

**Tunnel Water Company  
P.O. Box 2017  
2319 E. Mulberry Street  
Fort Collins, CO 80522-2017**

February 23, 2021

Rachel Pittinger, P.E.  
Colorado Water Conservation Board  
1313 Sherman St., Room 718  
Denver, CO 80203  
Via Email: [Rachel.pittinger@state.co.us](mailto:Rachel.pittinger@state.co.us)

Re: Wildfire Impact Loan – Laramie Poudre Tunnel Self Cleaning Trash Rack  
Amended Loan Request

Dear Ms. Pittinger:

By this letter the Tunnel Water Company ("Company") is amending its loan request for the Company's proposed self cleaning trash rack to be located at the Laramie Poudre Tunnel headworks. As we have progressed on planning and design for the project additional costs have been identified above what we submitted with our original loan request. In particular, the estimates for electrical and associated infrastructure for the site far exceeded our initial estimates, as well as the construction costs. Below is the amended cost estimates:

Self Cleaning Trash Rack (Duperon)	\$ 345,000.00
Concrete/Construction	\$ 699,363.00
Electrical Infrastructure (Parts and Install)	\$ 161,420.00
Total	<hr/> \$ 1,205,783.00

Accordingly we are amending our loan request from \$600,000.00 to 1,205,783.00. Please let me know if you have any questions or need additional information.

Sincerely,



Donald E. Frick  
General Manager

# Colorado Water Conservation Board

## Wildfire Impact Loan

### Emergency Loan Application and Feasibility Study

Prepared for:

Self Cleaning Trash Rack

Laramie-Poudre Tunnel

The Tunnel Water Company


Prepared by:

Donald E. Frick, General Manager

#### FEASIBILITY STUDY APPROVAL

Pursuant to Colorado Revised Statutes 37-60-121 & 122, and in accordance with policies adopted by the Board, the CWCB staff has determined this Feasibility Study meets all applicable requirements for approval.

 2/15/2021  
Signed Date

Signature	
 Signature / Title	1/18/21 Date
Return to: Finance Section Attn: Matt Stearns 1313 Sherman St #718 Denver, CO 80203 Ph. 303/866.3441 e-mail: matthew.stearns@state.co.us	

**COLORADO**Colorado Water  
Conservation Board

Department of Natural Resources

## Water Project Loan Program

Projects financed by the Water Project Loan Program must align with the goals identified in Colorado's Water Plan and its measurable objectives.

Agency/Company Information	
Company / Borrower Name:	
Authorized Agent & Title:	
Address:	
Phone: (     )	Email:
Organization Type: <input type="checkbox"/> Ditch Co, <input type="checkbox"/> District, <input type="checkbox"/> Municipality <input type="checkbox"/> other: _____	Incorporated? <input type="checkbox"/> YES <input type="checkbox"/> NO
County:	Number of Shares/Taps:
Water District:	Avg. Water Diverted/Yr _____ acre-feet
Number of Shareholders/Customers Served:	Current Assessment per Share \$ _____ (Ditch Co)
Federal ID Number:	Average monthly water bill \$ _____ (Municipality)
Contact Information	
Project Representative:	
Phone: (     )	Email:
Engineer:	
Phone: (     )	Email:
Attorney:	
Phone: (     )	Email:
Project Information	
Project Name:	
Brief Description of Project: (Attach separate sheets if needed)	
Project Start Date(s) Design: _____ Construction: _____	
General Location: (Attach Map of Area)	
Project Costs - Round to the nearest thousand	
Estimated Engineering Costs:	Estimated Construction Costs:
Other Costs (Describe Above):	Estimated Total Project Costs:
Requested Loan Amount:	Requested Loan Term (10, 20, or 30 years): _____ Years
Attachments	
<input type="checkbox"/>	Last three years Financial Statements
<input type="checkbox"/>	Shareholders List (showing owner name and # of shares owned)
<input type="checkbox"/>	Articles of Incorporation/ By-laws
<input type="checkbox"/>	Location Map/Service Area
<input type="checkbox"/>	Shareholder Resolution (submit prior to contracting)
<input type="checkbox"/>	Attorney Opinion Letter / Bond Counsel (submit prior to contracting)

## Emergency Loan Application and Feasibility Study

### **Project Background**

As the Governor has declared a state of disaster emergency for the area and there is reason to believe that the ability to provide suitable raw water may be significantly affected by the cause of the emergency declaration, the borrower seeks approval of this streamlined Water Project Loan Program application and loan feasibility study for a loan to cover eligible expenses under the program.

## Emergency Loan Application and Feasibility Study

### Water Rights

The water rights impacted by this project include:

Source Name	Rate or Volume	Appropriation Date	Adjudication Date	Amount (cfs or AF)

Additional Information:

# Emergency Loan Application and Feasibility Study

## Project Description

Alternative 1 - No Action:

Alternative 2 - \_\_\_\_\_ :

Selected Alternative 3 - \_\_\_\_\_ :

## Emergency Loan Application and Feasibility Study

### Cost Estimate

The Project cost estimate, provided by \_\_\_\_\_  
is \$\_\_\_\_\_ and is further broken down as follows:

Task	Cost
Total	

The Borrower is applying for a loan not to exceed \$\_\_\_\_\_.

Additional Information:

### Financial Analysis

The Borrower has \$\_\_\_\_\_ in existing debt as summarized below:

Lender	Original Balance	Current Balance	Annual Payment	Maturity Date	Collateral
Total:					

The Borrower's sources of income include:

## Emergency Loan Application and Feasibility Study

### Schedule

Construction of the Project is expected to commence (month/year):

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Project completion is estimated to occur by (month/year):

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Additional schedule details:

### Economic, Social, and Environmental Effects

### Permits





**Date:** December 23, 2020

**Proposal #P10853 R2**

**Project:** Laramie River Intake CO

**To:** Levi Stockton, PE / Donald Frick, PE  
Water Supply & Storage Company / Tunnel Water Company  
PO Box 2017  
Fort Collins, CO 80522  
lstockton@wtrsupply.com dfrick@wtrsupply.com

Keith W. Amen  
Amen Farming  
15400 County Road 86  
Pierce, CO 80650  
970-371-0404  
keith@amenfarmingfeeding.com

**Duperon Contact:**

Rebekah Clements – Sales Project Manager  
rclements@duperon.com

Mark Wilson - Regional Sales Manager  
mwilson@duperon.com  
(989) 401-7130

**Local Representation:**

Steven G. Hansen, PE  
Ambiente H<sub>2</sub>O Inc.  
1500 W Hampden Ave Ste 5D  
Sheridan, CO 80110  
303-433-0364  
shansen@ambienteH2o.com

Duperon is pleased to offer the following scope of supply including mechanical bar screen and accessories, as listed in the scope of supply. Please also refer to Duperon Terms and Conditions attached. We appreciate the opportunity to provide the following pricing for the screening requirements at the Laramie River Intake project. We look forward to the opportunity to work with you and thank you for your consideration.



**Scope of Supply:** Based on information provided

**(2) Mechanical Bar Screen**

- **Model Self-Cleaning Trashrack**
  - **SCT**
    - Approx. 10 ft wide x 23 ft long
    - Material of Construction: A36 Stl, DC. Std. Coating
    - Clear Bar Openings: 2 in at bars, 3 in at chain
    - Barscreen: 0.38 in x 4.00 in
    - Designed for 10 ft head differential
    - Angle (from vertical): 30 degrees
    - Drive: 2 HP, inverter duty
    - Includes: stripper assembly, deck tiebacks, associated structural members, filler bars
    - Includes: 304 SSTL anchor bolts
    - Including tie back bracing per screen
    - Unit shipping fully assembled
    - Anchoring supports/members shipping loose.

**(1) Controls Package**

Includes: One (1) SCT Controls – For 1 PH incoming power and includes N4X SSTL enclosure w/ fan/louvers, AC Tech SMV series vector drives, main control breakers w/ lockable thru-door handles, HOAs, where Hand mode enables the remote (local) station and Auto uses a cycle timer (can be zeroed out) and a dry contact input from the pump controls (to run whenever pumps run). Controls also include dry contact outputs for “Run”, “In Auto”, “VFD Fault” and “Motor Overtemp” for status monitoring and provisions for remote (local) push button stations. Trashrack controls scope does not include any level control system. 120V/1Ph

(1) STANDARD NEMA 4X Remote Push Button Stations – Includes operators for Forward, Jog Reverse and E-Stop. Requires field wiring (by others) to corresponding terminals in main control panel.

**Spare Parts**

- SP1-001 Standard Spare Parts Package which includes:
  - (1) Chain adjustment tool
  - (1) 5 year supply of lubrication for maintaining all screen components

**On Site Technical Assistance**

- (1) Trip(s)
- (1) Technician
- (2) 8 hour man-day(s) total onsite
- *If additional Technical Service days are required, please add per the rates included in the Clarifications section of this scope of supply.*

**Operation and Maintenance Manuals**

- 6 Hard Copies

**Warranty**

- One Year Standard material and workmanship

**Freight to Jobsite**

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**Price: \$345,000**

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**Clarifications:**

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- Prices are valid for 30 days unless stated otherwise in the proposal
- See Duperon Contractor Installation Guides for guidance in estimating these costs.
- Duperon requires 3 week's advanced notice in writing to schedule field service technician on site.
- Field Services will be provided as outlined in this proposal. Duperon field service rate is \$750 per day plus travel and per diem expenses. If field service personnel arrive on site as scheduled and the project is not ready for intended services to be performed, Duperon will invoice for additional days, if required. If the time required is greater than the time listed in this proposal, Duperon will invoice at the above rates.
- The specifications listed are the only specifications which shall apply to this proposal either directly or by reference. Any additional specifications, with equipment or requirements specified therein, that are not specifically included as part of this offer are excluded from this proposal.
- Please note that bar spacing shall be 2 in clear opening at bar, and 3 inch opening at chain.

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**Not Included:**

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- Bonding, tariffs, permits, taxes, liquidated damages.
- On-site conditions affecting the work described or which affects the installation of the Trashrack.
- Conduit, control stands, control mounting wiring, junction boxes, or other control accessories.
- Stilling wells.
- Any site work or installation tasks (ie, unloading, placement, dewatering, diving, clearing the forebay, wiring, provision of concrete structure, etc.), equipment (such as cranes, hammer drills, etc.), or anchor bolts.
- Release of proprietary information.
- Engineering: Does not include drawings other than those for the FlexRake.
- Discharge system.
- Pre-installation tasks such as touch-up painting (paint will be provided), checking bolts for tightness, removal of shipping containment devices, etc.
- Vibration and noise testing.
- Offloading or handling of delivered equipment.

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**Payment Terms:**

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- 5% Due with placement of order.
- 20% Invoiced upon receipt of approved submittal of engineering drawings not to exceed 10 days after the approval.
- 65% Invoiced at time of shipment.
- 10% Invoiced upon successful start up or 60 days after shipment, whichever is less.
- All payments are due Net 30 days.
- Based upon review and approval by Duperon Corporation credit department.
- No retentions allowed.

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**Proposal Terms:**

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- Subject to acceptance by our credit department.
- Provision for retainage is not included in this proposal.
- Pricing is subject to changes based upon time of order and current stainless steel prices.
- Terms may be negotiated upon request

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**Right to Refuse:**

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**FIRM PRICE**Proposal Number  
P10853 R2**Laramie River Intake CO**

This proposal is based upon the information available at this time and may be impacted by future specifications, scope, and other requirements. This information may be relied upon and used for project estimating purposes only. Note In the event of cancellation of a purchase order or contract, Duperon Corporation will be compensated for all costs that it or its subcontractors have incurred for performance of work in good faith. Due to the current volatility of the steel market, prices may be impacted at time of order. Please be advised that Duperon Corporation retains the right to revise, withdraw, or negotiate this offer at any time prior to signing a material contract.

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**Approved for Purchase by:**

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Signature

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Date

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Printed Name

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Title  

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Company Name & Address

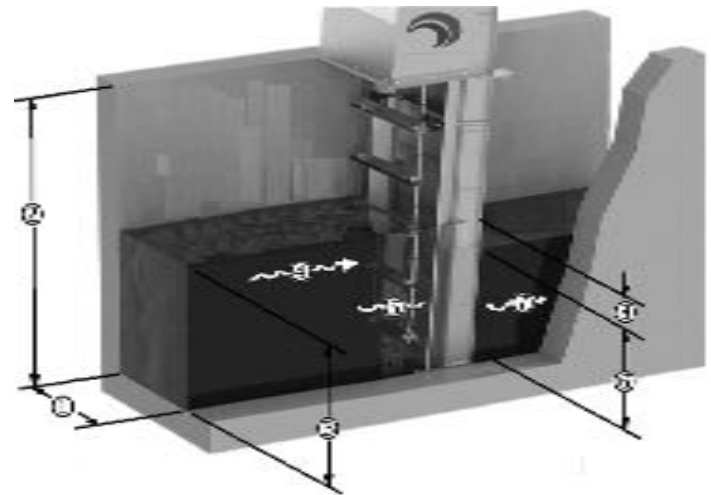


Date: 12/9/2020

**Project:** Laramie River Intake CO

DC Prop.#: P10853

**Notes:** 350 CFS = 226 MGD

[illegible]

Duperon requires a minimum of 1.00 ft water depth when the unit is in operation to keep the SSTL FlexLinks lubricated and ensure an optimal amount of screening area. This does not apply to LowFlow, FR IQ, and GTS units.

Head loss is calculated using Bernoulli equation:  $HL = (1/C^2) \cdot (V^2 - v^2) / (2g)$ . Flow coefficient  $(1/C^2) = 1.43$  should be used for general applications (FP, HD, SCT).  $(1/C^2) = .99$  is used for teardrop bars (LF, FPFS, FPFS-M, FR IQ, GTS). ‡

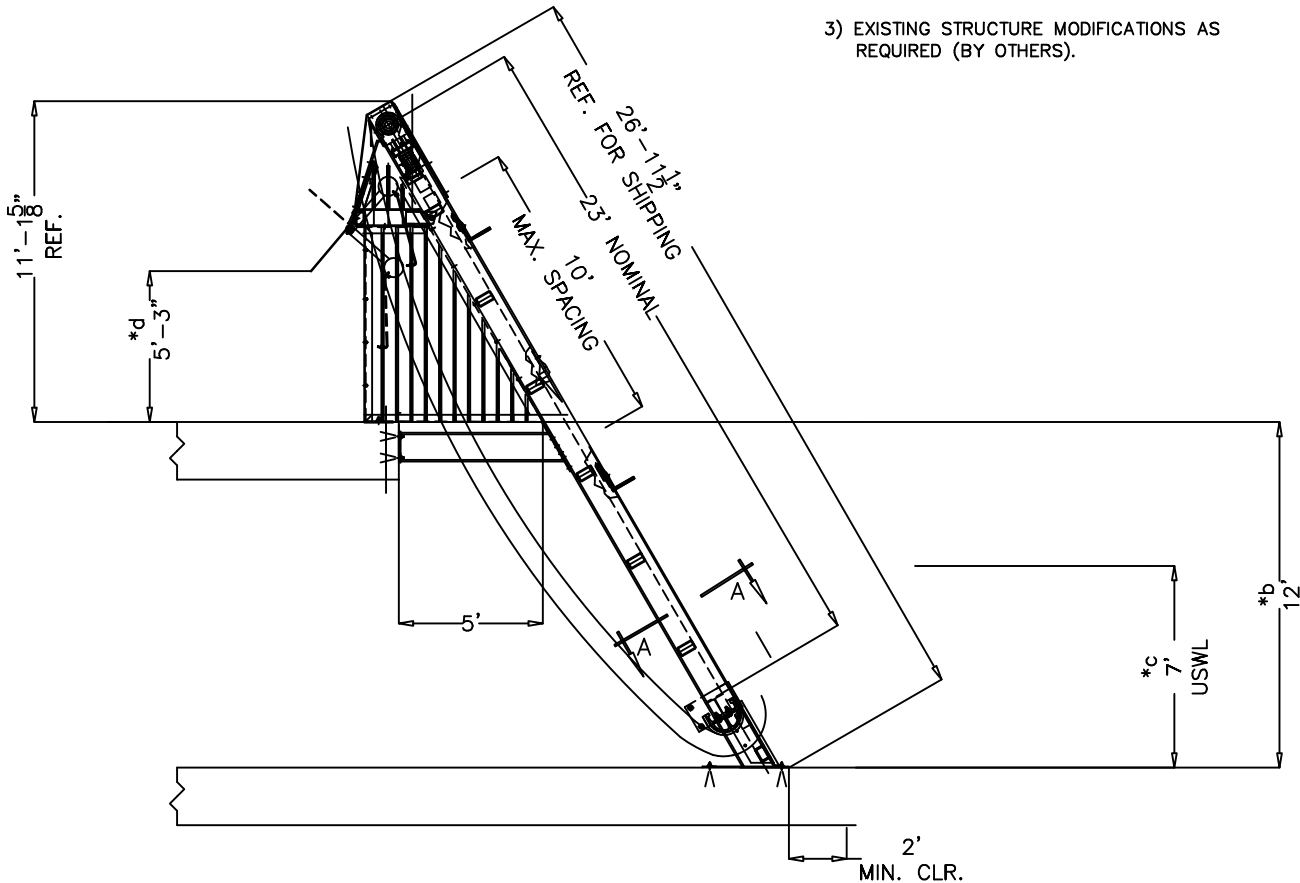
At design average flow conditions, approach velocities should be no less than 1.25 fps, to prevent settling. ##

Satisfactory designs have provided for velocities of 2 to 4 fps through the openings of mechanically cleaned screens.###

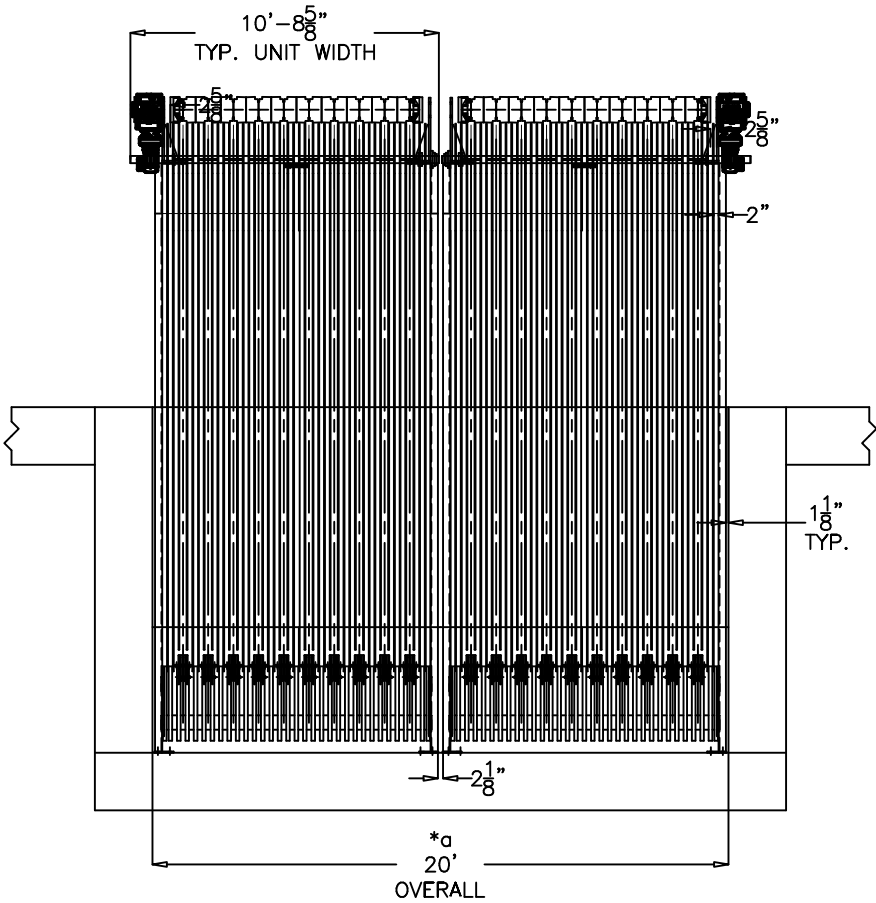
References: #Hydraulic Similarity of Headloss Predictions (WEF abstract) 2010, L.Botero, M.Woodley. ##Recommended Standards for Wastewater Facilities (10 States), 61.122 (2014). ###WEF MOP 8 5th ed. 2010.

REVISIONS				
REV	DESCRIPTION	DATE	REVISED	APPROVED
1	NOMINAL LENGTH WAS 27'	12/15/20	JSG	RLC

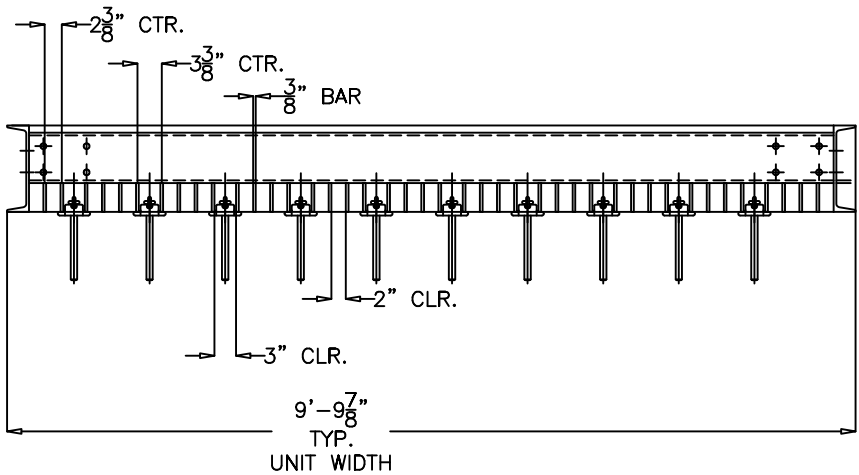
- NOTES
- 1) VERIFY THAT THE PROPOSED INSTALLATION IS SUITED TO THE SITE.
    - a) VERIFY CHANNEL WIDTH
    - b) VERIFY CHANNEL HEIGHT
    - c) VERIFY MAX WATER LEVEL
    - d) VERIFY DISCHARGE CLEARANCE
  - 2) SITE DIMENSIONS ARE SUBJECT TO CHANGE UPON ADDITIONAL SITE VERIFICATION
  - 3) EXISTING STRUCTURE MODIFICATIONS AS REQUIRED (BY OTHERS).



TYP. SIDE VIEW @ UNIT



FRONT VIEW




SECTION A-A  
3:1 VIEW

**CONCEPTUAL**

THIS PROPOSAL DRAWING IS BASED UPON THE INFORMATION AVAILABLE AT THE TIME AND MAY BE IMPACTED BY FUTURE SPECIFICATIONS, SCOPE, AND OTHER REQUIREMENTS. PLEASE BE ADVISED THAT DUPERON CORPORATION RETAINS THE RIGHT TO REFUSE, WITHDRAW, OR NEGOTIATE THIS PROPOSAL AT ANY TIME PRIOR TO SIGNING A MATERIAL CONTRACT.

**PROPRIETARY**

THIS MATERIAL IS THE EXCLUSIVE PROPERTY OF DUPERON CORPORATION AND MUST BE RETURNED TO DUPERON IMMEDIATELY UPON REQUEST. THIS MATERIAL AND THE INFORMATION ILLUSTRATED OR CONTAINED HEREIN MAY NOT BE REPRODUCED, COPIED, USED OR TRANSMITTED IN WHOLE OR IN PART IN ANY WAY WITHOUT THE PRIOR WRITTEN CONSENT OF DUPERON CORPORATION - SAGINAW, MI, USA

<b>PRELIMINARY</b>			
DIMENSIONING & TOLERANCING IN ACCORDANCE WITH ANSI Y14.5M-1982		 Saginaw, Michigan 48607 TF 800.383.8479	
TOLERANCES - UNLESS OTHERWISE SPECIFIED X = ±0.03 XX = ±0.01 XXX = ±0.008 XXXX = ±0.0005 ANGULAR = ±0.5°		SHEET TITLE <b>DUPERON CORPORATION SELF CLEANING TRASHRACK</b>	
DRAWN JSG 12/14/20 CHECKED APPROVED APPROVED APPROVED		PART NAME <b>LARAMIE RIVER INTAKE, CO</b>	
SIZE <b>D</b>	FSCM NO.	DWG. NO. <b>P10853</b>	REV <b>1</b>
SCALE NONE		SHEET 1 OF 1	

## Duperon Corporation Terms and Conditions

The Terms and Conditions ("Terms") contained herein shall apply to any and all Equipment sales by Duperon Corporation, Inc ("Duperon Corporation") to Purchasers ("Purchasers"). These Terms apply in lieu of any course of dealing between the parties or usage of trade in the industry. Any changes in the Terms contained herein must specifically be agreed to in writing and signed by Duperon Corporation before becoming binding on either party. The sale and purchase of equipment described herein shall be governed exclusively by the foregoing and the following Terms:

1. **ACCEPTANCE:** Any prior Duperon Corporation price quotation or pricing letter is for Purchaser's information only. Duperon Corporation shall only be bound by written confirmation of acceptance of the proposal. All Purchaser orders and agreements are expressly conditioned upon assent to these terms and conditions. Terms additional to or different from those in these terms and conditions are rejected. Duperon Corporation and Purchaser agree that these terms and conditions are accepted in good faith by both parties as the controlling terms and conditions notwithstanding Section 2-207 of the Uniform Commercial Code, as enacted. Duperon Corporation's commencement of performance is not to be construed as acceptance of any of Purchaser's terms or conditions. Duperon Corporation may commence performance in reliance on Purchaser's acceptance of these terms and conditions.
2. **SPECIFICATIONS:** The proposal or Equipment may not be in strict compliance with the Engineer's/Owner's plans, specifications, or addenda as there may be deviations. The Equipment will meet the mechanical specifications as described by Duperon Corporation.
3. **ITEMS INCLUDED:** Duperon Corporation's offer includes only the listed Equipment and does not include erection, installation, accessories or associated materials such as controls, piping, etc.
4. **PARTIES TO CONTRACT:** Duperon Corporation is not a party to or bound by the terms of any other Purchaser contract, agreement, or understanding with third-parties and Duperon Corporation's duties are limited to this proposal with Purchaser to which there are no intended third-party beneficiaries.
5. **PRICE AND DELIVERY:** All selling prices quoted are subject to change without notice after 30 days from the date of a proposal unless specified otherwise. Unless otherwise stated, all prices are F.O.B. Duperon Corporation or its supplier's shipping points with freight allowed. All claims for damage, delay or shortage shall be made by Purchaser directly against the carrier. When shipments are quoted F.O.B. job site or other designation, Purchaser shall inspect the Equipment shipped, notifying Duperon Corporation of any damage or shortage within forty-eight hours of receipt. Failure to so notify Duperon Corporation shall constitute acceptance by Purchaser, relieving Duperon Corporation of any liability for shipping damages or shortages.
6. **PAYMENTS:** All invoices are net 30 days. Delinquencies and failure to pay after demand by Duperon Corporation are subject to a 1.5% service charge per month or the maximum permitted by law, whichever is less, on all past due accounts. Pro rata payments are due as shipments are made. If shipments are delayed by the Purchaser, invoices shall be sent on the date when Duperon Corporation is prepared to make shipment and payment shall become due under standard invoicing terms. If the work to be performed hereunder is delayed by the Purchaser, payments shall be based on percentage of completion. Unless specifically stated otherwise, prices quoted are for Equipment only. If at any time the financial condition of the Purchaser gives Duperon Corporation, in its judgment, doubt concerning the Purchaser's ability to pay, Duperon Corporation may require full or partial payment in advance or may suspend any further deliveries or continuance of the work to be performed by Duperon Corporation until such payment has been received or terminate its contract.
7. **CREDIT APPLICATION:** Purchaser must complete a credit application if it wishes credit terms. The provision of credit is subject to acceptance by Duperon Corporation's Credit Department and its requirements.
8. **RETENTIONS:** Retentions are not included, unless specifically noted. Purchaser agrees not retain payment or any part of a payment. Failure to make payment in accordance with the agreed upon terms will result in a 1.5% per month service charge.
9. **ESCALATION:** If shipment is, for any reason, deferred by the Purchaser beyond the contractually agreed upon normal shipment date, or if material price increases (or decreases) are greater than 5% from proposal date to material procurement date, stated prices set forth herein are subject to a shared risk escalation adjustment. Any escalation less than plus or minus 5% shall be absorbed by Duperon Corporation. All escalation (increase or credit) that exceeds 5% shall be passed onto the Purchaser at cost and shall be based upon increases (or decreases) in material costs to Duperon Corporation that occur in the time period between quotation and material procurement by Duperon Corporation. Purchaser agrees to this potential escalation (or credit) regardless of contradicting terms in the contract, except when an agreed upon escalation adder is included in the price.
  - (a) The total quoted revised price is based upon changes in the indices as published by third party sources, such as, the United States Department of Labor, Bureau of Labor Statistics. Labor will be related to the Average Hourly Earnings indices found in the Employment and Earnings publication. Material will be related to the Metal and Metal Products Indices published in Wholesale Prices and Price Indices.
  - (b) Price revision for items furnished to, and not manufactured by Duperon Corporation, which exceed the above escalation calculation, will be passed along by Duperon Corporation to Purchaser based upon the actual increase in price to Duperon Corporation for the period from the date of quotation to the date of material procurement. Any item that is so revised will be excluded from the index escalation calculations set forth in subparagraph (a) above.
10. **BACKCHARGES:** Duperon Corporation will not approve or accept back charges for labor, materials, or other costs incurred by Purchaser or others in modification, adjustment, service, or repair of Duperon Corporation furnished materials unless such back charge has been authorized in advance in writing by a Duperon Corporation employee, by a Duperon Corporation purchase order, or work requisition signed by Duperon Corporation



## Duperon Corporation Terms and Conditions

11. **APPROVAL:** If approval of Equipment submittals by Purchaser or others is required, a condition precedent to Duperon Corporation supplying any Equipment shall be such complete approval.
12. **INSTALLATION SUPERVISION:** Unless specified, prices quoted for Equipment do not include installation supervision or on-site technical advice. Duperon Corporation recommends and will, upon request, make available, at Duperon Corporation's then current rate, an experienced installation supervisor to act as the Purchaser's agent to supervise installation of the Equipment. Purchaser shall at its sole expense furnish all necessary labor Equipment, and materials needed for installation. Responsibility for proper operation of Equipment, if not installed by Duperon Corporation or installed in accordance with Duperon Corporation's instructions and inspected and accepted in writing by Duperon Corporation, rests entirely with Purchaser; and any work performed by Duperon Corporation personnel in making adjustment or changes must be paid by Purchaser at Duperon Corporation's then current per diem rates plus living and traveling expenses. Duperon Corporation shall not be responsible for results in connection with the installation of the Equipment or technical advice not provided or furnished by Duperon Corporation.
13. **ACCEPTANCE OF PRODUCTS:** Products will be deemed accepted without any claim by Purchaser unless written notice of nonacceptance is received by Duperon Corporation within 30 days of delivery if shipped F.O.B. point of shipment, or 48 hours of delivery if shipped F.O.B. point of destination. Such written notice shall not be considered received by Duperon Corporation unless it is accompanied by all freight bills for said shipment, with Purchaser's notations as to damages, shortages and conditions of Equipment, containers, and seals. Non-accepted products are subject to the return policy stated below.
14. **TAXES:** Any federal, state, or local sales, use or other taxes applicable to this transaction, unless specifically included in the price, shall be the responsibility of Purchaser.
15. **TITLE:** The Equipment shall, regardless of the manner in which affixed to or used in connection with realty, remain the sole and personal property of Duperon Corporation until the full purchase price has been paid. Purchaser agrees to do all things necessary to protect and maintain Duperon Corporation's title and interest in and to such Equipment; and upon Purchaser's default, at Duperon Corporation's option, Duperon Corporation may retain as liquidated damages any and all partial payments made and shall be free to enter the premises where such Equipment is located and remove the same as its property without prejudice to any further claims on account of damages or loss which Duperon Corporation may suffer from any cause.
16. **INSURANCE:** From date of shipment until the invoice is paid in full, Purchaser agrees to provide and maintain at its expense, but for Duperon Corporation's benefit, adequate insurance including, but not limited to, builders risk insurance on the Equipment against any loss of any nature whatsoever. Purchaser shall provide proof of said coverage prior to shipment.
17. **SHIPMENTS:** Any estimated delivery dates represent Duperon Corporation's best estimate. No liability, direct or indirect, is assumed by Duperon Corporation for failure to ship or deliver on such dates. Duperon Corporation shall have the right to make partial shipments; and invoices covering the same shall be due and payable by Purchaser in accordance with the payment terms thereof. If Purchaser defaults in any payment when due hereunder, Duperon Corporation may, without incurring any liability therefore to Purchaser or Purchaser's customers, declare all payments immediately due and payable with maximum legal interest thereon from due date of said payment, and at its option, stop all further work and shipments until all past due payments have been made, and/or require that any further deliveries be paid for prior to shipment. If Purchaser requests postponements of shipments, the purchase price shall be due and payable upon notice from Duperon Corporation that the Equipment is ready for shipment; and thereafter any storage or other charge Duperon Corporation incurs on account of the Equipment shall be added to Purchaser's account. If delivery is specified at a point other than Duperon Corporation or its supplier's shipping points, and delivery is postponed or prevented by strike, accident, embargo, or other cause beyond Duperon Corporation's reasonable control and occurring at a location other than Duperon Corporation or its supplier's shipping points, Duperon Corporation assumes no liability for delivery delay. If Purchaser refuses such delivery, Duperon Corporation may store the Equipment at Purchaser's expense. For all purposes of this agreement such tender of delivery or storage shall constitute delivery.
18. **WARRANTY:** DUPERON CORPORATION WARRANTS EQUIPMENT IT SUPPLIES ONLY IN ACCORDANCE WITH THE WARRANTY EXPRESSED IN THE ATTACHED COPY OF "DUPERON WARRANTY" AGAINST DEFECTS IN WORKMANSHIP AND MATERIALS WHICH IS MADE A PART HEREOF. SUCH WARRANTY IN LIEU OF ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE, WHETHER WRITTEN, ORAL, EXPRESSED, IMPLIED OR STATUTORY, DUPERON CORPORATION SHALL NOT BE LIABLE ANY CONTINGENT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES FOR ANY REASON WHATSOEVER. THE PARTIES AGREE AND STIPULATE THAT AN EXPRESS WARRANTY PROVIDED TO PURCHASER IN WRITING IS THE SOLE WARRANTY REGARDING THE PRODUCT AND ANY SERVICE PROVIDED BY DUPERON CORPORATION. THE PARTIES SPECIFICALLY AGREE AND STIPULATE THAT THERE IS NO OTHER WARRANTY OF ANY TYPE WHATSOEVER, INCLUDING BUT NOT LIMITED TO CONSUMER WARRANTIES, WARRANTY OF FITNESS FOR PARTICULAR PURPOSE, WARRANTY OF MERCHANTABILITY, AND DUPERON CORPORATION IS NOT LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, OR ANY OTHER DAMAGES, EXCEPT AS SET FORTH IN THESE TERMS AND THE EXPRESS WARRANTY. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE OF THE EXPRESS WARRANTY.
19. **PATENTS:** Duperon Corporation agrees that it will, at its own expense, defend all suits or proceedings instituted against Purchaser and pay any award of damages assessed against it in such suits or proceedings, so far as the same are based on any claim that the said Equipment or any part thereof constitutes an infringement of any apparatus patent of the United States issued at the date of this Agreement provided Duperon Corporation is given prompt notice in writing of the institution or threatened institution of any suit or proceeding and is given full control of the defense, settlement, or compromise of any such action; and Purchaser agrees to give Duperon Corporation needed information, assistance, and authority to enable Duperon Corporation so to do. In the event said Equipment is held or conceded to infringe

## Duperon Corporation Terms and Conditions

such a patent, Duperon Corporation shall have the right at its sole option and expense to a) modify the Equipment to be non-infringing, b) obtain for Purchaser the license to continue using said Equipment, or c) accept return of the Equipment and refund to the Purchaser the purchase price thereof less a reasonable charge for the use thereof. Duperon Corporation will reimburse Purchaser for actual out-of-pocket expenses, exclusive of legal fees, incurred in preparing such information and rendering such assistance at Duperon Corporation's request. The foregoing states the entire liability of Duperon Corporation, with respect to patent infringement; and except as otherwise agreed to in writing, Duperon Corporation assumes no responsibility for process patent infringement.

20. **CANCELLATION, SUSPENSION, OR DELAY:** After acceptance by Duperon Corporation, the proposal, or Purchaser's order based on the proposal, shall be a firm agreement and is not subject to cancellation, suspension, or delay except upon payment by Purchaser of appropriate charges which shall include all costs incurred by Duperon Corporation to date of cancellation, suspension, or delay plus a reasonable profit. Additionally, all charges related to storage and/or resumption of work, at Duperon Corporation's plant or elsewhere, shall be added to Purchaser's sole account. If Duperon Corporation stores Purchaser's product upon request, Purchaser agrees to be invoiced, and pay, as if the product shipped according to schedule and all risks incidental to storage shall be assumed by Purchaser. Duperon Corporation shall have the right to cancel any order or proposal without notice to Purchaser in the event that Purchaser becomes insolvent, adjudicated bankrupt, petitions for or consents to any relief under any bankruptcy reorganization statute, or becomes unable to meet its financial obligations in the normal course of business.

21. **RETURN OF PRODUCTS:** No products may be returned to Duperon Corporation without Duperon Corporation's prior written permission. Said permission may be withheld by Duperon Corporation at its sole discretion.

22. **EXTENDED STORAGE:** Extended storage instructions will be part of the information provided at shipment. If Equipment installation and start-up is delayed more than 30 days, the storage instructions must be followed to keep WARRANTY in force.

23. **INDEMNIFICATION AND HOLD HARMLESS:** Duperon Corporation and Purchaser agree to hold harmless the other party from any and all liabilities, damages, losses, claims, demands, payments, actions, fees, or judgments arising out of or resulting from injury to or death of any and all persons or from damage to or loss of property (or loss of use thereof) arising out of the sale, use, maintenance, and/or delivery of Equipment provided such liabilities, damages, losses, claims, demands, payments, actions, fees, or judgments are caused by actual, or claimed, negligence or breach of warranty and do not arise from any warranty not approved or from any sales for a purpose not authorized, nor liabilities, damages, losses, claims, demands, payments, actions, fees, or judgments caused in part by Purchaser's negligence or willful misconduct. Purchaser agrees to indemnify Duperon Corporation from all costs incurred, including but not limited to court costs and reasonable attorney fees, from enforcing any provisions of this contract, including but not limited to breach of contract or costs incurred in collecting monies owed on this contract.

24. **LIMITATION OF REMEDIES:** Duperon Corporation's liability shall be limited to the obligation to repair or replace only those portions or parts of Equipment proven to have failed to meet in material respect the mechanical specifications as described by Duperon Corporation or for defects in workmanship or materials as described in the Duperon Corporation Warranty in Section 18. Duperon Corporation's cumulative liability in any way arising from or pertaining to any Equipment sold to Purchaser shall not in any case exceed the purchase price paid by Purchaser for said Equipment. IN NO EVENT SHALL PURCHASER HAVE ANY LIABILITY FOR COMMERCIAL LOSS, CLAIMS FOR LABOR, CLAIMS BASED ON DELAY, OR ANY CONTINGENT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES OF ANY TYPE, WHETHER PURCHASERS' CLAIM BE BASED IN CONTRACT, TORT, WARRANTY, EQUITY, STRICT LIABILITY, OR OTHERWISE. IT IS EXPRESSLY AGREED THAT PURCHASER'S REMEDIES EXPRESSED IN THIS PARAGRAPH ARE PURCHASER'S SOLE AND EXCLUSIVE REMEDIES AT LAW OR IN EQUITY.

25. **FORCE MAJURE:** Neither party shall be considered in default hereunder or be liable for any failure to perform or delay in performing any provisions of this Agreement in the customary manner to the extent that such failure or delay shall be caused by any reason beyond its control, including an act of God; fire, explosions, hostilities or war (declared or undeclared, striking or work stoppage involving either party's employees or governmental restrictions, provided that the party declaring force majeure shall give notice to the other party promptly and in writing of the commencement of the condition, the nature, and the termination of the force majeure condition. The party whose performance has been interrupted by such circumstances shall use every reasonable means to resume full performance of these Terms as promptly as possible.

26. **ENTIRE AGREEMENT:** This proposal expresses the entire agreement between the parties hereto superseding any prior understandings, either written or oral, and is not subject to modification except by a writing signed by an authorized officer of each party. Any terms and conditions of any purchase order or other offer issued by Purchaser in connection with the subject matter of Duperon Corporation's proposal, which are in addition to or inconsistent with these terms and conditions, will not be binding on Duperon Corporation in any manner whatsoever unless accepted by Duperon Corporation in writing.

27. **APPLICABLE LAW AND ARBITRATION:** This contract shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan. Any controversy or claim arising out of or relating to the performance of any contract resulting from the Equipment, the proposal, or the breach thereof, shall be settled by binding arbitration filed in Saginaw County, Michigan, in accordance with the Arbitration Rules of the American Arbitration Association and the parties agree to irrevocable personal jurisdiction in Michigan. Judgment upon the award rendered by the arbitrator(s) may be entered to any court having jurisdiction.

28. **NOTICES:** Unless otherwise stated, Purchaser shall deliver notices in writing via certified mail or reputable overnight courier (postage prepaid) to: Duperon Corporation, 1200 Leon Scott Court, Saginaw, MI 48601. Notices delivered in this manner become effective upon Duperon Corporation's actual receipt. Duperon Corporation's notices to Purchaser may be delivered via email, facsimile, ordinary or certified mail, reputable overnight courier, or invoice and are effective when sent.

## Duperon Corporation Terms and Conditions

29. MISCELLANEOUS: Titles and/or headings in these Terms are inserted for convenience only and are not intended to effect the interpretation or construction of the Terms. Whenever possible, each provision of this Contract shall be interpreted in such a way as to be effective and valid under applicable law. If any provision is prohibited by or invalid under applicable law, it will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of the Terms. The parties agree that time is of the essence. No assignment of any right or obligation under this Contract shall be made by either party without the prior consent of both parties and all others are void. Failure or inability of either party to enforce any right hereunder shall not waive any right in respect to any other or future rights or occurrences. The parties deem that this Agreement was executed and to be fully performed in Saginaw, Michigan.

## Handles High Volumes, High Velocity, and All Types of Debris for Absolute Flow Protection



### **Duperon® SCT** Maximum Duty Self-Cleaning Trashrack

Robustly simple front cleaning, rear return Duperon® Self-Cleaning Trashrack technology. Utilizes A36 steel with Duperon® standard coatings.

- Lifting Capacity of 3,000 lbs.
- Can Remain Unused for Long Periods, Yet Reliably Begin Operation During a Storm or Rain Event
- Built-In Redundancy: Each Chain Operates Independently. Cleaning Will Continue Even if One Chain Strand is Out of Service
- Self-Tripping Lifting Fingers: Debris Heavier than 3,000 lbs. is Automatically Bypassed

# The Duperon® SCT

- No Underwater Bearings or Sprockets
- Cleans All of the Screen All of the Time
- Front Cleaning, Rear Return Means Lifting Fingers Do Not Have to Penetrate the Upstream Debris
- Prevents Debris from Sliding Down, Accumulating and Blocking Screen—Water Flow is Assured
- Easy to Install and Easy to Operate



Actual debris removed by the Duperon® SCT.



## TYPICAL APPLICATIONS

Large/high volume open channel conditions, hydroelectric, co-generation, nuclear power plant, flood control, stormwater, water intake, drainage pump stations and diversion dams.

## UNIT WIDTHS

5 to 10 feet wide

## UNIT LENGTH

10 feet to 100 feet

## ANGLE OF INSTALLATION

30 degrees recommended

## STANDARD MATERIALS OF CONSTRUCTION

- A36 Steel, with Duperon® standard coating or hot-dipped galvanized
- Stainless Steel also available
- Epoxy-Coated CL40 Iron Cars
- 304 Stainless Steel Lifting Fingers

## BAR OPENING

- 2 inches at bars
- 3 inches at chain path

## LIFTING FINGER SPACING

Every 10 feet

## LIFTING CAPACITY

3,000 lbs

## TYPICAL MOTOR

- 1 HP
- Single Phase or 3 Phase Options

## STANDARD OPERATING SPEED

- 2.16 RPM output
- Lifting Fingers move 7 feet/minute

## SHIPPING DATA

Ships fully assembled

## STANDARD CONTROLS OPTIONS

Packages range from simple start/stop to sophisticated automation. Motor overload protection provided. Contact Duperon® for further details and assistance in selecting the perfect package for your site.

## OPERATION OPTIONS

- Manual
- Timed Sequences
- Activation by Head Differential
- Auto operation available for remote locations



To Learn more about Duperon® Adaptive Technology,™ scan this QR code or visit [www.duperon.com](http://www.duperon.com)

**Duperon®** ADAPTIVE TECHNOLOGY™  
Let's Build a System that Works for You™

1200 Leon Scott Court | Saginaw, MI 48601 | P 989.754.8800 | F 989.754.2175 | TF 800.383.8479 | [www.duperon.com](http://www.duperon.com)

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3009/3/16/0M



ARTICLES OF INCORPORATION  
OF  
THE TUNNEL WATER COMPANY

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, R. C. EYKERT, HARVEY C. JOHNSON, MARY C. M. HENSEN, J. M. COLLINS and REX C. BATON, citizens of the United States of America, and residents of Weld County, Colorado, have associated ourselves together to establish a corporation under the name and style of THE TUNNEL WATER COMPANY, a mutual irrigation company, for the purpose of becoming a body corporate and politic, under and by virtue of the laws of the State of Colorado, and in accordance with the provisions of the laws of the State of Colorado, we do hereby make, execute and acknowledge, in quadruplicate, this Certificate in writing of our intention so to become a body corporate (not for pecuniary profit), under and by virtue of said laws, which when filed shall constitute the Articles of Incorporation of THE TUNNEL WATER COMPANY.

FIRST The corporate name and style of our said corporation shall be THE TUNNEL WATER COMPANY.

SECOND Our said corporation shall be what is commonly known as a mutual irrigation company and is not organized for pecuniary profit. The waters owned by the Company and to be owned or acquired by our Company shall be distributed among its stockholders pro rata according to the number of shares owned by each, but subject to the provisions hereof and to the provisions of the By-laws of the Company as to payment of assessments and distribution of water.

THIRD The nature of the business, and the objects and purposes for which said corporation is formed and incorporated are to acquire, construct, own, maintain and operate ditches and

reservoirs and interests therein; to acquire, by purchase, condemnation, or otherwise, all lands necessary or proper for rights of way for said ditches and sites for said reservoirs; to acquire, by purchase, appropriation, contract, lease, or otherwise, water for supplying said ditches and filling said reservoirs; to divert and store water through and in said ditches and reservoirs and to distribute the same to stockholders directly, or by a system of exchange, and to use all water acquired and appropriated for irrigation, domestic, mechanical and other professional uses; to acquire interests in ditches and reservoirs and appropriations of water by purchase and ownership of stock in other corporations owning or controlling the same; to construct all dams, headgates, flumes and appliances necessary and proper for the maintenance and operation of said ditches and reservoirs; to supply water to its stockholders upon such terms and conditions as shall be prescribed by the By-Laws or by the Board of Directors of said Company; to acquire any existing ditch or reservoir and the appropriations of water therefor necessary or proper for the purposes of this Company; to acquire, own, maintain and operate reservoirs, ditches, dams and other appliances, and appropriations of water for the generation of power and other mechanical purposes; and to use the appropriations of water owned or acquired by said Company for irrigation and mechanical purposes; to purchase, acquire, own and hold all real estate and personal property necessary to carry out and properly conduct the business of said Company; to construct, or acquire telephone lines, or interests in the line of any other company to be used or operated in connection with or as incidental to the operation of said Company; to borrow money and to issue bonds or notes of said Company, and to secure the payment thereof by mortgage or deed of trust upon any or all of the property of said Company, including appropriations of water; and generally to do and perform



all things necessary or proper to carry on the business of said Company, and to carry out its objects and purposes as aforesaid, and by a majority vote of its Board of Directors to sell, lease, exchange, convey and assign any property which may be acquired by it upon such terms and conditions, and for such consideration or considerations as said Board of Directors shall deem expedient and for the best interests of said corporation, which, in the opinion of the Board of Directors, shall no longer be necessary to the operation of said Company.

FOURTH: Our corporation shall acquire title to any and all ditches, reservoirs, appropriations of water, real estate, rights of way, and all other property of every kind or nature whatsoever heretofore owned by The Laramie & Poudre Irrigation Company, a Colorado corporation, as the same are and heretofore have been located, constructed, maintained and operated, and as described in the Complaint and Decree of Foreclosure in that certain suit heretofore filed in the District Court in and for Larimer County, Colorado, wherein Water Conservation Company, a Colorado corporation, was Plaintiff, and the said The Laramie & Poudre Irrigation Company, a corporation, and The West Side Construction Company, a corporation, were Defendants, said suit being case numbered 7881 in said Court, including the following ditches, reservoirs, appropriations of water, lands, rights of way and property, together with any and all appropriations of water initiated, made or perfected, decreed or undecreed, for any of the ditches or reservoirs herein mentioned, together with all rights and appurtenances belonging or appertaining thereto, or used in connection therewith, to-wit:

1. THE RABAH DITCH, whose headgate is located in the south bank of Rarah Creek in Section 34, Township 9 North, Range 76, West of the 6th P. M., in Larimer County, Colorado.

2. THE LINK LAKES, being a group of 14 lakes or reservoirs connected together and located in Townships 8 and 9 North, Range 76 West of the 6th P. M., in Larimer County, Colorado.

3. THE EAST FORK DITCH, located in Section 18,



Township 8 North, Range 75 West of the 6th P. M., in Larimer County, Colorado.

4. THE LARAMIE RIVER TUNNEL, as now constructed and located in Sections 7, 8, 9 and 16, Township 8 North, Range 75 West of the 6th P. M., in Larimer County, Colorado, together with all its controlling works and other property at both ends of the tunnel, including what is known as the Tunnel Reservoir at the west portal thereof, and all being connected with the Laramie River and diverting therefrom.

5. DRAINAGE AND RIVER CREEK DITCH, OR THE EAST SIDE COLLECTING DITCH, with its headgate in the south bank of Deadman Creek, in Section 31, Township 10 North, Range 75 West of the 6th P. M., in Larimer County, Colorado.

6. THE LOWER SUPPLY DITCH, OR THE WEST SIDE COLLECTING DITCH, with its headgate on the south side of Pawah Creek in Section 16, Township 9 North, Range 75 West of the 6th P. M., Larimer County, Colorado.

7. THE McINTYRE DITCH, with its headgate in the east bank of McIntyre Creek, in Section 31, Township 9 North, Range 75 West of the 6th P. M., in Larimer County, Colorado.

8. APPROPRIATIONS OF WATER from the Laramie River and tributaries thereof in Water District No. 48, pertaining to each and all of the above ditches and reservoirs.

9. DOWDY LAKE RESERVOIR, located in Sections 27 and 24, Township 10 North, Range 75 West of the 6th P. M., Larimer County, Colorado.

10. TWIN LAKES RESERVOIR, located in Section 24, Township 10 North, Range 75 West of the 6th P. M., Larimer County, Colorado.

11. MITCHELL LAKE RESERVOIR, consisting of Mitchell Lakes Nos. 1, 2, 3, 4, 5 and 6, Deer Lake, Snake Lake and Bellairres Lake, located in Township 10 North, Range 75 West of the 6th P. M., Larimer County, Colorado.

12. THE NORTH PINE SUPPLY DITCH, having its headgate in the east bank of the North Branch of Lone Pine Creek, in Section 25, Township 10 North, Range 75 West of the 6th P. M., in Larimer County, Colorado.

13. THE SOUTH PINE SUPPLY DITCH, with its headgate located in the north bank of the South Fork of Lone Pine Creek, in Section 33, Township 10 North, Range 75 West of the 6th P. M., in Larimer County, Colorado.

14. THE BLANCKFORD DITCH, with its headgate in the north bank of Kikborn Creek in Section 18, Township 9 North, Range 74 West of the 6th P. M., in Larimer County, Colorado.

15. THE LARAMIE & FORTY-THIRD CANAL, formerly called THE CHERRY-FOURTH CANAL, now known as the Cherry-Fourth Canal, with its head or initial point at the terminus of the Cherry-Fourth Canal, south line of Section 24, Township 9 North, Range 75 West of the 6th P. M., in Larimer County, Colorado, and all its lateral parts in Larimer and Park in said County, Colorado.

16. THE LARAMIE SUPPLY DITCH, with its headgate in the north bank of the Laramie River, in Section 18, Township 9 North, Range 74 West of the 6th P. M., in Larimer County, Colorado.

to Coal Creek, in Weld County, Colorado.

17. MURPHY RESERVOIR, located on Sections 25, 27, 35 and 36, in Township 9 North, Range 65 West of the 6th P. M., and in Section 1, Township 9 North, Range 65 West of the 6th P. M., Weld County, Colorado.

18. GRESLEY-FOURRE RESERVOIR NO. 1, located in Sections 16 and 17, Township 9 North, Range 67 West of the 6th P. M., Weld County, Colorado.

19. MARCH RESERVOIR, located in Section 10, Township 7 North, Range 63 West of the 6th P. M., and in Sections 12 and 15, Township 7 North, Range 64 West of the 6th P. M., Weld County, Colorado.

20. DOVER RESERVOIR, located in Township 9 North, Range 66 West of the 6th P. M., in Weld County, Colorado.

FIFTH: The capital stock of our said Company shall consist of Four Hundred Fifty (450) shares, without par value, and said stock when issued, fully paid up, shall be non-assessable except that said stock may be annually assessed for the maintenance, operation and repair of the ditches, reservoirs, appropriations of water, and other property to be acquired by said Company, and for enlargements, additions or improvements thereof, and for the purpose of paying any indebtedness, owed or to be incurred, of said Company in the manner by law provided for a mutual, non-profit ditch company.

The right to subscribe to the stock of our corporation shall be limited and confined to stockholders of The Water Supply and Storage Company, the Windsor Reservoir and Canal Company; provided, however, that either of said corporations shall have the right to subscribe for, own, hold and control stock of our Company, for the benefit of their respective stockholders, in amounts not exceeding two-thirds thereof by The Water Supply and Storage Company and one-third thereof by the Windsor Reservoir and Canal Company, and no assignment of any of said stock to any person or corporation, other than as in this paragraph limited, shall be recognized by our corporation, and such assignment shall give the assignee or assignees thereof no right to vote or hold office in this corporation, or any right or benefit whatsoever by virtue of such assignment, nor shall this company in any way recognize such



assignment.

SIXTH: Cumulative voting at meetings of stockholders of our said Company shall never be allowed or permitted.

SEVENTH: The affairs and management of our said corporation shall be under the control of a Board of Directors consisting of five (5) members, three (3) of whom shall be selected from the directors or stockholders of said The Water Supply and Storage Company, nominated and designated by the Board of Directors of said The Water Supply and Storage Company, and two (2) of whom shall be selected from the directors or stockholders of said The Windsor Reservoir and Canal Company, nominated and designated by the Board of Directors of said The Windsor Reservoir and Canal Company. No amendment of this article shall ever be made without the consent of a majority (2/3) of the stockholders of both of said Companies, given by ballot at an annual meeting of the stockholders of each of said Companies.

R. C. DICKER, HARRY C. JOHNSON and MARY C. M. BARNES, Directors of said The Water Supply and Storage Company, and J. M. COLLINS and REX C. BAUGH, Directors of said The Windsor Reservoir and Canal Company, are hereby selected as Directors of our said Company to manage its affairs and concerns until the next annual meeting of stockholders thereof, and until their successors are selected, in the manner herein set forth, and qualified.

In the event of a vacancy on the Board of Directors of our said Company, caused by the death, removal or inability of any member thereof to serve, or by reason of any member thereof becoming ineligible to serve by reason of the fact that he shall not continue to be a stockholder of either said The Water Supply and Storage Company or of said The Windsor Reservoir and Canal Company, such vacancy on the Board of our said Company shall be filled by the appointment of a person who shall be a director or stockholder of whichever of said Companies or companies such member whose death, removal, inability to serve or becoming ineligible was a director or stock-

holder.

RIGHTS: Our corporation shall have the power to make and levy assessments on the capital stock thereof, payable in money, labor, or both, to be levied pro rata on the shares of said stock, for keeping the property of our said corporation in need repair, enlarging or improving the same, or for the payment of any indebtedness of said corporation and interest thereon, but no such assessment shall be made unless the question of making same shall first be submitted to the stockholders of our said corporation, at an annual meeting, or at a special meeting called for that purpose, and a majority of the stock issued and outstanding, represented either in person or by proxy, voting thereon, shall vote in favor of making such assessment, and in case said stockholders shall fail to hold any such meeting or shall fail to make or authorize any such assessment by the first day of April in any year, then said Board of Directors shall have the power to make any such assessment at any regular or special meeting of said Board of Directors called therefor for such year.

The By-Laws of this corporation shall prescribe and provide for the sale and forfeiture of any stock thereof for the failure of any stockholder to pay the installments or assessments that may from time to time become due, and shall provide for the sale and forfeiture of any stock of our corporation for any assessment made or levied on said stock in accordance with Section 11 of Chapter 41, 1935 Colorado Statutes Annotated, and our corporation elects to take and claim the benefit of said Section for the recovery of such assessments by forfeiture and sale of any stock of our corporation which shall be in default, and shall have a perpetual lien upon such shares and the water rights represented by the same, for any and all such assessments and all parts thereof until the same are fully paid. No water shall be delivered under any stock of our corporation until all assessments which shall have been made or levied thereon shall have been fully paid.



NINTH: The operations of our said corporation shall be carried on in the Countise of Larimer and Weld, in the State of Colorado, and the principal place of business of said corporation shall be located in Fort Collins, Larimer County, Colorado.

TENTH: Our corporation shall have perpetual existence.

ELEVENTH: The Directors of our said corporation shall have power to make such prudential By-Laws as they may deem proper for the management of the affairs of said corporation, not inconsistent with the laws of the State of Colorado in which case made and provided, Provided, however, that said Board of Directors shall not pass or adopt any By-Laws inconsistent with or prohibited by these articles.

TWELFTH: Our corporation reserves the right to amend, alter, or change any provision contained in this Certificate of Incorporation except as hereby expressly prohibited, in the manner now or hereafter prescribed by statute, Provided, however, that Articles numbered Fifth, Sixth, Seventh and Eighth hereof shall not be amended except as in said Articles hereof expressly permitted.

IN WITNESS WHEREOF we have hereunto subscribed our hands and seals this 27<sup>th</sup> day of September, A. D. 1938.

W. C. Kyles  
W. C. Johnson  
W. C. Hansen  
L. M. Collins  
W. C. Eads

STATE OF COLORADO )  
COUNTY OF LINCOLN ) ss.

I, Lawrence R. Tupper,

Notary Public in and for said County in the State aforesaid, do hereby certify that R. C. WICKERT, HARVEY G. JOHNSON, MADG G. Mc HENSON, J. M. COLLINS and ELLI G. HATUN, personally known to me to be the persons whose names are subscribed to the annexed and foregoing Certificate of Articles of Incorporation, appeared before me this day in person and acknowledged that they signed, sealed and delivered the said instrument of writing, in quadruplicate, as their free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 27<sup>th</sup> day of September, A. D., 1938.

My Commission Expires: Jan 1-1940

Lawrence R. Tupper  
Notary Public



UNITED STATES OF AMERICA

STATE OF COLORADO

Be it remembered, that on the 17th day of September, 1978, the following instrument was filed for record in the office of the County Clerk of the State of Colorado, to-wit:

*The Denver Post*

which was filed in the office of the County Clerk of the State of Colorado, on the 17th day of September, 1978, and admitted to record.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the State of Colorado, this 17th day of September, 1978.



**AMENDMENT**  
**to The Tunnel Water Company's**  
**Articles of Incorporation**

Pursuant to a resolution of the stockholders of The Tunnel Water Company, and in a manner prescribed by the Tunnel Water Company's Bylaws and Articles of Incorporation, an amendment to the Company's Articles of Incorporation was adopted February 13, 2012. On that date, the Third Article of the Tunnel Water Company's Articles of Incorporation was amended in its entirety to read as follows:

**THIRD:** The nature of the business, and the objects and purpose for which said corporation is formed and incorporated are to acquire, construct, own, maintain and operate ditches and reservoirs and interests therein; to acquire, by purchase, condemnation, or otherwise, all lands necessary or proper for rights of way for said ditches and sites for said reservoirs; to acquire, by purchase, appropriation, contract, lease, or otherwise, water for supplying said ditches and filling said reservoirs; to divert and store water through and in said ditches and reservoirs and to distribute the same to stockholders directly, or by a system of exchange, and to use all water acquired and appropriated for irrigation, domestic, mechanical, municipal and any other beneficial purpose or use; to acquire interests in ditches and reservoirs and appropriations of water by purchase and ownership of stock in other corporations owning or controlling the same; to construct all dams, headgates, flumes and appliances necessary and proper to or for the maintenance and operation of said ditches and reservoirs; to supply water to its stockholders upon such terms and conditions as shall be prescribed by the By-Laws or by the Board of Directors of said Company; to acquire any existing ditch or reservoir and the appropriations of water therefor necessary or proper for the purposes of this Company; to acquire, own, maintain and operate reservoirs, ditches, dams and other appliances, and appropriations of water for irrigation, domestic, mechanical, municipal and any other beneficial purpose or use, and to use the appropriations of water owned or acquired by said Company for irrigation, domestic, mechanical, municipal and any other beneficial purpose or use; to purchase, acquire, own and hold all real estate and personal property necessary to carry out and properly conduct the business of said Company; to construct, or acquire telephone lines, or interests in the line of any other company to be used or operated in connection with or as incidental to the operation of said Company; to borrow money and to issue bonds or notes of said Company, and to secure the payment thereof by mortgage or deed of trust upon any or all of the property of said Company, including appropriations of water, and generally to do and perform all things necessary or proper to carry on the business of said Company, and to carry out its objects and purposes as aforesaid, and by majority vote of its Board of Directors to sell, lease, exchange, convey and assign any property which may be acquired by it upon such terms and conditions, and for such consideration or considerations as said Board of Directors shall deem expedient and for the best interests of said corporation, which, in the opinion of the Board of Directors, shall no longer be necessary to the operation of said Company.



Document must be filed electronically.  
Paper documents are not accepted.  
Fees & forms are subject to change.  
For more information or to print copies  
of filed documents, visit [www.sos.state.co.us](http://www.sos.state.co.us).



Colorado Secretary of State  
Date and Time: 08/21/2014 02:13 PM  
ID Number: 19871103555  
Document number: 20141504141  
Amount Paid: \$25.00

ABOVE SPACE FOR OFFICE USE ONLY

### Articles of Amendment

filed pursuant to §7-90-301, et seq. and §7-130-105 of the Colorado Revised Statutes (C.R.S.)

ID number 19871103555

1. Entity name THE TUNNEL WATER COMPANY  
*(If changing the name of the corporation, indicate name before the name change)*

2. New Entity name  
(if applicable) \_\_\_\_\_

3. *(If the following statement applies, adopt the statement by marking the box and include an attachment.)*  
☒ Other amendments are attached.

4. If the nonprofit corporation's period  
of duration as amended is less than  
perpetual, state the date on which the  
period of duration expires \_\_\_\_\_  
*(mm/dd/yyyy)*

or

If the nonprofit corporation's period of duration as amended is perpetual, mark this box ☐

5. *(Optional)* Delayed effective date \_\_\_\_\_  
*(mm/dd/yyyy)*

6. Additional information may be included pursuant to other organic statutes such as title 12, C.R.S. If  
applicable, mark this box ☐ and include an attachment stating the additional information.

#### Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

7. Name(s) and address(es) of the  
individual(s) causing the document  
to be delivered for filing

Fischer William R.  
*(Last) (First) (Middle) (Suffix)*  
1319 E. Prospect Road  
*(Street name and number or Post Office Box information)*

*(The document need not state the true name and address of more than one individual. However, if you wish to state the name and address of any additional individuals causing the document to be delivered for filing, mark this box ☐ and include an attachment stating the name and address of such individuals.)*

This form, and any related instructions, are not intended to provide legal, business or tax advice, and are offered as a public service without representation or warranty. While this form is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's attorney.

R. C. Wykert, Harvey G. Johnson, Mads C. M. Hanson, J. M. Collins and Rex C. Eaton each thereupon offered to purchase one (1) share of the capital stock of our corporation to be issued fully paid and non-assessable. On motion duly made, seconded, and unanimously carried the offers were accepted and the President and Secretary were directed to issue certificates for one (1) share of the capital stock of our Company to each of said Directors.

On motion of Harvey G. Johnson, seconded by Rex C. Eaton and unanimously carried, the Board then proceeded to the election of officers and a canvass of the votes showed that R. C. Wykert was unanimously elected President, J. M. Collins was unanimously elected Vice-President, Fred Alford was unanimously elected Secretary and Fred Alford was unanimously elected Treasurer.

Mr. J. M. Collins then offered the following By-Laws to be the By-Laws of our corporation, and on his motion, duly seconded, the following By-Laws were adopted:

B Y - L A W S  
O F  
T H E - T U N N E L - W A T E R - C O M P A N Y

Section I. ANNUAL STOCKHOLDERS' MEETING - The Annual Stockholders' Meeting of stockholders of THE TUNNEL WATER COMPANY shall be held at a place to be designated by the Secretary in published notice of said meeting at Fort Collins, on the second Monday in February in the year 1939, and on the same day of each succeeding year.

Notice of the Annual Meeting shall be given as provided by law.

Section II. SPECIAL MEETINGS OF STOCKHOLDERS - Special meetings of stockholders may be called at any time by resolution of the Board of Directors, or upon request of the holders of one-third (1/3) of the capital stock, upon notice to be given as provided by law.

Section III. BOARD OF DIRECTORS - ELECTION - The Board of Directors shall consist of five (5) persons who shall be stockholders of our corporation, and three (3) of whom shall be selected from the Directors or stockholders of The Water Supply and Storage Company, nominated and designated by the Board of Directors of said The Water Supply and Storage Company, and two (2) of whom shall be selected from the Directors or stockholders of The Windsor Reservoir and Canal Company, nominated and designated by the Board of Directors of said The Windsor Reservoir and Canal Company, who shall be elected at the Annual Stockholders' Meeting and shall hold office until their successors shall be elected and qualified. Stockholders may vote in person or by proxy.

It shall be the duty of said Board to exercise general supervision over the affairs of the Company, to receive and pass upon the reports of the Secretary and Treasurer, to audit all bills and accounts against the Company and direct the Secretary in correspondence. It shall cause its officers to make a full exhibit of their several departments, and to prepare reports for submission to the annual meeting of stockholders.

The Board of Directors shall meet at such times as they shall from time to time determine, and a meeting of the Board may at any time be called by the President, or any other three members of the Board, by causing personal notices to be served upon the Directors or by mailing the same in the postoffice at Fort Collins addressed to each Director, at least two days before the date of such proposed meeting.

Three of the Directors shall constitute a quorum for the transaction of business at any meeting regularly called or adjourned; but any meeting of the Directors however called shall be valid when every member of the Board is present at such meetings, or shall give their several written consent thereto upon the recorded minutes thereof.

Until otherwise ordered, the regular place of meeting of the Board of Directors shall be at the office of the Company, at the City of Fort Collins, Larimer County, Colorado.

Section IV. OFFICERS - ELECTION - ETC. - The officers of this corporation shall be a President and Vice-President, who shall be chosen from the members of the Board of Directors, and a Secretary and a Treasurer, who may or may not be members of the Board of Directors or stockholders. The offices of Secretary and Treasurer may, at the discretion of the Board, be filled by one and the same person. Said officers shall be elected at the first meeting of the Board of Directors and shall hold office until the next annual meeting of the stockholders and until their successors are

elected and qualified and enter upon their offices respectively. The duties of such officers respectively, shall be those usual to such officers of like corporations.

Vacancies on the Board of Directors shall be filled by the Board of Directors by ballot in the manner and from the persons prescribed and described in the Articles of Incorporation. Vacancies in any office shall be filled by the Board of Directors by ballot.

Section V.    **QUORUM** - At all stockholders' meetings, stockholders holding at least a majority of the capital stock of the corporation, represented either in person or by proxy, shall constitute a quorum.

Three (3) members of the Board of Directors shall constitute a quorum at meetings of the Board of Directors.

Section VI.    **STOCK** - The subscribers to the capital stock of this corporation shall be entitled to certificates for their shares, duly signed by the President or Vice-President and countersigned by the Secretary, and bearing the corporation's seal, when same shall have been fully paid up. All certificates of stock shall be numbered and registered as they are issued.

The right to subscribe for, hold, own, transfer or assign the stock of our corporation shall be limited as provided in the Articles of Incorporation of our Company. No transfer or assignment of stock, which is not authorized or permitted by said Articles, shall be made. Transfers or assignments so authorized shall be made only upon the surrender of the original certificates and the written assignment of the holder, or his written request for re-issue. Transfers shall be made only on the books of the Company.

Section VII.    **SALE OF STOCK FOR NON-PAYMENT OF ASSESSMENTS** - When any stockholder shall be in default in the payment of any installment or assessment upon the stock, pursuant to the determination and

levy of the Board of Directors, for the period of thirty days after personal notice thereof, and demand therefor by the Secretary, or after a written or printed notice and demand therefor has been deposited in the postoffice, properly addressed to the last known postoffice address of such delinquent stockholders, the Board of Directors at any meeting may order that the share or shares of stock held by such delinquent stockholder and all the interest of such stockholder therein be sold by the President at public auction, at some certain time and place to be designated in such order, to the highest bidder for cash; Provided, however, that notice of such sale shall be published four successive weeks before such sale in some public newspaper published in Fort Collins, and provided, further, that the proceeds of any such sale over and above the amount due on said share or shares and all expenses incident to such sale, shall be paid to the delinquent shareholder.

Section VIII. DISTRIBUTION OF WATER - All water supplied by this Company shall be distributed or credited pro-rata among the stockholders of this Company. No water shall be delivered under any stock of this corporation until all assessments, which shall have been made or levied thereon, shall have been fully paid.

Section IX. CORPORATE POWERS - The Board of Directors shall have those powers enumerated in the Articles of Incorporation and in these By-Laws, and such other powers as may be necessary or incidental in carrying out such enumerated corporate powers and conducting the business of this corporation.

The Board of Directors shall have authority to employ such officers or employees to conduct the business of this corporation as they may see fit, and to fix the salaries of the respective officers and employees of this corporation.

Section X. ORDER OF BUSINESS - The order of business shall be that usual to such meetings.

Section XI. SEAL - The corporate seal shall consist of the name of the corporation arranged in a circle and the word "SEAL" in the center thereof.

Section XII. AMENDMENTS - These By-Laws may be amended at any regular meeting by threefifths (3/5) vote of the Board of Directors, Provided, however, that no amendment inconsistent with or prohibited by these Articles shall be made, and provided further that Articles numbered Fifth, Sixth, Seventh and Eighth of the Articles of Incorporation shall not be amended except as in said Articles expressly permitted.



**THE TUNNEL WATER  
COMPANY**

**Financial Statements and  
Independent Auditors' Report  
Years Ended November 30, 2019 and 2018**

# THE TUNNEL WATER COMPANY

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Tunnel Water Company  
Fort Collins, Colorado

We have audited the accompanying financial statements of The Tunnel Water Company, a Colorado nonprofit corporation, which comprise the statements of financial position as of November 30, 2019 and 2018, and the related statements of activities cash flows and functional expenses for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

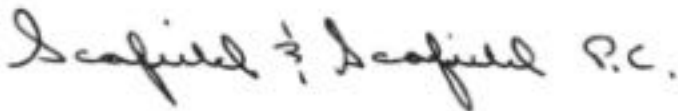
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the bases for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tunnel Water Company as of November 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Centennial, Colorado  
February 14, 2020

# THE TUNNEL WATER COMPANY

## STATEMENTS OF FINANCIAL POSITION

November 30, 2019 and 2018

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Current Assets		
Cash and cash equivalents	\$ 292,740	154,210
Restricted savings	219,882	218,245
Due from affiliate	151,435	-
Prepaid insurance	8,547	4,800
Total current assets	<u>672,604</u>	<u>377,255</u>
Property and Equipment		
Land, easements, reservoirs, and ditches	9,846,992	5,740,919
Buildings and fixtures	81,389	81,701
Machinery and equipment	117,946	149,880
Total cost	<u>10,046,327</u>	<u>5,972,500</u>
Less accumulated depreciation	<u>(1,300,266)</u>	<u>(1,252,439)</u>
Net property and equipment	<u>8,746,061</u>	<u>4,720,061</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,418,665</u></b>	<b><u>5,097,316</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 24,080	158,238
Current maturities of long-term debt	121,137	116,041
Deferred assessments	140,695	140,684
Total current liabilities	<u>285,912</u>	<u>414,963</u>
Long-Term Debt, net of current maturities	<u>7,178,986</u>	<u>2,910,015</u>
Net Assets		
Common stock, no par value; 450 shares authorized, issued 450 shares in 2019 and 2018	-	-
Without restriction	<u>1,953,767</u>	<u>1,772,338</u>
Total net assets	<u>1,953,767</u>	<u>1,772,338</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,418,665</u></b>	<b><u>5,097,316</u></b>

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF ACTIVITIES

Years Ended November 30, 2019 and 2018

CHANGES IN NET ASSETS WITHOUT RESTRICTION	2019	2018
Revenues		
Assessment income	\$ 618,642	568,776
Lease and rent income	17,000	2,102
Miscellaneous income	9,518	34,694
Total revenues	<u>645,160</u>	<u>605,572</u>
Expenses		
Program expenses		
Tunnel	263,737	196,660
Rawah ditch	151,284	103,382
Supporting expenses	48,710	54,108
Total expenses	<u>463,731</u>	<u>354,150</u>
Increase in net assets without restriction	181,429	251,422
Net assets, beginning of period	1,772,338	1,520,916
Net assets, end of period	<u>\$ 1,953,767</u>	<u>1,772,338</u>

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF CASH FLOWS

Years Ended November 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 181,429	251,422
Adjustment to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	89,247	85,816
Loss from property disposals	61,085	724
Changes in operating assets and liabilities		
Due from affiliate	(151,435)	-
Prepaid insurance	(3,747)	(265)
Accounts payable and accrued liabilities	844,586	114,158
Deferred assessment receipts	11	-
Total adjustments	839,747	200,433
Net change in cash from operating activities	<u>1,021,176</u>	<u>451,855</u>
Cash flows from investing activities:		
Purchases of property and equipment	(4,176,332)	(359,850)
Investment in restricted savings	(1,637)	(2,202)
Net change in cash from investing activities	<u>(4,177,969)</u>	<u>(362,052)</u>
Cash flows from financing activities:		
Advances on long-term debt	3,411,363	129,185
Payments of long-term debt	(116,040)	(111,159)
Net change in cash from financing activities	<u>3,295,323</u>	<u>18,026</u>
Net change in cash and cash equivalents	138,530	107,829
Cash and cash equivalents at beginning of year	154,210	46,381
Cash and cash equivalents at end of year	<u>\$ 292,740</u>	<u>154,210</u>
<b>Supplemental disclosure of cash flow data:</b>		
Cash Paid For:		
Interest	\$ 94,985	138,867

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended November 30, 2019 and 2018

	2019				2018			
	Program			Total	Program			Total
	Tunnel	Rawah Ditch	Supporting Services		Tunnel	Rawah Ditch	Supporting Services	
Salaries	\$ -	57,665	14,270	71,935	-	54,930	13,606	68,536
Payroll taxes	-	-	5,804	5,804	-	-	5,630	5,630
	-	57,665	20,074	77,739	-	54,930	19,236	74,166
Interest	136,177	-	-	136,177	123,443	-	-	123,443
Depreciation	65,648	23,599	-	89,247	65,648	20,168	-	85,816
Loss on asset disposa	61,085	-	-	61,085	-	-	-	-
Repairs	827	54,705	-	55,532	7,569	7,357	-	14,926
Bank fees	-	-	-	-	-	-	40	40
Insurance	-	-	10,055	10,055	-	-	9,612	9,612
Fuel	-	7,989	-	7,989	-	11,133	-	11,133
Commissary	-	7,326	-	7,326	-	7,560	-	7,560
Professional fees	-	-	6,669	6,669	-	-	6,150	6,150
Legal	-	-	4,900	4,900	-	-	11,404	11,404
Rent	-	-	3,175	3,175	-	-	1,078	1,078
Supplies	-	-	1,824	1,824	-	-	2,992	2,992
Utilities	-	-	1,824	1,824	-	-	2,747	2,747
Miscellaneous	-	-	189	189	-	-	849	849
Permits	-	-	-	-	-	2,234	-	2,234
	263,737	93,619	28,636	385,992	196,660	48,452	34,872	279,984
Total Expenses	\$ 263,737	151,264	48,710	463,731	196,660	103,382	54,108	354,150

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2019 and 2018

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

*A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.*

**Nature of Activities** - The Tunnel Water Company (Company) is a nonprofit corporation. The Company was formed to acquire and operate a system of collection canals, lakes, reservoirs, and a tunnel, along with the necessary appurtenant facilities and equipment. That water is to be distributed to the Company's shareholders on a pro-rata basis according to stock ownership for beneficial use, including irrigation, domestic, mechanical, and other professional uses. The Company collects assessments annually from shareholders for the purpose of funding the operation and maintenance of its facilities and the acquisition of water, water rights, reservoirs, canals, and other physical facilities and equipment as the Directors deem necessary. These statements, which contain only the activity of The Tunnel Water Company, are included in the consolidated statements of The Water Supply and Storage Company.

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation** - The financial statements of the Company have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Company and changes therein are classified as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company. The Company's board may designate assets without restrictions for specific operational purposes from time to time.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification** - Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.



# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2019 and 2018

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Member Assessments - Each year, management estimates the succeeding years operating expenses and debt service and establishes annual member assessments necessary to maintain operations and service debt. Members are billed in the first quarter of the fiscal year for their share of the annual member assessments based on their proportionate ownership of common stock.

Assessments are considered to be available for unrestricted use. Debt assessments are restricted for debt service although the restriction is satisfied in the same time period the assessments are received. Therefore, the Company reports debt assessments as unrestricted revenue.

The Tunnel Water Company historically has not had any unpaid assessments. Therefore, all accounts receivable are considered collectible. In the event any assessments remain unpaid, water delivery can be suspended until the assessments are paid. Additionally, the assessments are secured by the members' ownership. The value of this ownership is significantly greater than the annual assessments.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment -Property and equipment is stated at historical cost. The Company's policy is to capitalize expenditures for property and equipment in excess of \$500. Property and equipment are depreciated using the straight-line method over the following estimated lives:

Reservoirs and ditches	90 years
Buildings	40 years
Furniture and fixtures	5-10 years
Machinery and equipment	5-10 years

Income Taxes - The Company operates as a non-profit organization and is exempt from federal income taxes under section 501(c)(12) of the Internal Revenue Code.

While the Company qualifies for exempt status it is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. There was no unrelated business income for the years ended November 30, 2019 and 2018, and as a result, there was no income tax liability.

The Company applies the provisions of FASB ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended November 30, 2019 and 2018, the Company does not believe it has any uncertain tax positions or any related penalties and interest, therefore no recognition of uncertain tax positions is reflected in the financial statements.

The Company's Forms 990, Return of Company Exempt from Income Tax, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

### NOTE 2 - RESTRICTED SAVINGS

The restricted savings is held to satisfy the debt service reserve fund requirements of the security agreement with the Colorado Water Conservation Board and resides in a certificate of deposit and savings account.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2019 and 2018

### NOTE 3 - LONG-TERM DEBT

Long-term debt consists of notes payable to the Colorado Water Conservation Board to finance a portion of the costs of rehabilitation and restoration of a water diversion tunnel that partially collapsed in 2000 and to extend the service life and improve maintenance access for the Laramie – Poudre tunnel.

Long-term debt follows:

	<u>2019</u>	<u>2018</u>
Note payable dated November 24, 2003, due in equal annual installments of \$112,799, including interest at 4.3%, through maturity on December 1, 2032	\$ 1,102,614	1,165,305
Note payable dated December 14, 2000, due in equal annual installments of \$98,226, including interest at 4.5%, through maturity on December 1, 2032	943,913	997,263
Note payable dated October 21, 2015, provides construction commitment of \$1,717,000, and is due in equal annual installments of \$82,582, including interest at 2.55% for 30 years. First payment is due one year after the Colorado Water Conservation Board (CWCB) determines that the project is substantially complete. The project was not complete on November 30, 2019.	1,604,155	863,488
Note payable dated April 5, 2019, provides construction commitment of 9,090,000, and is due in equal annual installments of \$454,818.27, including interest at 2.85%, for 30 years. \$978,744 of pending construction accounts payable are included with the loan balance at November 30, 2019. First payment is due in one year after the Colorado Water Conservation Board (CWCB) determines that the project is substantially complete. The project was not complete on November 30, 2019.	3,649,441	-
Total	<u>7,300,123</u>	<u>3,026,056</u>
Less current maturities	121,137	116,041
Long-term maturities	<u>\$ 7,178,986</u>	<u>2,910,015</u>

Security for the notes payable consists of a deed of trust granting a 100% undivided interest in the water and water rights available to the Laramie River System of the Company together with an easement for the Laramie-Poudre Tunnel and a security interest in all assessments authorized for the purpose of repayment of the loans. Provisions of the loan agreements set forth a variety of restrictive covenants including the requirement to fund a debt service reserve fund equal to one-tenth of one annual payment of interest and principal during the first ten years of the loan. At November 30, 2019 and 2018 the debt service reserve fund was funded in accordance with the terms of the agreement and is included in restricted savings.

Interest expense on notes payable of \$93,851 and \$123,443 for 2019 and 2018, respectively, is reflected in the statements of activities.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2019 and 2018

Aggregate annual principal payments of long-term debt for years subsequent to November 30, 2019 are as follows:

Year ending November 30,	
2020	\$ 121,137
2021	466,070
2022	560,556
2023	578,599
2024	597,247
Thereafter	4,976,514
Total	<u>\$ 7,300,123</u>

### NOTE 4 - TRANSACTIONS WITH AFFILIATE

Two-thirds of the Company's stock is owned by The Water Supply and Storage Company ("WSSC"). Both WSSC and The Tunnel Water Company share three common board members and management.

During the years ended November 30, 2019 and 2018, assessment income was received from WSSC as follows:

	<u>2019</u>	<u>2018</u>
Assessments for,		
Operations and maintenance	\$ 226,667	210,000
Debt service	185,757	169,184
	<u>\$ 412,424</u>	<u>379,184</u>

WSSC provides payroll, facilities and other services to The Tunnel Water Company in the ordinary course of business. During the years ended November 30, 2019 and 2018, respectively, the Company made payments of \$124,445 and \$86,523 to WSSC.

At November 30, 2019 and 2018, respectively, the Company has recorded the following amounts due to and prepaid by WSSC:

	<u>2019</u>	<u>2018</u>
Deferred assessments - next year's assessments received in advance	\$ 140,695	140,684

### NOTE 5 - CONCENTRATION OF CREDIT RISK

The Company maintains various accounts with one financial institution. Balances, at times, may exceed federally insured limits. The Company believes that its loss exposure is limited.

### NOTE 6 - CONSTRUCTION COMMITMENT

At November 30, 2019, the Company had a commitment of approximately \$17,100,000 for tunnel reconstruction, of which approximately \$3,649,441 has been incurred and the remainder is expected to be incurred in 2020 and 2021. The construction will be financed with the existing \$9,090,000 construction loan as well as additional financing that is being secured.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2019 and 2018

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### NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 14, 2020, which is the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in these consolidated financial statements.

**THE TUNNEL WATER  
COMPANY**

**Financial Statements and  
Independent Auditors' Report  
Years Ended November 30, 2018 and 2017**

# THE TUNNEL WATER COMPANY

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Tunnel Water Company  
Fort Collins, Colorado

We have audited the accompanying financial statements of The Tunnel Water Company, a Colorado nonprofit corporation, which comprise the statements of financial position as of November 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

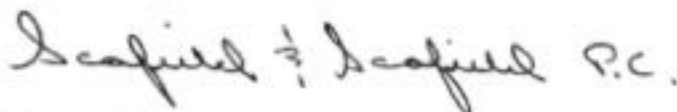
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards required that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the bases for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tunnel Water Company as of November 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Centennial, Colorado  
January 29, 2019

# THE TUNNEL WATER COMPANY

## STATEMENTS OF FINANCIAL POSITION

November 30, 2018 and 2017

ASSETS	2018	2017
Current Assets		
Cash and cash equivalents	\$ 154,210	46,381
Restricted savings	218,245	216,043
Prepaid insurance	4,800	4,535
Total current assets	<u>377,255</u>	<u>266,959</u>
Property and Equipment		
Land, easements, reservoirs, and ditches	5,740,919	5,412,932
Buildings and fixtures	81,701	85,312
Machinery and equipment	149,880	175,934
Total cost	<u>5,972,500</u>	<u>5,674,178</u>
Less accumulated depreciation	<u>(1,252,439)</u>	<u>(1,227,427)</u>
Net property and equipment	<u>4,720,061</u>	<u>4,446,751</u>
TOTAL ASSETS	<u>\$ 5,097,316</u>	<u>4,713,710</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 158,238	44,080
Current maturities of long-term debt	116,041	111,159
Deferred assessments	140,684	140,684
Total current liabilities	<u>414,963</u>	<u>295,923</u>
Long-Term Debt, net of current maturities	<u>2,910,015</u>	<u>2,896,871</u>
Net Assets		
Unrestricted		
Common stock, no par value; 450 shares authorized, issued 450 shares in 2018 and 2017	-	-
Undesignated	1,772,338	1,520,916
Total net assets	<u>1,772,338</u>	<u>1,520,916</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,097,316</u>	<u>4,713,710</u>

See accompanying notes to financial statements.



# THE TUNNEL WATER COMPANY

## STATEMENTS OF ACTIVITIES

Years Ended November 30, 2018 and 2017

CHANGES IN UNRESTRICTED NET ASSETS	2018	2017
Revenues		
Assessment income	\$ 568,776	426,026
Lease and rent income	2,102	2,000
Miscellaneous income	34,694	2,193
Total revenues	<u>605,572</u>	<u>430,219</u>
Expenses		
Program expenses		
Tunnel	7,569	23,645
Rawah ditch	75,654	90,386
Supporting expenses		
Administration	50,264	46,293
Legal	11,404	5,361
Interest	123,443	123,267
Depreciation	85,816	82,812
Total expenses	<u>354,150</u>	<u>371,764</u>
Increase in unrestricted net assets	251,422	58,455
Net assets, beginning of period	1,520,916	1,462,461
Net assets, end of period	<u>\$ 1,772,338</u>	<u>1,520,916</u>

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF CASH FLOWS

Years Ended November 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase in net assets	\$ 251,422	58,455
Adjustment to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	85,816	82,812
Loss from property disposals	724	-
Changes in operating assets and liabilities		
Prepaid insurance	(265)	(67)
Accounts payable and accrued liabilities	114,158	19,104
Due to affiliate	-	(50,000)
Total adjustments	200,433	51,849
Net change in cash from operating activities	<u>451,855</u>	<u>110,304</u>
Cash flows from investing activities:		
Purchases of property and equipment	(359,850)	(26,559)
Investment in restricted savings	(2,202)	(1,801)
Net change in cash from investing activities	<u>(362,052)</u>	<u>(28,360)</u>
Cash flows from financing activities:		
New long-term loan advance	129,185	-
Long-term debt payments	(111,159)	(106,482)
Net change in cash from financing activities	<u>18,026</u>	<u>(106,482)</u>
Net change in cash and cash equivalents	107,829	(24,538)
Cash and cash equivalents at beginning of year	46,381	70,919
Cash and cash equivalents at end of year	<u>\$ 154,210</u>	<u>46,381</u>
<b>Supplemental disclosure of cash flow data:</b>		
Cash Paid For:		
Interest	\$ 138,867	104,543

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2018 and 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

*A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.*

*Nature of Activities* - The Tunnel Water Company (Company) is a nonprofit corporation. The Company was formed to acquire and operate a system of collection canals, lakes, reservoirs, and a tunnel, along with the necessary appurtenant facilities and equipment. That water is to be distributed to the Company's shareholders on a pro-rata basis according to stock ownership for beneficial use, including irrigation, domestic, mechanical, and other professional uses. The Company collects assessments annually from shareholders for the purpose of funding the operation and maintenance of its facilities and the acquisition of water, water rights, reservoirs, canals, and other physical facilities and equipment as the Directors deem necessary. These statements, which contain only the activity of The Tunnel Water Company, are included in the consolidated statements of The Water Supply and Storage Company.

*Basis of Accounting* - The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

*Basis of Presentation* - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC 958), *Financial Statements of Not-for-Profit Companies*. Under (ASC 958) the Company is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Reclassification* - Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

*Cash and Cash Equivalents* - For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

*Member Assessments* - Each year, management estimates the succeeding years operating expenses and debt service and establishes annual member assessments necessary to maintain operations and service debt. Members are billed in the first quarter of the fiscal year for their share of the annual member assessments based on their proportionate ownership of common stock.

Assessments are considered to be available for unrestricted use. Debt assessments are restricted for debt service although the restriction is satisfied in the same time period the assessments are received. Therefore, the Company reports debt assessments as unrestricted revenue.

The Tunnel Water Company historically has not had any unpaid assessments. Therefore, all accounts receivable are considered collectible. In the event any assessments remain unpaid, water delivery can be suspended until the assessments are paid. Additionally, the assessments are secured by the members' ownership. The value of this ownership is significantly greater than the annual assessments.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2018 and 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment –Property and equipment is stated at historical cost. The Company's policy is to capitalize expenditures for property and equipment in excess of \$500. Property and equipment are depreciated using the straight-line method over the following estimated lives:

Reservoirs and ditches	90 years
Buildings	40 years
Furniture and fixtures	5-10 years
Machinery and equipment	5-10 years

Income Taxes - The Company operates as a non-profit organization and is exempt from federal income taxes under section 501(c)(12) of the Internal Revenue Code.

While the Company qualifies for exempt status it is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. There was no unrelated business income for the years ended November 30, 2018 and 2017, and as a result, there was no income tax liability.

The Company applies the provisions of FASB ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended November 30, 2018 and 2017, the Company does not believe it has any uncertain tax positions or any related penalties and interest, therefore no recognition of uncertain tax positions is reflected in the financial statements.

The Company's Forms 990, Return of Company Exempt from Income Tax, for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

### NOTE 2 - RESTRICTED SAVINGS

The restricted savings is held to satisfy the debt service reserve fund requirements of the security agreement with the Colorado Water Conservation Board and resides in a certificate of deposit and savings account.

### NOTE 3 - LONG-TERM DEBT

Long-term debt consists of notes payable to the Colorado Water Conservation Board to finance a portion of the costs of rehabilitation and restoration of a water diversion tunnel that partially collapsed in 2000 and to extend the service life and improve maintenance access for the Laramie – Poudre tunnel.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2018 and 2017

Long-term debt follows:

	<u>2018</u>	<u>2017</u>
Note payable dated November 24, 2003, due in equal annual installments of \$112,799, including interest at 4.3%, through maturity on December 1, 2032	\$ 1,165,305	1,225,412
Note payable dated December 14, 2000, due in equal annual installments of \$98,226, including interest at 4.5%, through maturity on December 1, 2032	997,263	1,048,315
Note payable dated October 21, 2015, due in equal annual installments of \$82,582, including interest at 2.55%, for 30 years. First payment is due one year after the Colorado Water Conservation Board (CWCB) determines that the project is substantially complete. The project was not complete on November 30, 2018.		
Total	<u>863,488</u> 3,026,056	<u>734,303</u> 3,008,030
Less current maturities	116,041	111,159
Long-term maturities	<u>\$ 2,910,015</u>	<u>2,896,871</u>

Security for the notes payable consists of a deed of trust granting a 100% undivided interest in the water and water rights available to the Laramie River System of the Company together with an easement for the Laramie-Poudre Tunnel and a security interest in all assessments authorized for the purpose of repayment of the loans. Provisions of the loan agreements set forth a variety of restrictive covenants including the requirement to fund a debt service reserve fund equal to one-tenth of one annual payment of interest and principal during the first ten years of the loan. At November 30, 2018 and 2017 the debt service reserve fund was funded in accordance with the terms of the agreement and is included in restricted savings.

Interest expense on notes payable of \$123,443 and \$123,267 for 2018 and 2017, respectively, is reflected in the statements of activities.

Aggregate annual principal payments of long-term debt for years subsequent to November 30, 2018 are as follows:

Year ending November 30,	
2019	\$ 116,041
2020	174,572
2021	179,893
2022	185,447
2023	191,245
Thereafter	2,178,858
Total	<u>\$ 3,026,056</u>

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2018 and 2017

### NOTE 4 - TRANSACTIONS WITH AFFILIATE

Two-thirds of the Company's stock is owned by The Water Supply and Storage Company ("WSSC"). Both WSSC and The Tunnel Water Company share three common board members and management.

During the years ended November 30, 2018 and 2017, assessment income was received from WSSC as follows:

	<u>2018</u>	<u>2017</u>
Assessments for,		
Operations and maintenance	\$ 210,000	143,333
Debt service	169,184	140,684
	<u>\$ 379,184</u>	<u>284,017</u>

WSSC provides payroll, facilities and other services to The Tunnel Water Company in the ordinary course of business. During the years ended November 30, 2018 and 2017, respectively, the Company made payments of \$86,523 and \$100,618 to WSSC.

At November 30, 2018 and 2017, respectively, the Company has recorded the following amounts due to and prepaid by WSSC:

	<u>2018</u>	<u>2017</u>
Deferred assessments - next year's assessments received in advance	\$ 140,684	140,684

### NOTE 5 - CONCENTRATION OF CREDIT RISK

The Company maintains various accounts with one financial institution. Balances, at times, may exceed federally insured limits. The Company believes that its loss exposure is limited.

### NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 29, 2019, which is the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in these consolidated financial statements.

**THE TUNNEL WATER  
COMPANY**

**Financial Statements and  
Independent Auditors' Report  
Years Ended November 30, 2017 and 2016**

# THE TUNNEL WATER COMPANY

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### FINANCIAL STATEMENTS

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Statements of Cash Flows	4-7
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Tunnel Water Company  
Fort Collins, Colorado

We have audited the accompanying financial statements of The Tunnel Water Company, a Colorado nonprofit corporation, which comprise the statements of financial position as of November 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

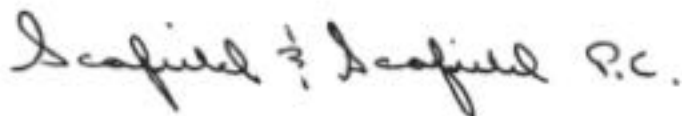
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standard generally accepted in the United States of America. Those standards required that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the bases for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tunnel Water Company as of November 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Centennial, Colorado  
January 22, 2018

# THE TUNNEL WATER COMPANY

## STATEMENTS OF FINANCIAL POSITION

November 30, 2017 and 2016

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current Assets		
Cash and cash equivalents	\$ 46,381	70,919
Restricted savings	216,043	214,242
Prepaid insurance	4,535	4,468
Total current assets	<u>266,959</u>	<u>289,629</u>
Property and Equipment		
Land, easements, reservoirs, and ditches	5,412,932	5,386,373
Buildings and fixtures	85,312	85,312
Machinery and equipment	175,934	175,934
Total cost	<u>5,674,178</u>	<u>5,647,619</u>
Less accumulated depreciation	<u>(1,227,427)</u>	<u>(1,144,615)</u>
Net property and equipment	<u>4,446,751</u>	<u>4,503,004</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,713,710</u></b>	<b><u>4,792,633</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 44,080	24,976
Due to affiliate	-	50,000
Current maturities of long-term debt	111,159	102,003
Deferred assessments	140,684	140,684
Total current liabilities	<u>295,923</u>	<u>317,663</u>
Long-Term Debt, net of current maturities	<u>2,896,871</u>	<u>3,012,509</u>
Net Assets		
Unrestricted		
Common stock, no par value; 450 shares authorized, issued 450 shares in 2017 and 2016	-	-
Undesignated	1,520,916	1,462,461
Total net assets	<u>1,520,916</u>	<u>1,462,461</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,713,710</u></b>	<b><u>4,792,633</u></b>

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF ACTIVITIES

Years Ended November 30, 2017 and 2016

CHANGES IN UNRESTRICTED NET ASSETS	<u>2017</u>	<u>2016</u>
Revenues		
Assessment income	\$ 426,026	426,025
Lease and rent income	2,000	2,000
Miscellaneous income	2,193	1,156
Total revenues	<u>430,219</u>	<u>429,181</u>
Expenses		
Program expenses		
Tunnel	23,645	-
Rawah ditch	90,386	90,675
Supporting expenses		
Administration	46,293	43,418
Legal	5,361	3,038
Interest	123,267	126,118
Depreciation	82,812	76,483
Total expenses	<u>371,764</u>	<u>339,732</u>
Increase in unrestricted net assets	58,455	89,449
Net assets, beginning of period	1,462,461	1,373,012
Net assets, end of period	<u>\$ 1,520,916</u>	<u>1,462,461</u>

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## STATEMENTS OF CASH FLOWS

Years Ended November 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 58,455	89,449
Adjustment to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	82,812	76,483
Changes in operating assets and liabilities:		
Accounts receivable	-	117
Prepaid insurance	(67)	40
Accounts payable and accrued liabilities	19,104	(306,250)
Due to affiliate	(50,000)	(25,000)
Deferred assessments	-	663
Total adjustments	51,849	(253,947)
Net change in cash from operating activities	110,304	(164,498)
Cash flows from investing activities:		
Purchases of property and equipment	(26,559)	(66,332)
Investment in restricted savings	(1,801)	(652)
Net change in cash from investing activities	(28,360)	(66,984)
Cash flows from financing activities:		
New long-term loan advance	-	260,257
Long-term debt payments	(106,482)	(199,716)
Net change in cash from financing activities	(106,482)	60,541
Net change in cash and cash equivalents	(24,538)	(170,941)
Cash and cash equivalents at beginning of year	70,919	241,860
Cash and cash equivalents at end of year	\$ 46,381	70,919
<b>Supplemental disclosure of cash flow data:</b>		
Cash Paid For:		
Interest	\$ 104,543	222,337

See accompanying notes to financial statements.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2017 and 2016

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

*A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.*

**Nature of Activities** - The Tunnel Water Company (Company) is a nonprofit corporation. The Company was formed to acquire and operate a system of collection canals, lakes, reservoirs, and a tunnel, along with the necessary appurtenant facilities and equipment. That water is to be distributed to the Company's shareholders on a pro-rata basis according to stock ownership for beneficial use, including irrigation, domestic, mechanical, and other professional uses. The Company collects assessments annually from shareholders for the purpose of funding the operation and maintenance of its facilities and the acquisition of water, water rights, reservoirs, canals, and other physical facilities and equipment as the Directors deem necessary. These statements, which contain only the activity of The Tunnel Water Company, are included in the consolidated statements of The Water Supply and Storage Company.

**Basis of Accounting** - The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation** - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC 958), *Financial Statements of Not-for-Profit Companies*. Under (ASC 958) the Company is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification** - Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Member Assessments** - Each year, management estimates the succeeding years operating expenses and debt service and establishes annual member assessments necessary to maintain operations and service debt. Members are billed in the first quarter of the fiscal year for their share of the annual member assessments based on their proportionate ownership of common stock.

Assessments are considered to be available for unrestricted use. Debt assessments are restricted for debt service although the restriction is satisfied in the same time period the assessments are received. Therefore, the Company reports debt assessments as unrestricted revenue.

The Tunnel Water Company historically has not had any unpaid assessments. Therefore, all accounts receivable are considered collectible. In the event any assessments remain unpaid, water delivery can be suspended until the assessments are paid. Additionally, the assessments are secured by the members' ownership. The value of this ownership is significantly greater than the annual assessments.

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2017 and 2016

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment is stated at historical cost. The Company's policy is to capitalize expenditures for property and equipment in excess of \$500. Property and equipment are depreciated using the straight-line method over the following estimated lives:

Reservoirs and ditches	90 years
Buildings	40 years
Furniture and fixtures	5-10 years
Machinery and equipment	5-10 years

Income Taxes - The Company operates as a non-profit organization and is exempt from federal income taxes under section 501(c)(12) of the Internal Revenue Code.

While the Company qualifies for exempt status it is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose. There was no unrelated business income for the years ended November 30, 2017 and 2016, and as a result, there was no income tax liability.

The Company applies the provisions of FASB ASC Topic 740, Income Taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended November 30, 2017 and 2016, the Company does not believe it has any uncertain tax positions or any related penalties and interest, therefore no recognition of uncertain tax positions is reflected in the financial statements.

The Company's Forms 990, Return of Company Exempt from Income Tax, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

### NOTE 2 - RESTRICTED SAVINGS

The restricted savings is held to satisfy the debt service reserve fund requirements of the security agreement with the Colorado Water Conservation Board and resides in a certificate of deposit and savings account.

### NOTE 3 - LONG-TERM DEBT

Long-term debt consists of notes payable to the Colorado Water Conservation Board to finance a portion of the costs of rehabilitation and restoration of a water diversion tunnel that partially collapsed in 2000 and to extend the service life and improve maintenance access for the Laramie - Poudre tunnel.



# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2017 and 2016

Long-term debt follows:

	<u>2017</u>	<u>2016</u>
Note payable dated November 24, 2003, due in equal annual installments of \$112,799, including interest at 4.3%, through maturity on December 1, 2032	\$ 1,225,412	1,283,040
Note payable dated December 14, 2000, due in equal annual installments of \$98,226, including interest at 4.5%, through maturity on December 1, 2032	1,048,315	1,097,169
Note payable dated October 21, 2015, due in equal annual installments of \$53,435, including interest at 2.55%, for 30 years. First payment is due one year after the Colorado Water Conservation Board (CWCB) determines that the project is substantially complete. The project was not complete on November 30, 2017.		
Total	<u>734,303</u> 3,008,030	<u>734,303</u> 3,114,512
Less current maturities	111,159	102,003
Long-term maturities	<u>\$ 2,896,871</u>	<u>3,012,509</u>

Security for the notes payable consists of a deed of trust granting a 100% undivided interest in the water and water rights available to the Laramie River System of the Company together with an easement for the Laramie-Poudre Tunnel and a security interest in all assessments authorized for the purpose of repayment of the loans. Provisions of the loan agreements set forth a variety of restrictive covenants including the requirement to fund a debt service reserve fund equal to one-tenth of one annual payment of interest and principal during the first ten years of the loan. At November 30, 2017 and 2016 the debt service reserve fund was funded in accordance with the terms of the agreement and is included in restricted savings.

Interest expense on notes payable of \$123,267 and \$126,118 for 2017 and 2016, respectively, is reflected in the statements of activities.

Aggregate annual principal payments of long-term debt for years subsequent to November 30, 2017 are as follows:

Year ending November 30,	
2018	\$ 111,159
2019	169,476
2020	174,572
2021	179,893
2022	185,447
Thereafter	2,187,483
Total	<u>\$ 3,008,030</u>

# THE TUNNEL WATER COMPANY

## NOTES TO FINANCIAL STATEMENTS

November 30, 2017 and 2016

### NOTE 4 - TRANSACTIONS WITH AFFILIATE

Two-thirds of the Company's stock is owned by The Water Supply and Storage Company ("WSSC"). Both WSSC and The Tunnel Water Company share three common board members and management.

During the years ended November 30, 2017 and 2016, assessment income was received from WSSC as follows:

	<u>2017</u>	<u>2016</u>
Assessments for,		
Operations and maintenance	\$ 143,333	143,333
Debt service	140,684	140,684
	<u>\$ 284,017</u>	<u>284,017</u>

WSSC provides payroll, facilities and other services to The Tunnel Water Company in the ordinary course of business. During the years ended November 30, 2017 and 2016, respectively, the Company made payments of \$89,650 and \$102,360 to WSSC.

At November 30, 2017 and 2016, respectively, the Company has recorded the following amounts due to and prepaid by WSSC:

	<u>2017</u>	<u>2016</u>
Due to affiliate - unsecured non-interest bearing advances for operating funds	\$ -	50,000
Deferred assessments - next year's assessments received in advance	140,684	140,684
Total	<u>\$ 140,684</u>	<u>190,684</u>

### NOTE 5 - CONCENTRATION OF CREDIT RISK

The Company maintains various accounts with one financial institution. Balances, at times, may exceed federally insured limits. The Company believes that its loss exposure is limited.

### NOTE 6 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through January 22, 2018, which is the date the financial statements were available to be issued. There were no events that required adjustments to or disclosure in these consolidated financial statements.

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE TUNNEL WATER COMPANY

The Board of Directors of the Tunnel Water Company (Company) on January 7, 2021 adopted the following resolution concerning a secured loan from the Colorado Water Conservation Board (CWCB) for the purpose of installing a self cleaning trash rack at the main headgate for the Laramie-Poudre Tunnel in the amount of \$600,000 or such actual amount, more or less, as may be needed by the Company and available from the CWCB including the CWCB loan origination fee of 1% of the loan amount.

The Board charged that this resolution is irrevocable during the term of the loan and, pursuant to the Company's bylaws, authorized the President and Corporate Secretary, RESOLVED as follows:

1. To enter into and comply with the terms of a contract with CWCB for a loan in the amount of \$600,000 or such actual amount, more or less, as needed to finance the project costs, including the CWCB loan origination fee of 1%; and
2. If collected revenues are insufficient to service annual payments due under the loan, to levy and collect assessments from the shareholders in an amount sufficient to pay the annual amounts due under the Loan Contract, and to pledge assessment revenues and the Company's right to receive said revenues in an amount sufficient to service the loan as described in the Loan Contract and Security Agreement; and
3. To make the annual payments required by the promissory note and to make annual deposits to a debt service reserve fund; and
4. To execute all documents as required by the loan contract, including but not limited to, a Security Agreement and a Promissory Note; and
5. To take such other actions and to execute such other documents as may be necessary to consummate and implement the loan.

CERTIFICATION

THE UNDERSIGNED, THE PRESIDENT AND THE SECRETARY HEREBY CERTIFY THAT THE FOREGOING ARE TRUE AND CORRECT COPIES OF RESOLUTIONS DULY ADOPTED PURSUANT TO THE COMPANY'S BYLAWS, AND THAT SAID RESOLUTIONS HAVE NOT BEEN AMENDED OR RESCINDED.

By:   
Keith Amen, President

ATTEST:

By:   
Heather Thiede, Secretary

Tunnel Water Company Shareholder List

Water Supply and Storage Company – 300 shares

Windsor Reservoir and Canal Company – 150 shares

**Connell Resources, Inc.**  
**7785 Highland Meadows Pkwy, #100**  
**Fort Collins, CO 80528**  
**Phone: (970) 223-3151**  
**Fax: (970) 223-3191**



Estimator: Shane Westlind

## BUDGET WITH TERMS

Date: 2/23/2021

<b>Submitted To:</b> Water Supply And Storage Company	<b>Bid Title</b> 210223 LARIMIE RIVER TUNNEL TRASH RACK
<b>Address:</b> 2319 E. Mulberry Fort Collins, CO 80524 USA	<b>Bid Number:</b> #001
<b>Contact:</b> Donald Frick	<b>Project Location:</b> Larimie River Tunnel
<b>Phone:</b> 482-3433 <b>Fax:</b> 482-1486	<b>Project City, State:</b> Bellevue, CO
	<b>Engineer/Architect:</b> NOCO Engineering Company

**We have prepared for your information the following items for budget evaluation purposes for the referenced project. This budget includes conceptual quantities, resource costs, scope-of-work and schedules and therefore may not completely represent all items of work or cost ultimately necessary for completion of the project. This budget was prepared using reasonable skill and judgment, but is not an offer to perform the Work described.**

Item #	Item Description	Estimated Quantity	Unit	Unit Price	Total Price
<b>A. General Conditions</b>					
10.100	Equipment Mobilizations / Demobilizations	20.00	EACH	\$714.00	\$14,280.00
10.103	Temporary Sanitary Facilities	2.00	MO	\$1,353.00	\$2,706.00
10.105	Crew Per Diem And Travel Time	8.00	WK	\$7,241.00	\$57,928.00
10.107	Remote Fueling & Equipment Maintenance	2.00	MO	\$6,800.00	\$13,600.00
10.110	Geotechnical Testing	3.00	TRIP	\$832.00	\$2,496.00
10.112	Construction Surveying	1.00	LS	\$6,565.50	\$6,565.50
10.114	Onsite Trailer & Climate Controlled Storage	2.00	MO	\$4,717.00	\$9,434.00
10.116	Project Management & Full Time Concrete Manager	9.00	WK	\$3,896.00	\$35,064.00
10.200	Laramie River Tunnel Trash Rack Contingency (5%)	1.00	LS	\$34,503.00	\$34,503.00
<b>Total Price for above A. General Conditions Items:</b>					<b>\$176,576.50</b>
<b>B. Removals</b>					
22.200	Initial Site Access, Snow Removal And Staging Area Prep	2.00	DY	\$4,167.00	\$8,334.00
22.208	Remove & Salvage Existing Head Gates & Operators	4.00	EACH	\$1,066.00	\$4,264.00
22.210	Remove Existing CIP Head Gate Structure	1.00	EACH	\$5,146.00	\$5,146.00
<b>Total Price for above B. Removals Items:</b>					<b>\$17,744.00</b>
<b>C. Erosion Control</b>					
29.011	Concrete Washout & Removal	1.00	EACH	\$980.00	\$980.00
<b>Total Price for above C. Erosion Control Items:</b>					<b>\$980.00</b>
<b>D. Earthwork</b>					
26.100	Structure Excavation	2.00	DY	\$4,167.00	\$8,334.00
26.102	Import And Place Structure Bedding Material (#57 Bedding Rock)	2,650.00	SF	\$7.15	\$18,947.50
26.200	Structure Backfill Class 1 (If Required - Discuss Options)	450.00	CY	\$89.60	\$40,320.00
26.220	Structure Backfill Class 2	900.00	CY	\$7.15	\$6,435.00
<b>Total Price for above D. Earthwork Items:</b>					<b>\$74,036.50</b>
<b>F. Concrete Structures</b>					
60.100	Structural Concrete - Tunnel Trash Rack Structure	155.00	CY	\$1,760.00	\$272,800.00
60.102	Unloading & Installation Of Trash Rack System (Delivered To The Site By Duperon)	1.00	EACH	\$20,750.00	\$20,750.00
60.104	Modification And Special Fabrication Of Existing Headgates & Operators (Lengthing)	4.00	EACH	\$1,525.00	\$6,100.00
60.104	Installation Of Headgates And Operators	4.00	EACH	\$2,419.00	\$9,676.00
60.106	Installation Of Prefabricated Mechanical Building & Foundation (Foundation Based On 12' X 8' Pad)	1.00	EACH	\$24,180.00	\$24,180.00
<b>Total Price for above F. Concrete Structures Items:</b>					<b>\$333,506.00</b>
<b>G. Winter Conditions</b>					
70.000	Snow Removal - Allowance Based On 2 Days Per Week For 7 Weeks @ 2 Hours Per Day	28.00	HR	\$486.00	\$13,608.00

Item #	Item Description	Estimated Quantity	Unit	Unit Price	Total Price
70.050	Winter Protection - Concrete Blankets & Structure Protection	2.00	MO	\$2,741.00	\$5,482.00
70.100	Ground Thaw Machine/Forced Air Heat/Site Generators	2.00	MO	\$33,430.00	\$66,860.00
<b>Total Price for above G. Winter Conditions Items:</b>					<b>\$85,950.00</b>
<b>P. Eletrical</b>					
80.100	Installation Of Electrical Control Systems	1.00	LS	\$27,370.00	\$27,370.00
80.101	Installation Of Owners Generator (Generator And Fuel Tank Purchase By Water Supply And Storage)	1.00	LS	\$4,386.00	\$4,386.00
80.102	Duperon Start Up And Power Generation System Training	1.00	DY	\$4,000.00	\$4,000.00
<b>Total Price for above P. Eletrical Items:</b>					<b>\$35,756.00</b>
<b>Total Bid Price:</b>					<b>\$724,549.00</b>

- Notes:**
- Budget pricing is being submitted to Water Supply and Storage for the Laramie River Tunnel Trash Rack Project. This budget proposal is based upon plans titled "Laramie-Poudre Canal Head gate General Layout" drawings dated 02-15-21, Sheets 1 through 4, prepared by NoCo Engineering, Inc. No geotechnical engineering report or information was provided at bid time. This project is currently scheduled to start March 15th 2021 and to be completed by May 7th, 2021 with the goal of being able to run water no later than May 12th, 2021. Connell Resources, Inc. proposes to complete this project on a Cost Plus 15% Margin as per previous negotiated work with Water Supply and Storage. Water Supply and Storage have contracted Duperon to supply the trash rack system. This system will be delivered to the site and final installation will be completed by Connell with the support of onsite Duperon representatives and employees.
  - The following are excluded from this proposal: Construction engineering; Warrantee period in excess of one year for Connell self performed items; Permits & Fees; By pass pumping for canal flows, Erosion control devices; Site reclamation seeding, or revegetation.
  - All work is contingent on the availability of construction water, access to the work, negotiation of acceptable contract terms, a mutually agreeable schedule, and verification of financing.
  - Please provide a minimum of 4 weeks advanced notification of work requests to allow for scheduling the work. No work will be completed without a signed Contract Agreement. Work is anticipated to start 03-15-21 and to be completed by 05-07-21.
  - Frost removal or winter protection is not included. If requested, it will be billed either on a time and material basis or a lump sum amount that is mutually agreed upon.
  - Environmental site assessment / mitigation of hazardous or contaminated materials is excluded. Treatment or testing for contaminated groundwater is specifically excluded.
  - Add 1% to include performance and payment bond.
  - Notes and Clarifications:
    - Connell has included the purchase and installation of a 8'x8' prefabricated steel building. This building is planned to house the control plans, switch gears and main control panels for the trash rack operating systems. This building will be attached to a Cast In Place Foundation 12' x 22' in dimension. Final field layout will be completed with WS&S to determine final location. It has been assumed this control building will be located within 50' of the south local control panel. The foundation has been revised to include an area for the installation of a diesel generator (to be purchased by Water Supply & Storage) and a fuel containment area.
    - The local control panels for the Duperon Trash Rack system will be located on each side of the trash rack structure. These control panels will be mounted on stainless steel racks. All exterior conduits will be galvanized steel conduit.
    - All structural concrete has been quoted with 4,500 psi mix
    - It has been assumed that Harrison Western will continue to maintain access from Hwy 14 to the project site. If any additional road maintenance needs to be completed, Connell can provide additional services for access roadway access maintenance.
  - Electrical Notes and Clarifications:
    - Furnish and install power raceways for connection of standalone generator system to trash rack equipment as described below:
    - Electrically connect generator and automatic transfer switch "furnished by others" to electrical system at she.
    - Install two trash rack control panels "furnished by others" inside control shed.
    - Furnish and install four 1" conduits for power and control with six conductors a piece from control panel to trash rack motors. Assumes less than 50' from control building to trash rack motors.
    - Electrically connect trash rack motors to power conduits.
    - Install two remote (local) control stations for motor control in proximity to the motor locations, connected to the two 1" control conduits.
    - Furnish and install one 120/240V 100A panelboard to serve motor circuits and general purpose branch circuits.
    - Furnish and install one single pole switch, one interior LED strip light, one general purpose receptable inside shed, and two motion lights on the exterior of the shed.
    - Excludes electrical permit and engineering. Please be advised that some materials may require unusual lead times due to COVID related disruptions in the supply chain.

## CONDITIONS AND AGREEMENTS

**1. WITHDRAWAL OF QUOTATION:** This quotation may be withdrawn or modified by Connell Resources, Inc. ("Connell") if not accepted by the named sponsor (the "Sponsor") within thirty (30) days from date of issue.

**2. PERFORMANCE:** Delivery of materials and performance of services herein quoted are subject to delays occasioned by circumstances beyond Connell's control. Completion date is subject to weather conditions, mechanical failures, labor difficulties, fuel or material shortages, fire, government authority or regulation, acts of God, engineering changes, contractors not included in this Agreement or any cause beyond Connell's control.

**3. SPONSOR'S RESPONSIBILITIES:** This quotation does not include any charges for tapping fees unless noted. Sponsor to furnish all easements and adequate working right of ways. Sponsor will pay all costs of design engineering and inspections and quality control testing.

**4. SOIL MECHANICS AND UNDERGROUND CONDITIONS:** During excavation, if material is encountered that a 1-1/4 yard backhoe cannot remove for utility installation or a D8 tractor cannot rip for grading work, a price adjustment may be necessary. If blasting (or other approved method) becomes necessary, this work will be done as an additional cost on a time and material basis or a negotiated lump sum basis. Also, if unstable subgrade conditions are encountered, these conditions shall be the criteria for change order negotiations between Sponsor and Connell.

**5. DESIGN AND ENGINEERING SERVICES:** Sponsor acknowledges that Connell is not providing professional design or engineering services. Sponsor is solely responsible for performing, or retaining qualified professionals to perform, all such services, at their cost. Connell shall not be liable for any damages resulting from design or engineering services performed by sponsor, sponsor's agents or third parties.

**6. EXTRA WORK:** Upon written notice from Connell to the sponsor, sponsor's agent or employee that extra work not specifically included in the quotation is necessary to complete the work described, the parties shall negotiate a written, signed agreement for the extra work within three (3) working days of the date of such notice. If such written agreement is not reached within three (3) working days and Connell has not otherwise received from the sponsor any written authorization for the extra work, then Connell may in its sole absolute discretion proceed with extra work if Connell considers it necessary. As compensation for the extra work, the sponsor shall pay Connell on a time-and material basis for all costs related to such work unless the parties agree in writing on another method of compensation.

**7. QUANTITY DETERMINATION AND BILLINGS:** For any unit price quotation, the quantities shall be verified by in-field measurement after construction, and the total price to be paid by sponsor will be calculated by multiplying the verified quantities times the unit prices for such quantities. This quotation shall be considered a unit price quotation unless it is specifically designated as a lump-sum quotation.

**8. PAYMENT TERMS:** The sponsor agrees to pay Connell the full quoted price with any adjustments, provided for the work herein specified. Invoices or progress payments will be due on the 10th of each month following their issue. Payment shall be overdue and delinquent if not received by Connell by the due date. Time is of the essence to this Agreement. Connell will be entitled to a 1-1/2% per month LATE PAYMENT CHARGE, NOT A FINANCE CHARGE, which is an ANNUAL PERCENTAGE RATE OF 18%, on any past due balances. Acceptance by Connell of a partial payment shall not be construed as a waiver of Connell's right to full and immediate payment.

**9. DEFAULT:** If sponsor defaults in timely making any payment or performing any obligation under this Agreement, sponsor shall pay all costs and expenses (including reasonable attorney's fees) incurred by Connell as a result of the default.

**10. WARRANTIES:** All work shall be performed in a good and workmanlike manner in accordance with the applicable ordinances and regulations of the City, County or District in which it is performed. All warranties will be as per the City, County or District in which the work is performed, as stated by their ordinances or regulations. EXCEPT AS PROVIDED ABOVE, CONNELL MAKES NO WARRANTIES WITH RESPECT TO THE WORK PERFORMED UNDER THIS AGREEMENT AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING (WITHOUT LIMITATION) ANY WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED BY CONNELL AND WAIVED BY BUYER.

**11. SOIL STERILIZATION:** If a soil sterilizer is applied it is done as an effort to retard weed growth and no guarantee is expressed or implied that its use will be effective.

**12. ASPHALT PRICE ADJUSTMENTS:** In the event of national and regional shortages of crude oil or other factors beyond Connell's control, Connell's suppliers will no longer furnish a long-term price for asphalt cement. If paving work is not performed during Connell's current paving season, the price may be increased by Connell to reflect price increases in the following paving season when the work is completed. The normal paving season extends from April to November 15, depending on weather conditions.

**13. AUTHORITY TO PERFORM WORK:** The sponsor accepting this quotation represents that it is the representative of the Owner of the premises on which the work is to be done, or that the signer is an authorized representative of the Owner, and that permission and authority are hereby granted to Connell to perform such work on the premises in accordance with the terms and conditions of this Agreement.

**14. INDEMNIFICATION/LIABILITY LIMITATION:** Connell shall not be responsible for sponsor's acts or omissions, or those of any other person or entity. Sponsor shall indemnify and hold Connell harmless from and against all claims, demands, suits, liabilities, losses and expenses (including reasonable attorneys fees) arising from or relating to any act or omission of sponsor, sponsor's agents, or any third party. In no event shall Connell be liable for any consequential, incidental, special, punitive or indirect losses or damages which the sponsor may incur or suffer in connection with this Agreement.

**15. BINDING EFFECT:** This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

**16. HAZARDOUS MATERIALS:** In the event Connell encounters on the job site hazardous chemicals, wastes, or material as defined by any federal, state, or local authority (referred to as "Hazardous Materials") which are not introduced to the job-site by Connell, Connell shall have no duty or responsibility for handling, storage, or disposal of such Hazardous Materials, or for complying with any federal, state, or local laws, regulations or ordinances pertaining to the handling, storage, or disposal of the Hazardous Materials. Connell shall not be required to perform further work in the vicinity of the Hazardous Materials to the extent such Materials may, in Connell's sole opinion, pose any threat to the health and safety of Connell personnel. Any delays in the performance of Connell's work related to or caused by the presence of Hazardous Materials on the job-site will extend Connell's time for performance under this Agreement a like amount of the time.

Test

### ACCEPTED:

The above prices, specifications and conditions are satisfactory and hereby accepted.

Sponsor: \_\_\_\_\_

Signature: \_\_\_\_\_

Date of Acceptance: \_\_\_\_\_

### CONFIRMED:

**Connell Resources, Inc.**

Authorized Signature: \_\_\_\_\_

Estimator: Shane Westlind  
970-223-3151    swestlind@connellresouces.com



# Proposal

Proposal ID: 47221

3317 North Lincoln Avenue  
Loveland, CO 80538  
www.gregoryelectricinc.com  
CO EC #2987



Loveland (970) 669-7609  
Ft. Collins (970) 224-3242  
Fax (970) 663-7132  
service@gregoryelectricinc.com

BILL TO Connell Resources, Inc.		PHONE 970.223.3151	DATE 2/22/2021
BILLING STREET 7785 Highland Meadows Pkwy, #100		JOB NAME WSSC Trash Rack	
BILLING CITY, STATE and ZIP CODE Windsor, CO 80550		JOB LOCATION 40.677277, -105.854468	
CONTACT Shane Westlind		EMAIL swestlind@connellresources.com	JOB PHONE (same)

We hereby submit specifications and estimates for:

- Furnish and install one PV system consisting of design, two inverters, inverter controls, four batteries (see link below), one battery combiner & cable assembly, twenty 395W solar panels, two combiner boxes with surge protection, and one solar 2-pole mount/racking/culvert/concrete installation.
- Battery submittal: <https://www.fortresspower.com/lithium-iron-phosphate-battery/> (39" x 19.2" x 22", 476 lbs apiece)
- Furnish and install power raceways for connection of solar system to trash rack equipment as described below.
- Electrically connect generator and automatic transfer switch furnished by others to electrical system at shed.
- Install two trash rack control panels furnished by others inside shed.
- Furnish and install four 1" conduits for power and control with six conductors apiece from control panels to trash rack motors no greater than 50' distant from shed.
- Electrically connect trash rack motors to power conduits.
- Install two remote (local) stations for motor control in proximity to the motor locations, connected to the two 1" control conduits.
- Furnish and install one 1500W wall heater inside shed connected to 120V branch circuit. Includes signage to direct end user to shut down trash rack before activating heating system seasonally (electrical interlock methods may compromise durability of system.)
- Includes lodging budget to expedite work.
- Excludes electrical permit, assumed to be covered under general permit.
- Excludes trenching. Trenches furnished by others to comply with Part XII of this proposal.
- Excludes electrical engineering per Part II (K) of this proposal.
- Please be advised that some materials may require unusual lead times due to COVID-related disruptions in supply chain.
- Excludes any relevant cost increases due to tariff increases.

*We Propose* hereby to furnish material and labor - complete in accordance with above specifications and the conditions described on second page of this proposal, for the sum of: \$ 161,420.00

Payment to be made as follows:

Progress Billing Weekly / Balance Upon Completion

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are covered by Workman's Compensation Insurance.

Authorized  
Signature  
George Stolz, Service Manager, VP

Note: This proposal may be  
withdrawn by us if not accepted within

30 days.

**Acceptance of Proposal** - The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature \_\_\_\_\_

Date of Acceptance: \_\_\_\_\_

Print/Title \_\_\_\_\_

# Service Department Standard Contract Terms, Policies and Procedures

## I. STANDARD INCLUSIONS.

- A. Sales Tax per jobsite address.
- B. One year warranty on labor and material furnished by Gregory Electric Inc. as per Part XIII.

## II. STANDARD EXCLUSIONS. (For deviations from these standard exclusions, please contact for revision to Scope of Work). Unless specifically noted in Scope of Work, this proposal excludes the following:

- A. Permit - Electrical, Sign, General Construction, Fire Alarm, or other.
- B. Surface Finishes: Patching, texture, paint or similar repairs to brick, stone, siding, drywall, and similar finishes.
- C. Repairs to landscaping, concrete, trees, vegetation, surface cover, driveways, sidewalks and similar.
- D. Disposal
  - 1. Of boxes, packing materials and the like generated in the execution of work.
  - 2. Of removed light fixtures, ballasts, and lamps.
  - 3. Of other removed equipment.
  - 4. Suitable location for waste shall be furnished by others on site.
- E. Trenching, backfill and compaction excluded unless specified in Scope of Work. If trenching is included in Scope, the following apply:
  - 1. Excludes compaction beyond wheel roll compaction.
  - 2. Excludes trenching through stone or rock.
  - 3. Excludes private systems as follows:
    - a. Repairs of any system not located in a standard public locate request.
    - b. Private locates of any system not located in a public locate request.(Informational Note: Examples of private systems include sprinkler water lines, sprinkler controls, privately owned gas, water, and power systems)
- F. Directional Boring. If specifically included in Scope, then (E) above applies.
- G. Scissor or boom lift.
- H. Work outside the hours of 7am-4pm.
- I. Performance Bond.
- J. Utility company charges, including disconnect / reconnect fees.
- K. EE stamped drawings / Fire Alarm Drawings / Ladder Diagrams / One-Line Schematics
- L. Low Voltage (0 - 120 Volt) including Control, Telephone, Data, Fire Alarm, CATV, CCTV, Sound, Paging, Security, Access, Card Reader - whether cabling, equipment or installation.
- M. Concrete cutting, removal, patching or core drilling.
- N. Roof patching, sealing, or related ancillary equipment.
- O. Lighting Fixtures
  - 1. Furnishing, or verifying suitability of furnished fixtures for the project.
  - 2. Excess of 1/2-hour labor of fixture assembly for fixtures furnished by others.
  - 3. Cleaning, rewiring, lamping or relamping
  - 4. Replacement of any existing / reused / relocated / reinstalled light fixtures
  - 5. Warranty labor or materials for fixtures furnished by others
  - 6. Warranty boom or scissor lift rental regardless of fixture supplier
- P. Access Panel Furnish or Installation
- Q. Emergency Radio Amplification testing, equipment or power
- R. Arc Flash / Arc Fault Study calculations, reports, labels, corrections
- S. Generator / UPS systems
- T. Davis-Bacon Wages / Prevailing wages.
- U. Submittals, Operation & Maintenance Materials, Owner Training, Coordination Meetings, Specifications, and similar administrative activities, electronically or otherwise.
- V. Temporary Power & Lighting
- W. Fire-stopping or draft-stopping materials and labor
- X. Fees for background checks and similar activities required by owner.

## III. TERMS OF PAYMENT.

- A. Proposal amount shall be collected in full at completion of Scope of Work, and will not be converted to a time-and-materials work order during or after execution of the Scope as declared.
- B. Customer shall be billed weekly unless otherwise noted. Contractor, at its discretion, may require monthly progress payments for services requiring more than thirty (30) days to complete. Terms of payment are net 30 days from date of Contractor's invoice. Contractor shall have the right, among other remedies, either to terminate this Agreement or to suspend further performance under this Agreement and/or other agreements with Customer in the event Customer fails to make any payment when due.
- C. Customer shall be liable for all expenses, including attorneys' fees, relating to the collection of past due amounts. If any payment owed to Contractor is not paid when due, it shall bear interest, at a rate to be determined by Contractor, which shall not exceed the maximum rate permitted by law, from the date on which it is due until it is paid. Contractor may preserve its interests in payment by enforcing any applicable mechanic's, construction or similar lien rights. Unconditional lien waivers will not be submitted to Customer until balance due is paid in full.
- D. Credit card payments may be subjected to an additional 3% fee above contract amount.

## IV. SITE ACCESS. Site access will be provided to complete scope of work. Delays due to locked gates, doors, scheduling errors shall be billed as a Change Order.

## V. MOBILIZATION. This proposal includes a limited amount of mobilizations that result in the most cost effective and efficient execution of the project. Any additional mobilizations, or

VI. ASSIGNMENT. This proposal is to the party listed and may not be assigned to a third party. Please contact for revision in the event the proposal needs to be reassigned. This agreement constitutes the entire agreement between parties. The party listed in the "Bill To" portion of the proposal is responsible for payment.

VII. PERFORMANCE. Gregory Electric Inc. agrees that where a written construction schedule is provided with the signing of this proposal and fails to comply with said schedule, Gregory Electric Inc. shall pay all overtime costs necessary to complete construction in a timely manner. If a written construction schedule is not provided with the signing of this proposal, Gregory Electric Inc. shall not pay for any overtime to complete project and any overtime required shall be considered an extra. Authorization shall be required according to CHANGES AND EXTRAS referred to below. Reasonable time shall be given to Gregory Electric Inc. to complete each phase of the electrical job.

VIII. MATERIALS AND EQUIPMENT. All material and equipment shall be as warranted by the manufacturer and will be installed in a manner consistent with standard practices at this time. It is agreed that title to all material required (for the purpose of this proposal) to remain the property of Gregory Electric Inc. until paid in full. It is understood that Gregory Electric Inc. shall have the authorization to enter upon owner/contractor property for the purpose of repossessing material and equipment whether or not installed without liability to owner/contractor for trespass or any other reason.

IX. CHANGE ORDERS. Any deviation, alteration or changes from this proposal will be executed only on receipt of written request and authorization. Said charges shall in no way affect or make void the proposal. Charges for changes or modification to this proposal will be based on the standard shop labor rate. This labor rate includes labor, labor benefits, supervision, overhead, warranty, and other cost. Material shall be charged at contractor's list price.

X. NATIONAL AND LOCAL CODES: Electrical installation shall meet the National Electrical Code adopted by the State of Colorado. Errors and/or omissions in design by the designer, architect and/or engineer are not the responsibility of Gregory Electric Inc. Any additional outlets, wiring, fixtures, equipment, etc. not indicated on plans and specifications that are required by Code or other (i.e., Inspectors) shall not be part of this proposal.

XI. FIXTURES AND EQUIPMENT SUPPLIED BY OTHERS. If applicable, price includes the installation of fixtures furnished by others provided fixtures are on jobsite at time of electrical trim out. Fixtures supplied by others shall be assembled, pre-whipped, and pre-lamped. Electrical Contractor shall not be responsible for fixtures and equipment supplied by others. Losses due to theft, damage, vandalism, etc. are not the responsibility of Gregory Electric Inc. Fixtures and equipment must be stored by others.

XII. TRENCHES FURNISHED BY OTHERS are to be 24" deep from grade to top of pipe, continuous, as straight as possible and conform to all requirements of trenches and raceways in the National Electric Code.

## XIII. WARRANTY.

- A. Warranties shall apply exclusively to the electrical installation of the material, fixtures, equipment, and other items supplied by the electrical contractor.
- B. Warranty shall commence from the substantial completion date for a maximum period of one (1) year.
- C. Warranty or service will not be performed if any payments according to this proposal become past due including change orders.
- D. Warranty shall not apply to equipment on load side of premises wiring system.
- E. Three-phase equipment shall be bump-tested to verify rotation as applicable.  
Equipment furnished by others shall be plainly marked to permit performance of bump-test, and shall be capable of withstanding bump-test. Warranty does not cover equipment that is not plainly marked.
- F. LED Fixtures furnished by Gregory Electric Inc. will be warranted for one year in house. No guarantee of suitable manufacturer replacement components or fixtures expressed or implied after substantial date of completion due to the evolving nature of the technology. Manufacturer warranties extending beyond the one-year period shall be addressed directly to the manufacturer by customer.
- G. Warranty work will be executed at first available opportunity. On-Call requests will be billed at standard On-Call rates.



## **D 2020 208**

### **EXECUTIVE ORDER**

#### **Declaring a Disaster Emergency Due to the Cameron Peak Fire in Larimer County**

Pursuant to the authority vested in the Governor of the State of Colorado and, in particular, pursuant to Article IV, Section 2 of the Colorado Constitution and the relevant portions of the Colorado Disaster Emergency Act, C.R.S. § 24-33.5-701, *et seq.*, I, Jared Polis, Governor of the State of Colorado, hereby issue this Executive Order declaring a state of disaster emergency due the Cameron Peak Fire in Larimer County, enabling State agencies to coordinate, and making resources available for fire suppression, response, consequence management, and recovery efforts.

#### **I. Background and Purpose**

The Governor is responsible for meeting the dangers to the State and people presented by disasters. C.R.S. § 24-33.5-704(1). The Colorado Disaster Emergency Act defines a disaster as “the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural cause or cause of human origin, including but not limited to fire.” C.R.S. § 24-33.5-703(3).

The Cameron Peak Fire started on August 13, 2020, in Larimer County on United States Forest Service Land fifteen miles south of Redfeather Lakes. On August 20, the fire had grown to 16,461 acres and was zero percent contained. On August 21, 2020, the Lewstone Fire started on private land in Larimer County, and the combination of these two fires greatly reduced local response capacity. As of August 21, 175 homes had been evacuated due to the Cameron Peak Fire. On September 6, the Cameron Peak Fire grew to 40,813 acres and approximately 5,500 residents were under mandatory evacuation.

At approximately 4:15 PM on September 6, 2020, I verbally declared a disaster emergency for the Cameron Peak Fire in Larimer County and activated the State of Colorado Emergency Operations Plan.

Because of the severity of the fire and additional private and State properties at risk, on September 6, 2020, at approximately 5:35 PM the Division of Fire Prevention and Control requested a federal Fire Management Assistance Grant from the Federal Emergency Management Agency for the Cameron Peak Fire. On September 6 at approximately 6:43 PM, the request for a Fire Management Assistance Grant was approved by the Federal Emergency Management Agency's Regional Administrator.

As of September 30, 2020, the Cameron Peak Fire burned 125,006 acres and was thirty percent contained and over 6,200 homes had been evacuated.

## **II. Declarations and Directives**

- A. The Cameron Peak Fire and associated impacts constitute a disaster emergency under C.R.S. § 24-33.5-701, *et seq.* My verbal order of September 6, 2020, declaring a disaster emergency is hereby memorialized by this Executive Order and shall have the full force and effect of law as if it were contained within this Executive Order.
- B. The State Emergency Operations Plan is hereby activated. All State departments and agencies shall take whatever actions may be required and requested by the Director or Acting Director of the Office of Emergency Management pursuant to the Emergency Support Function 5 Annex of the State Emergency Operations Plan, including provision of appropriate staff and equipment as necessary.
- C. Funds in the Emergency Fire Fund are hereby found to be insufficient to pay for the State fire suppression, response, consequence management, and recovery efforts related to the Cameron Peak Fire. I encumber six million, seven hundred thirty-nine thousand, five hundred dollars (\$6,739,500) from the Disaster Emergency Fund, established in C.R.S. § 24-33.5-706(2)(a), for costs associated with suppression resources related to the Cameron Peak Fire since September 1, 2020 and the State's fire suppression, response, consequence management, and recovery efforts related to the Cameron Peak Fire since September 6, 2020.
- D. Pursuant to C.R.S. § 24-33.5-705.4(5), the Director of the Office of Emergency Management is hereby authorized and directed to allocate the funding to the appropriate government agencies and non-profit organizations and execute awards, purchase orders, or other mechanisms to effect the allocation of the funds. The funds described in section II(C) above shall remain available for this purpose until thirty-six (36) months from the date of this Executive Order, and any unexpended funds shall remain in the Disaster Emergency Fund.
- E. The Division of Fire Prevention and Control, via its fire billing practices, is authorized to coordinate applications for any funds available related to this disaster emergency. Specifically, the Colorado Division of Fire Prevention and Control is directed to seek reimbursement and make payments as needed to agencies providing assistance related to the Cameron Peak Fire.

**III. Duration**

This Executive Order shall expire thirty (30) days from September 6, 2020, unless extended further by Executive Order, except that the funds described in Section II.C above shall remain available for the described purposes for thirty-six (36) months from the date of this Executive Order.



GIVEN under my hand and  
the Executive Seal of the  
State of Colorado, this fifth  
day of October, 2020.

A handwritten signature in blue ink that reads "Jared Polis".

Jared Polis  
Governor