

**Colorado Water Resources  
and  
Power Development Authority**

**BOARD MEETING MINUTES**

**December 6, 2019**

**Call to Order**

Chair Webb Jones called the meeting to order at 9:03 a.m. in the Authority Conference Room, located at 1580 Logan Street, Denver, CO 80203.

**Roll Call and Declaration of a Quorum**

Board members present: Webb Jones, Bob Wolff, Judy Skram, Mike Berry, George Corkle, Roy Heald, Steve Price, Chris Treese and Steve Vandiver. A quorum was declared with nine Board members present.

**Approval of Consent Agenda**

Webb Jones announced that the following items had been placed on the Consent Agenda for Board consideration by the Project Finance Committee and the Board Program Work Session: Unfinished Business – Drinking Water Revolving Fund: 7(a) Loan Applications for the City of Wray, and the Town of Bayfield; 7(c) Town of Larkspur 2014 Loan Amendment; 7(d) Additions/Modifications/Deletions to the Project Eligibility List for Joint Resolution and Unfinished Business – Water Pollution Control Revolving Fund: 8(c) Additions/Modifications/Deletions to the Project Eligibility List for Joint Resolution. A motion was made to approve the Consent Agenda as presented.

Motion: Bob Wolff

2<sup>nd</sup>: Steve Price

Vote: Motion carried

**Approval of Minutes – October 4, 2019**

The October 4, 2019, Minutes were presented for approval. Director Heald suggested the following correction: page 2 under the *Report of the Treasurer*, change “employer” to “employee” as the referenced PERA contribution rate increase. Upon hearing no further comments, a motion was made to approve the Minutes for October 4, 2019, as amended.

Motion: Roy Heald

2<sup>nd</sup>: Mike Berry

Vote: Motion carried

Chair Jones welcomed Mike Fabbre, District Manager of the Mount Crested Butte Water and Sanitation District and newly appointed representative of the Gunnison-Uncompahgre Drainage Basin. Chair Jones asked all Board members to introduce themselves and state what basin they represented and asked Authority staff and other guests to introduce themselves.

**Other Agency Reports**

*Report of Colorado Water Conservation Board* –Kirk Russell, Finance Section Chief of the CWCB, was in Durango and unable to attend the meeting but provided a written report of the CWCB’s recent activities.

*Report of WQCD* – Ron Falco referred to the provided written report and stated that the Water Quality Control Commission held a public Informational Hearing to discuss water pollution problems in Colorado. Mr. Falco continued his report by stating that the WQCD developed a preliminary policy that addresses PFAS (per- and polyfluoroalkyl substances) contamination. The PFAS Narrative Policy Work Group is a



group of stakeholders that provided input on the policy and a PFAS Narrative Policy will be presented to the Water Quality Control Commission for consideration in May 2020. Mr. Falco stated 2020 will be a busy year for regulatory actions that may include revisions to the lead and copper rules from EPA. A staffing update was provided. Mark Henderson was named the new Unit Manager for the Grants and Loans Unit. Mark will attend the January Board meeting for a formal introduction. Sean Oliver has been hired as the new Grants and Loans Unit Project Manager and will cover the North East region of the state. Mr. Falco concluded his report with an update on the Division's annual contract amendment with the Colorado Rural Water Association ("CRWA") by stating the negotiations are in the final stages and the contract includes option language for annual renewals. The amendment includes a \$30,000 increase in contract funding and will begin on January 1, 2020.

*Report of DOLA* – Scott Olene referred to the provided written report and reviewed the Energy/Mineral Impact Assistance Fund ("EIAF") Grant Program Tier II Awards (up to \$1,000,000) as of November 25, 2019. Mr. Olene also noted the most recent EIAF application deadline was on December 1, 2019. Mr. Olene also introduced Desi Santerre, DOLA's new Water and Wastewater Program Manager, who took over the position vacated by Paul Young. The report concluded with an update on outreach and education activities and Mr. Olene stated that the SRF subcommittee will meet in early 2020 to start planning activities for the upcoming year.

### **Authority Reports**

#### *Public and/or Board Member Comments*

Jayla Poppleton, Executive Director of Water Education Colorado ("WECO"), addressed the Board and thanked them for their continued support since the organization's inception in 2002. Ms. Poppleton also expressed gratitude to the Board for its continued support of the Water Fluency program, a comprehensive professional development course designed to help water and non-water professionals understand the importance of water in Colorado. The program is intended for elected officials, city and county staff, community and business leaders, special districts staff and board members. A summary of the 2019 program's feedback was distributed and information about the upcoming 2020 Program was provided. Ms. Poppleton also discussed *Fresh Water News*, the Program's weekly, independent nonpartisan news service on Western Water, which is featured on WECO's website. Ms. Poppleton will ensure that copies of current publications are made available for the January Board meeting.

*Report of the Chair* – Chair Webb Jones had no formal report but wanted to bring certain items to the Board's attention for consideration. First, Chair Jones has been working with staff on the 2020-2021 permanent committees and that list has been provided to Board members. If there are any additions or suggested modifications to the current list, let Chair Jones know. Another item for discussion at the March 6, 2020 Board Program Work Session will be the Authority's 2020 goals, including identifying and defining the Authority's mission and vision. Finally, Chair Jones reported that members of the PFC decided to propose a change to the current credit review process for Board consideration. Instead of staff detailing key components of the provided credit reports, staff will instead focus on applicant's challenges, issues or other details that may inhibit loan approval. The Board will rely more heavily on staff's recommendations for funding consideration and will be the final deciding authority, if necessary. The consensus of the Board was to utilize the new process on a trial basis.

*Report of the Treasurer* – Judy Skram referred to the provided Treasurer's Report and referred to Controller Justin Noll to deliver the report. Mr. Noll stated that financials were provided in the Board's materials through September including the periodic Bond Status, Loan Status and Program Status reports. BKD, the Authority's auditors will be on-site the first week in January to complete interim work and will be back in March to complete the 2019 audit. The Authority made the final debt service payment for the 2006 Series A bonds in the Small Water Resources Bond Program in November. Mr. Noll also noted a change to the Authority's Financial Highlights report stating the report now shows a better breakdown of the reloan balances. A motion was made to accept the Treasurer's report.



Motion: Bob Wolff  
2<sup>nd</sup>: Steve Vandiver  
Vote: Motion carried

*Report of Executive Director* – Mike Brod referred to the written report and deferred to Chair Jones for Resolution 19-31.

*Resolution of Appreciation for Mike Berry, Resolution No. 19-31*

Chair Jones presented Resolution No. 19-31 and stated that it was a resolution of appreciation for Director Mike Berry and read the Resolution for the record. Chair Jones also thanked Director Berry for his time served on the Board and bringing his extensive background and experience to the Board. Chair Jones also welcomed Mike Fabbre, the newly appointed representative from the Gunnison-Uncompahgre Drainage Basin. A motion was made to adopt Resolution 19-31.

Motion: Chris Treese  
2<sup>nd</sup>: Roy Heald  
Vote: Motion carried

Following the vote, Director Berry thanked Mr. Brod, the Board and the Authority staff for the support over the years and stated he would remain available for any assistance if called upon.

*Report of Legal Counsel* – Mason Brown, representing Carlson, Hammond & Paddock on behalf of Karl Ohlsen, -had no separate legal report ~~but continues to work with Authority staff on various legal matters.~~ Mr. Brod reported discussions have taken place with the Special District Association of Colorado about the possibility of incorporating the Authority into its liability pool and the consensus of the Board was to seek general counsel review and consultation prior to entering into an agreement.

**Drinking Water Revolving Fund**

*Town of Simla DAC Business Case*

Beth Williams presented the Town of Simla's request for a DAC business case to allow for access to a Design and Engineering Grant through the DWRP program. Intending to pursue a direct loan to upgrade its drinking water system, the Town submitted a Project Needs Assessment on August 30, 2019. After review, it was determined the Town did not qualify for DAC status, due to its MHI being unreliable. Ms. Williams reviewed the DAC criteria requirements and identified the benchmarks the Town didn't meet to qualify for DAC status, specifically P1 (MHI, considered unreliable), P3 (Unemployment Jobs), S1 (County MHI) and S2 (Population Change). It was noted the Town didn't qualify for DAC status due to factor S2 (Population Change) because there was a 24-person population increase. This request received a favorable recommendation for approval from the Project Finance Committee. After further discussion, a motion was made to accept staff recommendations and approve the request and designate the Town of Simla as a Disadvantaged Community.

Motion: Bob Wolff  
2<sup>nd</sup>: Steve Price  
Vote: Motion carried

*Leveraged/Direct/Interim/DAC Program Interest Rates for 2020*

Keith McLaughlin reviewed the discussions held the previous evening at the Board Program Work Session (BPWS) about the interest rates for 2020 and the BPWS's recommendation to maintain all current (2019) interest rates for 2020 with the option to revisit during 2020, as deemed necessary. The impact on administrative fees to the SRF programs was also discussed. The current interest rates are defined as: WPCRF and DWRP direct loan rate (2.50%), WPCRF and DWRP DAC Category 1 rate (1.50%), WPCRF and DWRP DAC Category 2 rate (0.50%), WPCRF Green Project Reserve Loan rates (0.50% and 1.50%), WPCRF and DWRP Leveraged Loan rate (70% subsidy), Authority Interim Loan Program rate (3.00%) and Authority SHLP rate (2.50%). A motion was made to maintain current (2019) interest rates for 2020 with the option to revisit if necessary, and to revisit the Administrative Fee discussion in June. Director



Skram also expressed interest in holding a training/discussion on Administrative Fees at a future Board Program Work Session or Board meeting.

Motion: Steve Vandiver  
2<sup>nd</sup>: Bob Wolff  
Vote: Motion carried

*Project and Matching Account Updates*

Keith McLaughlin referred to the written report and stated that there were no rating or outlook changes since the last Board meeting and all agreements are in compliance with the required collateral percentages and eligible securities. There is only one repurchase agreement remaining in the investment portfolio and Mr. McLaughlin suggested removing this as a future agenda item, unless the Board preferred it remain. The consensus of the Board was to remove the agenda item and provide updates as necessary.

*Status of Projects*

Jim Griffiths reported that several loan applications are expected to be presented at the March 6, 2020, Board meeting, including Mt. Crested Butte Water and Sanitation District for \$21 million. Since the last Board meeting there have been no Planning Grants or Design & Engineering grants issued.

**Water Pollution Control Revolving Fund**

*Loan Application – City of Idaho Springs, Resolution No. 19-35*

Wesley Williams presented the City of Idaho Springs request for a Disadvantaged Communities direct loan through the WPCRF loan program in the amount of \$3,000,000, at an interest rate of 0.5% for a term of up to 30 years. The project received a favorable recommendation from the Project Finance Committee. This is Phase II of the overall project (Phase I was completed in March 2019) and the City will incorporate a 9% rate increase in 2020. In accordance with the new credit report review process, Mr. Williams identified a potential TABOR issue with the City that makes it difficult to draw from its outstanding grants and loans. This potential or actual issue has caused the City's reserves to decline and caused the City to issue a 0%, 20-year loan to itself to increase reserves during this project. A motion was made to adopt Resolution 19-35, approving a wastewater direct loan to the City of Idaho Springs and execution of a loan agreement and other documents necessary therefor.

Motion: Mike Berry  
2<sup>nd</sup>: Steve Price  
Vote: Motion carried

*Loan Application – Town of Hugo, Resolution No. 19-36*

Jim Griffiths presented the Town of Hugo's request for a Disadvantaged Communities direct loan through the WPCRF loan program in the amount of \$2,000,000, at an interest rate of 0.5% for a term of up to 30 years. This request received a favorable recommendation from the Project Finance Committee. The project funding will be comprised of an approximate 40% grant and 60% loan funding from multiple funding sources. The identified issue for this credit was the loan is large for this small community (particularly when factoring in the USDA loan). It was noted the Town is well managed, currently has no existing debt and has kept residents well informed of the project and progress. A motion was made to adopt Resolution 19-36, approving a wastewater direct loan to the Town of Hugo and execution of a loan agreement and other documents necessary therefor, subject to the Town increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant prior to loan execution.

Motion: Chris Treese  
2<sup>nd</sup>: Steve Vandiver  
Vote: Motion carried

*Loan Application – Town of Peetz, Resolution No. 19-37*

Ian Loffert presented the Town of Peetz's request for a Disadvantaged Communities direct loan through the WPCRF loan program in the amount of \$700,000, at an interest rate of 0.5% for a term of up to 30



years. The Town's request received a favorable recommendation from the Project Finance Committee. Mr. Loffert noted the Town's wastewater project is a good example of a co-funded project and is composed of multiple funding sources. The potential issues identified for discussion was the large loan size for a small community, however the Town has secured a substantial amount of grant funding for the project. A motion was made to adopt Resolution 19-37, approving a wastewater direct loan to the Town of Peetz and execution of a loan agreement and other documents necessary therefor, subject to the Town increasing user rates, if necessary, to meet the Authority's rate covenant prior to loan execution.

Motion: Judy Skram  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

Following the vote, Chair Jones requested feedback from the Board about the new credit report review process and the Board was generally in favor of the new method, noting that only pertinent information is being provided.

#### *Town of Vilas Loan Amendment*

Wesley Williams reviewed the approval of the Town of Vilas' Disadvantaged Communities direct loan and the terms necessary to convert the original WPCRF loan request to a 100% principal forgiveness loan utilizing Authority cash. Following loan execution, Authority staff noticed some remaining references to the WPCRF program and proposed the provided loan amendment to correct those issues. A motion was made to approve the first loan amendment for the Town of Vilas and authorize staff to begin negotiating the first loan amendment with the Town with the provision to allow staff to make any additional non-material changes to the loan agreement as determined by the Executive Director.

Motion: Roy Heald  
2<sup>nd</sup>: Judy Skram  
Vote: Motion carried

#### *Status of Projects*

Keith McLaughlin suggested revisiting the Executive Director's authorization for certain housekeeping items (such as the Town of Vilas' loan amendment request) at a future Board Program Work Session or Board meeting. Additionally, since the last Board meeting, there have been no Planning Grants or Design & Engineering grants issued. No loan applications are expected to be presented at the January Board meeting, and at least five loan applications are expected for the March Board meeting. Jim Marlin, the Authority's Bond Counsel, is planning to make a presentation at the January Board meeting and the topic will be an overview of the bond resolution and loan agreement, similar to the Official Statement discussion the Board had in June with our disclosure counsel. Mr. McLaughlin concluded his report with an update on Quantified Ventures (the group that made the Colorado Wildfire Mitigation Environmental Impact Fund presentation in October) and stated staff has shared some base documents for an Authority formation and Inter Governmental Agreement (IGA).

#### **Small Hydropower Loan Program**

##### *Status of Program*

Austin Reichel reported that Authority staff is preparing two borrowers for loan execution: the City of Manitou Springs and the Town of Gypsum. Additionally, Lookout Mountain is seeking assistance to complete its hydropower feasibility study.

#### **Water Revenue Bond Program**

##### *Status Report*

Beth Williams stated that Parker Water & Sanitation District is working on a prepayment for its 2010 Series A Water Revenue Bond Program loan. The prepayment, approximately \$52 million, is expected sometime in January 2020 and will be escrowed to September 1, 2020 (the call date).



### **La Plata Future Projects Escrow & Animas-La Plata Project**

#### *Long Hollow Reservoir – Status Report*

Mike Brod reported that the Animas-La Plata Water Conservancy District's 2020 budget was recently approved and provisions for additional water purchases are incorporated in their budget for 2020, and that the District may purchase remaining water rights from the Authority in this upcoming year, 2020.

### **Unfinished Business**

#### *Project Finance Committee*

Committee Chair Steve Vandiver thanked staff for incorporating the Project Finance Committee's suggestion to revise the current credit review process.

#### *Board Program Work Session*

Committee Chair Chris Treese thanked Guy Nagahama, the Authority's Municipal Advisor, for his informative presentation at the previous evening's Board Program Work Session discussion. Members of the Board expressed their appreciation for these learning sessions and would like to see more in the future. Director Treese solicited Board members for additional Board Program Work Session discussion topics.

#### *Personnel Committee*

Committee Chair Roy Heald reported the Personnel Committee met on December 5, 2019, and approved the proposed increased salary ranges as outlined by the Executive Director. A motion was made to approve the proposed increase.

Motion: Roy Heald

2<sup>nd</sup>: Mike Berry

Vote: Motion carried, Director Wolff abstained as he wasn't present at Thursday's meeting

#### *Adjustments to the 2019 Budget*

Controller Justin Noll referred to the provided December 6, 2019, memorandum provided in the Board materials regarding necessary adjustments to the 2019 budget and stated that board approval is required for one item as changes were made across spending agencies, other changes are allowed under the Executive Director's authority but provided on an informational basis only. Noted changes not requiring Board approval are as follows: a \$1,000 increase in tuition reimbursement and corresponding \$1,000 decrease in the public transportation incentive line item; a \$5,000 increase in technical support activities and corresponding \$5,000 decrease in office rent and deposits; a \$300,000 increase in SWRP bond principal payments and corresponding \$300,000 decrease in SWRP refunding escrow payments; and a \$25,500,000 increase in DWRF bond principal payments and corresponding \$25,500,000 decrease in DWRF leveraged loans made. The \$20,000 increase in machines within the approved budget for cost overruns in the Board room remodel require a budget reclassification and therefore a motion is necessary. There is no need to republish the annual budget notice. A motion was made to approve the \$20,000 change to the machines budget line item in the Water Operations Fund as suggested in the memorandum.

Motion: Steve Vandiver

2<sup>nd</sup>: George Corkle

Vote: Motion carried

#### *Budget & Audit Committee, Resolution No. 19-38 and Resolution No. 19-39*

Controller Justin Noll presented the proposed final 2020 Budget and confirmed that following the October 4, 2019, Board meeting, the publication requirement was met and the "Notice as to Proposed Budget" appeared in the October 17, 2019, edition of *The Denver Post* and no inquiries were made for public inspection. Mr. Noll made three changes to the budget since the October meeting. The first was to increase the tuition assistance by \$5,000 for an additional potential employee. The second and third changes were to the WPCRF and DWRF administrative expenses. An additional \$50,000, to the WPCRF Program and an additional \$25,000, to the DWRF Program for DOLA's small and rural communities' technical services contractor. Mr. Noll noted the Water Quality Control Division's 2020 budget was not provided in the Board



materials but was distributed during the report. A motion was made to adopt Resolution No. 19-38, summarizing expenditures 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 2020, and ending on the last day of December 2020.

Motion: Judy Skram  
2<sup>nd</sup>: Steve Vandiver  
Vote: Motion carried

A subsequent motion was made to adopt Resolution No. 19-39, appropriating sums of money to the various funds and spending agencies in the amounts for and for the purposes set forth for the Colorado Water Resources and Power Development Authority for the 2020 budget year.

Motion: George Corkle  
2<sup>nd</sup>: Judy Skram  
Vote: Motion carried

*Legislative Issues and Other Business of Interest to the Authority*

Mike Brod reported that he conferred with Matt Becker, Colorado Legislative Council staff, about the upcoming confirmation hearings for the two reappointed and one newly appointed Board members. Mr. Brod would like to have the hearings set for Thursday, March 5, 2020, if not earlier, prior to the Board Program Work Session and Director Berry will continue to serve until the hearing is confirmed. Additionally, the Authority's statute requires at least one Board member be designated as experienced in water law and proposed naming Director Vandiver for that designation. Director Vandiver was comfortable with that designation, if applicable.

**Arrangements for Future Meetings**

The January 29, 2020, Board meeting will be held at the Westin Westminster in conjunction with the Colorado Water Congress Annual Convention. The March 6, 2020, and April 17, 2020, Board meetings will be held in Denver at the Authority's office. Office Manager Sabrina Speed announced that a retirement dinner and reception would be held on Wednesday, January 29, 2020, and a formal announcement and invitation would be forthcoming in the next week. Additionally, the Authority will host an Open House celebrating Mr. Brod's retirement on Thursday, January 23, 2020, in the Authority's offices.

**Adjournment**

Chair Jones adjourned the meeting at 12:19 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.