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ATTORNEY AT LAW

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March 16, 2017

Kirk Russell, PE
Colorado Water Conservation Board
1313 Sherman St, Room 718
Denver, CO 80203

Re: Water Purchase from ALPWCD
CWCB Loan Contract Numbers C150317 and Grant Contract Number C150548

Dear Mr. Russell:

The Lake Durango Water Authority (LDWA) has entered into an Agreement for Acquisition of Municipal and Industrial Water Supply from the Animas-La Plata Water Conservancy District (ALPWCD) in the Animas-La Plata Project, Colorado dated as of December 15, 2016 (Acquisition Agreement). The LDWA intends to utilize Colorado Water Conservation Board (CWCB) Loan Contract Number C150317 and Grant Contract Number C150548 funds (CWCB Funds) for the initial water purchase of 50 acre-feet of depletion equal to 100 acre-feet supply of Animas-La Plata Project Water (Project Water) at a cost of \$161,625.03. The Acquisition Agreement and an itemized statement from ALPWCD of the purchase price is attached.

The LDWA per acre-foot depletion cost of \$3,232.50 represents the Acquisition Agreement price of \$3,000 per acre-foot of depletion, the accrued operation and maintenance expense (OM&R Costs) through water year 2017 and a 3% administration fee. The most recent purchase of Project Water is the La Plata Archuleta Water District (LPLAWD) purchase of 50 acre-feet of depletion from CWCB in 2014 at a cost of \$346,219 which included accrued OM&R Costs, or a per acre-foot depletion cost of \$6,924.38.

Pursuant to the requirements of Section 7 of Appendix 1 to Loan Contract C150317 between LDWA, Borrower, and CWCB, Agency for the State of Colorado, the Borrower is to provide an opinion of value supporting the purchase price prior to the disbursement of CWCB Funds for the purchase of Project Water. The Project Water is a unique commodity that has a very limited market with few sellers or buyers. The negotiated sale of Project Water in 2014 by CWCB to LPLAWD represents reasonable evidence of the value of Project Water as determined by the parties at that time. The sale of a comparable amount of water to LDWA by ALWCD pursuant to the Acquisition Agreement for a substantially lower purchase price would support the purchase of Project Water by LDWA with CWCB funds at that price.

FLOYD L. SMITH
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This opinion of value is provided by the undersigned, general counsel for LDWA, based on the information provided and is intended solely for the use of CWCB in approving the disbursal of funds to LDWA for the purchase of Project water as outlined above.

Sincerely,

Floyd L. Smith

Floyd L. Smith

FLS

xc: Charlie Smith, General Manager, LDWA

Encls.

**AGREEMENT FOR ACQUISITION OF
MUNICIPAL AND INDUSTRIAL WATER SUPPLY FROM THE
ANIMAS-LA PLATA WATER CONSERVANCY DISTRICT
IN THE ANIMAS-LA PLATA PROJECT, COLORADO**

THIS AGREEMENT is entered into this 15th day of ~~November~~ ^{December} 2016, by and between the Animas-La Plata Water Conservancy District, a water conservancy district established pursuant to C.R.S. §37-45-17 *et seq.*, ("ALPWCD") and the Lake Durango Water Authority, a political subdivision of the State of Colorado established pursuant to C.R.S. §29-1-201 *et seq.*, ("LDWA").

Recitals

A. The United States, through the Bureau of Reclamation, constructed the Animas-La Plata Project ("Project") for the storage, conversion, salvage, and distribution of waters of the Animas River ("Project Waters") for purposes, among others, of furnishing water for municipal, industrial, domestic, and other beneficial uses.

B. The Colorado Ute Settlement Act Amendments of 2000 provided for an allocation to the ALPWCD of a portion of the Project Water, such allocation being equal to 2,600 acre feet of average annual municipal and industrial depletion (the "ALPD Depletion Allocation"), conditioned upon payment of the non-tribal water capital obligation for the Project attributable to the ALPD Depletion Allocation. The ALPD Depletion Allocation of 2,600 acre feet of average annual depletion corresponds to 5,200 acre-feet of annual water supply for municipal and industrial purposes available through direct diversion at the Durango Pumping Plant, releases of stored water from Ridges Basin Reservoir (now known as Lake Nighthorse), and direct pumping from Lake Nighthorse.

C. In November 2001, the ALPWCD entered into an agreement with the Colorado Water Resource and Power Development Authority ("CWRPDA") whereby it assigned its interest in the ALPD Depletion Allocation to the CWRPDA, the CWRPDA would pay the non-tribal capital obligation attributable to the ALPD Depletion Allocation, and ALPWCD received an option to purchase portions of the ALPD Depletion Allocation in the future.

D. On April 22, 2005, the ALPWCD and the CWRPDA entered into an Agreement for Acquisition of Municipal and Industrial Water Supply from the Animas-La Plata Water Conservancy District Depletion Allocation in the Animas-La Plata Project, Colorado ("2005 Agreement"). The 2005 Agreement provides for the ALPWCD to acquire a portion of the ALPD Depletion Allocation in consideration of payment of certain costs of Project construction as well as assumption of ongoing operation and maintenance costs, as contemplated pursuant to the

Funding Agreement and Repayment Contract between the CWRPDA and the United States of America, Bureau of Reclamation, dated November 1, 2001 ("Funding Agreement").

D. Under the Funding Agreement, as amended October 29, 2009, the CWRPDA contracted to secure the ALPD Depletion Allocation in consideration of payment of the non-tribal capital obligation attributable to such ALPD Depletion Allocation. The CWRPDA entered into the Funding Agreement in contemplation that it would convey and assign portions of the ALPD Depletion Allocation to water users in the Animas-La Plata basin, including the ALPWCD.

E. The payment obligation for the ALPD Depletion Allocation under the Funding Agreement is based upon the costs of Project construction as estimated in the Funding Agreement. Costs, however, increased substantially after execution of that agreement. Although it is anticipated that securing the full ALPD Depletion Allocation may require payment of an Additional Repayment Obligation pursuant to paragraph 8 of the Funding Agreement, the United States has not yet computed the Additional Repayment Obligation in accordance with Reclamation Law and the Funding Agreement.

F. On March 4, 2009, the CWRPDA entered into an intergovernmental agreement ("IGA") with other parties to which Project depletions have been allocated, establishing the Animas-La Plata Operation, Maintenance and Replacement Association ("OM&R Association") for future operation and maintenance of the Project pursuant to further agreement with the United States. The IGA addresses membership in the OM&R Association, delivery of Project water, and allocation of operation and maintenance costs of the Project. The IGA contemplates that OM&R Association members may transfer interests in depletion allocations of Project water and sets forth terms and conditions for transfers of membership, as well as voting rights in the OM&R Association in connection with transfers of depletion allocations of Project water. The IGA, Exhibit A, titled the "Concepts and Principles for the Operation and Allocation of the OM&R Costs of the Animas-La Plata Project," also contemplates an allocation of OM&R costs among the users of depletion allocations of Project water that differs from that anticipated for the users of the ALPD Depletion Allocation in the Funding Agreement and in the 2005 Agreement.

G. By agreement dated December 21, 2012, the ALPWCD and CWRPDA agreed that the ALPWCD could purchase up to 700 acre feet of the ALPD Depletion Allocation ("Option Agreement"). The Option Agreement addresses consideration for purchase of the ALPWCD portion of the ALPD Depletion Allocation, including base water charges, additional water charges, OM&R charges, and other costs, as well as rights assumed under the IGA and obligations assumed under the Funding Agreement. ALPWCD has exercised the option to purchase 105 acre feet in 2012, 32 acre feet in 2013, 35 acre feet in 2014, 36 acre feet in 2015, and 36 acre feet in 2016 under the Option Agreement (the total of 244 acre feet of depletions of ALPD Depletion Allocation shall be referred to hereinafter after as the "ALPWCD Project Water").

H. The ALPWCD and LDWA entered into a non-binding Letter of Intent dated November 12, 2013, whereby the parties agreed their intent was for the ALPWCD to transfer to LDWA its interest in up to 200 acre feet depletions of water ALPWCD could acquire under the Option Agreement for a rural domestic water system. The ALPWCD and La Plata West Water Authority ("LPWWA") also entered into a non-binding Letter of Intent whereby the parties agreed their intent was for the ALPWCD to transfer to LPWWA its interest in up to 200 acre feet depletions of water ALPWCD could acquire under the Option Agreement for a rural domestic water system.

I. The LDWA wishes to enter into an agreement contemplated under its Letter of Intent and acquire long-term water supply for the present and future inhabitants of the LDWA service area. Pursuant to the terms and conditions in this Agreement, the LDWA desires to acquire 200 acre-feet depletions of the ALPWCD Project Water.

Agreement

For and in consideration of the premises and the mutual covenants, conditions, and promises herein, the parties agree as follows:

1. Acquisition. The LDWA will acquire 200 acre feet of depletions of the ALPWCD Project Water for a Rural Domestic Water System. A Rural Domestic Water System is one which serves rural domestic customers and does not include water sold or delivered for other purposes. The acquisition shall be as follows:

1.1 Assignment. The ALPWCD will assign, and the LDWA will assume and accept, the ALPWCD's rights and obligations pursuant to the Funding Agreement and the Option Agreement attributable to 200 acre feet depletions of the ALPWCD Project Water ("Assignment") acquired, as follows: (1) 50 acre feet of depletions purchased in 2017 with a closing date on or before March 31, 2017; and (2) 25 acre feet of depletions acquired in each successive year for six years on or before May 31 of that year.

1.2 Failure to Timely Close. In the event LDWA fails to close any of the Acquisition amounts in a timely manner as contemplated in section 1.1, ALPWCD may terminate this Agreement for the acre feet which have not closed and the parties will be released from any obligations or rights for the remaining amounts of the Acquisition under this Agreement. If ALPWCD elects to waive its rights under this section 1.2 for any Acquisition amounts, that waiver shall not act as a waiver of the rights under this section 1.2 for subsequent Acquisition amounts.

1.3 Remedy for Unauthorized Use. In the event that the LDWA ceases to use any portion of the Acquisition acquired under this Agreement ("Acquired Water") for a Rural Domestic Water System, ALPWCD shall have the right to claim this Agreement is in default.

Upon receipt of written notice from ALPWCD of the default, LDWA shall have 30 days to remedy the default and provide ALPWCD written evidence of how the default was cured. Failure to cure the default in a manner satisfactory to ALPWCD shall entitle ALPWCD to seek a court order granting it the following relief: (1) injunctive relief to require LDWA to use the Acquired Water for a Rural Domestic Water System; (2) damages for injuries ALPWCD may have incurred; and/or (3) revocation of the Assignment and ALPWCD's re-assumption of ALPWCD's rights and obligations pursuant to the Funding Agreement and Option Agreement attributable to the Acquired Water. In the event ALPWCD seeks remedy (3), the court order shall also require ALPWCD to pay LDWA, without interest and without the administrative fee paid to ALPWCD, the funds LDWA paid ALPWCD under this Agreement within three years from the date of the court order.

1.4 Ridges Basin Dam Structure. The Acquisition includes no transfer of ALPWCD ownership interest in the valve and pipeline structure at Ridges Basin Dam, known as the Durango Municipal and Industrial Line

2. Payment Amount. LDWA shall make the following payments when acquiring a portion of the Acquisition:

2.1 Per Acre Foot Charge. The Per Acre Foot Charge for a particular portion of the Acquisition shall be \$3,000 per acre foot depletion.

2.2 Administration Fee. The LDWA shall pay an administration fee to the ALPWCD of 3% on any amounts, including the Per Acre Foot Charge, applicable OM&R Costs, or Additional Water Charges (as defined in Sec. 2.4), paid to the ALPWCD for the Acquisition.

2.3 OM&R Costs. The ALPWCD has paid OM&R Costs on the ALPWCD Project Water since its first incremental purchase in 2013. The LDWA shall pay the OM&R Costs attributable since that date to each portion of the Acquisition acquired under this Agreement.

2.4 Additional Water Charge. The parties recognize that no determination has yet been made by the United States under paragraph 8(b) of the Funding Agreement of the Additional Repayment Obligation due for the ALPD Depletion Allocation, and therefore the total cost set forth in section 2 above does not include any additional water charge, or any additional CWRPDA Costs on account of ALPWCD's payment of the Additional Repayment Obligation. The parties agree that if the Additional Repayment Obligation for the ALPD Depletion Allocation is determined prior to closing on all or a portion of the Acquisition, then the total cost of the Acquisition will be increased prior to closing to reflect any Additional Repayment Obligation paid by ALPWCD attributable to the Acquisition ("Additional Water Charge"). If not, then after closing the LDWA will be responsible, in accordance with paragraphs 8 and 9 of the Funding

Agreement, to pay to the ALPWCD an Additional Water Charge, reflecting amounts paid by ALPWCD of any Additional Repayment Obligation, including but not limited to any additional CWRPDA Costs, attributable to the Acquisition amounts acquired as and when such Additional Repayment Obligation is quantified, becomes due, and is paid by the ALPWCD.

2.5 Itemization of Payment Amount. Not less than 30 days prior to Closing ALPWCD shall provide LDWA with an itemized statement of the Payment Amount for the portion of the Acquisition to be purchased and supporting documentation for any amounts paid by ALPWCD for OM&R Costs and Additional Water Charges.

3. Closings. The Closings for the portions of the Acquisition will be held no later than the dates set forth in section 1.1 above. At the Closings:

3.1 The LDWA will deliver to the ALPWCD: (1) the Payment Amount in paragraph 2 above for the portion of the Acquisition acquired ; (2) a duly executed written assumption, by which the LDWA expressly assumes the rights and obligations of the ALPWCD under the Option Agreement and the Funding Agreement attributable to the portion of the Acquisition acquired, and effects a partial novation of such Funding Agreement; and (3) a duly executed written acceptance and assumption of the terms and conditions of the IGA, including Exhibit A, with a specific undertaking and acceptance of responsibility to pay all OM&R costs and variable costs attributable to the portion of the Acquisition acquired in accordance with the IGA Exhibit A.

3.2 The ALPWCD will deliver to the LDWA (1) a duly executed Assignment assigning the ALPWCD's rights and obligations pursuant to the Option Agreement and the Funding Agreement attributable to the portion of the Acquisition acquired; and (2) a written acknowledgement and undertaking to comply with the provisions of paragraphs 3.3 and 3.4 below.

3.3 The parties shall secure the written approval of the United States to the Assignment, as required by paragraphs 14(a) and 23 of the Funding Agreement. If written approval of the United States cannot be obtained by the Closing contemplated in 2016, the parties agree to use their best efforts to acquire the same in a forthwith and diligent manner as soon after the Closing as possible.

3.4 The parties shall secure the written approval of the CWRPDA to the Assignment, as required by paragraph 2.7.9 of the Option Agreement. If written approval of the CWRPDA cannot be obtained by the Closing contemplated in 2017, the parties agree to use their best efforts to acquire the same in a forthwith and diligent manner as soon after the Closing as possible.

4. Effect of Assignment of Rights and Obligations – Funding Agreement. Upon acceptance of the ALPWCD's Assignment of all rights and obligations under the Funding Agreement attributable to the portion of the Acquisition acquired, the LDWA shall succeed to all rights and all obligations of the ALPWCD with respect to the portion of the Acquisition acquired, including, without limitation, the rights and obligations provided under paragraphs 8 (Method of Payment for Project Construction Costs); 9 (Method for Establishing Blocks for Project Delivery and Repayment); and 10 (Payment of Operation, Maintenance, and Replacement Costs), of the Funding Agreement, and the ALPWCD shall be relieved of all further liability under the Funding Agreement with respect to portion of the Acquisition acquired.

5. Operations, Maintenance & Replacement Association.

5.1 Project Water Delivery and Variable OM&R Costs. The LDWA agrees that the Acquisition is subject to the IGA, and that the LDWA's variable OM&R costs for the Acquisition amount will be covered, to the extent of available funds therein, by the Variable OM&R Fund established pursuant to Exhibit A of the IGA. The LDWA shall be responsible for payment of any and all variable OM&R costs attributable to the portion of the Acquisition acquired not covered by the Variable OM&R Fund.

5.2 Transfer of Project Interest. As provided in paragraph 2.3.2 of the IGA, within thirty days of the closings, the ALPWCD shall provide written notice to the OM&R Association of the Assignments to the LDWA, and of the LDWA's acceptance of the terms of the IGA and the terms of Exhibit A, and of LDWA's acceptance of responsibility to pay all OM&R Costs attributable to the portion of the Acquisition acquired in accordance with the IGA Exhibit A. Such notice shall include the status of the ALPWCD's and the LDWA's voting rights in the OM&R Association, which shall be as set forth in paragraph 7.5 below.

5.3 Effect of Transfer of Interest – IGA. Subject to paragraph 7.4, in accordance with paragraph 2.3.2 of the IGA, upon Assignment of the portion of the Acquisition acquired pursuant to paragraph 1 above, the ALPWCD shall be released from its duties and obligations under the IGA with respect to OM&R Costs attributable to the portion of the Acquisition acquired amount assigned to LDWA and the LDWA shall assume all those duties and obligations.

5.4 Pro Rata Interest for Fixed Cost Allocation. The ALPWCD and the LDWA agree that the LDWA's attributable interest in the ALPWCD Project Water acquired hereunder, for purposes of the allocation of fixed OM&R Costs under the IGA, shall be 1/2600 of the 5.7% of annual fixed OM&R Costs assigned to the ALPD Depletion Allocation in paragraph 6.02 of the IGA Exhibit A for each acre-foot of the Acquisition pursuant to this Agreement.

5.5 OM&R Association Representation. The ALPWCD will retain all rights associated with membership in the OM&R Association as set forth in paragraph 2.6.3 of the Option Agreement, including voting rights as set forth therein. The ALPWCD shall consult when possible with the LDWA on matters of voting importance before votes are taken among the members of the Management Committee of the OM&R Association.

6. Indemnification. The LDWA shall indemnify and defend the ALPWCD from any claims, losses, or challenges made by the CWRPDA, the United States or other third parties arising out of LDWA's failure to comply with its obligations under this Agreement. Subject to the provisions of paragraph 7.14, the LDWA shall pay the ALPWCD all attorney fees and costs incurred in defending claims, losses, or challenges under this paragraph 6.

7. Miscellaneous Provisions.

7.1 Conditions Precedent.

7.1.1 The written approval of the United States of America to the terms and conditions of this Agreement shall be a condition precedent to its effectiveness. The parties agree that upon execution of this Agreement they shall submit the same to the United States for approval in accordance with paragraphs 14 and 23 of the Funding Agreement. In that submission, the ALPWCD shall certify, in accordance with Paragraph 14(b) of the Funding Agreement, that the ALPWCD will not receive any valuable consideration for any assignment of the ALPWCD Project Water to be effected pursuant to the terms of this Agreement, except as set forth in paragraph 1, and shall request that the United States' approval incorporate and comprise approval of this Agreement and, thereby, any and all portions of the Acquisition acquired.

7.1.2 The written approval of the CWRPDA, pursuant to section 2.7.9 of the Option Agreement, to the assignment and assumption of the terms and conditions of the Option Agreement shall be a condition precedent to the effectiveness of this Agreement. The parties shall receive such written approval on or before the closing of this Agreement.

7.2 Notice. Whenever any notice is required to be provided under this Agreement, such notice shall be provided in writing to the following addresses, or such other addresses as may be designated by a party through written notice. Notices shall be deemed received when personally delivered; or three (3) days after being deposited in a U. S. Postal Service depository, to be sent by certified mail, return receipt requested by the addressee, with all required postage prepaid, or (1) one business day after having been sent by overnight courier. Initial addresses for notices are as follows:

If to the ALPWCD:

Animas-La Plata Water Conservancy District
Attn: Executive Director
841 E. Second Avenue
Durango, Colorado 81301
Telephone: 970-247-2659

with copy to:

Maynes, Bradford, Shipps & Sheftel, LLP
835 E. Second Avenue, Suite 123
P.O. Box 2717
Durango, Colorado 81302
Telephone: 970-247-1755

If to the LDWA:

Lake Durango Water Authority
Attention: General Manager
Physical Address: 667 South Lakeside Drive, Hesperus, CO 81326
Mailing Address: PO Box 657, Durango, CO 81302
Telephone: 970-247-4062
Fax:

with copy to:

Floyd "Bud" Smith
48 CR 250, Suite 5
Durango, CO 81301
Telephone: 970-247-1921

7.3 Effect of Option Agreement and Funding Agreement. The parties recognize and agree that this Agreement is made pursuant to and in reference to the Option Agreement and the Funding Agreement, and is subject to their terms. In case of any conflict between the terms of this Agreement and the Option Agreement or the Funding Agreement, the Option Agreement or Funding Agreement shall control.

7.4 Authorization. The individuals executing this Agreement on behalf of their respective entities are authorized by those entities to execute this Agreement and, by their signatures, certify that all steps or actions required to insure such authorization have been taken.

7.5 Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties as to the subject matter hereof, and there are no further or other agreements or understandings, written or oral, in effect between the parties relating to its subject matter unless expressly set forth in this Agreement.

7.6 Amendment. Modification of this Agreement by the parties may be made only by a writing duly authorized and executed by the ALPWCD and the LDWA.

7.7 No Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be an estoppel against the enforcement of any provision of this Agreement, except by a signed written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated as such in its terms. Each such waiver shall operate only as to the specific term or condition waived, and shall not constitute a waiver of such term or condition for the future as to any act other than that specifically waived.

7.8 Assignment. Neither party may assign this Agreement or the rights, benefits, burdens or obligations hereunder to any other person or entity, unless such assignment is of the entirety of this Agreement, and is made with the prior written approval of the other party, which approval shall not be unreasonably withheld. Any assignee under an assignment approved by both parties shall assume in writing all obligations and burdens imposed by this Agreement upon the assigning party. Any purported assignments not approved in advance in writing by the non-assigning party shall be void.

7.9 Dissolution of ALPWCD. In the event proceedings for the dissolution of ALPWCD are commenced pursuant to C.R.S. §§ 37-45-146 through -152 prior to the acquisition of 200 acre-feet depletions by LDWA, the parties intend that dissolution will not impair the rights and obligations created in this Agreement.

7.10 Third Party Beneficiaries. There are no third party beneficiaries of this Agreement, and the parties hereto state and agree that they do not intend that any other person or entity shall have any interest in or rights or duties under this Agreement.

7.11 Counterparts. This Agreement may be executed in counterparts and all counterparts so executed shall constitute one agreement binding upon both parties, notwithstanding that both parties are not signatories to the original or to the same counterpart.

7.12 Controlling Law. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

7.13 Binding Effect. The terms of this Agreement shall be binding upon the respective parties hereto, their successors, and permitted assigns.

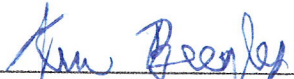
7.14 Further Assurances. The parties acknowledge and agree that they shall execute and deliver such further agreements and/or assurances as may be required to effectuate the intent of this Agreement, and, without limiting the generality of the foregoing, specifically the approval of the United States that is a condition precedent to the effectiveness of this Agreement.

7.15 Attorney Fees. In the event of a breach of this Agreement, the prevailing party shall be entitled to the recover its reasonable attorney fees and costs from the losing party incurred for enforcing the terms and obligations of this Agreement.

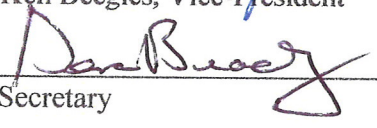
7.16 Effective Date. The Effective Date of this Agreement as between the parties hereto shall be the date when the Agreement has been executed by both parties.

(signatures appear on next page)

ANIMAS-LA PLATA WATER CONSERVANCY DISTRICT

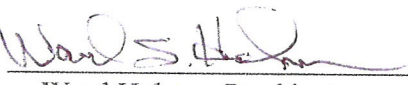
By: 
Ken Beegles, Vice-President

Date: Jan 3, 2017

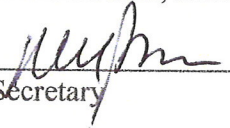
Attest: 
Secretary

Date: Jan 3, 2017

LAKE DURANGO WATER AUTHORITY

By: 
Ward Holmes, President

Date: 12/15/16

Attest: 
Secretary

Date: 12/15/16

APPROVED:

THE UNITED STATES OF AMERICA

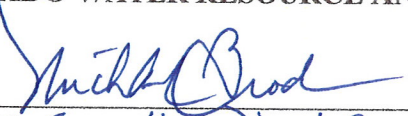
By: _____
Regional Director
Upper Colorado Region
Bureau of Reclamation

Date: _____

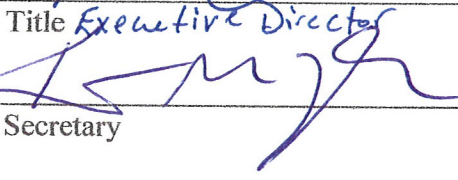
By: _____
Solicitors Office

Date: _____

COLORADO WATER RESOURCE AND POWER DEVELOPMENT AUTHORITY

By: 
Title Executive Director

Date: 1/23/2017

Attest: 
Secretary

Date: 1/23/2017

The Animas – La Plata Water Conservancy District

841 East Second Avenue – West Building

Durango, Colorado 81301

(970) 247-2659

February 24, 2017

Charlie Smith, General Manager
Lake Durango Water Authority
667 South Lakeside Drive
Hesperus, CO 81326

Re: Agreement For Acquisition of Initial 50 af Depletion ALP Project From ALPWCD

Dear Charlie,


An Agreement was entered into dated December 15, 2016 ("Agreement") between the Animas-La Plata Water Conservancy District ("ALPWCD") and the Lake Durango Water Authority ("LDWA") for purchase of 200 acre feet of depletion from the Animas-La Plata Project. The Agreement was signed by the LDWA on December 15, 2016, by the ALPWCD on January 3, 2017, by the Colorado Water Resource and Power Development Authority on January 23, 2017, with a pending signature by the Regional Director of the Bureau of Reclamation. The Agreement anticipated closing on the initial 50 acre feet of depletion on or before March 31, 2017, with additional purchases of 25 acre feet of depletion per year over the next six years. Pursuant to paragraph 2.5 of the Agreement, the ALPWCD is to provide the LDWA with an itemized statement of the Payment Amount for the portion of the Acquisition to be purchased. The itemized statement and Payment Amount for the initial purchase of 50 acre feet of depletion is outlined below.

Water Year	OM&R	LDWA Purchase	
	Cost/af	2017	Cost/yr
2013/ 2014	\$29.48	50	\$1,474.00
2014/ 2015	\$30.96		\$1,548.00
2015/ 2016	\$38.05		\$1,902.50
2016/ 2017	\$39.86		\$1,993.00
OM&R/Purchase			6,917.50
Per Af Charge \$3000/af)			\$150,000.00
OM&R Costs			\$6,917.50
*Additional Water Charge			TBD
3% Admin			\$4,707.53
Total			\$161,625.03

*Additional Water Charge determined after Additional Repayment Obligation by BOR per paragraph 2.4.

Pursuant to the Agreement and with this submittal, we look forward to closing on the initial purchase on or before March 31, 2017.

Sincerely,



Bruce Whitehead
Executive Director
Animas-La Plata Water Conservancy District

Cc: ALPWCD Board & Staff