



# COLORADO

## Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

April 29, 2020

Rodney Lenz, President  
Republican River Water Conservation District  
410 Main Street, Suite 8  
Wray, CO 80758  
Manager: deb.daniel@rrwcd.com

Re: Surface Water Rights Purchase Project  
Loan Contract Number CT2020-3336

### NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Mr. Lenz:

This letter is to advise you that the Project referenced above will be substantially completed on May 1, 2020. In accordance with the Loan Contract, the Company owes \$725.26 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 \$5,570,150.00 (\$5,515,000.00 plus \$55,150.00 for the 1% service fee). The first annual loan payment will be due on May 1, 2021, in the amount of \$314,923.74 as presented in the attached Promissory Note and Loan Repayment Schedule.

Please note, in accordance with the Loan Contract, audited annual financials must be submitted to the CWCB and a Reserve Account must be maintained during the entire repayment period.

It has been a pleasure working with you and Ms. Daniel on this loan. Please don't hesitate to call if you have any questions.

Sincerely,

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

Loan Contract Amount = \$5,570,150.00  
Expended Amount = \$5,570,150.00

cc: Ms. Debra Daniel, General Manager, RRWCD  
Mr. Jim Yahn, CWCB Board Member, South Platte River Basin



Colorado Water Conservation Board  
Project Expenditure Schedule

**Surface Water Rights Purchase**

Republican River Water Conservation District  
410 Main Street, Suite 8  
Wray, CO 80758  
c/o Deb Daniel

Ph.  
Fax 970-922-3549  
deb.daniel@rrwcd.com

	Original	Amended	Final
Loan Contract No.:	<b>CT2020-3336</b>		
Authorization:	\$5,570,150.00		
Contract Amount	\$5,515,000.00		\$ 5,515,000.00
Loan Service Fee %	1.00%		
Loan Service Fee	\$55,150.00		\$ 55,150.00
Total Loan Amount	\$5,570,150.00		\$ 5,570,150.00
Interest:	1.20%		1.20%
Term (Years):	20		20
Conditions:	Up to 100%		Up to 100%
IDC Calculation Date:	5/1/2020		

Substantial Completion Date

5/1/2020

Contract Expires:

4/10/2023

Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest
					\$ 5,570,150.00		
1	4/27/2020	water rights purchase	\$ 5,515,000.00	\$ 5,515,000.00	\$ 55,150.00	\$ 725.26	\$ 725.26
Final	5/1/2020	Loan Service Fee @ 1%	\$ 55,150.00	\$ 5,570,150.00	-	-	\$ 725.26

**COLORADO WATER CONSERVATION BOARD**

**LOAN REPAYMENT SCHEDULE**

<b>Borrower</b>	<b>Republican River Water Conservation District</b>	<b>FINAL</b>
<b>Loan Contract Number</b>	<b>CT2020-3336</b>	<b>RE2020-463</b>
<b>Principal</b>	<b>\$5,570,150.00</b>	
<b>Interest Rate</b>	<b>1.20%</b>	
<b>Frequency</b>	<b>Annual</b>	
<b>Term (In Years)</b>	<b>20</b>	
<b>First Payment Due</b>	<b>May 1, 2021</b>	
<b>Payment Amount</b>	<b>\$314,923.74</b>	

<b>Loan Payment No.</b>	<b>Annual Payment Due Date</b>	<b>Annual Payment Amount</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal BALANCE</b>
					\$ 5,570,150.00
1	5/1/2021	\$314,923.74	\$248,081.94	\$ 66,841.80	\$ 5,322,068.06
2	5/1/2022	\$314,923.74	\$251,058.92	\$ 63,864.82	\$ 5,071,009.14
3	5/1/2023	\$314,923.74	\$254,071.63	\$ 60,852.11	\$ 4,816,937.51
4	5/1/2024	\$314,923.74	\$257,120.49	\$ 57,803.25	\$ 4,559,817.02
5	5/1/2025	\$314,923.74	\$260,205.94	\$ 54,717.80	\$ 4,299,611.08
6	5/1/2026	\$314,923.74	\$263,328.41	\$ 51,595.33	\$ 4,036,282.67
7	5/1/2027	\$314,923.74	\$266,488.35	\$ 48,435.39	\$ 3,769,794.32
8	5/1/2028	\$314,923.74	\$269,686.21	\$ 45,237.53	\$ 3,500,108.11
9	5/1/2029	\$314,923.74	\$272,922.44	\$ 42,001.30	\$ 3,227,185.67
10	5/1/2030	\$314,923.74	\$276,197.51	\$ 38,726.23	\$ 2,950,988.16
11	5/1/2031	\$314,923.74	\$279,511.88	\$ 35,411.86	\$ 2,671,476.28
12	5/1/2032	\$314,923.74	\$282,866.02	\$ 32,057.72	\$ 2,388,610.26
13	5/1/2033	\$314,923.74	\$286,260.42	\$ 28,663.32	\$ 2,102,349.84
14	5/1/2034	\$314,923.74	\$289,695.54	\$ 25,228.20	\$ 1,812,654.30
15	5/1/2035	\$314,923.74	\$293,171.89	\$ 21,751.85	\$ 1,519,482.41
16	5/1/2036	\$314,923.74	\$296,689.95	\$ 18,233.79	\$ 1,222,792.46
17	5/1/2037	\$314,923.74	\$300,250.23	\$ 14,673.51	\$ 922,542.23
18	5/1/2038	\$314,923.74	\$303,853.23	\$ 11,070.51	\$ 618,689.00
19	5/1/2039	\$314,923.74	\$307,499.47	\$ 7,424.27	\$ 311,189.53
20	5/1/2040	\$314,923.80	\$311,189.53	\$ 3,734.27	\$ -
<b>TOTALS</b>		<b>\$6,298,474.86</b>	<b>\$5,570,150.00</b>	<b>\$728,324.86</b>	<b>\$0.00</b>

*LCM*

**APPENDIX 3, PROMISSORY NOTE**

Date: February 14, 2020  
 Borrower: Republican River Water Conservantion District,  
 acting by and through the water activity enterprise  
 Total Loan Amount: \$5,570,150.00  
 Interest Rate: 1.20% per annum  
 Term of Repayment: 20 years  
 Loan Contract Number: CT2020-3336  
 Annual Loan Payment: \$314,923.74  
 Payment Initiation Date\*: May 1, 2020  
(To be filled in at Substantial Completion of Project)  
 Maturity Date\*: May 1, 2040  
(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 five percent (5%) of the annual payment if the CWCB does not receive the annual payment within sixty (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 ("Security Instrument") 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 Instrument 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 seven percent (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.

Republican River Conservation District, acting by and through the water activity enterprise

By: Rodney L Lenz  
Signature

Name: Rodney Lenz

Title: Board President

Date: 2-14-2020

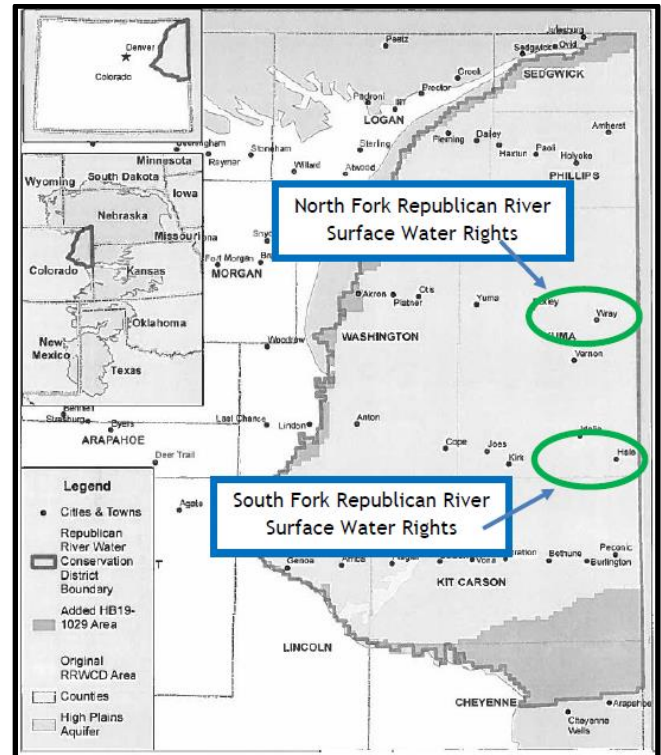
Attest:

By: Debra Daniel  
Signature

Name: Debra Daniel

Title: General Manager

Date: 2-14-2020



## Project Description

In December 2002, Colorado entered into a Stipulation with Kansas and Nebraska to address the U.S. Supreme Court Case of Kansas v. Nebraska and Colorado. Since then, the State of Colorado had exceeded its annual allocations of beneficial consumptive use under the Republican River Compact (Compact) by an average of 11,000 acre-feet per year. In 2004, the State of Colorado established the Republican River Water Conservation District (District) to assist with Compact compliance. Since, the District has actively sought to acquire senior surface water rights.

This Project included the purchase of senior surface water rights in both the North Fork and South Fork of the Republican River in order to assist the State in complying with the Compact by increasing stream flows. The Project provided multiple benefits that included preventing curtailment of existing water rights and wells due to noncompliance, avoiding a reduction of groundwater-irrigated acreage, furthering a collaborative approach to Endangered Species Act compliance, and minimizing costly litigation with Kansas and Nebraska.

P R O J E C T   D A T A		
<i>Sponsor:</i> Republican River Water Conservation District	<i>County:</i> Yuma	<i>Water Source:</i> North Fork and South Fork of the Republican River
<i>Type of Project:</i> Water Rights Purchase		<i>Board Approval Date:</i> November 2019
<i>Terms of Loan:</i> 1.20% for 20 years		(Original) \$5,570,150.00      (Final) \$5,570,150.00
<i>Engineer:</i> Randy Hendrix, P.E., Hendrix Wai Engineering, Inc.		
<i>Appraiser:</i> Kevin McCarty, McCarty Land & Water Valuation, Inc.		