

**Colorado Water Resources  
and  
Power Development Authority**

**BOARD MEETING MINUTES**

**April 21, 2023**

**Call to Order**

Chair Steve Vandiver called the meeting to order at 9:00 a.m. in the Authority Conference Room, located at 1580 N. Logan Street, Suite #810, Denver, Colorado, 80203, and via video and audio tele-conferencing. Chair Vandiver led the Pledge of Allegiance and then members were seated.

**Board Member Identification and Declaration of a Quorum**

Board members present: Steve Vandiver (Chair), Chris Treese (Vice-Chair), George Corkle, Lucas Hale, Patti Wells, Bruce Whitehead, Eric Wilkinson and Karen Wogsland. Mike Fabbre (Secretary/Treasurer) was absent. A quorum was declared with eight Board members present. Lucas Hale joined the meeting virtually.

**Approval of Consent Agenda**

Chair Vandiver announced that the following item was placed on the Consent Agenda for Board consideration at the Project Finance Committee meeting: Agenda item 7(a) Drinking Water Revolving Fund loan application for the Town of Cedaredge, Resolution No. 23-10. Kami Collins, Town of Cedaredge Administrator, addressed the Board and stressed the importance of this project to the community and expressed the Town's gratitude to the Board for the loan approval. A motion was made to approve the Consent Agenda, as presented.

Motion: Patti Wells  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

**Approval of Minutes – March 3, 2023**

The March 3, 2023, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of March 3, 2023, as presented.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Bruce Whitehead  
Vote: Motion carried

**Introduction of Guests**

Chair Steve Vandiver asked all guests in attendance to introduce themselves and state their affiliation for the record.

**Other Agency Reports**

*Report of Colorado Water Conservation Board ("CWCB")*

Kirk Russell, Finance Section Chief, reported that the CWCB Board held a joint meeting with the Colorado Department of Agriculture in Steamboat Springs on March 15<sup>th</sup> and 16<sup>th</sup>. The Board approved two loans at that meeting: The Board of Water Works of Pueblo (\$10 million for the Southside Diversion Dam Improvement Project) and Colorado City Metropolitan District (\$3 million for the Lake Bethwick Dam Modification Project). The CWCB Board also approved 36 Water Plan Grants totaling approximately \$7.4 million. This brings the total for the fiscal year to approximately \$12.7 million. Mr. Russell reviewed the breakdown of the Water Plan Grant categories included in the written report provided to the Board. Mr. Russell also noted a significant funding increase in the Water Supply Reserve Fund ("WSRF") basin roundtable. The CWCB staff processed 27 WSRF Grant requests and the CWCB Board approved

approximately \$5 million in project/activity funding. CWCB's portion of the March 2023 Severance Tax revenue projection is approximately \$68 million, this amount represents an approximate \$10 million reduction from the December 2022 projection. The forecast remains above \$40 million 10-year average. Mr. Russell also provided a sports betting revenue update and noted that in FY 2022, sports betting revenue totaled approximately \$12.5 million, up about 50% over FY 2021. The current FY 2023 forecasts show a considerable increase as well, and combined with the legislative changes that limits the number of free bets that can be deducted from net sports betting proceeds, revenue is expected to more than double to approximately \$28 million. Additionally, the forecast for future years shows a 10% annual increase. CWCB receives approximately 90% of the revenue for its Water Plan Grant Program. The CWCB's 2023 Projects Bill, sponsored by Senator Roberts and Senator Simpson, passed unanimously through the Senate Agriculture & Natural Resources Committee followed by a unanimous floor vote. On Monday, April 17<sup>th</sup>, it passed the House Agriculture, Water & Natural Resources Committee unanimously. This year's request includes a total of \$93 million. The increased amount is due in part to additional funding provided through severance tax revenues received. The CWCB Board will meet next on May 17<sup>th</sup> and 18<sup>th</sup> in the South Platte Basin.

*Report of Water Quality Control Division ("WQCD")*

Ron Falco, Safe Drinking Water Program Manager, referred to the agency report and noted that the Water Quality Control Commission met on April 10<sup>th</sup> - 12<sup>th</sup> and approved Nutrient Standards and, with the assistance of various stakeholders, agreed to evaluate feasibility efforts for the next several years before the new standards will be incorporated into future permits. Mr. Falco also confirmed that the Division received approval for the state match for the Bipartisan Infrastructure Law ("BIL") second year funding cycle from the Governor's office and is currently working on the associated intergovernmental agreement ("IGA") and the transfer of funds to the Authority. Lead testing efforts for the Clean Water in Schools and Child Care Act continue before the May 31, 2023, deadline. Mr. Falco noted that increased media coverage has been beneficial to the program. The Drinking Water Needs Survey results were received, and Colorado's allocation was reduced from 1.98% to 1.75% based on the final distribution formula. Colorado's needs increased, but the allocation was reduced. The amount is still within the historical allocation range from prior years. The Division is starting to compile its 2024 budget and is looking to identify how the implementation of the new drinking water rules will be implemented and the impact on the SRF set-asides. Mr. Falco highlighted a few of the large projects identified in the list of pre-qualification meetings that were outlined in the written report. The report concluded with a brief coaching and training update.

*Report of Department of Local Affairs ("DOLA")*

Cynthia Thayer, DOLA Local Government Services Director, referred to the provided agency report and reported that the Energy and Mineral Impact Advisory Committee held its annual policy meeting and announced a third EIAF cycle with a December 1<sup>st</sup> application deadline and \$25 million of available funding. Ms. Thayer introduced Will Clifft and Peter Dieterich, DOLA's two new SRF Analysts and Outreach Specialists. The two will be assisting with the increased project workload resulting from the BIL funding. A brief bio for each analyst was included in the written report. Ms. Thayer also reported that DOLA Program Manager Desi Santerre and DOLA Southeast Regional Manager Tara Marshall identified state-funding agencies and formed an informal state funding group. The group plans to meet in May to collaborate and coordinate funding efforts. Additional information will be provided at a future Board meeting. Ms. Thayer concluded the agency report with an announcement that the Governor's Office of Economic Development and International Trade funded positions within the Regional Councils of Government for Federal Grant Navigators. These positions were created to assist smaller communities access available BIL funding through the use of various workshops and work sessions that are not available from state funded agencies, such as the two SRF Programs. They will assist local communities to apply for funding directly from the Federal government.

Chair Vandiver rearranged certain agenda items to accommodate the Authority's guests, FORVIS, LLP.

**Other Reports**

#### 2022 Budget Change Memo

Controller Justin Noll referred to the provided April 7, 2023, memorandum contained in the Board materials that addressed the necessary 2022 budget change. Mr. Noll explained that the necessity for this budget adjustment was discovered while preparing the audit. The Water Quality Control Division exceeded its budgeted amount for Set-Asides in 2022 and has budgeted funds available from its administrative expenses line item that they will use to cover the amount they exceeded the Set-Aside budget by. The WQCD is still within its total budget after making this necessary change. The adjustment totals \$615,000, and is moved from the administrative expenses budget line item to the EPA Capitalization Grant Set-Asides budget line item. Following the discussion, Chair Vandiver asked Mr. Noll to explain the Set-Aside budget process. Mike Beck provided additional details about the reason for the Division's budget overage. Since this is only a change within line items, it does not require Board approval but is provided for full transparency.

#### Report of the Budget & Audit Committee, and 2022 Audited Financial Statements

Controller Justin Noll thanked staff at the WQCD, DOLA and the Authority for their efforts, and particularly the Accounting staff, for the completion of a successful audit. Mr. Noll formally recognized Senior Accountant II Valerie Lovato for her significant contributions to the audit completion. Mr. Noll referred to the provided 2022 Audited Financial Statements contained in the Board materials and announced that Karmyn Jeffries (Senior Audit Manager) and Marcie Ardan (Managing Director) of FORVIS, LLP would provide its portion of the audit presentation and Senior Accountant II Valerie Lovato would review the provided Management's Discussion and Analysis ("MD&A). Mr. Noll introduced Karmyn Jeffries and she referred to the provided auditor's required communications letter and Audited Financial Statements contained in the Board materials. Ms. Jeffries announced that she did not intend to review the required communications letter, but would answer any questions, if needed. Ms. Jeffries announced that the Authority received an unmodified (clean) opinion on the audit and that designation was the highest level available. Additionally, FORVIS completed a compliance audit on the Clean Water State Revolving Fund, and also received an unmodified (clean) opinion on both the internal control and compliance. Ms. Jeffries noted that the course of the audit was generally routine, but the auditors did have one item of note, the accounting for principal forgiveness expense. The auditors suggested a change in the way principal forgiveness expense is reported in the financial statements. The recommended change was made upfront to being recorded over time as borrower draws occur, which will more accurately reflect principal forgiveness expense. This change will be effective on all 2022 loans going forward, with previous year's loans being carried forward as they were. There were no other issues discussed with management or difficulties encountered. Ms. Jeffries thanked the Authority staff for its assistance and appreciates the continued cooperative relationship.

Ms. Lovato continued the presentation with a review of the MD&A and reviewed its format and structure, noting that it is a required component of the Authority's Financial Statements. Ms. Lovato also discussed the Authority's activities within the SRF Programs and briefly reviewed the changes in loans receivable including loan repayments, reductions and prepayments. Of particular note was the total loans receivable reaching a milestone of \$1.1 billion in 2022. Ms. Lovato noted that the Authority executed 13 Water Pollution Control Revolving Fund (WPCRF) direct loans for \$78.7 million and 3 leveraged loans for \$73.1 million in 2022. Similarly, the Authority executed 18 Drinking Water Revolving Fund (DWRF) direct loans for \$103.8 million and no leveraged loans in 2022. Those totals included both BIL and base program funds. Authority staff currently services over 400 active loans. Other financial highlights and activities were briefly reviewed during the presentation including the consolidated statement of net position and the consolidated changes in net position. Following the presentation, Director Wells thanked Ms. Lovato for the helpful tables contained in the slides and Chair Vandiver extended his appreciation for the extra work and responsibility taken on by Ms. Lovato in this year's audit preparation.

Mr. Noll continued the audit presentation by explaining that the Authority operates three separately maintained enterprise funds: Water Operations Fund (WOF), Drinking Water Revolving Fund (DWRF), and Water Pollution Control Revolving Fund (WPCRF). The WOF includes accounting for transactions

related to the Water Revenue Bonds Program (WRBP), the Small Hydropower Loan Program (SHLP) and other Authority loans and general Authority activity. Mr. Noll noted highlights of the balance sheet, or Statement of Net Position, including \$1.5 billion in assets, comprised primarily of loans receivable. Historically the Authority hovers around \$1 billion in loans receivable, but that number increased this year due to the BIL loans. The Authority's liabilities, mainly comprised of current and non-current project costs payable and bonds payable, totaling approximately \$574.9 million. The main transaction conducted in 2022 was the WPCRF bond issue. Mr. Noll briefly reviewed the income statement, or Statement of Revenues, Expenses and Changes in Net Position, and noted the operating income for the year of approximately \$6.9 million, exceeding expenses. The pass through grant revenue of approximately \$20.7 million was also recognized. A new item included in the income statement this year was the funds received from the state for the required state match on the BIL funding, totaling approximately \$4.9 million. Mr. Noll explained that the WOF operating income is slightly skewed due to the recording of OPEB and pension expenses the Authority is required to include. Mr. Noll also briefly reviewed the Statement of Cash Flows and noted that in 2022, the Authority paid approximately \$98.6 million in project requisitions. Mr. Noll referred to the Notes to the Financial Statements and explained that they are a required component provided for support and provide additional details of the items contained in the Financial Statements. The change to the accounting for principal forgiveness funds was briefly reviewed within the notes. Mr. Noll concluded his presentation with a brief overview of the Required Supplementary Information. This information is not required by GASB, but may be required by the EPA, the state or the rating agencies. Mr. Noll thanked the auditors for the successful completion of the audit and noted they completed their final review of the Authority's 2022 Popular Annual Financial Report. A motion was made to accept the results of the 2022 Audited Financial Statements and associated reports and to authorize staff to distribute the audited financial statements as required.

Motion: Chris Treese  
2<sup>nd</sup>: Patti Wells  
Vote: Motion carried

### **Authority Reports**

#### *Kogovsek & Associates Contract*

Chair Vandiver welcomed Christine Arbogast of Kogovsek & Associates and recapped the previous evening's discussion at the Board Program Work Session about the proposed lobbying contract to address reductions in the Authority's SRF Capitalization Grants. Mr. McLaughlin further explained the need for lobbying services and stated the contract is necessary to provide consulting services to protect and preserve Federal funding for the Drinking Water Revolving Fund and Clean Water Revolving Fund. The Board discussed at length the impacts of the Congressional directed spending (CDS), both short and long-term, to the Authority's lending capacity and capability and the need to restore those funds. Mr. McLaughlin noted the Board's concern about the potential conflict of interest issue that was not specifically addressed within the contract. Ms. Arbogast responded that it was a fair question, especially in light of the niche nature of her work. Ms. Arbogast clarified that she only has one client that is a direct provider, and that is the City of Greeley, and the contract is limited only to wildfire mitigation so there is no conflict of interest. The other clients Ms. Arbogast works with are not municipal water providers so the potential for a conflict of interest likely does not exist. Ms. Arbogast also mentioned that the amount of discretionary funds available for CDS accounts for only 0.5% for the entire House annual budget and 1% of the Senate annual budget, a very small amount of money of the total budget. There is also huge competition for that small amount of money within both factions of Congress. Ms. Arbogast also opined that there is also a lot of uncertainty associated with the CDS and more certainty for entities working directly with the SRF Programs. Director Treese asked Ms. Arbogast if she would be comfortable with adding additional language to the contract about a potential conflict of interest, and Ms. Arbogast confirmed that she was. The Board agreed to, at a minimum, add the stipulation to disclose and discuss any potential conflict of interest that may arise during the course of the contract. The Board agreed to allow Mr. McLaughlin, with the assistance of general counsel Karl Ohlsen, to work with Ms. Arbogast on adding the suggested additional language to the contract for execution. A motion was made to enter into a contract with Kogovsek & Associates as proposed, and

authorize Mr. McLaughlin to execute the final contract, after addition of the agreed upon additional conflict of interest language.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

The meeting returned to its regular Agenda order.

*Report of the Chair* – Chair Vandiver thanked the Board for its commitment to attending and participating in the various Committee meetings over the past few weeks. The level of collective expertise and knowledge among Board members is impressive and helps to further the Authority’s goals and objectives.

*Report of the Treasurer* – Controller Justin Noll reviewed a few of the financials provided in the Board materials, including the monthly Authority cash transactions and monthly credit card detail for the benefit of Director Whitehead. Following the report, Chair Vandiver thanked Mr. Noll and the entire Accounting staff for its extra efforts in successfully completing the audit. A motion was made to approve the Treasurer’s Report.

Motion: Karen Wogsland  
2<sup>nd</sup>: George Corkle  
Vote: Motion carried

*Report of Executive Director* – Keith McLaughlin reiterated that the Authority received the \$6 million check from the state for the required state match on the BIL funds and allows the Authority to apply for the 2023 Capitalization Grants for both SRF Programs. As a reminder, Mr. McLaughlin added that each BIL tranche of funds requires a separate application, and the Authority will apply for those funds as needed. Mr. McLaughlin referred to the written report provided in the Board’s materials and the recent CIFA Conference that he and Mr. Griffiths attended in Washington, DC. Additionally, a cheat sheet for BIL funding was sent to the Board, as previously suggested by Director Wogsland. Changes to this document will be made as necessary. Regular conversations with the Southeastern Colorado Water Conservancy District continue to discuss potential funding of the Arkansas Valley Conduit (AVC) project. Mr. McLaughlin will be attending an AVC groundbreaking ceremony on Friday, April 28<sup>th</sup>. Mr. McLaughlin also highlighted a recent meeting with WQCD Director Nicole Rowan to discuss, among other items, renewal of the joint Authority – Water Quality Control Commission liaison meetings and BIL criteria. Mr. McLaughlin also highlighted the April 5<sup>th</sup> meeting with the Region 8 Office of Inspector General (OIG) on fraud prevention and investigation. The report continued with the recognition of a one-year work anniversary for Accountant Cadmon Plain. In conclusion, Mr. McLaughlin announced that a meeting of the Personnel Committee would be held prior to the June Board meeting to discuss the Authority’s Employee Handbook.

*Addendum to the MOA* – Mr. McLaughlin announced that the Addendum to the operating agreement between the Authority, DOLA and the WQCD authorizes eight additional, temporary full-time employees (FTE) for both DOLA and WQCD, to be funded by the BIL. The additional and temporary FTE were added and previously approved to the 2023 budget. The proposed Addendum terminates upon the expiration of the BIL funding and was discussed at length at the April 20, 2023, Board Program Work Session. The MOA Addendum comes to the full Board with a favorable recommendation from the Board Program Work Session. A motion was made to authorize staff to execute the Addendum to MOAs and to allow for minor changes to be made to the MOAs as authorized by the Authority’s Executive Director and its general counsel.

Motion: Patti Wells  
2<sup>nd</sup>: Karen Wogsland  
Vote: Motion carried

*Accounting Manager's Report*

Controller Justin Noll provided a brief staffing update and announced that the department lost the new Accounting Clerk/Technician that was recently hired and will be restarting the hiring process for a replacement.

*Finance Manager's Report*

Finance Director Jim Griffiths stated that two credit reports are expected to be evaluated at the June Board meeting in Mt. Crested Butte. Additionally, if the City of Sterling's Water Revenue Bond Program loan application is approved later in the meeting, there will also be a bond resolution presented at the June Board meeting. Seven or eight credits are currently anticipated for the August Board meeting in Steamboat Springs. Mr. Griffiths thanked the Board for the useful BIL discussion at the Board Program Work Session and added that several approved BIL loans are already under construction and the Authority was able to move those projects along quickly with the Board's approval. All of those previously approved projects received a Build America, Buy America Act (BABAA) waiver and were not required to comply with BABAA requirements. Authority staff will be holding internal discussions in May to discuss interest rates and will determine what changes, if any, need to be proposed to the Board due to changing market conditions. The Authority will also be preparing the 2023 Capitalization Grant applications for both base and BIL funds in the coming months for both SRF Programs.

*Office Manager's Report*

Office Manager Sabrina Speed provided a brief Family and Medical Leave Insurance ("FAMLI") program update, stating that the Authority successfully resolved the previous issue about qualifying as a governmental entity with the FAMLI office. Apparently, FAMLI was using DOLA's governmental database to determine eligibility and that database doesn't necessarily include special purpose authorities such as ours. Ms. Speed was able to secure the proper documentation from FAMLI to opt out of the program and all final FAMLI requirements have been met. To date, no employees have notified the Authority that they will participate in the FAMLI program, but have until the end of the year to sign up. Ms. Speed reported that the Federal and state designated Public Health Emergency (PHE) is set to expire on May 11, 2023, and noted that starting on May 12, 2023, all COVID-19 related care will be handled as any other illness. The 40-hours of supplemental leave, authorized under the Healthy Families and Workplaces Act (HFWA), will continue through June 8, 2023. The Board will hold the June 2, 2023, Board meeting in Mt. Crested Butte and will include a tour of the drinking water facility at Mt. Crested Butte Water & Sanitation District, hosted by Director Fabbre on Thursday, June 1<sup>st</sup>. The Board may also hold a Board Program Work Session on Thursday evening. Details will be provided when finalized. The report concluded with an invitation for the Board to provide feedback on their experience with the Warwick Hotel as she is working with a new Sales Manager who is committed to providing better service for the Authority Board members.

*Report of Legal Counsel – Karl Ohlsen*

Mr. Ohlsen thanked the Board for the opportunity to review the Conflict of Interest Policy at the Board Program Work Session the previous evening. Mr. Ohlsen is working with staff on several items, including the Public Records Request Form and Policy, finalizing the Kogovsek & Associates contract and various loan agreements.

**Drinking Water Revolving Fund**

*Loan Application – Beulah Water Works District, Resolution No. 23-09*

Ian Loffert introduced Frieda Parker, Beulah Water Works District Treasurer, and announced Ms. Parker would be available to address the Board and answer any questions following the presentation. Mr. Loffert presented the Beulah Water Works District's (the "District") request for a Disadvantaged Communities ("DAC") direct loan through the DWRF loan program in the amount of \$1,004,000 with \$803,200 in base Principal Forgiveness ("PF") and \$200,800 in base loan, at an interest rate of 1% for a term of 20 years. The project consists of replacement of distribution pipelines, service line connections, meters, hydrants and associated appurtenances. The District qualifies as a DAC Category 2 for the lowest interest rate available.

The pledge for the proposed loan is water system revenues. Mr. Loffert noted that the District has worked to improve its financial health in preparation for this project over the course of many years. The District has successfully secured approximately 96% of the total project budget as grant, or principal forgiveness funding. There will not be a rate increase necessary with this proposed loan. Successful completion of this project will bring the District's water system back in compliance from its notice of violation and cease and desist order. This loan request comes to the full Board with a favorable recommendation from both the SRF and Project Finance Committees. Ms. Parker thanked the Board for its consideration of this project and stated the project is critical for the District's long-term success and sustainability. A motion was made to approve Resolution No. 23-09, approving a Drinking Water DAC direct loan to the Beulah Water Works District and execution of a loan agreement and other necessary documents, therefore.

Motion: Chris Treese  
2<sup>nd</sup>: George Corkle  
Vote: Motion carried

*Loan Application – Town of Fairplay, Resolution No. 23-11*

Giorgi Gazashvili presented the Town of Fairplay's (the "Town") request for a BIL direct loan through the DWRF loan program in the amount of \$300,150 with \*\$163,306 in BIL PF and \*\$136,844 in BIL direct loan, at an interest rate of 3%, for a term of 20 years. The project consists of adding cartridge filtration to the water treatment plant, upgrading instrumentation and controls, and rehabilitation to the infiltration gallery. The Town is pledging water system revenue for the proposed loan. This loan is needed to bring a new well to the system to meet current and future demands as the current treatment plant is operating near its capacity limit. The Town is in a strong financial position and will likely not require a rate increase for the loan. This loan request comes to the full Board with a favorable recommendation from both the SRF and Project Finance Committees. Mr. Gazashvili welcomed the Town's engineer, Ken Hardesty, who thanked the Board on the Town's behalf and noted that the three partner agencies have been instrumental in assisting the Town with its project. A motion was made to approve Resolution No. 23-11, approving a Drinking Water direct loan to the Town of Fairplay and execution of a loan agreement and other necessary documents, therefore.

Motion: Eric Wilkinson  
2<sup>nd</sup>: George Corkle  
Vote: Motion carried

*Status of Projects*

Austin Reichel briefly reviewed the SRF funding process for the benefit of the new Board member prior to the status report. Mr. Reichel announced staff has held four DWRF pre-qualification meetings since the last Board meeting. Two loan applications are expected at the June Board meeting: Evergreen Lake Company (\$2,175,432 for the purchase of an existing water system) and Pine Brook Water District (\$1,407,650 for the purchase of a new storage tank and decommissioning tanks). No new Planning Grants have been issued since the last Board meeting and \$100,000 remains available for 2023. Similarly, no new Design & Engineering Grants were issued since the last Board meeting and \$1,358,450, of budgeted grant money remains available for 2023. Mr. Reichel announced that the Town of Buena Vista shared a photo of a sign crediting the Authority and its partner agencies for the project's funding. The Project 7 Water Authority's interim loan is nearing its expiration date on August 16<sup>th</sup>. If the loan balance is paid prior to the expiration date, the interest rate will be 3% per annum. The Authority currently has 175 current borrowers in the DWRF program, and 7 audits remain outstanding within the program. There are currently 252 outstanding loans in the DWRF program totaling approximately \$402 million.

**Water Pollution Control Revolving Fund**

*Loan Application – City of Delta, Resolution No. 23-12*

Austin Reichel introduced Andy Mitchell, City of Delta's Chief Plant Operator and Elyse Casselberry, City Manager, who would be available to answer any questions, if necessary. Mr. Reichel then presented the City of Delta's (the "City") request for a BIL and base Disadvantaged Communities direct loan through the

WPCRF loan program in the amount of \$5,439,740 with \*\$1,500,000 in BIL PF, \*\$1,377,551 in BIL supplemental loan, and \*\$2,562,189 in base loan, at an interest rate of 1% for a term of 20-years, subject to approval of a one-time waiver from the direct loan limit (currently \$3 million). The City will be pledging sewer system revenues for this proposed loan and will likely not require a rate increase. The project consists of constructing improvements to the aerobic digester at the City's wastewater treatment facility including a new building to house additional equipment. The City qualifies as a DAC Category 2 for the lowest interest rate available. This loan request comes to the full Board with a favorable recommendation from both the SRF and Project Finance Committees. Mr. Mitchell thanked the staff of the three partner agencies for guiding the City through the SRF lending process. A motion was made to approve Resolution No. 23-12, approving a Clean Water direct loan to the City of Delta and execution of a loan agreement and other necessary documents therefore and approval of a one-time direct loan limit waiver.

Motion: Karen Wogsland  
2<sup>nd</sup>: Bruce Whitehead  
Vote: Motion carried

*Loan Application – City of Sterling Supplemental, Resolution No. 23-13*

Wesley Williams welcomed City of Sterling's Manager, Kevin Blankenship, and stated he would be available to answer any questions or address the Board following the presentation. Mr. Williams then presented the City of Sterling's (the "City") request for a supplemental BIL and base direct loan through the WPCRF loan program, in the amount of \$3,000,000 with \*\$1,500,000 in BIL PF, \*\$1,377,551 in BIL supplemental loan, and \*\$122,449 in base loan, in addition to a Water Revenue Bond Program ("WRBP") loan in the amount of \$26,000,000, plus cost of issuance which includes a contribution from the Authority of, up to \$500,000 with a 15% match from the City. The BIL direct loan will be for a term of up to 30 years, at an interest rate of 3.25%, and the WRBP loan term will be for up to 30 years at the interest rate received on the 2023 Series A Water Resources Revenue Bonds, both subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution. Approval of these loans will likely require a rate increase, the exact amount to be determined after the successful bond sale. This loan is necessary due to unexpectedly high construction and equipment costs. The project consists of expansion and improvements of the existing wastewater treatment facility, including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment process, secondary clarifiers, process pumping systems, disinfection system, and process control facilities. The only debt the City currently has outstanding is with the Authority and there have been no issues with its prior loan. Mr. Blankenship thanked the Board for its consideration and Mr. Williams for his assistance in guiding the City through the loan process. A motion was made to approve Resolution No. 23-13, approving a wastewater direct loan to the City of Sterling and execution of a loan agreement and other documents necessary therefor.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Patti Wells  
Vote: Motion carried

A subsequent motion was made to authorize staff to begin negotiating a Water Revenue Bonds Program loan with the City of Sterling in the amount of \$26,000,000, plus construction, at a market rate of interest received on the Authority's Water Revenue Bonds, up to 30 years and to cover the cost of issuance (up to \$500,000, which includes a match from the City of 15%), and to authorize staff to be preparing and assisting in the development of a Preliminary Official Statement incorporating the City.

Motion: George Corkle  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

*Loan Application – Town of Lake City Supplemental, Resolution No. 23-14*

Austin Reichel introduced Town of Lake City Engineer Joanne Fagan and stated she would have an opportunity to address the Board and answer any questions following the presentation. Mr. Reichel then



presented the Town of Lake City's (the "Town") request for a supplemental base direct loan through the WPCRF loan program in the amount of \$600,000, at a rate of 2% and a term of 20 years, subject to increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant. The project scope has not changed and consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements. The supplemental loan is necessary due to increased equipment costs and additional equipment needs. With the base supplemental loan, the projected rate increases necessary to meet the 110% debt service coverage ratio requirement increases from approximately \$8.82 to \$14.94 per tap per month. The Town has not had any debt service payment issues on its two other loans with the Authority in its history. This loan request comes to the full Board with a favorable recommendation from both the SRF and Project Finance Committees. Ms. Fagan thanked the Board for its consideration of the project and helping the small community. A motion was made to approve Resolution No. 23-14, approving a wastewater direct loan to the Town of Lake City and execution of a loan agreement and other documents necessary therefor, subject to the Town increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant prior to loan execution.

Motion: Bruce Whitehead  
2<sup>nd</sup>: Karen Wogsland  
Vote: Motion carried

#### *Status of Projects*

Kevin Carpenter reported that staff attended one WPCRF pre-qualification meeting since the last Board meeting with Mesa County/City of Grand Junction for an \$18,000,000, loan. No loan applications are expected at the June Board meeting. There have been no new Planning Grants issued since the last Board meeting and \$130,000, is still available for 2023 Planning Grants. There were no new Design & Engineering Grants issued since the last Board meeting and \$600,000 of budgeted Design & Engineering Grants still available for 2023. To date, six WPCRF BIL loans have been approved, five have been executed for approximately \$46.7 million and one loan remains outstanding. In the WPCRF Program, there are six borrower audits outstanding.

#### **Small Hydropower Loan Program**

Giorgi Gazashvili provided a brief review of the terms of the Small Hydropower Loan Program: projects up to 10-megawatts, 30-year maximum loan term, a \$5 million maximum loan amount. The current interest rate for a 20-year loan term is 2%, and a 30-year loan term is 2.25%. The program also offers matching grants up to \$15,000, for feasibility studies, permitting and final design. There have been no SHLP matching grants awarded, or loan applications submitted yet this year. There are currently six outstanding loans in the SHLP, totaling approximately \$6.9 million.

#### **Water Revenue Bond Program**

##### *Status Report*

Wesley Williams reported that the City of Sterling was just approved for its project and Authority staff will be moving forward with the bond issuance. Mr. Williams detailed the next steps for the City of Sterling including the City securing an underwriter and finalizing the schedule. Staff anticipates a bond resolution coming to the Board for approval at the June Board meeting, a bond sale in late June or early July and a closing shortly thereafter. The Authority is assisting in the bond process rather than leading it and has less control of the schedule. Addressing a question from Chair Vandiver, Mr. Williams confirmed this bond issue will be a stand-alone issue with the City of Sterling rather than a package deal with other borrowers.

#### **Long Hollow Dam and Bobby K. Taylor Reservoir**

##### *Status Report*

Mr. Griffiths reported the water level in the Long Hollow reservoir is approximately 1,500 acre-feet and is approximately 29% full. The level needs to reach 5,161 acre-feet before the Authority is released from its financial obligation to cover certain ongoing expenses. Director Whitehead confirmed that the level exceeded 1,500 acre-feet this morning, almost double from the last Board meeting, due to lower elevation

runoff. Additionally, most of the basin is currently about 7,500 to 8,000 acre-feet and expected to rise due to late runoff.

### **Committee Reports**

#### *Project Finance Committee*

Committee Chair Chris Treese thanked the Committee members and other attending Board members for participating in the Project Finance Committee meeting. Director Treese also thanked staff for all the preparation work prior to the lengthy meeting. Chair Vandiver echoed Director Treese's appreciation for staff and acknowledged the tremendous amount of work that is to put forth prior to the meetings.

#### *Board Program Work Session*

Chair Vandiver acknowledged the critical importance of the Board Program Work Session discussions prior to the Board meeting and thanked Committee Chair Eric Wilkinson for leading the previous evening's discussion. Director Wilkinson reiterated the previous comments about staff's valuable input, guidance and knowledge about the Authority's various programs. Director Wilkinson expressed his confidence in the contract with Christine Arbogast and Kogovsek & Associates and opined that the Congressional directed spending poses a significant threat to the future of the SRF Programs. Director Wilkinson also thanked Mr. Ohlsen for the beneficial Conflict of Interest discussion at the BPWS. Director Whitehead expressed concern that some of the applicants attending the meeting today may not realize the amount of behind-the-scenes work that is completed prior to the Board meeting and suggested that staff let the potential borrowers know that the Board has heavily considered the projects prior to the Board meeting. Director Wells suggested adding that notice of full review at the Project Finance Committee meeting, and any associated recommendation, to potential borrowers to the beginning of the Board presentation. Mr. Griffiths noted that all potential borrowers are aware of the Project Finance Committee meeting and are kept abreast of any questions or concerns posted at the meeting.

### **New Business**

#### *2022 Annual Report, Resolution 23-15*

Sabrina Speed presented the Authority's 2022 Popular Annual Financial Report ("PAFR") to the Board and apologized for the late submission. Ms. Speed noted this was the second year of the newly formatted report. The Annual Review Committee ("ARC") met shortly after the last report was completed and discussed the changes that needed to be made to the report, including the addition of the BIL funding. The ARC decided that small changes to distinguish this year's report from last year's were necessary, but didn't want to change the report format much in order to maintain the Authority's branding. Staff utilized the same vendor from last year to assist with the graphic design. Ms. Speed noted that changes to the draft report may be necessary before the April 30<sup>th</sup> submission deadline, and asked the Board to authorize approval, with an allowance for changes to the draft report, as deemed necessary. The Board discussed whether to include the CDS issue within the PAFR or if was more appropriate in a separate white paper, newsletter or plea to the Governor. The consensus of the Board was to address it separately outside the PAFR. A motion was made to adopt Resolution 23-15, adopting the Authority's 2022 Popular Annual Financial Report, substantially similar in the form submitted, with changes as approved by the Executive Director, if needed, and authorize its transmittal to the appropriate entities.

Motion: Karen Wogsland

2<sup>nd</sup>: George Corkle

Vote: Motion carried

#### *Legislative Issues and Other Business of Interest to the Authority*

Keith McLaughlin reported that the legislative session is scheduled to end on May 6<sup>th</sup> so there is limited time remaining to pass legislation. Mr. McLaughlin will provide a summary list at the end of the legislative session for any water-related or other items of interest that may impact the Authority. Mr. McLaughlin noted a couple of bills of interest, including HB23-1257 (Mobile Home Park Water Quality) and SB23-238 (Small Communities Water and Wastewater Grant Fund). On the Federal level, Mr. McLaughlin noted that

he met again with staffers from both Senator Bennett and Senator Hickenlooper's office to discuss the CDS issue. Senator Hickenlooper's office has asked Mr. McLaughlin to attend a future meeting with the appropriations committee to learn more about the issue. The report concluded with reference to the two included news articles regarding the Colorado River Basin Reservoirs and the School of Mines' patent on a new process for PFAS destruction.

#### Arrangements for Future Meetings

Future Board meetings will be held on June 2, 2023, and August 23, 2023. The June Board meeting will be held in Mt. Crested Butte and the August Board meeting will be held in Steamboat Springs, in conjunction with the Colorado Water Congress Summer Conference. Additional details about both meetings will be provided once finalized.

#### Adjournment

Chair Vandiver adjourned the meeting at 12:32 p.m.

Respectfully submitted,

  
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Sabrina Speed, Assistant Secretary

\* - Estimated PF and direct loan amounts through the BIL and/or Base programs.

*NOTE-FOR INFORMATION ONLY* - COPIES OF THE DOCUMENTS REFERRED TO IN THE TEXT OF THESE MINUTES ARE ON FILE IN THE AUTHORITY OFFICE AND MAY BE OBTAINED BY SUBMITTING A "REQUEST FOR PUBLIC RECORDS." PLEASE CALL SABRINA SPEED AT (303) 830-1550, EXT. 1010, FOR INFORMATION.