

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

April 22, 2022

Call to Order

Chair Bob Wolff called the meeting to order at 9:00 a.m. in the Authority Conference Room and via video and audio tele-conferencing.

Board Member Identification and Declaration of a Quorum

Board members present: Bob Wolff (Chair), Steve Vandiver (Vice-Chair), George Corkle, Mike Fabbre, Lucas Hale, Patti Wells, Eric Wilkinson and Karen Wogsland. A quorum was declared with eight Board members present. Chris Treese was absent and Lucas Hale participated remotely.

Following the roll call and quorum declaration, Chair Wolff led the Pledge of Allegiance and then members were seated.

Approval of Minutes – March 4, 2022

The March 4, 2022, Minutes were presented for approval. Director Fabbre announced that he would abstain from the vote as he did not attend the March Board meeting and noted on page 3, the 2nd to accept the Treasurer's Report was made by Roy Heald and needed correction. A motion was made to approve the Minutes of March 4, 2022, as corrected.

Motion: Steve Vandiver

2nd: Patti Wells

Vote: Motion carried; Director Fabbre abstained

Introduction of Guests

Chair Bob Wolff asked all members and guests in attendance to introduce themselves to the group for the record.

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 Board of Directors met in mid-March and approved an increase to a previously authorized loan as a result of increasing fuel prices and cost of materials increase. It was noted that this is a growing trend and the CWCB expects to see several loan increase requests in the near future due to fuel and construction inflation. The CWCB has approximately \$50 million available for new loans within its lending program including notable projects for the Northern Colorado Water Conservancy District (\$1.9 million) and the Town of Buena Vista (\$1.1 million) The CWCB Board also approved over 50 Water Plan Grants at the March meeting, totaling approximately \$10 million. The draft of the Colorado Water Plan Update is scheduled for June and will be available for public comment through September 2022, with final editing to be complete by year end. The 2022 CWCB Projects Bill, also known as HB 22-1316, successfully moved through the House Ag Committee in early April and the floor of the House without amendment and is currently assigned to Senate Appropriations. This year's request includes \$18.6 million in funding for several CWCB programs and projects, as illustrated in the written report. Mr. Russell also provided a severance tax update and stated the March forecast was released and reflected a slight increase from \$26 million to \$29 million in projected revenues and FY 2022/23 is projected to be similar. Mr. Russell concluded the agency report by stating the next CWCB Board meeting will be held in-person in Breckenridge on May 17th and 18th. Fielding a question from Mr. McLaughlin about the CWCB's process

of setting interest rates, Mr. Russell explained how the CWCB sets its agriculture and municipal program interest rates based on the A-rated municipal utility market rate, utilizing both a weekly sample and a 6-month weighted average for the calculation. The Board addresses the market and industry trends and adjusts interest rates, as necessary, at each Board meeting.

Report of Water Quality Control Division ("WQCD")

Ron Falco, Safe Drinking Water Program Manager at the Water Quality Control Division, referred to his agency report and noted the Water Quality Control Commission's ("WQCC") future activities, including plans to hold an administrative action hearing on amendments to the 2022 Intended Use Plans to include the infrastructure bill funding. The WQCD is currently evaluating the applications received for the PFAS Grant Program, authorized by SB 20-218. Work also continues to implement the Federal Public School Lead Testing Program. Mr. Falco also reported that the Division completed the Glenwood Canyon downstream notification plan and will be implementing the Colorado Notification System for Colorado River downstream user alerts. This process will be replicated as necessary in other post wildfire events.

Report of Department of Local Affairs ("DOLA")

Cynthia Thayer, Department of Local Affairs Local Government Services Director, referred to the provided agency report and stated that the most recent Energy and Mineral Impact Assistance Fund ("EIAF") Grant Program deadline was on March 1st for available funding of approximately \$15 million. Tier I (up to \$200,000) and Tier II (up to \$750,000) applications were accepted and awards are anticipated in June 2022. Ms. Thayer also echoed Mr. Russell's previous report that severance and Federal mineral lease forecasts show an improved outlook and confirmed that higher gas prices appear to be helping. In light of the increased severance revenue, the expected EIAF grant cycles have increased from \$15 million to \$20 million of available funding. Ms. Thayer also confirmed that the DOLA staff has completed analysis of the Disadvantaged Communities base program benchmark data and provided the annual update memo to the SRF program staff. Ms. Thayer continued her agency report with an update on the outreach and education activities of the SRF subcommittee with conference session dates, times and locations, as outlined in DOLA's written report. The agency report concluded with an update on the Small and Rural Communities Technical Services Program and stated that the June Board meeting will include a full update.

Authority Reports

Public and/or Board Member Comments

Abel Moreno, District Manager for South Adams County Water & Sanitation District, thanked Chairman Wolff and the Board for the opportunity to speak at the Board meeting and noted his interest in the discussion on the Bipartisan Infrastructure Law ("BIL") Disadvantaged Communities ("DAC") criteria that was on today's meeting agenda. Mr. Moreno listened to the discussion at the Board Program Work Session the previous evening and congratulated Authority staff for the work that has been done in anticipation of receipt of the BIL funding. Mr. Moreno also referenced the April 20, 2022, letter provided by the District that was included in the Board materials, and stated he didn't intend to specifically address the letter but rather wanted the Board to have an opportunity to review it. Mr. Moreno believes the District qualifies as a Disadvantaged Community and is seeking further instruction and guidance to secure available BIL funding as a DAC. The area of Commerce City, which the District serves, has long been environmentally impacted by both the Rocky Mountain Arsenal and Suncor Energy, and the community has experienced environmental concerns and issues for a number of years. The District will await further instruction and guidance at the June Board meeting as discussed at the Board Program Work Session. Following the presentation, Director Hale introduced himself as the District Manager at Widefield Water & Sanitation District and explained that the District has a full-scale ion exchange treatment facility that has been running since 2017 to address similar problems, and offered a tour to Mr. Moreno and his design engineers, if desired.

Chair Wolff rearranged certain agenda items to accommodate the Authority's guests, BKD, LLP.

Other Business

Report of the Budget & Audit Committee and BKD and 2021 Audited Financial Statements

Controller Justin Noll referred to the provided 2021 Audited Financial Statements contained in the Board materials and announced that Karmyn Jeffries (Senior Audit Manager) and Marcie Ardan (Managing Director) of BKD, LLP would provide its portion of the audit and Deputy Controller Claudia Walters and Mr. Noll would provide the Authority's portion of the presentation. Ms. Jeffries provided the required communications associated with the audit that was contained in the Board materials. This document provides a brief synopsis of the work performed during the course of the audit. BKD also reviews judgements and estimates contained within the report and found them to be reasonable. Financial statement disclosures were also reviewed for anything considered significant. Specific to this particular year, BKD reviewed current economic uncertainties, related parties and refunded debt and those items were all found to be acceptable. Ms. Jeffries also confirmed that there were no audit adjustments proposed or passed for this year's audit and no significant issues were discussed with management or difficulties encountered. The Authority received an unmodified (clean) opinion on the audit for both the financial statements and compliance. Ms. Jeffries noted the opinion was structured differently this year, providing more detail and explanation of the auditor's responsibilities. Additionally, the opinion includes language about BKD's review of the Authority's Annual Report and its consistency with the Audited Financial Statements. Ms. Jeffries noted that BKD only reviews the Annual Report but does not opine on it. Ms. Jeffries also noted that a Single Audit was performed on the Drinking Water Revolving Program (DWRP) this year and there were no findings, significant deficiencies or material weaknesses reported.

Mr. Noll noted the Budget & Audit Committee met on April 13, 2022, and minutes from that meeting were included in the Board materials. Mr. Noll then introduced Deputy Controller Claudia Walters who provided a summary of the Management's Discussion and Analysis (MD&A) portion of the Audit, a required component of the audited financials. This section of the audit summarizes and explains the changes between the previous and current year's financial statements. The Authority operates three separately maintained enterprise funds: Water Operations Fund (WOF), Drinking Water Revolving Fund (DWRP) and Water Pollution Control Revolving Fund (WPCRF). The WOF includes accounting for transactions related to the Water Revenue Bonds Program (WRBP), the Small Hydropower Loan Program (SHLP) and other Authority loans and general Authority activity. Ms. Walters highlighted various portions of the MD&A. Ms. Walters noted that the Authority executed 32 direct loans totaling approximately \$41.5 million and one interim loan in the amount of \$7 million. No leveraged loans were executed in 2021. Loan principal repayments totaled approximately \$85.9 million, including \$15.7 million in full repayments from two leveraged loan borrowers and six direct loan borrowers. A net total of approximately \$4.3 million in principal forgiveness was awarded to WPCRF and DWRP Disadvantaged Communities loans to meet the requirements under the EPA grant conditions. The Authority also issued an SRF refunding bond issue totaling approximately \$33.8 million (par) which provided a portion of the funds to fully call/defease four WPCRF and one DWRP bond issue. The Authority will pass on (as it always has) the approximate \$8.1 million in total savings resulting from the refunding as credits to the associated borrowers' future loan repayments.

Mr. Noll then continued the audit discussion highlighting various portions of the basic financial statements including the statement of net position (balance sheet), statement of revenues, expenses and changes in net position (income statement), statement of cash flows and the notes to the financial statements. Of note was the City of Fountain's full loan prepayment totaling approximately \$9.6 million. The associated bonds were either called or escrowed, and legally defeased. BKD assisted the Authority in recording the prepayment properly within the financials. Mr. Noll noted there was a verbal comment from BKD associated with this transaction. There was a small timing error in how the Authority originally recorded this transaction and BKD found and corrected it. Mr. Noll also provided a brief summary of the required supplementary information related to the PERA defined benefit pension plan and other required disclosures as suggested by the Authority's bond counsel. Mr. Noll concluded his report by thanking the Authority staff, especially the Accounting Department, and other partner agencies for their efforts in assisting the

auditors completing the 2021 Audited Financial Statements. A motion was made to accept the results of the 2021 Audited Financial Statements and associated reports and to authorize staff to distribute the audited financial statements as required.

Motion: Patti Wells
2nd: Steve Vandiver
Vote: Motion carried

The meeting returned to its regular Agenda order.

Report of the Chair

Chair Bob Wolff did not have a separate report.

Report of the Treasurer – In the absence of Treasurer Chris Treese, Chair Wolff deferred to Controller Justin Noll to provide the Treasurer's report. Mr. Noll noted that the Authority cash transactions (checks written), wire and ACH transfers and the credit card detail reports were provided in the Board materials for the benefit of the two new Board members. 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 echoes Mr. Noll's previous gratitude of the great working relationship between the Authority and BKD. The Authority can and does rely on the auditors for assistance when needed and they understand the complexity of the Authority's programs. Mr. McLaughlin also noted work continues with building management on the lease amendment, but it continues to be a lengthy, difficult process. Mr. McLaughlin is hopeful that a satisfactory resolution will come soon, and the Authority will press for additional lease credits due to the lingering construction issues and delays. Mr. McLaughlin also thanked Authority staff, partner agency staff and the Board for its input and discussion at the Board Program Work Session. A full report will be provided later in today's meeting under legislative issues and other business of interest. Mr. McLaughlin has also been regularly attending conference calls with the Governor's office and the Authority has formally requested approximately \$4.8 million for state match funds associated with the Bipartisan Infrastructure Law (BIL) funds for 2022. Mr. McLaughlin also announced that work continues with Michelle Magruder on the new Employee Handbook and the initial review of the first draft has been completed. Mr. McLaughlin formally introduced the newest Authority staff member, Cadmon Plain. Mr. Plain joins the Authority team in the Accountant I position, and the entire staff is happy to have him join the staff. Mr. McLaughlin concluded his report with an update on the Board retreat and noted it will be held on Thursday, June 2, 2022, and details will be forthcoming.

Absentee and Tardiness Policy Review

Chair Bob Wolff noted that the Authority's Absentee and Tardiness Policy was remanded to the Personnel Committee for its discussion and recommendation as agreed to at the Board Program Work Session on April 21, 2022. The Committee will return to the full Board with a recommendation on the policy for consideration at the next Board meeting.

Accounting Manager's Report

Controller Justin Noll did not have a separate report following the audit presentation and treasurer's report.

Finance Manager's Report

Finance Director Jim Griffiths announced that he continues to participate in the EPA State Work Group as a member representing the interests of Colorado and those work groups are important to the SRF Programs. Finance staff continues to monitor interest rates as discussed at the Board Program Work Session and recommendations for changes may be forthcoming. Mr. Griffiths concluded his report with confirmation

of receipt of the OMB's Buy America Build America (BABA) guidance. The guidance is 17-pages in total and provides for a waiver process, which the Authority believes to be good news. It seems that if approved, a systemic waiver accepted by one state can be utilized across all states. However, Mr. McLaughlin added that EPA has encouraged States to request waivers that are small, specific and limited.

Office Manager's Report

Office Manager Sabrina Speed noted the recent upgrade to the meeting Agenda as suggested by Director Wells and invited any Board, staff or partner agency member to continue to suggest improvements that may help the Authority be more efficient and effective. Additionally, Ms. Speed also provided a construction update and stated the new completion date has been pushed back to end of June. As a reminder, Ms. Speed noted that date has changed from end of 2021, to the middle of January, to the end of March and is now at the end of June. It is unlikely that the building will hit that target, but the Authority remains hopeful the construction will end soon. Ms. Speed concluded her report with an announcement and circulation of two sign-up sheets: one for hotel room needs for the Authority retreat and the other for shirt sizes for promotional Authority shirts.

Report of Legal Counsel – Karl Ohlsen

Director Wolff thanked Mr. Ohlsen for the informative presentation on the Conflict of Interest Policy at the Board Program Work Session Thursday evening and deferred the report of legal counsel to Mr. Ohlsen. Mr. Ohlsen reported he did not have a formal legal report but announced that he's been working with staff on the two private not-for-profit ("PNP") loans prior to the May 14th deadline for BABA requirements. Additionally, he's also working with staff on other loan agreements in anticipation of the BABA deadline. Mr. Ohlsen concluded the report by asking Board members to contact him with any questions or follow-up on the Conflict of Interest Policy.

Drinking Water Revolving Fund

Bipartisan Infrastructure Law Disadvantaged Communities ("DAC") Criteria

Wesley Williams briefly reviewed the discussion held at the Board Program Work Session regarding the DAC criteria for the Bipartisan Infrastructure Law funds and referred to the memo contained in the Board materials that addresses the proposed qualification criteria. This criteria incorporates economic, public health, demographic and race/ethnicity qualifications in accordance with the U.S. EPA's guidance and goals, as well as the State of Colorado's environmental justice laws and initiatives. Qualified applicants must either meet the existing definition of a DAC under the base program (worth three points) or meet 3 of the other 9 criteria to be designated as a DAC and receive principal forgiveness or grants through the BIL funding. If the Board approves the proposed criteria, it must also be approved by the EPA and the Water Quality Control Commission and incorporated in the 2022 Intended Use Plan. Mr. Williams has a motion, when ready, and would like the motion to include authorization for the Executive Director to make minor adjustments, as necessary, identified during the public comment period by the WQCC. A motion was made to accept staff's recommendations for the Bipartisan Infrastructure Law principal forgiveness Disadvantaged Communities criteria and to allow the Executive Director to make minor adjustments, if necessary, through the Intended Use Plan process.

Motion: Karen Wogsland
2nd: Steve Vandiver
Vote: Motion carried

Status of Projects

Austin Reichel reported that staff attended six pre-qualification meetings in March and staff expects to meet with Denver Water in the next week to continue discussions related to its lead service line replacement project. Three loan applications are expected for the June Board meeting: a new loan request from the Town of Cheraw (\$1,800,000 for a new water storage tank), a supplemental loan request from the Town of Simla (\$493,000 for distribution system upgrades, well house improvements, treatment system improvements and storage tank improvements) and a supplemental loan request from the Mt. Werner Water

& Sanitation District (for \$1,200,000 for a new infiltration gallery well and pump station). The Authority executed one Planning Grant to the Town of Walden for \$10,000 for improvements to its water treatment plant and to retrofit new meters. There is \$140,000, remaining in 2022 Planning Grants. There were no new Design & Engineering Grants executed since the last Board meeting and \$690,500, of budgeted Design & Engineering Grants remain available for 2022. There are 186 loans outstanding in the Drinking Water Revolving Fund Program with an approximate balance of \$345 million. Addressing a question posed by Director Wells about the Denver Water project, Mr. Griffiths confirmed that the Authority has held about a half dozen meetings with representatives from Denver Water about potential financing for its project, and Denver Water has submitted the initial documents to begin the process for funding.

Water Pollution Control Revolving Fund

Crested Butte South Metropolitan District Pledge Change, Resolution No. 22-16

Kevin Carpenter reported that the Crested Butte South Metropolitan District was approved at the March 4, 2022, Board meeting for a \$4 million WPCRF direct loan. The District is subsequently requesting to modify its pledge to include both water and sewer revenue, rather than just sewer revenue, in order to stay on parity with its 2009 and 2010 State Revolving Fund (“SRF”) loan agreements. Mr. Carpenter reviewed the analysis amending the current pledge, using the most recent audited financial information, and confirmed that the indicators in the credit review become stronger using both revenue sources. Mr. Carpenter also reviewed the District’s project, consisting of improving the existing treatment facility headworks and upgrading the existing activated sludge treatment train for increased hydraulic capacity and redundancy. Following a brief overview of the credit analysis, Mr. McLaughlin noted that any changes to a previously approved loan must go back to the Board for approval, if any of the terms or conditions change. A motion was made to adopt Resolution No. 22-16, approving the modification to pledge revenue and execution of a loan agreement and other necessary documents therefor.

Motion: Mike Fabbre
2nd: Eric Wilkinson
Vote: Motion carried

Status of Projects

Ian Loffert reported that staff attended one pre-qualification meeting since the last Board meeting with the Town of Walden for its upcoming wastewater treatment facility project. The project is for wastewater treatment facility improvements including collection system upgrades and the total project cost is approximately \$2.4 million. The Town is also simultaneously working on a Drinking Water project for its water treatment facility. There were no WPCRF loan applications submitted before the April 15th deadline for consideration at the June Board meeting. One new \$10,000, Planning Grant was awarded to the Town of Walden since the last Board meeting, and \$120,000, remains available for 2022. There were no new Design & Engineering Grants executed since the last Board meeting and \$1,352,850, of budgeted Design & Engineering Grants remains available for 2022. Staff is working through the SRF 2022 Series A bond issue, and it is now a negotiated sale due to the volatile market. The sale is tentatively scheduled for April 27th and the Preliminary Official Statement was released for this issue. Mr. Loffert noted that interest rates continue to rise, and the current subsidized rates hover around 3%. The closing is expected on May 5th. Mr. Loffert noted the Authority expects to issue approximately \$36 million in bonds, and the total project funds are expected to be approximately \$78 million, and the Authority will fund the difference with available reloan and EPA cap grant funds. Staff is continuing to execute loans prior to the May 14th BABA deadline, and the City of Englewood has indicated they will not meet that deadline. Fortunately, the City has added flexibility as the Authority Board previously authorized large direct loan options so the project could proceed on schedule.

Small Hydropower Loan Program

Ariana Flandrick provided a brief review of the terms of the Small Hydropower Loan Program: projects up to 10-megawatts, 30-year maximum loan term, a \$5 million maximum loan amount and a 2% interest rate. 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 \$7.9 million.

Water Revenue Bond Program

Status Report

Ariana Flandrick provided a brief overview of the Water Revenue Bond Program, originally created as a conduit or pass-through program, for governmental agencies with projects that are not available or eligible for funding through the SRF programs. The ratings and interest rates are determined by the credit worthiness of the prospective borrower and bond market conditions. The maximum loan amount under this program is \$500 million. The Authority provides a cost of issuance (“COI”) subsidy as an incentive for this loan program. All borrowers in the program must provide 15% of the total cost of issuance and the COI subsidy limit is capped at \$300,000. Additionally, all applicants with a median household income (“MHI”) at or below 90% of the prevailing average of the state MHI will be required to cover 15% of the COI, but will be eligible for up to \$500,000, of COI subsidy. There are four loans outstanding in the Water Revenue Bonds Program with an approximate balance of \$29.37 million. There have been no new applications submitted since the last Board meeting, and staff continues to seek future funding opportunities.

Long Hollow Dam and Bobby K. Taylor Reservoir

Status Report

Jim Griffiths reported that as of midnight on April 5, 2022, there was approximately 655 acre-feet in Bobby K. Taylor Reservoir and the reservoir needs to reach a first fill level of approximately 5,300 acre-feet before the Authority is released from its financial obligation to cover expenses. Mr. Griffiths noted this is the eighth water year of operation for the reservoir and it has not yet reached first fill but has come close in recent years.

Unfinished Business – Committee Reports

Board Program Work Session

Chair Wolff noted the previous evening’s Board Program Work Session and Committee Chair Vandiver thanked the Board for its attendance and staff for the helpful discussion during the Session.

New Business

2021 Annual Report, Resolution No. 22-17

Sabrina Speed circulated a copy of the Authority’s 1982 Annual Report to illustrate the Authority’s progress over the years since first created. Ms. Speed also explained how the Annual Report Committee was commissioned and overseen by the Executive Director to produce the revised version. The Committee, comprised of representatives from each of the Authority’s three departments (Accounting, Admin and Finance) met several times since the summer of 2021, to redesign and enhance the appearance and content of the Annual Report. The Committee solicited three proposals and ultimately selected Travis Claussen of SIVart Graphic Design, who assisted with the graphics and artwork for the new design. The Annual Report summarizes the Authority’s actions and activities for the preceding year and is now separate from the Audited Financial Statements. The Authority’s auditors, BKD LLP, have reviewed the Annual Report and found it to be consistent with the Audited Financial Statements. Ms. Speed also noted the Annual Report is required under both the Authority’s statute and By-laws and must be adopted by Resolution to approve and distribute. Director Wolff inquired why it was named Popular Annual Financial Report and Ms. Speed confirmed that it is a new naming convention that many other companies and governmental entities are utilizing, and the Authority wanted to follow suit. Mr. McLaughlin thanked all staff, and particularly the Annual Report Committee members for their voluntary efforts on this project. A motion was made to adopt Resolution 22-17, adopting the 2021 Authority Annual Report, substantially in the form submitted, with minor changes as approved by the Executive Director, if needed, and authorize its transmittal to appropriate entities.

Motion: Steve Vandiver

2nd: George Corkle
Vote: Motion carried

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin confirmed that the Authority's 2022 SRF Eligibility Lists, also known as Senate Joint Resolution 22-002, was signed by the Governor on March 17, 2022, ahead of the April 1st deadline. Mr. McLaughlin also noted there has been no new legislation drafted or introduced that specifically names the Authority and he will continue to monitor for any new developments and confer with the Governmental Affairs Committee, if necessary. Mr. McLaughlin also briefly reported on the Council of Infrastructure Financing Authorities (CIFA) conference he attended in Washington D.C. focused on the BIL funds guidance and interpretation by EPA.

Arrangements for Future Meetings

Future Board meetings will be held on June 3, 2022, August 24, 2022, and October 7, 2022. Full details about the Board retreat will be shared once finalized.

Adjournment

Chair Wolff adjourned the meeting at 11:14 a.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.