

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

December 2, 2022

Call to Order

Chair Bob Wolff called the meeting to order at 9:02 a.m. in the Authority Conference Room, located at 1580 N. Logan Street, Suite 810, Denver, 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. Directors Treese, Fabbre, Hale and Wogsland joined the meeting virtually. Director Treese joined virtually at 9:05 a.m. A quorum was declared with all nine Board members present.

Approval of Consent Agenda

Chair Wolff announced the following items had been placed on the Consent Agenda for Board consideration at the Board Program Work Session: Agenda Item 6(e) Investment Policy Review and Approval; Agenda Items 7(b) and 8(b) Additions/Modifications/Deletions to the Project Eligibility List for Joint Resolution. A motion was made to approve the Consent Agenda, as presented.

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

Approval of Minutes – October 7, 2022

The October 7, 2022, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of October 7, 2022, as presented.

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

Introduction of Guests

Chair Bob Wolff asked all guests in attendance to introduce themselves for the record, and in homage to former Director Roy Heald, asked all to state who their prediction is to win the World Cup.

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 met on November 16th and 17th at the Denver Water Board’s campus. At that meeting, the CWCB Board approved a total of \$4.9 million in new loan funding; including two loans to special subdistricts for the Alpha Hay Farms Augmentation Project. The January 2023 Board meeting will likely include more than \$20 million in new loan approvals. The major focus of the November CWCB Board meeting was to review the Finance Committee’s results and recommendations and take action on approval of the 2023 Projects Bill. The Board approved a total of \$70 million in non-reimbursable

investment (NRI) projects to be included in the 2023 CWCB's Projects Bill. Approximately \$6 million of the projects are a continuation of the previous year's funded projects. Mr. Russell briefly reviewed some of the projects included in the written report. Water Fund Grant applications were received on December 1, 2022, for a March 2023 Board consideration. CWCB received approximately \$11.4 million in Prop DD revenue from State FY21/22 for the Water Plan Cash Fund. The Board recommended to appropriate \$12.6 million in the 2023 CWCB Projects Bill for distribution in the fall/winter of 2023/24. The financial breakdown will be determined at the CWCB's May 2023 Board meeting. Mr. Russell noted the CWCB has started to add several Regional Water Plan Grant Managers to facilitate administration of the Prop DD grant program. In addition, the CWCB is interviewing for a Marketing and Communications Director. Mr. Russell reported that severance tax projections for the CWCB remains in excess of \$80 million. In addition, the Severance Tax Operational Fund spillover could result in an additional \$50 million for project funding. The CWCB Board will meet in Aurora at the Hyatt Regency Aurora-Denver Conference Center on January 23rd and 24th prior to the Colorado Water Congress' Annual Convention. Following the report, Chair Wolff asked about CWCB Director Mitchell's potential change in responsibilities and Mr. Russell stated that this was a fluid situation and that the CWCB staff didn't have any additional insight at this time.

Report of Water Quality Control Division ("WQCD")

Ron Falco, Safe Drinking Water Program Manager, referred to the written agency report and noted an item that wasn't included in the report; Denver Water's variance was continued and reapproved by EPA Region 8. Mr. Falco opined that this was the outcome of an unbelievable amount of work by Denver Water to implement its lead reduction program. Mr. Falco also noted the Water Quality Control Commission ("Commission") will hold a written comment only rulemaking hearing for Regulation #55 (State Funded Water and Wastewater Infrastructure Programs) in December. The Commission will not meet in January but will meet again on February 13, 2023, the meeting format (in person or virtual) has yet to be determined. Mr. Falco noted that the Governor's proposed state FY 2023/2024 budget included \$30 million specifically dedicated for the SRF BIL match. The proposed budget still awaits approval and Mr. Falco commended WQCD staff for working diligently to secure the funding. Mr. Falco also commended Michael Beck and his staff for helping to launch the Clean Water in Schools and Childcare Act program. Colorado Rural Water Association is the Division's contractor to provide associated training for this program. The Division is working to determine how to support public water systems with the revised lead and copper rule, specifically the process for lead service line inventory. This is critical as it will potentially drive projects into the SRF Programs. Mr. Falco noted that the City of Louisville, Superior Metropolitan District and East Boulder County were awarded the Drinking Water Pursuing Excellence Commitment Award for 2022. The Division selected these three entities for the level of excellent work completed during the Marshall Fire. Mr. Falco concluded his report with a brief update on the variety of training services offered by the Division. Following the report, Chair Wolff commended Mike Beck for the informative lead presentation provided at the Board Program Work Session.

Report of Department of Local Affairs ("DOLA")

Cynthia Thayer, DOLA Local Government Services Director, referred to the written report and stated that the most recent Energy and Mineral Impact Assistance Fund ("EIAF") funding cycle awarded approximately \$1 million in water and sewer projects for Tier I (up to \$200,000) applicants, and Tier II (up to \$75,000) awards will be considered at the Advisory Committee's meeting in Pueblo next week. There are over \$10 million in water and sewer funding requests for the Tier II awards. The next EIAF application deadline is March 1st and will include \$25 million in available funding. In addition to award considerations next week, the Advisory Committee will also reevaluate the EIAF program, especially in light of severance tax revenue increases. Factors that will be considered include local needs, local demand and revenue projections. The Committee will also consider increasing the \$25 million in available funding as well as potentially increasing the project caps. A renewable energy component may

also be added to the EIAF program criteria. . More details will be provided at the January Board meeting following the Committee’s meeting. Ms. Thayer also provided an outreach and education update noting that two events were held in November, and another is forthcoming in January in conjunction with CDPHE staff. The Small and Rural Communities Technical Services Program had a successful year and the \$25,000 Drinking Water budget allocation will be nearly exhausted by the end of the year. The Wastewater Small and Rural Communities Technical program is expected to utilize approximately \$32,000 of the \$50,000 budgeted allocation for this program. Ms. Thayer also noted that the Office of the State Auditor recently informed DOLA that some local governments are struggling to meet the statutory audit filing deadlines and DOLA staff is continuing to monitor this situation. One cause has been a shortage of CPA’s and there have been reports that auditing firms have been dropping local governments due to the staffing shortage. Ms. Thayer concluded her report with a brief analysis of the American Rescue Plan Act (“ARPA”) funding for the period of March 2021 through March 2022. As a reminder, Ms. Thayer noted that ARPA funds must be obligated by the end of 2024, and expended by the end of 2026.

Authority Reports

Public and/or Board Member Comments

None.

Report of the Chair

Chair Bob Wolff stated that it appeared the Governor is continuing the two-term policy for Board reappointments and Chair Wolff will remain until his replacement is confirmed by the Senate.

Report of the Treasurer – Treasurer Chris Treese referred to the provided written report and deferred to Controller and Assistant Treasurer Justin Noll to provide the Treasurer’s report. Mr. Noll referred to the written report and stated that financials were provided in the Board’s materials through August. Typically, financials are provided through September by this time of year, but the Accounting department is short-staffed and is in the process of filling that position so they can catch up before the audit preparations begin. Mr. Noll also reported that money market rates continue to increase and COLOTRUST is hovering around 4%. Additionally, the Fed is expected to increase rates again next year. A motion was made to accept the Treasurer’s Report.

Motion: Patti Wells

2nd: George Corkle

Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report contained in the Board materials and stated that Authority staff recently met with representatives with US Bank, the Authority’s current trustee, and encouraged US Bank to submit a fee proposal to continue to serve as trustee and loan servicer. The current, three year contract with US Bank is due to expire on February 8, 2023. Mr. McLaughlin also noted that if the Authority decides to put the trustee contract out to bid, the transfer process could take 4-6 months to complete. If this occurs, staff is confident they could receive an extension from U.S. Bank beyond the February 2023 contract expiration, to complete the RFP and transfer process. Staff ultimately hopes not to move trustee services from US Bank. Mr. McLaughlin also confirmed that a new proposal was received during the previous evening’s Board Program Work Session. Staff will be evaluating the new proposal in the coming weeks and will provide an update at the January Board meeting. Additionally, Mr. McLaughlin spoke with a reporter from the *Colorado Sun* newspaper and answered several questions about the Authority’s Water Revenue Bond Program. It was noted that the Authority is experiencing a higher public profile due to the available BIL funding and the SRF programs and this will likely continue. Mr. McLaughlin, Mr. Griffiths and Mr. Williams attended the Council of Infrastructure Financing Authorities (“CIFA”) conference workshop in St. Louis, Missouri in early November. Mr. McLaughlin sits on the CIFA Board of Directors and both he and Mr.

Griffiths presented at the well-attended conference. Following up on a question previously posed by Director Treese, Mr. McLaughlin confirmed with DOLA that there is not an opportunity for the Authority to apply for assistance for the required SRF state match from any of DOLA's current assistance programs. However, staff of all three SRF partner agencies continue to seek state match funding resources from the governor/state. Mr. McLaughlin also spoke in support of DOLA's Small and Rural Communities Technical Services Program and hopes to make that program even more useful as infrastructure projects continue moving forward. Mr. McLaughlin concluded the report with an announcement that Sabrina Speed, Authority Office Manager, recently celebrated her 20th work anniversary and thanked her for her tremendous efforts.

Resolution of Appreciation to EPA's Brian Friel, Resolution No. 22-28

Chair Wolff congratulated Brian Friel on his pending retirement and thanked him for delaying the retirement an additional year to assist the SRF Programs with the BIL funding. Chair Wolff asked Mr. McLaughlin to read the full contents of Resolution No. 22-38 for the record. Prior to the reading, Mr. McLaughlin thanked Mr. Friel for his tireless efforts working as the SRF Program Coordinator for Region 8, which encompasses Montana, Wyoming, Colorado, Utah, North Dakota and South Dakota. Mr. Friel has provided dedicated service to EPA for 31 years, serving 25 of those years on the SRF Programs. Mr. McLaughlin noted how knowledgeable, accessible and helpful Mr. Friel has been during those years. The Colorado SRF Programs are much better because of Mr. Friel's dedication to them. Michael Beck (WQCD), Mike Brod (former Authority Executive Director) and Mark Henderson (WQCD) also expressed their gratitude to Mr. Friel for his efforts to the SRF Programs. A motion was made to adopt Resolution 22-38.

Motion: Patti Wells

2nd: Steve Vandiver

Vote: Motion carried

Following the vote, Mr. Friel thanked the Board for the generous Resolution and everyone for their kind words. Mr. Friel stated it's been a pleasure working with the partner agencies over the years.

Accounting Manager's Report

Controller Justin Noll reported on upcoming IT projects, including: a new server, firewall replacement, back-up storage and battery back-up on the server. These projects will likely be started before the end of the year but will not be completed until next year.

Finance Manager's Report

Finance Director Jim Griffiths announced that the Authority will have a new Financial Analyst I, Giorgi Gazashvili, starting in mid-January. Authority Finance staff also prepared a BIL cheat sheet, intended to provide clarification for base and BIL funding and the associated polices. The guide outlines the Board's responsibilities, what is included in the Intended Use Plan, and various percentages associated with the various BIL funding requirements. This guide will be distributed prior to the next Board meeting to assist with funding decisions. Mr. Griffiths concluded his report with an update on BIL funding, confirming that to date, the Board has approved nine BIL loans (either full BIL or partially comprised of BIL funds) totaling approximately \$109 million. Denver Water has secured approximately \$76 million of the total for its lead service line replacement project.

Office Manager's Report

In the absence of Office Manager Sabrina Speed, Keith McLaughlin provided the report and announced that a sign-up sheet was being circulated for the upcoming Colorado Water Congress Annual Convention and asked Board members to indicate their conference and hotel accommodation preferences. Mr. McLaughlin built on a comment from Mr. Griffiths' earlier report and stated that the concept for a BIL cheat sheet was a direct result of a Board member's comment and encouraged the Board to keep the suggestions for improvement coming.

FAMLI Review and Recommendation

Mr. McLaughlin reviewed the Board's previous discussions about the Family and Medical Leave Insurance ("FAMLI") program and stated the Board needs to decide today about the Authority's participation in the program and notify the FAMLI Division of its intent by December 31, 2022. As a governmental entity, the Authority has three participation options in FAMLI: participate in the program, decline all participation or decline employer participation. Mr. McLaughlin referred to the written memorandum contained in the Board's materials and briefly discussed the origin of the state-run program and the three available options. Staff's recommendation was to decline employer participation and support employees who wish to participate by voluntarily deducting and remitting the employee's share of the premium and corresponding quarterly wage data, at the Authority's expense, to the FAMLI Division. A formal resolution is required to be adopted should the Board opt to decline all or decline employer participation. Staff provided copies of both resolutions in the Board's materials for consideration. Prior to the motion, Mr. McLaughlin announced that the Authority is required to allow staff a public comment period to voice their opinions or ask questions, if desired. Several staff members expressed their desire for the flexibility to opt-in to the program at a later date, if needed but no employee was interested in participating in FAMLI at this time. A motion was made to accept staff's recommendation and adopt Resolution 22-39, declining employer participation in the FAMLI program.

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

Report of Legal Counsel – Karl Ohlsen

Mr. Ohlsen reported that since the last Board meeting, he's been working with Jim Griffiths on completing the Denver Water loan agreement. A final draft has been circulated and the loan should be closing soon. Additionally, Mr. Ohlsen noted that he is working with staff to incorporate the BIL funding into existing loan agreements and that work is going well.

Senate Bill 22-013

Mr. Ohlsen stated that Mr. McLaughlin asked him to review Senate Bill 22-013 (concerning requirements for boards and commissions, and, in connection therewith, making an appropriation) to see how it applies to the Authority Board. After a full review of the lengthy text of the legislation, Mr. Ohlsen concluded the Bill was primarily intended to address what happens when districts change as related to board appointments and opined that it doesn't directly apply to the Authority's Board. Some notable items within the legislation include the requirement of staff to notify the Boards and Commissions office within 30 days, if a Board member leaves before their term expires, and a determination that service of more than half of a term counts towards a term limit. If a Board member serves for less than half of a term, it doesn't count toward a term limit. Section 114 of the bill addresses the Water and Power Authority's statute, and others, requiring staggered terms so that no more than three Board members term expires within any given year. Finally, Mr. Ohlsen noted that the Governor can remove a Board member for cause without the requirement for a public hearing. Previously, a Board member had an opportunity for a public hearing prior to being removed, but that requirement was removed in this legislation.

2023 Legal Rates

Mr. Ohlsen noted that the partners at Carlson, Hammond & Paddock LLC met and reviewed expenses while considering 2023 legal rates, and with the rising costs and inflation, recommended a modest increase for 2023 legal fees. The revised fees were outlined in the memorandum included in the Board's materials. Mr. Ohlsen noted that the proposed rates are 15% below the firm's standard legal rates. Chair Wolff acknowledged Mr. Ohlsen's positive contributions to the Board.

Motion: Eric Wilkinson

2nd: George Corkle
Vote: Motion carried

Drinking Water Revolving Fund

Interest Rates Analysis

Wesley Williams provided a brief economic update with a presentation and interest rate analysis. He noted there was a good discussion and several recommendations at the Board Program Work Session the previous evening. Mr. Williams referenced the slide in the presentation that showed two negative gross domestic product (“GDP”) quarters in early 2022 that, by textbook definition, indicate the U.S. was in a recession. The third quarter indicated an increase in the GDP and signifies that the U.S. is out of the recession by the economic definition of a recession. Mr. Williams also noted the rampant inflation that the economy is experiencing, currently at 7.7%, as of October 2022. However, inflation is slowly decreasing, down from a high of 9.1% in June 2022. Mr. Williams also highlighted the increased cost of living in Denver, as illustrated by the graph contained in the presentation. Concerns about costs, including housing and cost of living, are on the rise in Colorado, and across the United States. In an attempt to combat the economic issues in the U.S., the Federal Reserve has been steadily increasing interest rates, and another increase is expected in the coming weeks. The presentation included the historically drastic federal reserve interest rate increases, from 0.25% in March of 2022, to 3.75% in November of 2022. The projection for the future federal funds targeted rate is expected to increase to 5%. Mr. Williams also shared other economic data highlighting the current state of the economy, including a comparison of the Authority’s current interest rates compared to those offered by the Colorado Water Conservation Board (“CWCB”), United States Department of Agriculture (“USDA”) and Water Infrastructure Finance and Innovation Act (“WIFIA”). The presentation concluded with an update of the projects that the Authority is anticipating for the two SRF programs and the significant increases in demand since the last report. Rates are expected to continue to climb, and staff has committed to follow and report any notable changes in the market to the Board. Following the presentation, Chair Wolff congratulated Mr. Williams and the Finance staff for the helpful presentation.

Leveraged/Direct/Interim/DAC Program Interest Rates for 2023

Mr. Williams referred to the written memorandum contained in the Board materials and noted the change suggested by Director Wells at the Board Program Work Session, correcting the current Small Hydropower Loan Program 30-year rate from 2.25% to 2.0%. The proposed 2023 program interest rate changes are as follows: for the BASE WPCRF & DWRF direct loans: (not designated a DAC) from 2.50% to 3.00% (20 year) and from 2.75% to 3.25% (30 year); for a DAC Category 1, from 1.60% to 2.0% (20 year) and from 1.75% to 2.25% (30 year); for a DAC Category 2, from 0.60% to 1.00% (20 year) and from 0.75% to 1.25% (30 year). For BIL WPCRF and DWRF loans: BIL DWRF Lead Service Line Replacement, from 2.50% to 3.00% (20 year) and from 2.75% to 3.25% (30 year); BIL DWRF General Supplemental, from 2.50% to 3.00% (20 year) and from 2.75% to 3.25% (30 year); BIL WPCRF General Supplemental, from 2.50% to 3.00% (20 year) and 2.75% to 3.25% (30 year). For interim loans, Small Hydropower Loan Program (“SHLP”) and the Leveraged Loan Subsidy: interim loans from 3.00% (up to 1 year) and 1% on undrawn portion per annum to 4.00% (up to 1 year) and 1% on undrawn portion per annum. For the SHLP, from 2.00% for both 20 and 30 year terms, to an increase of 0.25% to 2.25% for 30 year terms only and no change to the current leveraged loan subsidy. These proposed rates received a favorable recommendation from the Board Program Work Session. A motion was made to approve the proposed interest rate changes for 2023, as outlined in the memorandum.

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

Status of Projects

Austin Reichel reported that staff had attended five pre-qualification meetings since the last Board

meeting in October. One \$10,000 Planning Grant was executed with the City of Salida and two Design and Engineering (“D&E”) Grants executed since the last Board meeting. The two D&E Grants were awarded to the Town of DeBeque (for upgrades to its water treatment system) and to Beulah Water Works District (to replace approximately 2/3 of its existing distribution pipes). No new loan applications are expected for the January Board meeting. Mr. Reichel confirmed that four DWRP BIL loans, totaling approximately \$46 million, have been approved and staff is anticipating all loans closing before year-end. The four approved loans are with Denver Water, the Town of Buena Vista, Pagosa Area Water & Sanitation District and the City of Ouray. In conclusion, Mr. Reichel confirmed there are currently 208 loans outstanding in the DWRP Program totaling approximately \$236 million.

Water Pollution Control Revolving Fund

WPCRF Maximum Loan Limit

Jim Griffiths stated the Board had a full discussion on this topic at the Board Program Work Session and noted that due to increased loan demand and reduced lending capacity in the WPCRF program, staff’s recommendation was to approve and implement a maximum \$18 million loan limit per entity for the WPCRF loan program. The \$18 million loan limit max includes any principal forgiveness (currently \$1.5 million max) awarded as part of the project funding. This limit applies to base and BIL loans, as well as combined base and BIL loans. If approved, this loan limit may result in large projects using other sources of financing and may allow for additional smaller and lower cost projects to be funded. If the Board approves this temporary limit, the WPCRF maximum loan limit will be reviewed by the Authority Board no less than annually and earlier, if necessary. A motion was made to approve the proposed \$18 million WPCRF maximum loan limit.

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

Routt County Milner Enterprise – DAC Business Case

Kevin Carpenter provided a brief refresher on the practice of approving business cases since there are three on the agenda. Mr. Carpenter then presented the Routt County Milner Enterprise’s request for approval of a DAC business case that, if approved, would allow for access to Planning and Design and Engineering Grants and a reduced interest rate through the WPCRF program. The future \$3.5 million project is to replace existing lagoons with a mechanical treatment plant in order to keep Milner’s wastewater system up-to-date and meet long-term discharge permit requirements. The community does not qualify as a DAC because they only meet one primary factor, (median home value) and two secondary factors (community assessed value per household and current system debt), as outlined in the Board materials. With a qualifying median household income, Milner would have met two primary factors and be designated as a DAC, but the geography used to access the community is significantly larger than Milner and includes most of Northwest Routt County. The large geographic area includes large, wealthy resort areas and obscures the small, working-class community. This request comes with a favorable recommendation from the SRF Committee. Following the presentation, Director Wells suggested staff develop a process to present the business cases that is less cumbersome and more streamlined. She also suggested potentially having criteria that makes the DAC designation easier. Chair Wolff noted that the Board spent a great deal of time creating the DAC program and found it was not an easy task. A motion was made to accept the Routt County Milner Enterprise’s business case request and designate the Enterprise as a DAC Category 1.

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

Routt County Phippsburg Enterprise – DAC Business Case

Ian Loffert presented the Routt County Phippsburg Enterprise’s request for approval of a DAC business

case that, if approved, would allow for access to Planning and Design and Engineering Grants and a reduced interest rate through the WPCRF program, similar to the preceding Milner Enterprise request. The Enterprise will be seeking a future WPCRF loan for approximately \$4.1 million to replace existing lagoons with a mechanical treatment plant in order to keep Phippsburg's wastewater system up-to-date and meet long-term discharge permit requirements. The facility's current equipment has reached the end of its design life. The Enterprise did not qualify for DAC status, due to the lack of reliable MHI data. As previously mentioned, unreliable data is a common challenge with smaller communities, due to the small sample size when estimating the population characteristics. The Enterprise met the primary factor for median house value and secondary factor for community assessed value per household. Future growth will depend on the ongoing economic transition due to the planned closure of two coal-fired power plants in Hayden and Craig. The Enterprise did not meet the population change secondary factor because non-municipalities do not have available census data. Staff forwarded a favorable recommendation to the Board due to the lack of reliable MHI data, as well as affordability challenges and significant debt per tap attributed to the proposed SRF loan. A motion was made to accept the Routt County Phippsburg Enterprise's business case request and designate the Enterprise as a DAC Category 1.

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

Town of Yampa – DAC Business Case

Austin Reichel presented the Town of Yampa's request for approval of a DAC business case that, if approved, allow for access to Planning and Design and Engineering Grants and a reduced interest rate through the WPCRF program. The future project is to replace existing lagoon system with a mechanical treatment plant in order to keep the Town's wastewater system up-to-date and meet long-term discharge permit requirements. The facility's current equipment has reached the end of its design life. The proposed project will also include improvements to the collection system to reduce inflow and infiltration. The community does not qualify for DAC status due to the lack of reliable MHI data. The Town met the primary factor threshold for median home value and two secondary factors: community assessed value per household and current system debt. This request comes with a favorable recommendation from the SRF Committee. The Town previously received DAC status in 2017, and received a \$10,000 WPCRF Planning Grant. The Town has a similar economic situation as the two previous business cases since it is within the same County, so Mr. Reichel did not reiterate the previous discussions. This request received a favorable recommendation from the SRF Committee. A motion was made to accept the Town of Yampa's business case request and designate the Town as a DAC Category 1.

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

Following the vote, Ms. Santerre asked Director Wells for clarification of her request to simplify the DAC business case process, and Director Wells suggested providing a summary including why the DAC designation is needed (i.e., it will cost the community too much per household or something similar). Additionally, Director Wells noticed that the business case requests are often requested near ski resorts, so she suggested adding criteria specifically for ski resort counties, or some other useful measure. Ms. Santerre thanked Director Wells for the clarification and stated the SRF Committee will discuss the suggestions at a future Committee meeting.

Status of Projects

Ian Loffert reported that staff attended five pre-qualification meetings since the last Board meeting and multiple project development meetings with numerous entities. Mr. Loffert confirmed one loan application was received for consideration at the January Board meeting from the Town of Lake City for approximately \$3.7 million for a wastewater treatment facility. Since the last Board meeting, there have been two new \$10,000 Planning Grants issued to the City of Delta and Teller County, both intended for wastewater

facility upgrades. There is \$100,000, remaining in 2022 Planning Grants. There were no Design & Engineering Grants issued since the last Board meeting. Mr. Loffert confirmed that five WPCRF BIL loans, totaling approximately \$43.7 million, have been approved and staff is anticipating three of the five loans, totaling approximately \$36.4 million, will close before year-end. Of that total amount, approximately \$6.6 million will be comprised of BIL funds and the remainder from base funds. The City of Fort Lupton is scheduled to execute its loan on December 5th and will be the first BIL loan to close. There is approximately \$4.05 million in WPCRF BIL general supplemental funds still available, with approximately \$1.6 million designated as principal forgiveness.

Small Hydropower Loan Program

Wesley Williams stated there have been no SHLP matching grants awarded, or loan applications submitted this year, but staff has reached out to the City of Durango to offer assistance with its potential small hydropower project. The update concluded with an update on the City of Cortez, stating that the City was able to supplement its loan payment with general funds and therefore met the Authority's loan covenant. The City also informed Mr. Griffiths that it intends to pay off its SHLP loan, and potentially its SRF loan as well, with funds on hand.

Water Revenue Bond Program

Status Report

Kevin Carpenter provided a brief overview of the Water Revenue Bonds Program, originally created as a conduit or pass through program, for governmental agencies for projects that are not eligible for funding through the SRF Programs. At the December 3, 2021, Board meeting, the Board approved a requirement that borrowers cover 15% of the total cost of issuance and imposed a limit on the issuance of WRBP issues, based on available funds. Mr. Carpenter then reported there are no projects currently seeking financing through this program and that staff would continue to seek additional funding opportunities within this program.

Long Hollow Dam and Bobby K. Taylor Reservoir

Status Report

Mr. Griffiths noted that the outlet structure repair work was completed in October. 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.

Director Wolff exited the meeting at 11:30 a.m. and asked Vice-Chair Vandiver to chair the remainder of the meeting.

Committee Reports

Personnel Committee

Committee Chair Mike Fabbre confirmed that the Personnel Committee met on Monday, November 28th and all Committee and Board members attended the meeting. The Committee discussed various personnel issues and agreed to forward two favorable recommendations to the Board for approval: to adopt the recommended salary ranges for 2023 (with a 4% increase for all positions), and to award the Executive Director a 7.178% pay increase for 2023. A motion was made to approve the Personnel Committee's recommendations.

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

Board Program Work Session

Committee Chair Vandiver thanked the Board for its participation in the previous evening's discussion and noted that most items were handled during today's meeting and had no additional comments.

Governmental/Public Affairs

Committee Chair Wells announced that the Committee held its inaugural meeting on October 12, 2022, and minutes from that meeting were included in the Board's materials. Director Wells announced that the Committee determined it was useful to meet, at least annually, to discuss legislation and the possible impact(s) to the Authority. The Committee also concluded that the Authority should only take a position on legislation that may have a direct impact on its operations. Director Treese announced that Colorado State Senator Bob Rankin announced his intent to resign, effective January 10, 2023. The Vacancy Committee will meet in January to determine his replacement. Senator Rankin served on the Joint Budget Committee and his vacancy will be a significant loss to the state and the water community.

Adjustments to the 2022 Budget

Justin Noll reported that it is necessary to make a couple of changes to the 2022 budget as outlined in the December 2, 2022, memorandum contained in the Board materials. The adjustments are for informational purposes only as the amounts are within the Executive Director's authority to make since they are within the same spending group. The first adjustment is necessary due to additional incurred advertising and printing costs associated with recent job postings and the publication of the Popular Annual Financial Report ("PAFR"), formally known as the Annual Report. Additionally, budget changes are needed for the two SRF Programs due to the requirement for principal forgiveness associated with the BIL grant funding. The timing of the loan closures at the end of the year necessitates the budget reclassifications.

Budget & Audit Committee – Resolution No. 22-40 and Resolution No. 22-41

Justin Noll referred to the provided proposed 2023 budget in the Board materials and stated he would only briefly review the changes made since the last review at the October Board meeting. An adjustment was made to the Medical and Dental Insurance line item because the Authority received actual 2023 insurance rates from PERA and adjusted previous estimates. Mr. Noll originally estimated a 10% increase in rates and the actual increase was only about 1% so a downward adjustment was made. Additionally, an adjustment was made to the Copying, Printing and Advertising Costs for job posting costs as the Authority is contemplating adding new positions in the Finance department and the Accounting department may still be in the hiring process in early 2023. Mr. Noll also confirmed that the budget notice requirement was met on October 20, 2022, and no inquiries were made for public inspection. Prior to the motion, Mr. McLaughlin noted for the record that the additional FTE requests for the WQCD (10.8 FTE: 7.7 for DWRF and 3.1 for WPCRF) and DOLA (2 FTE) were specifically tied to the BIL funds, and could only be used from that source. The additional FTE authorization would only be available to the agencies as long as the BIL funds are available. Mr. McLaughlin will be working with Mr. Olsen on an addendum or separate agreement outlining each agency's responsibilities and other terms for the additional FTE positions. A motion was made to adopt Resolution No. 22-41, summarizing expenditure and resources for each fund, and adopting a budget for the Colorado Water Resources and Power Development Authority for the calendar year beginning on the first day of January 2023, and ending on the last day of December 2023.

Motion: Patti Wells

2nd: Eric Wilkinson

Vote: Motion carried

A subsequent motion was made to adopt Resolution No. 22-40, appropriating sums of money to the various funds and spending agencies in the amounts and for the purposes set forth for the Colorado Water Resources and Power Development Authority for the 2023 budget year.

Motion: Lucas Hale

2nd: George Corkle

Vote: Motion carried

Other Business

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin reported that he is still awaiting word from Boards and Commissions on the reappointments of Directors Wolff and Treese and will share an update when available. Mr. McLaughlin stated representatives of the Boards and Commissions office stated they were firm on the two-term limit. As a reminder, Mr. McLaughlin stated that current Board members will continue to serve until Governor appointed replacements are confirmed by the Senate. The Authority's Joint Resolution will be prepared for submittal to the Legislative Services in mid-December for introduction in January. Mr. McLaughlin will also seek sponsorship for the Joint Resolution once House and Senate leadership roles have been determined. On the Federal level, now that the elections are over, Mr. McLaughlin will again reach out to Colorado's delegation on the impacts of the recent cuts to the SRF funding programs.

Adjournment

Vice-Chair Vandiver adjourned the meeting at 11:58 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,