

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

August 24, 2022

Call to Order

Chair Bob Wolff called the meeting to order at 2:01 p.m. in the Burgess Creek Conference Room of the Steamboat Grand, located at 2300 Mt. Werner Circle in Steamboat Springs, Colorado, 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), Chris Treese (Secretary/Treasurer), George Corkle, Mike Fabbre, Lucas Hale, Patti Wells, Eric Wilkinson and Karen Wogsland. Director Hale 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 8(a) Loan Application for the Town of Crested Butte (Resolution No. 22-25 and Resolution No. 22-26). A motion was made to approve the Consent Agenda, as presented.

Motion: Steve Vandiver

2nd: George Corkle, Mike Fabbre abstained from the vote

Vote: Motion carried

Director Fabbre, District Manager for Mt. Crested Butte Water & Sanitation District, noted for the record that his District has an Intergovernmental Agreement with the Town of Crested Butte, and therefore, he did not participate in the discussion or the vote of this project at neither the Project Finance Committee nor the Board meetings.

Introduction of Guests

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

Approval of Minutes – June 3, 2022

The June 3, 2022, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of June 3, 2022, as presented.

Motion: Chris Treese

2nd: Patti Wells

Vote: Motion carried

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 announced that the CWCB Board met in-person on July 20th and 21st and activities are returning to pre-COVID normalcy. At that meeting, the CWCB Board approved three new loans to private ditch companies. Mr. Russell noted that the CWCB will have approximately \$130 million in unreserved funding available for new loans in the state FY 22/23. Mr. Russell noted one of the reasons for the relatively large availability of loan funds is due to the enormous amount of grant funding currently available and said that entities are vying for grant funding first before committing to taking on additional debt. The \$130 million represents approximately 10% of the equity value of CWCB’s funds. The CWCB Board plans to review several loan

applications at its September meeting totaling approximately \$11 million, including the Town of Keenesburg's request for approximately \$2 million for well water rights. Mr. Russell stated that severance tax revenues increased dramatically and the CWCB expects to receive approximately \$130 million in severance tax total revenues (as previously mentioned) into the perpetual base fund for State FY 22/23, and approximately \$85 million in State FY 23/24. The 10-year average for severance tax revenues is only about \$35 million per year, so these amounts represent a dramatic increase. CWCB is currently evaluating the most efficient way to distribute the additional funding, with a limited staff. Additionally, the CWCB has started to receive the Proposition DD revenue, and approximately \$8.2 million of such funds from the last fiscal year were distributed to several Water Plan Grant categories. Staff decided early on not to allocate funds based on projections, but rather actual receipts, so there was a slight delay in the distribution of funds. Mr. Russell reported that the July 1, 2022, Water Plan Grant applications exceeded available funding and those projects will be considered at the CWCB's September Board meeting. The next application date for Water Plan Grants is December 1, 2022, for March 2023 Board consideration. Mr. Russell also referred to a July 20- 21, 2022, memorandum from Anna Mauss, CWCB Chief Operating Officer, that provided a comprehensive update on the American Rescue Plan Act Funding Programs that was provided in the Board materials. The CWCB agency report continued with an update on the Water Plan, that is set for final release in early 2023. The next CWCB Board meeting will be held in Durango on September 21st and 22nd and will include a virtual meeting of the CWCB Finance Committee. Mr. Russell concluded his report with a staffing update and noted that Joshua Godwin, formerly with the City of Aurora, is the new Construction Finance Project Manager. Following the presentation, Director Treese inquired if the "Prop" DD revenue seemed to be consistent and Mr. Russell confirmed it seemed to be growing, as noted in his memo. Mr. Russell also provided a brief history of the CWCB's participation in the Arkansas Valley Conduit project, per Mr. McLaughlin's request.

Report of Water Quality Control Division ("WQCD")

Mike Beck, Section Manager of the Water Quality Control Division, referred to the agency report and noted that the Water Quality Control Commission ("Commission") met earlier in August for its annual planning meeting and retreat. The Commission will meet again in October and hold an Administrative Action Hearing for the FY 2023 Intended Use Plan for both SRF programs. WQCD staff is working with its partner agencies to finalize the draft copy to submit to the Commission. Mr. Beck continued his report with an update on the WQCD highlights, including the announcement that the required state match for the WPCRF and DWRF Bipartisan Infrastructure Law funding was secured from the Colorado legislature and the associated Intergovernmental Agreement necessary to transfer the funds from the Governor's office to the Division. Mr. Beck thanked Mr. McLaughlin and his staff for assisting with securing the State Match funds. Mr. Beck said the Division will work with the Authority on meeting the state match requirements for the remainder of years under the Bipartisan Infrastructure Law ("BIL") funding. Mr. Beck also thanked Mr. McLaughlin for securing a spot on the Colorado Water Congress' conference agenda to discuss HB 22-1358, Clean Water in Schools and Child Care Act, that requires mandatory lead testing in all Colorado schools and childcare centers. The Division is expecting to test approximately 200,000 samples before the initial May 31, 2023, deadline. The General Assembly provided approximately \$21 million for this program, that also includes funds for remediation. Mr. Beck also discussed SB 20-218, the PFAS grant program, and noted that the Division is currently evaluating the applications received for this program. The project need has increased as a result of the revised health advisory from the EPA. As a result, the Division has submitted an Intent to Apply for additional PFAS grant funds under the infrastructure bill. This grant is expected to be an additional \$20 million per year for the next five years. The agency report continued with an update on the pre-qualification meetings the partner agencies have held with various entities for SRF funding. The meetings have increased significantly due to the interest in the available BIL funding. The agency report concluded with an update on the measurable results program, including its origin and continued progress.

Report of Department of Local Affairs ("DOLA")

Desi Santerre, Department of Local Affairs Program Manager, referred to the provided agency report and stated that it has been approximately a year since she provided the agency report in person, and it is good to be back. Ms. Santerre also provided an update on the Energy and Mineral Impact Assistance Fund (“EIAF”) Grant Program and stated the Tier II (up to \$750,000) awards were made on June 16, 2022, and referred to the awards listed in DOLA’s written report. Ms. Santerre also noted that at the time of drafting the report, the Department expected to have 2 application cycles with approximately \$15 million in available funding. However, due to the increase in projected severance tax revenues, as previously reported, the Department expects to have two application cycles with approximately \$25 million of available funding each cycle. The significant revenue projections from both the Office of State Planning and Budgeting (“OSPB”) and Legislative Council were also briefly reviewed. Ms. Santerre also reported on the Outreach and Education Committee’s recent activities, including a BIL presentation at the Colorado Municipal League (“CML”) Conference on June 24, 2022, and a SRF informational webinar on August 3, 2022. Both events were well-attended, and Ms. Santerre stated her belief that the presentations have created greater interest in the BIL funding. Materials presented at these webinars are available at the Colorado Department of Public Health & Environment’s (“CDPHE”) website. Additionally, CML published an article about the SRF BIL funding in its July newsletter, and another will be included in a future publication. Future activities include presentations at the Special District Association (“SDA”) Conference in mid-September, the Western Colorado Water & Wastewater Conference in October and the Colorado Government Finance Officers Association (“CGFOA”) Conference in November. The Disadvantaged Communities Committee finalized a publication that details the BIL principal forgiveness eligibility determination process and explains the criteria in detail. The agency report concluded with an update on the Small and Rural Communities Technical Services Program, noting two communities are currently in process and two have closed. DOLA submitted the second annual report for this program, that was included in the Board materials, and a budget request for 2023 that includes a request for continued funding for this program at the same levels. The agency report concluded with a brief DOLA staffing update and an introduction of Kelly Shen, DOLA’s new Financial Analyst.

Authority Reports

Report of the Chair

Chair Bob Wolff reported that Ariana Flandrick, the Authority’s newest Financial Analyst, will be leaving her position in September to attend graduate school in England.

Report of the Treasurer – Treasurer Chris Treese referred to the provided written report and deferred to Controller Justin Noll to provide the Treasurer’s report. Mr. Noll thanked his staff for working to get the financials complete through June, which is typical for this time of year. They had a lot of work, including required reporting, and did so while still short-staffed. Mr. Noll noted that a consolidated summary of the financials was included in the Board materials, that includes of all the Authority’s programs as a whole. Mr. Noll also mentioned that money market rates continue to increase and are close to pre-pandemic levels. Following the report, Mr. McLaughlin also thanked Mr. Noll and his staff for bringing the financials up to date. Director Treese extended the appreciation to all Authority staff. A motion was made to accept the Treasurer’s Report.

Motion: Patti Wells
2nd: Mike Fabbre
Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report contained in the Board materials and stated that he continues to work with building management on continuing issues with parking and building access. The Authority received additional credits due to ongoing negotiations with building management. The lease amendment, noting the change in suite numbers, was executed after a lengthy delay and negotiations. Much of the Authority’s staff time has been focused on BIL funding and the countless number of meetings associated with interested entities wasn’t included in the written report. Staff is confident funding will reach capacity in the WPCRF program, and may even be reached in the DWRF

program within the next year. Mr. McLaughlin opined this is good for the Authority and means that word is spreading and BIL applications are starting to be submitted. As previously reported in the WQCD agency report, the program was successful in securing the required state match associated with the BIL funding due to the preplanning and early efforts to begin the process including the approval of the 2022 Intended Use Plan Addendum in June. As previously discussed, Mr. McLaughlin met with the Authority's auditors, Forvis (formerly BKD), to discuss the potential of creating a loan loss reserve account to better protect the Authority due to the addition of funding of private, non-profit entities. After discussing this option with the auditors, it was determined to be unnecessary at this time, but the Authority will continue to work with the auditors if deemed to be necessary. Mr. McLaughlin also reported that the EPA completed its annual audit of the two SRF programs in June and a draft copy of the report was included in the Board materials. As expected, the report was complimentary and there were no comments or requirements expected for improvement. A copy of the final report will be shared with the Board once received. Mr. McLaughlin also provided an update on a previous question from the Board regarding the ability for the Board to vote by proxy, and stated that a change to the Authority Bylaws would be required if the Board would like to pursue this option. Mr. McLaughlin reported that he was contacted by the Boards and Commissions regarding the two positions that have terms expiring this year, Directors Wolff and Treese. Mr. McLaughlin noted that if the Governor continues to uphold his two-term policy, Director Wolff would be termed out and Director Treese would be eligible to serve a final term. Boards and Commissions asked Mr. McLaughlin if there was any interest in having Director Treese reapply and Mr. McLaughlin confirmed, and that Mr. Treese would be submitting his application for reappointment. Mr. McLaughlin added that if it was the Board's pleasure, the Board could submit a letter of support for an additional term for Director Treese and express its desire to extend the limit beyond two terms for Director Wolff, due to the complexities of the Authority's lending programs, particularly BIL, and the depth of knowledge and experience Chair Wolff and Director Treese hold. The Governor has made exceptions to the two-term policy on occasion for different agencies but there is no guarantee he will grant this request. The consensus of the Board was in support of submitting the letter and Mr. McLaughlin agreed to work with Chair Wolff and Vice Chair Vandiver on drafting the letter. Mr. McLaughlin completed his report with an update on Authority anniversaries, including Austin Reichel (3 years), Ian Loffert (5 years) and Claudia Walters (25 years). Mr. McLaughlin expressed his appreciation to Ms. Walters, the Authority's longest tenured employee, for her dedicated service and invaluable knowledge and experience she has added to the Authority and the Accounting Department.

Absentee and Tardiness Policy

Mr. McLaughlin reviewed the previous discussions the Board held regarding the former Absentee and Tardiness Policy, most recently during the Personnel Committee meeting held on July 15, 2022. A copy of the meeting's minutes were included in the Board materials. During that conference call, the Board was able to discuss the policy with the author, and the Authority's employment counsel, Michelle Magruder, RWO P.C.. The Committee members, and other members of the Board present, reviewed the policy and corresponding form in detail, including suggested changes made by Directors Wells and Treese. The Committee also recommended changing the name to Attendance Policy. Although the policy remained substantial in form, minor revisions and enhancements were made to soften the tone and provide some discretion for the Authority's managers and the Executive Director. The Personnel Committee recommended the suggested changes to the Attendance Policy be submitted for consideration and approval to the full Board for consideration and approval. A motion was made to approve the suggested changes to the Authority's Attendance Policy, with a minor edit to remove an unnecessary comma on page 2 following of the policy, after the words "*be unpaid*".

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

Following the vote, Director Vandiver expressed his gratitude to Director Fabbre, the Committee Chair, for his leadership in successfully updating the Authority's Attendance Policy.

Accounting Manager's Report

Controller Justin Noll reported that the 2023 budget process is underway and warned that budget amounts will likely increase due to inflation and other economic factors. Additionally, Mr. Noll recently learned from the Authority's auditors, Forvis, its annual fee would be increasing 5% this year. The original increase was slated for 10%, but Marcie Ardan, Forvis Managing Director, and Mr. Noll were able to negotiate the increase down to 5%. Historically, the fee increase has been limited to 2.5% but this year the fee will double. The 2022 audit engagement letter will be presented for consideration of approval at the October Board meeting.

Finance Manager's Report

Finance Director Jim Griffiths provided a brief update on the City of Cortez (a borrower in the Authority's Small Hydropower loan program) and noted that the City is still approximately four years in arrears on audit submittals, due to a fraud event by a former City employee. Once the City has submitted its late audited financial statements, Authority staff will evaluate the City's current financial position and formulate a compliance recommendation for its loan, and that recommendation may require Board approval. Mr. Griffiths also noted that Ms. Flandrick's departure will be a great loss to the Authority; her kind personality and strong work ethic will be missed. Staff hopes to post the open Financial Analyst position within the next month. Mr. Griffiths concluded his report with an update on the Water Pollution Control Revolving Fund ("WPCRF") program and stated that Authority will face a capacity issue within the program. The Authority has lent approximately \$88 million in the first six months of 2022, for nine projects across the state. He noted that this is a good thing for communities, but it will create a capacity issue and could cause the SRF program to prioritize projects. Staff is already in discussions with the United States Department of Agriculture ("USDA") on co-funding, or lender referrals, on upcoming projects.

Interest Rates Analysis

Assistant Finance Director Wesley Williams provided an analysis on the current interest rate environment for the Board to consider and evaluate the potential need for changes to the Authority's interest rates. Mr. Williams noted the historic trend and that current data points to an economic recession, as illustrated in the slides in the Board materials. One of the reasons the economy may be considered in a recession is because of the two quarters of negative growth brought on by historically high inflation. Mr. Williams noted the recent efforts by the Federal Reserve to combat the high inflation by aggressively raising interest rates. The Federal Reserve is expected to raise rates three more times by the end of the year to reach an overnight lending rate of 3.5%. Mr. Williams highlighted the trends that show current uncertainty in the market. The volatility of the market makes it difficult to predict or anticipate interest rates and presents a challenge for the Authority's programs. The Authority remains competitive with its interest rates as compared to similar programs from other state agencies, as illustrated in the slides. Mr. Williams also illustrated the varying interest rates and leverage factors for the Authority's last four bond issues. Based on the interest rate analysis, staff expects to recommend some changes to interest rates at the December Board meeting. Mr. Williams concluded his report with an update on upcoming anticipated projects in the two SRF programs by the end of 2023: 32 projects, totaling approximately \$176 million in the DWRF program, and 25 projects totaling approximately \$265 million in the WPCRF program. Following the presentation, Director Wolff thanked Mr. Williams for the informative presentation and suggested staff provide more presentations like this, as they are really helpful to the Board. Following the presentation, the Board discussed the Great Recession and its effect on the Authority's lending programs.

Office Manager's Report

Office Manager Sabrina Speed reaffirmed the October Board meeting details: a tour of the Security Water & Sanitation District facilities on the afternoon of Thursday, October 6, 2022, and a 9:00 am start for the October 7, Board meeting. Specific details of the arrangements will follow closer to the meeting date and Ms. Speed asked for Board members to let her know if they did not plan to attend the meeting in-person, and therefore will not require a room reservation. Additionally, Ms. Speed provided a brief construction

update for the Authority's office building and noted that construction at the building has nearly been completed, but the building and parking issues have not. Recent pictures of the completed lobby and nearby construction were also shared.

Report of Legal Counsel – Karl Ohlsen

Mr. Ohlsen reported he did not have a formal written report but announced that he's been working closely with Mr. McLaughlin on execution of the building lease amendment, as well as preparations for BIL related activities, such as working with the WQCD on the state match transfer from the Legislature and the related Tabor opinion.

Drinking Water Revolving Fund

Loan Application – City of Ouray, Resolution No. 22-23

Ian Loffert presented the City of Ouray's request for a leveraged loan through the DWRF loan program in the amount of \$12,100,000, plus cost of issuance, and up to \$5,000,000 of principal forgiveness ("PF") funds through the Bipartisan Infrastructure Law ("BIL") (which would therefore reduce the requested loan amount to \$7,100,000), at an interest rate of 80% of the market rate on the Authority's 2022 Series B State Revolving Fund Revenue Bonds, with the option to execute a large, direct loan, for a term of up to 30 years with an interest rate of 2.75%. The large, direct loan request includes a waiver of the current direct loan limit of \$3 million, as previously authorized by the Board. The loan will likely be issued as a direct loan, although staff would prefer the flexibility of approval for both loan options. The pledge for this loan will be water system revenues. Addressing a question posed during the Project Finance Committee meeting by Director Hale, whether the City has taken the additional lead and copper testing requirements and the associated increased operations and maintenances costs into consideration, Mr. Loffert confirmed the City will incorporate them in its operating budget once the facility is operational. The City's internal analysis concluded the added sampling and associated costs will not create a need to increase rates. Since the City scored three points, they met the BIL PF eligibility criteria, and therefore is eligible for both BIL loan and PF funding. This request received a favorable recommendation from both the Project Finance and SRF Committees. A motion was made to approve and begin negotiating a DWRF leveraged loan with the City of Ouray in an amount up to \$12,100,000, plus cost of issuance at 80% of the interest rate received by the Authority on the associated bond issue for a term of up to 30 years, and to authorize staff to begin drafting a Preliminary Official Statement incorporating the City; subject to the City increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant prior to loan execution, and PF limits, as set by the Board.

Motion: Patti Wells
2nd: Chris Treese
Vote: Motion carried

A subsequent motion was made to approve Resolution 22-23, approving a DWRF direct loan to the City of Ouray and execution of a loan agreement and other necessary documents therefor, subject to the City increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant prior to loan execution, a waiver of the direct loan limit, and current PF limits, as set by the Board.

Motion: Karen Wogsland
2nd: Patti Wells
Vote: Motion carried

Administrative Fee Percentages – Staff Recommended Increases

Jim Griffiths briefly reviewed the previous discussions held at the Board Program Work Session in June with regard to the proposed administrative fee ("admin fee") increases, including the need to increase the percentage to maintain self-sustaining SRF programs. Mr. Griffiths also provided the history of the admin fee collection as a portion of the overall interest paid by borrowers on its loans. The admin fee helps pay for operating costs of the Authority, the WQCD and DOLA to help administer the SRF programs. A portion

of the admin fees are also used to repay the Authority for upfront expenses associated with the state match requirements of the Capitalization Grants. Mr. Griffiths noted the question posed by Director Wogsland during the June Board Program Work Session, namely what percentage of admin fee is required to operate a sustainable SRF program, and he reported that staff conducted an analysis using financial models to best determine that percentage. Several factors used in this comprehensive analysis were estimated. Following the analysis, staff determined that a range of 1.25% – 1.5% of admin fee for the DWRF and 0.8% – 1.0% of admin fee for the WPCRF is required to sustain the programs. Mr. Griffiths noted that changes to the Intended Use Plan were made with broader language to allow more flexibility, instead of defining a rigid specific number. Staff recommends the following changes: increasing the current DWRF admin fee from 1.25% to 1.50%; and increasing the WPCRF admin fee from 0.80% to 1.0%. Mr. Griffiths noted the DWRF admin fee is higher because it is a newer program than the WPCRF program, and also because it funds the WQCD's Drinking Water program through the use of Set asides. The DWRF also contains higher mandated PF requirements to lend out to Disadvantaged Communities. A motion was made to increase the admin fees, as proposed by staff to 1.50% in the DWRF program and 1.0% in the WPCRF program.

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

BIL General Supplemental Funds – Staff Recommended Principal Forgiveness Limit

Jim Griffiths noted the BIL Capitalization Grants include three tranches of funds available in the DWRF program including lead service line replacement, emerging contaminants and the supplemental base program. The DWRF BIL general supplemental funds will be provided as a combination of loan and PF. With the considerable amount of PF funds available, there has been great interest generated in the BIL funds while inflation and other economic factors are driving the cost of projects higher. Without limits, one large project requiring \$35 million or more in 2022, could potentially absorb the entire annual DWRF general supplemental tranche, including all available PF. In order to provide DWRF general supplemental PF funds to multiple projects each year, staff recommends a PF limit of \$5 million per project (along with a proportional loan), per year from the DWRF BIL general supplemental funds. This recommendation was determined after a comprehensive evaluation of anticipated projects in the DWRF program. Mr. McLaughlin added that a full evaluation of this PF limit will be conducted before receiving the next (2023) tranche of funds. A motion was made to accept staff's recommendation to enact a PF limit of \$5 million per project (along with a proportional loan), per year from the DWRF BIL general supplemental funds.

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

Status of Projects

Ariana Flandrick reported that staff attended nine pre-qualification meetings since the last Board meeting. Two DWRF loan applications are expected to be presented for consideration at the October Board meeting: Denver Water for approximately \$76,124,000, for its lead service line replacement project, and Pagosa Area Water & Sanitation District for approximately \$38,444,000, to replace its existing water treatment plant with a new facility. Since the last Board meeting, staff issued one \$10,000, Planning Grant to the City of Gunnison, and there is \$130,000, remaining in 2022 Planning Grants. There were two Design & Engineering Grants issued since the last Board meeting: \$300,000, to Idledale Water & Sanitation District to drill and install a new drinking water well, improve well delivery, new treatment facilities, replace broken distribution equipment and install new meters, and \$51,000, to the Town of Empire for installation of a new alluvial well and a new membrane filtration system. There is \$339,500, of budgeted Design & Engineering Grants that remain available for 2022. Ms. Flandrick confirmed that there are approximately 200 loans outstanding in the DWRF Program with an approximate balance of \$340 million.

Prior to the presentation of the WPCRF loan applications, Chair Wolff noted that a comprehensive evaluation of the credit reports was conducted at the August 22, 2022, Project Finance Committee meeting

that the majority of the Board attended and was summarized in the provided minutes in the Board materials. In the interest of time, Chair Wolff asked that an abbreviated summary of the loan applications be presented at this meeting.

Water Pollution Control Revolving Fund

Loan Application – Town of Bethune, Resolution No. 22-24

Austin Reichel presented the Town of Bethune’s (“Town”) request for a Disadvantaged Communities (“DAC”) direct loan through the WPCRF loan program in the amount of \$1,600,934, plus up to \$1,500,000 of BIL PF, at an interest rate of 0.75%, for a term of up to 30 years. The project consists of converting the Town’s wastewater lagoon treatment facility to an evaporative pond treatment facility. The Town was previously approved for a direct loan, totaling approximately \$1.3 million, at the Authority’s January 26, 2022, Board meeting, but the loan was not executed (due to unaffordable, increasing construction costs). Subsequently, the Town is requesting an increased loan amount, plus up to \$1,500,000, of BIL PF for its project. The Town will be required to increase its user rates, by approximately \$60 per month, to meet the Authority’s rate covenant prior to execution. This request received a favorable recommendation from both the SRF and Project Finance Committees. A motion was made to adopt Resolution No. 22-24, approving a WPCRF DAC direct loan to the Town of Bethune and execution of a loan agreement and other documents necessary therefor, subject to the Town increasing user rates sufficiently, to meet the Authority’s rate covenant prior to execution.

Motion: Patti Wells
2nd: Chris Treese
Vote: Motion carried

Loan Application – Town of La Jara, Resolution No. 22-27

Kevin Carpenter presented the Town of La Jara’s (“Town”) request for a Disadvantaged Communities (“DAC”) direct loan through the WPCRF loan program in the amount of \$850,994, (La Jara is eligible for BIL funding and may receive up to approximately half of this amount in PF), at an interest rate of 0.6%, for a term of 20 years. The project consists of improvements to the existing wastewater lagoon treatment facility including dredging and construction of a new flow control structure. The project will also conduct an Inflow/Infiltration (“I/I”) study of the Town’s collection system. The treatment facility has been approved for a Discharger Specific Variance by the Water Quality Control Commission for implementation of this project. This request received a favorable recommendation from both the SRF and Project Finance Committees. The Town has previously increased water and sewer user rates, and also plans additional annual increases required to meet the 110% coverage ratio requirements. The proposed loan is necessary to improve the treatment capacity of the Town’s wastewater facility. A motion was made to adopt Resolution No. 22-27, approving a WPCRF direct DAC loan to the Town of La Jara and execution of a loan agreement and other documents necessary therefor, subject to the Town increasing user rates sufficiently, to meet the Authority’s rate covenant prior to execution.

Motion: Steve Vandiver
2nd: George Corkle
Vote: Motion carried

Loan Application – Palmer Lake Sanitation District, Resolution No. 22-28

Ariana Flandrick presented the Palmer Lake Sanitation District’s (“District”) request for a supplemental direct loan through the WPCRF loan program in the amount of \$1,000,000, at an interest rate of 2.75%, for a term of up to 30 years. The District’s original loan was approved at the March 4, 2022, Board meeting for \$3,000,000. The project scope has not changed and consists of replacing approximately 7,600 feet existing sewer pipe with 18-inch PVC new pipe in addition to replacing or rehabilitating existing manholes. Analysis shows no further rate increases by the District are necessary to secure this loan. This request received a favorable recommendation from both the SRF and Project Finance Committees. Approval of Resolution 22-28 also includes a one-time waiver of the direct loan limit since the total of both loans will be \$4,000,000. A motion was made to adopt Resolution No. 22-28, approving a WPCRF supplemental

direct loan to the Palmer Lake Sanitation District and execution of a loan agreement and other documents necessary therefor.

Motion: Chris Treese
2nd: Eric Wilkinson
Vote: Motion carried

Leadville Sanitation District DAC Business Case

Austin Reichel presented the Leadville Sanitation District's ("District") request for a DAC business case to allow access to a Design & Engineering Grant, reduced interest rates, and potential PF through the BIL program. The District intends to pursue a large, direct loan to upgrade infrastructure that is past its useful life in the District's wastewater treatment plant. The project includes aeration basin retrofits, clarifier system improvements, solids handling improvements, chlorination building improvements, and head works improvements. The District did not qualify for DAC status, due to its MHI being unreliable and slightly above the benchmark. Additionally, the American Community Survey ("ACS") data that was used previously was split and does not cover the entire District. This request received a favorable recommendation from the Project Finance Committee. A motion was made to approve the Leadville Sanitation District's business case request and designate the District as a DAC Category 1.

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

City of Sterling Green Project Reserve Loan Approval Extension

Wesley Williams reviewed the City of Sterling's ("City") previous August 28, 2020, approval of a \$34,000,000 WPCRF leveraged loan and \$3,000,000 GPR direct loan. The project includes expansion and improvements of the existing wastewater treatment facility. The WPCRF Intended Use Plan ("IUP"), sets loan approvals for a period of eighteen months. The Board previously granted the City a six-month extension to the City's GPR loan approval. Since the extension, the City has encountered more construction delays due to supply chain issues, as well as additional delays in the LEED certified building approval, and the project has demobilized. The City's green project also helps the Authority meet its GPR funding requirements for the Capitalization Grant. The City is now seeking an extension of the GPR direct loan for a period of one year, until August 28, 2023.

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

Status of Projects

Kevin Carpenter reported that staff attended five pre-qualification meetings since the last Board meeting. Two DWRP loan applications are expected to be presented for consideration at the October Board meeting: Left Hand Water & Sanitation District for approximately \$287,290, for a lift station project, and the City of Fort Lupton for approximately \$25,000,000, for its tap fee connection to Metro. 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 Grants issued since the last Board meeting: \$77,000, to Meeker Sanitation District for repairs to its existing wastewater treatment plant. There is \$1,352,850, of budgeted Design & Engineering Grants that remain available for 2022. Mr. Carpenter reiterated Mr. Griffith's previous comments that high demand in the WPCRF program is creating capacity issues.

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. 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. Seven loans are outstanding within the Small Hydropower Loan Program with an approximate balance of \$7.7 million.

Following the report, Director Treese suggested adding a potential agenda item for the Governmental Affairs Committee, after a brief discussion with Representative McKean about sponsoring legislation to remove the nameplate restriction of 15 mega-watts on the Small Hydropower designation. The Committee may want to consider how this change may impact the Authority's Small Hydropower Loan Program.

Water Revenue Bond Program

Status Report

Ian Loffert noted that there are currently four loans outstanding in the Water Revenue Bond Program with an approximate balance of \$28.5 million. There have been no new applications submitted since the last Board meeting, and staff continues to seek future projects for this program. Staff is also considering pairing a Water Revenue Bond Program bond issue with its standard SRF Program bond issue to increase capacity, but it will only work if market conditions are favorable.

Long Hollow Dam and Bobby K. Taylor Reservoir

Status Report

Mr. Griffiths noted that recently, a diver was sent to inspect and repair the reservoir outlet gate and at that time, the reservoir level was approximately 120 acre-feet. A storm the following day increased the level by approximately 140 acre-feet, and the reservoir level remains at approximately 200 acre-feet currently. 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.

New Business

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin reported that he is working with Mr. Ohlsen on a TABOR opinion, that is necessary to accept the state match funds from the WQCD for the 2022 BIL Capitalization Grants. The Authority has not received state funds from the State previously and receipt may potentially impact its enterprise status, and therefore, may impact the Authority's ability to issue future bonds. The Authority will also need to formally memorialize the transfer of the state match funds from the WQCD. Mr. McLaughlin noted that Chair Wolff's July 8, 2022, letter to Senator Bennet and Senator Hickenlooper were included in the Board materials, and Mr. McLaughlin noted that a follow-up was received from Senator Bennet's office. The Senator's staff was engaged and supportive of Chair Wolff's concerns. Mr. McLaughlin will also follow up with Senator Hickenlooper's office regarding the significant funding cuts to the SRF base programs. The draft 2023 House and Senate budgets Mr. McLaughlin has witnessed also show base SRF reductions, but those draft copies are not finalized and will likely change. Director Wilkinson noted it may be justified to send the letter to the Congressional delegation as they also must review and approve any suggested earmarks.

At the conclusion of Mr. McLaughlin's legislative report, Controller Justin Noll noted that the Budget & Audit Committee would need to meet in late September to review and discuss the Authority's 2023 draft budget.

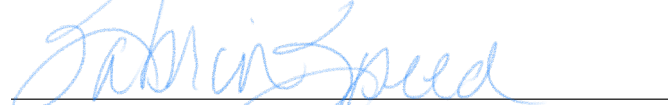
Arrangements for Future Meetings

Future Board meetings will be held on October 7, 2022, and December 2, 2022.

Adjournment

Chair Wolff adjourned the meeting at 5:20 p.m.

Respectfully submitted,



Sabrina Speed, Assistant Secretary

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