

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

January 29, 2025

Call to Order

Chair Chris Treese called the meeting to order at 3:00 p.m. in the VI Conference Room of the Hyatt Regency Aurora-Denver Hotel, located at 13200 E. 14th Place, Aurora, Colorado, 80011, and via video and audio tele-conferencing.

Pledge of Allegiance

Chair Treese invited all attendees to join him in the Pledge of Allegiance.

Board Member Identification and Declaration of a Quorum

Board members present: Chris Treese (Chair), Mike Fabbre (Vice-Chair), Karen Wogsland (Secretary/Treasurer), Matthew Shuler, Steve Vandiver, Patti Wells. Bruce Whitehead joined at 3:04 pm. Lucas Hale was absent. A quorum was declared with six Board members present. Director Wilkinson joined the meeting at 3:28 PM just following the report of the WQCD.

Approval of Consent Agenda

Chair Treese announced that the following items were placed on the Consent Agenda for Board consideration by the Project Finance Committee meeting: Agenda item 8(b) Loan Application for Town of Crawford. After hearing no comments, a motion was made to approve the Consent Agenda, as presented.

Motion: Mike Fabbre

2nd: Matt Shuler

Vote: Motion Carried

After approval, Bruce Bair (Public Works Director), Christopher Johnson (Mayor), and Steve LaBonde (consulting engineer) for the Town of Crawford, introduced themselves and expressed their gratitude to the Board and the entire SRF program for approving the Town's loan application.

Approval of Minutes – December 6, 2024

The December 6, 2024, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of December 6, 2024, as presented.

Motion: Steve Vandiver

2nd: Bruce Whitehead

Vote: Motion Carried

Introduction of Guests

Chair Chris Treese 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, CWCB Finance Section Chief, noted that the CWCB Board met January 27th and 28th. At that meeting, the Board approved one new loan for Rio Grande Water Conservation District (Special Improvement District No. 5 Saguache Augmentation Project) and one loan increase for Trinchera Groundwater Management Subdistrict (Water Rights Purchase). Mr. Russell mentioned that much of their Board meeting was spent discussing the freeze of Federal money, noting they hope it will all clear up in the next few months. \$9M in Water Plan Grants were received on December 1, 2024, for a March 2025 Board consideration. Mr. Russell added that there appears to be plenty of water planning grant money available for the current applications, and that Prop JJ increased the available revenue to approximately \$28M. Mr. Russell noted that CWCB has a new staff member, stating that Kathryn Weismiller is the new Water Supply Planning Section Chief. Mr. Russell announced that their next Board meeting will be on March 19th and 20th in the Denver Metro area. Mr. Russell concluded his report stating that he does not believe the freeze of Federal funds will have a massive impact on the CWCB.

Report of Water Quality Control Division (“WQCD”)

Ron Falco, Clean Water Program Manager, and Mark Henderson, Community Development and Partnership Section Manager, at the WQCD presented their report. Mr. Falco referred to their written report and highlighted that the WQCC will hold a written comment only rulemaking hearing on Regulation #55, the State Funded Water and Wastewater Infrastructure Program, in March 2025, but they are not anticipating any issues. Mr. Falco then discussed the number of lead service lines and the lead inventory results. Drinking water system initial Lead Service Line Inventories were submitted October 16th, 2024, with 96% of systems that were required to submit the inventory meeting the deadline. The overall inventory of service lines in the state totals approximately 1.8 million, and 1.6 million reported back as non-lead, which equates to 89%. For the remaining 200,000, it is challenging to know if they are truly lead lines, as the majority of the 200,000 reported as unknown. The water systems do have some time to figure out if the lines are lead, non-lead, or galvanized. The water systems have until 2027 to complete their baseline inventory. Mr. Falco noted that WQCD’s current estimate of lead lines in the state is approximately 110,000, with the majority residing within Denver Water’s service area. It was noted that Greeley and Englewood also have a large number of lead lines. Mr. Falco moved on to the topic of their Request for Applications (“RFA”) for the division’s Emerging Contaminant-Small Disadvantaged Communities (“EC-SDC”) grant program. WQCD plans to release the RFA near the end of January, which can provide up to \$30M for infrastructure grants and up to \$300,000 for planning and design, and he believes there will be significant interest. Next, Mr. Falco discussed Legislative topics, noting that on January 29th there was an initial hearing in the House on House Bill 25-1077 which aims to reset the status quo for individuals that can work on backflow prevention devices. The WQCD supports the Bill, and Mr. Falco stated that the amended Bill was approved and moved to the Senate. Mr. Falco asserted that WQCD’s intended use plans for 2025 are now posted on their website. Mr. Falco concluded by noting that the Colorado Rural Water Association (“CRWA”) has been contracted for 2025 to continue their work supporting WQCD’s source water protection planning and Wildland Fire Decision Support System (“WFDSS”) projects.

Mark Henderson reported some of the impacts of the Federal funding freeze, noting that overall, he feels the SRF’s are in a fairly good position and were able to continue to fund all project draws. Mr. Henderson indicated that they are waiting to see what will happen with some of WQCD’s other Federal funding sources. They are closely monitoring the impact on personnel services and making sure they can continue to support staff.

Report of Department of Local Affairs (“DOLA”)

Desiree (Desi) Santerre, Water and Wastewater Program Manager, referred to the written report that lists the current DOLA Energy and Mineral Impact Assistance Fund (“EIAF”) grant applications that were received on the December 1st application deadline and noted they should have awards for those in the February/March timeframe. Ms. Santerre moved on to discuss the severance tax projection updates noting the projected revenues have declined significantly since the September forecasts, stating that it is mostly a result of some overall modest revenue decreases, but also due to higher-than-expected taxpayer refunds.

Public and/or Board Member Comment – Wesley Williams thanked the Board for the Board’s actions and recognition of staff at the December meeting and stated that it was very meaningful and appreciated by staff.

Christine Arbogast, Lobbyist with and President of Kogovsek & Associates, Inc., began by noting that the Senate and House appropriators are trying to develop their top-line numbers to go into final negotiation on FY25, and while they are talking, the appropriators’ Chairs and Ranking members are currently not close. Ms. Arbogast noted that while the funding freeze has been rescinded for now, the claw back of the funds is still a real possibility in the reconciliation bill. Ms. Arbogast noted that those funds that are not obviously “green” are probably pretty safe, she will continue to monitor it. Until appropriators move forward into passing bills, there is not a lot that can be done. Ms. Arbogast stated that she has spoken with the Delegation staff about the need to seriously consider taking a new approach regarding SRF funding because when BIL money runs out or is rescinded, the earmarks will have a very significant impact, and the Delegation agreed. She stated that CWRPDA Executive Director Keith McLaughlin has provided her with updated numbers and arguments that demonstrate the impacts if the BIL funds are no longer available. Ms. Arbogast moved on to note that the National Water Resources Association (“NWRA”) has its Spring meeting at the end of April 2025, stating that this would be the perfect timing to raise this SRF funding issue with all the Delegation staff and invited Mr. McLaughlin to attend their lunch in Washington. Next, Ms. Arbogast mentioned that the release of the FY26 administration budget will occur shortly. Ms. Arbogast does not believe the Revolving funds will be a target for the new President and she has heard that the House will likely agree to the Senate’s higher numbers or close to it. Director Wogsland asked if any of our funds were at risk for getting clawed back, to which Ms. Arbogast answered yes, the funds in BIL and in the Inflation Reduction Act could be at risk. However, she doesn’t see it happening for proven infrastructure accounts that do important and necessary work like the SRF BIL funds. Additionally, Ms. Arbogast clarified that she doesn’t believe they can claw back funds that have already been obligated.

Report of the Chair – Chair Treese thanked the Authority staff for their time and efforts last week during the freeze of federal funds. Chair Treese presented Director Vandiver with a framed version of Resolution 24-36 in appreciation of Director Vandiver’s service as the Authority’s Board Chair.

Report of the Treasurer – Treasurer Karen Wogsland introduced Justin Noll to give the report. Mr. Noll relayed that accounting was able to get some financial reports created in the new Sage software that has been included in the packet. He also mentioned that the financial reports are still in need of some work, but they are getting there. Mr. Noll noted that auditors were at the Authority the second week of January and will be back the first week in March for several weeks. Mr. Noll moved on to state that the Federal Reserve reduced rates in December and that at the beginning of January COLOtrust followed suit and reduced their interest rate to approximately 4.5%. Mr. Noll indicated that staff is preparing for March 1 debt service. Mr. Noll concluded that staff are close to finishing the 2024 year-end financials. Director Wogsland asked Mr. Noll if the system changeover is impacting the audit, to which Mr. Noll answered, yes, a bit. The Auditors have to do more testing which costs more money.

A motion was made to approve the Treasurer’s Report.

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

Report of the Executive Director

Keith McLaughlin began by introducing new Authority Office Manager Heather Newton and noted her immediate positive impact and his happiness to have her. Mr. McLaughlin next mentioned that Nate Pearson, from the Department of Natural Resources, will provide a presentation in March on the State budget and how it is impacting water programs across the state. Next, Mr. McLaughlin raised the issue of the federal funding pause and noted that the Authority is able to access base program funds, but BIL funds remain frozen. Mr. McLaughlin advised that the Authority proactively reimbursed ourselves by swapping Federal grants for reloan dollars. Mr. McLaughlin indicated, absent all federal dollars, that the Authority has 6 months to 1 year in funding through reloan dollars if CWRPDA were to continue to approve and fund projects. Mr. McLaughlin also explained, absent federal funds, that we have enough resources to fund all existing contracts, assuming the Authority doesn't issue any new loans after today. Directors Wells and Wogsland asked some clarifying questions that Mr. McLaughlin answered by explaining that base program federal funds have been restored and only BIL funds are currently inaccessible. Director Whitehead asked Mr. McLaughlin about a contingency plan if the federal funds remain frozen and the Authority cannot pay borrowers. Mr. McLaughlin replied that the Authority has several tools that the Authority can use to stretch funding, however ultimately if federal funds were permanently withdrawn, we would have to significantly reduce future loans, but all (emphasis added) existing projects can and would be paid. Chair Treese suggested that they revisit this issue at their upcoming Board retreat. Director Wilkinson expressed some concerns regarding utilizing the reserves to which Mr. McLaughlin agreed. Mr. McLaughlin reiterated that the Authority has enough funds to cover all existing projects even if we had to carve out the BIL funds, but we would not be able to fund new projects without continuing federal dollars. Additionally, Mr. McLaughlin indicated that the Board and Authority need to ensure they are comfortable approving new loans given all the uncertainty and that he and Karl Ohlsen, General Counsel, are working on language to include in future loan agreements and resolutions that recognizes any funding freezes or claw backs are out of the Authority's control.

Appointment of Assistant Secretary – Resolution No. 25-01

Keith McLaughlin presented Resolution No. 25-01 and stated that this resolution adds Heather Newton and removes Sabrina Speed as Assistant Secretary, while not impacting the roles of the other Assistant Secretaries. The Authority would like to appoint Office Manager Heather Newton as Assistant Secretary to a term of two years to perform the duties and functions of the Secretary at such times as may be necessary. A motion was made to adopt Resolution 25-01.

Motion: Patti Wells
2nd: Matt Shuler
Vote: Motion carried

Approval of Deputy Director Position– Resolution No. 25-02

Keith McLaughlin presented Resolution No. 25-02, approval of a Deputy Director position. After the discussion with the Board at the December meeting, Mr. McLaughlin has posted the Deputy Director position and has received four applications to date. Interviews for the position will begin shortly with the hopes of having a person identified for the position in mid-February. Mr. McLaughlin referred to the memo and organization chart included in the packet and outlined other potential additions to the Authority staff. Further, Mr. McLaughlin stated that there has not been any adjustment to the budget for this position; however, he will bring any budget adjustments to the Board, as needed.

A motion was made to approve Resolution No. 25-02.

Motion: Eric Wilkinson

2nd: Matt Shuler

Vote: Motion carried

To conclude the Executive Director report, Mr. McLaughlin indicated that there is a tentative plan for a Board retreat and Board Program Work Session (BPWS) on April 24th with the retreat taking place in the morning, followed by lunch and a BPWS in the afternoon.

Accounting Manager's Report

Justin Noll, Controller, reported Accounting is in process of getting W2's corrected and out to employees and Board members. The Authority's new payroll provider, Inova, provided incorrect W2s, but were sent out and provided to employees before the mistake was realized. Mr. Noll indicated that he looked up the reloan balances in the Authority's accounts and there is approximately \$90M in the Wastewater account and approximately \$105M in the Drinking Water account to pay requisitions.

Finance Manager's Report

Jim Griffiths, Finance Director, stated they are gearing up for March and April Board Program work sessions where staff will introduce Private Not-For-Profit staff recommendations, interim loan program staff recommendations, and the loan pre-payment policy staff recommendations. Mr. Griffiths noted there has been no news from the OIG who has been auditing the SRF project for the Town of Silt. Next, Mr. Griffiths indicated that the Authority is close to committing to a company called Streamline to help ensure the Authority's website, including PDFs on the website, are ADA compliant. General Counsel Karl Ohlsen is reviewing the contract, and the Authority is reviewing the pricing. The Authority has received a couple of demos from Streamline and staff are comfortable with the product.

Office Manager's Report

Office Manager Heather Newton began her report with an update on the water leak from the coffee pot in October of 2024 stating that all claims have been paid, and the claim has been closed. The total amount of damage for all floors affected was \$16,898. Ms. Newton then provided an update on the ongoing scanning project noting that the project began in May of 2023 with 517 boxes and 217 boxes have been permanently withdrawn from storage. Additionally, with the new negotiated price for storage, the Authority has realized a total savings of \$10,602 over the last 18 months.

Report of Legal Counsel

Karl Ohlsen, General Counsel, reported that he added some language in the Resolutions for our borrowers since we are uncertain about future federal funding. Mr. Ohlsen is also working with Cindy Stovall on how to more efficiently process the Authority's Private Non-Profit loans.

Drinking Water Revolving Fund

Arkansas Valley Conduit Intergovernmental Agreement

Mr. Griffiths reported that staff has incorporated the Board's suggestions for the funding concept whereby CWCB money is used to pay off the SRF loanable portion of funding. Mr. Ohlsen is working on officially incorporating final comments into the IGA between the Authority, CWCB, Otero County and SECWCD and it should be ready for review in March. Mr. Griffiths stated that we are working with a number of individual communities in the lower Arkansas Valley to provide system improvements. Mr. Griffiths then turned it over to Leann Noga, Executive Director of the Southeastern Colorado Water Conservancy District, who began her report by thanking Keith McLaughlin and Board member Lucas Hale for allowing her to meet with them the first week of January to review the history and progress of the AVC. Ms. Noga provided

a staffing update for the District noting that they have 2 openings; one for a Project Engineer and another for a Water Resource Engineer. Ms. Noga next mentioned the Conduit's recently approved additional \$250M and although she does not believe the federal funds pause will impact the Conduit, she will continue to monitor and provide updates. Ms. Noga noted that on February 13 they will have a Principles Planning Meeting to align the new funding with the current construction approach. Next, Ms. Noga provided an update on the construction itself, declaring that Boone segment #1 is 78% complete and Boone segment #2 is 79% complete, however, there has been a bit of a halt in the work due to frigid cold temperatures. Crowley Ridge segment #1 will be going out to bid between May and June and construction is planned for 2026. Additionally, the contractor has started and is mobilizing the injection site. Ms. Noga is anticipating having more of a timeline after February 13, stating that they will continue to communicate with participants, the CWRPDA Board of Directors, and their own Board of Directors.

Pinewood Springs Water District– Resolution No. 25-04

Austin Reichel referred to the PFC meeting and the credit report noting that Pinewood Springs Water District is seeking a Drinking Water Revolving Fund (“DWRF”) loan in the amount of \$1,837,519 at 3.5% interest, subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution, for 30 years. The project includes making distribution system improvements, including valve/water main replacements, hydrants and valves for each section with pressure relief valves (“PRV”s), and upgraded service lines upstream of the meter for each service location. The project also includes the installation of tank mixers in order to reduce total trihalomethanes (“TTHM”) maximum contaminant level (“MCL”) and haloacetic acids (“HAA5”) MCLs. Mr. Reichel noted that this project was not placed on the consent agenda due to the required \$0.85 rate increase but added that between the PFC meeting and this Board meeting, the District had just approved a recent rate increase above and beyond that rate. Patty Peritz, Pinewood Springs Water District Board Secretary, indicated that the distribution system is 50-60 years old, and is failing, creating leaks and water loss. Ms. Peritz indicated that Phase I will address the most troublesome areas thus eliminating the brown and muddy water. Ms. Peritz reported that 13,000 linear feet of pipe will be replaced, which will also meet current code compliance. A motion was made to approve Resolution No 25-04.

Motion: Eric Wilkinson

2nd: Karen Wogsland

Vote: Motion carried

Denver Water Lead Line Presentation

Jim Griffiths began by stating that the CWRPDA Board approved \$76M in BIL funds for Denver Water's lead line replacement project. Mr. Griffiths then introduced the representative for Denver Water, Alexis Woodrow, Lead Reduction Program Manager, to present. Ms. Woodrow began by informing the Board that in Denver County, there are about 320,000 taps, with approximately 20% suspected lead service lines (“LSL”). Beginning in 2020, Denver Water believes there are approximately 64,000 non-copper service lines in their service area that need to be replaced by 2035, with an annual lead service line replacement goal of 4,477. Ms. Woodrow indicated that Denver Water has replaced over 30,000 LSLs since the program started through the end of 2024, which is ahead of the rate they were originally expecting. Additionally, Denver Water distributed over 100,000 pitcher filters to customers, and reduced lead levels in drinking water by 60% through pH adjustment. Ms. Woodrow further noted that the CWRPDA approved their Federal loan in October 2022 and began work to replace the LSLs in April 2023 with an estimated completion date of May 2025. The new completion date is likely March 2025 due to the accelerated rate of work. Using the Federal funds, Denver Water has replaced about 2,000 LSLs in 2023, approximately 3,500 in 2024, and are planning to replace 975 in 2025 for a total of approximately 6,500. Denver Water has cumulatively replaced over 30,000 LSLs year to date, with the Federal funding contributing immensely to the progress. Ms. Woodrow advised that the average LSL replacement cost is \$12,870, which is lower than initially anticipated, and allows them to replace more LSLs than originally anticipated.

BIL State Match- Resolution No. 25-05

Ian Loffert referred to page 99 of the Board packet, Resolution No. 25-05, stating that the Resolution approves state match funds for the Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund Bipartisan Infrastructure Law Program for Federal fiscal year 2025. Mr. Loffert noted that the Authority will request approximately \$117M in BIL funds. Additionally, Mr. Loffert indicated that of the \$117M, approximately \$66.5M are BIL Supplemental funds that require a commitment of a state match equal to 20%, or a not to exceed figure of \$13.3M. A motion was made for the approval of the state match funds for the BIL Supplemental pots, as amended and updated.

Motion: Patti Wells

2nd: Steve Vandiver

Vote: Motion carried

Status of Projects

In the interest of time, this was skipped.

Water Pollution Control Revolving Fund

Status of Projects

In the interest of time, this was skipped.

Small Hydropower Loan Program

Status of Projects

In the interest of time, this was skipped.

Water Revenue Bonds Program

Status of Projects

In the interest of time, this was skipped.

Personnel Committee

Committee Chair Karen Wogsland stated that nothing of note has occurred.

Board Program Work Session

Committee Chair Eric Wilkinson stated the minutes accurately reflect what happened during the BPWS meeting.

Project Finance Committee

Committee Chair Bruce Whitehead noted that the Project Finance Committee met on January 23rd and the minutes from that meeting were provided in the Board materials. Minutes accurately reflect what occurred according to Mr. Whitehead.

Legislative Issues and Other Business

Mr. McLaughlin reported that Resolution 25-1004, the Authority project eligibility list is moving through the state legislative process. It was approved 13-0 by the House Agriculture and Natural Resources Committee and is scheduled for consideration by the full House on January 29. Mr. McLaughlin was pleased that the resolution is moving quickly and stated that he needs to work with Boards and Commissions to have Directors Wells and Wilkinson's Board reappointments confirmed by the Senate. Mr. McLaughlin

noted that there are several articles and newsletters for the Board under agenda item 13(a) and then concluded his report.

Arrangements for Future Meetings

Chair Treese provided a list of future Board meeting dates and noted that there is a Board retreat scheduled for April in association with the Board Program Work Session.

Adjournment

Chair Treese adjourned the meeting at 5:44 p.m.

Respectfully submitted,

Heather Newton, Assistant Secretary

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