



## COLORADO

### Colorado Water Conservation Board

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

May 25, 2023

Monty Smith, President  
Groundwater Management Subdistrict of the Trinchera Water Conservancy District  
PO Box 145  
Blanca, CO 81123

Re: Alpha Hay Farms Augmentation  
Loan Contract Number CT2023-2846

#### NOTICE OF PROJECT SUBSTANTIAL COMPLETION

Dear Mr. Smith:

This letter is to advise you that the Project referenced above will be substantially completed on June 1, 2023. In accordance with the Loan Contract, the Company owes \$3,719.07 for interest accrued during the construction phase of the Project (see attached Project Expenditure Schedule). Please make this "interest only payment" check payable to the Colorado Water Conservation Board and include the Loan Contract Number on the check.

The final total loan amount under this contract is \$2,251,290.00 (\$2,229,000.00 plus \$22,290.00 for the 1% service fee). The first annual loan payment will be due on June 1, 2024, in the amount of \$101,907.34 as presented in the attached Promissory Note and Loan Repayment Schedule.

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

It has been a pleasure working with you on the successful completion of this project. Please don't hesitate to contact us if you have any questions regarding this matter.

Sincerely,

Kirk Russell, P.E. Chief  
CWCB Finance Section

Loan Contract Amount = \$2,251,290.00  
Final Total Loan Amount = \$2,251,290.00

cc: Nathan Coombs, CWCB Board Member, Rio Grande Basin

Attachments



Colorado Water Conservation Board  
Project Expenditure Schedule

**Alpha Hay Farms Augmentation Project**

Groundwater Management Subdistrict of the  
Trinchera Water Conservancy District  
PO Box 145  
Blanca, CO 81123  
c/o Monty Smith

Ph. 719-379-3467

Fax  
monty@threesranch.com

	Original	Amended	Final
Loan Contract No.:	<b>CT2023-2846</b>		
Authorization:	\$2,251,290.00		
Contract Amount	\$2,229,000.00		\$ 2,229,000.00
Loan Service Fee %	1.00%		
Loan Service Fee	\$22,290.00		\$ 22,290.00
Total Loan Amount	\$2,251,290.00		\$ 2,251,290.00
Interest:	2.10%		2.10%
Term (Years):	30		30
Conditions:	Up to 100%		Up to 100%
IDC Calculation Date:	6/1/2023		

Substantial Completion Date

6/1/2023

Contract Expires: 4/24/2026

Pay Req. No.	Date	Description	Amount Disbursed	Cumulative Loan Balance	Balance Available to Loan	Interest	Accrued Interest
					\$ 2,251,290.00		
1	5/3/2023	Property Purchase	\$ 2,229,000.00	\$ 2,229,000.00	\$ 22,290.00	\$ 3,719.07	\$ 3,719.07
Final	6/1/2023	Loan Service Fee @ 1%	\$ 22,290.00	\$ 2,251,290.00	-	-	\$ 3,719.07

% Disbursed

Days

99% 29  
100% 0

*MW*

**APPENDIX 3, PROMISSORY NOTE**

Date: February 28, 2023

Borrower: Groundwater Management Subdistrict of the Trinchera Water Conservancy District, acting by and through the water activity enterprise

Total Loan Amount: \$2,251,290.00

Interest Rate: 2.10% per annum

Term of Repayment: Thirty (30) years

Loan Contract Number: CT2023-2846

Annual Loan Payment: \$101,907.34

Payment Initiation Date\*: 06/01/2023  
(To be filled in at Substantial Completion of Project)

Maturity Date\*: 06/01/2053  
(To be filled in at Substantial Completion of Project)

\* Payment Initiation Date and Maturity Date fields are filled in *after* the Project has been substantially completed.

1. For Value Received, the Borrower promises to pay the Colorado Water Conservation Board ("CWCB"), the Principal Amount plus Interest for the Term of Repayment, pursuant to the Contract and this Promissory Note.
2. Principal and interest shall be payable in annual equal payments as set forth in "Annual Loan Payment" above, with the first payment due and payable one year from the Payment Initiation Date (the date the CWCB determines that the Project is substantially complete), and annually thereafter. All principal, interest, and late charges, if any, then remaining unpaid shall be due and payable on or before the Maturity Date.
3. Payments shall be made to the Colorado Water Conservation Board at 1313 Sherman Street, Room 718, Denver, Colorado 80203.
4. The CWCB may impose a late charge in the amount of five percent (5%) of the annual payment if the CWCB does not receive the annual payment within sixty (60) calendar days of the due date. At the discretion of the CWCB, and if the Borrower requests in writing with sufficient justification, the late fee may be waived by the CWCB. CWCB will review the request from the Borrower, and may, in its sole discretion, choose to waive the late fee.
5. This Promissory Note may be prepaid in whole or in part at any time without premium or penalty. Any partial prepayment shall not postpone the due date of any subsequent payments or change the amount of such payments.
6. This Promissory Note is issued pursuant to the Contract between the CWCB and the Borrower. The Contract creates security interests in favor of the CWCB to secure the prompt payment of all amounts that may become due hereunder. Said security interests are evidenced by a Security Agreement of even date and amount herewith and cover the Pledged Revenues. The Contract and Security Agreement grant additional rights to the CWCB, including the right to accelerate the maturity of this Promissory Note in certain events.
7. If any annual payment is not paid when due or any default under the Contract or the Security Agreement securing this Promissory Note occurs, the CWCB may declare the entire outstanding principal balance of the Note, all accrued interest, and any outstanding late charges immediately due and payable, and the indebtedness shall bear

interest at the rate of seven percent (7%) per annum from the date of default. The CWCB shall give the Borrower written notice of any alleged default and an opportunity to cure within sixty (60) days of receipt of such notice before the Borrower shall be considered in default for purposes of this Promissory Note.

8. The Borrower hereby agrees that if this Note or interest thereon is not paid when due or if suit is brought, then it shall pay all reasonable costs of collection, including reasonable attorney fees. In the event of any bankruptcy or similar proceedings, costs of collection shall include all costs and attorney fees incurred in connection with such proceedings, including the fees of counsel for attendance at meetings of creditors' committees or other committees.
9. This Promissory Note is authorized pursuant to and in accordance with the Constitution of the State of Colorado and all other laws of the State thereunto enabling. Specifically, but not by way of limitation, the Contract and this Promissory Note are authorized pursuant to and under the authority of Title 31, Article 35; Title 37, Article 45.1; and Title 11, Article 57, Part 2, C.R.S., and in full conformity therewith. Pursuant to Section 11-57-210, C.R.S., and Section 31-35-413, C.R.S., this recital shall be conclusive evidence of the validity and the regularity of the issuance of this Promissory Note and the Promissory Note shall be incontestable for any cause whatsoever after its delivery for value.

Groundwater Management Subdistrict of the Trinchera  
Water Conservancy District, acting by and through the  
water activity enterprise

By:   
Signature

Attest:

Name: Monty Smith

Title: President

Date: February 28, 2023

By:   
Signature

Name: ~~Byron~~ Cade Kunugi

Title: Secretary

Date: February 28, 2023



# COLORADO

## Colorado Water Conservation Board

Department of Natural Resources

1313 Sherman Street, Room 718  
Denver, CO 80203

### Loan Repayment Schedule

Borrower | Trinchera Groundwater Management Subdistrict

Loan Contract Number | CT2023-2846

FINAL Loan Amount | \$2,229,000.00

1% Service Fee | \$22,290.00

Interest During Construction Added | \$0.00

FINAL Total Loan Amount | \$2,251,290.00

Interest Rate | 2.100000 %

Term | 30

First Payment Due | June 1, 2024

Annual Payment Amount | \$101,907.34

Line status	Pmt Date	Payment	Principal	Interest	Column fees	True Balance
Service Fee / IDC	06/01/2023	\$0.00	\$-22,290.00	\$0.00	\$22,290.00	\$2,251,290.00
Due Pmt	06/01/2024	\$101,907.34	\$54,630.25	\$47,277.09	\$0.00	\$2,196,659.75
Due Pmt	06/01/2025	\$101,907.34	\$55,777.49	\$46,129.85	\$0.00	\$2,140,882.26
Due Pmt	06/01/2026	\$101,907.34	\$56,948.81	\$44,958.53	\$0.00	\$2,083,933.45
Due Pmt	06/01/2027	\$101,907.34	\$58,144.74	\$43,762.60	\$0.00	\$2,025,788.71
Due Pmt	06/01/2028	\$101,907.34	\$59,365.78	\$42,541.56	\$0.00	\$1,966,422.93
Due Pmt	06/01/2029	\$101,907.34	\$60,612.46	\$41,294.88	\$0.00	\$1,905,810.47
Due Pmt	06/01/2030	\$101,907.34	\$61,885.32	\$40,022.02	\$0.00	\$1,843,925.15
Due Pmt	06/01/2031	\$101,907.34	\$63,184.91	\$38,722.43	\$0.00	\$1,780,740.24
Due Pmt	06/01/2032	\$101,907.34	\$64,511.79	\$37,395.55	\$0.00	\$1,716,228.45
Due Pmt	06/01/2033	\$101,907.34	\$65,866.54	\$36,040.80	\$0.00	\$1,650,361.91
Due Pmt	06/01/2034	\$101,907.34	\$67,249.74	\$34,657.60	\$0.00	\$1,583,112.17
Due Pmt	06/01/2035	\$101,907.34	\$68,661.98	\$33,245.36	\$0.00	\$1,514,450.19
Due Pmt	06/01/2036	\$101,907.34	\$70,103.89	\$31,803.45	\$0.00	\$1,444,346.30
Due Pmt	06/01/2037	\$101,907.34	\$71,576.07	\$30,331.27	\$0.00	\$1,372,770.23
Due Pmt	06/01/2038	\$101,907.34	\$73,079.17	\$28,828.17	\$0.00	\$1,299,691.06
Due Pmt	06/01/2039	\$101,907.34	\$74,613.83	\$27,293.51	\$0.00	\$1,225,077.23
Due Pmt	06/01/2040	\$101,907.34	\$76,180.72	\$25,726.62	\$0.00	\$1,148,896.51
Due Pmt	06/01/2041	\$101,907.34	\$77,780.51	\$24,126.83	\$0.00	\$1,071,116.00
Due Pmt	06/01/2042	\$101,907.34	\$79,413.90	\$22,493.44	\$0.00	\$991,702.10
Due Pmt	06/01/2043	\$101,907.34	\$81,081.60	\$20,825.74	\$0.00	\$910,620.50
Due Pmt	06/01/2044	\$101,907.34	\$82,784.31	\$19,123.03	\$0.00	\$827,836.19
Due Pmt	06/01/2045	\$101,907.34	\$84,522.78	\$17,384.56	\$0.00	\$743,313.41
Due Pmt	06/01/2046	\$101,907.34	\$86,297.76	\$15,609.58	\$0.00	\$657,015.65
Due Pmt	06/01/2047	\$101,907.34	\$88,110.01	\$13,797.33	\$0.00	\$568,905.64
Due Pmt	06/01/2048	\$101,907.34	\$89,960.32	\$11,947.02	\$0.00	\$478,945.32
Due Pmt	06/01/2049	\$101,907.34	\$91,849.49	\$10,057.85	\$0.00	\$387,095.83
Due Pmt	06/01/2050	\$101,907.34	\$93,778.33	\$8,129.01	\$0.00	\$293,317.50
Due Pmt	06/01/2051	\$101,907.34	\$95,747.67	\$6,159.67	\$0.00	\$197,569.83
Due Pmt	06/01/2052	\$101,907.34	\$97,758.37	\$4,148.97	\$0.00	\$99,811.46
Due Pmt	06/01/2053	\$101,907.50	\$99,811.46	\$2,096.04	\$0.00	\$0.00

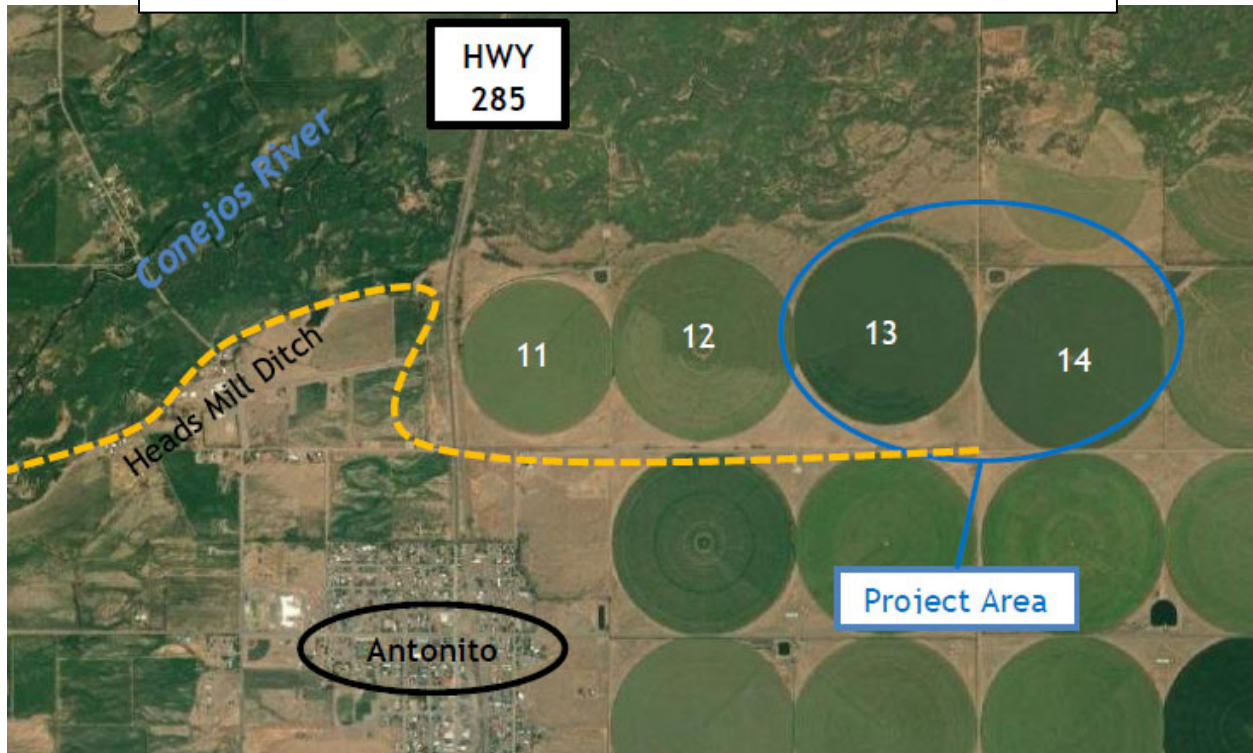
MW





**Alpha Hay Farms Augmentation**  
Groundwater Management Subdistrict  
of the Trinchera Conservancy District  
Substantially Complete June 1, 2023

The purchase of two center-pivot irrigation circles will allow the Subdistrict to transfer the associated water rights from an irrigation use to augmentation use so that 177 groundwater wells may continue to pump without injury to surface water rights holders.



### Project Description

The Groundwater Management Subdistrict of the Trinchera Water Conservancy District was formed in 2018 in order to pursue a Groundwater Management Plan as an alternative to individual augmentation plans. The Subdistrict consists of 177 wells located in the confined and unconfined aquifers in the southern San Luis Valley.

The project included the purchase of land and associated water rights for two center-pivot irrigation circles northeast of Antonito for augmentation and replacement of depletions. These surface water rights provide 569 AF of consumptive use to replace depletions on the Conejos River and the Rio Grande caused by groundwater well pumping. Previously, the water was leased to the Subdistrict from landowner, Alpha Hay Farms, LLC. The purchase was executed on April 15, 2023.

P R O J E C T   D A T A		
<i>Sponsor:</i> Groundwater Management Subdistrict of the Trinchera Conservancy District	<i>County:</i> Conejos	<i>Water Source:</i> Conejos River/Groundwater
<i>Type of Project:</i> Augmentation		<i>Board Approval Date:</i> November 2022
<i>Loan Terms: (Original)</i> \$2,251,290.00 @2.10% <i>(Final)</i> \$2,251,290.00		
<i>Design Engineer:</i> Agro Engineering Inc.		
<i>Contractor:</i> N/A		