



**COLORADO**

**Colorado Water  
Conservation Board**

Department of Natural Resources

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**TO:** Colorado Water Conservation Board Members

**FROM:** Kirk Russell, P.E., Finance Section Chief

**DATE:** September 19-20, 2018 Board Meeting

**AGENDA ITEM:** 22b. Financial Matters  
Two Rivers Water & Farming Company and Two Rivers Farms F-2 Inc. - Loan Payment  
Delinquency Update

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**Introduction (This is for information only and no action is necessary)**

This is an update on the Two Rivers Water & Farming Company (aka Two Rivers Farms F-2 Inc.) (Borrower) delinquent loan payment (contract #C150328A).

The Board approved a loan for \$1,184,882 for the Orlando Reservoir Rehabilitation Project in November 2011. The loan contract was executed on March 9, 2012.

The loan is secured by: 1) a pledge of the revenues from the Borrower's alfalfa hay production; 2) a lien on the water rights in Orlando Reservoir No. 2; 3) a lien on the Orlando Reservoir No. 2 property and; 4) a lien on the 1,200 acres of farmland irrigated by the reservoir. The liens are all 'first position liens' and were valued at the time to be nearly \$3.5 million.

The construction phase of the Project was closed out on March 1, 2013, and the first annual payment of \$76,006.78 was due one year later on March 1, 2014.

In July of 2015, the Borrower made a \$210,000 payment in exchange for the release of 158.7 acres of farmland. This parcel of land was originally appraised at \$140,000 in December 2011. As of March 1, 2018, the loan balance was \$736,242.44.

**Annual Payments**

Over the five years of repayment, the Borrower was late three times. In 2016 and 2017 a 5% late fee (\$3,800.34) was charged, per policy. The most recent payment was 90 days past due on May 1, 2018. CRS 24-30-202 provides that the CWCB may refer the loan to the State Controller's Office for Collections or work with the Borrower into good standing via a payment plan.

To avoid sending the loan to Collections, staff reached out to the Borrower in letter dated May 24, 2018 with an offer to allow a good faith monthly payment starting in of June 2018. Payments will be made in four installments and includes the 5% late fee, interest, and the full annual payment.

**UPDATE - On August 7, 2018 the Company made installment #2 and # 3. As of September 6, 2018 CWCB has not received the 4<sup>th</sup>, and final, installment; however, email communication with the Company indicates a payment for the remaining obligation is expected by the Board meeting. Staff will have a more complete update at the Board meeting.**

