Colorado Water Resources and Power Development Authority

BOARD MEETING MINUTES

October 8, 2021

Call to Order

Chair Webb Jones called the meeting to order at 9:04 a.m. in the Conference Room of the Sterling Public Library, located at 420 N. 5th Street, Sterling, Colorado.

Board Member Identification and Declaration of a Quorum

Board members present: Webb Jones (Chair), Steve Vandiver (Secretary/Treasurer), George Corkle, Roy Heald, Mike Fabbre, and Eric Wilkinson. Bob Wolff (Vice-Chair), Chris Treese and Patti Wells were absent. Directors Vandiver and Fabbre joined via conference/video call. A quorum was declared with six Board members present.

Approval of Consent Agenda

Chair Jones announced the following items had been placed on the Consent Agenda for Board consideration by the Project Finance Committee: Agenda Item 7(a) Loan Applications for the Town of Eckley (Resolution No. 21-28) and the Town of Empire (Resolution No. 21-29). A motion was made to approve the Consent Agenda, as presented.

Motion:

Eric Wilkinson

 2^{nd} :

George Corkle

Vote:

Motion carried

Approval of Minutes – August 25, 2021

The August 25, 2021, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes for August 25, 2021, as presented.

Motion:

Roy Heald

2nd:

George Corkle

Vote:

Motion carried

Introduction of Guests

Chair Jones welcomed all in attendance and invited all attendees to provide an introduction and add their affiliation, or entity that they represent. Greg Etl, Northeastern Representative for the Department of Local Affairs ("DOLA"), introduced himself to those attending the meeting. Mr. Etl is from Sterling and welcomed all in attendance to Sterling.

Other Agency Reports

Report of Colorado Water Conservation Board ("CWCB")

Kirk Russell, Finance Section Chief of the CWCB, referred to the provided written agency report and stated the CWCB's last Board meeting on September 21st and 22nd was held at 1313 Sherman Street in Denver in a hybrid virtual/in-person format. Mr. Russell noted that the agency is anticipating a virtual meeting for November 17th and 18th. Mr. Russell noted the CWCB continues to see reductions in loan requests in early fiscal year 2021/2022 but anticipates a heavier stream of loan requests in November. One anticipated large loan is to the Town of Breckenridge for its reservoir rehabilitation project. The CWCB continues to sell shares in the Chatfield Reallocation project that were orphaned and purchased by the CWCB during the development phase of the project. Staff recommended shares sales to Center of Colorado Conservancy District and the Castle Pines Metropolitan District. Prior to the September 21/22 meeting, the CWCB held its annual Finance Committee meeting and reviewed the CWCB's two operating funds: the Construction

Fund and Severance Tax Perpetual Base Fund. During that full review, the CWCB determined that approximately \$13 million was available for grants and/or non-reimbursable investments. The Finance Committee reviewed the funding requests and the approved requests will be forwarded to the full Board for funding consideration in November. A list will be compiled of the approved projects and presented to the 2022 CWCB Projects Bill sponsors in the Spring during the legislative session. All non-reimbursable funding must be approved through the legislature for the CWCB. The Finance Committee also heard a staff presentation regarding the use of the Severance Tax Perpetual Base Fund ("STPBF") for the Water Supply Reserve Fund ("WSRF") funding. Senate Bill 21-281 moved funding for the WSRF, from the Severance Tax Operational Fund to the STPBF. The staff proposal sets funding targets and includes changes to the WSRF funds distribution structure. This will provide Basins a larger and more consistent revenue stream. Mr. Russell provided a severance tax revenue project update, noting that the current \$25 million projection nearly doubled the \$11 million forecast in June 2021, but is still well below the 10-year average of \$35 million. Finally, the CWCB received approximately \$9 million in revenue for Water Plan Grant funding as a result of successful passage of Prop DD. The Board will designate these monies for grant approvals in the summer of 2022. Following the report, Executive Director Keith McLaughlin thanked the CWCB, specifically Viola Bralish, for the use of its equipment to facilitate today's hybrid meeting.

Report of Water Quality Control Division ("WQCD")

Prior to the Water Quality Control Division's agency report, Chair Jones noted the Lower Ark Nonpoint Source Project discussion was postponed to the December Board meeting due to the absences of certain Board members. Michael Beck, Section Manager of Community Development and Partnership Section of the Water Quality Control Division, referred to the Division's written report and noted the Water Quality Control Commission ("WQCC") will hold an Administrative Action Hearing on October 12, 2021, to consider approval of the WQCD's proposed FY 2022 Intended Use Plans ("IUP") for the Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund. Mr. Beck noted that additional language was included in this year's eligibility survey about possible stimulus funding to encourage entities to participate. All SRF funding requires entities to be on the eligibility list to be considered for funding. This change prompted some last-minute additions, but no material changes were suggested for the 2022 IUP. Mr. Beck highlighted the City of Westminster's DWRF project and noted that the SRF will be providing only a portion (approximately \$80 million) of the total estimated \$240 million project. If this project is funded through the DWRF, it will help to alleviate some of the strains of the admin fee issue within the program. A brief review of the WPCRF project budget was provided and Mr. Beck noted that the expenditures are expected to continue to rise until the end of the current calendar year. The Division is in the process of relaunching its public school lead testing program, which was paused during the pandemic as local public health departments were addressing other priorities. Grant monies will be distributed to eligible local public schools and daycares, as needed, for lead testing. Mr. Beck noted that the challenge the Division faces is that once issues are identified, there are limited resources available for remediation. However, previous testing data indicated that those issues were limited primarily to fixtures and required the installation of new fixtures or limiting access to those fixtures, instead of a significant infrastructure cause. Mr. Beck also reported on the PFAS Takeback Program, originating from successful passage of SB 20-218, that pays eligible Colorado fire departments to take unspent firefighting foam containing PFAS out of service and safely store it until a safe disposal method is identified. The Division is currently awaiting disposal guidance from EPA and the local health departments will collect the firefighting foam and store it until further instruction is received. Following the report, Director Jones ask if the 2022 IUPs would require significant revisions if the stimulus funding was made available and Mr. Beck responded that generic language was added to the current IUPs to include the anticipated additional funding, but it was hard to determine at this point in time. The Division and its partner agencies will address the specific details as necessary once the measure passes.

Desi Santerre, Water and Wastewater Program Manager of Local Government Services, referred to the provided written report and announced that the most recent application cycle for the Energy and Mineral Impact Assistance Program ("EIAF") closed on September 3, 2021. Tier I awards will be made in November and Tier II awards will be made in December of 2021. This cycle will have approximately \$6.5 million available for both Tier I (up to \$200,000) and Tier II (\$200,001 to \$600,000) projects. The maximum Tier 2 request was reduced from \$1,000,000 to \$600,000, due to limited funding availability. Applications for this funding cycle totaled approximately \$18 million in requests for an available pool of approximately \$6.5 million. Ms. Santerre also reported on the Office of Strategic Planning & Budgeting ("OSPB") and Legislative Council September state revenue forecasts for both severance and Federal Mineral Lease for FY 21/22, and both were revised upward again from previous projections. It was noticed that the severance tax continues to be a volatile funding source and will continue to be monitored. Additionally, Senate Bill 21-281 created a Severance Tax Task Force to analyze and make recommendations to several elements of the statute involving state severance tax and is led by OSPB. DOLA, along with several other state agencies, is part of the task force and Ms. Santerre will share information, as appropriate, when available. The Outreach and Education Subcommittee presented at the Special District Association Conference in Keystone on September 14th and the one hour "Funding Drinking Water and Wastewater Improvements with the State Revolving Fund' session was well attended. This session represented the first in-person presentation the subcommittee held since February of 2020. Ms. Santerre concluded the agency report with a brief update on the Small and Rural Communities Technical Services Program, noting that since the last Board meeting, DOLA's contractor completed work for the City of Walsenburg and a summary of the recommendations are included in the written report. There are currently no other communities with pending projects at this time. A discussion about the contractor's annual report and future budget considerations will be held in December.

Authority Reports

Report of the Board/Public

Director Heald thanked staff and the City of Sterling for the tour and accompanying travel arrangements. Chair Jones echoed Director Heald's sentiments and added that the value of visiting a community like Sterling is seeing first-hand the level of professionalism, commitment and connection to the community that exists. It helps to make the personal connection of how the work the Board and staff are doing helps a community to thrive. Directors Vandiver and Fabbre both expressed regret for having missed the tour and Board meeting but were grateful to be able to participate via video call.

Report of the Treasurer – Treasurer Steve Vandiver didn't have a separate report and deferred the Treasurer's Report to Controller Justin Noll. Mr. Noll stated that financials through July and August were included in the Board materials, and that is typical for this time of year. On September 1st Authority staffinitiated debt service payments for outstanding bonds. The total amount paid was approximately \$7.1 million in the Drinking Water Revolving Fund and \$17.3 in the Clean Water Revolving Fund programs for principal and interest payments. On September 2nd Authority staff deallocated approximately \$14.9 million in the Drinking Water Revolving Fund and \$30.8 million in the Clean Water Revolving Fund program, thereby releasing all reserve funds back into the SRF Programs for future loan purposes. A motion was made to accept the Treasurer's report.

Motion:

Roy Heald

 2^{nd} :

Eric Wilkinson

Vote:

Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report provided in the Board materials and stated that the Authority was interviewed for the Fall issue of Headwaters Magazine, the Water Education Colorado publication that is provided to members as part of its membership benefit. A copy of the article will be provided upon receipt. Mr. McLaughlin also noted his meeting with the Southwest Wildfire Impact Fund ("SWIF") group on September 22nd and stated that one of the main driving forces of that project is former Colorado State Senator Ellen Roberts and she is scaling back her work

commitments in quasi-retirement and work on that project may be curtailed. The group may take a different funding approach and instead of creating a separate authority, they may be interested in borrowing under its existing parameters and structures. Authority staff will continue to facilitate the discussions and hopefully an application will be submitted in the future. The report continued with an update on the major projects the Authority staff is continuing to work on, including the revision and enhancement of the Annual Report, completion of the Pay Equity project and the Employee Handbook. Mr. McLaughlin noted a couple of Authority staff anniversaries, including Records Systems Clerk/Secretary Cheryl Gantner (9 years) and Accountant Jennifer Flores (15 years). It was also conveyed that Ms. Flores submitted her resignation and will be leaving the Authority to pursue another career opportunity.

Appointment of Assistant Secretaries, Resolution No. 21-25

Keith McLaughlin referred to Resolution No. 21-25 and stated that annually the Authority adopts a Resolution to appoint Assistant Secretaries to assist in the execution of various loan and bond related documents as deemed necessary. The Authority would like to appoint Finance Director Jim Griffiths, Assistant Finance Director Wesley Williams, Controller Justin Noll and Office Manager Sabrina Speed as Assistant Secretaries to perform the duties and functions of the Secretary at such times as may be necessary. A motion was made to adopt Resolution No. 21-25.

Motion:

Roy Heald

2nd:

George Corkle

Vote:

Motion carried

Appointment of Assistant Treasurer, Resolution No. 21-26

Keith McLaughlin referred to Resolution No. 21-26 and stated that an Assistant Treasurer would provide the needed flexibility and backup when the Treasurer (a Board member) was unavailable to take certain actions, such as authorizing investments. This appointment was previously suggested by Director Wolff. The Authority would like to appoint Controller Justin Noll as Assistant Treasurer to perform the duties and functions of the Treasurer at such times as may be necessary. A motion was made to adopt Resolution No. 21-26.

Motion: George Corkle

 2^{nd} :

Eric Wilkinson

Vote:

Motion carried

Appointment of Authority General Counsel, Resolution No. 21-27

Keith McLaughlin referred to Resolution No. 21-27 and stated that the Authority is also required to annually review and appoint general counsel to allow the legal and efficient functioning and operations of the Authority. Mr. McLaughlin reviewed the proposed 2022 hourly legal rates and noted an increase of \$5 over the current hourly rates. The Authority would like to appoint Carlson, Hammond & Paddock LLC, and specifically Karl Ohlsen, to act as general counsel to the Authority Board. Mr. Ohlsen thanked the Board for its consideration and appreciates the opportunity to serve the Board and staff. Mr. McLaughlin added that the proposed appointment has the full support of Authority staff. A motion was made to adopt Resolution No. 21-27.

Motion:

Eric Wilkinson

 2^{nd} :

George Corkle

Vote:

Motion carried

Accounting Manager's Report

Controller Justin Noll confirmed the previous report that Accountant Jennifer Flores tendered her resignation and the Accounting staff will be posting the job vacancy by the end of the month. In accordance with the Equal Pay for Equal Work Act (SB19-085), the vacancy announcement will be posted internally before released to the general public through a job aggregator site. Mr. Noll announced that work continues on the small conference room and that supply chain issues for necessary equipment have delayed the project significantly.

Finance Manager's Report

Finance Director Jim Griffiths introduced the Authority's newest Financial Analyst, Ariana Flandrick, and confirmed that Ms. Flandrick officially joined the Authority staff on September 1st. Ms. Flandrick addressed the Board and was thankful for the time spent on the tour of Sterling's facilities and said it was a great learning tool and introduction to her new position. Mr. Griffiths referred to the memo and copy of the Authority's current Investment Policy provided in the Board's materials and stated that the Authority is required to annually review and approve its Investment Policy. Authority staff recommends no material changes to the current policy and that staff suggested one edit on Page 1, Section III General Objectives. 1.Safety a. Credit Risk, changing "not subject to" to "considered to be low" to clarify that bonds issued by the United States government are not considered zero risk. Mr. Griffiths also confirmed that the existing policy follows the Colorado Public Deposit Protection Act ("PDPA"). Mr. Griffiths referred to the provided Investment Policy and identified and briefly discussed the policy's three objectives, in order of importance, as: safety, liquidity and yield. A motion was made to approve the Authority's Investment Policy for calendar year 2022, including the one change outlined above.

Motion:

George Corkle

2nd:

Eric Wilkinson

Vote:

Motion carried

Following the vote, Mr. Griffiths concluded by confirming that the EPA's written annual review reports of the Authority's two SRF programs were included in the Board's materials. As in years past, the EPA has concluded that the Authority is managing the DWRF and WPCRF programs in accordance with all applicable statutes, regulations, and guidelines, and didn't have any recommended improvements. Mr. Griffiths also briefly described the EPA's comprehensive audit details. Director Wilkinson noted the EPA's strong words of praise in 2020, when most of the country was suffering during the pandemic and the SRF programs continued without interruption. Chair Jones asked if the EPA had made recommendations previously and it was noted the most recent was guidance for handling unliquidated obligations. Karl Ohlsen inquired if the Authority anticipates a supply side construction slow down and staff from both the Authority and WQCD responded it's already been realized in various projects and the full effect of the supply chain issues may not be fully realized for several months. Director Heald added his recent experience and stated a pipeline project for Security Water & Sanitation District over the summer didn't receive any bids as contractors didn't have adequate staffing. Director Corkle inquired if the buy American provision wasn't applicable because certain materials aren't produced domestically, and Mr. McLaughlin noted that EPA has a waiver process that was utilized in certain instances during the American Recovery and Reinvestment Act ("ARRA") in 2009.

Office Manager's Report

Office Manager Sabrina Speed provided an update on the Authority's building construction and also reported that Mr. McLaughlin has been meeting regularly with Transwestern, the building's management company, and is receiving regular updates on the construction progress. Mr. McLaughlin has brought to Transwestern's attention the concerns, problems and frustrations staff has expressed, and through his negotiations, he was able to secure a \$1,500 parking credit and a \$2,500 lease credit for the Authority. The parking credit has already been issued and the lease credit will be issued upon execution of an address change amendment to the current lease. The lease credit is intended to cover associated costs of updating letterhead, business cards, envelopes, and other Authority branded materials because the remodel includes changing the floor numbers within the building. Following the report, Chair Jones asked if the Authority staff has fully returned to the office full time or still following a hybrid schedule and Mr. McLaughlin confirmed staff is continuing the hybrid schedule with everyone in the office three days per week and working from home the other two. The construction issues may shift that hybrid schedule to two days in office and three days working from home, final decisions have yet to be determined.

Karl Ohlsen, representing Carlson, Hammond & Paddock, had no formal legal report and expressed his regret of not having attended the tour of Sterling's facilities. Mr. Ohlsen noted the past month has been relatively slow with limited work with staff on questions from other counsel.

Drinking Water Revolving Fund

Glenview Owners' Association, Request to Delay First Payment

Prior to the presentation, Chair Jones noted that he couldn't attend the Project Finance Committee meeting and invited PFC Committee Chair Steve Vandiver to opine on the discussions of the delayed payment requests. Director Vandiver expressed the Committee's concern about the delayed payment requests and stated that the Committee wanted to discuss this with the full Board before any action was taken. Chair Jones noted for the record that Glenview Owners' Association ("Association") was the first private, nonprofit entity the Authority approved for a loan since legislation was approved to allow eligibility. Ian Loffert presented the request from Glenview Owners' Association to defer its November 1, 2021, and May 1, 2022, debt service payments for its 2020 DWRF direct loan due to multiple construction delays, including field conditions, supply chain issues, labor shortages, permitting, and delays in acquiring some materials compliant with the American Iron and Steel requirements. Mr. Loffert shared a recent update and provided additional information that has occurred since the contractor's July 19, 2021, letter contained in the Board materials and confirmed that the South well site project is near completion and can be brought back on-line providing water for the subdivision. Additionally, the South site transition will be commencing in the next couple of weeks and the North well site can be taken off-line, and the work there can be advanced. The work at the North well site is anticipated to continue for several weeks, and weather may now be a factor. Construction is anticipated to be completed near the end of 2021, weather permitting. Mr. Loffert also confirmed that the Association holds the requisite one-year debt service reserve in a reserve fund, as outlined in its loan agreement. Association dues have increased \$12 per lot since 2020 and are equal among developed and undeveloped lots. No additional dues increases are necessary. Mr. Loffert addressed the concerns mentioned during the Project Finance Committee call over the length of the delay request and noted the length of the payment delay is at the Board's discretion. The semi-annual repayment dates of May and November are solely for the convenience of Authority staff and repayment dates could be set as determined by the Board. This request comes to the Board with a favorable recommendation from the SRF Committee and no recommendation from the Project Finance Committee. Director Wilkinson suggested the repayment date be extended to May 2022, thus giving the Association adequate time to address its various construction issues. A motion was made to defer Glenview Owners' Association's November 1, 2021, debt service payment to May 1, 2022, and amend the loan repayment schedule accordingly.

Motion:

Eric Wilkinson

2nd:

Steve Vandiver

Vote:

Motion carried

Following the vote, Chair Jones inquired if the semi-annual repayment dates of May and November need to be revisited and Mr. Griffiths replied that the May and November dates are based on business efficiency and doesn't see the necessity to change the policy at this time.

Town of Southfork, Request to Delay First Payment

Ian Loffert presented the Town of Southfork's request to defer its November 1, 2021, and May 1, 2022, debt service payments for its 2020 DWRF Disadvantaged Communities direct loan due to construction, material and supply chain delays. The Town's updated estimated completion date of construction is September 2022. Mr. Loffert noted the Town adopted a rate increase resolution prior to the 2020 loan execution to meet the Authority's required coverage ratio and most recently increased its water rates by \$4.17 in early 2021. The purpose of this project was to create a municipal water system and taps are added as construction is completed. The Town projects the 2022 customer count will increase by 151 taps, bringing the total number of taps to 427. The anticipated revenue from the additional tap fees will keep the Town in covenant compliance with the Authority. Also noted was the Town's recent residential rate increase of \$2.08 per month via a rate resolution, approved at its September 28, 2021, Board meeting. The

Town is also adding an additional commercial user class to its rate structure that will generate additional revenue. The Town reviews its user rates annually, in January. Authority staff will review all covenants and requirements annually to ensure compliance. This request received a favorable recommendation from both the SRF and Project Finance Committees. Director Fabbre expressed concern with the Colorado engineering firms not planning for adverse weather in its work schedule but is in support of a one-time extension for the Town. A motion was made to defer the Town of Southfork's November 1, 2021, debt service payment to November 1, 2022.

Motion:

Eric Wilkinson

 2^{nd} :

Steve Vandiver

Vote:

Motion carried

Status of Projects

Wesley Williams confirmed that no DWRF loan applications are expected for the December Board meeting. Since the last Board meeting, there have been no Planning Grants issued and \$130,000, remains available for 2021 Planning Grants. Mr. Williams also confirmed there were two Design & Engineering Grants issued since the last Board meeting: Town of Nucla for \$37,700 and Town of Eckley for \$82,791. Of the \$1.5 million budgeted for 2021, there is approximately \$754,959, remaining for Design and Engineering (D&E's) for the remainder of the year. Mr. Williams noted two pre-app meetings, one to the City of Westminster for its large \$240 million "Water 2025" project and the other for the Town of Minturn. Due to the size of Westminster's large project, the City may submit a large DWRF direct loan application in the amount of \$10-\$20 million early in 2022, and request the remainder as a DWRF leveraged loan in June 2022.

Water Pollution Control Revolving Fund

Status of Projects

Kevin Carpenter reported that two applications are expected for consideration at the December Board meeting from Palmer Lake Sanitation District for approximately \$2.7 million and the Town of Bethune for approximately \$1,400,000. Mr. Carpenter also noted that since the last Board meeting, there have been no Planning or Design & Engineering Grants issued. Of the \$1.5 million budgeted for 2021, there is approximately \$1,002,791, remaining for WPCRF Design and Engineering (D&E's) for the remainder of the year. One recent pre-qual meeting was referenced for the Town of Crested Butte with an estimated \$10 million project for wastewater treatment plan improvements. Three loans are expected to participate in the next spring bond issue: Town of Wellington (approximately \$30 million to expand its existing treatment plant); Purgatory Metropolitan District (approximately \$10 million to replace its 40-year-old lagoon treatment plant with a new mechanical treatment plant); and City of Ouray (approximately \$9 million for a new wastewater treatment plant).

Small Hydropower Loan Program

Jim Griffiths confirmed that there are seven total loans outstanding in the program and noted the City of Cortez executed the first SHLP loan in 2009 for a term of 20-years. At the time of approval, the City pledged net revenues of the hydroelectric enterprise for repayment. Mr. Griffiths also reported that at the time of loan execution, the City also entered into a 10-year power purchase agreement with Empire Electric Association, Inc. ("Empire"). Mr. Griffiths noted this is the only existing SHLP loan that doesn't match the term of the power purchase agreement. In September 2020, the City renegotiated the power purchase agreement with Empire and the renegotiation resulted in the City receiving a lower rate. The City reached out to staff to report that under the new power purchase agreement, revenue will be sufficient to cover operating expenses and some, but not all, debt service expenses. Staff is in the process of scheduling a meeting with the City to discuss its options and next steps. The City's next loan payment is scheduled for January 15, 2022, so there is sufficient time to find a viable solution. Following the update, Mr. McLaughlin stated that he asked Mr. Griffiths to present the SHLP update because it may involve future policy discussions within the program at a later date.

Water Revenue Bond Program

Status Report

Austin Reichel noted for the record that the WRBP revamp discussion was tabled until the December 2, 2021, Board Program Work Session. Mr. Reichel also provided an update on the City of Fountain ("City") stating that the City is in the process of refunding the bonds associated with its 2013 WRBP loan with a scheduled sale date of November 4, 2021, and an expected prepayment date of November 18, 2021. The City is issuing its own taxable bonds to refund its existing WRBP loan with the Authority. The refunding will represent approximately \$1 million in savings to the City. The City is required to place the outstanding principal and interest payments in an escrow account until the September 1, 2022, call date. Following the update, Mr. Griffiths confirmed the City is issuing taxable bonds because it is legally restricted from issuing tax-exempt bonds ahead of the specified call date.

Long Hollow Dam and Bobby K. Taylor Reservoir

Status Report

Keith McLaughlin reported on Long Hollow and noted the previous report that the August reservoir level was at approximately 97 acre-feet, and that as of September 8, 2021, the reservoir level was at approximately 1.45 acre-feet, essentially empty. Mr. McLaughlin noted one benefit of the low water level was that floor mapping was conducted by drones at the site to recalculate the amount of storage more accurately. The reservoir has been under a call from New Mexico since the end of June 2021. The Authority will continue to reimburse the Animas La Plata Water Conservancy District for monthly expenses until the reservoir reaches first fill.

Unfinished Business - Committee Reports

Project Finance Committee

Committee Chair Steve Vandiver appreciated the Board's attendance at the last Project Finance Committee meeting and thanked staff for its efficiency and thorough work.

Nominating Committee

Chair Jones reported that the Nominating Committee (comprised of immediate past Board Chair Roy Heald, current Board Chair Webb Jones and Vice-Chair Bob Wolff) met via conference call on September 8, 2021, to discuss and recommend a new slate of officers for the next two-year term to the full Board for consideration. A motion was made to appoint Bob Wolff as Chair, Steve Vandiver as Vice-Chair and Chris Treese as Secretary/Treasurer, effective at the conclusion of today's Board meeting.

Motion:

Roy Heald

2nd:

Mike Fabbre

Vote:

Motion carried

New Business

Budget & Audit Committee - Approval of BKD 2021 Audit Engagement

Controller Justin Noll presented the 2021 audit engagement letter from BKD, that reviews the engagement guidelines, audit objectives and responsibilities, included in the Board materials. Mr. Noll noted that the document was in a different format this year, so it was reviewed by Authority General Counsel Karl Ohlsen. Mr. Ohlsen had some minor comments on the documents but didn't find anything of substance that required changes. Mr. Noll confirmed the engagement fee is \$97,405, this year, which represents a 2½ % increase from the previous year, similar to years past. There is also an additional \$1,500 fee for the attestation engagement, bringing the total for the 2021 audit engagement to \$98,905. The engagement letter received a favorable recommendation from the Budget & Audit Committee. Following the presentation, Director Heald expressed his endorsement of retaining BKD as the Authority's auditor due to BKD's understanding of the complexities of the Authority's lending programs. A motion was made to approve BKD's 2021 audit engagement letter.

Motion:

Roy Heald

2nd:

Steve Vandiver

Vote:

Motion carried

Presentation of the 2022 Budget

Controller Justin Noll confirmed that the Budget & Audit Committee met on September 24, 2021, to fully review the draft of the proposed 2022 budget and minutes of that meeting were included in the Board materials. Mr. Noll reviewed the various budget documents contained in the Board materials. For the benefit of the new Board member, Mr. Noll explained the Authority's budget process and stated today's request was for an initial review of the proposed 2022 budget and authorization to publish the draft budget for public inspection. It was noted that changes to the draft budget could be made prior to adoption at the December 3, 2021, Board meeting. The draft budget includes the Authority's budget as well as incorporating the Water Quality Control Division and Department of Local Affairs budget with respect to the two SRF programs. Mr. Noll reviewed notable components of the draft budget including: low interest rates with respect to interest income; a 4% increase in staff salaries for budgeting purposes with final determinations made at year-end evaluations; an increase of \$128,000 for temporary staffing, due to an anticipated need if infrastructure legislation is passed; a wage and salary growth expectation of 5.6% this year and 5% next year; an increased pension expense based on actuarial assumptions; a decrease in medical/dental/vision insurance premiums; lease expenses associated with year 3 of a 10-year lease agreement, including common area maintenance; and new accounting software. Within the non-SRF program budget it was noted that the Authority may be considering a grant program within the Watershed Protection and Forest Health Program in 2022. In the SRF program budget it was noted that admin expenses in the WPCRF program increased due to the non-point source program and direct loans in both programs were budgeted on the high end and consideration for stimulus funding were not included, based on suggestion from the Authority's auditor. A motion was made to authorize publication of the Colorado Water Resources and Power Development Authority 2022 draft budget for public inspection.

Motion:

Roy Heald

2nd:

George Corkle

Vote:

Motion carried

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin provided a brief update on the status of the two Board vacancies and stated he is working with the Boards and Commissions office on two new appointees and that one application was submitted for the Yampa-White basin vacancy, but the office would like to make both appointments at the same time. The office is struggling with a party affiliation issue as the Authority is required by statute to have no more than five members of the same major political party. Mr. McLaughlin will follow up once appointments are announced. On the Federal level, discussions continue about the possibility of infrastructure funding, but nothing has passed. Staff will continue to closely monitor the progress and will report back to the Board, if and when, a bill is finalized. Mr. McLaughlin also discussed the debt ceiling and possible impacts by the rating agencies. The report concluded with a reference to the included *Wall Street Journal* article in the Board materials regarding forest thinning in relation to wildfires.

Arrangements for Future Meetings

Future Board meetings will be held on December 3, 2021, January 26, 2022, and March 4, 2022. The December Board meeting is scheduled to be held at the Authority offices in Denver and will have an associated Personnel Committee meeting and Board Program Work Session. Dates and times will be announced once finalized with the Committee chairs.

Adjournment

Chair Jones adjourned the meeting at 12:20 p.m.

Respectfully submitted,

Sabrina Speed, Assistant Secretary

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.