

**RESOLUTION NO. 1
OF THE COUNCIL OF THE CITY OF FORT COLLINS,
ACTING EX-OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY
ENTERPRISE, APPROVING AN AGREEMENT WITH NORTH POUFRE IRRIGATION
COMPANY FOR AN OPTION TO PURCHASE THE HALLIGAN RESERVOIR**

WHEREAS, it is projected that the City of Fort Collins will need additional storage water to meet the long-term water demands of the City sometime after the year 2000; and

WHEREAS, North Poudre Irrigation Company (hereinafter referred to as "North Poudre") is the owner of an existing reservoir known as Halligan Reservoir which is located on the North Fork of the Cache la Poudre River; and

WHEREAS, the City has entered into an agreement with Halligan Resources Company and Phantom Canyon Ranch Company, dated October 14, 1987, whereby the City has, among other things, obtained an option to acquire certain property to facilitate the enlargement of Halligan Reservoir and has acquired all engineering plans, drawings and studies owned by Halligan Resources Company pertaining to the Halligan Reservoir enlargement; and

WHEREAS, by subsequent assignment agreements, the City has obtained the interest of Halligan Resources Company in that certain agreement dated December 30, 1985, between Halligan Resources Company and North Poudre and also the interest of Halligan Resources Company in that certain decree entered in Case Number 85CW435 in the District Court for Water Division No. 1; and

WHEREAS, the City has conducted feasibility studies evaluating the engineering, environmental aspects and any permit process with regard to enlarging Halligan Reservoir; and

WHEREAS, the City is presently in a position to, in cooperation with North Poudre, conduct additional feasibility studies regarding the enlargement of Halligan Reservoir, and the City desires to proceed with such enlargement if feasible; and

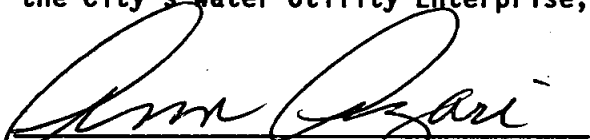
WHEREAS, if the City subsequently determines that enlargement of the Halligan Reservoir is feasible and desirable for the City, it wants to be able to purchase the Halligan Reservoir from North Poudre; and

WHEREAS, in order to accomplish this, the City and North Poudre have negotiated a proposed agreement granting the City the option to purchase the Halligan Reservoir, a copy of which agreement is attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, under the terms of the Agreement, if the City exercises its option to purchase the Halligan Reservoir, the City's Water Utility will, as an enterprise, issue its revenue bond to North Poudre, which will be paid in accordance with the payment schedule attached to the agreement.


NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS, ACTING EX OFFICIO AS THE BOARD OF THE CITY'S WATER UTILITY ENTERPRISE, that the Mayor, Ex-Officio President of the Board of the City's Water Utility Enterprise, be, and hereby is, authorized on behalf of the City Water Utility Enterprise to enter into an agreement with North Poudre upon substantially the same terms and conditions as are contained in Exhibit "A," subject to such modifications as the City Manager and City Attorney may determine to be necessary to protect the interests of the City and effectuate the purposes of the agreement.

Passed and adopted at a regular meeting of the Council of the City of Fort Collins, acting ex officio as the Board of the City's Water Utility Enterprise, held this 2nd day of November, A.D. 1993.



Mayor, Ex-Officio President

ATTEST:



City Clerk, Ex-Officio Secretary

HALLIGAN RESERVOIR AGREEMENT

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HALLIGAN RESERVOIR AGREEMENT

THIS AGREEMENT is executed this ____ day of _____, 1993, by and between the CITY OF FORT COLLINS, COLORADO, a Colorado municipal corporation (hereinafter referred to as "City"), the BOARD OF THE FORT COLLINS WATER UTILITY, a City-owned enterprise (hereinafter referred to as "Board"), and THE NORTH POUDBRE IRRIGATION COMPANY (hereinafter referred to as "North Poudre").

W I T N E S S E T H:

WHEREAS, North Poudre is the owner of an existing Reservoir known as Halligan Reservoir situate in Sections 32, 33 and 34, Township 11 North, Range 71 West of the 6th P.M., in Larimer County, Colorado; and

WHEREAS, the City has entered into an agreement with Halligan Resources Company and Phantom Canyon Ranch Company, dated October 14, 1987 (the "Phantom Canyon Agreement"), whereby the City, among other things, obtained an option to acquire certain property to facilitate the enlargement of Halligan Reservoir and acquired all engineering plans, drawings, and studies owned by Halligan Resources Company pertaining to the Halligan Reservoir Enlargement; and

WHEREAS, by subsequent assignment agreements, the City obtained the interest of Halligan Resources Company in that certain Agreement dated December 30, 1985, between Halligan Resources Company and North Poudre and also the interest of Halligan Resources Company in that certain Decree entered in Case No.

receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

Article 1. Project Option.

1.1 Definition of Project: The Project that is the subject of this Agreement consists of the enlargement of the existing Halligan Reservoir which will include the existing Reservoir site. The Project contemplates that a new dam will be built below the existing structure to increase the storage capacity of the Reservoir. The Project includes the acquisition of all property or other rights necessary for the proposed enlargement, and the design and construction of the necessary facilities for such enlargement.

1.2 Option to Proceed with Project. For and in consideration of the agreement of the City to pay North Poudre the sum of \$40,000.00, the payment of which shall be due 60 days after execution hereof, and the option payments which are due on or before December 31 of each year as set forth on Exhibit A attached hereto and incorporated herein by this reference, North Poudre hereby grants to the City the exclusive option (the "Option") to proceed with the Project upon the further terms and conditions set forth in this Agreement.

1.3 Term. The initial term of the Option granted hereby shall extend from the date of execution of this Agreement through December 31, 1993. The term of the Option may be extended by the City for successive terms of one calendar year each up to and including December 31, 2000, a 7-year period, by payment by the

1.4 Activities During Option Periods. During the Option periods, the City shall prepare or commission at its sole expense such technical studies prerequisite to construction of the Project as it determines are necessary or desirable. The City shall, before taking such action, apprise North Poudre of its activities in this regard and shall invite its advice and comments upon all aspects of the technical studies undertaken by the City. Such consultation between the parties is anticipated to include frequent briefings concerning progress of studies; sharing of all documents; inclusion of North Poudre representatives on any advisory committees; participation, to the extent permitted by the City Code and Charter and its purchasing policies, in interviewing and selection of consultants. The City may, at its sole expense, obtain a survey of the property that is the subject of this Agreement.

1.4.1 Diligence. During the term of the Option the parties shall cooperate in connection with required diligence applications for maintenance of the conditional water rights for Halligan Reservoir Enlargement. In this connection, the City shall prepare and file and further prosecute, in the City's and North Poudre's name, any necessary diligence proceedings. The City and North Poudre shall consult and cooperate fully in connection with such proceedings. The City shall bear the costs and expenses of such proceedings, except for such costs and expenses which North Poudre may incur as the result of the use of its own staff, its engineers, accountants, and its attorneys. The parties acknowledge

either initially or at an annual renewal, it shall remit to the City within 60 days of its written notice of termination, without interest, one-half of all Option payments previously paid by the City pursuant to this Agreement, and this Agreement shall be terminated and of no further force or effect.

If North Poudre elects not to terminate the Option, it may, at its election, in each year that the Option and the storage restrictions continue in effect, require the City to waive the use of water attributable to one (1) share of North Poudre stock owned by the City for each five acre-feet that the storage in Halligan Reservoir is restricted below 3,200 acre-feet. This provision is based upon a yield of a 5 acre-feet per share per year of North Poudre stock. The formula will not be changed if it is subsequently determined that the yield of North Poudre stock actually varies from 5 acre-feet per share per year. The formula will operate as follows: for example, if storage is restricted to 2,000 acre-feet, the City may be required to waive delivery on 240 shares of North Poudre stock. If, however, the Option thereafter terminates by reason of the City's nonrenewal thereof, following such termination the City shall have no further obligation to North Poudre to waive the use of share water.

1.6 Major Repairs. If Halligan Reservoir requires major repair or reconstruction during the Option period, the parties shall negotiate in good faith to determine whether and how to undertake and finance such repairs in a manner beneficial to both

the State of Colorado. Any costs to acquire any rights required shall be the City's sole expense except for the cooperation to be provided by North Poudre. In addition, North Poudre has disclosed the existence and scope of any existing easements or encumbrances upon the land not disclosed by the title commitment and known to North Poudre. These are any rights of private owners, Poudre Valley REA, a U.S. West underground cable, and The Nature Conservancy. The City shall have 30 days from the signing of this agreement by the City to provide written notice of defects of title to which it objects. Existing exceptions in Schedule B of the title insurance commitment for easements or encumbrances shall not constitute defects of title. North Poudre covenants and agrees that it shall not, after the signing of this Agreement, transfer or convey the property required for the Project or by its actions or omissions suffer or permit any liens, encumbrances, or other detriments to title to such property without the prior written consent of the City (which consent shall not be unreasonably withheld). The parties acknowledge that there is an existing Recreation Lease, dated June 1, 1988 (the "Lease"), in effect for the Reservoir by and between North Poudre and the North Fork Recreation Association (the "NFRA"), which has been assigned by the NFRA to the Landowners Association for Phantom Canyon Ranches (the "Lessee"), which Lease includes a preferential right in the Lessee for future recreation uses, and that the conveyance will be subject to the provisions of the Lease upon exercise of the Option. The

1.9 Memorandum. Either the City or North Poudre may record a memorandum of this Agreement in the records of Larimer County, Colorado. In that event, the parties will cooperate in the drafting of such memorandum.

Article 2. Exercise of Option.

2.1 Exercise of Option. If the City elects to exercise the Option, it shall notify North Poudre in writing in the manner provided in Paragraph 5.2 that it is exercising the Option. The Option can be exercised only in November or December of any year, to enable North Poudre to plan for the appropriate assessments at the next year's annual meeting.

2.2 Conveyances and Payment for Project.

2.2.1 Conveyances. Within 60 days of exercise of the Option by the City, North Poudre shall convey to the City by General Warranty Deed with the reservations provided in Paragraph 2.2.3 hereof all land described in Transamerica Title Insurance Company Title Commitment No. 6418310 which has been furnished, including any and all easements and other appurtenances owned by North Poudre in connection with such dam and reservoir, and all land or rights owned by North Poudre in Sections 32, 33 and 34, Township 11 North, Range 71 West, 6th P.M., and by Bargain and Sale Deed, without covenants of warranty, all its interest in Sections 27, 28 and 29, Township 11 North, Range 71 West of the 6th P.M., and all its interest in the conditional water right awarded in Case No. 85CW435 for the Halligan Reservoir Enlargement, also known as

used for the lawful storage of any North Poudre water rights. "Active storage" means a perpetual pool of 6408 acre-feet not diminished by any silt or dead storage. In addition to such reserved storage, the parties acknowledge and agree that North Poudre shall reserve and retain water then in storage and the storage decrees for Halligan Reservoir, which are set forth below:

<u>Name</u>	<u>Amount (af) (Acre Feet)</u>	<u>Appropriation Date</u>	<u>Adjudication Date</u>
No. Poudre Reservoir 16	3719	04/30/1900	12/09/1904
No. Poudre Reservoir 16	2689	08/16/1906	04/22/1922
No. Poudre Reservoir 16 (Refill)	4591	12/31/1921	09/10/1953
No. Poudre Reservoir 16 (Refill)	1817 cond- tional	12/31/1921	09/10/1953

Halligan Reservoir is also known as North Poudre Reservoir No. 16.

2.2.4 Title. Title shown by the Title Commitment previously furnished, Transamerica Title Commitment No. 6418310, shall be acceptable to the City. A general Warranty Deed containing the exceptions and restrictions and easements therein mentioned is acceptable to the City if no written notice of defects is provided within thirty (30) days from the date this Agreement is signed by the City, provided such defects were not known to the City at the execution hereof and such defects affect the merchantability of title for the City's intended use. Title to the property to be conveyed to the City shall be merchantable and free and clear of all liens and encumbrances, but subject to exceptions in the title commitment furnished the City and the Lease, reservations and restrictions and any easements of record or existing as of the date

not be considered to have been caused by the intentional actions of North Poudre.

2.2.5 Perfection of Conditional Decree. From and after the conveyance by North Poudre to the City of all North Poudre's interest in the conditional decree for the Halligan Reservoir Enlargement, the City shall in its own name be solely responsible for the prosecution of any required diligence application for the conditional decree. The parties acknowledge that the City's prosecution of such diligence cases will not guarantee that any findings of reasonable diligence will be duly entered by the Water Court, and the City shall bear no liability for the results of such diligence proceedings, unless the City fails to timely file and diligently pursue an application for a finding of reasonable diligence.

2.3 Design and Construction of Project. Upon exercise of the Option, the City shall undertake any further feasibility study and facility design needed in its judgment for construction of the Project. The City on a timely basis shall continue to advise North Poudre of its activities in this regard and to consult with it as set forth in Paragraph 2.4 below.

2.3.1 Termination Prior to Construction of Reservoir. If after exercise of the Option the City determines that because of legal, technical, operational, or financial problems, the Project is not feasible or is impossible, the City may, in its discretion, terminate the Project. In such case, the City shall reconvey and

representatives appointed by the City Manager and two North Poudre representatives, who shall not be City employees, appointed by the North Poudre Board of Directors. The Committee shall develop written operation guidelines to aid in the operation of the Enlarged Reservoir (as hereinafter defined) after construction. Such guidelines shall address reservoir operations, accounting, and measurement, including specific recommendations on the location and type of measurement devices needed for accounting to meet the terms of this Agreement. In case of disagreements between the North Poudre and City representatives, the Operations Committee shall jointly select a neutral party possessing experience and expertise in the operation of reservoirs storing water used for both irrigation and municipal purposes to mediate the disagreement by reviewing materials supplied by the parties and meeting with all members of the Operating Committee. All costs and expenses of the mediator shall be split equally between North Poudre and the City. If the foregoing mediation is unsuccessful in resolving the disagreement, or if the Operations Committee cannot agree in selecting the mediator, the parties may pursue such legal redress as they determine best, with venue for any action arising from such disagreement in the District Court of Larimer County.

2.5 Construction. Upon completion of any necessary design and study after exercise of the Option and upon obtaining any necessary permits, the City shall proceed in a timely manner with construction of the Project at its sole cost. The City will

lien on such account which shall either be perfected by delivering possession of the passbook for the savings account to the City or, alternatively, by setting up the account so that no withdrawals of principal may be made without the City's express written approval (as by making the City a required signatory for withdrawals). In either case, North Poudre shall also provide the City with the depository bank's written Waiver of Set-Off against the savings account or make a trust account arrangement at the sole expense of North Poudre so the bank cannot claim this money. The security interest shall be released and the passbook returned to North Poudre or the City's signature removed from the account at such time as the Option is exercised or earlier if there is a written agreement providing for such release signed by the City and North Poudre. The City shall not be obligated to consent to any release of security interest prior to the exercise of the Option. If the Option is not exercised by the City prior to its expiration, and there are no conditions which have occurred which require the return of Option payments to the City, then the security interest shall be released and the passbook returned to North Poudre or the City's signature removed from the account.

3.2 Option Exercise. Simultaneously with the delivery of the deed conveying the Halligan Reservoir property to the City, the Board shall execute and deliver to North Poudre the Bond evidencing its obligation to North Poudre in order to secure the Board's payment of the purchase price described in paragraph 2.2.2 above.

introduction of water supply from other sources does not impair water quality within the Enlarged Reservoir to the detriment of either party.

4.1.1 Evaporation and Seepage. In the event of lawful imposition of evaporation and seepage charges on Reservoir operations by administrative authorities, so long as the City has a water supply in storage within its separate capacity within the Reservoir, all evaporation and seepage from the Reservoir shall be deducted from the City's share of water in the Reservoir. At any time that the only water stored in the Reservoir is owned by North Poudre, then, in the event of lawful imposition of evaporation and seepage charges on reservoir operations by administrative authorities, evaporation and seepage losses shall be borne by North Poudre.

4.1.2 Water Represented by North Poudre Stock. This Agreement does not convey nor grant any rights to the City for independently operating any North Poudre storage for the 6,408 acre feet secured to North Poudre under this Agreement which may be attributed to the City's ownership of North Poudre stock; provided, however, that at the City's request and to the extent North Poudre may legally do so, North Poudre may allocate all or some water attributable to stock owned by the City for delivery to the City's enlargement space in Halligan Reservoir under the policies of North Poudre.

4.5 Operation of Reservoir. If the Option is exercised, upon delivery of the deeds to City, the City shall operate the Reservoir and provide all Reservoir accounting necessary to document the operation of the Reservoir and the allocation of water supply within the Reservoir between the City and North Poudre. If requested by North Poudre, the City shall provide daily verbal reports of storage and releases. In addition, the City shall provide North Poudre with monthly written accountings broken down to a daily basis of inflow, storage, and releases into and from North Poudre's and the City's separate storage.

The City will effect releases or exchanges of North Poudre's water stored under its retained decrees and entitlements within 24 hours after receipt of request for releases or exchanges from North Poudre and approval, if required, of such requests by the Division Engineer. The City will, if reasonably possible, accommodate requests for earlier releases by North Poudre.

4.6 Measurement Devices. As a part of the construction of the Project, the City shall install a gauging station below the Reservoir and such other measuring devices as the Operations Advisory Committee may recommend.

4.7 Exchanges. In the event that either the City or North Poudre determines to lease or exchange water in the Enlarged Reservoir outside of their respective water supply systems, the other party shall enjoy a first right of refusal of acquiring any such water to be exchanged or leased on the same terms and

Reservoir of a nature not reasonably foreseeable, or the reconstruction or rehabilitation of the Enlarged Reservoir at the conclusion of its useful life. Such capital reconstruction includes, but is not limited to, complete rehabilitation or replacement of the dam and its appurtenant structures as a result of an act of God, failure of the Reservoir, or otherwise.

If such capital reconstruction would be required to maintain the Enlarged Reservoir at its enlarged capacity, then the City shall, after consultation with North Poudre, determine in its discretion whether it will expend the funds necessary for such capital reconstruction. The City, in its discretion may relinquish the use of the Enlarged Reservoir, transfer to North Poudre the conditional decree for Halligan Reservoir and any other water rights it has specifically appropriated for the Enlarged Reservoir, and convey to North Poudre the land and appurtenances acquired for the Project to North Poudre pursuant to the following paragraph; provided, however, that nothing herein shall require the City to convey to North Poudre any water rights it has changed to allow storage in the Enlarged Reservoir.

4.8.2.1 Reconveyance. If the City determines that because of legal, technical, operational or financial problems, it is infeasible or impossible to complete the required capital reconstruction so that North Poudre's separate storage is maintained, the City shall convey to North Poudre at no charge the entire Project, including, all property previously conveyed or transferred

Upon the reconveyance herein required, North Poudre shall deliver the Bond to the Board for cancellation.

4.9 Liability. Upon conveyance of the Project to the City, the City shall, to the extent permitted by law, indemnify North Poudre and hold it harmless from any and all claims or causes of action arising from or caused by the negligent acts or omissions by the City or its officers or employees in the construction and operation of the Enlarged Reservoir, dam, and appurtenances. The aforesaid indemnification shall not apply if the City has, in any manner, been prevented by North Poudre from conducting maintenance or repair of the Enlarged Reservoir or its appurtenances. Further, this indemnification is subject to the requirements, defenses, and limitations of the Colorado Governmental Immunity Act, Section 24-10-101, C.R.S., et seq., as from time to time amended, and as otherwise provided by law. North Poudre shall continue to be responsible for all of its own actions but it is not responsible for the acts or omissions of the City.

Article 5. Miscellaneous.

5.1 Water Court Filings. Subject to the specific provisions of this Agreement concerning applications for findings of reasonable diligence, any party to this Agreement may make water court filings involving their respective interests in Halligan Reservoir without objection from any other party so long as such filings are not inconsistent with this Agreement and so long as any filing is not detrimental to other rights of a party to this Agreement.

by the parties, and the parties therefore agree that in case of default by any party hereto, the other party shall be entitled to specific performance by the other party of its obligations hereunder. In the event of such default, if the party that is not in default commences legal or equitable action against the defaulting party, the defaulting party shall be liable for the non-defaulting party's reasonable attorneys fees and costs incurred because of the default.

5.4 Assignment by North Poudre. North Poudre may assign its rights and obligations hereunder only with the prior written consent of the City and the Board, which consent shall not be unreasonably withheld.

5.5 Assignment of City's and Board's Rights. The City and the Board may assign their rights under this Agreement only as follows:

(1) The City and the Board may assign their rights and obligations under this Agreement without restraint to a municipal or quasi-municipal corporation or enterprise thereof that succeeds to the water service obligations of the City and/or the Board to the City's inhabitants and has demonstrated to North Poudre that it is financially responsible. Any interest sought to be assigned or conveyed by the City shall always be specifically and expressly subordinate to the rights reserved in North Poudre described in Paragraph 2.2.3 of this Agreement. Upon such assignment, the City

provide North Poudre with written notice of the price and terms and conditions thereof; North Poudre shall have thirty (30) days thereafter to provide the City with a written notice of exercise of the Right of First Refusal. Should North Poudre not provide a written notice of exercise of its Right of First Refusal within that 30-day period, the Right of First Refusal shall be terminated and the City shall be free to proceed with the assignment or conveyance to the third party. Should North Poudre provide a written notice of exercise of its Right of First Refusal, then it shall have six months from the date of its notice of exercise in which to close upon the assignment or conveyance of the interest to be conveyed by providing the consideration therefor to the City. Should North Poudre fail to consummate the closing within such 6-month period, or any extension thereof granted by the City (which extension will not be unreasonably refused provided North Poudre is diligently pursuing appropriate financing to effect the closing), then the Right of First Refusal shall be terminated, and the City may assign or convey the interest to a third party upon the same terms and conditions as the transaction that was not consummated with North Poudre. Any interest sought to be assigned or conveyed by the City shall always be specifically and expressly subordinate to the rights reserved in North Poudre described in Paragraph 2.2.3 of this Agreement. Should North Poudre either not provide timely notice of exercise of its Right of First Refusal upon receipt of notice from the City, or should it fail, after providing notice of

5.9 Agreement with The Nature Conservancy. There is presently an Agreement in effect between The Nature Conservancy and The North Poudre Irrigation Company, which was approved by the North Poudre manager on December 9, 1991. It is for a three-year term. A copy of this agreement has been furnished to the City. Any conveyance to the City by North Poudre will be subject to the terms of any existing agreement with The Nature Conservancy. North Poudre agrees it will not make a new written agreement or extend such agreement without the City's written approval of any agreement, which approval shall not be unreasonably withheld. The City will have not less than thirty (30) days from written notice to it of the proposed agreement to respond.

Article 6. Conditions Subsequent

6.1 Stockholder Ratification. This Agreement is conditioned upon the ratification by a majority of the stockholders of North Poudre present at the 1994 Annual Meeting of Stockholders. If the Agreement is not so ratified by the stockholders of North Poudre, then the Agreement shall be of no further force or effect, and any payments previously made hereunder shall be promptly refunded to the City without interest.

CITY OF FORT COLLINS, COLORADO, a
Colorado municipal corporation

By: _____

Mayor
P.O. Box 580
Fort Collins, CO 80522-0580

ATTEST:

City Clerk

EXHIBIT A

**HALLIGAN RESERVOIR ENLARGEMENT PROJECT
SCHEDULE OF PAYMENTS TO NORTH POUFRE IRRIGATION COMPANY**

<u>Payment Due Date</u>	<u>Payment</u>
See Note Below	\$40,000.00
December 31, 1993	\$30,000.00
December 31, 1994	\$40,000.00
December 31, 1995	\$50,000.00
December 31, 1996	\$60,000.00
December 31, 1997	\$70,000.00
December 31, 1998	\$80,000.00
December 31, 1999	\$90,000.00
December 31, 2000	\$188,223.51
December 31, 2001	\$188,223.51
December 31, 2002	\$188,223.51
December 31, 2003	\$188,223.51
December 31, 2004	\$188,223.51
December 31, 2005	\$188,223.51
December 31, 2006	\$188,223.51
December 31, 2007	\$188,223.51
December 31, 2008	\$188,223.51
December 31, 2009	\$188,223.51
December 31, 2010	\$188,223.51
December 31, 2011	\$188,223.51
December 31, 2012	\$188,223.51
December 31, 2013	\$188,223.51
December 31, 2014	\$188,223.51
December 31, 2015	\$188,223.51
December 31, 2016	\$188,223.51
December 31, 2017	\$188,223.51
December 31, 2018	\$188,223.51
December 31, 2019	\$188,223.51
December 31, 2020	\$188,223.51
December 31, 2021	\$188,223.51
December 31, 2022	\$188,223.51
December 31, 2023	\$187,925.67
December 31, 2024	\$110,611.82
December 31, 2025	\$110,611.82
December 31, 2026	\$43,420.31
December 31, 2027	\$43,420.31
December 31, 2028	\$38,851.24
December 31, 2029	\$19,846.68
December 31, 2030	<u>\$19,846.68</u>
TOTAL	\$5,363,675.26

Note: An initial option payment of \$40,000 is due within 60 days after signing the agreement, which extends the option through December 31, 1993.