 398.13	\$ 113,934.11
22	10/23/2019	Design and Construction	\$ 5,705.59	\$ 7,813,996.22	\$ 367,003.78	\$ 23.68	\$ 113,957.79
23	11/8/2019	Design and Construction	\$ 41,776.42	\$ 7,855,772.64	\$ 325,227.36	\$ 145.93	\$ 114,103.72
24	12/17/2019	Design and Construction	\$ 3,465.44	\$ 7,859,238.08	\$ 321,761.92	\$ 6.55	\$ 114,110.27
Final	2/1/2020	Roll IDC into Loan	\$ 114,110.27	\$ 7,973,348.35	\$ 207,651.65	(\$ 114,110.27)	(\$ 0.00)
Final	2/1/2020	Loan Service Fee @ 1%	\$ 79,733.48	\$ 8,053,081.83	\$ 127,918.17	-	(\$ 0.00)
CT	2/1/2020	Funds Not Needed	(\$ 127,918.17)	\$ 8,053,081.83	(\$ 0.00)	-	(\$ 0.00)

COLORADO WATER CONSERVATION BOARD

LOAN REPAYMENT SCHEDULE

Borrower	Fort Lyon Canal Company		FINAL
			RE2020-2795
Loan Contract Number	CT 2018-1960	CT 2018-1960	
Principal	\$8,181,000.00	\$8,053,081.83	
Interest Rate	1.50%	1.50%	
Frequency	Annual	Annual	
Term (In Years)	40	40	
First Payment Due		February 1, 2021	
Payment Amount	\$273,467.12	\$273,467.12	

Loan Payment No.	Annual Payment Due Date	Annual Payment Amount	Principal	Interest	Principal BALANCE
					\$ 8,181,000.00
CT Adj	1-Feb-20	\$127,918.17	\$ 127,918.17	\$ -	\$ 8,053,081.83
1	1-Feb-21	\$273,467.12	\$ 152,670.89	\$ 120,796.23	\$ 7,900,410.94
2	1-Feb-22	\$273,467.12	\$ 154,960.96	\$ 118,506.16	\$ 7,745,449.98
3	1-Feb-23	\$273,467.12	\$ 157,285.37	\$ 116,181.75	\$ 7,588,164.61
4	1-Feb-24	\$273,467.12	\$ 159,644.65	\$ 113,822.47	\$ 7,428,519.96
5	1-Feb-25	\$273,467.12	\$ 162,039.32	\$ 111,427.80	\$ 7,266,480.64
6	1-Feb-26	\$273,467.12	\$ 164,469.91	\$ 108,997.21	\$ 7,102,010.73
7	1-Feb-27	\$273,467.12	\$ 166,936.96	\$ 106,530.16	\$ 6,935,073.77
8	1-Feb-28	\$273,467.12	\$ 169,441.01	\$ 104,026.11	\$ 6,765,632.76
9	1-Feb-29	\$273,467.12	\$ 171,982.63	\$ 101,484.49	\$ 6,593,650.13
10	1-Feb-30	\$273,467.12	\$ 174,562.37	\$ 98,904.75	\$ 6,419,087.76
11	1-Feb-31	\$273,467.12	\$ 177,180.80	\$ 96,286.32	\$ 6,241,906.96
12	1-Feb-32	\$273,467.12	\$ 179,838.52	\$ 93,628.60	\$ 6,062,068.44
13	1-Feb-33	\$273,467.12	\$ 182,536.09	\$ 90,931.03	\$ 5,879,532.35
14	1-Feb-34	\$273,467.12	\$ 185,274.13	\$ 88,192.99	\$ 5,694,258.22
15	1-Feb-35	\$273,467.12	\$ 188,053.25	\$ 85,413.87	\$ 5,506,204.97
16	1-Feb-36	\$273,467.12	\$ 190,874.05	\$ 82,593.07	\$ 5,315,330.92
17	1-Feb-37	\$273,467.12	\$ 193,737.16	\$ 79,729.96	\$ 5,121,593.76
18	1-Feb-38	\$273,467.12	\$ 196,643.21	\$ 76,823.91	\$ 4,924,950.55
19	1-Feb-39	\$273,467.12	\$ 199,592.86	\$ 73,874.26	\$ 4,725,357.69
20	1-Feb-40	\$273,467.12	\$ 202,586.75	\$ 70,880.37	\$ 4,522,770.94
21	1-Feb-41	\$273,467.12	\$ 205,625.56	\$ 67,841.56	\$ 4,317,145.38
22	1-Feb-42	\$273,467.12	\$ 208,709.94	\$ 64,757.18	\$ 4,108,435.44
23	1-Feb-43	\$273,467.12	\$ 211,840.59	\$ 61,626.53	\$ 3,896,594.85
24	1-Feb-44	\$273,467.12	\$ 215,018.20	\$ 58,448.92	\$ 3,681,576.65
25	1-Feb-45	\$273,467.12	\$ 218,243.47	\$ 55,223.65	\$ 3,463,333.18
26	1-Feb-46	\$273,467.12	\$ 221,517.12	\$ 51,950.00	\$ 3,241,816.06
27	1-Feb-47	\$273,467.12	\$ 224,839.88	\$ 48,627.24	\$ 3,016,976.18
28	1-Feb-48	\$273,467.12	\$ 228,212.48	\$ 45,254.64	\$ 2,788,763.70
29	1-Feb-49	\$273,467.12	\$ 231,635.66	\$ 41,831.46	\$ 2,557,128.04
30	1-Feb-50	\$273,467.12	\$ 235,110.20	\$ 38,356.92	\$ 2,322,017.84
31	1-Feb-51	\$273,467.12	\$ 238,636.85	\$ 34,830.27	\$ 2,083,380.99
32	1-Feb-52	\$273,467.12	\$ 242,216.41	\$ 31,250.71	\$ 1,841,164.58
33	1-Feb-53	\$273,467.12	\$ 245,849.65	\$ 27,617.47	\$ 1,595,314.93
34	1-Feb-54	\$273,467.12	\$ 249,537.40	\$ 23,929.72	\$ 1,345,777.53
35	1-Feb-55	\$273,467.12	\$ 253,280.46	\$ 20,186.66	\$ 1,092,497.07
36	1-Feb-56	\$273,467.12	\$ 257,079.66	\$ 16,387.46	\$ 835,417.41
37	1-Feb-57	\$273,467.12	\$ 260,935.86	\$ 12,531.26	\$ 574,481.55
38	1-Feb-58	\$273,467.12	\$ 264,849.90	\$ 8,617.22	\$ 309,631.65
39	1-Feb-59	\$273,467.12	\$ 268,822.65	\$ 4,644.47	\$ 40,809.00
40	1-Feb-60	\$41,421.14	\$ 40,809.00	\$ 612.14	\$ -
TOTALS		\$10,706,638.82	\$8,053,081.83	\$2,653,556.99	\$0.00

APPENDIX 3, PROMISSORY NOTE

Date: 10-11, 2017

Borrower: The Fort Lyon Canal Company

Total Loan Amount: \$8,181,000.00

Interest Rate: 1.50% per annum

Term of Repayment: 40 years

Loan Contract Number: CT2018-1960

Annual Loan Payment: \$273,467.12

Payment Initiation Date*: February 1, 2020
(To be filled in at Substantial Completion of Project)

Maturity Date*: February 1, 2060
(To be filled in at Substantial Completion of Project)

* 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 Contract and this Promissory Note.
2. Principal and interest shall be payable in annual equal payments as set forth in "Annual Loan Payment" above, with the first payment due and payable one year from the 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 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 60 calendar days of the due date. At the discretion of the CWCB, and if the Borrower requests in writing with sufficient justification, the late fee may be waived by the CWCB. CWCB will review the request from the Borrower, and may, in its sole discretion, choose to waive the late fee.
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. This Promissory Note is issued pursuant to the Contract between the CWCB and the Borrower. The 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 the Security Agreement and Deed of Trust ("Security Instruments") of even date and amount herewith and cover the Pledged Revenues. The Contract and Security Instruments grant additional rights to the CWCB, including the right to accelerate the maturity of this Promissory Note in certain events.
7. If any annual payment is not paid when due or any default under the Contract or the Security Instruments securing this Promissory 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 sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.
8. The Borrower hereby agrees 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.
9. This Promissory Note is authorized pursuant to and in accordance with the Constitution of the State of Colorado and all

other laws of the State thereunto enabling. Specifically, but not by way of limitation, the Contract and this Promissory Note are authorized pursuant to and under the authority of Title 31, Article 35; Title 37, Article 45.1; and Title 11, Article 57, Part 2, C.R.S., and in full conformity therewith. Pursuant to Section 11-57-210, C.R.S., and Section 31-35-413, C.R.S., this recital shall be conclusive evidence of the validity and the regularity of the issuance of this Promissory Note and the Promissory Note shall be incontestable for any cause whatsoever after its delivery for value.

(SEAL)

Attest:

By:

Signature

Name: Dale Mauch

Title: Secretary

Date: October 11, 2017

Borrower: The Fort Lyon Canal Company

By:

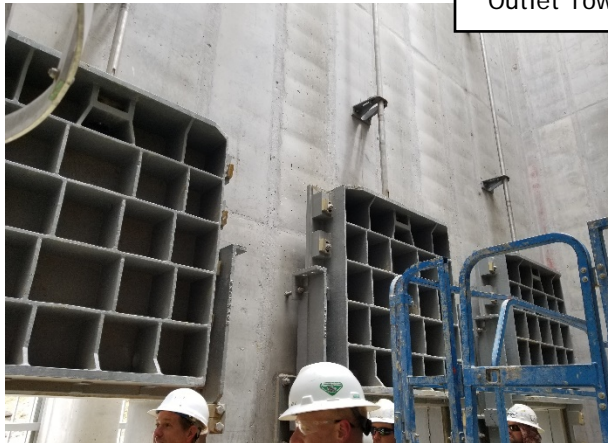
Signature

Name: Phil Hemphill

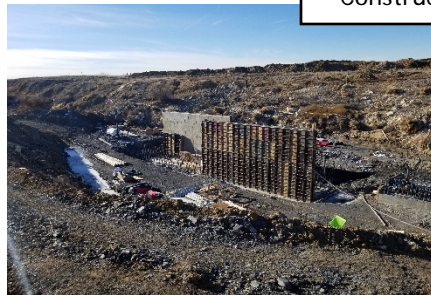
Title: President

Date: October 11, 2017

Outlet Tower and Gates



Construction of Mud Mat and Outlet Terminal Structure



Project Description

Adobe Creek Reservoir (also known as Blue Lake) is owned by the Fort Lyon Canal Company (Company). The original dam was a 32-foot-high, high hazard dam that impounds approximately 77,400 acre-feet of active storage and 4,292 acre feet of dead storage. The Adobe Creek Reservoir water is used to irrigate approximately 93,000 acres of land in Bent, Otero, and Prowers County. The new dam height is 32.3 feet and has a crest length of 7,375 feet.

A storage restriction was issued by the Dam Safety Branch of the Office of the State Engineer on May 5, 2017 due to adverse seepage conditions and outlet deficiencies in the dam's foundation and deteriorated conditions in the 112-year-old, vitrified clay outlet works. Through this loan, the Company constructed new outlet works and seepage control systems in Adobe Creek Dam to regain the approximately 32,560 acre-feet of storage that was lost due to the storage restriction.

Construction was complete in 2019 with temporary storage approval in June 2019 and a Final Acceptance of Construction by Colorado Dam Safety in November 2019.

P R O J E C T D A T A

<i>Sponsor:</i> Fort Lyon Canal Company	<i>County:</i> Bent	<i>Water Source:</i> Arkansas River
<i>Type of Project:</i> Dam Rehabilitation	<i>Board Approval Date:</i> September 2017	
<i>Terms of Loan:</i> 1.50% for 40 years	<i>(Original)</i> \$8,181,000	<i>(Final)</i> \$8,053,081.83
<i>Terms of WSRF Grant:</i>	<i>(Original)</i> \$1,100,000	<i>(Final)</i> \$1,071,714.28
<i>Design Engineer:</i> W.W.Wheeler and Associates, Inc.		
<i>Contractor:</i> Moltz Construction, Inc.		