

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

August 23, 2023

Call to Order

Chair Steve Vandiver called the meeting to order at 2:00 p.m. in the Burgess Creek Conference Room of the Steamboat Grand, located at 2300 Mt. Werner Circle, Steamboat Springs, Colorado, 80487, and via video and audio tele-conferencing.

Board Member Identification and Declaration of a Quorum

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

Approval of Consent Agenda

Prior to the consideration of the Consent Agenda, Chair Vandiver noted that the City of Boulder's representatives were in attendance virtually to answer any questions about its Water Pollution Control Revolving Fund project that was on the Consent Agenda. Wesley Williams introduced Erin Neil with the City of Boulder. Ms. Neil thanked the Board for its consideration of the City of Boulder's loan application and expressed her gratitude to the Board for allowing her to speak. Chair Vandiver then 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 Town of De Beque, Resolution No. 23-26, Teller County Water & Sanitation District No. 1, Resolution No. 23-28, Town of Walden, Resolution No. 23-29, 7(b) Drinking Water Revolving Fund Project 7 Water Authority BIL Business Case, 8(a) Water Pollution Control Revolving Fund loan applications for the City of Boulder, Resolution No. 23-31 and 23-32, East Alamosa Water & Sanitation District, Resolution No. 23-33 and 8(b) Water Pollution Control Revolving Fund DAC Business Care for Mesa Water & Sanitation District. After hearing no comments, a motion was made to approve the Consent Agenda, as presented.

Motion: Patti Wells
2nd: Lucas Hale
Vote: Motion carried

Approval of Minutes – April 21, 2023

The June 2, 2023, Minutes were presented for approval. Director Whitehead noted a typo on page 8, under the sub-heading of Planning Grant Increase – Conversion to Governmental Entity, second sentence. The correction was deemed immaterial, and the inadvertent "I" will be removed on the permanent record. A motion was made to approve the Minutes of June 2, 2023, as corrected.

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

Introduction of Guests

Chair Steve Vandiver asked all guests in attendance to introduce themselves and state their affiliation for the record.

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 Crested Butte, Colorado on July 19th and 20th. Mr. Russell noted that no new loans were considered at the meeting, but the Board approved three loan increases to the Amity Mutual Irrigation Company, Cottonwood Water & Sanitation District and Inverness Water & Sanitation District. Mr. Russell opined that it wasn't only construction cost increases that increased the three loans. For example, the Amity Mutual Irrigation Company loan increase was due to complications that arose during the design process. Mr. Russell also provided an update on the Water Infrastructure and Supply Efficiency ("WISE") Project that was initially started in 2014. After a considerably lengthy delay, crews are finalizing one of the initial four construction stages of the project. WISE Project participants Cottonwood Water & Sanitation District and Inverness Water & Sanitation District were two of the project participants that requested loan increases for the project. CWCB expects some of the other borrowers of this project will return to CWCB for loan increases as well. Due to the projected increase of severance tax revenues, the CWCB expects to have increased lending capacity for FY23/24. This increased capacity has provided an opportunity for the Board to consider a large loan request from Northern Colorado Water Conservancy District for increased construction costs associated with the Chimney Hollow Dam project and the planned Northern Integrated Supply Project (NISP). If recommended, these will be included in the 2024 Projects Bill. The CWCB Board also approved \$2.9 million in Water Supply Reserve Fund Grants (aka Basin Roundtable funding). An update on the Water Plan Grant Funding was also shared, and Mr. Russell noted that the next grant application date is December 1, 2023, for a March 2024 Board consideration. The CWCB will convene its Finance Committee meeting this September in Salida. The Board will consider approximately \$25 million in Non-Reimbursable Investment (NRI) requests along with other large project funding as discussed at the September meeting, with final decisions on the NRIs in November 2023. The agency report concluded with an announcement that Lauren Ris was named the new CWCB Director.

Report of Water Quality Control Division ("WQCD")

Ron Falco, Safe Drinking Water Program Manager, referred to the agency report and noted that the Water Quality Control Commission took final action and put in place the Lead & Copper Rule revisions. Colorado is one of four states that has adopted that rule on time and is moving forward with its lead service line inventories. This includes executing contracts to assist local utilities with initial lead service line inventories that are required to be completed by October 2024. Mr. Falco also reported that the WQCD received an additional allocation in the Small Community Grant Program to comprise the BIL state match, and staff are currently working with the Authority to transfer those funds. The Clean Water in Schools and Child Care Act has completed its first phase of the program (pre-k through 5th grade) and is working to implement the second phase, including testing for all middle schools in the state. Sampling is expected to start in September when schools are back in session. Mr. Falco encouraged all meeting attendees to reach out to the Division if they can assist a middle school to sign up for testing. The Division has completed its 2024 budget and has submitted it to the Authority prior to the deadline. A staffing announcement was shared that Bret Icenogle's former position in the Engineering Section has been filled by Tyson Ingels. Mr. Ingels was formerly the lead Drinking Water engineer in the Division and has worked on many SRF Projects over the years. Additionally, and as the Authority is aware, Mike Beck has moved to another position within CDPHE, and staff is working on filling Mr. Beck's former Section Manager position. Mr. Falco thanked Mr. McLaughlin for his assistance in the interviewing process for that vacant position.

Report of Department of Local Affairs ("DOLA")

Desi Santerre, Department of Local Affairs Program Manager, referred to the provided agency report and noted that the Energy/Mineral Impact Assistance Fund (EIAF) Grant Tier II (up to \$1 million) awards from the April 1st application cycle were included in the written report. The latest application deadline was on August 1st and DOLA's written report included the Tier I (up to \$200,000) and Tier II applicants for the available \$25 million funding, that included several SRF eligible projects. Awards for the latest application cycle are expected in October or November of this year. DOLA staff expects the EIAF grant program to return to three application cycles per year, instead of the current two, by adding a December 1st application cycle. This addition would return the program to pre-COVID levels. Ms. Santerre echoed Mr. Russell's

previous comments about the increased severance tax revenue projections and cautioned that the OSPB and Legislative Council have tempered its expectations for the current fiscal year due to lower oil and natural gas prices and other factors. The Outreach and Education update included three upcoming events: the Rocky Mountain Water Conference in Loveland on September 12th and Resilience Training with the Local Assistance Unit on October 25th virtually and on December 7th in Colorado Springs. The agency report concluded with an update on the Small and Rural Communities Technical Services Program, noting that DOLA's budget request for 2024 will be similar to last year's request of up to \$25,000 for drinking water projects and up to \$50,000 for wastewater projects.

Chair Vandiver rearranged the Agenda to accommodate Ms. Arbogast of Kogovsek & Associates.

Congressionally Directed Spending (CDS) Update – Christine Arbogast

Keith McLaughlin provided the highlights of the previous work Authority staff and Ms. Arbogast have completed to address the CDS as it relates to the SRF Programs. Mr. McLaughlin referenced the two letters contained in the Board materials: one from Chair Vandiver to Congresswoman Granger regarding the Texas Water Development Board's suggestion of a Congressional earmark funding alternative; and one from Chair Vandiver to the United States Appropriations Committee requesting full funding of the SRF Programs. Also contained in the Board materials is a one-page fact sheet highlighting the impacts of the CDS on the SRF Programs, as previously requested by the Board. These items represent just some of the continuous work from Ms. Arbogast and staff addressing the CDS issue. Mr. McLaughlin also noted that *The Washington Post* article contained in the Board materials prompted calls from the two Colorado State Senator offices to discuss the CDS issue in greater detail, illustrating the effectiveness of the efforts from CIFA, Ms. Arbogast and staff. Mr. McLaughlin also noted the discussions held with representatives from the Authority's partner agencies, including Nicole Rowan at the WQCD and Chantal Unfug at DOLA, to coordinate efforts regarding the CDS issue. Ms. Arbogast addressed the Board and noted there have been several more meetings with various Congressional offices, and Mr. McLaughlin has been in contact with his counterparts in other states, especially in those states that have members on the Appropriations Committee. According to Ms. Arbogast, the decisions to earmark are made at the beginning of every year, by the House Rules Committee and Senate Leadership. Once the decision has been made, the appropriators decide what accounts can be earmarked, as not all accounts within the Federal government are eligible. The appropriators also decide on what conditions the earmarks must meet. Ms. Arbogast also noted that if there is a year-long continuing resolution on the budget, all FY 2024 earmarks are eliminated, so that may give the Authority some temporary reprieve. The most simplistic option to address the CDS issue is to make the SRF funds ineligible for earmark funding. This approach has received support from Senator Bennet's office and representatives from his office are currently holding talks with the appropriators. The other alternative is to only earmark loans, not grants, and to require those loans to be administered through the state agencies that currently administer the SRF loans, not the EPA. Ms. Arbogast believes this Fall will be the most opportune time to make the case for not earmarking SRF funding. The Board thanked Ms. Arbogast for helping the Authority address this important issue.

The meeting returned to its regular Agenda order.

Report of the Chair – Chair Vandiver didn't have a formal report but offered his apologies for missing the Project Finance and Governmental Affairs Committee meetings last week. Chair Vandiver also noted all the activities staff has been involved in since the last Board meeting, especially noting the work completed on the two CDS letters that were previously referenced.

Report of the Treasurer – Committee Chair Fabbre also offered his apologies for missing the two Committee meetings last week. Director Fabbre also noted that the Budget & Audit and Investment Committees did not meet since the last Board meeting. Controller Justin Noll continued the Treasurer's

report noting that several financials were provided in the Board materials through May, as staff is still catching up after the audit completion and providing financial information necessary to complete the 2024 Intended Use Plan and upcoming bond issue. Mr. Noll also confirmed receipt of the PERA report from the state and noted investment rates for 2022 were at -13% and the unfunded liability increased from \$4.7 billion to \$10.9 billion. The Authority's pension liability will increase for 2023 as a result. Mr. Noll is not aware of any required percentage increase for employer or employee contributions, but he will continue to monitor the situation. A motion was made to approve the Treasurer's Report.

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

Report of Executive Director – Keith McLaughlin highlighted various portions of his written report and announced that he is close to executing an engagement letter with Sherman & Howard to assist the Authority as employment counsel. The selection came after interviewing four other firms, with the assistance and guidance of the Authority's general counsel, Karl Ohlsen. It was noted that some of the other firms were very expensive, and Sherman & Howard offered competent, 15 attorney staffing that will meet the Authority's needs at a reasonable cost. Since Sherman & Howard has mutual clients with the Authority, a conflict of interest waiver is necessary prior to completing the engagement letter. Mr. McLaughlin also reported that Boards and Commissions reached out to inquire about the three Board members whose terms are up on October 1st including Chair Vandiver, Director Corkle and Treasurer Fabbre. Director Fabbre just completed his first term and is eligible to serve a second term and was asked by Boards & Commissions to submit his application for second term consideration. Chair Vandiver and Director Corkle have both served two terms, the current limit set by Governor Polis. However, both are interested in serving another term and the Board was agreeable to have letters sent to Governor Polis and Boards & Commissions for reappointment consideration. Chair Vandiver thanked the Board for their support of serving another term. A motion was made to send letters of support by the Board Vice-Chair and the Board Chair to the Governor and Boards & Commissions to retain all three Directors.

Motion: Eric Wilkinson
2nd: Lucas Hale
Vote: Motion carried

Mr. McLaughlin briefly reviewed the sponsorship spreadsheet contained in the Board materials for transparency purposes and to let the Board know the entities that the Authority continues to sponsor. Mr. McLaughlin also briefly reviewed the Executive Director's 2023 goals contained in the Board materials and encouraged Board members to reach out to him regarding any specific goals and or feedback. The list includes completed goals, continuing goals and future goals for the Authority and its staff. The report continued with an announcement of an upcoming meeting between Chair Vandiver, Nicole Rowan and Jeni Arndt to revive the liaison meetings with the Water Quality Control Commission. Ms. Wells suggested a "meet and greet" at a future water Congress conference between the Water Quality Control Commission (WQCC) and the Authority Board. Chair Vandiver advised that the previous joint WQCC and Authority Board meeting was very beneficial and would encourage the Board to consider holding another one. The report concluded with an announcement of recent staff anniversaries, including Senior Financial Analyst II Ian Loffert's 6-year work anniversary, Financial Analyst II Austin Reichel's 4-year work anniversary and Deputy Controller Claudia Walter's 26-year work anniversary. Mr. McLaughlin noted that Ms. Walters was the longest tenured employee in the Authority's history, and just recently retired.

Resolution of Appreciation for Claudia Walters, Resolution No. 23-22

Mr. McLaughlin referred to Resolution No. 23-22, and thanked Claudia Walters for her 26 years of dedicated service to the Authority. Ms. Walters started at the Authority six months prior to Mr. McLaughlin, and he knew instantly when he met her that she was going to be a valuable asset to the Authority. Ms. Walters always took great pride in her work and also possesses a strong work ethic. Mr. McLaughlin hopes Ms. Walters will return to the Authority on a part-time basis to assist the Accounting department with future training and other projects. Various Authority staff members also expressed their

appreciation to Ms. Walters and shared stories and favorite memories of working with her. Keith McLaughlin read Resolution No. 23-22, a Resolution of Appreciation to Claudia Walters, in its entirety for the record. A motion was made to approve Resolution No. 23-22.

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

Resolution of Appreciation for Michael Beck, Resolution No. 23-23

Mr. McLaughlin referred to Resolution No. 23-23, and noted that Mr. Beck started at the WQCD twelve years ago, during a very busy time working through the American Recovery and Reinvestment Act, commonly known as ARRA. Mr. McLaughlin noted that 45 loan applications were approved at a single meeting during that busy time, and Mr. Beck hit the ground running. Mr. Beck has become invaluable asset at the Division and has had numerous successes during his tenure as Section Manager. Mr. Beck is moving to a different position at CDPHE and will be greatly missed. Various Authority staff members and Mr. Beck's colleagues at the Division also expressed their appreciation to Mr. Beck and wished him well in his new position. Keith McLaughlin read Resolution No. 23-23, a Resolution of Appreciation to Michael Beck, in its entirety for the record. A motion was made to approve Resolution No. 23-23.

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

Accounting Manager's Report

Controller Justin Noll introduced the Accounting department's newest Accountant, Aaron Best, who started at the Authority in June. Mr. Best thanked the Board and stated he's happy to be at the Authority and loves the mission, projects and the entire team. The Accounting staff has been attending product demos for new Enterprise Resource Planning (ERP) software, formerly known as Accounting software, to replace the current software that is sunsetting and requires replacement. Staff expects to reach a decision on the new software in the coming weeks.

Finance Manager's Report

Finance Director Jim Griffiths reported that the EPA annual audits for the two SRF Programs were included in the Board materials and noted that this year's audit was more in-depth than previous years, due to new staffing at EPA following Brian Friel's retirement. Both audits received a clean review with no recommendations. Mr. Griffiths also noted that meetings with Arkansas Valley Conduit participants are ongoing and four or five of those projects are expected to request SRF funding in the near future. Mr. Griffiths provided an update on the delinquent payments from Olney Springs and confirmed that both outstanding payments were made in mid-June and didn't require intervention from Mr. Ohlsen. Mr. Griffiths concluded the report with confirmation that the Authority applied for 5 capitalization grants: DWRF Base, DWRF Supplemental, WPCRF Base, WPCRF Supplemental and the 2021 DWRF Base Wyoming Reallocation. Awards are expected shortly. The remainder of the outstanding capitalization grants for DWRF Lead, DWRF Emerging Contaminants and WPCRF Emerging Contaminants will be submitted in the coming weeks.

Office Manager's Report

Office Manager Sabrina Speed announced that the Popular Annual Financial Report (PAFR) Committee has met several times over the past month to begin work on the 2023 report. As previously reported, the Committee is breaking the project into two phases: design and final numbers, with work beginning on the 2023 design. One suggestion that the Committee made was to include pictures of each of the Board members for the 2023 report. Staff will arrange to have a photographer available at the October or December Board meeting for this purpose. The Board's preference was to have the photographer at the October Board meeting, to avoid conflicts with the holidays and/or winter weather.

Report of Legal Counsel – Karl Ohlsen

Mr. Ohlsen did not have a formal legal report but noted he is working with staff on the framework for a private, not-for-profit project that is expected soon. Additionally, Mr. Ohlsen worked with the Executive Director on interviewing potential employment counsel. Mr. Ohlsen opined that Sherman & Howard is a good choice for the Authority to utilize as employment counsel.

Drinking Water Revolving Fund

Loan Application – Pine Brook Water District, Resolution No. 23-24

Jim Griffiths presented the Pine Brook Water District’s loan request for a Bipartisan Infrastructure Law (BIL) loan in the amount of *\$1,407,650, at 3% interest for a term of 20 years. Mr. Griffiths noted that this loan request was tabled at the June Board meeting, pending additional information from the District and Authority staff. Mr. Griffiths also noted that the memo included in the Board materials was updated and included changes suggested at the Project Finance Committee (PFC) meeting. This loan request was reanalyzed for BIL eligibility and staff determined Pine Brook Water District was not BIL eligible based on further analysis. This loan request was returned to the Board with a new recommendation: to approve Pine Brook Water District for a base DWRF direct loan only, removing the BIL and PF components of the loan. Mr. Griffiths reviewed a few of the financial indicators of the loan and stated that since it is now a loan only (no PF), the District may be required to increase rates to secure the loan. This base DWRF direct loan request received a favorable recommendation from both the SRF staff and PFC. Director Wells commended staff for the thoughtful review of this “reverse business case” and for providing the additional information necessary to make an informed decision. A motion was made to approve Resolution No. 23-24, approving a Drinking Water direct loan and execution of a loan agreement and other necessary documents, therefore, subject to meeting the Authority’s covenants, and increasing user rates, if necessary, sufficiently to meet the Authority’s rate covenant prior to loan execution.

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

Loan Application – Town of Silt, Resolution No. 23-27

Austin Reichel presented the Town of Silt’s loan request for a funding package through the DWRF program in the total amount of \$27,250,000, comprised of approximately *\$14,415,175, leveraged loan plus cost of issuance, a *\$4,189,825 repayable BIL direct loan, *\$5,000,000, BIL General Supplemental PF, *\$1,645,000, BIL Emerging Contaminants PF, and *\$2,000,000, Disadvantaged Communities base program PF. The project consists of upgrading the existing water treatment plant which includes improvements to the pretreatment to address coagulation, ballasted flocculation, and sedimentation. The project will also upgrade treatment to mixed media filtration for iron and manganese removal and include installation of UV disinfection. Based on the discussions held at the PFC meeting, staff updated the memo to provide options for loan approval. This will require additional discussion at a future Board Program Work Session to determine how to address entities that have received CDS funding. Addressing a question from the PFC meeting, Mr. Griffiths confirmed that according to EPA, CDS funding cannot be used to prepay a SRF loan.. There were also discussions about establishing a policy to prohibit lending to entities that have received CDS funding but staff cautioned against that approach and acknowledged that this would require further discussion. Austin Reichel then reviewed the credit report and confirmed that the Town qualified for Category 2 DAC status at the Authority’s March Board meeting. This total package will be comprised of approximately 68% loan and 32% grant funding. This project will require the Town to increase user rates by approximately \$61 per month. Mr. Reichel introduced the Town Manager, Jeff Layman, to address the Board and answer any additional questions. Mr. Layman thanked the Board for the opportunity and thanked staff for helping the Town navigate the SRF lending process. The Town shares the Board’s concern about the CDS funding and is working to understand the process and implications of the CDS funding. A motion was made to approve Resolution No. 23-27, approving a DWRF loan to the Town of Silt and execution of a loan agreement and other documents necessary therefor, subject to the

following conditions: the Town increasing user rates, to meet the Authority's rate covenant prior to loan execution.

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

A subsequent motion was made to approve and begin negotiating a DWRF leveraged loan with the Town of Silt in the amount of approximately \$15,500,000 plus cost of issuance at 80% of the interest rate received by the Authority on the associated bond issue for a term of 20 years plus construction, and to authorized staff to begin drafting a preliminary official statement incorporating the Town; subject to the Town increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution.

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

Loan Application – Highland Lakes Water District, Resolution No. 23-25

Giorgi Gazashvili presented the Highland Lakes Water District's loan request for a DWRF direct loan in the amount of \$807,988 with *\$646,390, of base DAC PF. The loan term is for 20 years with a 1.0% interest rate. The project serves to construct a new membrane surface water treatment plant to come into compliance with the Ground Water Under Direct Influence (GWUDI) of surface water requirements. This request received a favorable recommendation from the SRF and the Project Finance Committee. A motion was made to approve Resolution No. 23-25, approving a DWRF loan to the Highland Lakes Water District and execution of a loan agreement and other documents necessary therefor.

Motion: Lucas Hale
2nd: Bruce Whitehead
Vote: Motion carried

Byers Water & Sanitation District, BIL Business Case

Ian Loffert presented the Byers Water & Sanitation District's BIL Business Case and noted that the District's representatives would be available to answer any questions following the presentation. Mr. Loffert confirmed that the District did not qualify for BIL eligibility but scored 2 out of 3 points for BIL eligibility criteria. The District missed the MHI criteria by approximately \$10,000, and the District's MHI is considered unreliable. Mr. Loffert noted that the District's MHI has been historically reliable but has become less reliable in the past few years, beginning with the 2020 census, and currently cannot be counted on as reliable. Mr. Loffert confirmed that staff has seen this trend recently, especially in smaller communities. Unreliable data is a common challenge in smaller communities, due to a small sample size. For example, the District's sample size included some large, profitable farms. Mr. Loffert noted that prior to 2020, when the District's MHI was considered reliable, it was consistently below or near the prevailing state MHI and the District would have qualified for BIL eligibility. Mr. Loffert also noted that the District will not need a rate increase for the proposed loan but granting BIL eligibility would allow the District to complete other capital improvement projects and would improve the District's coverage ratio and provide the potential for BIL principal forgiveness. This request was forwarded with a neutral recommendation from the SRF Committee, but received a favorable recommendation from the PFC, with one Committee member voting against it due to the lack of reliable MHI data and the anticipated cost burden for future loans. The District's Board member, Annette Tarantino, thanked the Board for its consideration of the business case and discussed the financial impact on its approximate 500 household community. Ms. Tarantino noted this is a small community with limited growth and the Board approval of the business case would be beneficial to its members. District Project Engineer, Dannah Koeniger, addressed the Board and noted that the 2021 census data included a \$34,000, margin of error and the District missed the MHI criteria by only \$10,000. Ms. Koeniger also noted that currently, the District only operates water and sanitation and has a combined fund of water and sewer. There have been discussions recently about separating the two accounts but no changes thus far. According to DOLA, had the District only pledged water for the proposed loan, a rate increase would have been required, but since they're combined no rate increase is

anticipated. Director Treese noted that he was the single no vote at the PFC meeting and briefly explained his rationale, noting concern for the program's overall funding. The overall consensus of the Board was to discuss the MHI uncertainty at a future Board Program Work Session and potentially find alternative data to measure, rather than making exceptions to established criteria. A motion was made to approve the Byers Water & Sanitation District's BIL business case.

Motion: Eric Wilkinson

2nd: Patti Wells

Vote: Motion carried

BIL State Match, Resolution No. 23-30

Keith McLaughlin referred to Resolution No. 23-30, contained in the Board materials and noted that this Resolution was brought forth from passage of SB23-238, concerning authorization to use money in the small communities water and wastewater grant fund to provide the state funds for water projects for which a state match is required. Mr. McLaughlin noted that the WQCD will receive two years of funding totaling approximately \$20 million coming in the next month or so that would cover the required BIL 2024 and a portion of the BIL 2025 state match. A Resolution is required to accept receipt of the funds and to meet the state match obligations. A motion was made to approve Resolution 23-30, approving receipt terms for use of state match funds for BIL program in the Water Pollution Control Revolving Fund and Drinking Water Revolving Fund.

Motion: Bruce Whitehead

2nd: Lucas Hale

Vote: Motion carried

Intended Use Plan Changes for 2024

Wesley Williams reported that annually the Board approves changes to the DWRF and WPCRF Intended Use Plans (IUP) each year in August, if necessary. The recommended changes for 2024 were outlined in the memo contained in the Board materials and include: the Board establishing maximum PF limits on BIL funds (which could include different limits for different borrowers), applicants that have met BIL eligibility criteria will have its BIL eligibility status reviewed and confirmed by the Authority Board, to allow a transfer from a BIL DWRF pot of funds to a similar WPCRF pot of funds (specifically the Emerging Contaminants funds), changing the loan application deadlines from the 15th of the month to the 5th of the month and to allow staff or the Authority Board to request a business case or further analysis (reverse business case) if they believe the BIL eligibility criteria doesn't accurately reflect the community. A motion was made to approve staff's recommended changes as outlined in the August 23, 2023, memo and authorize staff to start incorporating the proposed changes into the 2024 Intended Use Plan.

Motion: Eric Wilkinson

2nd: Karen Wogsland

Vote: Motion carried

Status of Projects

Kevin Carpenter reported that staff attended twelve DWRF pre-qualification meetings since the last Board meeting. Five DWRF loan applications are expected at the October Board meeting: North Washington Street Water & Sanitation District (approximately \$1.6 million), Byers Water & Sanitation District (approximately \$1.82 million) and the Town of Starkville (approximately \$100,000 for a supplemental loan request). Mr. Carpenter announced that nine Planning Grants have been awarded since the last Board meeting and \$10,000 remains available for 2023 Planning Grant and the last \$10,000 has been allocated and will be awarded in September. The WQCD has informed the Authority that several more Planning Grant requests are expected before the end of the year and staff will likely request increased funding at the October Board meeting. Similarly, five new Design & Engineering Grants were awarded since the last Board meeting and \$96,750, of budgeted Design & Engineering Grant money remains available for 2023. Mr. Carpenter announced that the Project 7 Water Authority interim loan approval expired on August 16th and the interim loan has not yet been executed. Staff is working closely with Project 7 and will provide an

update at the October Board meeting. The report concluded with confirmation of 200 outstanding DWRP loans with a loan balance of approximately \$392 million.

Water Pollution Control Revolving Fund

Loan Application – Leadville Sanitation District, Resolution No. 23-34

Wesley Williams noted that representatives from the District were virtually present and would be available to answer any questions following the presentation, if necessary. Mr. Williams then presented the Leadville Sanitation District’s request for a funding package through the WPCRF loan program in the amount of \$17,000,000, comprised of approximately *\$12,500,000 leveraged loan plus cost of issuance, *\$1,622,449 repayable Base DAC direct loan, *\$1,377,551 repayable BIL General Supplemental direct loan and *\$1,500,000 BIL General Supplemental PF. The leveraged loan will be for a term of 20 years, at an interest rate of 80% of the market rate on the Authority’s 2023 Series A State Revolving Fund Revenue Bonds. The Base and BIL direct loan will be for a term of 20 years, at an interest rate of 2% on the first \$3 million of repayable loan and 3% on the repayable loan amount above \$3 million, all subject to increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution. The project consists of improvements to the wastewater facility, including upgrades and repairs to the aeration basins, clarifiers, solids handling, disinfection, septage receiving station and headworks. Addressing a question posed at the PFC meeting, Mr. Williams noted this project wasn’t placed on the Consent Agenda due to the expected \$13 rate increase. District representative Chelsea Fagan thanked the Board for its consideration and noted this is a much-needed project for the District. This request received a favorable recommendation from the Project Finance Committee. A motion was made to approve Resolution No. 23-34, approving a DWRP loan to the Leadville Sanitation District and execution of a loan agreement and other documents necessary therefor, subject to the District increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution.

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

A subsequent motion was made to approve and begin negotiating a WPCRF leveraged loan with the Leadville Sanitation District in the amount of approximately \$12,500,000 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 20 years plus construction, and to authorize staff to begin drafting a preliminary official statement incorporating the District; subject to the District increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution.

Motion: Chris Treese
2nd: Lucas Hale
Vote: Motion carried

Loan Application – Town of Ramah, Resolution No. 23-35

Ian Loffert presented the Town of Ramah’s request for a BIL Supplemental direct loan through the WPCRF loan program in the amount of \$1,292,557 with up to *\$673,784 of BIL General Supplemental PF funds. Mr. Loffert confirmed that the Town has secured grant funding and PF totaling approximately 85% of the total project cost. The BIL direct loan will be for a term of up to 30 years, at an interest rate of 1.25%, subject to increasing user rates sufficiently to meet the Authority’s rate covenant prior to loan execution. Mr. Loffert also noted that the proposed project cost and proposed debt is large for the Town’s size and it is estimated that a \$21 increase per tap per month rate increase will be required to take on the proposed debt. However, the Town Clerk informed the Authority that in mid-August, the Town Board agreed to start increasing rates starting with a \$10, increase in September. Mr. Loffert confirmed the relatively large rate increases were the reason this project wasn’t recommended for the Consent Agenda. The project consists of constructing three evaporation ponds located on property purchased by the Town outside of the 100-year floodplain and constructing a lift station and force main to transport liquid from the collection system to the evaporation ponds. This project received a favorable recommendation from both the SRF and PFC.

Town Clerk Cindy Tomkins noted that this project is needed because the Town's sewer lagoon is old and located in a floodplain and the Town is trying to be proactive to replace it. Ms. Tomkins also thanked the Board for its consideration of the proposed loan. A motion was made to approve Resolution No. 23-35, approving a WPCRF loan to the Town of Ramah 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 loan execution.

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

City of Sterling Green Project Reserve Loan Approval Extension

Wesley Williams reported that the City of Sterling is the current Water Revenue Bond Program borrower and staff has experienced some complications while issuing the municipal bonds for the City, as detailed in the August 23, 2023, memo contained in the Board materials. Due to the numerous issues and delays, staff is requesting a one year loan extension for the GPR direct loan, valid until August 24, 2024.

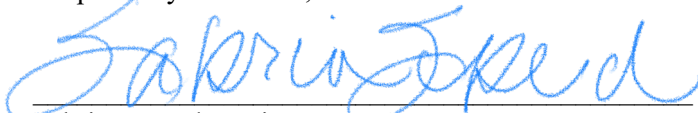
Motion: Eric Wilkinson
2nd: Karen Wogsland
Vote: Motion carried

* - Estimated PF and direct/leveraged loan amounts through the BIL and/or Base programs.

Adjournment

Chair Vandiver announced that after conferring with Mr. McLaughlin and due to time constraints of the meeting room, the decision was made to adjourn the meeting at 5:21 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.