Colorado Water Resources
and
Power Development Authority

BOARD MEETING MINUTES

October 6, 2023

Call to Order

Chair Steve Vandiver called the meeting to order at 8:59 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.

Following the call to order, Chair Vandiver asked those present to participate in the Pledge of Allegiance.

Board Member Identification and Declaration of a Quorum

Board members present: Steve Vandiver (Chair), Chris Treese (Vice-Chair), Mike Fabbre (Secretary/Treasurer), George Corkle, Bruce Whitehead, Eric Wilkinson, and Karen Wogsland. A quorum was declared with seven Board members present. Patti Wells arrived at 9:07 a.m. and Lucas Hale was absent.

Approval of Consent Agenda

Chair Vandiver announced that the following items were placed on the Consent Agenda for Board consideration at the Project Finance Committee meeting: Agenda item 7(a) Drinking Water Revolving Fund loan applications for the North Washington Street Water & Sanitation District, Resolution 24-37, Byers Water & Sanitation District, Resolution 23-38 and Town of Starkville, Resolution No. 23-39. After hearing no comments, a motion was made to approve the Consent Agenda, as presented.

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

Following the vote, Assistant Finance Director, Wesley Williams, noted that representatives from the North Washington Street Water & Sanitation District were in attendance and asked Chair Vandiver if he would allow the representatives to speak during the guest introductions.

Approval of Minutes – August 23, 2023

The August 23, 2023, Minutes were presented for approval. Director Wilkinson noted that the minutes excluded the Byers Water & Sanitation District BIL business case approval and required an amendment. A motion was made to approve the Minutes of August 23, 2023, as amended.

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

Introduction of Guests

Chair Steve Vandiver asked all guests in attendance to introduce themselves and state their affiliation for the record. Following the introductions, Giorgi Gazashvili introduced members of the North Washington Street Water & Sanitation District, whose loan request was approved on Consent earlier in the meeting. Mike DeMattee, District Manager of the North Washington Street Water & Sanitation District, thanked the Board for its approval and noted it was a pleasure working with the staff. The funds will go a long way to help the District and its constituents keep rates affordable while maintaining a high level of service. Wesley Williams also noted that during the Project Finance Committee meeting, the Board opined that North Washington Street Water & Sanitation District's credit was one of the strongest to come before the Board. Director Whitehead thanked staff for their extra efforts answering questions in a timely manner that arose on the Project Finance Committee.

Other Agency Reports

Report of Colorado Water Conservation Board ("CWCB")

Kirk Russell, Finance Section Chief, reported that the CWCB Board held its last meeting in Salida, Colorado on September 20th and 21st. At that meeting, the Board approved two loans, to the Oxford Farmers Ditch Company (Chicosa Siphon Repair for $1.5 million) and East Mesa Water Company (East Mesa Emergency Ditch Repair for $414,000). Mr. Russell also reported on the CWCB's loan delinquency with the Two Rivers Farming F-2 entity and noted that the borrower declared an intent to file bankruptcy. The CWCB notified the borrower of its intent to call the entire promissory note due in full if the annual payment is not paid in early October 2023. This is the first loan to reach this level of delinquency and the CWCB is proceeding cautiously through the complicated process. Mr. Russell continued the agency report with a grant funding update, noting that CWCB Board approved approximately $4.5 million in Water Supply Reserve Fund ("WSRF") grants and approximately $7.8 million in Water Plan Grants at its last meeting. The next round of applications are due on December 1, 2023, for March 2024 Board consideration. Mr. Russell reported that the CWCB Finance Committee met to discuss recommendations for the annual Projects Bill. The Committee reviewed approximately $32 million of the Non Reimbursable Investment (NRI) project applications that will be considered for final approval at the November 2023 Board meeting. The approved NRI's and loans over $10 million will be recommended to the 2024 CWCB Projects Bill sponsors. The agency report concluded with a brief update on Water Plan Grant and Severance Tax revenues.

Report of Water Quality Control Division ("WQCD")

Mark Henderson, Section Manager, referred to the agency report and noted the recent passing of Colorado's esteemed and impactful water leader, Barbara Biggs. Ms. Biggs' 30 year history in the water industry included serving on the Water Quality Control Commission, General Manager of the Roxborough Water & Sanitation District, Chair of the CWCB Metro Basin Roundtable and countless other roles as a strong advocate for water and wastewater in Colorado. A highlight of past Water Quality Control Commission action items were reviewed, including a July Special Session for approval of revisions to Regulation #93, Colorado's Section 303(d) list of impaired waters and monitoring and evaluation list, and informational briefings on the Cherry Creek Basin Water Quality Authority, Chatfield Watershed Authority and Bear Creek Watershed annual reports. Mr. Henderson outlined the upcoming rulemaking hearings and briefings, including the administrative action hearing for the FY 2024 Intended Use Plans for the two SRF Programs. The WQCD highlights from this report included an announcement that the Small Community Grant Program received an additional allocation in the amount of $10 million. The additional funds will provide an additional $20 million in BIL match funds. The department is currently in the process of transferring the state match funds to the Authority. The Division finalized its 2024 budget and submitted it to Authority staff by the required August 21st deadline. The EPA announced that an updated lead service line inventory questionnaire will be provided to those states that wish to update the initial inventory submitted during the 2021 Drinking Water Needs Survey. Those responses will be utilized by EPA to re-evaluate the SRF BIL lead service line allotments for 2024. Mr. Henderson noted that Mr. Falco visited Jackson, Mississippi, and toured the rebuilt water plant.. Mr. Falco will provide a future report with details from this visit. Following the report, Mr. McLaughlin shared his own personal story of his interactions with Ms. Biggs, including her strong support of the SRF's over the years and said she will be missed in the water community.

Report of Department of Local Affairs ("DOLA")

Cynthia Thayer, Department of Local Affairs Local Government Services Director, referred to the provided agency report and noted that the list of water and sewer Energy/Mineral Impact Assistance Fund (EIAF) Grant applications from the August 1st application cycle were provided in the report. Tier I (up to $200,000) awards are expected to be announced in October and Tier II (up to $1 million) awards announced in November. Ms. Thayer noted that a record number of applications were submitted in this funding cycle. The next EIAF deadline is December 1st. Ms. Thayer then reported that severance tax revenue is expected

to decline in FY23-24 compared to the prior fiscal year as lower oil and natural gas prices, muted production and increased ad valorem tax credits weighed down collections. Additionally, lower natural gas prices are likely to lead to lower Federal Mineral Lease (FML) collections. The outreach subcommittee is nearing the end of scheduled events for 2023 and is in the process of planning outreach activities for 2024. Ms. Thayer noted that DOLA's Executive Director, Rick Garcia, has announced his retirement and his position has been posted and closed. The Department wishes to have an announcement in December and Mr. Garcia will remain on staff to assist with the transition.

Chair Vandiver rearranged the Agenda to accommodate Bailey Water & Sanitation District representatives.

Drinking Water Revolving Fund

Bailey Water & Sanitation District, Disadvantaged Communities Business Case

Austin Reichel introduced representatives from the Bailey Water & Sanitation District and stated that they would be available after the presentation to answer any questions. Mr. Reichel then presented the Bailey Water & Sanitation District's Disadvantaged Communities ("DAC") business case to the Board for consideration. The District has met the BIL criteria, but not the DAC criteria, due to the lack of geographically specific MHI data. The impact of the proposed burden and the associated rate increases will pose a substantial burden to the community. If approved, the District will have potential access to a Design and Engineering Grant, a reduced interest rate through the DWRF program, and would qualify the District to potentially receive base DAC principal forgiveness ("PF"). The District anticipates a loan in the amount of approximately $943,000, for its proposed project intended to address copper and zinc that enters the District's distribution system through the North Fork of the South Platte River and to construct a new treatment plant building. The treatment plant improvements will allow for the removal of copper and zinc at the treatment plant. The improvements will also expand the facility's hydraulic capacity through the construction of a second infiltration gallery. Mr. Reichel briefly reviewed the possible scenarios and impacts that would exist if the business case was approved or not approved. District representatives addressed the Board and stressed the need for the business case and thanked the Board for its consideration. A motion was made to approve the DAC business case for the Bailey Water & Sanitation District.

Motion: Chris Treese
2nd: Mike Fabbre
Vote: Motion carried

The meeting returned to its regular Agenda order.

Public Comments – Ian Loffert mentioned that Dannah Koeniger, the engineer for both the Town of Starkville and Byers Water & Sanitation District, joined the meeting virtually and wanted to address the Board. The loan application for both entities were approved on the Consent Agenda earlier in the meeting. Ms. Koeniger thanked the Board for its continued support for both projects in rural, small communities.

Report of the Chair – Chair Vandiver didn't have a formal report but noted it has been a busy month with the various committee meetings and activities. The Chair expressed his appreciation for the Board's support for the possible extending of terms for certain Board members. The letters of support have been drafted, signed and sent to Colorado Boards and Commissions for consideration by Governor Polis.

Report of the Treasurer – Treasurer Fabbre thanked the Board for drafting the letter in support of a term renewal for his position. Since the last Board meeting, the Investment Committee did not meet, but the Budget & Audit Committee met on September 28th to review the 2024 draft budget and the 2023 audit engagement letter. The minutes from that meeting were included in the Board's materials. Treasurer Fabbre then deferred to the Controller, Justin Noll, to complete the treasurer's report. Mr. Noll reported that financials were provided through June and July in the Board's materials and added that staff is caught up to its normal position for this time of year. Mr. Noll announced that on September 1st Authority staff initiated debt service payments for outstanding bonds in both SRF Programs. The total amount paid was

approximately $6.3 million in the Drinking Water Revolving Fund and approximately $16.6 million in the Clean Water Revolving Fund programs for principal and interest payments. On September 2nd Authority staff deallocated approximately $18.3 million in the Drinking Water Revolving Fund and approximately $25 million in the Clean Water Revolving Fund program, thereby releasing these funds back into the SRF Programs for future loan purposes. The deallocation process gives the Authority additional loan capacity for future lending. Following the report, Mr. McLaughlin thanked the Accounting staff for accomplishing the successful debt service and deallocation transactions, especially with the challenge of being understaffed. A motion was made to approve the Treasurer's Report.

Motion: Mike Fabbre
2nd: Chris Treese
Vote: Motion carried

Report of Executive Director – Keith McLaughlin highlighted various portions of his written report, and announced that on August 28th he and Mr. Noll met with WQCD's Nicole Rowan, Ron Falco and Mike Beck to discuss the budget and future planning activities. The WQCD is keenly aware of the dependence on the set-asides and how the SRF cuts due to Congressionally Directed Spending ("CDS") is affecting the two SRF programs. The Division is starting to strategize on ways to diversify revenues to address these issues. Two of the methods already implemented include the new fee bill and taking set-asides only for the BIL funds to allow for full funding on the base programs. A meeting with Water Quality Control Commission member and current mayor of Ft. Collins, Jenny Arndt, was held with Chair Vandiver and Mr. McLaughlin to discuss the possibility of revisiting the liaison meetings between the WQCC and the Authority. The goal of the liaison meetings are to better coordinate priorities and strategies between the two agencies. Mr. McLaughlin also reported that significant process has been made on the Employee Handbook revisions with Sherman & Howard. Mr. McLaughlin expects to have the final, revised copy to the Board for adoption at the December Board meeting. Mr. McLaughlin and Mr. Griffiths will be meeting with representatives from the Governor's office to discuss the Infrastructure Investment and Jobs Act ("IIJA") projects and related state match to ensure they fully understand the state match process before the Governor's report to the Joint Budget Committee ("JBC"). Mr. McLaughlin noted a couple of upcoming conferences he's attending, namely the National Water Resources Association ("NWRA") and Council of Infrastructure Financing Authorities ("CIFA") where CDS will be topics on both agendas. The report continued with an announcement that Cheryl Gantner, the Authority's Records Systems Clerk/Secretary, celebrated her 11 year anniversary in October and thanked and congratulated her for helping the Authority run smoothly. The report concluded with an announcement of upcoming topics for the Board Retreat, including the Authority's website redesign, Congressionally Directed Spending update, Arkansas Valley Conduit funding update, review of the Authority bylaws, Interim Loan policy and other topics.

Appointment of Assistant General Counsel – Resolution No. 23-36

Keith McLaughlin presented Resolution No. 22-31, and stated that the Authority is 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 reappoint 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. Chair Vandiver thanked Mr. Ohlsen for his legal service to the authority. A motion was made to adopt Resolution 23-36.

Motion: Eric Wilkinson
2nd: Karen Wogsland
Vote: Motion carried

Following the vote, Director Treese asked for clarification that this approved Resolution appointed Carlson, Hammond and Paddock LLC, not only Karl Ohlsen. Board members agreed that this was generally the arrangement. Director Wilkinson added to that discussion and stated that in professional contracts, there is typically an option to designate a principal person and suggested the Authority seek that option to designate Karl Ohlson as principal.

Accounting Manager's Report
Controller Justin Noll announced that the Authority Accounting staff has selected a new Enterprise Resource Planning (ERP) software (formerly known as Accounting software) to replace the current software that is sunsetting and is now beginning the transfer process from the old to the new system. This process would likely take three to four months to complete. The selected software solution is called Sage Intacct and Mr. Noll explained that it will include greater capabilities and functionality than the current software. Mr. Noll also confirmed that a new Accounting Clerk/Technician was hired and will be starting in that role on Tuesday, October 10th. The Accounting staff will be grateful for the added assistance. Mr. Noll noted the change in the hiring process as there were three or four candidates during this hiring process that didn't show for a scheduled interview, without a phone call or other notification..

Finance Manager's Report
Finance Director Jim Griffiths reported that the Authority is working with Karl to analyze the Authority's TABOR status and compliance. Additional details will be forthcoming in December. Discussions about the upper loan limits for the Drinking Water Revolving Fund will be held at the upcoming Board retreat due to an increase in large loan requests for big drinking water projects. This limit will be similar to the ones placed in the Water Pollution Control Revolving Fund earlier this year. Mr. Griffiths also briefly reported on the Arkansas Valley Conduit project meetings held with Southeastern Colorado Water Conservancy District and noted that the Authority was provided project cost numbers for upcoming projects. The main trunk line of the project is being constructed and funded by the Bureau of Reclamation, but the spurs from the main trunk line are seeking alternative financing for various project components. That portion of the project is estimated to be approximately $150 million, and participants are seeking a mix of grant and loan funding from the Authority, CWCB and other entities. Further discussion about the project will be forthcoming at the December meetings.

Office Manager's Report
Office Manager Sabrina Speed announced that the January Board meeting date has changed from the date posted on the website several weeks ago. The meeting has been moved one week later from Wednesday, January 24, 2024, to Wednesday, January 31, 2024, due to the Colorado Water Congress ("CWC") changing the date for its Annual Convention. A sign-up sheet for the Annual Convention and associated Authority Board meeting was circulated for early registration as the CWC Summer Conference sold out quickly this past summer. Ms. Speed asked that Board members who haven't finalized their plans for the conference indicate that on the sign-up sheet. Ms. Speed also announced the intentions for the December activities, including the Retreat, Board Program Work Session and Board meeting. The Retreat is scheduled to begin Thursday morning at 9:00 am so room reservations have been extended for those staying at the Warwick to include Wednesday evening. The report concluded with an announcement that Director Hale was dealing with a work issue and regrettably would not be joining today's meeting.

Report of Legal Counsel – Karl Ohlsen
Mr. Ohlsen did not have a formal legal report but thanked the Board for the legal services Resolution and for the Board's continued support. Mr. Ohlsen has been working with Authority staff on various legal issues, including the TABOR issues previously mentioned as well as updating the loan agreements to include BIL funding and various other legal activities. Mr. Ohlsen concluded with an update on the Iron Mountain contracts and stated he is still working on a viable resolution.

Drinking Water Revolving Fund
State Revolving Fund 2023 Series A Bond Resolution No. 23-40
Ian Loffert thanked the Board for the bond resolution discussion at the previous evenings' Board Program Work Session and stated that he would briefly review the parameters for the record. The Authority has set parameters for the principal amount, interest rate and term for this Bond Resolution and were set as follows: the bond principal amount not to exceed $25 million, the net interest rate not to exceed 6% and the final

maturity date not to exceed September 1, 2048. Mr. Loffert also added that the Authority's bond counsel presentation on the Bond Resolutions will be distributed to the Board as suggested by Director Treese. This request received a favorable recommendation from both staff and the Board Program Work Session. A motion was made to approve State Revolving Fund 2023 Series A Bond Resolution No. 23-40.

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

Following the vote, Mr. Loffert noted that the SRF Bond Resolution 23-40 was inadvertently presented out of order and the agenda would return to its regular order.

2023 Base and BIL Capitalization Grant Requirements

Ian Loffert referred to the memorandum contained in the Board materials that provided a comprehensive list of the annual Capitalization Grant conditions for FFY 2023, to the Board for ratification. The memo outlined the decreases in the Base Program due to CDS of $5,196,000, and slight increase in the scheduled BIL Supplemental Grant of $1,334,000. Mr. Loffert noted the FFY 2023 DWRF Base Program Capitalization Grant includes the option of using grant funds for "green" projects, if the state so chooses. DWRF green projects have been difficult to procure, and therefore, staff recommends that no funds be allocated to the DWRF green project reserve ("GPR"). Additionally, the FFY 2023 DWRF Base Program Capitalization Grant requires that no less than 26%, but no more than 49%, of the grant be provided as additional subsidy. The Colorado DWRF Base Program uses additional subsidy for the Design & Engineering Grant Program, and staff recommends that 26%, or $2,249,000, of the Capitalization Grant be allocated to additional subsidy for the DWRF Program. The DWRF Program budget includes $1,500,000, for Design & Engineering Grants for calendar year 2024. Additional subsidy funds not budgeted for Design & Engineering Grants will continue to be provided as up-front loan principal forgiveness during the year. Director Wogsland asked if the Authority ever approves over the 26% for the additional subsidy allocation and Mr. Loffert responded that we haven't in the past and due to the cuts in available funding, they would like to remain at the minimum requirement. A motion was made to accept the staff's recommendations, as outlined in the memorandum.

Motion: Chris Treese
2nd: Bruce Whitehead
Vote: Motion carried

Request for Additional Planning Grant Funds

Welsey Williams thanked the Board for its fruitful discussion the previous evening at the Board Program Work Session and referred to the memorandum contained in the Board materials about this topic. Colorado's DWRF loan program provides Planning Grants to Disadvantaged Communities to support a portion of the planning costs associated with the development of the Project Needs Assessment, the Environmental Assessment, and the conversion to an eligible governmental agency. Mr. Williams noted there has been an increased demand in the DWRF Program for Planning Grants and the budgeted DWRF Planning Grants have been exhausted for the year. Demand in the WPCRF Planning Grant program isn't as strong and there is a $110,000 balance in the WPCRF Planning Grant budget after anticipated Planning Grants are executed before year-end. Therefore, staff recommends a budgetary transfer of $80,000, from the WPCRF to the DWRF budget for Planning Grants. This recommendation is budget neutral. A motion was made to authorize staff, on a one-time basis, to transfer of up to $80,000, from the WPCRF budget to the DWRF budget for Planning Grants, as needed.

Motion: George Corkle
2nd: Chris Treese
Vote: Motion carried

Co-Funding Policy – CDS and SRF

Jim Griffiths thanked the Board for the co-funding discussion at the Board Program Work Session and added that staff received the insight and direction that it was seeking to proceed with this issue. The recommendation from the BPWS was to delay action while events continue to unfold and continue to work with the delegation to restore the full Capitalization Grants to both SRF Programs. Mr. McLaughlin will voice the Board's concerns to the delegation, primarily through Senators Hickenlooper and Bennet. This issue will be brought back to the Board for action if the situation changes, or further action is necessary.

Status of Projects
Kevin Carpenter reported that staff attended seven DWRF pre-qualification meetings since the last Board meeting. Three DWRF loan applications are expected at the December Board meeting: Blue River Valley Ranch Lakes Association for a private, non-profit loan of approximately $700,000, City of Cripple Creek for approximately $833,000 and the Town of Rockvale for approximately $1.34 million. Mr. Carpenter announced that all 15 budgeted Planning Grants for 2023 have been awarded since the last Board meeting, but the Board just approved the transfer of up to $80,000 from the WPCRF Program so the Authority can now execute the anticipated DWRF Planning Grants listed in the memorandum contained in the Board materials. One new Design & Engineering Grant was awarded since the last Board meeting and accumulated Design & Engineering additional subsidy funds from the 2021 and 2022 Capitalization Grants are being used to fund current 2023 awarded and executed Design & Engineering Grants. The report concluded with confirmation of 202 outstanding DWRF loans with an approximate loan balance of $391 million.

Water Pollution Control Revolving Fund
City of Boulder – Additional Pledge and Security, Resolution No. 23-41 & Resolution 23-42
Wesley Williams reviewed the Board's previous approval of a WPCRF funding package, which included a Leveraged Loan, BIL loan and Principal Forgiveness ("PF"), base loan and GPR Loan (collectively referred to as the "SRF Funding Package") in the amount of $18,000,000, plus the Cost of Issuance ($1,500,000, of this total amount was designated as PF) for the City's wastewater project on August 23, 2023. The SRF Funding Package was secured with sewer revenue as the pledge, and the associated credit report was created and approved with the sewer revenue pledge only. The City will be funding the remainder of its project with a self-funded bond issue. While staff was negotiating the SRF Funding Package with the City, the City and its attorneys concluded that they would need to have water revenue in addition to sewer revenue as a pledge on the SRF Funding Package to remain on parity with the self-funded bond issue and its other debt. Staff recommends the Authority Board of Directors approve the City of Boulder's request to add water revenue to the SRF Funding Package. Mr. Williams noted three separate actions are needed to facilitate this request, including a motion to add the additional water revenue pledge to the leveraged loan motion passed in August 2023, a motion to approve Resolution No. 23-41 for the BIL loan and Resolution No. 23-42 for the GPR loan. Fielding questions from the Board about the necessity of this change, Mr. Williams confirmed it provides the Authority with additional security and provides an additional revenue source for repayment of the loan. A motion was made to add water revenue as a pledged revenue for the City of Boulder's leveraged loan portion of its WPCRF Funding Package, and to authorize staff to update the pledged change into the necessary documents, as needed.

Motion: Eric Wilkinson
2nd: Karen Wogsland
Vote: Motion carried

A subsequent motion was made to approve Resolution No. 23-41, approving a modification to pledged revenue to a wastewater direct loan to the City of Boulder and execution of a BIL loan agreement and other necessary documents therefor.

Motion: George Corkle
2nd: Chris Treese
Vote: Motion carried

A subsequent motion was made to approve Resolution No. 23-42, approving a modification to pledged revenue to a wastewater green project direct loan to the City of Boulder and execution of a loan agreement and other necessary documents therefor.

Motion: Bruce Whitehead
2nd: Patti Wells
Vote: Motion carried

2023 Base and BIL Capitalization Grant Requirements

Austin Reichel referred to the memorandum contained in the Board materials that provided a comprehensive list of the annual WPCRF Capitalization Grant conditions for FFY 2023, provided to the Board for ratification. The memo outlined the decreases in the WPCRF Base Program due to CDS of $3,256,000, and slight increase in the scheduled BIL Supplemental Grant of $2,438,000. Mr. Reichel noted the FFY 2023 WPCRF Base Program Capitalization Grant includes a requirement to use a minimum of 10% of the Capitalization Grant funds for "green" projects. The Board previously approved modifications to the Green Project Reserve ("GPR") Policy that included increasing the amount of available funding to the greater of $5 million or the minimum percentage required by the WPCRF Capitalization Grant (10% = $600,000). With the recent cuts to the WPCRF Base Program, staff recommends pausing the required allocation of the higher threshold ($5 million) and only allocating the minimum percentage required by the WPCRF Capitalization Grant. The FFY 2023 WPCRF Base Program Capitalization Grant Agreement and the Clean Water Act combined require that no less than 10%, but not more than 30% of the grant be provided as additional subsidy. The Colorado WPCRF Base Program uses additional subsidy for the Design & Engineering Grant Program, and staff recommends that the minimum required amount, $600,000, be allocated to additional subsidy for the WPCRF Program. The WPCRF Program budgeted $1,500,000, for Design & Engineering Grants for calendar year 2023. The FFY 2023 WPCRF BIL Supplemental Capitalization Grant agreement requires 49% of additional subsidy ($8,170,260). In addition, the BIL Supplemental Capitalization Grant includes a requirement to use a minimum of 10% of grant funds for "green" projects ($1,667,400). Proportional loan and principal forgiveness will be provided from this Capitalization Grant with a maximum of $1.5 million of BIL Supplemental principal forgiveness per project, per year, as previously approved by the Authority Board. The $1.5 million of BIL Supplemental principal forgiveness per project, per year was designated for eligible Disadvantaged Communities only, as approved by the Board in January 2023.. All WPCRF loans (base and BIL, as well as combined base and BIL loans) excluding DACs are subject to an established loan limit for base and BIL program funding with a maximum loan limit of $18 million per entity. A motion was made to take the minimum additional subsidy ("PF) requirement, to take the minimum requirement of green project reserve and to approve the 2023 WPCRF Base and BIL Capitalization Grant awards and conditions, as outlined in the memorandum.

Motion: George Corke
2nd: Chris Treese
Vote: Motion carried

Status of Projects

Giorgi Gazashvili reported that staff is expecting up to four WPCRF loan applications at the December Board meeting: Town of Yampa (approximately $1 million), Routt County – Milner Community (approximately $3.5 million), Routt County – Phippsburg (approximately $4 million) and the City of Cripple Creek (approximately $1.6 million). There have been no new Planning Grants issued since the last Board meeting and as previously mentioned, up to $80,000, will be transferred to the DWRF Planning Grant Program. Additionally, no new Design & Engineering Grants have been issued since the last Board meeting. Accumulated Design & Engineering additional subsidy funds from the 2021 and 2022 Capitalization Grants are being used to fund current 2023 awarded and executed Design & Engineering Grants. Mr. Gazashvili noted that capacity continues to be an issue and SRF staff is reaching out to known potential applicants to alert them of the loan limits. Following the report, Director Treese asked DOLA representatives what the purpose of the multi-page report from the Small Communities Technical Services Program was for and if the Board needed to take any action on the report. Ms. Santerre replied that the

report was provided to the Board to continue to monitor the Small Communities Technical Service Program that the Board funded and supported. Ms. Santerre noted the report included the technical memorandums that are provided for additional information, but future reports could be condensed and summarized.

Small Hydropower Loan Program

Giorgi Gazashvili provided a brief review of the terms of the Small Hydropower Loan Program: projects up to 10-megawattts, 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 $6.7 million.

Water Revenue Bonds

Wesley Williams reported that the City of Sterling is still moving forward with its WRBP 2023 Series A bond issue after a slight delay associated with a necessary rate increase. The Preliminary Official Statement is scheduled to be released on October 14th, the bond sale is scheduled for October 24th and an anticipated closing on November 7, 2023. There are two bond issues running concurrently and the WRBP issue will close first.

Long Hollow Dam & Bobby K. Taylor Reservoir

Jim Griffiths opined that it has been a good water year for Long Hollow Dam. In June of this year, the water level was at 2,600 AF, and noted that first fill is set at 5,100 AF. When the water level reaches first fill, the Authority is released of its financial obligations. June 2023 was the peak water level and since then, the water level has decreased. Director Whitehead explained the reason for the water decline was due to runoff and increased demand for exchange water and the use of Colorado's compact pool.

Committee Reports

Committee Chairs Treese and Wilkinson thanked the Board for its participation and staff for its preparation of the Project Finance Committee and Board Program Work Session meetings, respectively.

Budget & Audit Committee

Treasurer Fabbre thanked Committee and Board members for its participation in the September 28, 2023, Budget & Audit Committee meeting to review the proposed 2024 Budget. Minutes from that meeting were included in the Board materials. Treasurer Fabbre then deferred to Mr. Noll to present the Forvis audit engagement discussion.

Approval of Forvis 2023 Audit Engagement

Controller Justin Noll presented the proposed 2023 audit engagement letter from Forvis, that reviews the engagement guidelines, audit objectives and responsibilities that were included in the Board materials. Mr. Noll confirmed that the engagement fee is $107,900, this year, which represents a 5% increase from the previous year. This fee for the financial statement and single audit includes the audit for one major program. If a second major program is required to be audited, the additional fee for that program will be approximately $9,000. Director Treese asked how many years this particular auditor has conducted the Audit and Mr. Noll confirmed that this is the 13th year that Forvis (formerly BKD) has completed the Authority's audit. Director Treese again voiced his concerns about a long tenured auditor and suggested the staff consider seeking alternatives for future years. A motion was made to approve the Forvis 2023 audit engagement letter.

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

Presentation of the 2024 Budget

Controller Justin Noll noted that procedurally, this is just the initial review of the proposed budget, and staff is seeking authorization to publish the Authority draft 2024 budget for public inspection at this time. Any changes to the draft budget may be made prior to the final budget approval in December. Mr. Noll then briefly reviewed key portions of the water operations budget, including a budgeted amount of $1.5 million in Authority Investment Interest Income received from the money market investments, a budgeted amount of $1.56 million in staff salaries (decreased due to a long tenured employee's retirement), a new $8,000 line item for Third Party Payroll services (necessary due to new Accounting software) and $75,000 for Annual Employment Vacation and Sick Leave Accrual. Mr. Noll noted that a new GASB rule will address compensated absences and the Authority will likely need to make some assumptions and increase the liability for the expense portion of this line item. Mr. Noll also noted significant changes to the Authority health insurance program, as detailed by PERA, the Authority expects an increase of approximately 14%, depending on what insurance options employees ultimately select. An increase in the Tuition Reimbursement program was made, due to an additional employee seeking interest in continuing education. Increases in office rent were also noted in the budget, due to scheduled increases in the 10-year lease, and $25,000 in Records Retention, due to the document retrieval project. In the SRF Program budget, Mr. Noll noted changes in the Administrative Fee Income from Loans, stating that increases are starting to materialize in both SRF Programs. Due to capacity issues, the Authority is only budgeting $25 million in proceeds from bond issues in the WPCRF Program and $44 million in the DWRF Program. An increase in Administrative Expenses due to health, life and dental insurance increases for Authority staff and its partner agencies. A recent change in the way the Authority records Principal Forgiveness on a per draw basis created the necessity to increase that budget line item. Mr. Noll referenced the budget for set-asides, as detailed by the Water Quality Control Division. Treasurer Fabbre requested a red-line version of the Budget that notes any changes from the draft budget to the final version presented in December. A motion was made to authorize publication of the Colorado Water Resources and Power Development Authority's draft 2024 budget for public inspection.

Motion: Karen Wogsland
2nd: Mike Fabbre
Vote: Motion carried

Legislative Issues and other Business of Interest to the Authority

Mr. McLaughlin noted that after successful approval of the 2024 Intended Use Plan, Authority staff will work to convert the eligibility lists into the joint resolution format to submit to the state legislature. Additionally, Mr. McLaughlin will be seeking sponsors for next year's Eligibility List Joint Resolution. On the Federal level, Mr. McLaughlin referred to Ms. Arbogast's report and CIFA's progress on the CDS issue. Mr. McLaughlin will be meeting with members of Senator Hickenlooper and Bennet's staff next week to discuss next steps to address the CDS issue. Mr. McLaughlin also briefly discussed the potential impacts of a government shutdown on the Authority's operations.

Prior to adjournment, Chair Vandiver opined that the funding seems to be getting more complicated and thanked the staff for its tenacity in addressing the changes and challenges. Chair Vandiver also thanked the Board for its preparation for the various meetings.

Adjournment

Chair Vandiver adjourned the meeting at 12:36 p.m.

Respectfully submitted,

Sabrina Speed

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.