

## OPTION LETTER NO. 1

<b>State Agency</b> Department of Natural Resources Colorado Water Conservation Board (CWCB) 1313 Sherman St, Room 718 Denver, CO 80203	<b>Option Letter No. 1</b> <b>Contract Number</b> CMS 149165 CT2016-2001
<b>Borrower</b> The Tunnel Water Company 2319 E. Mulberry St. Fort Collins, CO 80524	<b><u>Original Contract Number</u></b> CMS 83655 CT2016-2001 <b><u>Amendment No. 1 Contract Number</u></b> CMS 108481 CT2016-2001
<b>Project Name</b> Laramie-Poudre Tunnel Rehabilitation	<b>Loan Contract Effective Date</b> 11/04/2015
<b>Current Contract Maximum Amount</b> \$1,654,041.46 (includes the CWCB 1% origination fee)	<b>Loan Contract Expiration Date</b> 02/01/2050

**1. OPTIONS:**


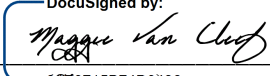
- A. Option to decrease total Contract amount and revise Contract expiration date upon CWCB *Notice of Project Substantial Completion*.

**2. REQUIRED PROVISIONS:**

- A. The amount of the current Loan Contract Amount is decreased by \$62,958.54 from \$1,717,000.00 to \$1,654,041.46 in consideration of substantial completion of the Project. The Total Loan Amount is hereby modified accordingly.
- B. This change does not include a change to the annual payment and interest rate.
- C. This Option Letter and supporting documentation shall become part of and be incorporated into this Contract for the total duration of the Loan Contract.
- D. This Option Letter shall include the written Notice of Project Substantial Completion.
- E. The Contract Maximum Amount table on the Contract's Signature and Cover Page is hereby deleted and replaced with the Current Contract Maximum Amount table shown above.

**3. OPTION EFFECTIVE DATE:**

- A. The effective date of this Option Letter is upon approval of the State Controller or an authorized delegate.

<p style="text-align: center;"><b>STATE OF COLORADO</b>          Jared S. Polis, Governor          Department of Natural Resources          Dan Gibbs, Executive Director          Colorado Water Conservation Board</p> <p>By: _____            Name: <u>Kirk Russell</u>          Title: <u>Finance Chief</u>          Date: <u>May 16, 2020   7:15 AM PDT</u></p>	<p>In accordance with §24-30-202 C.R.S., this Option is not valid until signed and dated below by the State Controller or an authorized delegate.</p> <p style="text-align: center;"><b>STATE CONTROLLER</b>  <b>Robert Jaros, CPA, MBA, JD</b></p> <p>By: _____            Name: <u>Maggie Van Cleepe</u>          Title: <u>Purchasing Agent</u>          Option Effective Date: <u>June 25, 2020   4:37 PM PDT</u></p>
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## COLORADO

### Colorado Water Conservation Board

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

January 23, 2020

Mr. Dennis J. Harmon, General Manager  
The Tunnel Water Company  
P.O. Box 2017  
Fort Collins, CO 80522

Re: Laramie-Poudre Tunnel Rehabilitation Project  
Loan Contract Number CT2016-2001

#### NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Dear Mr. Harmon:

This letter is to advise you that the Project referenced above will substantially complete on February 1, 2020. In accordance with the Loan Contract, the Company owes \$49,392.27 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 \$1,654,041.46 (\$1,637,664.81 plus \$16,376.65 for the 1% service fee). An adjustment of \$62,958.54 will be made to the contract for the 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 of \$82,582.09 will be due on February 1, 2021 (see attached Loan Repayment Schedule).

Please note, in accordance with the Borrower's Loan Contract 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 = \$1,717,000.00  
Expended Amount = \$1,654,041.46

cc: Mr. Jim Yahn, CWCB Board Member, South Platte River Basin  
Ms. Curran Trick, CWCB Board Member, North Platte River Basin



## COLORADO WATER CONSERVATION BOARD

## LOAN REPAYMENT SCHEDULE

Borrower	The Tunnel Water Company	FINAL
Loan Contract Number	CT 2016-2001	CT 2016-2001
Principal	\$1,717,000.00	\$1,654,041.46
Interest Rate	2.55%	2.55%
Frequency	Annual	Annual
Term (In Years)	30	30
First Payment Due		February 1, 2021
Payment Amount	\$82,582.09	\$82,582.09

Loan Payment No.	Annual Payment Due Date	Annual Payment Amount	Principal	Interest	Principal BALANCE
					\$ 1,717,000.00
CT Adjustment	1-Feb-20	\$62,958.54	\$ 62,958.54	\$0.00	\$ 1,654,041.46
1	1-Feb-21	\$82,582.09	\$ 40,404.03	\$ 42,178.06	\$ 1,613,637.43
2	1-Feb-22	\$82,582.09	\$ 41,434.34	\$ 41,147.75	\$ 1,572,203.09
3	1-Feb-23	\$82,582.09	\$ 42,490.91	\$ 40,091.18	\$ 1,529,712.18
4	1-Feb-24	\$82,582.09	\$ 43,574.43	\$ 39,007.66	\$ 1,486,137.75
5	1-Feb-25	\$82,582.09	\$ 44,685.58	\$ 37,896.51	\$ 1,441,452.17
6	1-Feb-26	\$82,582.09	\$ 45,825.06	\$ 36,757.03	\$ 1,395,627.11
7	1-Feb-27	\$82,582.09	\$ 46,993.60	\$ 35,588.49	\$ 1,348,633.51
8	1-Feb-28	\$82,582.09	\$ 48,191.94	\$ 34,390.15	\$ 1,300,441.57
9	1-Feb-29	\$82,582.09	\$ 49,420.83	\$ 33,161.26	\$ 1,251,020.74
10	1-Feb-30	\$82,582.09	\$ 50,681.06	\$ 31,901.03	\$ 1,200,339.68
11	1-Feb-31	\$82,582.09	\$ 51,973.43	\$ 30,608.66	\$ 1,148,366.25
12	1-Feb-32	\$82,582.09	\$ 53,298.75	\$ 29,283.34	\$ 1,095,067.50
13	1-Feb-33	\$82,582.09	\$ 54,657.87	\$ 27,924.22	\$ 1,040,409.63
14	1-Feb-34	\$82,582.09	\$ 56,051.64	\$ 26,530.45	\$ 984,357.99
15	1-Feb-35	\$82,582.09	\$ 57,480.96	\$ 25,101.13	\$ 926,877.03
16	1-Feb-36	\$82,582.09	\$ 58,946.73	\$ 23,635.36	\$ 867,930.30
17	1-Feb-37	\$82,582.09	\$ 60,449.87	\$ 22,132.22	\$ 807,480.43
18	1-Feb-38	\$82,582.09	\$ 61,991.34	\$ 20,590.75	\$ 745,489.09
19	1-Feb-39	\$82,582.09	\$ 63,572.12	\$ 19,009.97	\$ 681,916.97
20	1-Feb-40	\$82,582.09	\$ 65,193.21	\$ 17,388.88	\$ 616,723.76
21	1-Feb-41	\$82,582.09	\$ 66,855.63	\$ 15,726.46	\$ 549,868.13
22	1-Feb-42	\$82,582.09	\$ 68,560.45	\$ 14,021.64	\$ 481,307.68
23	1-Feb-43	\$82,582.09	\$ 70,308.74	\$ 12,273.35	\$ 410,998.94
24	1-Feb-44	\$82,582.09	\$ 72,101.62	\$ 10,480.47	\$ 338,897.32
25	1-Feb-45	\$82,582.09	\$ 73,940.21	\$ 8,641.88	\$ 264,957.11
26	1-Feb-46	\$82,582.09	\$ 75,825.68	\$ 6,756.41	\$ 189,131.43
27	1-Feb-47	\$82,582.09	\$ 77,759.24	\$ 4,822.85	\$ 111,372.19
28	1-Feb-48	\$82,582.09	\$ 79,742.10	\$ 2,839.99	\$ 31,630.09
29	1-Feb-49	\$32,436.66	\$ 31,630.09	\$ 806.57	\$ -
30	1-Feb-50	\$ -	\$ -	\$ -	\$ -
TOTALS		\$2,344,735.18	\$1,654,041.46	\$690,693.72	\$0.00

Colorado Water Conservation Board  
Project Expenditure Schedule

**Tunnel Water Company Laramie-Poudre Tunnel Rehabilitation Project**

The Tunnel Water Company  
P. O. Box 2017  
Fort Collins, CO 80522  
c/o Dennis J. Harmon

Ph. 970-482-3433  
Fax (970) 482-1486  
dharmon@wtrsupply.com

	Original	Amended	Final
Loan Contract No.:	CT2016-2001		
Authorization:	\$1,111,000.00	\$1,717,000.00	
Contract Amount	\$1,100,000.00	\$1,700,000.00	\$ 1,637,664.81
Loan Service Fee %	1.00%	1.00%	
Loan Service Fee	\$11,000.00	\$17,000.00	\$ 16,376.65
Total Loan Amount	\$1,111,000.00	\$ 1,717,000.00	\$ 1,654,041.46
Interest:	2.55%	2.55%	2.55%
Term (Years):	30	30	30
Conditions:	Up to 100%		0
IDC Calculation Date:	2/1/2020		

Substantial Completion Date 2/1/2020

Contract Expires: 11/4/2019

Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest
					\$ 1,717,000.00		
1	11/19/2015	Engineering/Construction	\$ 474,046.60	\$ 474,046.60	\$ 1,242,953.40	\$ 50,836.63	\$ 50,836.63
2	1/26/2016	Construction	\$ 210,968.54	\$ 685,015.14	\$ 1,031,984.86	\$ 21,621.96	\$ 72,458.59
3	11/29/2016	Construction	\$ 49,288.27	\$ 734,303.41	\$ 982,696.59	\$ 3,990.93	\$ 76,449.52
	2/13/2018	IDC Payment Received	-	\$ 734,303.41	\$ 982,696.59	(\$ 39,000.05)	\$ 37,449.47
4	6/6/2018	Engineering	\$ 129,185.31	\$ 863,488.72	\$ 853,511.28	\$ 5,460.29	\$ 42,909.76
5	1/10/2019	Engineering & Construction	\$ 95,997.82	\$ 959,486.54	\$ 757,513.46	\$ 2,595.49	\$ 45,505.25
6	10/17/2019	Engineering and Construction	\$ 381,076.92	\$ 1,340,563.46	\$ 376,436.54	\$ 2,848.68	\$ 48,353.93
7	12/3/2019	Engineering and Construction	\$ 247,709.08	\$ 1,588,272.54	\$ 128,727.46	\$ 1,038.34	\$ 49,392.27
Final	2/1/2020	Roll IDC into Loan	\$ 49,392.27	\$ 1,637,664.81	\$ 79,335.19	(\$ 49,392.27)	(\$ 0.00)
Final	2/1/2020	Loan Service Fee @ 1%	\$ 16,376.65	\$ 1,654,041.46	\$ 62,958.54	-	(\$ 0.00)
CT	2/1/2020	Funds Not Needed	(\$ 62,958.54)	\$ 1,654,041.46	\$ 0.00	-	(\$ 0.00)

**Appendix A, Amendment No. 1 to Loan Contract CT2016-2001  
Amendment to Promissory Note**

Date:	April 11, 2018
Borrower:	The Tunnel Water Company
Total Loan Amount:	\$1,717,000.00
Interest Rate:	2.55% per annum
Term of Repayment:	30 years or until loan is paid in full
Loan Contract No.:	CT2016-2001
Loan Payment:	\$82,582.09
Payment Initiation Date:	February 1, 2020
	<u>(to be filled in at Substantial Completion of Project)</u>
Maturity Date:	February 1, 2050
	<u>(to be filled in at Substantial Completion of Project)</u>

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.


1. This Amendment to Promissory Note in the revised total loan amount *shall replace and supersede* the Original Promissory Note, attached as Appendix 3 to the Original Loan Contract (in the amount of \$1,111,000.00) and incorporated by reference.
2. Principal and interest shall be payable in equal Loan Payments, with the first payment due and payable one year from Payment Initiation Date, 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 sixty (60) calendar days of the due date.
5. This 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 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 and Deed of Trust ("Security Instruments") of even date and amount and cover revenues, real property, and/or accounts of the Borrower. The Loan Contract and Security Instruments grants additional rights to the CWCB, including the right to accelerate the maturity of this Note in certain events.
8. If any annual payment is not paid when due or any default under the Loan Contract or the Security Instruments securing this 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.

9. The Borrower and any co-signer or guarantor hereby agree 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.
10. This Note shall be governed in all respects by the laws of the State of Colorado.

Borrower: The Tunnel Water Company

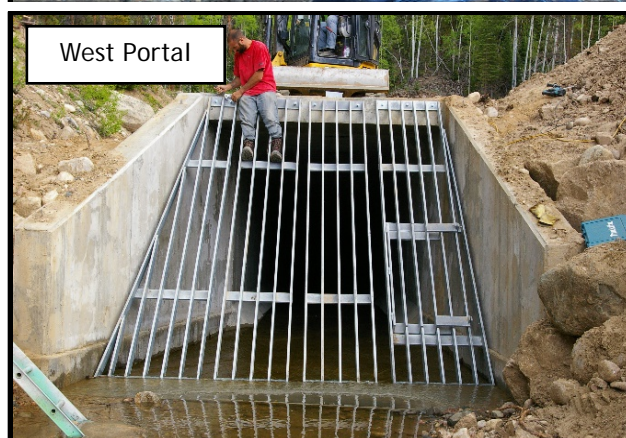
Attest:  
By   
Signature  
Name Dennis J. HARMON  
Title General Manager  
Date 4/11/18

By   
Signature  
Name Keith W. Amen  
Title President  
Date 4-11-2018



## Laramie-Poudre Tunnel Rehabilitation Project

The Tunnel Water Company  
Substantially Complete February 1, 2020



Photos show West Portal and East Portal rehabilitation of the Laramie-Poudre Tunnel Project.

### Project Description

The Tunnel Water Company operates the Laramie-Poudre Tunnel for the benefit of its two shareholders: Water Supply and Storage Company (WSSC) and Windsor Reservoir and Canal Company (WRCC). The tunnel diverts from the Laramie River, about 60 miles west of Fort Collins, and delivers water through a 2.15-mile tunnel to the Poudre River. WSSC delivers irrigation water to its shareholders, primarily for agricultural irrigation on approximately 40,000 acres lying below the Larimer County Canal. WRCC delivers water to its municipal shareholders via the Soldier Canyon and Bellvue Water Treatment Plants.

The Company purchased the Laramie Poudre Tunnel and its adjoining Laramie River System in 1938. The west portal (inlet) has deteriorated since its original construction in 1910. The interior timber cribbing and concrete lining were at or near the end of their useful service lives and the slope steepness at the portals made it difficult for maintenance access. The east portal's (outlet) concrete energy attenuation structure was resurfaced many times before and was heavily spalled, near failure. The west portal construction rehabilitation was completed in 2016. Construction rehabilitation on the east portal was completed in 2019.

P R O J E C T D A T A		
<i>Sponsor:</i> The Tunnel Water Company	<i>County:</i> Larimer	<i>Water Source:</i> Laramie River/Cache La Poudre River
<i>Type of Project:</i> Water Supply and Storage	<i>Board Approval Date:</i> September 2015	
<i>Terms of Loan:</i> 2.55% for 30 years	<i>(Original)</i> \$1,717,000	<i>(Final)</i> \$1,654,041.46
<i>Design Engineer:</i> Golder Associates, Inc.		
<i>Contractor:</i> Rock Solid Solutions and Connell Resources, Inc.		