



COLORADO

Colorado Water Conservation Board

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

March 17, 2020

Mr. Brad Wind, General Manager
Northern Colorado Water Conservancy District
220 Water Ave
Berthoud, CO 80513

Re: Windy Gap Firing Project - Lending Rate Update Approval

Dear Mr. Wind:

I am pleased to inform you that on March 11, 2020, the Board approved a lending interest rate update for the Windy Gap Firing Project. The updated interest rate shall be 2.08% per annum for a 30-year term. All other loan terms and approval conditions shall remain.

The following condition will be added to the loan contract:

The loan contract's Time of Performance shall be one year. If during this one-year period the Borrower has secured Revenue Bonds, the Time of Performance shall be extended to encompass the entire project construction period. If at the end of the one-year period, the Revenue Bonds have not been issued, the loan contract shall be substantially completed (closed out) and the disbursed amount (plus the 1% service fee) will be amortized for repayment. The loan funds not disbursed will remain eligible for a new and separate loan contact at an updated CWCB Board approved interest rate.

I have attached a copy of the updated Board memo dated March 11, 2020, that includes the Board's approval. Peg Mason, Loan Contracts Manager, will continue to work with the District on the loan contracting process. She can be reached at (303) 866-3441 x3227. Cole Bedford, P.E., will be the Project Manager and will work with you on the disbursements of your loan funds. He can be reached at (303) 866-3441 x3234.

On behalf of the Board, I would like to thank you for your interest in a loan from the CWCB.

Sincerely,

Kirk Russell, P.E., Chief
Finance Section

Attachment: Updated Board Memo





COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

1313 Sherman Street, Room 718
Denver, CO 80203

P (303) 866-3441

F (303) 866-4474

Jared Polis, Governor

Dan Gibbs, DNR Executive Director

Rebecca Mitchell, CWCB Director

TO: Colorado Water Conservation Board Members

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

DATE: March 11-12, 2020, Board Meeting (Updated March 11, 2020)

AGENDA ITEM: 7b. Change to Existing Water Project Loans
Municipal Subdistrict of the Northern Colorado Water Conservancy District
- Windy Gap Firing Project

Staff Recommendation: (Board approved Staff Recommendation March 11, 2020)

Staff recommends the Board approve a lending rate update for the Municipal Subdistrict, Northern Colorado Water Conservancy District - Windy Gap Firing Project. The interest rate shall be 2.08% per annum for a 30-year term. All other loan terms and approval conditions shall remain.

Additionally, staff recommends the following condition be added to the loan contract:

The loan contract's Time of Performance shall be one year. If during this one-year period the Borrower has secured Revenue Bonds, the Time of Performance shall be extended to encompass the entire project construction period. If at the end of the one-year period, the Revenue Bonds have not been issued, the loan contract shall be substantially completed (closed out) and the disbursed amount (plus the 1% service fee) will be amortized for repayment. The loan funds not disbursed will remain eligible for a new and separate loan contact at an updated CWCB Board approved interest rate. The interest rate will be based on the market rate for a AA rated Bond at the time of the subsequent request.

Introduction:

The Municipal Subdistrict, Northern Colorado Water Conservancy District (Municipal Subdistrict) acting by and through the Windy Gap Firing Project Water Activity Enterprise (Firing Enterprise) received approval of a loan for the Windy Gap Firing Project (Project) at the CWCB November 2017 Board Meeting. The Project received legislative approval in the 2017 Projects Bill (HB17-1248), which authorized the CWCB to loan up to \$90,000,000. The purpose of the Project is to increase the firm yield from the existing Windy Gap project to approximately 30,000 (AF) by constructing the Chimney Hollow Reservoir, a new 90,000 AF reservoir to be located in Larimer County.

The Board approved the loan interest rate based on the AA Bond market rate as a variance to the CWCB's Policy #7 - Lending Rate Determination. The rate at the time of application was 3.10% for a 30-year term. A loan contract was not executed due to several factors delaying the Project including a lawsuit filed against the Bureau of Reclamation and the U.S. Army Corps of Engineers.

In an attempt to maintain the original intent of the CWCB subordinate loan, the Municipal Subdistrict has requested the Board consider updating the approved lending rate. The proposed 2.08% interest rate is representative of the current market conditions.

