

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

June 5, 2020

Call to Order

Chair Webb Jones called the meeting to order at 9:01 a.m. via video and audio tele-conferencing due to COVID-19 related restrictions.

Board Member Identification and Declaration of a Quorum

Board members present: Webb Jones (Chair), Bob Wolff (Vice-Chair), Judy Skram (Secretary/Treasurer), George Corkle, Mike Fabbre, Roy Heald, Steve Price, Chris Treese and Steve Vandiver. A quorum was declared with nine Board members present.

Approval of Consent Agenda

Chair Jones reviewed the items for consideration on the Consent Agenda: Agenda item 7(a) Loan Applications for Forest Hills Metropolitan District (Resolution No. 20-18) and the Town of Hot Sulphur Springs (Resolution No. 20-19); Agenda item 7(b) Town of Eckley – DAC Business Case; Agenda Item 8(f) Routt County – Phippsburg Enterprise – WPCRF 2018 Direct Loan – Loan Payment Pause Request. A motion was made to accept the Consent Agenda as presented.

Motion: Steve Vandiver
2nd: Judy Skram
Vote: Motion carried

Approval of Minutes – April 17, 2020

The April 17, 2020, Minutes were presented for approval. Director Heald suggested a correction to page 7 of the minutes, noting that the Arabian Acres Metropolitan District loan approval had an incorrect loan term of 39 years and suggested that this portion of the minutes be corrected to reflect a loan term of 30 years. A motion was made to approve the Minutes for April 17, 2020, as corrected.

Motion: Roy Heald
2nd: Steve Vandiver
Vote: Motion carried

Other Agency Reports

Report of Colorado Water Conservation Board

Kirk Russell, Finance Section Chief of the CWCB, referred to the provided written report and stated the CWCB met virtually on May 20, 2020 and approved three new loans to the Arapahoe County Water and Wastewater Authority, Lateral Ditch Pipeline Project and Redlands Water and Power Company. The Board did not hear the Planning Grant recommendations at the May meeting and no decision has been made to present the grants in July or at a later date. The Board received approximately \$8.5 million in Water Plan funding requests in February. Mr. Russell noted the uncertainty of future funding availability due to the Joint Budget Committee's ("JBC") proposal to transfer approximately \$45.5 million from the CWCB's Severance Tax Perpetual Base Fund ("STPBF") to the General Fund to help with balancing the state budget. This sweep represents about 10% of the STPBF equity. The transfer would still leave adequate funding for the 2020 Projects Bill and approximately \$30 million in new loan funds would be available for FY20/21. Mr. Russell reported that the CWCB Projects Bill was introduced on May 27th and includes approximately \$135 million in water project funding. Mr. Russell also provided an update on Severance Tax revenue projections and stated the low revenues will have an impact on "Core Programs" within the Department of

Natural Resources. There continues to be uncertainty due to the difficulty in predicting Severance Tax revenue and the CWCB is proceeding with caution as the Water Supply Reserve Fund (“WSRF”) may see zero revenue generated from Severance Tax over the next couple of years. Mr. Russell concluded his report stating that the CWCB plans to meet in July and will likely meet virtually due to COVID-19 restrictions. Mr. McLaughlin asked Mr. Russell to expound on the Colorado Water Plan updates, and Mr. Russell stated the CWCB staff has hosted two listening sessions already and another is scheduled for June 9th to keep stakeholders updated on the status of the Water Plan implementation. Director Treese asked if the Authority could help bridge the gap left by the transfer of funds and Mr. Russell stated the staff of the Authority, CWCB and other lending agencies across the state continue to meet regularly and determine the best opportunities to support water projects across the state.

Report of Water Quality Control Division

Ron Falco, Safe Drinking Water Program Manager, referred to the written report and stated the Water Quality Control Commission and Water and Wastewater Facility Operator Certification Board continue to meet remotely and will likely continue to for an undetermined amount of time. Upcoming Water Quality Control Commission rulemaking hearings include South Platte River water quality standards in June, PFAS Narrative Policy hearings in July and Colorado Primary Drinking Water Regulations in August. The Division continues to prepare for potential crises that could occur to water and wastewater utilities across the state due to the pandemic. Areas addressed include the potential for a shortage of chemical supplies and/or staffing shortages due to illness. Colorado’s Water/Wastewater Agency Response Network (“CoWARN”) has experienced activations around the state that have not been directly related to COVID-19 but have occurred during the pandemic. Mr. Falco reported that like the CWCB, the Division is dealing with portions of its cash fund reserves being swept into the General Fund, although he doesn’t believe it will have a significant impact on its next fiscal year, slated to begin on July 1st. Mr. Falco reported the current legislative session is expected to end on Friday, June 12 and the Division will continue to monitor the operator certification sunset as it is a requirement for receiving the Drinking Water Capitalization Grants. In the Grant and Loans Division, Mr. Falco reported the staff has been working on the 2021 Eligibility Survey and that staffing changes have presented new challenges and have specifically impacted Mike Beck’s Section and Mark Henderson’s Unit as the Division’s focus has been on hiring approximately 100 temporary personnel for contact tracing during the COVID-19 pandemic. Director Fabbre asked Mr. Falco if the operator certification testing cycles were on hold indefinitely due to the pandemic and Mr. Falco said that renewals and training will continue to be processed electronically but the testing, both new and higher level, will resume in person in June, if feasible due to the requirements to have them held at a specific location at a specific time and proctored.

Report of Department of Local Affairs

Scott Olene, Manager of Local Government Services, referred to the written report and stated DOLA staff is still processing the Energy and Mineral Impact Assistance Fund (“EIAF”) grant applications from the April 1st funding cycle. Tier I (up to \$400,000) requests are near completion and are awaiting approval from the Executive Director, pending the outcome of potential changes to the state budget long bill. Tier II (up to \$1 million) decisions will be made in late July or early August. Any remaining budgeted funding from grants not awarded will be rolled forward for the August 1st application cycle. The Department’s outreach and education activities are currently unknown due to the COVID-19 pandemic. Mr. Olene continued with an update on the Small Communities Technical Services contract, stating that to date, \$4,000 of the \$75,000 budgeted has been utilized across two projects: Town of Dove Creek, in early evaluation stages of available options and Town of Alma, with construction of a new wastewater treatment plant after exploring options of consolidation with the Town of Fairplay. Mr. Olene echoed the dismal forecast of future severance tax revenues over the next two fiscal years. Following the forecast crafted by the Legislative Council and Governor’s office economists, DOLA expects to receive approximately \$10 million in revenue this coming year and approximately \$23 million the following year to fund EIAF grants. This is a drastic reduction as compared to the approximate amount of \$60 million DOLA typically receives in annual severance tax revenues. Currently, there are no proposals to sweep money from the EIAF program

into the general fund, but staff continues to monitor the situation closely. Mr. Olene echoed Mr. Falco's report on staffing issues at the Division, stating that vacant positions are not being filled unless programs are adversely impacted by the staffing loss (i.e. losing one staff member equals half of the unit's workforce). The budget process has eliminated funding for a couple of the Division's small grant programs, but those programs are not water and wastewater related. Mr. Olene stated the Community Development Block Grant ("CDBG") program received an infusion of COVID-19 relief funds, primarily to assist public facilities, housing and other items. Additional funding totaling approximately \$6.3 million was allocated and intended for water and wastewater facility modification to provide COVID-19 relief. The first allocation has been awarded but the Division expects two additional funding infusions of approximately the same amount will be made available. Mr. Olene reported that DOLA received approximately \$275 million in relief funds that will be made available throughout Colorado. This amount is in addition to the \$1.6 billion awarded to the state of Colorado by the Coronavirus Aid, Relief and Economic Security ("CARES") Act. Eighty percent of the \$275 million total will be designated to some counties and municipalities and allocations will be based on populations. Ten percent of the \$275 million total will be designated to special districts and the remaining ten percent will be reserved for any unanticipated, unmet needs in Colorado. There is an inter-agency committee to identify and allocate funding for those unmet needs. The opt-in period was opened on June 5th and will remain open for 30 days to Colorado counties, municipalities and special districts. Chair Jones noted that it is encouraging news that relief is available and questioned who is in charge of administering the distribution of those funds. Mr. Olene replied that DOLA staff will be preparing funding contracts to qualifying entities of the first two pools (to counties, municipalities and special districts). DOLA staff will also be processing reimbursement requests from those executed contacts.

Authority Reports

Report of the Treasurer – Judy Skram referenced the Treasurer's Report provided, and commended Controller Justin Noll and his staff for working through the pandemic, catching up on the financial statements and providing assistance to the bond offerings while primarily working remotely. Director Skram then deferred the Treasurer's report to Controller Justin Noll. Mr. Noll echoed Director Skram's praise and extended his gratitude to Claudia Walters, Valerie Lovato and extra acclaim to Jennifer Flores, who has taken on more responsibilities with the Drinking Water Program in the Accounting department while Rachel Renteria was out on maternity leave. Keeping the SRF program financial statements current is imperative for the preparation of the National Information Management System ("NIMS") reporting. The NIMS report is reviewed by Congress to evaluate and consider infrastructure funding. Mr. Noll referred to the Authority Income Statement (pages 20 and 21) of the Board materials and stated that certain accounts payable and payroll transactions of budget to actual amounts through March 31st to provide budgetary perspective. Mr. Noll also reported that beginning July 1, 2020, the PERA contribution rates will increase. The employee contribution will increase to 10% (representing the normal increase plus an additional half a percent for the automatic PERA liability adjustment) and the employer contribution will increase to 20.9%. Mr. Noll reported on additional legislative actions, stating that the Colorado legislature usually contributes approximately \$225 million to the PERA fund annually, and there has been discussions recently of a one-year payment suspension. If that payment suspension happens, the Authority's portion of its PERA liability for 2021 will be affected. Mr. Noll concluded his presentation and Director Skram asked about the Authority's monthly parking expense and asked if there was an opportunity to defer that monthly expense. Mr. Noll replied that parking in the building is contracted to a separate company, but it is possible to make an inquiry. A motion was made to accept the Treasurer's report.

Motion: Roy Heald
2nd: Bob Wolff
Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report provided in the Board materials and stated he met virtually with Employers Council for the biannual salary and benefits review. A comprehensive report will be forthcoming. Additionally, Mr. Noll and Mr. McLaughlin recently met with MyTech Partners (the Authority's IT consultants) about the Authority's vulnerability while having

employees work remotely on their personal devices. Mr. McLaughlin clarified that the Authority's network is secure, but vulnerabilities may exist due to personal machines and/or printers. MyTech will provide a proposal with recommendations to address and bolster at-home security. Mr. McLaughlin also provided an office update and stated that there has been increased security measures at Logan Tower due to the recent vandalism/criminal activity in the area. The Authority's office building suffered vandalism damage due to a flare up of criminal activity in and around the state capital and staff shared pictures showing the damage. Mr. McLaughlin continued his report with a staff update, stating that there is an opening in the Finance Department for a Financial Analyst and noted the added challenge trying to hire staff during this period of remote work and State mandates. Mr. McLaughlin also stated Authority staff continues to evaluate different time-tracking software to find an appropriate fit for the office. A final decision on the time-keeping software will be made in the coming weeks. Mr. McLaughlin concluded his report with an update on the Southwest Colorado Fire Mitigation Environmental Impact Fund (the group the Board met with on October 4, 2019, in Durango) and stated that project is progressing forward. The group's general counsel, Bob Cole of Collins, Cockrel and Cole P.C. forwarded a copy of the group's intended loan agreement for review. Mr. McLaughlin and Mr. Ohlsen will be reviewing the documents in the coming weeks. The group was also awarded approximately \$275,000 in grant funding from the Innovative Finance for National Forests ("IFNF") Grant Program. Mr. McLaughlin reminded the Board that he sent a letter of support for the grant funding back in the early March of this year. Mr. McLaughlin concluded the Executive Director's report and solicited questions from the Board. Director Heald questioned why the audit submission dates (Items 7 and 8 under Future Activities) were different for leveraged loan borrowers and direct loan borrowers. Mr. McLaughlin responded that leveraged loan borrowers are required to meet additional continuing disclosure obligations under SEC Rule 15c2-12 and the earlier deadline gives adequate time for a review and submission. Director Treese questioned if the Southwest Colorado Fire Mitigation Environmental Impact Fund has developed a mechanism to be able to request a loan at a future date. Mr. McLaughlin replied that they are still developing the process and there is still a considerable amount of work to complete before they are at the stage to submit a loan request. Director Treese followed up by asking if the Authority was authorized to provide the group a planning grant, similar to the ones utilized in the SRF programs and Mr. McLaughlin stated that he and Mr. Ohlsen would need to review the exact language in the statute to determine if that is a viable option. A follow-up on this topic will be provided at the August Board meeting.

Employment Practices Liability ("EPL") Insurance

Mr. McLaughlin reviewed the Board Program Work Session's discussion regarding EPL insurance and the Board's suggestion to continue to self-insure and to increase the allocation escrow from \$800,000 to \$1.5 million. A motion was made to accept staff's recommendation to self-insure and increase the allocation to \$1.5 million and continue to assess the risks and revisit the discussion in one year.

Motion: Chris Treese
2nd: Steve Price
Vote: Motion carried; Director Wolff opposed

Authority Annual Contributions and Sponsorships

Mr. McLaughlin briefly reviewed the chart provided in the Board materials that outlines the Authority's contributions and sponsorships on an annual basis. The chart does not include any one-time donations or sponsorships that arise from year to year. This information is provided to the Board for transparency purposes and staff is not requesting any changes. The total for 2019 was nearly forty-one thousand dollars. Addressing a question from Director Price, Mr. McLaughlin briefly described the Water Information Program, an organization that supplies water project information and resources to Southwest Colorado and beyond. Director Treese also reported that Water Education Colorado initially lost 25% of its funding for 2021 with the removal of a continuous appropriation with the state of Colorado. Fortunately, the CWCB's Projects Bill included an amendment that reinstated the annual appropriation for 2022, subject to an annual review and appropriation by the state legislature. The discussion on annual sponsorships and contributions concluded with clarification of the way the funds are budgeted. Director Fabbre inquired if staff is conducting regular backup with staff's personal devices and if staff had ever considered obtaining email

domains for all Board members for separation purposes in the event of a Colorado Open Records Act (“CORA”) request. Mr. Ohlsen clarified that a separate email domain does not exempt any Board members from the CORA requirements but would work with Mr. McLaughlin and MyTech in obtaining a separate email domain for Board members, if interested. Mr. McLaughlin then confirmed that MyTech is currently backing up all files as staff is working remotely solely on the Authority’s network.

Drinking Water Revolving Fund

Penrose Water District, Resolution No. 20-20

Austin Reichel presented the Penrose Water District’s request for a DAC direct loan through the DWRF loan program in the amount of \$239,800, and a DAC business case for consideration. The proposed loan will be at a 0.5% interest rate if the DAC business case is approved, and a 1.5% interest rate if the DAC business case is not approved, and the loan term will be for 30 years. The project consists of improvements to the water treatment and storage facilities by adding baffle curtains to the existing storage and rerouting flow through the tanks for increased disinfection contact time. The District is also seeking approval of a DAC Business Case to allow access to a reduced interest rate through the DWRF program and up-front principal forgiveness with a Category 2 (0.5% interest rate) DAC status. The District was approved for Category 1 DAC status (1.5% interest rate without access to up-front principal forgiveness) on March 16, 2020. Utilizing the current DAC criteria, the District’s MHI is below the benchmark, but the District does not qualify for DAC Category 2 status due to unreliable American Community Survey (“ACS”) data for MHI. A favorable recommendation for DAC business case approval was forwarded by members of the Project Finance Committee for consideration. Director Heald inquired if members of the PFC looked at the age of the underlying asset (tank) to see if the asset would outlive the loan. Wesley Williams confirmed that the Water Quality Control Division analyzes the aggregate useful life of the project for every loan application prior to the completion of a credit report. A motion was made to approve Penrose Water District’s DAC Category 2 business case, and adoption of Resolution No. 20-20, approving a Drinking Water direct loan and execution of a loan agreement and other necessary documents therefor.

Motion: Roy Heald
2nd: Bob Wolff
Vote: Motion carried

2020 Capitalization Grant Requirements

Jim Griffiths confirmed that the Authority received the DWRF Capitalization Grant on April 28, 2020, in the amount of \$21,755,000, an increase of \$14,000 or approximately 0.06% from FFY 2019. Mr. Griffiths confirmed that the grant conditions were the same as last year, including Davis Bacon wage rates and American Iron and Steel. The capitalization grants also include the option (not a requirement) for the Green Project Reserve, and staff recommends that no grant funds be allocated to the DWRF Green Project Reserve as those green projects have proven difficult to procure. The FFY Drinking Water Capitalization Grant award requires that no less than 20% but not more than 50% of the grant be provided as additional subsidy. The Colorado DWRF Program uses additional subsidy for the Design and Engineering grant program, and principal forgiveness. Staff recommends that 20%, or \$4,351,000, of the capitalization grant be allocated as additional subsidy for the DWRF. A motion was made to accept the 2020 Capitalization Grant and allocate 20% of the Capitalization Grant to additional subsidy without the option of allocating funds specifically to a Green Project Reserve.

Motion: Chris Treese
2nd: Steve Vandiver
Vote: Motion carried

Administrative Fee Discussion

Jim Griffiths provided a brief summary of the discussion at the June 4, 2020 Board Program Work Session that included a 5-year historical look, as well as a 10-year projection of forecasted inflows and outflows of the administrative fees for the Authority’s two SRF programs. The discussion also included several ideas

for increasing future administrative fees. Staff will return to this agenda item at the August Board meeting with recommendations that will include actual admin fee dollar amounts and a matrix for consideration.

Motion: Chris Treese
2nd: Steve Price
Vote: Motion carried

State Revolving Fund 2020 Series A Bond Sale Results

Prior to the presentation of the State Revolving Fund 2020 Series A bond sale results, Jim Griffiths praised Assistant Finance Director Wesley Williams for the successful closing of this bond issue. This proved to be a difficult challenge in a volatile interest rate environment during a pandemic, and Mr. Williams proved to be unrelenting while working remotely from start to finish. This was the Authority's first remote closing, and everything went well, despite the many challenges along the way. Mr. Griffiths also extended his gratitude to Financial Analysts Beth Williams and Ian Loffert for their assistance in the bond issue. The Authority sold bonds to fund four projects for Mt. Crested Butte Water & Sanitation District, Security Sanitation District, Superior Metropolitan District No. 1 and the City of Westminster. The bonds were sold on May 14th and the closing was held remotely on May 28th. Authority staff was pleased with the participation in the sale with 13 entities participating and Janney Montgomery Scott LLC won the bid, the same entity that purchased the SRF 2019 Series A issue. Mr. Williams stated the subsidized rates were the lowest the Authority has ever received for its borrowers, ranging from 1.28% to 1.60%, and the range disparity was due to different loan terms. Mr. Williams concluded the report with a discussion of the relationship between the low interest rates and admin fees. Directors Heald and Fabbre thanked Mr. Williams and Authority staff for all the hard work during this offering.

Disadvantaged Communities Loans – Maximum Payable Loan when Principal Forgiveness is Provided

Jim Griffiths reviewed the previous evening's discussion regarding the proposed adjustment to the Disadvantaged Communities direct loan program policy approving a \$3 million direct loan cap of principal to be repaid, in addition to any principal forgiveness awarded. The Board narrowly approved a motion to favorably recommend changing the current policy to allow Category 2 Disadvantaged Communities to apply for up to \$3.4 million, allowing for up to \$400,000 in the form of principal forgiveness. The Board also recommended staff to proceed with caution to ensure projects do not grow to the maximum amount of available funding. A motion was made to revise the current policy to allow principal forgiveness in addition to the \$3 million direct loan limit to Category 2 Disadvantaged Communities.

Motion: Steve Price
2nd: Roy Heald
Vote: Motion carried on a roll call vote 5-4, Corkle, Skram, Vandiver and Wolff opposed

The Town of Larkspur's DWRP 2014 Direct Loan Payment Pause Request was Tabled until the August Board Meeting

Status of Projects

Beth Williams stated there has been a lot of discussion recently about the COVID-19 impacts to communities, specifically as it relates to the Authority's borrowers. In anticipation of potential assistance requests from current borrowers, staff recently reviewed the past 3 years of vulnerability assessments to identify communities that may require additional assistance and compiled a list of the 15 most at-risk entities. Staff has reached out to some of the smaller communities on the list, two of the largest borrowers and reached out to DOLA field representatives for additional information. There have been no known major impacts to current borrowers reported and staff will continue to monitor closely in the coming months prior to the November 1st direct loan debt service payment due date. One loan application is expected for the August Board meeting from the Town of Simla in the amount of \$433,000 for upgrades and system improvements to its distribution system, well houses and a storage tank. Mrs. Williams confirmed there have been no Planning Grants awarded since the April Board meeting, and \$130,000 remains available for 2020 Planning Grants. One Design & Engineering Grant was awarded to the Town of Mancos in the

amount of \$233,177 and \$817,148 remains available for 2020 Design & Engineering Grants. A loan application from the Town of Mancos is expected at a future date.

Water Pollution Control Revolving Fund

Round Mountain Water and Sanitation District Interim Loan Application, Resolution No. 20-21

Prior to the presentation, Keith McLaughlin noted that a robust discussion about the Authority's Interim Loan Program and process would be held at a future Board Program Work Session. Beth Williams then presented Round Mountain Water and Sanitation District's request for an interim loan in the amount of \$4,500,000, at an interest rate of 3.0% for a term of 24 months. This request received a favorable recommendation from members of the Project Finance Committee. The project consists of construction of a new mechanical wastewater treatment facility, removal of the existing obsolete lagoon system, upgrades to the lift station, and construction of an equipment storage and operations facility at the existing treatment plant site. Mrs. Williams noted the District has increased sewer user charges in excess of \$15 per tap per month and water user charges by \$8 per tap per month over the past three years in preparation for this project and no future increases in user rates are anticipated. Addressing a question raised at the Project Finance Committee, Mrs. Williams confirmed that the high proportion of non-residential vs. residential usage was due to the fact that the residential figure only included single family residences and the non-residential figure included apartment complexes, mobile home parks, RV parks, churches, schools and businesses. Additionally, Mrs. Williams noted the commercial account businesses comprise only 28% of its total customer base. The District has received a letter of commitment for a loan/grant combination from the USDA as well as an Energy/Mineral Impact Assistance Fund Grant in the amount of \$1 million. The proposed interim loan will meet the interim financing required condition needed to move forward with the USDA commitment. If the interim loan is approved, all draws during construction will be reviewed and approved by the USDA, as per the existing routine process. A motion was made to adopt Resolution No. 20-21, approving an interim loan to the Round Mountain Water and Sanitation District and execution of an interim loan agreement and of the necessary documents therefor, subject to said interim financing not being executed by the Authority until receipt by the Authority of confirmation from the USDA that it is ready to provide the funds described in the commitment letter to the Governmental Agency.

Motion: Judy Skram
2nd: Steve Vandiver
Vote: Motion carried

Status of Projects

Ian Loffert reported that two wastewater pre-qual meetings are anticipated with Palmer Lake Sanitation District and the City of Manitou Springs. Additionally, four loan applications are expected for the August Board meeting: City of Evans (\$6,000,000), City of Sterling (\$37,000,000), West Jefferson County Metropolitan District (\$5,800,000) and the City of Las Animas (\$1,000,000). One supplemental loan application from the Town of La Veta is expected prior to the June 15th application deadline. Since the last Board meeting, there have been no Planning Grants awarded and only one Grant issued thus far in 2020. There is \$140,000 in grant funding available for the remainder of 2020. Additionally, one Design and Engineering Grant was awarded since the April Board meeting to the Town of Bethune for \$146,902. There is \$1,114,246 for Design & Engineering Grants available for the remainder of 2020. Mr. Loffert reported there are four approved loans that have not yet been executed and two of those loans are co-funded and that is often a cause for delay. All four loans are expected to close before the end of the year.

Small Hydropower Loan Program

Austin Reichel reported that there are currently seven outstanding loans in the Small Hydropower Loan Program and approximately \$8.9 million of funding available for future loans. The Authority has budgeted \$150,000 for Matching Grants and no grants have been awarded since the last Board meeting. The Authority continues to seek applications for this program and hopes to submit a loan application at a future meeting. Mr. Reichel provided an update on Lookout Mountain Water District stating that the District drew all its available grant funds and submitted its feasibility study. The City of Aspen has also submitted its

feasibility study and has declined to proceed with its project due to the COVID-19 pandemic. Director Treese inquired if the Small Hydropower Loan Program is an available funding source for pump hydro storage combination and Wesley Williams confirmed that it is, if it's under 10-megawatts with a Federal Energy Regulatory Commission ("FERC") exemption. Lookout Mountain served as an example of this type of project in the Small Hydropower Loan Program.

Water Revenue Bond Program

Supplemental Resolution Amending the WRBP Resolution for the Town of Telluride

Jim Griffiths presented the proposed supplemental resolution amending the WRBP bond resolution for the Town of Telluride and stated that it was an administrative amendment changing the repayment date for the bonds. The Town of Telluride would like its loan payment date to be June 1st and December 1st instead of May 1st and November 1st. Director Wolff questioned the reason the Town wanted to make this change and Mr. Griffiths responded that often times it is because a borrower, or its attorney, would like to pay its debts on the same date to comply with a parity issue or conversely, because a borrower would like to spread its debt across the year. Mr. Griffiths did not ask the Town the reason for the change but wanted to be accommodating to the request. A motion was made to approve the supplemental resolution amending the WRBP resolution for the Town of Telluride.

Motion: Judy Skram
2nd: Bob Wolff
Vote: Motion carried

Status of Projects

Jim Griffiths noted the status report included the Town of Telluride's project and the associated bond issue. Mr. Griffiths noted the process is slow moving, but the bond sale is tentatively scheduled for Tuesday, June 9th or Wednesday, June 10th, depending on the market conditions. The bond sale is negotiated so there is flexibility to move the sale date. The bond issue has presented some challenges, specifically, the Town wasn't as highly rated as anticipated on a stand-alone basis and received a BBB- rating. This lower than expected rating resulted in the Authority analyzing and purchasing bond insurance for the mutual benefit of both entities. The purchase increased the Town's rating to AA and will enhance the offering during the sale as well as lowering the Town's interest rate. Mr. Griffiths also detailed the difficulty obtaining the rating from S&P Global Ratings, a normally routine process. Mr. Griffiths opined that the rating agencies increased its scrutiny, likely due to COVID-19 concerns, and that added scrutiny resulted in a lower than anticipated rating. A follow-up report with the results of the bond sale will be provided at the August Board meeting.

La Plata Future Projects Escrow & Animas-La Plata Project

Long Hollow Reservoir – Status Report

Keith McLaughlin reported that Long Hollow Reservoir was no longer in first fill protocol and the reservoir crossed the previous high-water mark of 4,994-acre feet. The peak water flow occurred on April 8, 2020 and measured at 5,163-acre feet. The compact call from New Mexico occurred on April 7, 2020. Long Hollow Reservoir was only 146 feet short of fill for the first time. Mr. McLaughlin reminded the Board that on first fill, most of the Authority's financial obligations to the District are relieved. Mr. McLaughlin attended his first Animas-La Plata Operations, Maintenance and Replacement ("ALPOM&R") Association webinar Board meeting to learn more about the Animas-La Plata Project. Mr. McLaughlin concluded his report by stating the Animas-La Plata Water Conservancy District ("ALPWCD") plans to complete the remaining purchase of the water from the Authority by the end of the year. Director Wolff added the ALPWCD is meeting on June 16, 2020, and the District's treasurer is completing the cash projections in anticipation of the final purchase before year-end as previously reported. Mr. Wolff also noted that the Authority is required to provide the ALP OM&R a 30-day notice prior to closing a water deal with the ALP WCD.

Report of Legal Counsel – Karl Ohlsen

Chair Jones noted for the record that the Board inadvertently skipped over the Legal report and deferred to Mr. Ohlsen to provide. Mr. Ohlsen reported he has been working closely with Authority staff on the Glenview Owner's Association loan and fortunately, Glenview hired general counsel and that has been extremely helpful in moving the loan process along. Mr. Ohlsen noted the many challenges the first private, not-for-profit entity loan has brought and commended Ian Loffert for all his hard work on this project. Similarly, the SRF bond issuance included many challenges and Mr. Ohlsen wanted to recognize all of staff for their hard work and assistance with special thanks again to Mr. Loffert. Finally, Mr. Ohlsen recognized and thanked Beth Williams for her assistance in reviewing the upfront principal forgiveness language template for the Authority's loan agreements.

Unfinished Business – Committee Reports

Governmental/Public Affairs Committee

Committee Chair Wolff referred to the minutes provided from the Governmental/Public Affairs Committee meeting held on April 28, 2020 and noted that they accurately represented the Committee's discussions. Mr. McLaughlin briefly reviewed the Committee's discussions on regionalization of water and wastewater systems, term limits for Authority Board members and future severance tax levels impact on water and wastewater funding.

There were no additional comments from the Chair of the Project Finance Committee and Board Program Work Session.

Legislative Issues and Other Business of Interest to the Authority

Keith McLaughlin reported that the Colorado General Assembly is still in legislative session and is likely to continue one additional week, through June 12, 2020. As expected, a great deal of time has been spent discussing the state's 2021 fiscal year budget. Mr. McLaughlin referred to the letter in the Board's materials from the Colorado Water Congress that outlined the potential impacts of state budget cuts on Colorado's communities. The letter was sent to the Joint Budget Committee on May 12, 2020. Mr. McLaughlin also noted that the PFAS bill has been of great interest and the Authority and staff will continue to monitor that bill closely, but the bill may not pass due to the relatively short time remaining in the current legislative session. The report was concluded with a statement that the additional \$3 trillion stimulus bill is currently on hold and the current version does not include any SRF funding.

Arrangements for Future Meetings

The August 26, 2020, Board meeting details have yet to be determined due to the current COVID-19 pandemic and final decisions will be made as current restrictions are eased or lifted. Chair Jones noted the Board members decided at the Board Program Work Session that if the Colorado Water Congress would hold its Summer Conference in Steamboat Springs, the Authority would hold its Board meeting in Steamboat as well. If they do not meet in Steamboat Springs, the Board was agreeable to holding its Board meeting in Denver. If held in-person, a Board Retreat would be included and if held remotely the pleasure of the Board was to hold off on the Retreat until an in-person meeting could be held. The consensus of the Board was to hold off on finalizing any decisions for at least 30 days. Mr. McLaughlin noted the upcoming Anti-Discrimination and Anti-Harassment training for all Board members and Authority management on June 15, 2020, from 9:00 - 10:30 am. A subsequent training will be provided for all Authority staff at a future date.

Adjournment

Chair Jones adjourned the meeting at 12:04 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.