

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: November 10, 2010

Board Item: V-E-2

## FIRST AMENDMENT TO 2009 FINANCIAL RECONCILIATION AGREEMENT WITH SOUTH ADAMS COUNTY WATER AND SANITATION DISTRICT

Action by Consent

Action

Information

The Board and South Adams County Water and Sanitation District ("South Adams") entered into a Water Agreement on November 30, 1998, under which 4,000 acre-feet of potable water would be leased on a permanent basis to South Adams, subject to construction of 8,000 acre-feet of gravel pit storage in what is known as the Downstream Reservoir Project. Since 1997, the Denver Water and South Adams have entered into a series of Agreements regarding development of the Reservoir Project.

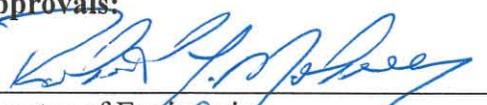
The April 2009 Financial Reconciliation Agreement reconciled the costs of the Reservoir Project through the end of 2008. South Adams agreed to pay 55.07% of those costs, a total of \$9,668,556, plus interest, by making semi-annual installment payments in the years 2010 through 2014. The Reconciliation Agreement provided that at the conclusion of such payments, South Adams would be entitled to delivery of the full 4,000 acre-feet of potable water contemplated in the 1998 agreement. South Adams recently issued revenue bonds, and is now able to pay the outstanding amount in full. The proposed First Amendment confirms delivery of 4,000 acre-feet of potable water to South Adams on a permanent basis upon receipt of payment for the outstanding amount

South Adams is also responsible for payment for an additional 4,000 acre-feet of storage in order to obtain delivery of the FRICO 5K water. A key element of the payment for the 5K storage is the completion of several operational agreements described in paragraph 11 of the Financial Reconciliation Agreement. Negotiations regarding the operational agreements and allocation of costs for the final 4,000 acre-feet of storage are moving forward, but have not yet been completed. The proposed First Amendment extends the time for completion of these negotiations to February 2011.

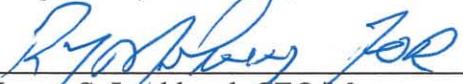
### Recommendation:

It is recommended that the Board approve execution of the attached First Amendment to the April 2009 Financial Reconciliation Agreement.

### **Approvals:**

  
\_\_\_\_\_  
Director of Engineering

Respectfully submitted,

  
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James S. Lochhead, CEO/Manager

  
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Director of Finance

Approved as to Form:

  
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General Counsel