Extracts from Prof. L. G. Carpenter's report of date, March 21, 1910, on The Greeley-Poudre Irrigation District.

"The District consists of 125,000 acres northeast of Greeley, among the rich agricultural lands of the United States."

"The aggregate reservoir capacity already equals 200,000 acre feet in the Poudre Valley and reservoir water alone has been held as high as $1,000 per million cubic feet."

"Development of this system of irrigation includes the construction of various ditches in the mountains; also a number of reservoirs, a tunnel through the ridge from the Laramie to the Poudre river, over two miles in length; the Stove Prairie reservoirs on the Poudre river requiring a dam 220 feet high; the construction or enlargement of 130 miles of ditches and the acquisition or building of at least three reservoirs on the plains; construction of new or enlarged headgates, of drops, syphons, flumes, etc., in large numbers. All required for the development of the system; construction of buildings needed for operation, telephone lines, etc."

"The Poudre Valley ditch is to be enlarged to a capacity of 900 cubic feet per second. The Stove Prairie reservoir is to have a capacity of 1,500,000,000 cubic feet. The Link Lakes and Tunnel reservoirs on the Laramie are to have a capacity of 270,000,000 cubic feet; the Dowdy and Twin Lakes of 130,000,000 cubic feet. The March reservoir and Camfield reservoir and McGrew reservoir on the plains to have a combined capacity of 1,450,000,000 cubic feet.

"Dowdy and Twin lakes are already constructed to a moderate capacity; also are the Link lakes. Lake McGrew and Camfield reservoir are both partially built. The Poudre Valley ditch and reservoir has already had $600,000 invested in it. It also acquires the right of way in the Pierce lateral and enlarges it. Most of the other construction is new construction entirely."

"The principal features of the construction may be mentioned summarily: It covers the enlargement of the Poudre Valley Company's ditch for a distance of 25 miles so as to carry a stream of 900 cubic feet per second; it also includes the construction of an extension of this ditch for a distance of 28 miles under the name of the Laramie-Poudre Canal, this ditch to have a capacity of 900 cubic feet per second; it also includes the enlargement of the Pierce Lateral so as to carry an additional amount of 50 cubic feet per second, an extension that covers a distance of 40 miles.

"It also includes two reservoirs near the headwaters of the McIntytre Creek at an elevation of 11,500 feet, to connect with Rawah Creek, thence to the tunnel. It includes the enlargement of Link Lakes to a capacity of 100,000,000 cubic feet. It includes the construction of Rawah and Lower Supply ditch along the mountain side for a distance of five miles and discharging it into the tunnel. It includes the tunnel of 11,345 feet in length and to be a size to carry 800 cubic feet per second. And includes the tunnel reservoir, at the inlet to the tunnel, to hold 170,000,000 cubic feet. Also Dowdy and Twin Lakes located at the head of Lone Pine Creek to hold 130,000,000 cubic feet."
"The water supply of the district is derived (1) from the watershed of the Laramie River; (2) from the waters of the Poudre River; (3) from the Dowdy and Mitchell lakes; (4) from Douglass reservoir, with subsequent possible development of Cobb lake; (5) from the flood waters from intercepted streams like Lone Tree and Crow Creeks."
To the Reconstruction Committee of 
The Laramie-Poudre Canal, 
Greeley, Colorado.

Gentlemen:

I represent several lien claimants in the litigation 
now pending in the District Court of Larimer County to fore-
close the Mechanic's liens of contractors on the Laramie-
Poudre Canal. I have talked with my clients and believe that 
they will follow such plan as I approve for adjusting their 
claims. As a suggestion for such settlement without working 
out any details I give you my general idea of settlement.

An irrigation company should be incorporated for the 
purpose of acquiring all of the irrigation system heretofore 
contracted to be conveyed to The Greeley-Poudre Irrigation 
District. This new company should plan to irrigate 60,000 
acres of land at a cost to the land owner of approximately 
$40.00 per acre. The stock of this corporation may be either 
of no par value or of actual value on a basis of $40.00 per 
acre, as may be determined best by your committee. The stock 
of this company should be sold or exchanged on the following 
basis:

First: The suit now pending for foreclosure of the 
Mechanic's liens and the underlying bonds should be terminated 
by decree awarding to the bond holders and the lien claimants 
the right to sell the system for satisfaction of their claims 
and the system at the sale under the decree should be pur-
chased by the new company. The new company should pay the 
bond holders for their interest in the system with stock of 
the company on the basis of $40.00 per acre the amount due on 
the bonds without accrued interest. The company should pay 
the lien claimants with stock for their interest in the system 
the amount due on their lien claims without interest.

Second: The company should acquire the rights of the 
district in the system by exchanging with the district not to 
exceed $545,200.00 of the stock on the basis of $40.00 per 
acre for all of the district interest.

Third: The company should acquire the holdings of 
L.C. Moore and others in the Poudre Valley Ditch, Douglas 
Reservoir and Cobb Lake by exchanging for such interest not to
Reconstruction Committee of Laramie-Poudre Canal - #2

exceed $450,000.00 of the stock.

Fourth: There should be $350,000.00 of the stock set aside for acquiring additional water rights, reservoirs, et cetera.

The new company should be authorized to issue bonds on its system for not to exceed $750,000.00. In case it shall become necessary to issue more bonds the Articles of Incorporation should provide that three-fourths of the outstanding stock must vote in favor of issuing the bonds. There should be set aside in the treasury of the company an amount of stock on the basis of $40.00 per acre that is required to equal the amount of bonds issued up to the said $750,000.00 of bonded indebtedness. The balance of the stock should be issued for construction work.

The proceeds from the sale of bonds may be used as follows: Not to exceed $125,000.00 in cash in lieu of stock in the company to obtain the interest of the district in the irrigation system and the balance of the cash should be used in construction work.

Some arrangement should be made between the officers of the irrigation district and a trustee, whereby a trustee is designated and arrangements made so that the trustee may issue certificates reciting that the holder of the certificate has deposited with the trustee a specified amount of bonds of The Greeley-Poudre Irrigation District and the trustee certifying that he has in his possession bonds and coupons with which to pay all taxes for bond principal and bond interest on a specified tract of land and that he will use the bonds for such purpose. This certificate should be issued in duplicate and be assignable, but not transferable as to land. The holder of the certificate shall take the original thereof to the Board of Directors of the irrigation district and surrender it to the district in exchange for his pro-rata share of the stock received by the district for its interest in said irrigation system. The irrigation district may use any of the money it acquires by selling the stock, or the money it receives from this company for purchasing bonds and upon payment to the district of such amount as the Board of Directors may determine proper, but in no case to exceed twenty cents on the dollar plus interest from some given date, the Board of Directors may sell to the land owner an interest in the bonds so purchased by the district of sufficient amount to protect the lands of such purchaser and the district thereupon deposits the said bonds with the trustee and the trustee issue a certificate to such land owner for use as above specified. Other than as herein provided the new company should have nothing whatsoever to do with The Greeley-Poudre Irrigation District bonds or the district.
This letter is written for a suggestion and I will be glad to meet with other interested parties at any time to see if we can arrange details so as to compromise all questions, but I do believe it is very important to limit the expenditure of the company in acquiring outstanding interests in the irrigation system to a definite amount of stock for exchange purposes.

Very Respectfully,

Walter E. Bliss
Chey. M. 70. D.
Figures to be used on the plan of re-organization of The Greeley Poudre as proposed by W.E. Bliss.

**CAPITAL STOCK**

To be used as follows;
- Mechanic's Liens, approx. at par $235,000.
- Great Northern Water Supply Co $450,000.
- Greeley Poudre bonds at 20 cents $1,125,300.

Making a total of $1,125,700 of the stock to be used in acquiring the property and paying off the existing incumbrance, or a little better than 50% of the stock.

For acquiring additional sources of water 350,000

Leaving a balance on hand of stock to be sold for completion $1,424,300

Bliss also suggests that he rather takes it for granted that the stock that is used in the payment of debts should be escrowed or tied up in some manner so that the market will not be depressed and that the stock to be sold for completion will have first chance.

Be necessary to have a board of directors for the new ditch company and probably a separate committee handling the Greeley Poudre bonds and the redemption of the lands from tax sales, similar in a great many respects to the Henrylyn Bondholders Committee, the two certificates that he mentions would be used, first one to tender the district in acquiring stock coming the under and the second to have as evidence of the provision made for the bonds and to be used in case of transfer of title or in acquiring loans.
NEW MUTUAL DITCH COMPANY

NAME

THE LARAMIE-POUDRE IRRIGATION COMPANY?
THE GREELEY-POUDRE IRRIGATION COMPANY
THE POUDRE VALLEY IRRIGATION COMPANY
THE POUDRE CANYON IRRIGATION COMPANY

CAPITAL STOCK

$3,200,000

32,000 shares of $100 each (or no par value)?

Directors.

Seven Directors divided as follows:
Fort Collins 1
Denver 2
Weld County 4, of which 2 in District and 2 in Greeley or in County

Office.

Greeley, as that is most centrally located.

Director;

The following is a list of men who might serve as Directors.

Denver.
W. S. Elliff, or O. J. Moore, or Fred Brugerman.

Fort Collins.
A. A. Edwards and L. C. Moore, if the company came in to consolidation.

District.
Dr. J. N. Agen, Pierce and E. C. Latham east end of District or some
other good man. Should be two from district as they are familiar
with the system, and eventually men in district must run the ditch.
George Ball, under Pierce lateral is learning the ditch.

Greeley.
H. D. Parker, George Houston, N. D. Bartholomew. George F. Smith might
act as both Secretary and Director, but probably would have all he
could do a secretary for first two years.

Eaton.

There are two good men at Eaton, W. W. Brown who is an excellent
ditch man, but has charge of 3 companies now. Anton Anderson
is a large farmer and familiar with ditches, but not specially
active as a ditch officer.
## List of Mechanics Liens

<table>
<thead>
<tr>
<th>Company/Individual</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mollwee</td>
<td>$109,088.05</td>
</tr>
<tr>
<td>Knowlton Construction Co.</td>
<td>21,623.98</td>
</tr>
<tr>
<td>J. C. White</td>
<td>4,000.00</td>
</tr>
<tr>
<td>W. E. Cagle, et al.</td>
<td>1,664.80</td>
</tr>
<tr>
<td>Lemond &amp; Turner</td>
<td>1,259.00</td>
</tr>
<tr>
<td>L. L. Stimson</td>
<td>7,026.65</td>
</tr>
<tr>
<td>George H. Bailey</td>
<td>5,301.56</td>
</tr>
<tr>
<td>F. W. Hunter</td>
<td>5,923.50</td>
</tr>
<tr>
<td>Fox, Saab &amp; Weidman</td>
<td>7,651.00</td>
</tr>
<tr>
<td>Greeley Construction Co.</td>
<td>51,643.22</td>
</tr>
<tr>
<td>Losch, as Adm. of M.A. Ianson</td>
<td>35,766.40</td>
</tr>
<tr>
<td>Losch &amp; E.G. Ianson</td>
<td>7,649.61</td>
</tr>
<tr>
<td>Kingsbury Bros.</td>
<td>18,259.60</td>
</tr>
<tr>
<td>Mylander</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Burgis Co.</td>
<td>4,758.67</td>
</tr>
<tr>
<td>Ralph Partridge</td>
<td>718.00</td>
</tr>
<tr>
<td>Murray &amp; Williams</td>
<td>215.07</td>
</tr>
<tr>
<td>Nelson &amp; Co. (several parties)</td>
<td>3,758.12</td>
</tr>
<tr>
<td>Meyer, Nickerson, Johnson and White</td>
<td>233.37</td>
</tr>
<tr>
<td>Western Steel &amp; Gate Co.</td>
<td>710.87</td>
</tr>
<tr>
<td>P. J. O’Leary</td>
<td>6,975.34</td>
</tr>
<tr>
<td>Dillon Hardware Co.</td>
<td>471.33</td>
</tr>
<tr>
<td>Frank Mahon, Assignee of 58 parties</td>
<td>1,056.60</td>
</tr>
<tr>
<td>Spratlin-Andersen Mfg. Co.</td>
<td>14,942.52</td>
</tr>
<tr>
<td>King, Cale, Hobach, Hokanson, Curfew &amp; Kinzie</td>
<td>1,664.60</td>
</tr>
<tr>
<td>Forest Lumber Co.</td>
<td>569.65</td>
</tr>
<tr>
<td>J. E. Meek</td>
<td>35.05</td>
</tr>
<tr>
<td>John Mina</td>
<td>39.35</td>
</tr>
<tr>
<td>A. W. Marshall</td>
<td>73.75</td>
</tr>
<tr>
<td>Burris &amp; Marshall</td>
<td>35.35</td>
</tr>
<tr>
<td>Pfau &amp; Miller</td>
<td>577.65</td>
</tr>
</tbody>
</table>

### Judgment Liens vs. L.R. & I Co.

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Collins Hardware Co.</td>
<td>$1,253.90</td>
</tr>
<tr>
<td>Morse Bros M. &amp; S. Co</td>
<td>442.65</td>
</tr>
<tr>
<td>L.R. Sockman</td>
<td>324.75</td>
</tr>
<tr>
<td>A. A. Edwards</td>
<td>629.85</td>
</tr>
<tr>
<td>Moore-Jackson Grain Co.</td>
<td>2,212.24</td>
</tr>
<tr>
<td>Bert Soats</td>
<td>300.20</td>
</tr>
<tr>
<td>First N. Bank Ft Collins</td>
<td>2,055.65</td>
</tr>
<tr>
<td>J.D. Gault</td>
<td>139.60</td>
</tr>
<tr>
<td>Pierce State Bank</td>
<td>396.65</td>
</tr>
</tbody>
</table>

L.R. Rhodes had a Judgment
Others may have been filed after January 2, 1914.
Laramie-Poudre Reservoir & Irrigation Company.

BONDHOLDERS. (approximate)

- S.G. Bonney 1500.
- Mrs Hibbard Exec 4000.
- W.H. Schofield 10500. Waverly, N.Y.
- Jas. N. Thorpe 17500. Denver, Colo.
- Wasatch Live Stock Co 18000. Denver, Colo.
- A.J. Phipps 1500.
- C.H. Wolfe 500. Greeley, Colo.
- Chas Hanson 4000. Greeley, Colo.
- Bollinger & Robinson 3500. Denver, Colo.
- W.S. Illiff 32500. Denver, Colo.
- J.C. Gunter 6000. Denver, Colo.
- A.A. Moore 3500. Brookings, S.D.
- International Trust Co 10000. Denver, Colo.
- L.C. Moore & Mrs Belle Bailey 2500. Fort Collins, Colo.
- Mrs Paula Bates 8500. New York City.
- Clint C. Heath 500. Denver, Colo.
- L.C. Moore Trustee 40000. Fort Collins, Colo.
- Forest Lumber Co 1000. Fort Collins, Colo.
- Frank Mahon 500. Brighton, Colo.

Total: 139000.

Amount of issue Sept. 3, 1907 $350,000.00

Amount cancelled 54,500.00

Amount outstanding and unpaid 195,500.00

Listed in above schedule $189,000
Unknown ownership 6,500

Total: $195,500

There is also accrued interest on the above outstanding bonds, since 1911 and 1912. (No definite data as yet. 5/4/22.)
# Ownership of Lands in the Greeley-Poudre Irrigation District

<table>
<thead>
<tr>
<th>Number</th>
<th>State</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>128</td>
<td>Weld County outside Greeley</td>
<td>18040.61</td>
</tr>
<tr>
<td>42</td>
<td>Greeley</td>
<td>7312.58</td>
</tr>
<tr>
<td></td>
<td>Total for Weld County</td>
<td>25353.19</td>
</tr>
<tr>
<td>9</td>
<td>Fort Collins</td>
<td>2540.70</td>
</tr>
<tr>
<td>59</td>
<td>Denver</td>
<td>20048.57</td>
</tr>
<tr>
<td>35</td>
<td>Colo outside of above</td>
<td>5434.68</td>
</tr>
<tr>
<td></td>
<td>Total for Colorado</td>
<td>53585.15</td>
</tr>
<tr>
<td>26</td>
<td>Nebraska</td>
<td>5598.59</td>
</tr>
<tr>
<td>7</td>
<td>Minnesota</td>
<td>613.88</td>
</tr>
<tr>
<td>14</td>
<td>California</td>
<td>2989.08</td>
</tr>
<tr>
<td>3</td>
<td>Iowa</td>
<td>5073.77</td>
</tr>
<tr>
<td>10</td>
<td>Missouri</td>
<td>1506.32</td>
</tr>
<tr>
<td>5</td>
<td>Wyoming</td>
<td>3665.59</td>
</tr>
<tr>
<td>2</td>
<td>Kansas</td>
<td>1110.88</td>
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<tr>
<td>10</td>
<td>New Mexico</td>
<td>645.32</td>
</tr>
<tr>
<td>3</td>
<td>Illinois</td>
<td>1887.32</td>
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<tr>
<td>1</td>
<td>Pennsylvania</td>
<td>579.32</td>
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<tr>
<td>4</td>
<td>North Dakota</td>
<td>505.32</td>
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<tr>
<td>1</td>
<td>Idaho</td>
<td>206.32</td>
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<tr>
<td>2</td>
<td>Arkansas</td>
<td>147.60</td>
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<tr>
<td>1</td>
<td>Wisconsin</td>
<td>320.32</td>
</tr>
<tr>
<td>1</td>
<td>New York</td>
<td>702.26</td>
</tr>
<tr>
<td>1</td>
<td>Oregon</td>
<td>80.32</td>
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<tr>
<td>1</td>
<td>Arizona</td>
<td>15.32</td>
</tr>
<tr>
<td>1</td>
<td>Michigan</td>
<td>160.32</td>
</tr>
<tr>
<td>1</td>
<td>North Carolina</td>
<td>6.32</td>
</tr>
<tr>
<td>1</td>
<td>Washington, D.C.</td>
<td>644.36</td>
</tr>
<tr>
<td>2</td>
<td>Washington State</td>
<td>19.32</td>
</tr>
<tr>
<td>2</td>
<td>Ohio</td>
<td>307.32</td>
</tr>
<tr>
<td>1</td>
<td>New Jersey</td>
<td>320.32</td>
</tr>
<tr>
<td>2</td>
<td>Oklahoma</td>
<td>116.32</td>
</tr>
</tbody>
</table>

The above is only approximate, as in many instances fractions were dropped and quite a number of small tracts were not taken into consideration. Also in counting the number of owners, where two or more were joint owners, in taking the number, they were counted as one.
Greeley, Colorado,
November 11, 1922.

To the Reorganization Committee,

Gentlemen:

Under the date of November 9, I had a communication from Walter E. Bliss, who represents about half of the lien holders making certain suggestions and modifications of the plan now under consideration for the reorganization of The Greeley Poudre Irrigation System and the completion thereof. He suggests that if the plan was modified along the line of his suggestion, that he believes his clients would accept and join in the reorganization. He also says he talked several times with Mr. Waterman at the last hearing and that he thinks that Mr. Waterman would not be adverse to the plan with the suggested modifications. I have talked with Mr. Temple, who represents several liens and he seemed to be willing to accept the old plan so doubtless would approve of this. Mr. Coffin represents two or three lien claimants and I believe he would fall in line also.

Mr. Bliss' plan suggests two principal modifications.

1st: He suggests that the Laramie Poudre Bond Holders and the Lien Holders should receive par without interest for their claims to be paid in stock of the new company. That the bond holders receive stock at twenty cents on the dollar on the principal of the bonds without interest also payable in stock of the new company.

He retains the same amount of stock to be set aside to acquire the Poudre Valley Property with the result that a slightly greater amount of stock would be left to complete the system and acquire new water works and appropriations.
of water.

2nd: As the district has title to certain portions of the proposed system which might or might not pass under a foreclosure of the Larime Poudre bonds and liens, whereby it might be desirable or necessary to procure a deed from the district to perfect the title, he suggests that instead of the old plan of surrendering bonds for stock, that the new company give the District the amount of stock to be set aside to redeem the District bonds, in consideration that the District give a deed of all property to the new company.

Further, that there be a bond-holders committee or trustee to whom all persons, particularly land owners, may deliver the requisite amount of bonds to protect their land which when done the Trustee should so certify by issuing certificates in duplicate to that effect. That the holder of said certificate be permitted to surrender one copy thereof to the District, together with a release of any claim to District water, and thereupon the District would assign to the holder of the certificate his pro rata share of the stock held by the District, thus vesting title to the stock in the several land owners.

I put in several hours discussing this mode of handling the proportionate share of stock of the new company to which would eventually go the land owners. We then concluded that there was no insurmountable legal obstacle to handling the matter in that way. Provided the electors of the District would authorize the District Board to make a deed in exchange for stock, and also authorize the Board to issue to the land owners his proportionate share of the stock for his certificate and a waiver of any right to water by virtue of the District still owning shares of stock in the new company.
The first proposition as to giving the District stock for its present holdings is not contrary to law, as the law has long provided that a District may acquire water rights for the District lands by purchasing stock in an irrigation system. In the case of the Hernylyn and the Denver-Greeley Valley Irrigation District their entire water supply is based upon ownership of stock in The Denver Reservoir and Irrigation Company, a ditch company similar to the new company which is proposed herein.

If this Greeley Peudre District had completed its work, it would have held the title and operated the works itself and the water would have been distributed pro rate to each acre of land. Since it is unable to complete its system we agreed that it might legally exchange what interest it has in the system to the new company which would complete the system and give the District a part of the stock of the new company which would represent a limited amount of water for the land and which each land owner could acquire his pro rata share as above indicated.

He concurs in the amount of capital stock for the new company heretofore suggested, and we both agree that from a legal standpoint "non-par stock" is just as available as stock of a par value of $100.00 as heretofore suggested. This change which we have had under consideration for some time would reduce the filing fees from about $6300.00 to $26.00 which would be considerable saving and would be as advantageous in every way provided the purchasers would accept it as readily. He also suggests that a bondholders committee or trustees should be organized with a view to collecting the bonds and placing them in the hands of the committee for redeeming and paying taxes and also for acquiring water stock as above stated. He has had considerable experience with the Hernylyn Bonds and he
believes that there should be a new bondholders committee organized at once to collect all the bonds not in the Chicago pool which when done we should proceed wholly disregarding the Chicago pool. If they want to come in, well and good, if not, let them stay out as there is only one thing they can get in the end and that is stock or such nominal sum as the land owner will pay. From past experience he is very positive that the above is the way the new bondholders committee should proceed.

3rd: He also suggests that for the protection of the stockholders, not only those who exchange debts for stock, but also those who buy stock for cash, that the articles of corporations or the bylaws should provide that the new company should not be authorized to issue bonds in excess of $750,000, without the vote of three-fourths of the outstanding stock.

I have tabulated his proposed system of exchange of stock for old debts, new property, and completion with the following results:

<table>
<thead>
<tr>
<th>EXCHANGE OF STOCK FOR DEBTS AND PROPERTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laramie Bonds at par without interest</td>
</tr>
<tr>
<td>$195,500 or 1955 shares</td>
</tr>
<tr>
<td>Liens and Judgments par</td>
</tr>
<tr>
<td>$235,000 or 2350 shares</td>
</tr>
<tr>
<td>District Bonds at 20% (2,726,000)</td>
</tr>
<tr>
<td>$545,200 or 5452 shares</td>
</tr>
<tr>
<td>$975,700 or 9777 shares</td>
</tr>
<tr>
<td>Poudre Valley Property</td>
</tr>
<tr>
<td>$450,000 or 5400 shares</td>
</tr>
<tr>
<td>$1425,700 or 14,257 shares</td>
</tr>
<tr>
<td>shares 44%</td>
</tr>
<tr>
<td>For completion and new water</td>
</tr>
<tr>
<td>$1774,300 or 17,743 shares</td>
</tr>
<tr>
<td>shares 55%</td>
</tr>
<tr>
<td>$3,200,000 or 32,000</td>
</tr>
</tbody>
</table>

If we had a non-par value stock we could still retain the 32,000 shares which seems to fit the apportionment better than any other sum and the only question is should the indebtedness be compromised at the above figures instead of the former figures.
I have also been considering for some time the question of allowing par for the Laramie Bonds and 30¢ on the dollar for the District Bonds and for your consideration, I submit a tabulated statement of the results of such a settlement.

**EXCHANGE OF STOCK FOR DEBTS AND PROPERTY**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laramie Bonds at par without interest</td>
<td>$195,500</td>
<td>1955</td>
</tr>
<tr>
<td>Liens and Judgments at par</td>
<td>235,000</td>
<td>2350</td>
</tr>
<tr>
<td>District Bonds at 30¢ ($2,726,000)</td>
<td>817,800</td>
<td>8178</td>
</tr>
<tr>
<td>Poudre Valley Property</td>
<td>450,000</td>
<td>4500</td>
</tr>
<tr>
<td>For completion and new water</td>
<td>1,501,700</td>
<td>15,017</td>
</tr>
</tbody>
</table>

From a comparison of the two tables with the tables in the former statement, it appears that a slightly larger per cent of the stock will be left for completion than under the former compilation.

This suggestion of Mr. Bilss' as to the mode of compromising and settling these old debts by stock of the new company is the first suggestion I have had in writing from any of the holders of the old debts and as it does not materially affect the residue of the stock to be sold for completion I think it is worthy of consideration, particularly as it seems satisfactory to seventeen out of the twenty lien holders and might result in a settlement with all the lien holders and the holders of the Laramie Poudre Bonds, which, in my judgment, is the most important thing with which your committee has to deal, and the one requiring first consideration, for without such settlement nothing can ever be done.

Respectfully submitted,

[Signature]

[Note: The signature appears to be hand-written.]
Greeley, Colo., June 21, 1921.

To the Land Owners in the Greeley-Poudre District:

Gentlemen:

For some time past some of the land owners in the district have been discussing with me the question of how to reorganize and finance and complete the irrigation works necessary to irrigate the lands in said district, and have requested me to prepare a statement of facts concerning the district and its present obligation, together with some suggestions for a plan whereby the irrigation bonds, which in a sense are a lien upon the land, may be refunded or in some manner handled and disposed of, and also how the lien claims against the irrigation works and the underlying bonds of The Laramie-Poudre Reservoirs and Irrigation Co. may also be compromised, adjusted and financed, and also suggest some system for financing the completion of the system so that the lands may be irrigated.

Before presenting any possible plan it seems to me that it is best to make a brief statement concerning the attempt to irrigate this land through works to be constructed by the District commenced some twelve years ago. And also compare the conditions in this irrigation district with some other districts that have bought up and in a sense refunded their bonded indebtedness at a small per cent of the original amount.

I.

GREELEY-POUDRE IRRIGATION DISTRICT.

The District was organized in April 1909, entered into a contract for construction of the system with the Laramie Company under date of September 8, 1909, and said contract was approved by the electors and $5,100,000 of bonds voted to acquire irrigation works by purchase from the Laramie Company both complete and uncompleted works on October 4, 1909. On December 1, 1909 bonds in said amount were issued and work was undertaken on various projects.
from the Laramie river to Crow creek in Weld County, over a distance of 150 to 175 miles. Either by adverse financial conditions or mismanagement or both, it matters not which now, work ceased about the last of the year 1911, and the contracting company was unable thereafter to prosecute the work, and the District has also been unable to prosecute the work save as to some minor matters herein-after stated. When the work ceased the tunnel and a few small reservoirs were all that was fully completed, and the remaining ditches and reservoirs were left in all stages from mere surveys to 80% completion in its various parts and portions. The District on its own account and through the efforts of the Pierce water users, completed a few miles of ditch in the spring of 1918 so that their main ditch connects with and discharges water into the Pierce Lateral the lowest lateral to irrigate lands in the district. And a small body of land under said lateral has been successfully irrigated for now this the fourth season.

In February 1912 the district acquired title to the Poudre Valley ditch, Douglass reservoir and a part of the site of Cobb Lake, by deed, duly recorded, subject to a mortgage of $125,000 and interest, which the Laramie Company agreed to pay but did not, and in August 1915 the same was foreclosed and purchased by the bond-holders who organized the Poudre-Canyon Irrigation Company and conveyed the property to that company, and in the spring of 1918 made a contract with the District to carry the district water for a period of two years. This marks the first irrigation under the Pierce lateral. In 1919 on July 29 the Poudre Canyon Irrigation Co. conveyed the Poudre Valley ditch, Douglass reservoir and a part of the site of Cobb lake to The Great Northern Water Supply Co. and since said time water for the district has been carried through the Poudre Valley ditch in limited amounts and used under the Pierce lateral. But
all the water that came through the tunnel and also other water which might have been obtained from the Poudre river, have not been utilized because on the one hand the Poudre Valley ditch could not carry all of it because out of repair, and if carried there was no distributing ditch within the district sufficiently completed to carry and deliver this water. For the past two years there has been perpetual controversy with the Great Northern Co. about the carriage of water, which controversy will always exist to a greater or less extent until all the ditches pass under one ownership.

When the work ceased liens in the amount of $322,000 were filed against the system and suits begun to foreclose the same. There are about twenty lien claimants and the cases have been consolidated for trial but have been put off from time to time hoping that some means of adjustment might be devised. In 1907 the Laramie Company being then owner of part of the properties by the district, placed a mortgage thereon securing bonds in the amount of $350,000. This mortgage covers not only the then acquired property, but after-acquired property. This mortgage should have been liquidated under the District and Laramie contract of 1909, but there is still from $198,000 to $200,000 of said bonds unpaid, with interest for ten or twelve years.

Of the $5,100,000 authorized bonds of the district about $2,708,000 are outstanding and unpaid. These bonds are not a charge against the irrigation works and water rights as are the Laramie bonds and the liens, but are a charge against the land. In short, there is about $506,000 of Laramie bonds and liens, which if valid are a charge against the irrigation works, and $2,718,000 of district bonds which are a charge against the land, making a total of $3,224,000 of debts, together with interest thereon from ten to twelve years last past, aggregating about $3,154,000 or a total of $5,354,000 which is in excess of the original estimate of the cost of the works.
completed.

The district was incorporated to cover 125,000 acres of land and the estimated cost of the works was $5,000,000, or an average cost per acre of $40.00. In fact, while 125,000 acres was included within the boundary of the district, about half thereof was State land and Government land not subject to the charge unless subsequent purchasers agreed to become a part of the district and make their lands subject to the debts thereof. Some have done so and the county assessor now states that there is a little 77,000 acres assessed with the district taxes. For the purposes of my computation herein I accept 80,000 acres as the probable land that might be irrigated during the next twenty years from this system and that is in excess of the present taxable land. On this basis the outstanding debts of the district and its lands including interest, at the present time is $66.50 an acre, appportioned against said 80,000 acres. And it would still take an additional amount of at least $20.00 an acre to buy back the Poudre Valley properties and complete the system; making a charge of $86.50 an acre if the debts are paid in full with interest and the necessary work of completion carried forward.

For twelve years little has been accomplished so far as completion is concerned and the debt now exceeds the original estimate with a million and a half dollars yet to be spent to acquire a reasonable supply of water for say 80,000 acres. This cannot be done profitably to the land owner unless this indebtedness can be compromised, and it has been much talked that a compromise might be possible on a basis of about 20 cents on the dollar of the principal thereof throwing off all interest, leaving about one million dollars to be paid or less than 20% of the present obligation with interest.
From 1909 to the fall of 1920 no levy was made on account of the interest on district bonds and no interest was paid on account thereof. An annual levy of 20 cents an acre was made on all taxable land for maintenance and operation and with this the district has kept its organization intact, purchased certain rights of way, settled some small claims, perfected title to some property, and with the aid of the Pierce water users completed a ditch through to the Pierce lateral and has irrigated some land, but more it has been unable to do except to fight lawsuits and stand off its creditors. And without more money it will be impossible for it to do more in the future.

In the fall of 1920 the holders of past due interest coupons and the first series of bonds which then were about maturing, procured the county commissioners of Weld County to levy a tax to cover all past interest and said first series of bonds and the same was extended against all taxable land in the district and is about $27.50 per acre. Like levies must be made from year to year to provide for accruing interest and the maturing of other bonds, and it is apparent that the land owner will be unable to pay, and the lands will go to tax sale, and where they will then go no one knows. But the land owner will lose his land unless some plan is devised to re-finance the entire enterprise, on such a basis that the land owner may be relieved from a large part of this indebtedness and new money provided to buy and complete additional water works. The question is How can this be done?

In the case of The Riverside District as well as The North Sterling and Henrylyn, all of which had complete waterworks and the lands have been irrigated for years, it was found necessary to re-finance at the expense of the bond holders, by buying up the bonds
at a heavy discount, thereby reducing the cost to the land holder.

In the case of the Riverside, as I am informed, an organization of landowners, including bankers and others, proceeded to buy bonds as available at 25 cents on the dollar and upwards, as they were able. They then turned to the respective land owners these bonds, each land owner taking the average amount outstanding, say $40 or $50 an acre in bonds. The land owner in order to buy bonds in said amount for his land, if he did not have the cash, borrowed money on his land and pledged his share of bonds with the loan, and in this manner individual land owners were able to finance their proportionate share of bonds. In this manner about 80% of the bonds outstanding were acquired and placed with the land owner, within about a year after the land owners adopted that plan of refinancing, and, as I am informed, at a cost to the land owner of about 35 cents on the dollar. The land owner then uses his own interest coupons and bonds to pay the annual tax levied to pay coupons and bonds, so he pays his own taxes with his own paper without any cash except for maintenance purposes. The other 20% of the bonds they are gathering in slowly or in cases of poor lands where the owner does not think it worth while to buy bonds at a discount, the lands are going to tax sale and are struck off to the county or the District, and where the land justifies the same is picked up or redeemed and in time most of the bonds will be gathered in at some price, when they all may be surrendered and the lands cleared of the indebtedness.

The Greeley-Poudre District is in a different situation. There are not only outstanding bonds which are a charge against the land, as in these other districts, but there are also the liens and underlying Laramie bonds against the water works and water rights aggregating the principal sum, without interest, of $500,000, which
must be paid or otherwise be foreclosed and the irrigation works and
water rights sold and entirely lost and the lands never be irrigated
as proposed, but also if the district bonds and these liens and
other bonds were all provided for, there still remains the question
of completing the works so that the land may be irrigated to a
greater extent than it now is.

It may be said that there is a possibility of defeating
these liens in whole or in part and reducing to a limited extent
the amount of the Laramie bonds, but that means at least five years
of litigation with the annual interest to be added to so much of
these obligations as are not defeated, so that if the same could
now be compromised and settled upon a satisfactory discount, money
would be saved in the long run, and the land be irrigated that much
sooner.

If it were possible for the land owner to buy up district
bonds at a discount, as in the case of these other districts, still
what will be done with these other obligations? As I understand
most if not all of the liens might be settled by giving the lien
holders district bonds. This might relieve the jeopardy of fore-
closure if a settlement could be so made with all the lien holders.
But it would not 
settle but only change the form of indebted-
ness. In the case of the Laramie bonds it is a question whether
such an adjustment could be made, but assuming that it could be,
still from $500,000 to $1,500,000 must be provided to complete the
works and procure necessary water; the amount depending upon what
state of completion is provided for and what water rights are per-
fected or acquired. The present water supply is insufficient to
irrigate the now taxed land in the district.
II.

PLANS FOR RE-FINANCING AND COMPLETION.

There are only two ways open for consideration for settling this indebtedness, refinancing the district, and completing its irrigation works, to-wit:

1st. Devise some system by which the bonded and other indebtedness may be taken up by the land owners as in the case of the Riverside District, including the paying off of these liens and Laramie bonds, by district bonds, and then the land owners acquiring all the outstanding bonds at a discount. It is possible that might be done. Then the next question is how to procure the additional money to complete the works. Its only source of raising money is by sale in the market of its bonds, and there is no market at present for such bonds. So the only manner of procuring money for development and completion would be for the land owner to buy district bonds at their face, thereby furnishing the means to complete the work.

2nd. The only other plan that seems at all feasible is for the land owners who are the persons who must eventually provide the means to relieve their land from the present indebtedness and procure a water supply therefor, and be repaid by the increased production and value of their lands, is to form an irrigation company similar to those in Weld County, and if possible use about one-third half of its capital stock in paying off the district bonds, the Laramie bonds and the liens and reserve the other half with which to purchase back the Poudre Valley properties in order to make a connected system, and also to provide the means for completing the works by the sale of stock or mortgaging the property of the company, or both, as they may be able. This latter plan has been much discussed for several months, and I have been asked to outline a possible mode by which it can be done.
III.

REORGANIZATION THROUGH A MUTUAL DITCH COMPANY.

It is thought by many that reorganizing and re-financing through and by means of a mutual irrigation company is the only way by which this old indebtedness may be liquidated and new funds provided for completion and development. I have considered this matter in the light of the foregoing facts and debts and needs, and submit the following for your consideration to ascertain whether you deem the scheme feasible and sufficiently hopeful of success to undertake the labor required and furnish the limited amount of money which will be necessary to fully mature the scheme and attempt to carry it into operation: In this plan I have adopted 80,000 acres as the amount of land which might be irrigated in the next 15 or 20 years, and thereafter or even within the time, if it be found that there is additional land that can be covered by the system the plan may be expanded by an increase of capital stock on the one hand, or if the individual land owner finds that he has more stock than required to irrigate his land, he may sell a portion thereof to others. The latter has been the mode of development, expansion and extension in use under most of the ditches in northern Colorado.

IV.

ORGANIZATION OF COMPANY.

A company might be organized with a capital of $2,000,000, divided into 20,000 shares of $100 per share, then allot 25 shares for each 80 acres of land, which would make 1,000 water rights of 80 acres each, which is the common mode of apportioning water rights in this vicinity. The face value of each water right would be $2,000, but that is not material in the case of a mutual ditch company as the value of an 80-acre water right is often many times the value of the stock representing the same. To illustrate, in
No. 2 ditch eight shares of stock of the par value of $40 a share aggregating $320 now sells for about $4,000, while in the Eaton ditch four shares of the par value of $100 each or $400 now sells for over $6,000, while in the Water Supply & Storage Co. one share of stock of the par value of $100 represents a water right that sold last year for $7,000. The same variation between par value and selling price is in evidence in every ditch and reservoir company in this part of the state. It has been suggested that the old indebtedness might be settled for 3½ cents on the dollar of the principal thereof, without interest, in exchange for such water rights, and that the holders thereof would recoup their present loss by the increased price of the water rights in the years to come. On the other hand it might aid in the exchange of stock for this old indebtedness to do it on the basis of an increased value at the present time in dollars and cents rather than at so much discount. For that reason, in this plan I have suggested that this proposed company should settle its old indebtedness on the basis of $7,000 of the principal of the old indebtedness for each 80-acre water right represented by 32 shares of the capital stock of the company.

V.
OLD INDEBTEDNESS WITHOUT INTEREST.

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Outstanding Amount</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>District bonds</td>
<td>$2,700,000</td>
<td>2,700</td>
</tr>
<tr>
<td>Laramie-Poudre bonds</td>
<td>200,000</td>
<td>200</td>
</tr>
<tr>
<td>Liens and debts</td>
<td>300,000</td>
<td>300</td>
</tr>
<tr>
<td>Total indebtedness</td>
<td>$3,200,000</td>
<td>3,200</td>
</tr>
</tbody>
</table>

If this indebtedness could be exchanged and settled on the basis of $7,000 for 32 shares of stock or one 80-acre water right it would require 9,120 shares of stock or 456, 80-acre water rights to liquidate this indebtedness, as follows:

<table>
<thead>
<tr>
<th>Debt Type</th>
<th>Amount</th>
<th>Shares</th>
<th>Water Right</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dist.Bonds</td>
<td>$2,700,000</td>
<td>7,700</td>
<td>325</td>
<td>$2,695,000</td>
</tr>
<tr>
<td>L-P.Bonds</td>
<td>200,000</td>
<td>570</td>
<td>32.5</td>
<td>199,500</td>
</tr>
<tr>
<td>Liens, etc.</td>
<td>300,000</td>
<td>850</td>
<td>42.5</td>
<td>397,500</td>
</tr>
<tr>
<td>Totals</td>
<td>$3,200,000</td>
<td>9,120</td>
<td>456</td>
<td>$2,192,000</td>
</tr>
</tbody>
</table>
If the exchange could be made upon the above basis, there would be left more than one-half of the stock and water rights to exchange for the Poudre Valley property, or to sell for the purpose of completing the works, or both. If this stock sold at par it would bring $1,088,000. If it sold for $1.50 or $2.00 per water right it would bring $1,632,000, which would be sufficient to purchase the Poudre Valley properties for cash and complete the system.

VI.

POUDRE VALLEY PROPERTIES.

The Great Northern Water Supply Company now owns the Poudre Valley ditch, Douglass reservoir and Cobb Lake, and possibly some other property, and it has mortgaged the same for $400,000. But as I understand, few if any of these bonds have been sold and passed into the general market, and if issued are largely in the hands of the officers and stockholders of said company. It is probable that this property could be purchased subject to said mortgage, the owners taking said bonds in payment thereof. Or, it may be that the stockholders in said company would be willing to cancel their said mortgage and deed the property to the new company for shares of stock in the new company, taking said stock at par, say to the extent of $400,000 or 400 shares. If this could be done there would still remain about 1/2 of the stock to be sold to acquire other properties and complete the works.

If the Great Northern Company would not deal on either one of the above bases then the new company could either sell sufficient shares to procure the means to buy the Poudre Valley properties or
they might issue corporation bonds in the amount of one million dollars due in twenty years, interest at six per cent, and secure the payment thereof by a mortgage on the entire system of water works, and either sell sufficient to buy the Poudre Valley properties, or exchange these bonds to the amount agreed upon for the Poudre Valley property, and the remainder, which would be considerably over half thereof, could be sold from time to time to provide money to complete the system and buy additional water rights for the company. The unsold stock if thought best might be pledged for the security of these bonds also, with agreement to apply the proceeds of the sale of said stock in the liquidation of the bonds and payment of interest. It would not be necessary that said bonds be sold all at one time, but only when the construction work exceeded the revenue derived from sale of stock.

VII.

FEASIBILITY OF PLAN.

Under this proposed plan of requiring $7,000 of indebtedness to purchase one 60-acre water right or twenty shares, the holders of this indebtedness could procure a water right at the same price that combined ditch and reservoir rights are selling for at the present time in the Water Supply & Storage Company the next ditch below this system. While it is true that their rights at the present time would really have more value and furnish more water for each 60 acres of land, still when this system is built up as suggested, in time these water rights might sell for as much as $1,000 and by holding, the bond and lien holders might in time recover the full amount of their principal, and in the meantime have the use of their water rights on their own land, or rent to those who have none.

As to the unsold water rights, their par value would be $200 or $30 per acre. In view of the fact that the present in-
debtedness against the 80,000 acres of land and the water works, including full interest, amounts to $65 per acre, and the average price of full ditch and reservoir rights under the older ditches is $75 an acre, it would seem proper that the selling price for the remaining water rights should be not less than $3,200 per an 80-acre water right, or even $3,500, which latter sum is one-half the cost of a combined ditch and reservoir right of the Water Supply & Storage Company.

At what price these rights can be sold it is impossible to determine at present. If the holders of the old indebtedness who have paid a nominal price of $1,000, on exchange of debt for stock, should desire to hold their water rights until they become worth somewhere near said sum, then the company should be able to sell other stock for at least $3,500 per water right, provided they build works sufficient to furnish water; if on the other hand, a considerable number of the holders of the old indebtedness desire to clean up and should sell their stock for $2,000 to $2,500 per 80-acre water right, then the company would have to sell their stock accordingly; but even at par the remaining stock would produce a million dollars of capital to develop the system.

As a large number of Greeley, Fort Collins and Denver people are interested in this project, many having lands under it, I am inclined to think that most of the bonds of the new company could be sold from time to time in small parcels in northern Colorado, and that the above plan of financing the development can be made effective with a little work, provided we can settle the old indebtedness and buy the Poudre Valley properties substantially as outlined.

In the settlement of these claims it may be that some parties, holders of district bonds or Laramie bonds or liens, might
hold out for a better basis, that is, either desire to include some interest, if they are to allow $2,000 for stock, or if they settle on the face of their principal may deem that $7,000 per water right of 1/20 shares is too large, on said proposed exchange, and after conference with your fellow land owners and the holders of these several forms of indebtedness it may be that $7,000 will be deemed too large a sum to fix as an exchange price, and you may desire to adopt a less amount, say $6,500 or $6,000. If the latter sum were taken it would reduce the residue of the stock or about 15% which would still leave a fair amount of stock to complete the system.

But in my judgment if you are ever going to have a sufficient water supply to irrigate 80,000 acres of land you will require upwards of a million dollars in new works and water supplies to adequately irrigate said land in a reasonable term of years.

To further illustrate the proposed exchange of 80-acre water rights for $7,000 of old debts, and how it will apply to each form of indebtedness without interest, I submit the following table, based upon cost per acre, to-wit:

<table>
<thead>
<tr>
<th></th>
<th>80,000 acres</th>
<th>$33.65 per acre;</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Bonds</td>
<td>$2,700,000</td>
<td>$2,50</td>
</tr>
<tr>
<td>L-P. Bonds</td>
<td>200,000</td>
<td>3.75</td>
</tr>
<tr>
<td>Liens</td>
<td>300,000</td>
<td>$39.90 per acre</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If settle for average of 33 1/3 % makes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy Poudre Valley property, say $400,000 or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expends for Improvements and Water $600,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$13.50 per acres</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$25.50</td>
<td></td>
</tr>
</tbody>
</table>

This makes $2,056 as the cost of an 80-acre water right or a trifle more, $56.00 more, than the per value of 20 shares of stock, which is $2,000. If the creditor took these water rights on the basis of $7,000 of his principal debt for each 20 shares of stock, or an 80-acre water right, he would be paying for his shares on the basis of $350 per share in old debt, instead of $100 a share in cash or par value of the stock. So it really makes no difference.
whether the exchange is computed on the basis of one-third of the face of the principal debt, or whether it is based on the full face of the principal debt and the stock is valued at $350 a share or $7,000 per 80-acre water right. I give it in both forms in order that you may see two modes of figuring this exchange, and you can adopt whichever you feel is the one that will appeal to the creditors and most readily get their assent to make the exchange. In either event the old debts would be exchanged for water rights. My present impression is that the deal could be more easily effected by exchanging $7,000 of the principal of the old debt for 20 shares of stock or one 80-acre water right. By comparing the table at the foot of page 10 with the table in this paragraph you will notice that the former table shows that the debts take less than half of the capital stock while this table shows a little more. This is because I use $800,000 as the possible improvements, whereas it could be more if the deal was made as on page 10. In any event we figured *** a mere estimate as a working basis for your consideration, and may have to revise and reapportion as you deem best after full consideration. In making an exchange on either basis provision would have to be made either for fractional shares or require that creditors acquire odd amounts from other persons so as to make full shares of stock, as fractional shares would be annoying in bookkeeping and in distribution of water.

VIII.

HOW TO EFFECT THE EXCHANGE.

Having suggested a theoretical plan for exchange of debts for stock in the new company, the next question is how can this exchange be brought about and what agencies would be required to carry it into effect? There has been much talk of "land owners' committee" and "Bond holders' committees" and "Holding companies"
and similar agencies. You will probably require a land owners' committee because in this matter the land owners are the real parties in interest and their lands are now charged with over $56 of indebtedness, including interest, which they wish to compromised and reduce and still get money for the improvements in order that they may irrigate their land. In an irrigation district the land owners are about in the same position as the stockholders of an ordinary corporation and if they all unite they can do pretty much as they choose, so that they keep within the law. To them the important thing is their land and how to get water for it at the least expense. So they may vote any plan that they choose and in carrying out their desires they can vote to sell the water system of the district and they have also the power to vote a dissolution of the district, provided in each case they are able to liquidate the indebtedness of the district. This plan is gotten up for the purpose of considering how this indebtedness may be liquidated, and even after a plan is adopted it will be no small task to gather in the various forms of indebtedness and liquidate the same by exchange for stock upon the proposed or any other basis. And to accomplish this all the land holders must work together and they must have an efficient organization, and if there are outstanding bond holders committees or lien holders committees these agencies can be used to collect the indebtedness and urge the owners thereof to make the exchange. But there are many holders of district bonds and Laramie bonds and liens that are not associated in any committee, and such of them as are interested in this plan should cooperate with the land owners to effect this exchange and collect this indebtedness.

I do not see any need for the organization of a new irrigation mutual ditch company until a substantial number of the land owners and holders of indebtedness can agree upon a plan. If the
above plan should be adopted, with or without modification, then the
question of incorporation of a company, the drafting of options,
agreements, assignments, and all other necessary documents to carry
it into effect, can follow as required.

After a plan is agreed upon, in my judgment, a proper
course of procedure would be to effect the following organizations
or agencies:

1st. A more permanent organization of the land owners,
which should provide by subscription or assessments per acre, or
some such plan, for sufficient means to pay the necessary expenses
of incorporation, and the attorney for drafting all necessary papers,
and for an accountant or secretary for the land owners' association
who should be familiar with the district business, to aid in ascen-
taining the character and amounts of the indebtedness, and help locate
the same, and assist in negotiating the exchange of debts for stock.
There will also be postage, typewriting, printing, and some
traveling expenses to be met; and if it were possible, there should
be provision for a revolving fund of a few thousand dollars to buy
up small holdings of bonds and other indebtedness and temporarily
acquire bonds until they can be placed with land owners and returned
to the fund to be used again.

2nd. A corporation should be formed on the plan of a
mutual ditch company with a capital stock of $2,000,000 or such sum
as the land owners committee should decide. Further, the success of
the enterprise would depend a great deal on who the directors are.
And there should be not less than five nor more than seven directors,
and as much work will have to be done by them and as they will gradu-
ally absorb all other agencies, in my judgment the directors should
be made up of influential land owners, one or two able ditch men
and one or two financial men, all of whom should know more or less
about irrigation projects, and some of them familiar with reorganizing
businesses and putting them on their feet again. In short, there will be all kinds of work to do and plenty of room for diverse talent. I would also suggest that the accountant be made the secretary of the company as his first work with the committee will be invaluable to the company and the company should have the benefit thereof, particularly if my further suggestion as to bonds be adopted.

There has been talk of the corporation selling water rights represented by contract, to be converted into stock some years later upon certain conditions usually found in such contracts. As I now see it, that would be a useless expense and the stock might as well be sold direct and the company operate as a mutual company at once. Further, I have found that in many instances after about three-fourths of the required number of contracts have been issued, that there is a tendency on the part of the holders thereof to fight the sale of any more contracts, as every sale depletes the water they have thertofore been using, and as you will need to sell all of your water rights, I think it is best to sell it on the stock basis in the first instance.

It has also been suggested that it might be necessary to have an holding company, or corporation holding bonds or other paper in escrow, but it seems to me that the best way to proceed after the various agencies have collected the indebtedness, that is to the district bonds in the amount of $2,700,000, they should through some agency be placed with the land owners in such amounts that each land owner should have sufficient in bonds and coupons to satisfy and pay the annual tax levy, to pay coupons and bonds. Then the land owner could exchange said bonds with the coupons thereon for stock of the company and the company could agree to hold his said bonds and annually apply the coupons and bonds in the satisfaction of his interest and bond tax to the extent of his holding. To carry this into effect
some form of agreement should be made to be executed by the company and the stockholders, who are also land owners, that the bonds exchanged should be held by the company and used for said purpose, and that when all bonds are in the same shall be canceled. This is a modification of the Riverside system whereby they collected 80% of their bonds and placed them with their land owners prorating them so that the land owner would have sufficient to pay his proportionate share of the interest and the bond in the satisfaction of his bond and interest taxes. The only difference is, that there the land owner has the bonds in his own possession, whereas in this case he would turn them over to the company for stock. If it should be found necessary that the land owner should retain his bonds and pledge or mortgage them with his land to raise money to buy his bonds, then we would have to devise some plan to meet such cases whereby the land owner having so mortgaged his bonds could subscribe for stock and agree to surrender bonds from time to time in the payment of his taxes, and take credit on account thereof as so surrendered, as payments upon his stock, and the company retaining the stock until the same is paid for, either in cash or surrender of bonds as aforesaid. Of course all this would entail considerable work for the corporation not usually performed by them; but it seems to me at present that such is a better plan than having trustees and other agencies outside of the corporation, as by the company doing this work it would have full knowledge of the entire situation and could act accordingly.

If it were possible to settle the liens and the Laramie-Poudre bonds by exchanging them for district bonds and then re-exchange them for stock in the company, it would make $500,000 more bonds available to be apportioned on the land and held by the company for the purposes aforesaid until such time as all the district bonds
are gathered in and exchanged as aforesaid. The advantage of this would be to increase at the start the percentage of bonds held by the land owners, and of course decrease the number of scattering bonds which may have to be taken care of for many years hence. This feature has its objections, as I will later show, as the Laramie-Poudre bonds and lien claims may be required to be used to foreclose and perfect title to the property.

In order to collect all this indebtedness it may be necessary to prepare forms of bondholders’ agreement whereby bonds may be collected in the hands of some one with authority to dispose of them to farmers for cash, or for mortgages upon their land, or in case the bondholders or their representatives deem best, to exchange them direct for stock in the new company. These agreements should be very sweeping, with power for the trustee or committee to sell or exchange the bonds in any way they deem best. The trouble, as I understand, with the present bondholders’ committee, is that they lack power and any bondholder can withdraw his bonds as he deems best. Such provisions would be very embarrassing, and if bonds are deposited with the committee they should be turned over to the committee to handle them exactly as if they owned them.

IX.

APPORTIONMENT OF BONDS ON LAND.

The present state of the law concerning irrigation districts and irrigation bonds is that they are like special improvement assessments, attached to the property, and not a general charge on all the lands in the district, but that only a pro rata share attaches to each acre. And that the land owner may acquire such pro rata share in the open market and use the same to pay his bond and interest taxes and that his land cannot be charged for more than said pro rata share. Which means that if the owners of the desirable
land acquired, at a discount or otherwise, the prorata share of bonds and coupons for his lands, that he can then use them to satisfy the bond and interest tax, and no other tax can be levied against his land. Proceeding on this basis the Riverside and other districts have gathered up 80% or more of their bonds, located them on the better lands, and are letting the bondholders sweat as to how they are going to get anything out of the poorer lands, and when they find out that they have not much chance of getting anything they hope one by one to gather them in at a heavier discount such that the poorer lands can afford and eventually wipe them out. The same would probably be your experience. That is a matter that only time can tell, and is one of the things concerning which some general provision may have to be made, particularly if the irrigation district should be dissolved, and in order to do so, provision must be made for all debts.

Another reason why it seems to me that it would be wise for the corporation to become the holders of these bonds is, that a very large part of them would be held by the company and in case of dissolution of the district could be surrendered in bulk, and also it would be easy to use them in bulk or in severalty to pay the annual taxes so long as the district were not dissolved.

In this particular district one of the serious problems for the attorney to solve, as well as the corporation, and all parties concerned, is WHAT IS THE PRORATA SHARE PER ACRE OF THE BOND DEBT? This difficulty arises out of the manner in which this district was organized and the debt incurred, and also the partial disposition of the authorized bonds, and are as follows:

1st: The district included 125,000 acres of land within its boundaries, of which about 65,000 acres was then held in private ownership and the residue was state and government land. Later certain state and government lands passed into private ownership and at present about 77,000 acres are actually assessed as comprising the...
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real lands of the district. The rest being still government or state land.

A bonded indebtedness was voted in 1909 of $5,100,000 or approximately $40 an acre upon 125,000 acres, as at that time only about half of the land was subject to a charge, being still government or state land. So the question is, is the prorata share of each acre $40 an acre or $80 an acre? And as some additional land came into the district by passing into private ownership, so that there is now 77,000 acres assessed, is this debt to be apportioned on said amount of land, which means $66.35 an acre, including interest.

2nd. It is stated that as near as can be ascertained, there is outstanding at the present time $2,700,000 of bonds and may be when finally determined $15,000 to $20,000 more, the rest being in the treasury of the district. The question then is, Can we take this $2,700,000 as the basis of apportionment, either on the 125,000 acres or the 77,000 acres of privately owned land? If so, is the prorata share per acre $21.60 on 125,000 acres, or $35.20 on 77,000 acres? And further, what will become of the bonds in the treasury of the district in making any computation?

The ascertainment of this prorata share is only material in trying to fix the liability of such land owners as may desire to purchase the required sum of bonds to protect their lands. This among other things will have to be worked out later by the land owners or their committee in case they decide to carry out this or some similar plan for reorganization. And in the end some provision may be necessary to protect the small percentage of bonds, say 20 to 25%, that it will be impossible to get exchanged, before the entire plan becomes operative and the new company comes into possession of the property.

X.

HOW CAN THE NEW CORPORATION GET TITLE TO PROPERTY?

The most difficult question of all in case this plan of
reorganization is adopted, is how the new corporation could acquire title to the various ditches, reservoirs and their appropriations of water that are now vested in the district, and how and when the district should be dissolved, if at all? The district is now the owner of the tunnel, some completed reservoirs, some farm lands on the Laramie river, and about twenty small ditches and appurtenant water aggregating about 100 cubic feet, and it is also the owner of several mountain ditches partially completed, and appropriations of water partially effected, and is also the owner of a distributing ditch starting at a point about 17 miles from the Cache la Poudre river in Section 36, Twp. 9 N., Range 67, the same being the tail end of the Poudre Valley ditch now owned by the Great Northern Water Supply Co., which ditch is completed to a part of its capacity, say 150 cubic feet, for a distance of about 15 miles, where the same is diverted to the Pierce Lateral a part of which lateral is also owned by the district. From point of said diversion eastward to Crow Creek there is a ditch planned for 500 cubic feet and about 90% completed. There is McGrew reservoir on the line of this ditch completed so that the same would hold considerable water, probably over 50% of its contemplated capacity, and about 80% completed so far as cost is concerned. Farther on is the March reservoir about 10% completed, and the Camfield reservoir on which little has been done. There are also some main laterals partially completed, and there is also the Elkhorn reservoir, a channel reservoir in the Poudre river, surveyed and most of the site acquired but no other work done.

In 1907 the Laramie-Poudre Reservoirs & Irrigation Co. was the owner of some of these reservoirs and ditches having title in part and partially constructed. It executed and placed of record a mortgage securing $350,000 of its bonds, which mortgage particularly described many of these works constructed and partially constructed, and particularly provided that said mortgage should cover any after-acquired property. The company continued its construction till 1909,
further developing these properties, completed some and started others, and on September 3, 1909 entered into a contract with the district to sell the completed property to the district for a million dollars of its bonds, to pay off the indebtedness of the Laramie company with $5,000,000 more bonds, and discharge this mortgage, and further to complete all the project for $5,500,000 of the bonds of the district, and to deed over all property to the district, as in said contract provided. The Laramie company then completed some more of the project and partially completed other works and then became bankrupt and unable to proceed and said Laramie bonds mortgage was never paid off or discharged and about $200,000 of said bonds are still outstanding and unpaid with ten or twelve years' of interest thereon.

Said Laramie company when it failed, had outstanding contracts for labor and material on the various works which it failed or was unable to satisfy, and the contractors, sub-contractors and material men filed liens in the latter part of 1911 and the forepart of 1912, and there are about twenty of such liens aggregating claims amounting to $322,000. Some of these are duplicates, being included by contractors both as to material and subcontract, while material men and sub-contractors in some cases filed separate claims, and the exact amount is unknown as yet, but will range from $250,000 to $300,000, with interest for ten years. These lien claims are filed against all of the property now owned by the district unless by accident some small piece of property was omitted, and all of the lien claimants have begun suits to foreclose their liens in the district court of Larimer County where the same have been pending for about eight years and trial has been postponed from time to time in the hope that some plan of reorganizing or refinancing might be devised and the matters adjusted. In these suits the trustee for the bondholders in the Laramie mortgage are also made parties and have

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filed crosscomplaint praying the foreclosure of said mortgage, and also claiming that under the terms of their mortgage they have a prior lien on not only the property owned in 1907, the date of the mortgage, but on all property since acquired.

The district for many years has been resisting these claims hoping that it might be able to defeat the lien claims entirely as the district is a public corporation and its property not subject to mechanics' liens. That rule of law is now admitted by all parties, and the remaining question is, was the property district property or Laramie property when the contracts were let for the work? This question of fact, which also involves the effect of the contract of 1909 between the Laramie company and the district, is in doubt, and no one will know until the cases are tried in the court below, appeals to the supreme court and it has rendered a final decision. As to the Laramie company there are two questions, First, what property is covered by its lien; in short, what property did it own? and was the property brought into being after September 8, 1909, Laramie property to which the mortgage attached as the property was created, or was it district property to which the mortgage did not attach? This same question is involved between the lien holders and the Laramie company. The other question is, what are the correct amounts of bonds outstanding for which a judgment of foreclosure might be rendered?

In this proceeding the Laramie mortgagees will undoubtedly recover a judgment in some amount, and will have a decree of foreclosure on some of the property; and if not resisted would procure a judgment for $200,000 and interest for ten years, and would procure a decree of foreclosure on all of the property. Likewise the lien holders if not resisted would procure judgments aggregating at least $300,000 and interest for ten years, and would likewise obtain a decree of foreclosure upon all of the property.
If the district should cease to resist these foreclosure proceedings, then judgment of foreclosure would follow and the holders of these bonds and liens would become the purchasers and if there was no redemption would procure deed in nine months after the sale. And if resistance ceased title could be procured through these foreclosures in about one year.

If the holders of the Laramie bonds and the lien holders should enter into agreement with the land owners or the new corporation, that if they were permitted to foreclose, without further resistance from the district, then in such event they would exchange either their liens and mortgage before foreclosure for stock of the company, or after sale assign their certificate of sale for stock of the company; in this manner the new company might acquire title to all of this property.

As I have suggested heretofore, it might be possible to exchange this mortgage and lien debt through the instrumentality of the district for district bonds, and then have the holders of said bonds re-exchange for company stock. If this were done, title by foreclosure could not be effected as the debt would become satisfied. So it is probable that the best way to handle this matter would be for the Laramie bondholders and the lien holders to foreclose and exchange their certificate of purchase at sheriff's sale for stock of the district. This procedure would involve the acquiescence of the district in your plan and in said foreclosure.

The only other way to acquire title would be by deed from the district to the corporation. Under the law prior to the last legislature, it was provided that a district might sell a part or all its property upon terms which would meet the approval of the electors of the district, and which would be approved by the district court upon a proceedings to confirm the sale. But under the law the
district court is charged with the duty to provide in the confirmation decree, either that all debts have been actually paid or adequate or satisfactory provision made for the satisfaction thereof. If the land owners could collect all of the indebtedness of every character and provide for the exchange thereof for stock as indicated herein, then and in such event title might be made through the district. It is probable that the Laramie bonds the liens and the greater portion of the district bonds might be so collected, and agreement made for their exchange, but some of the district bonds will never be found and others will not turn up for years, and whatever amount is not collected in for any reason, provision would have to be made in the confirmation decree of sale for taking care of the same. You might tender in such instance stock in exchange, to be held and delivered as bonds are turned in, but whether or not the court would accept that I do not know. If the amount were not large, the company might give bond or other assurance to discharge said bonds and take its chance whether it would have to satisfy the same in money at the face value, or some less amount, or whether it could induce the holders from time to time to accept stock of the company on the basis herein provided or on such terms as it might be able.

XI.

ASSESSMENTS FOR FUTURE MAINTENANCE.

In case this plan should go into operation then an assessment would be levied upon the stock of the corporation annually, voted by the stockholders at the annual meeting, and should be sufficient in amount to pay all operating expenses and small incidental improvements which are necessary on every irrigation system, particularly a new one, and if you sell bonds, to buy the Poudre Valley property or to make improvements, then enough to cover the annual interest. I estimate the strict maintenance charge to be from 25% to 50% per acre, and if the entire bond issue was put out the in-
interest charge at 6% would amount to 75¢ an acre and of course if only a half or a quarter were put out it would be less in proportion, so it might be estimated that the minimum annual charge on each share of stock per acre would be from 75¢ to $1.15, and on an 80-acre water right it would run from $60 to $115, which is not very much in excess of adjacent ditch and reservoir systems.

XII.

CONCLUSION.

My conclusion is, that if the present indebtedness can be adjusted along the lines indicated herein for one-half of the capital stock, and the several kinds of bonds and liens are gathered in and gotten together in such shape that they may be exchanged, or even if all the Laramie bonds and liens are adjusted and 75% of the district bonds are exchanged, that then you could proceed to organize a company and get title, and that the remaining part of the district bonds could probably be gathered up at not much more, and may be less, than would be paid for the first ones. If the title is procured by foreclosure as aforesaid, there would be little hope that the bondholders would get anything better than is now offered, and probably they would all come in eventually and the dissolution of the district could be deferred until they are practically all in.

If the indebtedness was settled as aforesaid for one-half of the stock, or less if it could be, then I feel quite certain that with the other half of the stock and the power of the company to bond and mortgage its property, you could buy back the Poudre Valley properties with stock or bonds and have stock or bonds in the amount of $600,000 to $800,000 to develop the property. I feel quite certain that on account of the slow sale of stock or the sale thereof on annual payments, that you will have to have a bond issue in order to make the improvements as rapidly as they should be made, because unless you proceed and get more ditches and reservoirs and appropriations of
water you can never sufficiently irrigate 80,000 acres of land to
make the system a success; but if you do get the water I believe
it would grow into a success.

If you should make a bond issue of a million dollars or
less, I do not think it should be all sold at once in the open market.
But as you would need 50 or 100 thousand for any particular purpose
the company might sell or pledge its stock or bonds or both to get
that amount of money and when they needed more to do it again. I doubt
very much whether you could sell these bonds in lump in the open
market, but I do feel that there is sufficient financial institutions
and men of means in northern Colorado who would be interested in this
project and such institutions as the Milling Company, the Sugar Company
and the Railroad Company who are always looking for more land and
more crops and more freight, who would be willing and able, from time
to time to take these bonds and in some cases stock, to provide the
new money necessary for the development if the company were in
a position to show that they had plans which gave reasonable expectation
of producing water.

This communication is several times the length I originally
contemplated, but there are so many facts that must be understood
and which are known to very few people in their entirety, and so many
classes of debts and so many different things to be accomplished bef-
fore the whole matter can be unified and made a success, that I have
extended my statement in order to include a large number of these
things, possibly not all there is, but sufficient so that the com-
mittee which first consider this matter will have before them sub-
stantially all of the main facts at least, and will be able to
arrive at a fairly approximate judgment of the value of the plan
proposed and whether it is worth while to undertake the same or
any modifications that may be proposed thereto. At least this commu-
nication gives sufficient facts and suggestions to be a basis for
discussion. If anything is done it should be done this summer and
fall before tax sales further complicate matters. Further, speedy action might relieve the district from expense in fighting these liens and other suits. I believe it would be well for the landowners committee to go over this matter with the district officers so that they might understand each other and work in harmony if possible. And further, the district has in its possession most of the information that must be had concerning indebtedness, and the nature and extent of their works and titles, all of which must be fully known before the plans can be carried out.

I might add, that I have been assistant attorney for the district for almost two years, assisting in fighting these various lawsuits and expect to continue as such; but the district has consented that I may aid the land owners in devising a plan of reorganization, it being distinctly understood that in such matters I represent land owners and not the district, and with that understanding I have undertaken the preparation of this plan and the submission thereof.

Respectfully submitted,

[Signature]

C. D. Todd
December 5, 1921.

SUPPLEMENTAL STATEMENT.

To the Landholders in the Greeley-Poudre District:

Since my communication of June 29th, 1921, relative to the conditions of the District, its debts and plan of reorganization, more complete data has been collected by George F. Smith, Accountant, and he has also submitted the same to me with general approval of my plan, but suggesting that instead of a new company with a capital stock of $2,000,000, the capital stock be made $3,200,000, and after full discussion with him I see much force to his argument for such increase, and I submit the same for your consideration.

His position is that the original plan provided for 125,000 acres and a debt of $5,000,000, which is an average of $40 per acre. The cost of the irrigating works to date, including the District bonds, liens and Laramie-Poudre bonds, not including any interest thereon, is $5,210,500, and the works are not yet completed. There are 76,699 acres of land in the District that are now assessed. If we adopt 80,000 acres as the proper amount of area to provide for in our plan, that means there is $40 per acre of those old debts to be provided for, which means $3,200,000. His plan contemplates a settlement of this old indebtedness at 40% on the dollar, or $16.00 per acre, leaving $34.00 per acre with which to purchase the Poudre Valley property and complete works and get additional water rights, so that ultimately the cost to the land owner will be $40 per acre for water for his land as originally contemplated.

His revised figures on debts, and his proposed plan reduced to a form similar to my plan of June 29, 1921, is as follows:

| Distinct bonds outstanding, without interest | $2,715,000 |
| Laramie-Poudre bonds | $195,500 |
| Liens and judgments | $300,000 |
| Total old debts, without interest | $3,210,500 |

CAPITAL STOCK OF NEW COMPANY:

Incorporate a Company, with 32,000 shares of $100 each
Allow 32 shares of stock for each 80 acres will take
for 1000, 80-acre tracts, or 80,000 acres

$3,200,000
### Original Plan

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### New Plan

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**Part 2**

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<td><strong>Total</strong></td>
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**To Compile**

\[ \frac{1.487,200}{32,000} = \text{Percent} \]
This plan contemplates exchanging the old debts, consisting of the District bonds, the Laramie bonds and the Lien claims aggregating $3,210,000, for stock of the new company at par value of $100 per share and at 32 shares per 80-acre right, or par value of $3200 per 80-acre water right, on a basis of 40% on the dollar of the principal debt without interest, or $8,000 of principal debt for each 32 shares of par value of $3200 for each 80-acre water right, which would take about 40% of the entire capital stock to make the exchange. It is then proposed to use about 14% of the capital stock to exchange for the Poudre Valley properties, leaving about 46% of the capital stock to be sold at par for cash to complete the works and acquire water rights for this land. Reducing this to tabulated form gives the following.

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<th>EXCHANGE OF STOCK FOR OLD DEBTS, AND EXCHANGE FOR PROPERTY, and SELL FOR CASH:</th>
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<tbody>
<tr>
<td>District Bonds $2,715,000 at 40% $1,066,000 for 10,660 shares of stock.</td>
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<tr>
<td>Laramie Bonds 195,800 at 40% $79,200 for 782 shares of stock.</td>
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<tr>
<td>Liens and Judgments 360,000 at 40% $120,000 for 1,200 shares of stock.</td>
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<tr>
<td>Poudre Valley property at par 400,000 1,284,200 12,842 shares of stock.</td>
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<tr>
<td>For completion and new works and water 1,465,800 14,658 shares of stock.</td>
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</tbody>
</table>

This means that if the old debts could be converted into stock of new company on a basis of 40% on a dollar of principal without interest, it would take 12,842 shares, or 40% of the stock, and if all the Poudre Valley properties could be acquired for 4,500 shares, or 14% of the stock, there would remain 14,658 shares of stock, or 46% of the stock to sell at $100 per share for cash, which would produce $1,465,800 to complete the system.

**COMPARATIVE COST OF 80-ACRE WATER RIGHT:**

| To purchase an 80-acre water right, 32 shares at $100 per share / $3200.00 |
| To exchange for an 80-acre right $8,000 of old debt at 40% or on a basis of $250 of old debt for one share par value $100, 32 sh. / $3200.00 |

If a land owner could purchase bonds or liens for less than 40% on a dollar, say 20% on the dollar, he could acquire for $8,000 of old debt which cost him $1,600 in cash and by exchange get 32 shares of stock of the par value of $3200, or for $250 of bonds, which at 20% cost $50 in cash he could acquire one share of stock of the par value of $100. If he bought bonds for 30% on the dollar, and exchanged for stock, the stock would cost.
him $75.00 per share or 32 shares of 80-acre water right would cost him $2400.

The question is often asked, can these farmers buy water, and will there be a sale for water rights? Mr. Smith who is very familiar with the ditch and the lands, informs me that while the district comprised only 125,000 acres of land at the start, other lands were included, and that there are lands outside of the district which can be irrigated from it, making a total of $150,000 acres of land under the system, including state and government land, all of which will come to private ownership if water can be procured, so that on our basis of 80,000 there will be almost 2 acres for one which will make a market for water and enhance its selling price. This has been the rule under every system where there is more land than water, so if you can make a fair water right it ought to sell at the par value of the stock.

If a farmer has a good piece of land clear, and his land is clear of bonds or other lien, ordinarily he should be able to borrow on his land and water a sum equal to the cost of the water, or approximately that much. If so, most land owners ought to be able to buy water rights either for cash or by acquiring bonds and exchanging for stock.

Those who are not able to finance themselves might buy stock on time and while this would not produce cash to the company at once for construction purposes, it would be an asset which together with the power of the company to bond the water-works, would enable the company to proceed with construction work. This power to bond I have explained in my communication of June 29, 1921.

This letter is supplemental to my former one, and the plan of reorganization herein stated is given for the purpose of comparison with the former plan, and it may be that further suggestions will be made as the entire matter is more fully considered by a larger number of people.

Respectfully submitted,

(Signed) C. D. TODD.