

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

October 7, 2022

Call to Order

Chair Bob Wolff called the meeting to order at 9:00 a.m. in the Eagles Nest Conference Room of the Colorado Springs Marriott, located at 5580 Tech Center Drive in Colorado Springs, Colorado, and via video and audio teleconferencing.

Board Member Identification and Declaration of a Quorum

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

Approval of Consent Agenda

Chair Wolff announced the following item had been placed on the Consent Agenda for Board consideration by the Project Finance Committee: Agenda Item 10(a) Loan Application for Meeker Sanitation District (BIL), (Resolution No. 22-37). A motion was made to approve the Consent Agenda, as presented.

Motion: Patti Wells
2nd: George Corkle
Vote: Motion carried

Approval of Minutes – August 24, 2022

The August 24, 2022, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of August 24, 2022, as presented.

Motion: Eric Wilkinson
2nd: Patti Wells
Vote: Motion carried

Introduction of Guests

Chair Bob Wolff asked all guests in attendance to introduce themselves for the record, and in homage to former Director Roy Heald, asked all to state what song was currently at the top of their playlist.

Other Agency Reports

Report of Colorado Water Conservation Board (“CWCB”)

Kirk Russell, Finance Section Chief of the CWCB, referred to the provided written report and noted that the CWCB approved a total of \$12.1 million in new loan funding at its September 20-21 meeting in Durango. Five new loans were approved for Morrisania Water Supply Company, Smith and Emmons Ditch Company, Town of Keensburg, Uncompahgre Valley Water Users Association and North Poudre Irrigation Company. Additionally, the Board approved a loan increase to the Genesee Water and Sanitation District. Mr. Russell will provide links to various projects that may be of interest to the Authority Board within the agency report. These links will provide additional details and in-depth analysis about the projects funded by the CWCB. The Board also approved approximately \$500,000 in Water Supply Reserve Fund (“WSRF”) Grants, and the full list of funded projects was linked to the report. The CWCB Board also approved approximately \$4.5 million in Water Plan Grants at its September Board

meeting. The next application deadlines for both state-wide WSRF and Water Plan Grant consideration is December 2, 2022, for March 2023, Board consideration. The Finance Committee met and reviewed approximately \$16 million of the Non-Reimbursable Project Investment (“NRI”) Grants that will be considered for final approval at the CWCB November Board meeting. Approved NRIs are then recommended to the 2023 CWCB Projects Bill sponsors. The current projection for CWCB’s allocation in Severance Tax Perpetual Base Fund for FY22/23 is approximately \$82 million. Next year’s projection remains relatively strong at approximately \$65 million. The CWCB is evaluating the best method to distribute these additional severance tax revenues. The next CWCB Board meeting will take place on November 16/17 at Denver Water.

Report of Water Quality Control Division (“WQCD”)

Ron Falco, Safe Drinking Water Program Manager, referred to the agency report and confirmed that the Water Quality Control Commission (“WQCC”) approved the FY 2022 Intended Use Plan (“IUP”) Amendments that incorporated the BIL funding which enabled the Authority to submit the BIL Capitalization Grants in a timely manner. Colorado was one of first 18 states to submit the BIL Capitalization Grant applications and thereby will be eligible to accept funding from unspent BIL Grants from other states. The WQCC will meet on October 11, 2022, and hold a rulemaking hearing for Regulation #11: Colorado Primary Drinking Water Regulations and likely put in place a rule regarding direct potable reuse. The Commission will also hold an Administrative Action Hearing for the FY 2023 IUPs. Mr. Falco corrected an error in the written report and stated that the Commission will continue to hold its public meetings on a hybrid basis, both in-person and virtually, correcting the written report that stated in person meetings were only for Commission members and staff. Division staff continues to work closely with Authority staff on funding alternatives for next and future year’s SRF required state match. The Division continues to work on the lead testing in schools program, authorized under HB22-1358, and it will formally launch by October 14, 2022. The program includes required lead testing in all public and private schools, and daycare centers by May 2023. Mr. Falco noted that in-person training on “Managing and Operating for Regulatory Compliance” was held in Durango on August 3, 2022. The training session was attended by 10 water professionals from 6 drinking water systems and helps water operators across the state keep current with their certifications. The agency report concluded with a personnel update with an announcement of the new Facility Operator Outreach and Certification Board liaison, Jessica Morgan.

Report of Department of Local Affairs (“DOLA”)

Desi Santerre, Department of Local Affairs Program Manager, reported that the most recent Energy and Mineral Impact Assistance Fund (“EIAF”) application deadline was September 1st and referred to the list of water and wastewater applicants provided in the written report. Tier I awards (up to \$200,000) will be made in November and Tier II (up to \$750,000) are expected in December. A total of \$25 million is available in this application cycle. Ms. Santerre noted there have been modifications to the list as some communities have moved from Tier I to Tier II and some entities have been removed as they are not ready to proceed. An updated list of applicants will be provided at the next Board meeting. The EIAF program anticipates two additional application cycles in the state fiscal year, and the next application deadline is March 1, 2023, with another \$25 million in available funding. Increased severance tax revenues in FY22 have increased available grant funding, as previously reported by the CWCB. Ms. Santerre provided an update on outreach and education activities, including an SRF subcommittee presentation at Special District Association on September 14th and, in cooperation with the WQCD Local Assistance Unit, on September 20th in Steamboat Springs. Upcoming events include a presentation at the Western Colorado Water & Wastewater Conference and the Colorado Government Finance Officers Association in Grand Junction and WQCD Local Assistance Unit resilience workshops in Colorado Springs. The SRF subcommittee will be working on its strategy for 2023 outreach and education activities, including the return of SRF regional workshops. The Small and Rural Communities Technical Services Program contractor is currently working with three communities on drinking and wastewater issues and is also drafting a memorandum intended to assist communities with lagoons operation. DOLA expects the program to fully expend all its budgeted drinking water resources in this program and most of the allocated wastewater budget. A request for additional SRF funding for next year is included in DOLA’s 2023 budget. Ms. Santerre concluded the agency report with a staffing update and introduction of DOLA’s three new Regional Managers: Todd Leopold (Central), Randi Snead (South Central),

and Kate McIntire (Northern Mountains). Following the report, Mr. McLaughlin stated he would be working with DOLA on the Small and Rural Communities Technical Services Program to potentially provide additional flexibility for projects.

Arkansas Valley Conduit Presentation

Chris Woodka, Southeastern Water Conservancy District and Jason Meyer, GMS Consulting Engineers

Mr. Woodka started the presentation with a full description of the Arkansas Valley Conduit Project, including maps and the following details: the conduit length is approximately 130 miles long, with thirty-nine participants, built to serve a population of approximately 50,000 people with approximately 20,000 taps. Mr. Woodka noted that water quality issues drove the urgency to build this project, as several of the participating communities were dealing with naturally occurring radioactive contaminants from deep wells. Eighteen of the thirty-nine participants have active enforcement letters due to serious water quality issues, and several participants have added expensive treatment plants to address the issues. This project also provides the opportunity for some economic development. As recently announced, the Arkansas Valley Conduit Project has secured a \$43 million contract with the Bureau of Reclamation for the first six miles of the pipeline, also known as the trunk line. There have been discussions with the Bureau of Reclamation on securing infrastructure financing that will accelerate the construction of the project as previously outlined in the 2020 Project Management Plan. Mr. Woodka continued the presentation with a brief review of the project progress to date. The Bureau of Reclamation will design and build the total 130-mile trunk line connecting to the Pueblo Water system on the east side of Pueblo to Lamar, and the Southeastern Colorado Water Activity Enterprise will design and build approximately 100 miles of spur and delivery lines off the trunk line to the 39 project participants. The total project will encompass six Colorado counties and each county was identified in the presentation highlighting its major components and associated funding. Mr. Woodka concluded his portion of the presentation by summarizing the costs and savings for the project participants. Jason Meyer of GMS Consulting Engineers continued the presentation with a focus on the project participants. As previously reported, there are 39 participants that includes: 15 statutory Towns, Cities or Home Rule Cities, 1 Title 32 Special District and 23 non-profit water providing companies. Mr. Meyer briefly reviewed the participants' needs, water quality issues and the costs associated with their projects. Following the presentation, Mr. McLaughlin thanked both Mr. Woodka and Mr. Meyer for the presentation and noted that a majority of the project participants are Disadvantaged Communities that the SRF has already been working with to prepare for implementation of this project.

Director Wells exited the meeting during the Arkansas Valley Conduit Presentation at approximately 10:00 am

PFAS and PFOS Presentation

David Dani, Water Quality Control Division

Mr. Dani started the presentation with an acknowledgement of the high national interest in PFAS and PFOS issues and was grateful that the Board was able to tour former Director Heald's facilities to better understand Colorado's challenges with addressing PFAS. Mr. Dani continued with a full explanation of what per- and polyfluoroalkyl substances ("PFAS") are, defining them as manufactured chemicals that have been produced since the 1940's and designed to withstand stains, water, heat and oil, and are found in many everyday products. These man-made chemicals never break down and are therefore often referred to as "forever chemicals" and can be found everywhere globally. They are manufactured and used in so many products, and went years without the realization of the various health concerns associated with them. Mr. Dani noted that 99% of humans have PFAS in their blood, which is exasperated by PFAS that is regularly found in drinking water supplies. The State of Colorado is working to identify contamination, reduce exposure and prevent further contamination. Colorado has taken regulatory steps to help identify the sources of PFAS contamination, enacted policies to monitor and limit PFAS entering state waters and created requirements for PFAS registration and testing. There has also been legislation enacted to help identify PFAS foam and products, and require registration of its presence for future monitoring. The Environmental Protection Agency ("EPA") will be regulating PFOA and PFOS in drinking water and will have a draft of the proposed regulations released by the end of 2022, with a final rule by the end of 2023. The EPA has updated its health advisory levels from 70 parts per trillion to nearly zero and the state has responded by

reevaluating all of its data to assess the levels that currently exist with further testing and provide emergency treatment, if necessary. The state's goal is to lower the chemical levels and find long-term solutions with permanent treatments, similar to the work Mr. Heald completed at Security Water & Sanitation Utility Districts. Mr. Dani concluded the presentation outlining PFAS treatment costs and treatment funding.

Chair Wolff rearranged certain Agenda items to accommodate guests in attendance.

Drinking Water Revolving Fund

Loan Application – Denver Water (BIL), Resolution No. 22-34

Jim Griffiths stated for the record that representatives from Denver Water were present to answer any questions and to address the Board, if desired. Mr. Griffiths then presented Denver Water's request for a direct loan through the DWRF loan program in the amount of \$76,123,628, comprised of \$36,123,628, in a repayable BIL Lead Loan and up to \$40,000,000, of BIL Lead principal forgiveness ("PF"). The loan is for a term of 30 years, at an interest rate of 2.75%. The project consists of the replacement of lead service lines throughout Denver Water's service area within, and potentially outside, the City and County of Denver. The requested loan will be used to pay for a portion of Denver Water's project to replace approximately 7,600 lead service lines within specific federal funding project work areas. This request received a favorable recommendation from the Project Finance Committee, and Mr. Griffiths noted that all Board members were in attendance at the Committee meeting. Mr. Griffiths relayed that Denver Water's operating revenue consistently covers its operating expenses, debt coverage is strong, user rates are affordable and Denver Water's debt is rated AAA by Moody's, Fitch, and Standard and Poor's. Following the credit presentation, Denver Water CFO Angela Bricmont addressed the Board and noted that the proposed loan supports a program that prioritizes disadvantaged communities, which is largely where the lead service lines exist. Ms. Bricmont introduced the other Denver Water representatives in attendance: Alexis Woodrow, Matt Freeman, Alix Joseph, and Haley Miller. A motion was made to adopt Resolution 22-34, approving a DWRF direct loan and execution of a loan agreement and other necessary documents therefor.

Motion: Steve Vandiver

2nd: Eric Wilkinson

Vote: Motion carried

**-Actual BIL loan and PF amounts may be adjusted by a de minimis amount during the loan agreement negotiation process.*

The meeting returned to its regular Agenda order.

Authority Reports

Public and/or Board Member Comments

Director Vandiver noted his appreciation for Security Water & Sanitation Utility Districts, Widefield Water & Sanitation District and Denver Water for the proactive action they have taken and leading by example with the projects they have initiated. A lot of smaller communities would not be able to take on this onerous work if not for the examples set forth by the three entities and their efforts are recognized and appreciated.

Report of the Chair

Chair Bob Wolff shared photos from his recent trip to Pompeii and Herculaneum. The pictures depicted the water and wastewater projects within the ruins, dating back to August 20 AD 79. Chair Wolff opined that the Romans were advanced for the time because they figured out how to pressurize water lines. Further, all aristocratic homes contained in Pompeii and Herculaneum had indoor running water and latrines that were supplied by lead service lines as illustrated by the accompanying photos.

Report of the Treasurer – Treasurer Chris Treese referred to the provided written report and deferred to Controller and Assistant Treasurer Justin Noll to provide the Treasurer's report. Mr. Noll stated that the Accounting staff was busy with activities such as debt service, loan servicing letters, National Information Management System ("NIMS") reporting and budget activities, and not many financial reports were provided as a result. Mr. Noll noted that on September 1st Authority staff initiated debt service payments for outstanding bonds. The total amount paid

was approximately \$10.8 million in the Drinking Water Revolving Fund and approximately \$14.6 million in the Clean Water Revolving Fund programs for principal and interest payments. On September 2nd Authority staff deallocated approximately \$19.4 million in the Drinking Water Revolving Fund and approximately \$24.1 million in the Clean Water Revolving Fund program, thereby releasing reserve funds back into the SRF Programs for future loan purposes. The deallocation process gives the Authority additional loan capacity for future lending. A motion was made to accept the Treasurer's Report.

Motion: Lucas Hale
2nd: Steve Vandiver
Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report contained in the Board materials and stated that in the interest of time, he would not review the various activities of the Authority. Mr. McLaughlin thanked former Director and Board Chair Roy Heald and his staff for the comprehensive and informative tour of Security Water & Sanitation Utility Districts facilities on October 6th. The Authority will receive \$15 million per year in grant funds to assist with PFOS and other emerging contaminants and it was educational to know what to expect for future projects coming through the programs. Mr. McLaughlin also thanked the Board for traveling to Colorado Springs to attend the tours. Mr. McLaughlin concluded his report with an announcement that Director Wilkinson will no longer be serving on the Colorado Water Congress' ("CWC") Board of Directors after nearly 30 years of service. Director Wilkinson is responsible for many of the policies that have made the CWC successful throughout the years of his tenure. Following the Executive Director's report, Chair Wolff thanked Mr. McLaughlin for providing the 2022 Authority Goals and Activities report, it is helpful to see the accomplishments of Authority staff this year.

Appointment of Assistant Secretaries, Resolution No. 22-29

Keith McLaughlin presented Resolution No. 22-29, 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 reappoint Finance Director Jim Griffiths, Assistant Finance Director Wesley Williams, Controller Justin Noll and Office Manager Sabrina Speed as Assistant Secretaries to a term of two years to perform the duties and functions of the Secretary at such times as may be necessary. Mr. McLaughlin noted the change from an annual appointment at the October Board meeting to a biennial appointment. A motion was made to adopt Resolution 22-29.

Motion: Lucas Hale
2nd: George Corkle
Vote: Motion carried

Appointment of Assistant Treasurer, Resolution No. 22-30

Keith McLaughlin presented Resolution No. 22-30, and stated that an Assistant Treasurer would provide the additional flexibility and backup when the Treasurer (an Authority Board member) was unavailable to take certain actions, such as authorizing investments, if needed. This appointment was previously suggested by Chair 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. It was noted that Mr. Noll has never acted as an Assistant Treasurer, but the opportunity exists, if needed. This annual appointment was also changed to a biennial appointment. A motion was made to adopt Resolution 22-30.

Motion: Karen Wogsland
2nd: Lucas Hale
Vote: Motion carried

Appointment of Assistant General Counsel, Resolution No. 22-31

Keith McLaughlin presented Resolution No. 22-31, and stated that the Authority is also required to annually review and appoint general counsel to allow the legal and efficient functioning and operation of the Authority. The Authority would like to appoint Carlson, Hammond & Paddock LLC, and specifically Karl Ohlsen, to act as general

counsel to the Authority Board. Mr. McLaughlin and Authority staff appreciate Mr. Ohlsen's efforts and assistance, especially since he tends to be solution-oriented, which Mr. McLaughlin feels is especially helpful and recommends the reappointment. Mr. McLaughlin also noted this appointment will continue to be held on an annual basis. A motion was made to adopt Resolution 22-31.

Motion: George Corkle
2nd: Lucas Hale
Vote: Motion carried

Accounting Manager's Report

Controller Justin Noll reported that recent receipt of the BIL funding requires the Authority to track staff's time to specific BIL fund categories. To assist with that effort, the Authority has added additional coding to its Jibble timekeeping software to maintain proper compliance. Mr. Ohlsen asked Mr. Noll if he should start recording his time for BIL specific projects and Mr. Noll responded that it wasn't necessary because general counsel fees are not paid from drawn grant funds but rather from administrative fees through the program.

Finance Manager's Report

Finance Director Jim Griffiths made an announcement that an interest rate update would be forthcoming in December by Wesley "Bernanke" Williams with unique insights and perspective. As per the usual practice, Authority staff will also bring recommendations for 2023 interest rates for all lending programs for consideration and approval at the December Board meeting. Additionally, the December Board meeting will include an Investment Policy review and approval with no likely recommended changes. Mr. Griffiths also mentioned that the vacant Financial Analyst position was posted and detailed reviews of submitted resumes would begin next week. An announcement was made that the four projects approved at the August 24, 2022, Board meeting received Build America, Buy America Act ("BABAA") waivers and therefore do not need to comply with the BABAA requirements. Mr. Griffiths opined that most of the projects approved at this meeting will also receive BABAA waivers.

EPA Annual Reviews

Mr. Griffiths revealed that the annual EPA reviews of the two SRF Programs were concluded and referred to the provided final reports contained in the Board materials. The Authority received a clean review with no suggested recommendations for changes. Mr. Griffiths explained the EPA review process and asked that any questions about the process or report be directed to him. Following the report, Chair Wolff congratulated staff for the clean review.

Following Mr. Griffiths' report, Mr. McLaughlin congratulated Record Systems Clerk Cheryl Gantner for her 10-year work anniversary, which she reached on October 1st. Mr. McLaughlin thanked Ms. Gantner for her time of service and everything she does for the Authority.

Office Manager's Report

Office Manager Sabrina Speed provided a brief construction update for the Authority's office building and noted that the building problems continue including security issues and non-working equipment such as the garage doors. The building management indicated that the parking garage on 16th Street will be out of service for approximately eight weeks while waiting for replacement parts. Additionally, Ms. Speed confirmed that the Attendance Policy and associated form approved at the August 24, 2022, Board meeting was distributed to staff and fully reviewed at a staff meeting held on August 29, 2022. A signed acknowledgement of receipt of the new Attendance Policy from each employee was submitted and filed. Ms. Speed referred to the information provided in the Board materials regarding the Colorado Department of Labor and Employment's new Family and Medical Leave Insurance ("FAMLI") Program. The Authority will discuss this program in detail at the Personnel Committee, or December Board meeting, and may need to take formal action.

Report of Legal Counsel – Karl Ohlsen

Mr. Ohlsen thanked the Board for the Resolution appointing Carlson, Hammond and Paddock LLC to remain the Authority’s general counsel. Mr. Ohlsen expressed how much he enjoys working with Authority staff and Board.

TABOR Enterprise Opinion – State Match

Mr. Ohlsen reported that since the last Board meeting, he’s been working with Mr. McLaughlin on the proper way to receive funds from the Colorado Department of Public Health and Environment (“CDPHE”) to provide the required 2022 state match for the SRF Programs under the BIL. This was a unique situation that arose with no precedence to follow and required additional time to formulate a TABOR opinion. The finalized opinion was included in the Board materials and included an analysis of how the state match funds would affect the Authority and its operations as an enterprise. Mr. Ohlsen opined that the state match funds represented less than 10% of the annual revenue (based on the audited 2021 financial statements) and therefore would not impact the Authority’s enterprise status under TABOR. Mr. Ohlsen will revisit the Authority's TABOR status upon receipt of the completed 2022 audited financial statements in mid-April 2023.

State Match Resolution, Resolution No. 22-32

Mr. Ohlsen also worked with Mr. McLaughlin and the CDPHE on the proper acknowledgement of receipt of the state match funds received from the State. Initially, the thought was to initiate an intergovernmental agreement (“IGA”) drafted by staff from the Authority and CDPHE. Given the existing IGA between the State and CDPHE it was decided to draft Resolution No. 22-32, to ensure proper acknowledgment and transmittal of the funds. The Resolution sets forth the duties, obligations and the coordinated activities related to the state match funds. Mr. McLaughlin added that he is already discussing possible state match funding for future years, with the assistance of Director Wells. Following the motion, Director Wilkinson questioned the amounts listed in the third paragraph of the Resolution, and asked if the amounts should be based on the amount requested, as listed in the Authority’s memo, or if the amount listed should be the amount actually received. Mr. Ohlsen apologized for the drafting error and stated he would update the Resolution to reflect the corrected amounts. Mr. McLaughlin also noted that not all of the tranches of BIL funds require state match. Mr. Ohlsen acknowledged that the amount in the Resolution should have matched the annual revenue contained in the 2021 Audited Financial Statements of approximately \$62.7 million. Mr. Ohlsen will update that amount within the Resolution to provide greater clarity. A motion was made to adopt Resolution No. 22-32, providing for approval of state match funds for the Water Pollution Control Revolving Fund and Drinking Water Revolving Fund BIL Program and terms for use, subject to the amendment suggested by Director Wilkinson and revised by Mr. Ohlsen.

Motion: Eric Wilkinson
2nd: George Corkle
Vote: Motion carried

Drinking Water Revolving Fund

Loan Application – Town of Buena Vista (BIL), Resolution No. 22-33

Prior to the presentation, Wesley Williams thanked all Board members for attending the Project Finance Committee (“PFC”) meeting and noted there was a very in-depth analysis of all the credits, so today’s presentation would be brief. Mr. Williams then presented the Town of Buena Vista’s (“Town”) request for a Disadvantaged Communities direct loan through the DWRF loan program in the amount of \$4,300,000, comprised of *\$1,960,448.59 in BIL repayable loan funds and up to *\$2,339,551.41 of principal forgiveness funds through the BIL, for a term of up to 30 years, at an interest rate of 1.75%. The project consists of water treatment plant upgrades and increasing the treatment capacity. Mr. Williams then addressed the questions that arose at the PFC meeting from Directors Wilkinson and Vandiver, including the MHI discrepancy (one number taken from the engineering report and the other from the 2020 census) and the job growth discrepancy (one number was a 5-year average, the other a 10-year average). This request received a favorable recommendation from the PFC. A motion was made to adopt Resolution No. 22-33, approving a DWRF direct loan to the Town of Buena Vista and execution of a loan agreement and other documents necessary therefor.

Motion: George Corkle

2nd: Karen Wogsland
Vote: Motion carried

**-Actual BIL loan and PF amounts may be adjusted by a de minimis amount during the loan agreement negotiation process.*

Loan Application – Pagosa Area Water & Sanitation District (BIL & Base), Resolution No. 22-35

Ian Loffert presented the Pagosa Area Water & Sanitation District’s (“District”) request for a direct loan through the DWRF loan program in the amount of \$38,444,000, comprised of *\$33,444,000, in repayable BIL and base program direct loans, and up to *\$5,000,000, of PF through the BIL. Staff is requesting approval of a large, base program direct loan, in addition to BIL PF and repayable loans, for a term of up to 30 years, at an interest rate of 2.75%. The project consists of replacing the existing Snowball Water Treatment Plant that is nearing the end of its useful life, with a new treatment plant, and to address deficiencies with the existing water system. This request received a favorable recommendation from the PFC, including a one-time waiver to the direct loan limit. Director Wogsland asked if there were any impacts to the program from the large direct loans, and Mr. Loffert responded that it reduces DWRF loan capacity, but that the DWRF program currently has adequate capacity given the BIL funds. Mr. Griffiths added that the Authority intends to return to issuing bonds in 2023 to avoid potential future capacity issues. A motion was made to adopt Resolution No. 22-35, approving a DWRF direct loan to the Pagosa Area Water & Sanitation District and execution of a loan agreement and other documents necessary therefor and a one-time waiver to the direct loan limit.

Motion: Steve Vandiver
2nd: Lucas Hale
Vote: Motion carried

**-Actual BIL loan and PF amounts may be adjusted by a de minimis amount during the loan agreement negotiation process.*

2022 Base and BIL Capitalization Grant Requirements

Jim Griffiths referred to the memorandum contained in the Board materials that provided a comprehensive list of the annual Capitalization Grant conditions for FFY 2022, provided to the Board for ratification. Mr. Griffiths confirmed that the Authority received 4 Capitalization Grants this year, one for the base program, and three associated with BIL, as detailed in the memo. Mr. Griffiths noted the reduction of approximately \$8 million in the base program, due to Congressional earmarks. Mr. Griffiths referred to the FFY DWRF Capitalization Grant conditions listed in the memo and noted the one major change from last year, the addition of the BABAA. The DWRF Program provides an option of using grant funds for “green” projects, if the state so chooses. DWRF green projects have historically been difficult to obtain, and therefore, staff recommends that no funds be allocated to the DWRF green project reserve (“GPR”). The FFY 2022 DWRF Base Program Capitalization Grant requires that no less than 26% (\$3,599,960) but no more than 49% (\$6,784,540) of the grant be provided as additional subsidy. The Authority utilizes the additional subsidy for the Design and Engineering Grant Program and DAC loan PF, and staff recommends that 26%, or \$3,599,960, of the Capitalization Grant be allocated as additional subsidy. The DWRF BIL Supplemental Capitalization Grant requires that 49%, or \$17,419,500, be provided as principal forgiveness (“PF”). Proportional loan and PF will be provided from this Capitalization Grant with a maximum of \$5 million PF plus a proportional loan amount per project, per year, as previously authorized by the Board. DWRF BIL Emerging Contaminants Capitalization Grant requires that 100% of the grant be provided as PF. DWRF BIL Lead Service Line Capitalization Grant requires that 49%, or \$27,447,350, be provided as PF. Proportional loan and PF will be provided from this grant. A combined maximum of \$40 million in PF per project, per year, across all base and BIL funds was established by the Authority Board in June 2022. Following the presentation, Director Wilkinson noted a recent pre-qualification meeting identified confusion in a community about the “per project, per year” statement and asked if that statement could be changed to “per project” to alleviate any confusion. Mr. Griffiths noted that any changes would need to be approved by the Board and the SRF Committee will meet before the December Board meeting and return with recommendations to consider. Mr. Griffiths also mentioned that specific language may limit the Authority’s ability to fully expend certain BIL grants if limiting language is added. This will be discussed with the SRF Committee for possible solutions. A motion was made to accept staff’s recommendations, as outlined in the memorandum, with the caveat that staff will explore alternative language as suggested.

Motion: Eric Wilkinson
2nd: Steve Vandiver
Vote: Motion carried

Status of Projects

Wesley Williams reported that staff has been busy closing new loans. He confirmed that the Board has authorized approximately \$130 million in new loans in just the last two Board meetings, compared to the typical authorizations of approximately \$40-50 million per year. This demonstrates that the BIL funds are generating great interest in the SRF's lending programs. There have been no new loan applications since the last Board meeting and October 15th is the deadline for consideration for the December Board meeting. No new Planning Grants or Design & Engineering Grants have been executed since the last Board meeting. Staff expects to have a busy January 2023 Board meeting. Two pre-qualification meetings have been held since the last Board meeting, with South Adams County Water & Sanitation District (for its PFAS and 1-4 Dioxane project for approximately \$130 million) and the City of Englewood (for its Lead Project).

Water Pollution Control Revolving Fund

Loan Application – City of Fort Lupton, Resolution No. 22-36

Austin Reichel presented the City of Fort Lupton's ("City") request for a direct loan in the WPCRF program in the amount of \$25,000,000, comprised of up to *\$23,500,000, in BIL and base program repayable loans, and up to *\$1,500,000, of PF funds through the BIL, for a term of up to 30 years, at an interest rate of 2.75%. The project consists of paying the estimated tap fee for connecting the City to the Metro Water Recovery Northern Treatment Plant. A motion was made to adopt Resolution No. 22-36, approving a WPCRF direct loan to the City of Fort Lupton and execution of a loan agreement and other documents necessary therefor, and a one-time waiver to the direct loan limit.

Motion: George Corkle
2nd: Eric Wilkinson
Vote: Motion carried

**-Actual BIL loan and PF amounts may be adjusted by a de minimis amount during the loan agreement negotiation process.*

2022 Base and BIL Capitalization Grant Requirements

Wesley Williams referred to the memorandum provided in the Board materials that included the FFY 2022 WPCRF Capitalization Grant and the 2022 BIL Capitalization Grant awards and conditions. Mr. Williams noted the reduction of approximately \$3.4 million in the base program, due to Congressional earmarks, similar to the DWRF Program. Mr. Williams stated the conditions were identical to the DWRF Program and there is one noted requirement difference for the WPCRF Program: a requirement (not option) to use a minimum of 10% of the Capitalization Grant funds for "green" projects. Previously, the Board approved modifications to the GPR Policy that included increasing the amount of funding to the greater of \$5 million or the minimum percentage required by the WPCRF Capitalization Grant (10% = \$925,600). Therefore, \$5 million will be budgeted for WPCRF green projects with the requirement to use a minimum of \$925,600. The FFY 2022 WPCRF Base Program Capitalization Grant Agreement and the Clean Water Act combined require that no less than 20% (\$1,851,200), but not more than 40% (\$3,702,400), of the grant be provided as additional subsidy. The Colorado WPCRF also uses additional subsidy for the Design and Engineering Program, and staff recommends that the minimum required amount, or \$1,851,200, be allocated to additional subsidy. The WPCRF budgeted \$1,500,000, for Design and Engineering Grants for calendar year 2022. The FFY 2022 WPCRF BIL Supplemental Capitalization Grant agreement requires 49% (or \$6,675,640) additional subsidy. In addition, the BIL Supplemental Grant includes a requirement to use a minimum of 10% (or \$1,423,600) of the capitalization grant funds for "green" projects. The FFY 2022 BIL Emerging Contaminant Capitalization Grant award requires 100% additional subsidy. A motion was made to accept staff's recommendations, as outlined in the memorandum.

Motion: Lucas Hale
2nd: George Corkle
Vote: Motion carried

Status of Projects

Ian Loffert reported that staff attended two pre-qualification meetings since the last Board meeting, with Teller County (\$7 million for wastewater treatment plant improvements) and the City of Delta (\$3.5 million for wastewater treatment plant improvements). Additionally, staff has attended numerous project development meetings with multiple entities. Mr. Loffert confirmed loan applications are due by October 15th for consideration at the December Board meeting, and no loan applications have been submitted to date nor does staff anticipate any before the deadline. Since the last Board meeting, there have been no new Planning Grants issued and there is \$120,000, remaining in 2022 Planning Grants. There was one Design & Engineering Grant issued since the last Board meeting: \$300,000, to the Town of Lake City for wastewater treatment plant improvements and expansion. There is \$975,850, of budgeted Design & Engineering Grants that remain available for calendar year 2022.

Small Hydropower Loan Program

Kevin Carpenter provided a brief review of the terms of the Small Hydropower Loan Program: projects up to 10-megawatts, 30-year maximum loan term, a 2% interest rate and a \$5 million maximum loan amount. There have been no SHLP matching grants awarded, or loan applications submitted yet this year. Seven loans are outstanding within the Small Hydropower Loan Program with an approximate balance of \$7.76 million. Following the presentation, Director Wilkinson inquired about the Bill Representative McKean is sponsoring and its potential impact on the Small Hydropower Loan Program and Mr. McLaughlin responded that he obtained a copy of the Bill, and it is on the Agenda for the Governmental Affairs Committee to address in mid-October.

Water Revenue Bond Program

Status Report

Austin Reichel noted that there are currently four loans outstanding in the Water Revenue Bond Program with an approximate balance of \$28 million. The four outstanding loans are with the City of Fort Lupton, City of Fountain, City of Steamboat Springs, and the Town of Telluride.

Long Hollow Dam and Bobby K. Taylor Reservoir

Status Report

Mr. Griffiths noted that despite a couple of rain spikes this year, the reservoir level only reached a high of approximately 900 acre-feet. The reservoir level is not close to its first fill level of approximately 5,161 acre-feet, when the Authority is released of its financial obligation.

Committee Reports

Governmental/Public Affairs

In the absence of Committee Chair Wells, Keith McLaughlin mentioned that the Governmental Affairs Committee will be meeting on October 12, 2022, at 1:00 pm to discuss various topics. Meeting material and an Agenda would be forthcoming in the following week. Also, Mr. McLaughlin announced that the Personnel Committee would be meeting prior to the December meeting and more details will also be forthcoming.

Other Business

Budget & Audit Committee – Approval of Forvis 2022 Audit Engagement

Controller Justin Noll presented the proposed 2022 audit engagement letter from Forvis (formerly BKD), that reviews the engagement guidelines, audit objectives and responsibilities that were included in the Board materials. Mr. Noll confirmed the engagement fee is \$102,275 this year, which represents a 5% increase from the previous year. A motion was made to approve the Forvis 2022 audit engagement letter. Following the motion, Mr. McLaughlin thanked Forvis and Mr. Noll for negotiating an overall 5% increase for the audit as the proposed increase was originally 10%.

Motion: Lucas Hale
2nd: George Corkle
Vote: Motion carried

Presentation of the 2023 Budget

Controller Justin Noll confirmed that the Budget & Audit Committee met on September 27, 2022, and minutes of that meeting were included in the Board materials. Mr. Noll also noted that all the budget documentation that was provided to the Budget & Audit Committee, was also provided in the Board materials, including the WQCD and DOLA's 2023 budget. Representatives from both agencies are in attendance and available for questions, if necessary. The focus of the budget presentation will be on the Water Operations Fund Budget, and the five columns that are required by the state. Mr. Noll explained the Authority's budget process and stated today's request was for an initial review of the proposed 2023 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 2, 2022, Board meeting. Mr. Noll referred to the Authority investment interest income and noted that it was a big change from budget year 2022, due to a substantial increase in money market rates. Mr. Noll commented that last year, the rates were approximately 0.1% for money market earnings, and when checked only days ago, that rate increased to 3%, so the budget was adjusted accordingly. Mr. Noll moved to Authority expenses and noted an increase of 7% in staff salaries was included in the draft budget due to inflationary and economic conditions, and to provide for some staff promotions. Mr. McLaughlin provided economic data that was used to support the proposed increase. This amount is for budgeting purposes only with final raise determinations made at year-end employee evaluations. Other noted changes in the draft budget include an estimated increase in the pension and healthcare trust expenses, and are likely to change once final. Additionally, PERA submitted the 2023 healthcare premiums, and the budgeted amount will decrease based on lower than expected healthcare premiums. Final amounts will be adjusted before adoption in December. Mr. Noll also noted the increase in the office rent expense, noting both an increase in the lease agreement as well as an increase in the operations and maintenance expense for the Authority's cost share for the building. Increases in technical support activities, machines and computer software are based on advice received from the Authority's IT consultants, noting that one of the Authority's servers was nearing the end of its useful life and needed to be replaced. The Authority is exploring options to replace the server, including either a physical or virtual cloud server. The service fees for the Authority's IT consultants, MyTech, will also be increasing. Following the review of the Water Operations budget, Director Treese expressed his concern about the proposed 7% increase in staff salaries, and asked if Employers Council has provided salary analysis for review. Mr. McLaughlin responded that information from Employers Council was forthcoming and will be reviewed during the Personal Committee meeting prior to the December Board meeting. Mr. Noll moved to review the two SRF Program budgets and noted significant increases across the board due to the BIL funding. As discussed during the Budget & Audit Committee meeting, due to the BIL funds, DOLA is requesting an increase of 2 FTE and the WQCD is requesting a total of 10.8 FTE, comprised of 7.7 FTE for the DWRF Program and 3.1 FTE for the WPCRF Program. Mr. McLaughlin noted for the record that additional FTE for both agencies would be tied and limited to the BIL funds, and would be authorized only for the duration of the BIL funds. The authorization of additional FTE would require either an amendment to the current IGA between the three agencies, or a separate agreement. Mr. McLaughlin will work with Mr. Ohlsen on the proper handling, with preference given to a separate agreement. A motion was made to authorize publication of the Colorado Water Resources and Power Development Authority draft 2023 budget for public inspection. Following the motion, Director Fabbre thanked Mr. Noll for making the change he requested during the Budget & Audit Committee meeting, removing the word "Amended" from the budget columns to alleviate confusion.

Motion: Lucas Hale
2nd: George Corkle
Vote: Motion carried

Legislative Issues and Other Business of Interest to the Authority

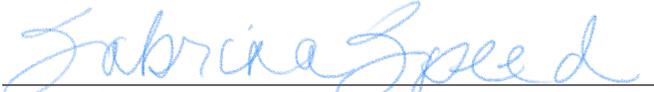
Keith McLaughlin reported that he is still awaiting word from Boards and Commissions on the reappointments of Directors Wolff and Treese and is hoping to share an update at the Governmental Affairs Committee meeting later this month. As mentioned previously, the 2023 Intended Use Plans will be presented to the Water Quality Control Commission next week and will begin the Authority's 2023 legislative process. Once approved by the Commission, the Authority will begin to compile the Eligibility Lists for both SRF Programs. Mr. McLaughlin also noted that Chair Wolff's letter regarding Congressional earmarks has garnered some attention, and Mr. McLaughlin was interviewed by Reuters as a result. A copy of the article was included in the Board materials,

along with other articles of interest.

Adjournment

Chair Wolff adjourned the meeting at 12:56 p.m.

Respectfully submitted,



Sabrina Speed, Assistant Secretary

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