

COLORADO WATER RESOURCES and POWER DEVELOPMENT AUTHORITY
9:00 A.M. – October 4, 2024

Hybrid Meeting – In-person and via Zoom
 Silt Town Hall

231 N. 7th Street, Silt, CO 81652

<https://us06web.zoom.us/j/84552747155?pwd=sjHcrhtR7PJKliu3PxA12bDHadXgk.1>

OR call-in number 1-669-900-6833

Meeting ID: **845 5274 7155**

Passcode: **896499**

AGENDA

(Order & contents subject to change by action of the Authority)
 Check www.cwrpda.com for agenda changes and other information)

1. **Call to Order** – Chair Steve Vandiver
2. **Roll Call, Declaration of a Quorum & Consent Agenda Approval**
3. **Approval of Minutes** – August 21, 2024
4. **Introduction of Guests**
5. **Other Agency Reports**
 - (a) Report of CWCB – Kirk Russell
 - (b) Report of WQCD – Ron Falco
 - (c) Report of DOLA – Desi Santerre
6. **Authority Reports**
 - (a) Public and/or Board Member Comment
 - (b) Report of Chair – Steve Vandiver
 - (c) Report of Treasurer – Mike Fabbre
 - (d) Report of Executive Director – Keith McLaughlin
 - Appointment of Assistant Secretaries, Resolution No. 24-30
 - Appointment of Assistant Treasurer, Resolution No. 24-31
 - Appointment of Authority General Counsel, Resolution No. 24-32
 - (e) Manager's Report
 - Accounting
 - Finance
 - Office
 - (f) Report of Legal Counsel – Karl Ohlsen
7. **Drinking Water Revolving Fund**
 - (a) Loan Application
 - Highland Lakes Water District (Supplemental), Resolution 24-33
 - (b) City of Fort Lupton – Additional Bonds Test Waiver and Consent
 - (c) State Revolving Fund 2024 Series C Bond Resolution No. 24-34
 - (d) Status of Projects
8. **Water Pollution Control Revolving Fund**
 - (a) Loan Application
 - Town of Lake City (Supplemental), Resolution 24-35
 - (b) State Revolving Fund 2024 Series C Bond Resolution No. 24-34 (*same as 7(c)*)
 - (c) Status of Projects
9. **Small Hydropower Loan Program**
 - (a) Status Report
10. **Water Revenue Bonds**
 - (a) Status Report
11. **Committee Reports**
 - (a) Project Finance Committee – Minutes
 - (b) Board Program Work Session – AVC Funding Concepts
 - (c) Budget & Audit Committee – Minutes
 - Approval of Forvis Mazars 2024 Audit Engagement
 - Presentation of the 2025 Budget
 - (d) Nominating Committee – Minutes
12. **Legislative Issues and Other Business**
 - (a) Legislative Issues
 - (b) Other Business of Interest to the Authority

13. Arrangements for Future Meetings

December 5, 2024 – Board Program Work Session (TBD)

December 6, 2024 – Board Meeting 9:00 am, Denver

January 29, 2025 – 2 pm, Hyatt Regency Aurora Denver Conference Center (in conjunction with the Colorado Water Congress Annual Convention)

March 6, 2025 – Board Program Work Session (TBD)

March 7, 2025 – Board Meeting 9:00 am, Denver

14. Adjournment**SLIDES**

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Meeting ID: **845 5274 7155**Passcode: **896499****CONSENT AGENDA****7. Drinking Water Revolving Fund**

(a) Loan Application

- Highland Lakes Water District (Supplemental), Resolution 24-33

8. Water Pollution Control Revolving Fund

(a) Loan Application

- Town of Lake City (Supplemental), Resolution 24-35

**Colorado Water Resources
and
Power Development Authority**

BOARD MEETING MINUTES

August 21, 2024

Call to Order

Chair Steve Vandiver called the meeting to order at 3:12 p.m. in the Remington I Conference Room of the Cheyenne Mountain Resort, located at 3225 Broadmoor Valley Road, Colorado Springs, CO 80906, and via video and audio teleconferencing.

Board Member Identification and Declaration of a Quorum

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

Approval of Consent Agenda

Chair Vandiver announced that the following items were placed on the Consent Agenda for Board consideration at the Project Finance Committee meeting: Agenda items 7(a) Drinking Water Revolving Fund loan applications for Project 7 Water Authority, Resolution No. 24-20, Buffalo Mountain Metropolitan District, Resolution No. 24-22, Town of Estes Park, Resolution No. 24-23, and Town of La Veta, Resolution No. 24-24, and Water Pollution Control Revolving Fund loan applications for the Town of Sedgwick, Resolution No. 24-27 and Town of Manzanola, Resolution No. 24-28. After hearing no comments, a motion was made to approve the Consent Agenda, as presented.

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

Approval of Minutes – June 7, 2024

The June 7, 2024, Minutes were presented for approval. After hearing no comments, a motion was made to approve the Minutes of June 7, 2024, as presented.

Motion: Eric Wilkinson
2nd: Bruce Whitehead
Vote: Motion carried

Introduction of Guests

In the interest of time, Chair Vandiver suggested forgoing the formal introduction of all guests. Chair Vandiver then invited any representatives from the entities approved on the Consent Agenda to address the Board, if desired. Adam Turner, Manager of the Project 7 Water Authority, thanked the Board for its approval of its project on the Consent Agenda. Jessica Johnson, Project 7 Water Authority Project Engineer, also thanked the Board and specifically Austin Reichel for his assistance throughout the loan process. Greg Swartz, Project 7 Municipal Advisor, thanked the Board for devoting its time and attention to the Project 7 Water Authority. Mr. McLaughlin noted that Mr. Swartz is SRF alumni and former Executive Director of the Water Infrastructure Finance and Innovation Act (“WIFIA”) Program. Jacqueline Wesley, Utilities Project Manager for the Town of Estes Park, thanked the Board on behalf of the Town for approval of its project. This project consolidates a 12 home community with the Town and allows the Town to better serve and operate its system. Ms. Wesley thanked the SRF staff for their support through the process as the Town is relatively new to the SRF and specifically thanked Aly Ulibarri and Jeff Zajdel.

This project will allow the Town to reduce water loss and to improve operations in addition to the consolidation of the small, rural utility.

Chair Vandiver announced that some items on the agenda would be rearranged to accommodate audience guests.

Report of the Chair – Chair Vandiver opined that this cycle between Board meetings had been relatively quiet compared to others. Chair Vandiver also thanked Authority Financial Analyst Austin Reichel for the knowledge and patience that he provided while working with the electronic signatures process. Important SRF support letters were sent to Senators Bennet and Hickenlooper and Mr. Reichel’s assistance was critical in getting the letters sent. Chair Vandiver concluded his report by thanking the Board for its participation in the joint meeting with the Water Quality Control Commission (“WQCC”) and concluded that he’s already received positive feedback about the joint meeting.

Report of the Treasurer – Treasurer Fabbre echoed Chair Vandiver’s comments about the joint meeting with the WQCC and noted that he found it helpful and appreciated everyone’s time and effort to put it together. Treasurer Fabbre also noted that neither the Budget & Audit nor the Investment Committees met since the last Board meeting. Authority Controller Justin Noll continued the Treasurer’s Report and noted that financials through June were contained in the Board materials, which is generally where staff is at this time of year. COLOTRUST, where the Authority holds most of its short-term investments, reduced its rates recently to 5.4% in anticipation of a Federal Reserve rate cut. Mr. Noll also noted receipt of the pension and OPEB (Other Post Employment Benefits) liability numbers from PERA and noted it was a reduction from last year. From information obtained in PERA’s 2023 Popular Annual Financial Report, Mr. Noll noted a 13.4% rate of return on its investments and announced that PERA’s funded status is at 69.6%. Although the PERA overall liability decreased slightly, Mr. Noll noted the Authority’s liability increased. Mr. Noll theorized that the state suspended contributions during the COVID pandemic and caught it up in 2022, and then based the Authority’s allocation on these higher contribution levels. Following Mr. Noll’s report, Director Treese noticed on the Board slides that the DWRP Planning Grant budget allocation is exhausted for the year and asked if there was an opportunity to transfer funds from the WPCRF program or make a budget adjustment, if necessary. Mr. Noll confirmed that a budget adjustment is possible, if necessary, or the Authority could request an increase in next year’s budget. Wesley Williams, Assistant Finance Director, added that there was no need for an immediate transfer at this time, but staff will continue to evaluate, as necessary. A motion was made to approve the Treasurer’s Report.

Motion: Mike Fabbre
 2nd: Karen Wogsland
 Vote: Motion carried

Report of Executive Director – Keith McLaughlin referred to the written report contained in the Board’s materials and confirmed that the required good-faith requirements were met for the one-year grace period for noncompliance of digital accessibility, as outlined in HB24-1454, prior to the July 1st requirement. Mr. McLaughlin added that although the good faith requirements were met, the PDF issue for website documents remains. Staff will continue to investigate viable and affordable solutions to this issue. Mr. McLaughlin also noted that he spoke at two national conferences recently, the Government Finance Office Association (“GFOA”) national conference in Orlando, Florida and the Water Finance Conference in Buford, Georgia. An opportunity to discuss water issues was presented at both events, including the dramatic cuts to the SRF Programs. Mr. McLaughlin highlighted one of the projects he’s currently working on, a formal salary and benefits survey. The Authority last conducted a formal survey in 2021, and since then, the consultant that Mr. McLaughlin previously worked with has left Employer’s Council (“EC”) and his experience with the new EC consultants was not positive. After reviewing several potential HR consultants, Mr. McLaughlin selected Chris Moffet, with Culture Solutions Group, to conduct the 2024 salary and benefits survey. A final report is expected to be complete by the October or December Board

meeting, and Mr. McLaughlin will meet with the Personnel Committee to review when finalized. Additionally, Mr. McLaughlin has been meeting regularly to discuss the Arkansas Valley Conduit (“AVC”) funding concept with representatives from Southeastern Colorado Water Conservancy District (“SECWCD”), Otero County and the Colorado Water Conservation Board (“CWCB”). This topic will be discussed later during the meeting. Mr. McLaughlin will meet with Colorado State Treasurer, Dave Young, to discuss the Treasurer’s Building Urgent Infrastructure and Leveraging Dollars (“BUILD”) concept. This proposed project will be an additional opportunity for the state to leverage existing funds to assist more water projects across the state. The report concluded with an announcement of staff anniversaries, including Senior Financial Analyst Ian Loffert’s seventh anniversary as of July 17th and Financial Analyst Austin Reichel’s five-year anniversary as of August 1st. Mr. Reichel was presented with a celebratory five-year plaque to recognize his milestone anniversary.

Arkansas Valley Conduit Update – Leann Noga & SECWCD Staff

Mr. McLaughlin introduced Southeastern Colorado Water Conservancy District (“SECWCD”) Executive Director, Leann Noga, who was present to update the Board on the Arkansas Valley Conduit (“AVC”) project and answer any outstanding questions. Ms. Noga introduced members of the SECWCD in attendance, including General Counsel Lee Miller, Esq., Senior Policy and Issues Manager Chris Woodka, Board Member Dallas May and Board President Bill Long. Mr. Noga announced that over the past two months, Chris Woodka created an AVC newsletter to open communication with the public and interested parties on the AVC project. The newsletter contains valuable updates on both the trunkline and the enterprise subproject, which includes the spurs and deliveries. The newsletter has been forwarded to Mr. McLaughlin and may be shared with anyone interested or can be delivered directly by contacting Mr. Woodka to add your email to the distribution list. The newsletter is created monthly following the SECWCD Board meeting, so it is timely and relevant. Ms. Noga stated that in June, a presentation was provided by SECWCD and Jeff Rieker of the Bureau of Reclamation (“BOR”), which was a collaborative effort to communicate a new, updated estimate of the AVC project cost. The updated cost estimate was approximately \$1.3 billion. Ms. Noga acknowledged that the cost estimate was a large amount, but the District has faced many challenges with this project since inception and she is confident they will find a way to overcome this obstacle. The District is committed to securing the right funding for project participants and noted that participants are subject to a 35% total repayment requirement including treatment, trunk, spur and delivery lines. When the updated cost estimate was communicated to the SECWCD Board, project participants and supporting agencies, the District announced that it would be seeking an administrative and/or legislative fix to the funding issue and repayment process. Last week, the SECWCD Board signed a letter of support for its delegation to start walking through a legislative process. Ms. Noga will update the Authority Board as the legislative progress continues. Ms. Noga also provided a construction update and noted that on the enterprise side of the project, the design and construction phase for two delivery lines have been completed for the Towns of Boone and Avondale. The final design phase on the section through Crowley County is ready to begin and will include all of Crowley County and the Town of Fowler. Overall, total spur lines are at a 30% preliminary design. On the trunklines, Ms. Noga confirmed that the BOR has three contracts currently and briefly described details of each contract. Additionally, there are multiple other contracts ready to be released through a request for proposal (“RFP”) process. Ms. Noga concluded her presentation with a summary of funding secured to date, including the BOR appropriation of \$321 million since 2011, the District and project participants contribution of approximately \$5 million (including approximately \$3 million in American Rescue Plan Act (“ARPA”) funding from the project participants) and a \$30 million grant from the CWCB. Following the presentation, Director Whitehead asked what the previous cost estimate was for the project, and Ms. Noga confirmed that the previous cost estimate was approximately \$600 million. Ms. Noga acknowledged that the cost estimate was doubled but also noted that there is a large amount of contingency on the estimate, as with most federal projects. The final cost will be known upon completion. Chair Vandiver thanked Ms. Noga

and her staff for the helpful update and Ms. Noga extended a sincere thanks to the Authority and CDPHE staff for its cooperation. Chair Vandiver extended an invitation to the SECWCD to return with AVC updates, as necessary. Following Ms. Noga's update, Mr. McLaughlin added that Karl Ohlsen drafted the aforementioned memorandum of understanding ("MOU"), now known as the intergovernmental agreement ("IGA"), and it has been distributed to the AVC participants: CWCB, Otero County and SECWCD, for review. As discussed at the Authority Board's retreat, the IGA outlines each entity's role and responsibilities in a clear format. First round comments on the draft IGA are expected by the first week in September and Mr. McLaughlin hopes to have a quick turnaround to prepare an agreement that can be executed by the Authority Board in a timely manner. Mr. McLaughlin mentioned a few funding concepts for Board consideration, including not splitting out any differences in the spur lines between governmental entities and private, non-profit organizations and allowing the ACV project to exceed the \$3 million cap on principal forgiveness. Mr. McLaughlin briefly noted the rationale that led to the two proposed funding concepts and answered outstanding questions from the Board about the two concepts. The two funding concepts will be placed on a future Board Program Work Session Agenda with visuals as requested. Staff only wanted to introduce them at this time to foster future conversations and provide the Board adequate time for consideration. Mr. McLaughlin thanked the Board for its feedback and confirmed that he received the information needed for the next Board Program Work Session.

Congressionally Directing Spending and SRF Funding Update – Christine Arbogast

Mr. McLaughlin introduced Christine Arbogast, the Authority's lobbyist, to provide the scheduled Congressionally directed spending ("CDS") and SRF funding update. Ms. Arbogast announced that in the current appropriations bill process, the House has passed its Interior and Environmental Appropriations bill (where the Environmental Protection Agency is funded) and the SRF programs were cut 29%. Although this amount represents a reduction from the 50% cut last year, it is still a concern and limiting the amount of available SRF program funding for communities. Ms. Arbogast explained that the Senate's process passed the subcommittee and was sent to the full committee for mark up so they could start engaging with the House reconciling differences, and the Senate voted to fund the SRF Programs at FY24 levels. Now the Senate will work with the House to determine final funding. Ms. Arbogast noted that when the House proposed a 50% cut last year, the Senate prevailed. History has shown that the Senate will likely prevail again. There is speculation that the committee staff have been talking over the August recess to reconcile their differences. There likely won't be a final outcome before the election and another continuing resolution is expected sometime between Thanksgiving and Christmas. There is also a possibility that the entire budget will be kicked into next year, particularly if there is a change in leadership in the Senate, House or White House. Ms. Arbogast also noted that in her discussions with the interior appropriations staff on the Senate side, the two Senate offices have been constantly bringing up the CDS issue, and while acknowledging the problem, there hasn't been a resolution yet, as there is no perceived threat because the agencies have yet to run out of available funding, when including BIL funds. Ms. Arbogast also heard that some state agency programs do not allow for certain types of projects, and, in those states, they have no other mechanism than CDS to fund certain projects. Ms. Arbogast asked for Mr. McLaughlin's assistance to vet these claims. Mr. McLaughlin confirmed that he hasn't heard those claims either and added that Colorado tends to be more restrictive in its programs but is still able to fund almost every project encountered. And while he wasn't familiar with each state agency and its requirements, this is not something about which he has heard. Ms. Arbogast added that she is receiving more support from House representatives on the CDS issue but noted that the SRF programs are the only eligible earmark account in the Interior and Environmental Appropriations bill that is eligible for CDS funding. Due to the current political environment, nothing is certain and likely won't be resolved until after the election but to maintain current year funding is important.

Finance Manager's Report

Finance Director Jim Griffiths referred to the two EPA Annual Reports for both SRF programs and noted that EPA audits both programs every year and reports the findings. Mr. Griffiths reported that the Authority and its partners received a clean audit this year, as they have for several years past. This year's audit was more in-depth than in years past and was conducted by EPA Region 8 staff and an independent contractor, over several months' time to audit additional information and materials. Mr. Griffiths asked the Board to reach out to him with any questions about the Annual Report. Mr. Griffiths also reported that the Government Finance Officers Association ("GFOA") has asked the Authority to provide examples of past tax-exempt financing for water projects to illustrate where tax-exempt financing made a difference to include in a future GFOA presentation.

Report of Legal Counsel

General counsel Karl Ohlsen didn't have a formal report but noted the preparation of the aforementioned IGA for the Arkansas Valley Conduit project participants and thanked Mr. McLaughlin for his persistence in working to complete it. Additionally, Mr. Ohlsen noted the work he's been focused on with the Karval Water Authority, which will be discussed later in the meeting agenda. Following Mr. Ohlsen's report, Director Treese asked if the Authority has received a response from the formal letter sent to the La Plata Water Conservancy District regarding the Future Projects Escrow Funding Agreement and Mr. Ohlsen responded that there has not yet been a response or any additional invoices received since the last Board meeting.

Drinking Water Revolving Fund

Town of Kremmling, Resolution 24-21

Giorgi Gazashvili presented the Town of Kremmling's ("Town") request for a DWRF Disadvantaged Communities ("DAC") loan in the amount of \$15,922,960 (comprised of a *\$11,246,806 leveraged loan plus cost of issuance, a *\$1,676,154 BIL DAC loan, and a *\$3,000,000 BIL PF loan). The leveraged loan will be for a term of up to 30 years, at an interest rate of 85% of the market rate on the Authority's 2024 Series C State Revolving Fund Revenue Bonds. The BIL DAC direct loan will be for a term of up to 30 years, at an interest rate of 1.75%, all loans are subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution. The project consists of replacing the Town's existing water treatment facility with ultrafiltration ("UF") treatment skids to aid in raw water quality and finished water quality goals. The new water treatment facility project includes three UF treatment skids and eight UF membrane modules housed in a new treatment plant building. Other additions include a clearwell, booster pump, and a potable water storage tank. Addressing a question raised at the Project Finance Committee meeting, Mr. Gazashvili confirmed that he spoke with Ashley Macdonald, the Town Manager, regarding the outstanding rate study question and was prepared to address the question now. Additionally, Ms. Macdonald was in attendance to address any follow-up questions and/or provide additional details, if necessary. As to the issue of a possible rate study, Mr. Gazashvili confirmed that the Town held discussions with the community, Board members and Town representatives and decided to proceed with the tiered rate increases. Mr. Gazashvili confirmed that the Town's engineer and rate study consultant were in attendance virtually if additional questions remain. This application received a favorable recommendation from both the SRF and Project Finance Committees. Director Wilkinson noted that the biggest question from the Project Finance Committee was the ability of the Town to withstand the proposed rate increase. Ms. Macdonald addressed the Committee's concerns and confirmed that the rate study results that they received from the consultants indicated the Town needed to reevaluate the way their tiers were assessed and suggested instead of looking at a resident and commercial tier base, they needed to adjust to a tier based on tap size. Ms. Macdonald added that based on their analysis, the residential users would not realize a large rate increase, but rather the increases would be mostly on the commercial users and that the communities are aware of the potential rate increases. Although the residents preferred that they not be responsible for any rate increases, they understand that their rates haven't increased significantly for more than ten years. Like many communities across Colorado, the Town of Kremmling is a little lagging in rate increases but is

committed to finding a balance between a rate that is palatable versus what is necessary to afford the new water treatment plant. The Town Board is also exploring other funding mechanisms such as impact fees and different system development fees. Following additional discussion, a motion was made to move PFC and staff's recommendation for approval of Resolution 24-21, approving a drinking water direct loan to the Town of Kremmling and execution of a loan agreement and other documents necessary therefor.

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

Karval Water Authority, Resolution 24-25

Prior to the presentation, Wesley Williams announced that Karval Water Authority representatives Patrick Leonard and general counsel, Stan Kimble, were in attendance virtually and Dannah Koeniger was present in person to answer any questions that may arise from the discussion. Mr. Williams then presented the Karval Water Authority's loan request for a DWRP DAC direct loan in the amount of \$1,074,740 (comprised of a *\$385,237 BIL loan and a *\$689,503 BIL PF loan). The loan will be for a term of up to 30 years, at an interest rate of 1.75%, subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution and additional covenants and requirements as outlined in Resolution 24-25. The project consists of drilling a second well, replacing distribution piping, looping the distribution system, installing new gate valves, replacing meters, installing a new backup generator, replacing a fire hydrant, performing rehabilitation on the nitrate treatment control valves and replacing the hydropneumatic tanks in the existing treatment plant. Mr. Williams confirmed that Karval Water Authority was eligible to access BIL and PF funds because it converted from a private, not for profit entity to a Water Authority. By converting to a governmental entity, it allowed Karval Water Authority to access grant funds, as well as reduced interest rates. Addressing a question that arose from the PFC meeting about organizational structure, Mr. Williams confirmed that when the Karval Water Users Association converted to a governmental agency, it conveyed all its assets besides the Water Rights to the governmental agency. Mr. Williams elaborated on some of the PFC Committee's concerns about the Water Rights not being transferred to the governmental agency along with the other assets. Mr. Williams stated that staff sent Mr. Ohlsen the transfer documents along with other items from the Karval Water Authority creation and Mr. Ohlsen is able to help answer the questions brought up during the PFC Committee. Mr. Ohlsen stated he has reviewed the water supply and service agreement and recommends changes to tighten up the agreement, to ensure that it has some longevity. Mr. Ohlsen expressed concern about what will happen when the debt is repaid because the owner of the water rights cannot convey the water rights to a third-party until the debt is paid but there is still some question what happens upon repayment. Other questions remain in the augmentation plan and are also outlined in the Resolution's conditions that must be resolved prior to loan execution. A motion was made to approve Resolution No. 24-25, approving a DWRP direct loan to the Karval Water Authority and execution of a loan agreement and other documents necessary therefor with the condition that Exhibit A be amended to include the "review and approval" of counsel as outlined in conditions 3, 5 and 6.

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

DWRP Intended Use Plan Changes for 2025

Jim Griffiths announced that each summer, all states that administer SRF programs work to update the Intended Use Plans (IUP) for the following year, as required by the U.S. Environmental Protection Agency. The IUPs detail DWRP and WPCRF program operations and administration. Staff are preparing the 2025 IUPs for approval by the Water Quality Control Commission ("WQCC") in October 2024. Staff recommends the following financial changes to the 2025 IUPs: to include language allowing the Authority Board of Directors, at their discretion, to allocate Bipartisan Infrastructure Law ("BIL") principal

forgiveness (“PF”) to be used for the Design and Engineering (“D&E”) Grants, to give priority to Disadvantaged Communities (“DAC”) with populations of 5,000 or less when providing D&E Grants; DACs with populations of 5,001 to 10,000 will remain eligible, but will be lower in priority, and to include improvements to the priority point system, as previously approved by the Authority Board. Mr. Griffiths provided rationale behind the recommendations, as outlined in the August 21, 2024, memorandum contained in the Board materials. After discussion, a motion was made to approve the proposed IUP changes for the 2025 IUPs for the DWRF and WPCRF programs and to incorporate the changes for approval by the WQCC.

Motion: Eric Wilkinson
 2nd: Chris Treese
 Vote: Motion carried

DWRF 2024 Bipartisan Infrastructure Law (“BIL”) State Match, Resolution 24-01

For informational purposes only, Ian Loffert noted that in February, the Board approved Resolution 24-01, approving the receipt terms for use of the state match for BIL program DWRF and WPCRF. The funds received from the Water Quality Control Division, a.k.a. the state, provides the required BIL supplemental state match. Mr. Loffert confirmed that the first two years of BIL required a 10% state match and for 2024 through 2026, a 20% state match is required. The Authority received the estimated allotments for 2024 DWRF and WPCRF BIL supplemental capitalization grants. The DWRF BIL supplemental amount is an estimated \$40.265 million and requires an estimated \$8.05 million state match and the WPCRF BIL supplemental amount is an estimated \$18.19 million and requires an estimated \$3.64 million state match. Resolution 24-01 allowed the Authority to allocate no more than \$20 million from the state to the BIL supplemental state match funds, and the required amount between the two SRF programs is approximately \$11.68 million, which is well under the approved \$20 million. Staff wanted to update the Board since it received the estimated allotments.

DWRF 2024 Base Capitalization Grant State Match Approval, Resolution 24-26

Kevin Carpenter referred to Resolution 24-26 contained in the Board materials and confirmed that on an annual basis, the Authority Board must approve two resolutions to provide the required state match for both SRF base programs. Resolution 24-26 is for the DWRF 2024 base capitalization grant state match approval. Mr. Carpenter reviewed the parameters of Resolution 24-26, including: an amount not to exceed \$10 million for FY 2024 for capitalization of the DWRF, on the condition that the Authority deposits state match funds comprising up to 20% of the federal capitalization amount, as required. Director Wilkinson suggested changing item #2 in the Resolution from “State Match of up to 20%” to “State Match of 20%” since the requirement is 20%. A motion was made to approve Resolution 24-26, approving and ratifying the DWRF base capitalization grant award for fiscal year 2024 between the Colorado Water Resource and Power Development Authority and the Environmental Protection Agency and providing for the commitment and deposit of funds to comprise the state match, as amended.

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

Water Pollution Control Revolving Fund

WPCRF Base Capitalization Grant State Match Approval, Resolution 24-29

Austin Reichel presented Resolution 24-29, and stated it was similar to Resolution 24-26, but intended for the WPCRF Program. This Resolution is for the WPCRF 2024 base capitalization grant state match approval. Mr. Reichel reviewed the parameters of Resolution 24-29, including: an amount not to exceed \$8 million for FY 2024 for capitalization of the WPCRF, on the condition that the Authority deposits state match funds comprising 20% of the federal capitalization amount, as required. A motion was made to approve Resolution 24-29, approving and ratifying the WPCRF base capitalization grant award for fiscal year 2024 between the Colorado Water Resource and Power Development Authority and the Environmental Protection Agency and providing for the commitment and deposit of funds to comprise the state match, as amended, noting the requirement to change the language as with Resolution 24-26.

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

In the interest of time, the Status Reports for the various funding programs were eliminated.

Long Hollow Dam & Bobby K. Taylor Reservoir

Keith McLaughlin confirmed that a letter was sent to the La Plata Water Conservancy District, as discussed during the June Board meeting, notifying the District that the Authority would cease further reimbursement payments under the existing agreement unless or until the District is able to provide documentation outlining the Authority's obligation to do so. To date, no response has been received, nor have any additional requisitions been received from the District. Mr. McLaughlin also confirmed that he reached out to the District prior to sending the letter to advise them that the letter was forthcoming. Director Whitehead confirmed that the Reservoir level is currently at 140 acre feet of storage. Mr. McLaughlin advised the Board that staff would like to eliminate future Long Hollow Dam and Bobby K. Taylor Reservoir updates from future Board meeting agendas since the Authority's financial obligation has ended. The Board was amenable to this request.

Project Finance Committee

Committee Chair Treese noted that the Project Finance Committee minutes were provided in the Board materials and thanked the Committee and other Board members for their attendance and participation. Several items were moved to the Consent Agenda after full and robust discussions.

Board Program Work Session

Minutes from the June 6, 2024, Board Program Work Session were included in the Board materials. There were no other updates.

Legislative Issues and Other Business

Mr. McLaughlin referenced the Board Chair's letters addressing the concerns with SRF funding for the Authority's two lending programs, as previously discussed, and highlighted the various news articles also contained in the Board materials.

Other Agency Reports

Report of Water Quality Control Division ("WQCD")

Mark Henderson, Section Manager for the WQCD, provided the agency report for Ron Falco. Mr. Henderson referred to the provided written report and highlighted a few items from the report, including a link to the Water Quality Control Commission's upcoming schedule in the report for the most up-to-date virtual meetings and events. Additionally, Mr. Henderson reported that the Division's Test and Fix Water for Kids program is continuing to implement HB22-1358. Remediation is underway for grade school and childcare facilities. Also, the program is now in the middle school testing phase. All middle school testing must be completed by November 30th. The program's lead results dashboard (available on the Division's website) provides the latest up-to-date information. Mr. Henderson highlighted two important budget items that are forthcoming, one is the non-point source post-wildfire mitigation project and the other is replacement of the SRF program's existing online applicant portal and project management program. A budget request is included to begin planning for replacing the existing system and address data management needs. Following the report, Mr. McLaughlin expressed his support for the new online portal and added that replacement software will be more specific to the two SRF program's needs.

Report of Colorado Water Conservation Board ("CWCB")

Kirk Russell, CWCB Finance Section Chief, referred to his written report and announced that the CWCB met on July 17th and 18th at the Jerlin Wattenberg Event Center in Walden and approved two new loans and

one loan increase: Montezuma Valley Irrigation Company (lower Arikaree and Garret Ridge Canal Piping), High Line Canal Company (Rocky Ford High Line Canal diversion rehabilitation) and North Poudre Irrigation Company (Park Creek expansion project – loan increase). The Board also approved approximately \$1 million in Water Supply Reserve Fund Grants (“WSRF”). A full listing of the awarded grants is available on the CWCB’s website. The current tax revenue projects for CWCB’s allocation into the Severance Tax Perpetual Base Fund for FY23/24 was about \$43 million. Next year’s projection remains around \$50 million. Additionally, FY23/24 Prop DD revenue projections appear to be approximately 10% higher than FY22/23. Estimated to be approximately \$26 million that will be appropriated in the 2025 CWCB Projects Bill and available for grant distribution in the fall/winter of 2025/26. The report concluded with an announcement that the next CWCB Board meeting will be held on September 18th and 19th in Monte Vista and will include a Finance Committee meeting held prior to that date. The Committee will consider approximately \$38 million in Non-reimbursable Investment (“NRI”) requests, along with other large project funding discussions. Final decisions on the NRIs will be made at the November 2024 Board meeting. This will be followed by submission of the requests to the Project Bill sponsors.

Report of Department of Local Affairs (“DOLA”)

Cynthia Thayer, Local Government Services Director, confirmed that DOLA submitted its 2025 proposed budget request to the Authority on August 20th. The budget request will include a funding request to continue the Small and Rural Communities Technical Services Program as well as reflecting a reduction in the term-limited BIL FTE from two to one. The proposed budget will be discussed at the October Board meeting.

Arrangements for Future Meetings

The August Board meeting will be held in Silt and will include a tour of the water treatment facility followed by a Board Program Work Session on Thursday, October 3rd. The Board meeting will be held on Friday, October 4th at 9:00 am. Details for these events will be forthcoming in the coming weeks.

Adjournment

Chair Vandiver adjourned the meeting at 5:30 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.

**-Estimated PF and direct loan amounts through BIL and/or Base Programs. The exact amount may be different at the time of loan execution. While no significant differences are anticipated, any significant differences needed to comply with the proportional allocation requirements of the BIL will be discussed with the Finance Director and Executive Director to determine if additional Authority Board approval is needed.*



Board Report - Colorado Water Resources & Power Development Authority October 4, 2024

REPORT INDEX

1. **WQCC actions (current and future)**
2. **WQCD highlights**
 - 2.1. Emerging issues/status updates/success stories
 - 2.2. Budget
 - 2.3. Legislative
 - 2.4. Grants and Loans Update
3. **Drinking Water Program**
 - 3.1. Project reporting
 - 3.2. Source water protection
 - 3.3. Coaching and training
4. **Clean Water Program**
 - 4.1. WPCRF Project Budget / Expenditures

1. **WQCC actions (current and future)**

Past WQCC actions include:

- The WQCC did not meet in July.
- The WQCC met on August 21st in a joint meeting with the WPCRF board. This meeting was held in Colorado Springs at the Colorado Water Congress meeting. At this meeting, the WQCC held informational briefings regarding the Cherry Creek Basin Water Quality Authority annual report, the Chatfield Watershed Authority annual report and the Bear Creek Watershed annual report. The WQCC also held a triennial review hearing for Regulation #64, the Biosolids Regulation. The WQCC held a routine review of the State Funded Water and Wastewater Infrastructure Programs.
- The WQCC held its annual planning meeting on September 9th and 10th in Berthoud.

Upcoming rulemaking hearings and briefings include:

- The WQCC will meet on October 15, 2024 and hold rulemaking hearings for updates to the following regulations: Regulation #82: 401 Certification Regulations, Regulation #61: Colorado Discharge Permit System Regulations, and Regulation #101: Water Quality Civil Inflation Adjustment Regulation. The WQCC will hold their annual public comment informational hearing and town hall. The WQCC will also hold an administrative action hearing for the FY 2025 Intended Use Plans.
- The WQCC will meet on November 12, 2024 and hold an administrative action hearing for Policy 98-1: Guidance for Implementation of Colorado's Narrative Sediment Standard, Regulation #31, Section 31.11(1)(a)(i). They will hold an issues scoping and formulation hearing for the June 2025 rulemaking hearing and future hearings.
- At this time, no WQCC meeting is scheduled for December 2024 or January 2025.
- For the most up-to-date information on the Water Quality Control Commission schedule, [the Long Range Schedule](#) is updated each month.

2. **WQCD highlights**

2.1. **Emerging issues/status updates/success stories**

- The October 16, 2024 deadline is approaching for water systems to complete system-wide lead service line inventory and lead service line replacement plan. WQCD has utilized funding from the BIL lead service line set-aside for this inventory requirement since 2023 including awarding over \$700,000 to individual systems to complete their own inventory and over \$2M to support a contractor to develop inventories free of charge to water





systems. The contractor has been working with over 300 water systems in developing and completing inventories.

- The division’s Test and Fix Water for Kids program is continuing to implement HB22-1358. Remediation is progressing for grade school and childcare facilities, and the middle school testing phase is nearing completion. All middle school testing must be completed by November 30th. The program’s lead results [dashboard](#) provides the latest up-to-date information.
- The EPA approved a scope of work for over \$2M through the WIIN Voluntary School and Child Care Lead Testing program that will provide for the division to assist non-compliant and new child care programs to test their drinking water for lead that missed deadlines under the Test & Fix program. This new federally funded program will provide more on-site technical assistance via a contractor to collect samples and subcontract remediation.
- The rulemaking hearing held on May 13 to place the Drinking Water and Commerce and Industry Clean Water sector fees in Regulation 102 was approved. The division has created a [webpage](#) to provide information and updates on the water quality fee-setting effort.

2.2 Budget

- The Division submitted its 2025 Budget on August 21st in accordance with the SRF MOU agreement and will be attending the Budget & Audit committee meeting on September 30 to present the budget and answer any questions.

2.3 Legislative

- There is nothing new to report concerning General Assembly activities.

2.4. Grants and Loans Unit Updates

- The Grants and Loans Unit plans to backfill the vacant project manager position with a 3-year term-limited position starting towards the end of the year or early 2025.

Pre-qualification Meetings 08/08/2024 - 09/18/2024			
Entity	Date	Estimated Project Cost	Program
Swiss Village HOA	08/14/2024	\$600,000	DWRF
Prairie View Ranch HOA	8/31/2024	\$20,000,000	DWRF
Silo Homeowners Association	09/06/2024	\$1,800,000	DWRF
Evergreen Metropolitan District	09/05/2024	\$2,200,000	WPCRF
Sage Pointe Wastewater System	09/06/2024	\$100,000	WPCRF

3. Safe Drinking Water Program

3.1. Project Reporting

- Nothing new to report

3.2. Source water protection

- The following source water protection grants were awarded during the current reporting period:
 - Deutsch Domestic Water for \$5,000





- Colorado Rural Water Association (CRWA) continues to work on source water protection planning and Wildland Fire Decision Support (WFDSS) projects. The Division has approved and awarded funding for CRWA’s request for proposal (RFP) application for continuing source water protection activities through December 31, 2027. The new contract began on January 1, 2024, and the work plan will be implemented through December 31, 2024. The current contract amount is \$263,410 per year and will be renewed annually with consideration of available funding.

3.3. Coaching and training

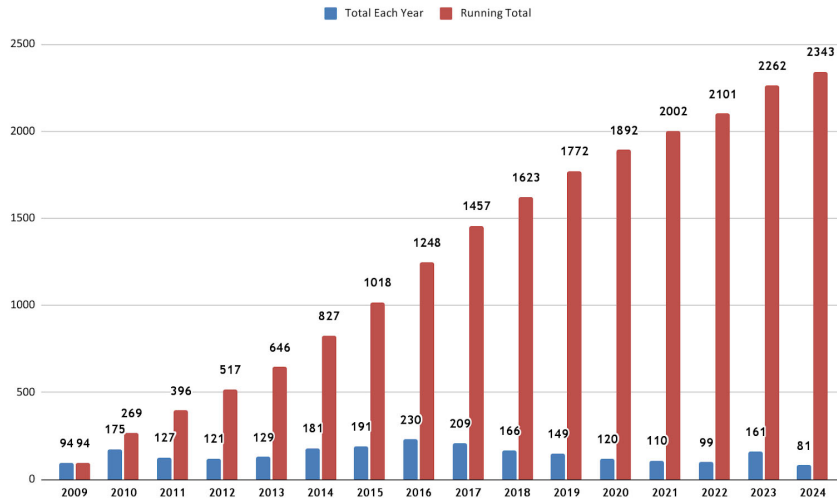
- The team provided the following group training events:

Training Title	Date of Delivery	Location	Water Professionals in Attendance	Public Water Systems represented
MORC	8/7/24	Durango	13	6
ORC	8/8/24	Durango	4	3
SSP	8/21/24	Webinar	22	74
Total year to date	Calendar year 2024	Colorado	435	445

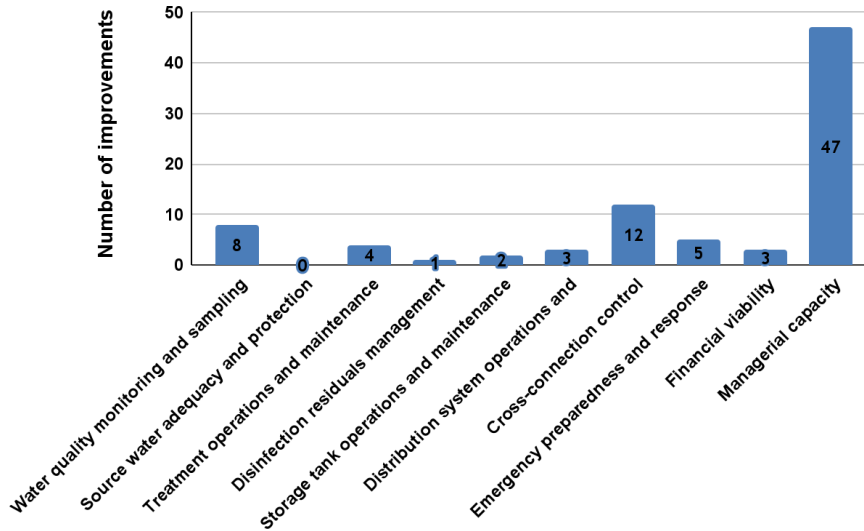
Please note the above acronyms are representative of the following training titles:
 MORC - Monitoring and Operating for Regulatory Compliance (includes mandatory regulatory training)
 LCRR - Lead and Copper Rule Revision
 SSP - Sanitary Survey Preparation
 ORC - ORC training to develop Monitoring Plan
 GWUDI - Ground Water Under the Direct Influence of Surface Water Data/Sampling

- Unit staff worked with compliance and engineering subject matter experts to present a drinking water regulatory update at the Rocky Mountain Water Conference in Keystone, CO. Unit staff also presented findings of an extensive study of the dynamics of iron and manganese in the distribution system at a small mobile home community.
- LAU staff established two training POs for the development and use of Clean Water training material to include: offering free on-demand wastewater treatment courses for 100 certified operators from systems that provide services to SUDC communities, curriculum development, and TMF capacity assessment.
- Unit staff met with the Eastern Region Rural Representative and fellow staff at the Office of Economic Development & International Trade (OEDIT) to discuss a potential water and wastewater operator incentive program. A further discussion will be scheduled in the coming months once they fill an upper leadership position.
- Unit staff provided the AG’s office with language to be included in a memorandum to the WWFOCB regarding clarification and potential revisions to regulatory language on the revocation of operator certificates.
- As for operator misconduct investigations and disciplinary actions, no new investigations were opened in August. At its August 2024 meeting, the board revoked one operator’s certification.
- The 2024 annual running monthly average is 62% of all systems that received one-on-one assistance are making at least one improvement.
- Total coaching and training events:





- 2024 improved performance as a result of assistance (the following displays success of coaching visits as measured by the number of systems improving performance as a result of coaching assistance across 10 different areas):





4. Clean Water Program
4.1. 2024 WPCRF Projects Budget

Project	Contract Amount	Balance
CRWA - Source Water Protection	\$150,000.00	\$63,803.67
Lab - Measurable Results Program	\$100,000.00	\$90,862.35
CSU E-rams	\$103,000.00	\$44,201.25
USGS trend study	\$25,000.00	\$16,674.00
North Front Guidance for Implementation of Colorado's Narrative Sediment Standards, Regulation #31. They will RWQPA	\$25,000.00	\$25,000.00
Northwest CO COG	\$25,000.00	\$19,900.00
Pikes Peak ACOG	\$25,000.00	\$15,832.65
Pueblo ACOG	\$40,000.00	\$18,461.00
ERG contract- Macroinvertebrate Sampling	\$50,000.00	\$47,938.79
ERG contract - Field Sampling	\$116,600.00	\$95,327.94
ERG contract- Temperature	\$50,000.00	\$22,594.26
Hydros	\$53,320.00	\$43,830.20
Groundwater Monitoring (Eurofins)	\$55,325.50	\$55,325.50
Aquatics Associates	\$15,000.00	\$15,000.00
DSV Support	\$100,000.00	\$40,853.85
CSU Arkansas Valley Conduit Research Center	\$8,000.00	\$7,515.48
CSU Statewide Water Quality Management Plan	\$150,000.00	\$125,824.81
Colorado School of Mines - Colorado Geological Survey	\$44,674.50	\$44,674.50
Tetra Tech #1	\$65,000.00	\$65,000.00
Tetra Tech #2	\$50,000.00	\$50,000.00
Left Hand Watershed Center	\$100,000.00	\$18,921.00
Big Thompson	\$35,000.00	\$35,000.00
Total	\$1,385,920.00	\$962,541.25





COLORADO

Department of Local Affairs

Division of Local Government

To: Colorado Water Resources and Power Development Authority Board

From: Cynthia Thayer and Desi Santerre, DLG

Date: October 4, 2024

Re: DOLA Agency Update

Energy and Mineral Impact Assistance (EIAF) Program

The most recent application deadline was August 1, 2024. Tier I and Tier II applications were accepted and there is about \$30 million in grants available. Below are the Tier I and Tier II applications. Awards are expected in November.

Tier I			
Type	SRF	Project Name	Requested
Water	Yes	Dolores Water Distribution Replacement Phase II - Final Design	\$200,000
Water	No	East Valley Metropolitan District Water Main Loop	\$200,000
Water	No	Rifle 5th St. and Ute Ave. Waterline Replacement	\$200,000
Water	No	Gilpin County Rollinsville Plan & Infrastructure Feasibility Study	\$125,000
Water	No	Pagosa Area WSD Snowball WTP Centrifuge	\$200,000
Total:			\$925,000

Tier II			
Type	SRF	Project Name	Requested
Water	Yes	Pinewood Springs WD Water Main Infrastructure Replacement	\$1,000,000
Water	Yes	Granby North Service Area Water Treatment Plant Construction	\$1,000,000
Water	Yes	Fort Lupton Elevated Water Storage Tank Construction	\$1,000,000
Water	No	Craig Mariana Way & Circle Drive Water Line Replacement	\$369,930
Water	No	Meeker Garfield St. Water Line Replacement	\$1,000,000
Water	No	Collbran Plateau Valley School Water Extension	\$1,000,000





Water	Yes	Limon Wastewater System Improvements	\$1,000,000
Water	Yes	Kremmling Water System Improvements	\$1,000,000
Water	Yes	Boulder Spring Valley Estates Annexation and Water System Replacement	\$1,000,000
Water	No	Idaho Springs Montane Water Storage Tank Replacement	\$1,000,000
Water	No	Beulah Water Works Dist. Raw Water Tank Improvements	\$1,000,000
Water	Yes	Pagosa Area WSD Vista WWTP Upgrades	\$716,558
Water	Yes	Hugo Water System Improvements	\$1,000,000
Sewer	No	Yampa Wastewater Treatment Plant Improvements	\$1,000,000
Sewer	No	Creede Wastewater Collection System Rehabilitation - Phase 4	\$863,000
Sewer	No	Clear Creek Stanley Road Sewer & Broadband Installation	\$200,441
Total:			\$14,149,929

Severance Tax/FML September Projections

Projections are higher than the last quarterly projections, but may not last as some are predicting oil and gas prices to fall.

Fiscal Year - OSPB forecast/Leg Council forecast (millions)

Severance

FY24/25 - \$251.5 / \$263.6

25/26 - \$258.2 / \$261

26/27 - \$214.6 / \$209.8

FML

FY24/25 - \$108.2 / \$114.3

25/26 - \$116.7 / \$139.5

26/27 - \$118.1 / \$140.9

Small and Rural Communities Technical Services Program:

DOLA’s contractor recently completed work for one community and is in discussions with DOLA staff about a new potential project.

Owner	Type	Recommendation / Analysis	Project Status
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COLORADO
Department of Local Affairs
 Division of Local Government

Somerset Domestic Water Works District	Drinking water	DOLA’s contractor completed work to support the District with evaluating the water treatment plant processes as well as the recently installed instrumentation and control system. The work completed included an inventory the existing WTP equipment and document issues, assessment of existing control and monitoring capabilities versus desired access and control; prioritization of needs with the help of the ORC, development of recommendations for future treatment and/or controls upgrades, documentation of SCADA system current capabilities, additional needs, and other recommendations.	Complete
--	----------------	--	----------

Through the end of August, a total of \$38,294 has been spent on technical services projects, including \$33,222 on drinking water projects and \$5,071 on wastewater projects.

DOLA completed and shared our annual review of technical services activities.





COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

Treasurer's Report

October 4, 2024, Board Meeting

The financial reports are located after the Treasurer's Report in your electronic documents.

No financial reports. We are in the process of transitioning to Sage Intacct.

Financing Programs

- All programs continue to function normally.

Accounting Department Activities

The accounting department staff is involved in the following activities, in addition to usual monthly transaction processing:

- The annual SRF Annual Summary reports required by the EPA for both the Clean Water and Drinking Water programs have been submitted.
- On September 3rd, staff completed preparations for, and the trustee executed the payment of debt service that totaled \$6.5 million for the DWRF and \$17.5 million for the WPCRF.
- On September 4th, deallocation (release of debt service reserve fund investments) totaled \$20.0 million for DWRF and \$26.5 million for WPCRF. These amounts were deposited into the respective program Reloan Accounts.
- The 2025 Draft Budget was reviewed by the Budget and Audit Committee on September 30th and the budget will be presented according to the approved meeting agenda.
- Desiree Perea was hired as the new Account Tech/Clerk and started on August 29th.

**COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
AUTHORITY CASH TRANSACTIONS for the MONTH ENDING AUGUST 31, 2024**

CHECKS				
Date	Check#	Payee	Description	Amount
8/15/2024	26770	ABM Parking Services	Monthly Parking	\$ 2,190.00
8/15/2024	26771	About Time Awards	5-Year Award for Austin Reichel and Nametag for Stephanie Hines	\$ 87.75
8/15/2024	26772	Carlson, Hammond, & Paddock	Legal Services for July 2024	\$ 11,524.05
8/15/2024	26773	FedEx	SRF 2024A and SRF 2024B COI Delivery Costs	\$ 38.12
8/15/2024	26774	Interlynk	Monthly Phone	\$ 75.00
8/15/2024	26775	MyTech Partners, Inc.	Monthly Software & Tech Support	\$ 5,850.00
8/15/2024	26776	Robert Half	Temporary Services	\$ 2,605.94
8/15/2024	26777	Wells Fargo	Speed, Noll, Griffiths, Williams, & McLaughlin Credit Card Expenses	\$ 3,739.97
8/20/2024	26778	Nationwide	Annual General Liability Insurance Premium	\$ 5,555.00
8/29/2024	26779	Interlynk	Monthly Phone	\$ 75.00
8/29/2024	26780	Robert Half	Temporary Services	\$ 2,441.25
TOTAL CHECKS				\$ 34,182.08

WIRE TRANSFERS INCOMING/(OUTGOING)				
Date	Payee	Description	Amount	
08/02/24	Authority Checking	Colorado Water Congress Sub-Lease Income - August 2024	5,729.50	
08/16/24	Authority Checking	Colorado Water Congress Sub-Lease Income - January - July 2024	35,181.50	
TOTAL WIRE TRANSFERS				\$ 40,911.00

ACH TRANSFERS INCOMING/(OUTGOING)				
Date	Payee	Description	Amount	
8/9/2024	Clearly	Monthly Phone Services	(183.35)	
8/14/2024	Authority Staff	Payroll	(33,284.17)	
8/14/2024	IRS and Colorado Department of Revenue	Federal and State Payroll Withholdings	(9,927.86)	
8/14/2024	US Bank	Monthly Service Charge	(589.51)	
8/14/2024	Inova	Payroll Processing Fee	(106.31)	
8/15/2024	Century Link (Lumen)	Monthly Internet Payment for August 2024	(333.96)	
8/15/2024	Colorado Water Congress	Summer 2024 Conference Sponsorship	(5,200.00)	
8/15/2024	Peak Performance Imaging Solutions	Professional Services to Fix Forms in Laserfiche	(57.47)	
8/15/2024	Wesley Williams	Expense Report for CIFA Travel	(785.51)	
8/16/2024	PERA	Authority Staff PERA & 401k Contributions	(23,634.85)	
8/28/2024	PERA	Authority Staff PERA & 401k Contributions	(25,409.32)	
8/29/2024	Mike Fabbre	Board Meeting Travel and Expenses	(223.78)	
8/29/2024	Giorgi Gazashvili	Board Meeting Travel and Expenses	(132.26)	
8/29/2024	Kogovsek & Associates	Monthly Consulting Services	(2,000.00)	
8/29/2024	Keith McLaughlin	Board Meeting and Water Conference Travel and Expenses	(1,679.80)	
8/29/2024	PBV-1580 Logan St.	Monthly Lease Payment - September 2024	(24,089.23)	
8/29/2024	Sabrina Speed	Board Meeting Travel and Expenses	(119.26)	
8/29/2024	Chris Treese	Board Meeting Travel and Expenses	(384.12)	
8/29/2024	Bruce Whitehead	Board Meeting Travel and Expenses	(59.63)	
8/29/2024	Karen Wogsland	Board Meeting Travel and Expenses	(280.06)	
8/29/2024	Authority Staff	Payroll	(35,011.47)	
8/29/2024	IRS and Colorado Department of Revenue	Federal and State Payroll Withholdings	(9,928.10)	
8/30/2024	PERA	PERACare Insurance Payment	(19,552.75)	
SUBTOTAL				\$ (192,972.77)

TOTAL ACH TRANSFERS \$ (192,972.77)

TOTAL CASH TRANSACTIONS for the MONTH ENDING AUGUST 31, 2024 \$ (117,879.69)

**COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
AUTHORITY CASH TRANSACTIONS for the MONTH ENDING SEPTEMBER 30, 2024**

CHECKS				
Date	Check#	Payee	Description	Amount
9/12/2024	26781	ABM Parking Services	Monthly Parking	\$ 2,460.00
9/12/2024	26782	About Time Awards	Name Tag and Name Plate for Desiree Perea	\$ 37.25
9/12/2024	26783	Automated Business Products	Monthly Copier Contract	\$ 215.52
9/12/2024	26784	Bethel Bindery	Book Binding for SRF 2024A & B Bond Issues Shipping Steve Vandiver's Business Cards & Shipping DWRF Arbitrage Documents to IRS	\$ 127.55
9/12/2024	26785	FedEx		\$ 112.69
9/12/2024	26786	Iron Mountain	Monthly Document Retention and Storage	\$ 292.68
9/12/2024	26787	Ken's Print & Graphics	Business Cards for Steve Vandiver	\$ 116.14
9/12/2024	26788	Lincoln National Life Insurance	Monthly Life Insurance	\$ 1,087.76
9/12/2024	26789	MyTech Partners, Inc.	Monthly Software & Tech Support	\$ 5,463.00
9/12/2024	26790	U.S. Bank	Trustee Fees	\$ 386.46
9/12/2024	26791	Wells Fargo	Speed, Noll, Griffiths, Williams, & McLaughlin Credit Card Expenses	\$ 3,670.64
9/26/2024	26792	ABM Parking Services	Monthly Parking	\$ 20.00
9/26/2024	26793	Carlson, Hammond, & Paddock	Legal Services for August 2024	\$ 5,778.60
9/26/2024	26794	Cheyenne Mountain Resort	Board Meeting/CWC Conference Lodging	\$ 6,739.05
9/26/2024	26795	CGFOA	Membership Dues for Valerie Lovato	\$ 65.00
9/26/2024	26796	Curbside Recycling	Monthly Recycling	\$ 185.00
9/26/2024	26797	Interlynk	Monthly Phone	\$ 75.00
9/26/2024	26798	MyTech Partners, Inc.	Monthly Software & Tech Support	\$ 1,600.00
9/26/2024	26799	Office Depot	Office Supplies	\$ 78.73
9/26/2024	26800	Pitney Bowes	Postage Meter Lease	\$ 180.00

TOTAL CHECKS \$ 28,691.07

WIRE TRANSFERS INCOMING/(OUTGOING)				
Date	Payee	Description	Amount	
09/06/24	Authority Checking	Colorado Water Congress Sub-Lease Income - September 2024	5,729.50	
09/06/24	Authority Checking	Transfer from COLOTRUST to Authority Checking	500,000.00	
09/10/24	Authority Checking	Refund from Nationwide Insurance	23.00	
09/27/24	Authority Checking	DWRF SRF 2024A COI Reimbursement	93,900.72	
09/27/24	Authority Checking	WPCRF SRF 2024A COI Reimbursement	127,042.17	
09/27/24	Authority Checking	DWRF SRF 2024B COI Reimbursement	122,136.15	

TOTAL WIRE TRANSFERS \$ 848,831.54

ACH TRANSFERS INCOMING/(OUTGOING)				
Date	Payee	Description	Amount	
9/9/2024	Clearly	Monthly Phone Services	(183.35)	
9/12/2024	Employers Council Services	Background Check for Desiree Perea	(287.50)	
9/12/2024	Fitch Ratings, Inc.	SRF 2024A & B Ratings	(33,000.00)	
9/12/2024	Austin Reichel	Board Meeting Expenses	(38.95)	
9/12/2024	Authority Staff	Payroll	(35,352.03)	
9/12/2024	IRS and Colorado Department of Rev	Federal and State Payroll Withholdings	(10,289.15)	
9/12/2024	PERA	Authority Staff PERA & 401k Contributions	(24,641.00)	
9/1/2024	Inova	Payroll Processing Fee	(113.96)	
9/16/2024	US Bank	Monthly Service Charge	(596.89)	
9/26/2024	Century Link (Lumen)	Monthly Internet Payment for September 2024	(333.96)	
9/26/2024	Colorado Water Congress	Colorado Water Congress Joint Lunch Meeting	(2,208.15)	
9/26/2024	Employers Council Services	Board Member Membership Dues	(1,700.00)	
9/26/2024	Giorgi Gazashvili	SDA Conference Travel and Expenses	(99.16)	
9/26/2024	Ian Loffert	SDA Conference, Water Fluency Class, and Board Meeting Travel and Expenses	(1,212.14)	
9/26/2024	Keith McLaughlin	Water Conference Travel and Meal Expenses	(372.46)	
9/26/2024	PBV-1580 Logan St.	Monthly Lease Payment - October 2024	(24,089.23)	
9/26/2024	Austin Reichel	SDA Conference and Water Fluency Class Travel and Expenses	(469.61)	
9/26/2024	PERA	Authority Staff PERA & 401k Contributions	(24,606.71)	
9/27/2024	Authority Staff	Payroll	(36,057.21)	
9/27/2024	IRS and Colorado Department of Rev	Federal and State Payroll Withholdings	(10,166.38)	
9/27/2024	PERA	PERACare Insurance Payment	(24,155.89)	

SUBTOTAL \$ (229,973.73)

TOTAL ACH TRANSFERS \$ (229,973.73)

TOTAL CASH TRANSACTIONS for the MONTH ENDING SEPTEMBER 30, 2024 \$ 647,548.88

Colorado Water Resources and Power Development Authority
September Credit Card Detail
Statement Ending on September 7, 2024

Cardholder	Transaction Date	Transaction Amount	Payee	Description
Keith McLaughlin	8/21/2024	\$ 465.99	The Public House	Board Dinner
		\$ 465.99		
Justin Noll	8/10/2024	\$ 276.58	Adobe	Monthly Subscription
Justin Noll	8/11/2024	\$ 303.09	Comcast	Monthly Subscription
Justin Noll	8/13/2024	\$ 673.00	Society for Human Resources	SHRM Membership for Valerie Lovato
Justin Noll	8/21/2024	\$ 8.56	Wendy's	Board Meeting Travel Meal
Justin Noll	8/22/2024	\$ 12.79	Starbucks	Board Meeting Travel Meal
Justin Noll	8/27/2024	\$ 115.09	Cheddar's	Audit Lunch - Accounting
Justin Noll	8/29/2024	\$ 116.96	Park & Co	First Day Lunch for Desiree Perea
Justin Noll	8/31/2024	\$ 199.98	Go Daddy	SSL Renewal
		\$ 1,706.05		
Sabrina Speed	8/8/2024	\$ 344.85	Punch Bowl Social	Staff Outing (Remaining Balance)
Sabrina Speed	8/20/2024	\$ 11.13	Amazon	Decorations for Desiree Perea's First Day
Sabrina Speed	8/30/2024	\$ 465.00	Employers Council	Business Writing Class for Austin Reichel
Sabrina Speed	8/31/2024	\$ 42.41	Windsor Cleaners	Dry Cleaning for Authority Tablecloths
		\$ 863.39		
Wesley Williams	8/7/2024	\$ 196.71	Slice Works	SRF Meeting Lunch
Wesley Williams	8/14/2024	\$ 150.00	GFOA	GFOA MiniMuni Conference
Wesley Williams	8/18/2024	\$ 59.00	Audioeye	Monthly Subscription
Wesley Williams	8/24/2024	\$ 76.86	Jibble	Monthly Subscription
Wesley Williams	8/31/2024	\$ 70.00	Wall Street Journal	Monthly Subscription
		\$ 552.57		
Jim Griffiths	8/20/2024	\$ 82.64	Parry's Pizza	CWC Dinner with Steve Vandiver, Jim Griffiths, and Wes Williams
		\$ 82.64		
Total		<u>\$ 3,670.64</u>		



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
EXECUTIVE DIRECTOR'S REPORT
October 04, 2024 Board Meeting

ACTIVITIES SINCE LAST MEETING

1. On August 20-22, Jim Griffiths, Wes Williams and I attended the [CWC Summer Conference](#) in Colorado Springs.
2. On August 26, I met with John Brockmeier of Senator Bennet's office. We discussed Congressionally Directed Spending (CDS) and its impacts on the SRFs, and current and potential CDS disbursement issues.
3. On August 28, I had a conference call with CDPHE's Michael Beck to discuss BIL state match, [HB24-1413](#) and various other items.
4. August 28-September 2, the Authority processed \$24 million of debt service payments and deallocated \$46.5 million.
5. On August 29, Desiree Perea started in the Accounting Clerk/Tech position.
6. On August 29, September 5, 12, 19, 26 Jim Griffiths, Wes Williams and I attended the BIL steering meetings with the WQCD and the DOLA.
7. On August 30, I attended a SRF software demo by Water Funding Financial.
8. On August 30, I attended an AI business webinar by Innovate AI Systems.
9. On August 30, I attended a meeting with State Treasurer Dave Young regarding Building Urgent Infrastructure and Leveraging Dollars (BUILD) concept.
10. On September 4, I discussed CDS/SRF strategy with Christine Arbogast.
11. On September 5, I attended a meeting with Chris Moffet at Culture Solutions Group regarding the Salary and Benefit Survey.
12. On September 5, I attended the [Water Education Colorado \(WECO\) President's reception](#).
13. On September 6, I attended the [Colorado Water Congress \(CWC\) Federal Affairs meeting](#).
14. September 10-12, Several Authority staff attended the [Special District Association Conference](#) in Keystone. Jim Griffiths, WQCD and DOLA presented at the September 11 session entitled, "The Drinking Water Revolving Fund and Water Pollution Control Revolving Fund: Low Interest Loan Programs for Your District's Drinking Water and Wastewater Projects."
15. On September 11, CWCB's Anna Moss and I presented at a water funding session during WECO's Water Fluency Program.
16. On September 11, I attended the [Council of Infrastructure Financing Authorities' \(CIFA\) Officers meeting](#).
17. On September 11, I co-chaired the CIFA Policy Committee.
18. On September 12, I attended an "AI Future of Finance and Accounting Operations" webinar.
19. On September 13, I attended a CIFA Board meeting.

20. On September 13, Jim Griffiths and I attended an Englewood Lead Line removal demonstration with Senator Hickenlooper and other guests.
21. On September 16, I attended a CWC Board meeting.
22. On September 16, Jim Griffiths and I attended a BIL Lead Line Removal meeting with the N. Weld County Water District.
23. On September 17, I attended an Authority Nomination Committee meeting.
24. On September 18, I attended a meeting with HR Consultant, Chris Moffet, to discuss the CWRPDA Salary and Benefit Survey.
25. On September 19, Austin Reichel and several SRF staff presented at the [AWWA Western Colorado Water and Wastewater Conference](#) in Grand Junction.
26. On September 24, the CIFA officers met with EPA leadership to discuss a variety of SRF programmatic issues.
27. On September 24, I attended a 2025 tax legislation webinar by BLX. Concern was expressed that the tax-exempt status for municipal bonds may be in jeopardy.
28. On September 25, I attended a conference call with SECWCD's Leann Noga regarding [Arkansas Valley Conduit](#) funding.
29. On September 25, I attended the Water Information Program's (WIP) annual meeting.
30. On September 25, I discussed CDS/SRF strategy with Christine Arbogast.
31. On September 30, Authority staff and I attended the [Project Finance Committee](#) (PFC) meeting.
32. On September 30, Authority staff and I attended the Budget and Audit Committee meeting.

FUTURE ACTIVITIES

1. On October 3, Authority staff and I will attend a Silt project tour and the Board Program Work Session.
2. On October 4, Authority staff and I will attend the Authority's Board meeting.
3. November 17-20, Authority staff and I will attend the CIFA Annual Workshop Conference in Long Beach, California.
4. November 19-22, several Authority staff will attend the Colorado Government Finance Officers Association's annual conference in Colorado Springs.

FUTURE MEETINGS

December 5, 2024 Board Program Work Session (TBD, Denver)

December 6, 2024 – Board Meeting (9am, Denver)

January 29, 2024 – Board Meeting (2pm in conjunction with the CWC annual convention, Aurora- date and time subject to change)

March 6, 2025 – Board Program Work Session (TBD, Denver)

March 7, 2025 – Board Meeting (9am, Denver)

Tentative 2025 Meeting Dates:

https://www.cwrpda.com/files/ugd/4d7b21_b2806cacc0a346a98ec524773ccdc13d.pdf

**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 24-30

APPOINTMENT OF ASSISTANT SECRETARIES

WHEREAS, the Bylaws of the Authority provide for the service of such other officers of the Authority as the Board may from time to time appoint; and

WHEREAS, in order to allow the efficient functioning of the Authority, the Board has determined to appoint Jim Griffiths, Finance Director of the Authority, Justin Noll, Controller of the Authority, Wesley Williams, Assistant Finance Director of the Authority, and Sabrina Speed, Office Manager of the Authority as Assistant Secretaries for a two-year term;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority, at a regular meeting of the Authority on October 4, 2024, as follows:

1. Jim Griffiths, Justin Noll, Wesley Williams and Sabrina Speed are hereby appointed to act as Assistant Secretaries to perform the duties and functions of the Secretary at such times as may be necessary for a two-year term.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 24-30 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors with a quorum present in Silt, Colorado on October 4, 2024.

Chair

Secretary

**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 24-31

APPOINTMENT OF ASSISTANT TREASURER

WHEREAS, the Bylaws of the Authority provide for the service of such other officers of the Authority as the Board may from time to time appoint; and

WHEREAS, in order to allow the efficient functioning of the Authority, the Board has determined to appoint Justin Noll, Controller of the Authority, as Assistant Treasurer, for a two-year term;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority, at a regular meeting of the Authority on October 4, 2024, as follows:

1. Justin Noll is hereby appointed to act as Assistant Treasurer to perform the duties and functions of the Treasurer at such times as may be necessary for a two-year term.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 24-31 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors with a quorum present in Silt, Colorado on October 4, 2024.

Chair

Secretary

**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 24-32

APPOINTMENT OF COUNSEL

WHEREAS, the Bylaws of the Authority (Article IV, Section 1) provide for the service of counsel to the Authority as the Board may appoint annually; and

WHEREAS, in order to allow the efficient functioning and operations of the Authority, the Board has determined to appoint Carlson, Hammond & Paddock, L.L.C., as counsel;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority, at a regular meeting of the Authority on October 4, 2024, as follows:

1. Carlson, Hammond & Paddock, L.L.C., and Karl Ohlsen as principal, are hereby appointed to act as counsel to the Authority to perform the functions of counsel at such times as may be necessary for the calendar year 2025.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 24-32 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors with a quorum present in Silt, Colorado on October 4, 2024.

Chair

Secretary



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

September 30, 2024

TO: Project Finance Committee and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Giorgi Gazashvili, Financial Analyst II

RE: Review of the Highland Lakes Water District
Drinking Water Revolving Fund ("DWRF")

The Division of Local Government has forwarded to the DWRF Committee its analysis of the above-listed project. The DWRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

Highland Lakes Water District

On August 23, 2023, the Authority Board of Directors approved the Highland Lakes Water District (the "District"), located in Teller County, for a Disadvantaged Communities ("DAC") direct loan through the DWRF loan program in the amount of \$161,598 for a base direct loan plus \$646,390 of base Principal Forgiveness ("PF"). The loan was subsequently executed on October 19, 2023. The project scope has not changed and the project serves to construct a new membrane surface water treatment plant.

Due to the District receiving bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application, the District is seeking a supplemental Bipartisan Infrastructure Law ("BIL") General Supplemental DAC direct loan through the DWRF loan program in the amount of \$464,145 (comprised of a *\$165,043 BIL loan and a *\$299,102 BIL PF loan). The District's project was authorized by SJR 10-004.

Recommendation

Based on the attached credit report update and the 2023 credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental DWRF BIL General Supplemental DAC direct loan with the District in the amount of \$464,145 (comprised of a *\$165,043 BIL loan and a *\$299,102 BIL PF loan). The loan will be for a term of 20 years, at an interest rate of 1.00%. The Board will consider this request on October 4, 2024.

* - Estimated PF and direct loan amounts through the BIL and/or Base programs. The exact amount may be different at the time of loan execution. While no significant differences are anticipated, any significant differences needed to comply with the proportional allocation requirements of the BIL will be discussed with the Finance Director and Executive Director to determine if additional Authority Board approval is needed.

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.

Attachments: Highland Lakes Water District 2024 DWRF Credit Report Update and 2023 DWRF Credit Report



COLORADO
Department of Local Affairs
 Division of Local Government

TO: Jim Griffiths and Members of the Board of the CWRPDA
 FROM: Victor Chen, DLG
 SUBJECT: Highland Lakes Water District (“the District”) DWRF Credit Report Update
 DATE: September 17, 2024

<u>Project Budget</u>	
DWRF Supplemental Loan:	\$165,043
DWRF BIL Principal Forgiveness:	\$299,102
2023 DWRF Base Loan:	\$161,598
2023 DWRF Base Principal Forgiveness:	\$646,390
2023 D&E Grant:	\$141,550
2023 EIAF Grant:	\$683,682
2024 EIAF Grants:	\$171,145
Total:	\$2,268,510

Project Description: This project serves to construct a new membrane surface water treatment plant. The District previously received DWRF funding for this project in the amount of \$807,988, consisting of \$161,598 of DWRF base DAC loan with a 20 year term at 1.00% as well as DWRF base principal forgiveness in the amount of \$646,390. After requesting bids for the new water treatment plant, the District received bids that were all significantly over the estimated project cost at the time of the initial DWRF loan application. Therefore, the District is requesting a supplemental loan.

When including the previous 2023 DWRF loan, the District’s 2022 financials show that the system is in good financial condition to take on the debt. Even with the proposed supplemental loan, no rate increases are projected to be necessary to meet the 110% coverage ratio requirement. As a disadvantaged community (DAC), the District is eligible for BIL funding. We therefore recommend the DWRF Committee approve a \$165,043 supplemental Disadvantaged Community DWRF BIL direct loan with the same terms as the original loan, in addition to \$299,102 in DWRF BIL principal forgiveness, to the Highland Lakes Water District.

CURRENT INDICATORS:	2020	2021	2022	Weak	Average	Strong
Total Debt per Capita (\$):	1,316	1,230	1,153	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,334	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,290	3,074	2,882	___ >\$5,000	X \$2,500 - 5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,334	___ >\$5,000	X \$2,500 - 5,000	___ <\$2,500
Current Water Debt/Tap (\$):	3,290	3,074	3,325	X >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water + New Water Debt/Tap (\$):			3,777	X >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	13%	12%	10%	___ >50%	___ 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			12%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	1.02%	0.95%	0.78%	___ >10%	___ 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.91%	___ >10%	___ 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			5.48%	___ >20%	___ 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	421%	416%	375%	___ <100%	___ 100-200%	X >200%
Water Fund Reserves/Current Expense:	159%	139%	174%	___ <50%	___ 50-100%	X >100%
Water Operating Ratio (OR/OE):	146%	116%	162%	___ <100%	___ 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	207%	186%	283%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	182%	117%	235%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan:			257%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			214%	___ <110%	___ 110-125%	X >125%
Current Annual Water Rates/MHI:			1.52%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.56%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			247%	___ <25%	___ 25-50%	X >50%
Total:				2	6	13





COLORADO

Department of Local Affairs

Division of Local Government

Financial Analysis

- Based on 2022 financials, coverage with the original 2023 DWRP loan is 258% with tap fee revenue and 214% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- When considering the \$8,935 annual payment for the original 2023 DWRP loan with the 2022 financials, the coverage ratio with the proposed loan is 236% with tap fee revenue and 196% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- According to the indicators, the total of the additional proposed supplemental loan and the original DWRP loan appears to be affordable for the community.
- Even when considering the debt and debt service for the original 2023 loan, there is no change in 21 indicators since the credit report for the original loan. While the weak and average indicators showing that the debt might be a burden on the community, the strong indicators show that, the system is in a good financial position to take on the loan.



August 28, 2024

DWRF Credit Report
Highland Lakes Water District, Teller County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2022	913
Number of Water Taps/Customers - 2022	365
Total Assessed Valuation (in thousands) - 2022	\$10,165,000
Actual Value of All Real Property (in thousands) - 2022	\$134,184,000
Median Household Income (MHI) - 2022	\$68,977
Monthly Water Rate - 2022	\$87.47
Water Operating Revenue - 2022	\$357,493
Water Total Revenue - 2022 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$480,627
Water Tap and System Development Fee Revenue - 2022	\$43,810
Water Operating Expense - 2022	\$220,514
Water Current Expense - 2022	\$312,572
Water Debt - 2022	\$1,051,911
Total Debt - 2022	\$1,213,509
Water Fund Reserves - 2022	\$544,712
Water Debt Service - 2022	\$92,058
New Water Debt [Requested DWRF loan amount.]	\$166,373
Requested DWRF Loan Term	20
Requested DWRF Loan Interest Rate	1.00%
New Loan's Annual Water Debt Service (two payments annually)	\$9,199

Current Indicators (2022)				
Highland Lakes Water District				
(Water Only)				
1	Total Debt	\$1,213,509	÷ Population	913 = \$1,330
	New Debt	\$166,373	÷ Population	913 = \$182
	Total Debt + New Debt	\$1,379,882	÷ Population	913 = \$1,512
2	Total Debt	\$1,213,509	÷ Number of Taps	365 = \$3,325
	New Debt	\$166,373	÷ Number of Taps	365 = \$456
	Total Debt + New Debt	\$1,379,882	÷ Number of Taps	365 = \$3,780
3	Total Debt	\$1,213,509	÷ Assessed Value	\$10,165,000 = 11.94%
	New Debt	\$166,373	÷ Assessed Value	\$10,165,000 = 1.64%
	Total Debt + New Debt	\$1,379,882	÷ Assessed Value	\$10,165,000 = 13.57%
4	Total Debt	\$1,213,509	÷ Actual Value	\$134,184,000 = 0.90%
	New Debt	\$166,373	÷ Actual Value	\$134,184,000 = 0.12%
	Total Debt + New Debt	\$1,379,882	÷ Actual Value	\$134,184,000 = 1.03%
5	Current Water Debt	\$1,051,911	÷ Number of Taps	365 = \$2,882
	(Current Water Debt + New Water Debt) / Number of Taps	\$3,338	÷ MHI	\$68,977 = 4.84%
6	Current Ratio (CA / CL)			
	Current Assets	\$742,929	÷ Current Liabilities	\$198,217 = 375%
7	Reserve/Expense Ratio			
	Reserves	\$544,712	÷ Current Expenses	\$312,572 = 174%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$357,493	÷ Operating Expenses	\$220,514 = 162%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$480,627	-	
	Minus Operating Expenses	\$220,514		
	=	\$260,113	÷ Current Debt Service	\$92,058 = 283%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$260,113		
	Minus Tap and Development Fee Revenue	\$43,810		
	=	\$216,303	÷ Current Debt Service	\$92,058 = 235%
11	Projected Coverage Ratio			
	Total Revenues	\$480,627		
	Minus Operating Expenses	\$220,514		
	=	\$260,113	Total Debt Service (with new loan)	\$101,257 = 257%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$260,113		
	Minus Tap and Development Fee Revenue	\$43,810		
	=	\$216,303	÷ Total Debt Service (with new loan)	\$101,257 = 214%
13	Current Debt Service	\$92,058	÷ Number of Taps	365 = \$252.21
	Annual New Water Debt Service	\$9,199	÷ Number of Taps	365 = \$25.20
	2022 Annual Water Rate (Monthly Rate			
14	x 12)	\$1,049.64	÷ MHI	\$68,977 = 1.52%
	2022 Annual Water Rate + New Annual Debt Service Per Tap	\$1,074.84	÷ MHI	\$68,977 = 1.56%
15	Current 2022 Monthly User Charge			\$87.47
	(Debt Service on DWRF Loan / 2022 Taps / Month)			\$2.10
	Total			\$89.57
16	Operation and Maintenance Reserve			
	Reserves	\$544,712	÷ Operating Expenses	\$220,514 = 247%

2024 IUP DWRP Priority Point Calculations

Entity Name:	Highland Lakes WD
Date of Scoring	8/28/2024
SRF Phase:	Loan app
DOLA Score:	155
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

		Points	Entity Value	
P1	MHI		\$68,977	79%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20 x		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
S5b	User Fees (projected water rate at 110%/tap/MHI)		1.70%	
	Rates are > 1.63%	45 x		
	Rates are between 1.08% and 1.63%	25		
	OR			
S5b	User Fees for a combined water & sewer fund			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
S4b	Projected water debt per tap compared to MHV		1.54%	
	Debt is > 1.05%	45 x		
	Debt is between 0.30% and 1.05%	25		
	OR			
S4b	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		913	
	Less than 500	35		
	Between 500 and 1,000	25 x		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		24,962	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20 x		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		

DWRF LOAN CREDIT REPORT

Highland Lakes Water District (“The District”), Teller County

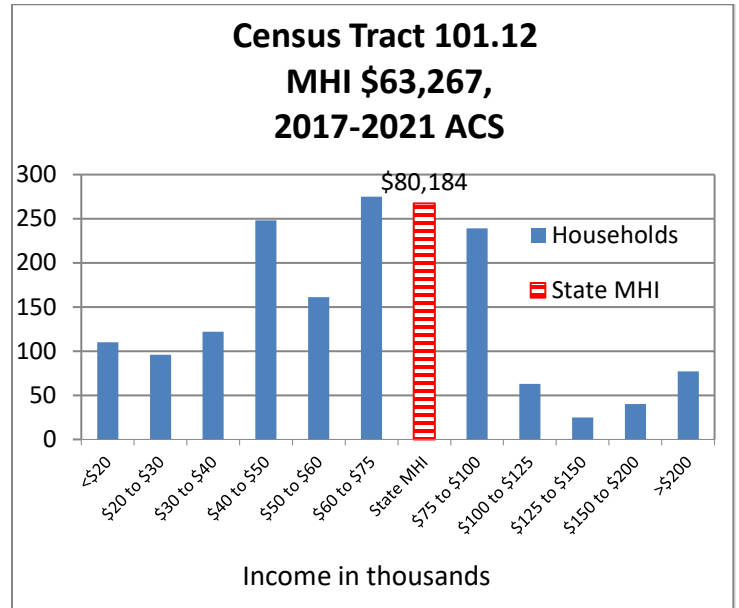
Recommendation:	APPROVAL	<u>Project Budget</u>	
Total SRF Request	\$807,988	DWRF Loan:	\$161,598
Interest Rate & Term:	20 years, 1.00%	DWRF Principal Forgiveness:	\$646,390
Annual Debt Service:	\$8,935	EIAF:	\$683,682
Pledge:	Water revenues	D&E Grants:	\$141,550
Current Rate:	\$87.47	Total:	\$1,633,220
Estimated Rate Increase:	\$0.00		

PROJECT DESCRIPTION: This project serves to construct a new membrane surface water treatment plant.

COMMUNITY PROFILE:

Highland Lakes Water District	2017	2018	2019	2020	2021	2022	2023	Avg. Annual Change
District Population			903	905	913	913	913	0.28%
Teller County Population	24,153	24,523	24,678	24,738	24,922			0.79%
Teller County Jobs	10,410	10,595	10,636	10,030	10,453			0.10%
Number of Water Taps		359	361	362	365	365	365	0.28%
Assessed Value (\$000)			7,335	9,032	9,111	10,165	9,943	7.90%
Actual Value (\$000)			93,645	117,306	118,603	134,184	135,119	9.60%

BORROWER BRIEF: The District is located just northwest of Pikes Peak in the southern part of the Front Range, approximately 30 miles west of Colorado Springs on State Highway 24.



RECOMMENDATION: The District serves a small bedroom community in mountainous Teller County. This proposed loan is necessary to construct a new drinking water treatment facility to be in compliance with Groundwater Under Direct Influence (GWUDI) of surface water regulation requirements. Although the proposed loan will be a burden on a smaller community, the District appears to be in good condition in order to take on the proposed loan and no rate increases are projected to be necessary. In addition, the District is eligible for a large portion of the proposed loan to be forgiven, reducing the debt burden on the community. We therefore recommend the DWRF Committee approve a \$161,598 Disadvantaged Community direct loan (and \$646,390 in DWRF base principal forgiveness) to the Highland Lakes Water District.

PROJECT SUMMARY:

System summary: The District is located in Teller County, Colorado. The water system consists of approximately 360 service connections and serves approximately 875 individuals on average. The current groundwater system is sourced by piped water from twenty four groundwater wells that are under the direct influence of surface water. The water then enters into the treatment plant where the water is treated with chlorine. The treated water then enters into a 106,000 gallon storage tank before going out to distribution.

Reason/need: The District's drinking water system was previously classified as being served by a groundwater source. The District was reclassified as being served by a source classified as Groundwater Under Direct Influence (GWUDI). The District was given an 18-month deadline of March 15, 2023 to come into compliance with the surface water treatment regulations. Without the proposed drinking water treatment facility improvements, the District will not meet the Primary Drinking Water Regulation requirements.

System Compliance: The District has a compliance schedule to perform activities to meet the Surface Water Treatment Rule Requirements by March 15, 2023. The project is intended to return the system to compliance. The District is currently in communication with the WQCD Compliance Assurance Section in regards to passing the installation deadline to obtain funding for the project.

Project Delivery Method: Design/Bid/Build

Contingency: 20% of total project cost included as contingency.

CURRENT INDICATORS:	2020	2021	2022	Weak	Average	Strong
Total Debt per Capita (\$):	1,316	1,230	1,153	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total + New Debt/Capita (\$):			1,330	___ >\$2,000	X \$1,000 - 2,000	___ <\$1,000
Total Debt/Tap (\$):	3,290	3,074	2,882	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Total Debt + New Debt/Tap (\$):			3,325	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Current Water Debt/Tap (\$):	3,290	3,074	2,882	X >\$2,000	___ \$1,000 - 2,000	___ <\$1,000
Current Water + New Water Debt/Tap (\$):			3,325	X >2,000	___ \$1,000 - 2,000	___ <\$1,000
Total Debt/Assessed Value:	13.19%	12.32%	10.35%	___ >50%	___ 25-50%	X <25%
Total Debt + New Water Debt/Assessed Value:			11.94%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	1.02%	0.95%	0.78%	___ >10%	___ 5-10%	X <5%
Total Debt + New Water Debt/Actual Value:			0.90%	___ >10%	___ 5-10%	X <5%
Curr. Water Debt + New Debt/Tap/MHI:			5.26%	___ >20%	___ 10-20%	X <10%
Water Fund Current Ratio (CA/CL):	421%	416%	375%	___ <100%	___ 100-200%	X >200%
Water Fund Reserves/Current Expense:	159%	139%	174%	___ <50%	___ 50-100%	X >100%
Water Operating Ratio (OR/OE):	146%	116%	162%	___ <100%	___ 100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	207%	186%	283%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	182%	117%	235%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan:			258%	___ <110%	___ 110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			214%	___ <110%	___ 110-125%	X >125%
Current Annual Water Rates/MHI:			1.66%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current Water Rates + New Water Debt Service/MHI:			1.70%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			247%	___ <25%	___ 25-50%	X >50%
			Total:	2	6	13

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, thirteen are rated strong, six are average and two are considered weak. Overall, the indicators illustrate that while the proposed loan may be a burden, the system is in good financial condition to take on the debt which appears to be affordable. The strong indicators show that the current ratio, projected coverage ratio including tap fees, and reserves are sufficient. The weak indicators reflect a degree of community debt burden and the possible need for rate increases in the future.

- Based on 2022 financial information, coverage with the proposed loan is 258% with tap fee revenue and 214% without tap fee revenue. No additional annual revenue is projected to be necessary to meet the 110% coverage ratio requirement.
- Operating expenses were significantly higher in 2018 and 2019 due to repairs and water hauling.
- The District supports operations with property taxes, which are not included in the operating revenue amounts presented in this analysis.
- Projections submitted by the District show operating expenses increasing by roughly 6% each year and total revenue increasing by roughly 2% each year. Despite the higher projected growth of expenses, the projections show the District meeting the 110% coverage ratio requirement through the life of the proposed loan.

Additional Project Financing

The District submitted an Energy and Mineral Impact Assistance Fund (EIAF) application for \$683,682 which was awarded in July 2023.

DESCRIPTION OF THE LOAN:

An estimated \$161,598 loan with a twenty-year term with two payments annually at an interest rate of 1.00% will cost the District approximately \$8,935 in debt service annually. The District also qualifies for \$646,390 in principal forgiveness.

Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$64,147	>=	\$63,267	Y	S1: County MHI	\$64,147	>=	\$68,677	N
P2: MHV	\$397,500	>=	\$309,000	Y	S2: Population Loss	N/A - not evaluated for special districts			
P3: County Unemployment	5.61%	<=	4.20%	N	S3: Assessed Value per Housing unit	\$23,022	>=	\$24,962	N
County Job Loss	0.00%	>=	7.05%	N	S4b: Curr. and Proj. System Debt	0.36%	<	1.71%	Y
Benchmarks based on 2017-2021 American Community Survey data and the most recent available financial audit data.					S4b: 80th Percentile	1.38%	<	1.71%	Y
					S5b: Proj. System Cost Per Tap to MHI	1.12%	<	1.96%	Y
					S5b: 80th Percentile	1.74%	<	1.96%	Y

Based on 2017-2021 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV exceeding the 80th percentile, the Town qualifies for the lowest interest rate available (Category 2 DAC, 1%).

BIL Principal Forgiveness Eligibility:

As a DAC, the District is automatically eligible for BIL Principal Forgiveness, however, the District will receive a greater loan forgiveness amount under the base DWRP program.

ECONOMIC ANALYSIS: Based on the State Demographer’s estimate of 2.5 people per tap, the District has a 2021 population estimated at 913 and has grown at an average annual rate of 0.25% since 2017. Teller County has experienced an increase of 0.79% in population since 2017. The state population increased at an average annual rate estimated 0.95%.

The region's economy is dominated by tourism, government, professional services, construction, and mining. The region's largest employers consist of Cripple Creek Casinos, with 836 employees; Newmont Mining, with 400 employees; Walmart, with 265 employees; Woodland Park School District, with 260 employees; and Teller County, with 200 employees.

ORGANIZATIONAL ANALYSIS:

Bond Rating

The District's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The District does not sell more than 2,000 acre-feet of water per year.

Organizational Structure

The District is a Title 32-Article 1 water district governed by a five-member board of directors and was organized in 1977. The District provides water services. Approximately one full-time employee staffs the water utility. The water utility is overseen by the Director of Operations who reports to the District Board.

- The District has generally been in compliance with Colorado statutory budgeting and auditing requirements for the past five years.
- The District maintains general liability insurance coverage through the Colorado Special Districts Property and Liability Pool.
- There are currently no pending lawsuits against the District.
- There have been no recall elections in the last ten years.

Technical/Managerial/Financial (TMF)

The WQCD and DLG conducted a review of the District's technical, managerial and financial capacity to operate the water system. The review resulted in no mandatory recommendations.

Capital Improvement Plan

As part of the application process, the District submitted a capital improvement schedule, which anticipates capital outlay of \$925,531 through 2025 for water treatment plant upgrades (including this proposed project), wellhead improvements, distribution system improvements, line replacements, mapping, and dam repairs to be funded from a combination of reserves, grants, and loans.

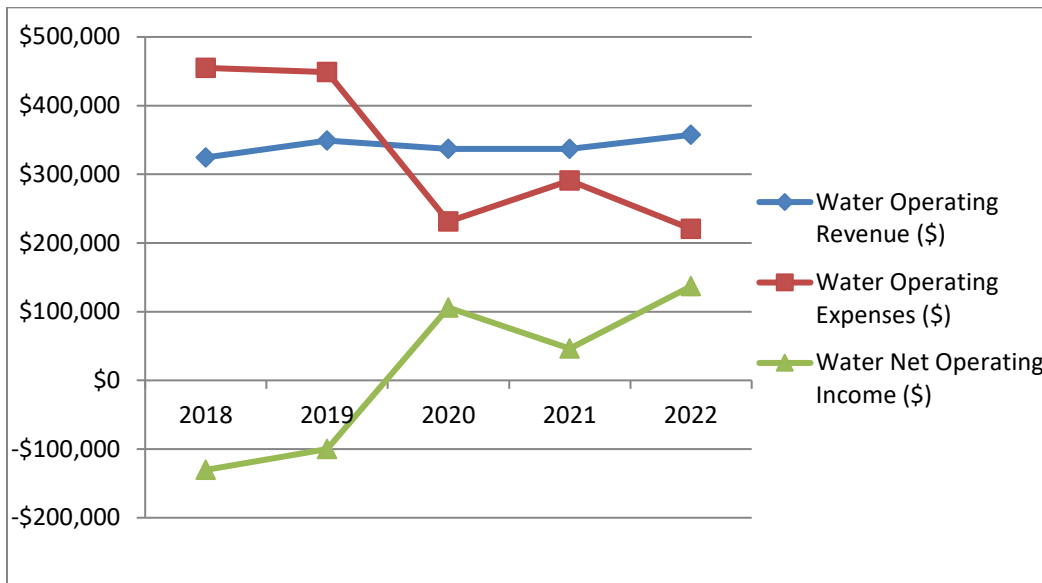
REVENUE ANALYSIS:

Operating revenues have been steady over the five-year period examined. Even though operating expenses increased due to water hauling in 2018 and 2019, operating revenue still averaged 110% of expenses over the five-year period. Tap fee revenue has averaged 7% of total revenues over the past five years and projections submitted by the District do not anticipate significant growth in tap fee revenue. The District also supports operations with property tax revenue, which accounts for approximately 12% of the District's total revenue.

TRENDS	2018	2019	2020	2021	2022	2023
Monthly Water Rate (\$)		77.47	77.47	87.47	87.47	87.47
Residential Water Tap Fee (\$)		11,432	11,741	12,082	12,940	13,743
Mill Levy		7.000	6.045	6.407	6.064	6.608
Total Water Revenue (\$)	424,279	441,232	421,949	461,751	480,627	
Tap/Development Fees (\$)	22,306	22,585	23,482	63,472	43,810	
Property Tax Revenue (\$)	51,201	48,690	51,928	54,487	61,643	
S.O. Tax Revenue (\$)	6,273	6,236	5,374	6,403	6,276	
Water Operating Revenue (\$)	324,566	349,000	337,108	337,014	357,493	
Water Operating Expenses (\$)	454,926	449,037	231,127	290,832	220,514	
Water Net Operating Income (\$)	-130,360	-100,037	105,981	46,182	136,979	
Water Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Total Debt (\$)	1,324,518	1,258,387	1,190,927	1,122,110	1,051,911	
Water Debt Service (\$)	104,540	85,300	92,067	92,064	92,058	

Water Debt Service/Tap/Month (\$)	24	20	21	21	21
Water Fund Reserves (\$)	696,202	674,299	515,062	531,818	544,712

Ratios	2018	2019	2020	2021	2022	Average
Operating Revenue as % of Total Revenue	76%	79%	80%	73%	74%	77%
Operating Revenue as % of Expenses	71%	78%	146%	116%	162%	115%
Tap Fee Revenue as % of Total Revenue	5.26%	5.12%	5.57%	14%	9.12%	8%



Recent Rate Increases

The District’s most recent rate increase of \$10.00 was implemented on January 1, 2021.

User Charges

The District’s current monthly water rate is estimated at \$87.47 compared to the 2021 estimated state median of \$55.72. The District’s average monthly water rate is based on typical residential consumption of 2,400 gallons per month. Residential users pay a \$35.00 base in addition to volume charges of \$2.18 per 100 gallons for consumption from 0 to 2,000 gallons, \$2.23 per 100 gallons from 2,100 to 5,000 gallons, \$2.28 per 100 gallons from 5,100 to 7,000 gallons, \$2.33 per 100 gallons from 7,100 to 8,000 gallons, \$5.50 per 100 gallons from 8,100 to 9,000 gallons, \$8.00 per 100 gallons from 9,100 to 10,000 gallons, and \$12.00 per 100 gallons for usage over 10,100 gallons. All users are subject to this rate schedule. There are no commercial customers.

Contributed Capital

Revenue from tap fees has ranged from \$22,306 to \$63,472 and has averaged 7% of total water revenue during the last five years. The District’s most recent water tap fee rate increase occurred in 2023.

- Water tap fees are \$13,743 and the tap fee is increased each year by the Mountain Plains Consumer Price Index.

Current System Utilization		
	Usage	Revenue
Residential	100%	100%

Current Fee Summary	
Tap size	Water user/tap fees
¾”	\$87.47/\$13,743

DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	CWRPDA	2035	Water revenues	\$1,122,110	2.00%	\$92,292

LOAN COVENANTS: The Town will have to meet the Authority's 110% rate covenant, 3 month operations and maintenance reserve fund covenant and the 110% additional bonds test (if applicable) on an annual basis.

The District has met the Loan Covenants on its DWRF direct loan dated 2015 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Victor Chen
Date: August 10, 2023

Project # 141261D-B Cost Categories: New Drinking Water Treatment Plant - 100%
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**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 24-33

**A RESOLUTION FOR APPROVAL OF A DRINKING WATER DIRECT LOAN TO
THE HIGHLAND LAKES WATER DISTRICT AND EXECUTION OF A LOAN
AGREEMENT AND OTHER DOCUMENTS NECESSARY THEREFOR**

WHEREAS, the Colorado Water Resources and Power Development Authority (the "Authority") has received and reviewed an Application for a supplemental Bipartisan Infrastructure Law ("BIL") General Supplemental direct loan and BIL Principal Forgiveness ("PF") from the Drinking Water Revolving Fund from the Highland Lakes Water District (the "Applicant"); and

WHEREAS, on October 19, 2023, the Authority executed a base direct loan in the amount of \$807,988 (comprised of \$161,598 of principal to be re-paid, plus \$646,390 of base PF, for a total of \$807,988 DWRF loan funds) with the Applicant through the Drinking Water Revolving Fund; and

WHEREAS, the Applicant has subsequently requested an additional direct loan in the amount of \$464,145 (comprised of a *\$165,043 BIL General Supplemental loan to be re-paid, plus a *\$299,102 BIL PF loan, for a total of \$464,145 DWRF BIL loan funds) in order to address increases in costs related to the project; and

WHEREAS, the Loan Application has been reviewed in accordance with the procedures provided therefor in the Memorandum of Understanding between the Authority, the Colorado Department of Public Health and Environment and the Colorado Department of Local Affairs concerning the operation of the Drinking Water Revolving Fund; and

WHEREAS, the proposed Project to be financed by the proposed direct loan is included on the Project Eligibility List of projects eligible for financial assistance from the Drinking Water Revolving Fund and the Water Quality Control Division of the Colorado Department of Public Health and Environment has certified that the proposed Project has met all requirements and prerequisites and is eligible for financial assistance from the Drinking Water Revolving Fund.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority:

1. That the proposed supplemental BIL direct loan to the Highland Lakes Water District in an amount not to exceed \$464,145 (comprised of a *\$165,043 BIL General Supplemental loan to be re-paid, plus a *\$299,102 BIL PF loan, for a total of \$464,145 DWRF BIL loan funds), is approved subject to the terms and conditions set forth on the attached Exhibit A;
2. That the staff is directed to negotiate a Loan Agreement and other documents incorporating such terms and conditions as are appropriate to effectuate the proposed direct loan;

3. That the Executive Director and Assistant Secretary are authorized and directed to execute the Loan Agreement and any other necessary and reasonable documents for the proposed direct loan in order to consummate the direct loan approved hereby.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 24-33 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors (meeting conducted using a combination of both in-person and video and audio tele-conferencing) with a quorum present in Silt, Colorado on October 4, 2024.

Chair

Secretary

EXHIBIT A

Borrower:	Highland Lakes Water District
Project:	The project serves to construct a new membrane surface water treatment plant.
Pledge:	Water System Revenue
Loan Term:	20 Years
Interest Rate:	1.00%
Amount not to exceed:	\$464,145 (comprised of a *\$165,043 BIL General Supplemental loan to be re-paid, plus a *\$299,102 BIL PF loan, for a total of \$464,145 DWRF BIL loan funds)

* - Estimated PF and direct loan amounts through the BIL program. The exact amount may be different at the time of loan execution. While no significant differences are anticipated, any significant differences needed to comply with the proportional allocation requirements of the BIL will be discussed with the Finance Director and Executive Director to determine if additional Authority Board approval is needed.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp. - Suite 820, 1580 N. Logan Street, Denver, Colorado 80203-1942
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

October 4, 2024

TO: Board of Directors and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Wesley Williams, Assistant Finance Director
Austin Reichel, Financial Analyst II

RE: Water Pollution Control Revolving Fund (“WPCRF”)
City of Fort Lupton (“City”) Additional Bonds Test (“ABT”) Waiver Request

On December 5, 2022, the City of Fort Lupton executed a WPCRF direct loan in the amount of \$25,000,000, with principal forgiveness comprising \$1,500,000, leaving a remaining loan principal balance of \$23,500,000, at an interest rate of 2.75% for a term of up to 30 years (“2022 Loan Agreement”).

Pursuant to the 2022 Loan Agreement, the City covenanted to not issue parity debt unless the City could certify that for any 12 consecutive months out of the 18 months preceding, the net revenue was at least equal to the sum of (a) 120% of the maximum annual debt service due in any one year on both the 2022 Loan Agreement and all other outstanding parity obligations as well as the proposed obligations to be issued, **and** (b) the maximum annual debt service due in any one year on all parity or subordinate obligations (the Additional Bonds Test, or “ABT”).

The City has since applied for a loan from the United States Department of Agriculture, Rural Utility Service (the “RUS”) to finance the acquisition, construction, and completion of improvements to the City’s wastewater system. The RUS does not provide financing for the project during construction, but it requires the City to obtain interim financing to complete the construction. This interim financing is then repaid from the proceeds of a RUS loan after construction is complete. The City expects to enter into an interim construction loan with CoBank ACB (“CoBank”), in an amount not to exceed \$23,839,000 (the “Interim Loan”), which will be payable from Pledged Revenues on a subordinate basis to the 2022 Loan. The Interim Loan would be structured as an interest only loan for two years with the total principal amount of the loan coming due at maturity. Under this structure, the City would have a payment in excess of \$23,839,000 coming due in one year (often called a “balloon” payment) and would not be able to meet the ABT at this balloon maturity. The City projects that it will meet our ABT when the RUS loan with a standard amortization schedule is in place.

This ABT waiver request only applies to the Interim Loan. Prior to issuing the RUS amortizing loan, the City will be required to certify that it has met our ABT.

Enclosure: City of Fort Lupton’s ABT Waiver and Consent Request

WAIVER AND CONSENT

CITY OF FORT LUPTON

This WAIVER AND CONSENT is delivered in connection with the issuance by the CITY OF FORT LUPTON, COLORADO (the "City") of a revenue bond United States Department of Agriculture, Rural Utility Service (the "RUS") and an interim financing related thereto pursuant.

A. The City has previously entered into a loan agreement with the Colorado Water Resources and Power Development Authority (the "CWRPDA") dated as of December 5, 2022 (the "2022 Loan Agreement") pursuant to which the City executed and delivered a governmental agency bond (the "2022 Loan"). All terms not otherwise defined herein have the meanings ascribed to them in the 2022 Loan Agreement.

B. Pursuant to Exhibit F, Section 3, of the 2022 Loan Agreement, the City covenanted that it will not issue any obligations payable out of, or secured by a lien or charge, on the Pledged Property that is on a parity with the lien or charge of the 2022 Loan Agreement on the Pledged Property, unless the City certifies that for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued was at least equal to the sum of (a) 110% of the maximum annual debt service due in any one year on (i) the 2022 Loan Agreement and (ii) all other outstanding obligations of the City payable out of, or secured by a lien or charge on, the Pledged Property that is on a parity with the lien or charge of the 2022 Loan Agreement on the Pledged Property, and (iii) such proposed obligations to be issued, and (b) the maximum annual debt service due in any one year on all obligations payable out of, or secured by a lien or charge on the Pledged Property that is subordinate to the lien or charge of the 2022 Loan Agreement on the Pledged Property (the "Additional Bonds Test").

C. Additionally, the City covenanted that it will not issue any obligations payable out of, or secured by a lien or charge on, the Pledged Property that is subordinate to the lien or charge of the 2022 Loan Agreement on the Pledged Property, unless the City certifies to the Authority that for any 12 consecutive months out of the 18 months preceding the month in which such obligations are to be issued Net Revenue was at least 100% of the maximum annual debt service due in any one year on (a) all obligations outstanding during such period that are

payable out of, or secured by a lien or charge on, the Pledged Property and (b) such proposed obligations to be issued.

D. The City has applied for a loan from United States Department of Agriculture, Rural Utility Service (the “RUS”) to finance the acquisition, construction, and completion of improvements to the City’s wastewater system, including design, engineering, legal, financing and administrative costs relating thereto, and any other costs incidental thereto (the “Project”).

E. The RUS does not provide financing for the construction of the Project, but requires that the City obtain interim financing to complete the construction, with such interim financing to be repaid from the proceeds of an RUS loan after the completion of construction.

F. The Board expects to enter into a loan with CoBank ACB (the “Loan Agreement”), a federally-chartered instrumentality of the United States (the “CoBank”), pursuant to which CoBank shall loan the City an amount of not to exceed \$23,839,000 (the “Interim Loan”) for the purposes of commencing construction of the Project, with the Interim Loan to be payable from Pledged Revenues on a subordinate basis to the 2022 Loan.

G. The Interim Loan would be structured as an interest only loan for two years with the total principal amount of the loan coming due at maturity.

H. Under this structure, the City would have a payment in excess of \$23,839,000 coming due in one year and would not be able to meet the Additional Bonds Test, but believes it will be able to meet the Additional Bonds Test when it issues a permanent financing with the USDA.

I. The City has consulted with the CWRPDA, and the CWRPDA has agreed to waive the Additional Bonds Test in this instance in order to facilitate the interim financing.

The CWRPDA acknowledges and agrees as follows:

1. The CWRPDA hereby consents to and agrees to waive the requirements of the Additional Bonds Test with respect to the Interim Loan.

2. The CWRPDA does NOT waive the Additional Bonds Test with respect to the permanent financing to be obtained from the USDA at a later date.

Dated October [__], 2024.

COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY

By: _____
Title: Executive Director

ACKNOWLEDGED:
CITY OF FORT LUPTON, COLORADO

By: _____
Title: City Manager

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

**STATE REVOLVING FUND
2024 SERIES C REVENUE BOND RESOLUTION**

Resolution No. 24-34

Adopted October 4, 2024

**STATE REVOLVING FUND
2024 SERIES C REVENUE BOND RESOLUTION**

BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority as follows:

ARTICLE I. - DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01 *Definitions.* Unless the context otherwise requires, for all purposes of the Bond Resolution, the terms defined in this Section shall have the meanings herein specified.

“**Accreted Value**” means with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the principal amount per \$5,000 at maturity thereof) plus the amount assuming semi-annual compounding of earnings which would be produced on the investment of such principal amount, beginning on the dated date of such Capital Appreciation Bond and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of any Valuation Date, the Accreted Value of any Capital Appreciation Bonds shall mean the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Dates.

“**Act**” means the “Colorado Water Resources and Power Development Authority Act,” being Section 37-95-101 *et seq.* of the Colorado Revised Statutes, as the same may from time to time be amended and supplemented.

“**Administrative Fee**” means an annual fee payable as set forth in each Loan Agreement.

“**Aggregate Debt Service**” for any period means, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds.

“**Allocable Share**” means with respect to each Governmental Agency, a fraction, the numerator of which shall equal the initial aggregate principal amount of the Governmental Agency’s Loan, and the denominator of which shall equal the total initial aggregate principal amount of all Loans; provided, however, if a single loan is made Allocable Share shall mean 100%.

“**Applicable**” means (i) with reference to any fund or account so designated and established by the Bond Resolution, the fund or account so designated and established, (ii) with

respect to any Loan Agreement, the Loan Agreement entered into by and between a Governmental Agency and the Authority relating to a borrowing by such Governmental Agency from the Authority, and (iii) with respect to any Trust Agreement, the Clean Water Trust Agreement and the Drinking Water Trust Agreement.

“**Authority**” means the Colorado Water Resources and Power Development Authority, a body corporate and political subdivision of the State of Colorado with corporate succession duly created and validly existing under and by virtue of the Act.

“**Authorized Officer**” means: (i) in the case of the Authority, the Chairman, Vice Chairman, Executive Director, Finance Director or Controller of the Authority, or any other person or persons designated by the Board by resolution to act on behalf of the Authority under the Bond Resolution; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the Authority by its Chairman or its Vice Chairman; (ii) in the case of a Governmental Agency, the person whose name is set forth in Exhibit B to the Applicable Loan Agreement or such other person or persons authorized pursuant to a resolution or ordinance of the governing body of the Governmental Agency to perform any act or execute any document whose name is furnished in writing to the Authority and the Trustee; and (iii) in the case of the Trustee, any person or persons authorized to perform any act or execute any document; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons reasonably acceptable to the Authority.

“**Board**” means the Board of Directors of the Authority, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Bond Resolution shall be given by law.

“**Bond**” or “**Bonds**” means one or more, as the case may be, of 2024 Series C Bonds or a Series of Refunding Bonds and all Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10.

“**Bond Counsel**” means a law firm, appointed by the Authority, having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

“**Bond Resolution**” means this State Revolving Fund 2024 Series C Revenue Bond Resolution, as adopted by the Board on October 4, 2024, and all amendments and supplements thereto adopted in accordance with the provisions hereof.

“**Bondholder**,” “**Holder**” or “**holder**” means any person who shall be the registered owner of a Bond or Bonds.

“**Business Day**” means, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Authority, the Trustee, the Paying Agent or the Loan Servicer is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“**Capital Appreciation Bonds**” means any Bonds hereafter issued as to which interest is payable only at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default as provided in Section 9.01(1) of the Bond Resolution, or (iii) computing the principal amount of Bonds held by the holder of a Capital Appreciation Bond in giving any notice, consent, request, or demand pursuant to the Bond Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

“**Certificate**,” “**Statement**,” “**Request**” and “**Order**” mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the Authority, the Trustee or a Governmental Agency by an Authorized Officer of the Authority, the Trustee or such Governmental Agency, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“**Clean Water Act**” means the federal Water Pollution Control Act, as amended (33 U.S.C. Section 1251 et seq.)

“**Clean Water Financings**” means loans made by the Authority, including loans made from the proceeds of the 2024 Series C Bonds, if any, to eligible entities pursuant to the Act in furtherance of the purposes of the Water Pollution Control Revolving Fund.

“**Clean Water Trust Agreement**” means the Amended and Restated Wastewater Surplus Matching Account Trust Agreement, dated as of May 1, 1999, as amended, between the Authority and U.S. Bank Trust Company, National Association, as successor Trustee, as the same may be amended and supplemented from time to time.

“**Code**” means the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, including any regulations promulgated thereunder and any administrative or judicial interpretations thereof.

“**Cost**” means those costs that are reasonable, necessary and allocable to the Governmental Agency’s Project and are permitted by generally accepted accounting principles to be costs of such Project.

“**Cost of Issuance Fund**” means the Fund so designated and established by Article V.

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution, issuance, sale and delivery of each Series of Bonds, including (without limitation) original issue discount, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, the Loan Servicer and the Paying Agent, municipal bond insurance premiums and related costs, legal fees and charges, rating agency fees, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and safekeeping

of the Bonds of such Series, and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

“**Counsel**” means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the Authority, the Trustee, the Paying Agent, the Loan Servicer or any Governmental Agency) duly admitted to practice law before the highest court of any state.

“**Debt Service**” for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) the interest accruing during such period on such Series of Bonds except to the extent such interest is to be paid from deposits made from Bond proceeds into the Debt Service Fund, and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments in such manner and during such period of time as is specified in the Supplemental Resolution authorizing such Capital Appreciation Bonds.

“**Debt Service Fund**” means the fund so designated and established by Article V.

“**Debt Service Requirement**” with respect to any Series of Bonds and with respect to the next Interest Payment Date for such Bonds means (i) in the case of any Interest Payment Date on which interest only shall be due, the interest accrued and unpaid and to accrue to such date plus that portion of the Principal Installment for such Series which would accrue if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date, or if there should be no preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever is later, and (ii) in case of an Interest Payment Date on which both interest and Principal Installment or Principal Installments shall be due, interest accrued and to accrue to such date plus the Principal Installment or Installments due on such Date.

“**Default**” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

“**Defeasance Securities**” means the securities defined in clauses (i) and (ii) of the definition of Investment Securities.

“**Details Certificate**” means the Certificate of an Authorized Officer determining the details related to a Series of the Bonds required by the provisions of the Bond Resolution which Certificate shall be executed on the date of the sale of the Bonds and filed with the Trustee.

“**Drinking Water Act**” means the federal Safe Drinking Water Act, as amended (43 U.S.C. Section 300 et seq.)

“**Drinking Water Financings**” means loans made by the Authority, including loans made from the proceeds of the 2024 Series C Bonds, if any, to eligible entities pursuant to the Act in furtherance of the purposes of the Drinking Water Revolving Fund.

“**Drinking Water Revolving Fund**” means the Drinking Water Revolving Fund created in the Authority by the Act.

“**Drinking Water Trust Agreement**” means the Drinking Water Surplus Matching Account Trust Agreement, dated as of October 1, 1997, as amended, between the Authority and U.S. Bank Trust Company, National Association, as successor Trustee, as the same may be amended and supplemented from time to time.

“**Event of Default**” means any occurrence or event designated as such in Section 9.01(1).

“**Federal Capitalization Agreements**” means (i) the instrument or agreement entered into by the United States of America Environmental Protection Agency with the Authority to make capitalization grant payments pursuant to the Clean Water Act, and (ii) the instrument or agreement entered into by the United States of America Environmental Protection Agency with the Authority to make capitalization grant payments pursuant to the Drinking Water Act.

“**Fiduciary**” or “**Fiduciaries**” means the Trustee or the Paying Agent, or both of them, as may be appropriate.

“**Fiscal Year**” means (i) with respect to the Authority, the period commencing on the first day of January of any year and ending on the last day of December of such year, or such other twelve month period as shall be hereafter adopted by the Authority as the fiscal year pursuant to the Bond Resolution and (ii) with respect to an Obligated Person, the fiscal year of such Obligated Person.

“**General Fund**” means the fund so designated and established by Article V.

“**Governmental Agency**” means any Colorado county, municipality, district, county or regional sewerage or utilities authority or any other local political subdivision or other entity named in the Details Certificate that has entered into a Loan Agreement with the Authority pursuant to which such Governmental Agency will borrow money from the 2024 Series C Project Account.

“**Governmental Agency’s Project**” means the project of the Governmental Agency described in Exhibit A to the Applicable Loan Agreement, a portion of the Cost of which

is financed or refinanced by the Authority through the making of a Loan pursuant to the Applicable Loan Agreement.

“**Interest Payment Date**” means each March 1 and September 1, commencing on March 1, 2025 (or such other commencement date as shall be set forth in the Details Certificate) and any date fixed for redemption.

“**Investment Securities**” means and include any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds:

(i) any bonds or other obligations which as to principal and interest constitute direct general obligations of, or are fully and unconditionally guaranteed as to timely payment of principal and interest by, the United States of America, including obligations of any of the Federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;

(ii) obligations of agencies of the United States of America, which are rated in the highest long term rating category by one or more of the National Rating Agencies, including, but not limited to, direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financing of the U.S. Maritime Administration; mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association; and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation;

(iii) commercial paper that at the time of purchase is rated in the highest rating category by one or more of the National Rating Agencies;

(iv) repurchase agreements collateralized by any bonds or other obligations described in clause (i) or clause (ii) above, with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank or other counterparty, if such broker/dealer, bank or other counterparty (or a guarantor of such broker/dealer, bank or counterparty) has an uninsured, unsecured and unguaranteed obligation long term rating in the two highest rating categories by each National Rating Agency, which provides a rating for the Bonds, provided:

(A) a master repurchase agreement or specific written, repurchase agreement governs the transaction; and

(B) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (a) a Federal Reserve Bank, or (b) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free of any lien, as agent for the Trustee; and

(C) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and

(D) the repurchase agreement has a term of thirty (30) days or less, or the Trustee will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(E) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(v) money market funds rated in the highest rating categories by one or more of the National Rating Agencies (including money market mutual funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to such fund); and

(vi) local government investment pools organized pursuant to C.R.S. 24-75-703 that has assets of \$500,000,000 or more and is rated in the highest rating category by one or more of the National Rating Agencies.

“Loan” means the loan made by the Authority to a Governmental Agency to finance or refinance a portion of the Cost of the Governmental Agency’s project pursuant to a Loan Agreement and calculated as provided in the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as November 1, 2024, by and between the Authority and a Governmental Agency, including the Exhibits attached thereto, as it may be supplemented, modified or amended from time to time in accordance with the terms thereof and of the Bond Resolution.

“Loan Closing” means the date on which the Authority shall issue and deliver the 2024 Series C Bonds.

“Loan Repayments” means all of the payments, other than the Administrative Fee, required to be made by a Governmental Agency pursuant to the provisions of the Applicable Loan Agreement.

“Loan Repayment Fund” means the fund so designated and established by Article V.

“Loan Servicer” means the Loan Servicer for the Loans (as defined in the Loan Agreements), duly appointed and designated as such pursuant to the Loan Servicing Agreement, and its successors as Loan Servicer under the Loan Servicing Agreement.

“Loan Servicing Agreement” means the Loan Servicing Agreement, dated as of November 1, 2024, by and between the Authority and the Loan Servicer, with respect to the Loans.

“**National Rating Agencies**” means each of Moody’s Investors Service, Standard and Poor’s Rating Group and Fitch Ratings and their respective successors and assigns and any other similar entity designated by resolution of the Authority, as a National Rating Agency.

“**Operating Expenses**” means the reasonable fees and expenses of the Loan Servicer, any Fiduciary and any financial and legal consultants to the Authority, any other costs incurred by the Authority in fulfilling its obligations under the Bond Resolution, and the administrative and general costs of the Colorado Division of Local Government, the Colorado Water Quality Control Division and the Authority which are allocable to the administration of the Loans, as shall be determined by the Authority in its sole discretion.

“**Outstanding**” or “**outstanding**” means, when used with reference to Bonds of any Series and as of any particular date (subject to the provisions of Section 13.08), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under the Bond Resolution, except (i) Bonds of such Series theretofore or thereupon cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such Series with respect to which all liability of the Authority shall have been discharged in accordance with Article XII and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of the Bond Resolution.

“**Paying Agent**” means the Paying Agent appointed pursuant to Section 10.02, and its successors.

“**Principal Installment**” means, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount or, as applicable, Accreted Value of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established and (ii) the unsatisfied balance (determined as provided in subsection 2 of Section 5.10) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premium, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments.

“**Principal Office**” means, when used with reference to the Authority, the Trustee, the Loan Servicer or the Paying Agent, the respective addresses of such parties as set forth in Section 13.07, and any further or different addresses as such parties may designate pursuant to Section 13.07.

“**Record Date**” means with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by the Bond Resolution or Supplemental Resolution authorizing such Series, the fifteenth (15th) day (or if such day shall not be a Business Day, the preceding Business Day) of the month next preceding such Interest Payment Date.

“**Redemption Price**” means, when used with reference to any Bond or any portion thereof, the principal amount, or, as applicable, Accreted Value of such Bond or such portion thereof and any redemption premium thereon payable upon redemption thereof pursuant to the provisions of such Bond and the Bond Resolution.

“**Refunding Bonds**” means all Bonds authenticated and delivered pursuant to Section 2.05.

“**Revenues**” means all (i) the Loan Repayments, other than payment of Administrative Fees payable pursuant to subsection (b) of Section 3.03 of the Loan Agreements and payments pursuant to Sections 3.06, 5.04 and 5.07 of the Loan Agreements, and (ii) investment income from all funds and accounts created under the Bond Resolution, other than the Cost of Issuance Fund and the General Fund, and (iii) amounts deposited by the Authority in the Debt Service Fund from the Clean Water Trust Agreement and Drinking Water Trust Agreement pursuant to Section 8.09 of the Bond Resolution.

“**Rule 15c2-12**” means Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of adoption of the Bond Resolution, together with all interpretive guidelines or other official interpretations or explanation thereof that are promulgated by the United States Securities and Exchange Commission.

“**Series**” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions. A Series may be divided into subseries.

“**2024 Series C Bonds**” means the State Revolving Fund Revenue Bonds, 2024 Series C authorized by Section 2.03 of the Bond Resolution.

“**2024 Series C Matching Account**” means the account so designated and established by Article V hereof.

“**2024 Series C Matching Account Requirement**” means, as of any date of calculation, the maximum Aggregate Debt Service coming due in any calendar year.

“**2024 Series C Project Account**” means the account so designated and established by Article V hereof.

“**2024 Series C Project Loan Subaccount**” means any of the subaccounts within the 2024 Series C Project Account so designated and established by Article V hereof.

“**Sinking Fund Installments**”, with respect to any Series of Bonds, shall have the meaning, if any, specified in either the Bond Resolution or any Supplemental Resolution.

“**State**” means the State of Colorado.

“**Supplemental Resolution**” means any resolution or resolutions of the Authority amending, modifying or supplementing the Bond Resolution, authorizing the issuance of a Series of Refunding Bonds, or any other Supplemental Resolution, adopted by the Authority pursuant to the provisions of the Bond Resolution.

“**Trust Agreement**” means, collectively, the Clean Water Trust Agreement and the Drinking Water Trust Agreement.

“**Trust Estate**” means (i) the proceeds of the Bonds, (ii) Authority funds deposited in the 2024 Series C Project Loan Account, (iii) all right, title and interest of the Authority in, to and under the Loan Agreements and the Governmental Agency Bonds (as defined in Applicable Loan Agreements) other than Administrative Fees payable pursuant to subsection (b) of Section 3.03 and the right, title and interest of the Authority under Section 3.06, 5.04 and 5.07 of the Loan Agreements, (iv) Revenues, whether held by the Trustee or the Loan Servicer, and (v) the Loan Repayment Fund, the 2024 Series C Matching Account, the Debt Service Fund, including the investments, if any, thereof, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

“**Trustee**” means the trustee appointed pursuant to Section 10.01 hereof, and its successor or successors and any other corporation which may at any time be substituted in its place as Trustee pursuant to this Bond Resolution.

“**Valuation Date**” shall mean with respect to any Capital Appreciation Bonds the date or dates set forth in the Supplemental Resolution authorizing such Bonds on which specific Accreted Values are assigned to the Capital Appreciation Bonds.

“**Water Pollution Control Revolving Fund**” means the Water Pollution Control Revolving Fund created in the Authority by the Act.

SECTION 1.02 *Rules of Interpretation.* For all purposes of the Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

“The Bond Resolution” means this instrument as originally adopted and as

(a) it may be supplemented, modified or amended from time to time by any Supplemental Resolution, unless in the case of any one or more Supplemental Resolutions the context requires otherwise.

(b) All reference in the Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of the Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to the Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.

(c) The terms defined in the Bond Resolution include the plural as well as the singular.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(e) The table of contents and the headings or captions used in the Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

SECTION 1.03 *Authority for the Bond Resolution.* This State Revolving Fund 2024 Series C Revenue Bond Resolution is adopted pursuant to the provisions of the Act.

SECTION 1.04 *Bond Resolution and Bonds Constitute a Contract; Pledge.* With respect to the Bonds, in consideration of the purchase and acceptance of any and all of such Bonds authorized to be issued under the Bond Resolution by those who shall hold the same from time to time: (i) the Bond Resolution shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, as applicable, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise, except as expressly provided in or permitted hereby; (iii) the Authority, as security for the payment of the principal of and Redemption Price, if any, of, and the interest on, the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Authority under the Bond Resolution all in accordance with the provisions thereof and hereof, does hereby grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate and covenants that it has not previously pledged such Trust Estate as security for the payment of any other bonds, notes or other indebtedness of the Authority; (iv) the pledge made hereby is valid and binding from the time when the pledge is made and such Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof; and (v) the Bonds shall be special obligations of the Authority payable from and secured by a pledge of the Trust Estate as provided hereby.

ARTICLE II. - AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01 *Authorization of Bonds; Designation of Bonds of Series.*

1. This Bond Resolution authorizes Bonds of the Authority to be designated as “State Revolving Fund Revenue Bonds”, which may be issued from time to time in one or more Series under the provisions hereof applicable thereto. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Bond Resolution is not limited except as may hereafter be provided in the Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the Authority pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name “State Revolving Fund Revenue Bonds” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State nor any political subdivision thereof (other than the Authority) is obligated to pay the principal or Redemption Price of, or interest on, the Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

SECTION 2.02 *General Provisions for Issuance of Bonds.* 1. All (but not less than all) of the Bonds of each Series shall be executed by the Authority for issuance under the Bond Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(1) A copy of the Bond Resolution, certified by an Authorized Officer of the Authority;

(2) In the case of each Series of Refunding Bonds, a copy of the Supplemental Resolution authorizing such Refunding Bonds, certified by an Authorized Officer of the Authority, which shall, among other provisions, specify: (a) the authorized principal amount, designation and Series of such Refunding Bonds; (b) the purposes for which such Series of Bonds is being issued, which shall be as provided in Section 2.05; (c) the date, and the maturity date or dates, of the Refunding Bonds of such Series; (d) the interest rate or rates of the Bonds of such Series and the initial Interest Payment Date therefor; (e) if such Refunding Bonds are Capital Appreciation Bonds, the Valuation Dates and the Accreted Value on such Valuation Dates; (f) the denominations of, and the manner of dating, numbering and lettering, the Refunding Bonds of such Series, provided that such Refunding Bonds shall be in denominations of \$5,000 or any integral multiple thereof as authorized by such Supplemental Resolution (except that any Capital Appreciation Bond of such Series shall be in such denomination that its Accreted Value at maturity will be equal to \$5,000 or any integral multiple thereof); (g) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Refunding Bonds of such Series; (h) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Refunding Bonds of such Series; (i) the amount and due date of each Sinking Fund Installment, if any, for Refunding Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon a March 1 or September 1; (j) the form of the Refunding Bonds of such Series and of the Trustee's certificate of authentication, which shall be substantially in the form set forth in Section 14.01 for the Bonds with such variations, insertions or omissions as are appropriate and not inconsistent therewith; (k) the provisions for the application of proceeds of such Series of Refunding Bonds; and (l) if any of the Refunding Bonds of such Series shall be Capital Appreciation Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Bonds. The items listed in clauses (c), (d), (e), (h) and (i) may be set forth in a details certificate;

(3) An opinion of Bond Counsel to the effect that (i) the Authority has the right and power under the Act, as amended to the date of such opinion, to adopt the Bond Resolution, and the Bond Resolution has been duly and lawfully adopted

by the Authority, is in full force and effect and constitutes the valid and binding agreement of the Authority enforceable in accordance with its terms, and no other authorization for the Bond Resolution is required; (ii) the Bond Resolution creates the valid pledge which it purports to create of the Trust Estate for the Bonds, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution; (iii) the Authority is duly authorized and entitled to issue the Bonds and such Bonds have been duly and validly authorized and issued by the Authority, in accordance with law, including the Act, as amended to the date of such opinion, and in accordance with the Bond Resolution, and constitute the valid and binding obligations of the Authority as provided in the Bond Resolution, enforceable in accordance with their terms and the terms of the Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and the Bond Resolution; and (iv) the Authority has the right and power under the Act, as amended to the date of such opinion, to enter into the Loan Agreements, and the Loan Agreements have been duly and lawfully authorized and executed by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms, and no other authorization for the Loan Agreements is required. Such opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy;

(4) A written order to the Trustee as to the delivery of such Bonds, signed by an Authorized Officer of the Authority;

(5) Unless otherwise provided in the Details Certificate, the amount, if any, necessary for deposit in the 2024 Series C Matching Account so that the amount on deposit in the 2024 Series C Matching Account shall equal the 2024 Series C Matching Account Requirement, calculated immediately after the authentication and delivery of such Series of Bonds; and

(6) Such further documents, moneys and securities as are required by the provisions of Sections 2.03, 2.04 or, as applicable, 2.05, or Article XI or any Supplemental Resolution adopted pursuant to Article XI.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters and except that they may be in either coupon or registered form. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Sections 4.07 or 11.10.

SECTION 2.03 *2024 Series C Bonds.* 1. A Series of Bonds entitled to the benefit, protection and security of the Bond Resolution is hereby authorized in the aggregate

principal amount not to exceed \$27,500,000 for the purpose of funding a portion of the Loans to be made pursuant to the Loan Agreements and to pay Costs of Issuance. The principal amount of the 2024 Series C Bonds together with names of the Governmental Agencies which are the recipients of the Loans shall be set forth in the Details Certificate. The Details Certificates shall also indicate if such Loans are Clean Water Financings or Drinking Water Financings. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "State Revolving Fund Revenue Bonds, 2024 Series C." The 2024 Series C Bonds may be issued as subseries as shall be set forth in the Details Certificate.

2. The 2024 Series C Bonds shall be dated and shall bear interest from their date of delivery, except as otherwise provided in Section 3.01 of the Bond Resolution. The 2024 Series C Bonds shall mature on the dates, in the principal amounts, and shall bear interest payable on the Interest Payment Dates, at the respective rates per annum, as shall be set forth in the Details Certificate. The net interest cost on the 2024 Series C Bonds shall not exceed 6.0% per annum and the final maturity of the 2024 Series C Bonds shall not be later than September 1, 2058.

3. The 2024 Series C Bonds shall be issued in the denomination of \$5,000 or any integral multiples of \$5,000. Unless the Authority shall otherwise direct, the 2024 Series C Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter "R" and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of the Bond Resolution, the form of the 2024 Series C Bonds and the Trustee's certificate of authentication shall be substantially in the form set forth in Section 14.01.

4. The principal and Redemption Price of the 2024 Series C Bonds shall be payable, at the option of the holder, at the corporate trust operations offices in St. Paul, Minnesota, of U.S. Bank Trust Company, National Association, as Paying Agent or such other place as the Paying Agent shall determine by filing with the Authority a Certificate of an Authorized Officer designating such other place. The principal and Redemption Price of the 2024 Series C Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Bond Resolution, or as may be determined in writing by the Authority. Interest on the 2024 Series C Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the Authority maintained by the Trustee.

5. The 2024 Series C Bonds shall have such redemption provisions as shall be set forth in the Details Certificate.

6. The 2024 Series C Bonds may be sold by negotiated sale or competitive sale, as determined by the Authority and set forth in the Details Certificate. In the case of a negotiated sale, the Authority shall designate the underwriter(s) (the "Underwriter") in the Details Certificate.

7. The proceeds of the 2024 Series C Bonds shall be applied simultaneously with the delivery of such Bonds as follows:

(a) There shall be deposited in the Cost of Issuance Fund, for application to the payment of the Costs of Issuance incurred in connection with the issuance of the

2024 Series C Bonds, the amount set forth in a certificate of an Authorized Officer of the Authority upon the delivery of the 2024 Series C Bonds; and

(b) The remaining balance of the proceeds of the 2024 Series C Bonds shall be deposited in each 2024 Series C Project Loan Subaccount established in the 2024 Series C Project Account on behalf of each Governmental Agency, the amount set forth in a Certificate of an Authorized Officer of the Authority delivered to the Trustee upon delivery of the 2024 Series C Bonds.

SECTION 2.04 *Authorizations required in connection with the issuance of the 2024 Series C Bonds.* 1. In connection with the issuance, securing and sale of the 2024 Series C Bonds, there have been prepared and submitted to this meeting:

- (i) the form of Preliminary Official Statement (the “Preliminary Official Statement”), to be used in connection with the marketing of the 2024 Series C Bonds which shall be in the form presented to this meeting and made a part hereof;
- (ii) the form of the Loan Agreements;
- (iii) the form of Loan Servicing Agreement;
- (iv) the form of the Notice of Sale (the “Notice of Sale”), to be used in connection with a competitive sale of the 2024 Series C Bonds;
- (v) the form of Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), to be executed by the Authority to provide compliance with Rule 15c2-12.

2. The distribution of the Preliminary Official Statement in the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved and its use in connection with the offering and marketing of the 2024 Series C Bonds is hereby authorized.

3. An Official Statement (the “Official Statement”) which shall be the Preliminary Official Statement revised to reflect the information contained in the Details Certificate is hereby authorized and its use by the purchasers of the 2024 Series C Bonds in connection with the offering and sale of the 2024 Series C Bonds is hereby authorized. Each Authorized Officer is hereby authorized and directed to execute the Official Statement and any amendment or supplement thereto, in the name of and on behalf of the Authority with such changes therein as shall be approved by any of them and thereupon to cause the Official Statement and any such amendment or supplement to be delivered to the purchasers of the 2024 Series C Bonds with their approval of any changes, insertions or omissions to be conclusively evidenced by the execution and delivery thereof by any of such officers.

4. The Notice of Sale, in substantially the forms submitted to this meeting, be and each hereby is approved. Each Authorized Officer is hereby authorized and directed to provide for the dissemination of the Notice of Sale.

5. The Loan Agreements, the Continuing Disclosure Agreement and the Loan Servicing Agreement, each in substantially the form submitted to this meeting, be and each is hereby approved. Each Authorized Officer is hereby authorized and directed to execute and deliver the Loan Agreements, the Continuing Disclosure Agreement the Bond Purchase Agreement, if any, and the Loan Servicing Agreement with such changes, insertions and omissions as the executing official may approve, said execution being conclusive evidence of such approval.

6. The Authority is hereby authorized to transfer not exceeding \$25,000,000 from program funds, to be deposited in the 2024 Series C Project Loan Account. The amount to be deposited in each 2024 Series C Project Loan Subaccount from the proceeds of the 2024 Series C Bonds and from program funds (whether drawn on Federal Capitalization Agreements or other Authority funds) shall be set forth in the certificate of an Authorized Officer delivered to the Trustee on the Closing Date pursuant to Section 2.03 (6)(b), which certificate may be amended from time to time by amendment to such certificate of an Authorized Officer of the Authority. The Authority is authorized to transfer to the 2024 Series C Matching Account from available funds of the Authority an amount equal to the 2024 Series C Matching Account Requirement.

7. The Chairman, Vice Chairman, Executive Director or Finance Director of the Authority, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Bonds, the Bond Resolution, the Official Statement, the Loan Agreements and the Continuing Disclosure Agreement, the Notice of, as applicable, and the Loan Servicing Agreement. Wesley Williams is hereby appointed an Assistant Secretary to execute such documents for the purpose of carrying out the transactions contemplated by the Bonds, the Bond Resolution and the Loan Agreements.

8. The Authority hereby determines that the 2024 Series C Bonds shall be exclusively in "book entry" form. The initial owner of the 2024 Series C Bonds shall be Cede & Co., on behalf of DTC, which shall hold one or more immobilized certificates representing the 2024 Series C Bonds. All transfers of 2024 Series C Bonds shall be effected as set forth in the Bond Resolution; provided that the Authority understands and agrees that DTC shall establish procedures with its participants for recording and transferring the ownership of beneficial interests in the 2024 Series C Bonds. The Authority may enter into a letter of representation and other documentation necessary or desirable to effectuate the issuance of the 2024 Series C Bonds in book entry form.

9. For purposes of determining the consents of Holders of the 2024 Series C Bonds under the Bond Resolution, the Trustee shall establish a record date for determination of ownership of such Bonds, and shall give to DTC or any successive securities depository at least fifteen (15) calendar days' notice of any record date so established.

10. The Authority may hereafter amend the Bond Resolution without notice to or consent of the Holders of any of the 2024 Series C Bonds in order (i) to offer to Holders the option of receiving 2024 Series C Bonds in certificated form or (ii) to require the execution and delivery of certificates representing a portion or all of the 2024 Series C Bonds, if (A) DTC shall cease to serve as depository and no successor can be found to serve upon terms satisfactory to the

Authority, or (B) the Authority determines to terminate use of book entry form for the 2024 Series C Bonds.

SECTION 2.05 *Refunding Bonds.* 1. One or more Series of Refunding Bonds may be issued at any time to refund any Outstanding Bond or Bonds of a particular Series or all of the Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under the Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds. Refunding Bonds shall be on a parity with and, except as otherwise provided in the Supplemental Resolution for such Refunding Bonds, shall be entitled to the same benefit and security of the Bond Resolution including the pledge of the Trust Estate as the Bonds of the Series of Bonds which are being refunded.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 12.01 hereof;

(b) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 12.01 to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date or dates, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Investment Securities in such principal amounts of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys as shall be necessary to comply with the provisions of subsection 2 of Section 12.01, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 of Section 12.01; and

(d) A Certificate of an Authorized Officer of the Authority demonstrating that the Loan Repayments, exclusive of the Administrative Fees, to become due in each year during which such Refunding Bonds shall be Outstanding shall be sufficient to pay when due the principal or Redemption Price of, and interest on, all Bonds Outstanding upon the authentication and delivery of such Series of Refunding Bonds.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits, if any, in such funds and accounts as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

ARTICLE III. - GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01 *Medium of Payment; Form and Date; Letters and Numbers.* 1. The Bonds shall be payable, with respect to principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and with respect to interest shall be payable by check or draft of the Trustee.

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in the Bond Resolution or the Supplemental Resolution providing for the issuance of the Series of which such Bonds is a part and so as to be distinguished from every other Bond.

4. Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date specified in the Bond Resolution or the Supplemental Resolution. Unless otherwise provided in the Bond Resolution or the Supplemental Resolution, Bonds of each Series issued after the date of original issuance shall bear interest from the most recent interest payment date next preceding the date of such Bond to which interest has been paid, unless the date of such Bond is an interest payment date to which interest has been paid, in which case interest shall be payable from such date, or unless the date of such Bond is prior to the first interest payment on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on such Series of Bonds.

5. The interest on, and principal and Redemption Price, if any, of, each Series of Bonds shall be payable as provided in the Bond Resolution or Supplemental Resolution relating to such Series of Bonds.

SECTION 3.02 *Legends.* The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Bond Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, the Act, or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

SECTION 3.03 *Execution and Authentication.* 1. The Bonds shall be executed in the name of the Authority by the manual or facsimile signature of the Executive Director or other Authorized Officer of the Authority, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary or an Authorized Officer of the Authority, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such

offices. Any Bond of a Series may be signed and sealed on behalf of the Authority by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the Authority, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in Section 14.01 of the Bond Resolution or in the Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Bond Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Bond Resolution and that the Holder thereof is entitled to the benefits of the Bond Resolution applicable thereto.

SECTION 3.04 *Transfer and Registry.* 1. Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the principal corporate trust office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond.

2. The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority kept by the Trustee as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on, such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. The Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense (including legal fees), judgment or liability incurred by it, acting without negligence or willful misconduct under the Bond Resolution, in so treating such Holder.

SECTION 3.05 *Regulations With Respect to Exchanges and Transfers.* In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed or thereafter until

after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called or tendered for redemption.

SECTION 3.06 *Bonds Mutilated, Destroyed, Stolen or Lost.* In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Authority and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may prescribe and paying such expenses as the Authority and Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under the Bond Resolution in, any moneys or securities held by the Authority or any Fiduciary for the benefit of the Holders of such Bonds.

SECTION 3.07 *Temporary Bonds.* 1. Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 3.03, and upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

SECTION 3.08 *Cancellation and Destruction of Bonds.* All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee in accordance with the retention policy then in effect.

ARTICLE IV. - REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 4.01 *Privilege of Redemption and Redemption Price.* Bonds subject to redemption prior to maturity pursuant to the Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Bond Resolution and the Supplemental Resolution authorizing such Series of Bonds.

SECTION 4.02 *Redemption.* 1. In the case of any redemption of Bonds at the election or direction of the Authority, the Authority shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date, and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Bond Resolution). Such notice shall be given at least forty-five (45) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee. In the event notice of redemption shall have been given as provided in Section 4.05, there shall be paid by the Authority on or prior to the redemption date to the Paying Agent an amount in cash which, in addition to other moneys, if any, available therefor held by the Paying Agent, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. The Authority shall promptly notify the Trustee in writing of all such payments by the Authority to the Paying Agent.

2. Except as otherwise provided herein, any notice of the optional or extraordinary redemption of the Bonds, other than any notice that refers to Bonds that are to be redeemed from proceeds of a refunding bond issue, may be given only if sufficient funds have been deposited with the Trustee to pay the applicable Redemption Price of the Bonds to be redeemed.

SECTION 4.03 *Redemption Otherwise than at Authority's Election or Direction.* Whenever by the terms of the Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Authority, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V.

SECTION 4.04 *Selection of Bonds to be Redeemed.* If less than all of the Bonds of like maturity shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond (other than a Capital Appreciation Bond) of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be outstanding after the redemption date. For purposes of this Section 4.04, if less than all of the Capital Appreciation Bonds shall be called for prior

redemption, the portion of any Capital Appreciation Bond of a denomination of more than the maturity amount specified in the Supplemental Resolution authorizing such Bonds to be redeemed shall be in such maturity amount or a multiple thereof, and, in selecting portions of such Capital Appreciation Bond for redemption, the Authority shall treat such Capital Appreciation Bond as representing that number of Capital Appreciation Bonds of such maturity amount which is obtained by dividing the maturity amount of such Capital Appreciation Bond to be redeemed in part by the maturity amount specified in such Supplemental Resolution.

SECTION 4.05 *Notice of Redemption.* When Bonds of a Series have been selected for redemption pursuant to any provision of the Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Authority at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the Series of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the office or offices of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vii) if the Bonds to be redeemed have CUSIP numbers, the CUSIP numbers of such Bonds. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. Any notice of redemption shall be subject to such conditions as the Authority may determine and may be revocable. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond. If any redemption is to be effectuated through the issuance of indebtedness of the Authority, the notice of redemption may state that the redemption is conditioned upon the Authority's receipt of the proceeds of such indebtedness.

The notice required to be given by the Trustee pursuant to this Section shall be sent by first class mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Authority kept by the Trustee as provided in Section 3.04, not less than thirty (30) nor more than sixty (60) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the registered owner of such Bond as herein provided shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section.

SECTION 4.06 *Payment of Redeemed Bonds.* On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date and, if moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under the Bond Resolution and the Holders of such Bonds or portions of Bonds shall have no rights

in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

SECTION 4.07 *Redemption of Portions of Bonds.* In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption and accrued interest thereon on or after the redemption date, the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner thereof or his attorney or legal representative, without charge therefor, a Bond or Bonds of the same Series bearing interest at the same rate and of any denomination or denominations authorized by the Bond Resolution in aggregate principal amount equal to the unredeemed portion of such Bond.

ARTICLE V. - FUNDS AND ACCOUNTS

SECTION 5.01 *Creation of Funds and Accounts.* 1. The following funds and separate accounts within funds shall be established, held and maintained for the Bonds:

(a) Loan Repayment Fund, to be held by the Trustee;

(b) 2024 Series C Project Account (consisting of a separate 2024 Series C Project Loan Subaccount established for each Governmental Agency to which a Loan is to be made),

(c) the 2024 Series C Matching Account, each to be held by the Trustee;

(d) Debt Service Fund, to be held by the Trustee;

(e) Cost of Issuance Fund, to be held by the Trustee on behalf of the Authority; and

(f) General Fund to be held by the Trustee on behalf of the Authority.

(2) This is hereby established within each of the Loan Payment Fund, the 2024 Series C Matching Account, the Debt Service Fund and the General Fund, a separate subaccount allocated to Clean Water Financing and Drinking Water Financing.

(3) Each of the funds and accounts created by the Bond Resolution, other than the Cost of Issuance Fund and the General Fund, is hereby pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Bonds as the same shall become due.

SECTION 5.02 *Water Pollution Control Revolving Fund and Drinking Water Revolving Fund.* 1. The Authority shall maintain, pursuant to the Act, the Water Pollution Control Revolving Fund and Drinking Water Revolving Fund for the State.

2. For the purposes of compliance with the Clean Water Act or regulations promulgated thereunder relating to the deposit of moneys in or restricting the use of moneys within

the Water Pollution Control Revolving Fund, moneys in the Loan Repayment Fund, the 2024 Series C Project Account, the 2024 Series C Matching Account, the Debt Service Fund and the General Fund relating to Clean Water Financings shall be deemed to be within the Water Pollution Control Revolving Fund.

3. For the purposes of compliance with the Safe Drinking Water Act or regulations promulgated thereunder relating to the deposit of moneys in or restricting the use of moneys within the Drinking Water Revolving Fund, moneys in the Loan Repayment Fund, the 2024 Series C Project Account, the 2024 Series C Matching, the Debt Service Fund and the General Fund relating to Drinking Water Financings shall be deemed to be within the Drinking Water Revolving Fund.

4. The Authority shall maintain records relating to the moneys on deposit in the Loan Repayment Fund, the 2024 Series C Project Account, the 2024 Series C Matching Account and the Debt Service Fund allocable to the Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund, respectively.

SECTION 5.03 2024 Series C Project Account. 1. There shall be established within the 2024 Series C Project Account a separate 2024 Series C Project Loan Subaccount in favor of each Governmental Agency to which a Loan is to be made pursuant to a Loan Agreement.

2. There shall be deposited into each 2024 Series C Project Loan Subaccount from the proceeds of the 2024 Series C Bonds and from program funds (whether drawn on Federal Capitalization Agreements or other Authority funds) the respective amounts set forth in the Certificate of an Authorized Officer of the Authority delivered to the Trustee pursuant to Section 2.04(6).

3. The Trustee shall make payments from a 2024 Series C Project Loan Subaccount in the amounts, at the times, in the manner and on the other terms and conditions set forth in this subsection. Before any such payment shall be made, the Governmental Agency shall file with the Trustee its requisition therefor, approved by the Authority, and if deemed necessary by the Authority, approved by the Colorado Water Quality Control Division, which requisition shall be in substantially the form set forth in Exhibit A hereto. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition.

4. The Authority shall file a Certificate, signed by an Authorized Officer of the Authority, with the Loan Servicer and Trustee with respect to each 2024 Series C Project Loan Subaccount when the Authority has approved all requisitions for the Loan to be funded from such 2024 Series C Project Loan Subaccount. Such Certificate shall set forth a schedule indicating (A) (i) with respect to the remaining monies which represent the proceeds of the Bonds, when and how much of the remaining moneys, if any, on deposit in such Subaccount are to be transferred to the Debt Service Fund and whether such moneys shall be used to redeem, purchase or provide for payment of Bonds and (ii) which ensuing Loan Repayments, or portions thereof, if any, set forth on Schedule C to the Applicable Loan Agreement of the Governmental Agency shall be credited as a result of such transfer and use, and (B) with respect to the remaining moneys which represent

amounts deposited in such 2024 Series C Project Loan Subaccount from Authority funds, the disposition thereof. The Trustee shall transfer from such subaccount to the Debt Service Fund the amounts contained in such Certificate of the Authority at the times indicated therein.

SECTION 5.04 *Cost of Issuance Fund.* 1. There shall be deposited in the Cost of Issuance Fund from the proceeds of the 2024 Series C Bonds the Costs of Issuance for the 2024 Series C Bonds as set forth in a certificate of an Authorized Officer upon the delivery of the 2024 Series C Bonds.

2. There shall be deposited in the Cost of Issuance Fund from the proceeds of each Series of Refunding Bonds, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.

3. The Authority shall direct the Trustee in writing to make payments from the Cost of Issuance Fund, in the amounts, at the times, in the manner and on the other terms and conditions as the Authority shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series of Bonds. The Authority shall direct the Trustee in writing to transfer amounts on deposit in the Cost of Issuance Fund to any other fund or account under the Bond Resolution.

SECTION 5.05 *Loan Repayment Fund.* 1. All portions of Loan Repayments received by the Trustee from the Loan Servicer shall be immediately deposited in the Loan Repayment Fund. The Authority for accounting purposes may direct the Trustee to deposit the Loan Repayments allocable to the Clean Water Financings in the subaccount in the Loan Repayment Fund created for Clean Water Financings and the Loan Repayments allocable to the Drinking Water Financings in the subaccount in the Loan Repayment Fund created for Drinking Water financings, respectively.

2. As soon as practicable after the deposit by the Trustee of each Loan Repayment amount from a Governmental Agency into the Loan Repayment Fund or the subaccounts therein, but in no event later than the last Business Day preceding each Interest Payment Date and each Principal Installment due date, the Trustee shall, in the following priority, transfer:

(a) to the Debt Service Fund, or any subaccount therein, a sum equal to the Debt Service Requirements. The Authority for accounting purposes may direct the Trustee to deposit the Loan Repayments from the subaccount in the Loan Repayment Fund created for Clean Water Financings in the subaccount in the Debt Service Fund created for Clean Water Financings and to deposit the Loan Repayments on from the subaccount in the Loan Repayment Fund created for Drinking Water Financings in the subaccount in the Debt Service Fund created for Drinking Water Financings, respectively;

(b) to the 2024 Series C Matching Account, a sum, so that the amount on deposit in the 2024 Series C Matching Account shall equal the 2024 Series C Matching Account Requirement; and

(c) to the General Fund any moneys directed to be deposited therein by the Authority.

3. To the extent not applied pursuant to subsection 2 of this Section 5.05, any remaining amounts in the Loan Repayment Fund or the subaccounts therein, if any, shall be transferred to the Surplus Account in the Applicable Trust Agreement, as directed in writing by the Authority.

SECTION 5.06 [RESERVED].

SECTION 5.07 *Debt Service Fund.* 1. On each Interest Payment Date the Trustee shall withdraw from the Debt Service Fund an amount equal to the interest due on the Bonds on such Interest Payment Date, which moneys shall be paid by the Paying Agent in accordance with Section 3.01(4).

2. On each Principal Installment due date, the Trustee shall make available to the Paying Agent from moneys in the Debt Service Fund an amount equal to the principal or Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. In the event of the refunding or defeasance of any Bonds, the Trustee shall, if the Authority so directs in writing, withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to subsection 2 of Section 12.01.

SECTION 5.08 *2024 Series C Matching Account.* 1. The Trustee shall transfer from the 2024 Series C Matching Account to the Debt Service Fund, on the Business Day preceding each Interest Payment Date or Principal Installment due date, as the case may be, such amount, to the extent available, which when added to the amount on deposit in the Debt Service Fund shall equal the Aggregate Debt Service for all the Bonds due on such Interest Payment Date or Principal Installment due date.

2. On the first day of September of each year, if the amount on deposit in the 2024 Series C Matching Account exceeds the 2024 Series C Matching Account Requirement, such excess shall be transferred to the Surplus Account in the Applicable Trust Agreement, as directed in writing by the Authority.

3. All investments held in the 2024 Series C Matching Account shall be liquidated to the extent necessary in order to meet the requirements of subsection (1) of this Section 5.08.

4. In the event of the refunding of any Bonds, the Authority may withdraw from the 2024 Series C Matching Account all, or any portion of, the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to subsection 2 of Section 12.01 and (b) the amount remaining in the 2024 Series C Matching Account, after giving effect to the issuance of

the refunding bonds and the disposition of the proceeds thereof, shall not be less than the 2024 Series C Matching Account Requirement.

SECTION 5.09 *General Fund.* 1. On the first day of each September the Trustee shall transfer to the Authority for deposit in the General Fund all moneys, if any, then remaining in the Debt Service Fund; provided, however, that all transfers from the Debt Service Fund to the Paying Agent required pursuant to Section 5.07 shall have been made. Moneys on deposit in the General Fund may be applied at the written direction of the Authority as follows:

- (i) to pay or prepay Operating Expenses;
- (ii) to be transferred to the 2024 Series C Matching Account to make up any deficiencies in the 2024 Series C Matching Account; or
- (iii) for any other legal purpose of the Authority relating to the Water Pollution Control Revolving Fund or the Drinking Water Revolving Fund, as applicable.

2. Subaccounts in the General Fund may be created for any of the purposes of the Authority, including without limitation, arbitrage rebate purposes.

SECTION 5.10 *Sinking Fund Installment Payments.* 1. Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Installment may and, if so directed by the Authority, shall be applied by the Trustee, on or prior to the fortieth (40th) day next preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series C and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 1 shall be made at prices not exceeding the sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed in writing from time to time by the Authority. The sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Installment. As soon as practicable after the fortieth (40th) day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 4.05, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the requirement of the unsatisfied balance of such Sinking Fund Installment pursuant to subsection 2 of this Section 5.10. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the Authority from the General Fund.

2. Upon any purchase or redemption pursuant of any Series and maturity for which Sinking Fund Installments shall have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due (other than the next such date) such

amount as shall be determined by the Authority. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

ARTICLE VI. - FUNDS AND INVESTMENTS

SECTION 6.01 *Moneys to Be Held by Trustee or Paying Agent.* All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any fund or account established under any provision of the Bond Resolution for the Bonds in accordance with the Bond Resolution shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the principal of or interest on Bonds on or after the date on which such amounts shall have become due shall be held and applied solely for the redemption or payment of such Bonds or the payment of such interest.

SECTION 6.02 *Investments.* All moneys in any of the funds and accounts created under the Bond Resolution, other than the Cost of Issuance Fund and the General Fund, shall be invested by the Trustee as directed by the Authority in writing, subject to the further provisions of this Section. The Trustee may conclusively rely upon such written direction of the Authority as to any and all investments. Moneys in the Cost of Issuance Fund and the General Fund shall be invested by the Authority in accordance with the provisions of this Section.

Moneys in the funds and accounts created under the Bond Resolution shall be invested in Investment Securities the principal of and interest on which are payable not later than the dates on which it is estimated that such moneys will be required hereunder and with respect to moneys on deposit in the Debt Service Fund, Investment Securities shall mature not later than the next succeeding principal or interest payment date. The making of any investment hereunder the principal of and interest on which shall be payable later than five years from the date of such investment is hereby approved by the Board.

Investment Securities acquired as an investment of moneys in any fund or account created under the Bond Resolution shall be credited to such fund or account. For the purpose of determining the amount in any fund or account at any time in accordance with the Bond Resolution, all Investment Securities credited to such fund or account shall be valued at the amortized cost of such obligations, provided that obligations which mature five years or later after such date of evaluation shall be valued at the market price thereof. Any repurchase agreement or obligations of the United States of America – State and Local Government Series shall be valued at the principal amount thereof. Such computation shall be determined by the Trustee on September 1 of each year.

All interest, profits and other income earned and received by the Trustee (and, as applicable, credited as accrued to any fund or account pursuant to this Section), net of any losses

suffered, from investment of moneys in any fund or account created hereunder, other than from the Cost of Issuance Fund, shall herein this Section 6.02 be called “net earnings”.

Unless otherwise directed by the Authority, and, except for net earnings of moneys on deposit in the 2024 Series C Project Subaccounts which shall be retained in the respective 2024 Series C Project Subaccounts to be applied to the requisition of Costs, net earnings shall be deposited in the 2024 Series C Matching Account on or before each Interest Payment Date. The Loan Servicer, pursuant to the Loan Servicing Agreement, will, to the extent net earnings retained in the 2024 Series C Project Loan subaccounts were not applied to the requisition of Costs, credit such net earnings, if any, allocable to said Governmental Agency on the next ensuing Loan Repayments dates as required by subsection 4 of Section 5.03 and notify the Governmental Agency and the Trustee of such credit. The net earnings allocable to a Governmental Agency shall be said Governmental Agency’s share of the net earnings derived from the 2024 Series C Project Loan Subaccount applicable to such Governmental Agency, which share shall, except as provided in the next paragraph, be determined by the Authority in its sole discretion.

Notwithstanding the provision of Section 6.02, (i) the Authority may utilize all interest, profits and other income earned from investment of any fund or account, other than the Cost of Issuance Fund, to pay any amounts required to be set aside for rebate to the Internal Revenue Service pursuant to the Code, as outlined in the certificate as to arbitrage referred to in Section 8.06 and (ii) the investment income on amounts deposited in the 2024 Series C Matching Account pursuant to provisions of the Trust Agreement shall be transferred to the Authority free and clear of the lien of the Bond Resolution upon the terms and conditions contained in subsection 2 of Section 5.08.

The Authority acknowledges that regulations of the Comptroller of the Currency grant the Authority the right to receive brokerage confirmations of the security transactions as they occur. The Authority specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Trustee which will detail all investment transactions.

The Authority directs the Trustee to terminate any Investment Securities described in clause (iv) of the definition of Investment Securities upon a failure of the counterparty thereto to maintain the requisite collateral percentage after the restoration period and, if not paid by the counterparty in federal funds against transfer of the collateral, liquidate the collateral. The Trustee shall give notice to any provider of an Investment Securities described in clause (iv) of the definition of Investment Securities in accordance with the terms thereof so as to receive funds thereunder with no penalty or premium paid.

The Trustee shall, upon actual knowledge of a default under Investment Securities described in clause (iv) of the definition of Investment Securities or the withdrawal or suspension of either of the ratings of a repurchase provider or a drop in the ratings thereon, if required by the terms of any such agreement, demand further collateralization of the agreement or termination thereof and liquidation of the collateral.

The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell through a process approved

by the Authority at the best price obtainable, or present for redemption, any Investment Securities to the credit of any fund or account created under the Bond Resolution, other than the Cost of Issuance Fund and the accounts established therein, whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such fund or account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

ARTICLE VII. - THE LOANS AND SERVICING OF LOANS

SECTION 7.01 *Terms and Conditions of Loans.* The Authority shall make Loans to Governmental Agencies for the purpose of paying a portion of the Costs of the Governmental Agencies' Projects from moneys available therefor in the applicable 2024 Series C Project Loan Subaccount in the 2024 Series C Project Account, and shall enter into Loan Agreements, in the manner, on the terms and conditions and upon submission of the documents required by this Article VII, and not otherwise.

SECTION 7.02 *Form of Loan Agreement.* The Loan Agreements shall be substantially in the form approved by the Board upon the date of adoption of the Bond Resolution with such changes therein as shall be approved by the Authority, as evidenced by the execution thereof by an Authorized Officer of the Authority; provided, however, that the Loans and the Loan Agreements shall in any event conform in all material respects to the provisions of this Article VII.

SECTION 7.03 *Loan Closing Submissions.* Prior to or at each Loan Closing, the Authority and the Trustee shall have received the documents from the Governmental Agency required by Section 3.09 of the Loan Agreement.

All opinions and certificates required under this Section shall be dated the date of Loan Closing and all such opinions shall be addressed to the Authority and the Trustee.

SECTION 7.04 *Loan Servicer.* The Loan Servicer shall service each Loan in accordance with the provisions of the Loan Servicing Agreement.

SECTION 7.05 *Defaults.* The Trustee shall notify the Authority of its failure to receive any Loan Repayment or portion thereof, if any, of a Governmental Agency due under any Loan Agreement and of any other event of default under such Loan Agreement known to the Trustee.

The Trustee shall, subject to the provisions of this Bond Resolution, diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms and conditions of all Loan Agreements, including (without limitation) the prompt payment of all Loan Repayments and all other amounts due the Authority, and the observance and performance of all duties, covenants, obligations and agreements thereunder.

The Trustee shall not release the duties, covenants, obligations or agreements of any Governmental Agency under any Loan Agreement and shall at all times, to the extent permitted by law, and subject to the provisions of this Bond Resolution, defend, enforce, preserve and protect the rights and privileges of the Authority and the Holders under or with respect to each Loan Agreement; provided, however, that this provision shall not be construed to prevent the

Trustee (with the consent of the Authority) from settling a default under any Loan Agreement. The Authority hereby appoints the Trustee, its agent and attorney-in-fact for purposes of enforcing all rights, title and interests of the Authority under the Loan Agreements, subject to the provisions of this Section.

SECTION 7.06 *Termination of Loan Agreements.* Upon the payment in full of all amounts due under a Loan Agreement, the Authority shall cancel the obligation of the Governmental Agency evidenced by such Loan Agreement and terminate and release all security interests and liens created under such Loan Agreement and the Authority and the Trustee shall take any other action required of the Authority or the Trustee in such Loan Agreement in connection with such cancellation, termination and release, including (without limitation) the execution of all relevant documents in connection with such actions.

SECTION 7.07 *Loan Files.* After each Loan Closing, the Trustee shall retain all the documents received by it in connection with such Loan Closing or in connection with the Loan made at such Loan Closing in a file pertaining to such Loan, to which file the Trustee shall from time to time add all records and other documents pertaining to disbursements of amounts to the Governmental Agency under the Loan Agreement, to Loan Repayments and other amounts received by the Trustee under such Loan Agreement and all communications from or received by the Trustee with respect to such Loan. Such file shall be kept at the principal corporate trust office of the Trustee, shall be available for inspection by the Authority and its agents at reasonable times and under reasonable circumstances.

SECTION 7.08 *The Trustee's Obligations.* The Trustee shall, subject to the provisions of this Bond Resolution, observe and perform all duties, covenants, obligations and agreements of the Authority under each Loan Agreement to the extent the Trustee is an assignee of such duties, covenants, obligations and agreements.

ARTICLE VIII. - GENERAL COVENANTS

SECTION 8.01 *Payment of Bonds.* The Authority shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond of each Series on the date, at the place and in the manner provided herein and in the Supplemental Resolution, and in such Bonds according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special obligations of the Authority, the principal or Redemption Price of and interest on which are payable solely from the Trust Estate applicable thereto.

The Bonds of each Series shall not be payable from the general funds of the Authority and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Authority or upon any of its income, receipts or revenues, except as provided in the Bond Resolution. The full faith and credit of the Authority are not pledged, either expressly or by implication, to the payment of the Bonds. The Authority has no taxing power and has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or any Governmental Agency except as expressly provided in a Governmental Agency's Loan Agreement.

SECTION 8.02 *Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of the Bonds.* The Authority shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreements or in any Bond executed, authenticated and delivered under the Bond Resolution and any Supplemental Resolution or in any proceedings of the Authority pertaining thereto.

The Authority represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State of Colorado, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreements and to pledge the Trust Estate in the manner and to the extent set forth in the Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special obligations of the Authority according to their terms.

SECTION 8.03 *Liens, Encumbrances and Charges.* The Authority shall not create and, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate except the pledge, lien and charge created for the security of Holders of the Bonds. To the extent Revenues are received, the Authority will cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid, might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section shall require the Authority to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the Authority shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Nothing in the Bond Resolution is intended to or shall affect the right of the Authority to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

SECTION 8.04 *Accounts and Audits.* The Authority shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, the Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Authority) shall be subject to the inspection of the Trustee, any Holder of any Bonds or their agents or representatives duly authorized in writing. The Authority shall cause such books and accounts to be audited annually within two hundred ten (210) days after the end of its fiscal year by a certified public accountant selected by the Authority. Annually within thirty (30) days after the receipt by the Authority of the report of such audit, a signed copy of such report shall be furnished to the Trustee.

SECTION 8.05 *Further Assurances.* The Authority will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in the Bond Resolution.

SECTION 8.06 *Tax Covenants.* The Authority shall do the following with respect to Bonds which, when initially issued, are the subject of an opinion of Bond Counsel to the effect that interest thereon is excluded from gross income for Federal income tax purposes pursuant to the Code:

(a) The Authority shall comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for Federal income tax purposes. In furtherance of the covenant contained in the preceding sentence, the Authority agrees to comply with the provisions of the Tax and Nonarbitrage Certificate (the "Tax Certificate") executed by the Authority on the date of initial issuance and delivery of the Bonds, as such Tax Certificate may be amended from time to time, as a source of guidance for achieving compliance with the Code.

(b) The Authority shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the funds and accounts established under the Bond Resolution and available therefor. Any amounts required to be set aside for such payments shall be considered a loss for purposes of determining "net earnings" pursuant to Section 6.02.

(c) Notwithstanding any other provision of the Bond Resolution to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the Bonds for Federal income tax purposes, the covenants contained in this Section shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 12.01 of the Bond Resolution.

(d) The Authority shall not take or permit any action or fail to take any action which would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141(a) of the Code, and the Authority shall not take or permit any action or fail to take any action which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

SECTION 8.07 *Application of Loan Prepayments.* Upon the prepayment, in whole or in part, of any Loan, the Authority (a) shall determine which of such prepayment proceeds are allocable to payment of the Bonds and (b) shall in each case deposit such prepayment proceeds allocable to the payment of the Bonds in the Debt Service Fund and elect to apply such prepayment proceeds either (i) to the redemption of Bonds on the next succeeding call date in accordance with Article IV, or (ii) to the payment of Bonds in accordance with Section 12.01.

SECTION 8.08 *Loan Agreement and Loan Servicing Agreement.* The Authority shall enforce the provisions of the Loan Agreements and Loan Servicing Agreement and duly perform its covenants and agreements thereunder. The Loan Agreements or Loan Servicing Agreement may not be amended, changed, modified, altered or terminated so as to adversely affect the interest of the Holders of Outstanding Bonds without the prior written consent of Holders of at least a majority in aggregate principal amount of the Bonds then Outstanding to be affected by the modifications, amendments or termination; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall

not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any Loan Repayments to be received by the Authority or extend the time of payment thereof. No amendment of any Loan Agreement shall be made without the prior written consent of the Trustee. Any Loan Agreement and the Loan Servicing Agreements may be amended, changed, modified or altered without the consent of the Holders of Outstanding Bonds to provide necessary changes in connection with the issuance of Refunding Bonds, to cure any ambiguity, to correct or supplement any provisions contained in any Loan Agreement or the Loan Servicing Agreement which may be defective or inconsistent with any other provisions contained in such Loan Agreement or the Loan Servicing Agreement or to provide other changes which will not adversely affect the interest of such Holders. Prior to execution by the Authority of any amendment to a Loan Agreement or the Loan Servicing Agreement, a copy thereof certified by an Authorized Officer of the Authority shall be filed with the Trustee.

SECTION 8.09 *Application of Surplus Accounts in Trust Agreements.*

1. Upon receipt by the Authority of written certification from the Trustee (i) that the Bonds will be in default as to either principal or interest on the then current principal or interest payment date or the next succeeding interest payment date, (ii) that there are no other moneys available under the Bond Resolution to pay all or a portion of the principal of or interest on such Bonds on such dates, and (iii) the amount required to cure such default net of any other moneys available for such purpose under the Bond Resolution, the Authority covenants to make or cause to be made available to the Trustee for deposit in the Debt Service Fund such amounts which are on deposit in the respective Surplus Accounts under the Applicable Trust Agreement as may be available therefor, subject to the terms and conditions contained in the Applicable Trust Agreement relating to the application of amounts on deposit in said Surplus Accounts.

2. The Authority covenants to transfer to the Surplus Accounts under the Trust Agreements, (a) from each matching account securing bonds of the Authority, moneys in excess of the requirements of said account when such excess moneys are no longer required for the purposes of the bond resolution or other instrument securing said bonds; (b) excess loan repayments securing bonds of the Authority that are not required to be deposited in a fund or an account pursuant to the bond resolution or other instrument securing said bonds; and (c) repayments of loans outstanding on the date of adoption of the Bond Resolution (other than loans made from funds derived from the American Recovery and Reinvestment Act of 2009), made to governmental entities from funds of the Authority for Water Pollution Control Revolving Fund and Drinking Water Revolving Fund purposes and repayments of loans to be made by the Authority from capitalization grant moneys derived from the Federal Capitalization Agreements and not funded from indebtedness of the Authority.

3. The Trustee shall advise the Authority and the respective trustees under the Applicable Trust Agreement in writing if the amount on deposit in the 2024 Series C Matching Account is less than the 2024 Series C Matching Account Requirement.

4. In order to facilitate transfers from the Surplus Accounts under the Applicable Trust Agreements pursuant to subsections 1 and 3 of this Section 8.09, the Authority shall advise the Trustee in writing as to whether the Bonds to be in default pursuant to Subsection 1 or the deficiency in the 2024 Series C Matching Account Requirement pursuant to subsection 3 is applicable to a Clean Water Financing or a Drinking Water Financing or is applicable to both a Clean Water Financing and a Drinking Water Financing. If applicable to both such Financings, the Authority shall advise the Trustee in writing of the amount applicable to each such Financings.

ARTICLE IX. - DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01 *Defaults; Events of Default.* 1. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default” for the Bonds of all Series then Outstanding:

(a) default in the due and punctual payment of any interest on any Bond; or

(b) default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or

(c) if (i) the Authority shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Authority shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under State bankruptcy or insolvency law, (iii) with the consent of the Authority, there shall be appointed a receiver, liquidator or similar official for the Authority under federal bankruptcy law or under State bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Authority, a receiver, trustee, liquidator or similar official shall be appointed for the Authority under federal bankruptcy law or under State bankruptcy or insolvency law, or a proceeding described in clause (ii) above shall be instituted against the Authority and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; provided, however, that no such proceeding, order, adjudication or appointment referred to in the preceding items (i) through (iv) of this paragraph (c) affecting only assets of the Authority pledged for the benefit of the Holders of Bonds or other obligations of the Authority in connection with a default under such Bonds of a Series or other obligations shall give rise to an Event of Default pursuant to this paragraph (c); or

(d) if (i) the Authority shall make an assignment for the benefit of creditors, (ii) the Authority shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Authority shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (ii) of paragraph (c) of this Section, (iv) the Authority shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section, (v) the Authority shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section or (vi) without the application, or

approval or consent of the Authority, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Authority's property and such appointment shall continue undischarged or such proceedings shall continue undismissed or unstayed for a period of thirty (30) consecutive days; provided, however, that no such proceeding, order, adjudication or appointment referred to in the preceding items (i) through (vi) of this paragraph (d) affecting only assets of the Authority pledged for the benefit of the Holders of Bonds of any Series in default or other obligations of the Authority in connection with the default under such Bonds or other obligations shall give rise to an Event of Default pursuant to this paragraph (d); or

(e) the Authority shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the Authority to be performed or observed under the Bond Resolution or the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Authority by the Trustee or the Bondholders in accordance with Section 9.09 hereof.

2. Upon the occurrence of an Event of Default under paragraph (a) and (b) of subsection 1 of this Section 9.01, the Trustee shall deliver the certificate required by Section 8.09.

SECTION 9.02 Remedies. Upon the occurrence of an Event of Default, the Trustee shall have the following rights and remedies:

(a) the Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including (without limitation) enforcement of any rights of the Authority or the Trustee under the Loan Agreements;

(b) the Trustee by action or suit in equity may require the Authority to account as if it were the trustee of an express trust for the Holders of Bonds and may take such action with respect to the Loan Agreements as the Trustee deems necessary or appropriate and in the best interest of the Holders of Bonds, subject to the terms of such Loan Agreements; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under the Bond Resolution, the Trustee will be entitled, as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in principal amount of the Bonds then Outstanding, upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

No right or remedy by the terms of the Bond Resolution conferred upon or reserved to the Trustee (or Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to such Holders hereunder or now or hereafter existing at law or in

equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders of any Bonds in default, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 9.03 *Right of Holders of a Series of Bonds to Direct Proceedings.* Anything in the Bond Resolution to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right, at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

SECTION 9.04 *Application of Moneys.* All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article (including, without limitation, moneys received by virtue of action taken under provisions of any Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the reasonable fees and expenses, liabilities and advances incurred or made by the Trustee, including those of the Trustee's attorneys, agents and advisors, and any other moneys owed to the Trustee in connection with such Bonds hereunder), shall be applied first, to the payment of the principal and interest then due and unpaid upon the Bonds in default, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation (as the case may be).

SECTION 9.05 *Remedies Vested in the Trustee.* All rights of action (including, without limitation, the right to file proofs of claims) under the Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessity of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.06 *Rights and Remedies of Holders of Bonds.* No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Bond Resolution or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies herein before granted or to institute such action, suit or proceeding in its own name, (c) such Holders shall have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed to exercise the remedies herein before granted, or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Bond Resolution, and to any action or cause of action for the enforcement of the Bond Resolution, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in the Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and interest on such Bond at and after the maturity thereof, or the obligation of the Authority to pay the principal or Redemption Price of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in the Bond Resolution.

SECTION 9.07 *Termination of Proceedings.* In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under the Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or such Holder, then and in every such case the Authority, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the holders shall continue as if no such proceedings have been taken.

SECTION 9.08 *Waivers of Events of Default.* The Trustee may, and with the prior written consent of the Holders of 25% in aggregate principal amount of all Bonds in default then Outstanding shall, waive any Event of Default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under the Bond Resolution; but

no such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

SECTION 9.09 *Notice of Certain Defaults; Opportunity of the Authority to Cure Defaults.* Anything herein to the contrary notwithstanding, no Default under Section 9.01(1)(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the Authority by registered or certified mail by the Trustee or by the Holders of not less than 25% in aggregate principal amount of all Bonds in default then Outstanding and the Authority shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within the applicable period and diligently pursued until the Default is corrected; provided, however, that in the event the Default is not correctable within ninety (90) days from the date following the giving of such notice, such Default shall constitute an Event of Default.

The Authority hereby grants to the Trustee full authority for the account of the Authority to observe or perform any duty, covenant, obligation or agreement alleged in any alleged Default concerning which notice is given to the Authority under the provisions of this Section in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

SECTION 9.10 *Notices of Defaults to Holders.* The Trustee shall promptly mail written notice of any Event of Default to each Holder at such address appearing upon the registry books of the Authority.

ARTICLE X. - THE FIDUCIARIES

SECTION 10.01 *Appointments, Duties, Immunities and Liabilities of Trustee.* U.S. Bank Trust Company, National Association has been appointed as Trustee by the Authority. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution and all other agreements with the Authority by executing and delivering to the Authority a written acceptance thereof, and by executing such acceptance, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in the Bond Resolution.

SECTION 10.02 *Paying Agents; Appointment and Acceptance of Duties.* 1. The Trustee is hereby appointed Paying Agent for the 2024 Series C Bonds. The Authority shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the Principal Offices of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds.

4. The Authority may enter into agreements with any Paying Agent providing for the payment to the Authority of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price of and interest on Bonds.

SECTION 10.03 *Responsibilities of Fiduciaries.* 1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of the Bond Resolution or of any Bonds issued thereunder or as to the security afforded by the Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificates of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Authority or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or willful misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth in the Bond Resolution. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers invested in it by the Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 10.03.

SECTION 10.04 *Evidence on Which Fiduciaries May Act.* 1. Each Fiduciary, upon receipt of any notice, Bond Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Bond Resolution, shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the Authority, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Authority, and such certificate shall be full warrant for any action taken or suffered in good faith

under the provisions of the Bond Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in the Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to any Fiduciary shall be sufficiently executed in the name of the Authority by an Authorized Officer of the Authority.

SECTION 10.05 *Compensation.* The Authority shall pay each Fiduciary from time to time reasonable compensation for all services rendered under the Bond Resolution, including in that limitation the services rendered pursuant to Section 12.01, and also all reasonable expenses, costs and liabilities incurred in and about the performance of their powers and duties under the Bond Resolution and each Fiduciary shall have a lien therefor on any and all funds and accounts at any time held by it under the Bond Resolution.

SECTION 10.06 *Certain Permitted Acts.* Any Fiduciary may become the Holder of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 10.07 *Resignation of Trustee.* The Trustee may at any time resign and be discharged of the duties and obligations created by the Bond Resolution by giving not less than thirty (30) days' written notice to the Authority, and mailing notice thereof the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority or the Bondholders as provided in Section 10.09, in which event such resignation shall take effect immediately on the appointment of such successor, or unless a successor shall not have been appointed by the Authority or the Bondholders as provided in Section 10.09 on that date, in which event such resignation shall not take effect until a successor is appointed and has accepted the duties of Trustee.

SECTION 10.08 *Removal of Trustee.* The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Holders of a majority in principal amount of the Bonds then Outstanding, or in each case their attorneys-in-fact duly authorized, and excluding in each case any Bonds held by or for the account of the Authority which are disqualified pursuant to Section 11.09; provided, however, that such removal shall only be effective upon the appointment of a successor Trustee and such successor's acceptance of its duties as Trustee. So long as no Event of Default, or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time by a resolution of the Authority filed with the Trustee.

SECTION 10.09 *Appointment of Successor Trustee.* 1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Authority by a duly executed written instrument signed by an Authorized Officer of the Authority, but if the Authority does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding in each case any Bonds held by or for the account of the Authority which are disqualified pursuant to Section 11.09, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee. After such appointment of a successor Trustee, the Authority shall mail notice of any such appointment made by it or the Bondholders to the Holders of the Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Authority written notice as provided in Section 10.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee, as the case may be. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association, qualified to do business in the State of Colorado, and having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Bond Resolution.

SECTION 10.10 *Transfer of Rights and Property to Successor Trustee.* Any successor Trustee appointed under the Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Bond Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered

by the Authority. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

SECTION 10.11 *Merger or Consolidation.* Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company (i) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and (ii) shall be authorized by law to perform all the duties imposed upon it by the Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 10.12 *Adoption of Authentication.* In case any of the Bonds contemplated to be issued under the Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Bond Resolution provided that the certificate of the Trustee shall have.

SECTION 10.13 *Resignation or Removal of Paying Agent and Appointment of Successor.* 1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Bond Resolution by giving at least sixty (60) days' written notice to the Authority, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Authority. Any successor Paying Agent shall be appointed by the Authority and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$20,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by the Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI. - AMENDMENTS

SECTION 11.01 *Supplemental Resolutions Effective Upon Filing With the Trustee.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Authority may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms:

(1) To close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on, the authentication and delivery of the Bonds;

(2) To add to the duties, covenants, obligations and agreements of the Authority in the Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Authority which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Bond Resolution, other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(4) To add to the Events of Default in the Bond Resolution additional Events of Default;

(5) To authorize Bonds of a Series in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds (including whether to issue Bonds in book entry form) which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II at any time prior to the first authentication and delivery of such Bonds;

(6) To confirm, as further assurance, any security interest, pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Bond Resolution of the Revenues or of any other monies, securities or funds;

(7) To modify any of the provisions of the Bond Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series Authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(8) To modify any of the provisions of the Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications;

(9) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted; and

(10) To appoint the Trustee.

SECTION 11.02 *Supplemental Resolutions Effective Upon Consent of Trustee.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

- (1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in the Bond Resolution;
- (2) To insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or
- (3) To make any other modification or amendment of the Bond Resolution which will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Counsel.

SECTION 11.03 *Supplemental Resolutions Effective With Consent of Bondholders.* At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Section 11.07, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of said Section 11.07, shall become fully effective in accordance with its terms as provided in said Section 11.07. Provided, however, any Supplemental Resolution which by its terms only affects one or more Series of Bonds may be adopted subject to the consent of the Bondholders of the Series or Series of Bonds so affected.

SECTION 11.04 *General Provisions.* 1. The Bond Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of the Bond Resolution or the right or obligation of the Authority to execute and deliver to any Trustee any instrument which elsewhere in the Bond Resolution it is provided shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 11.01 or 11.02 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 11.01, 11.02 or 11.03 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

SECTION 11.05 *Mailing.* Any provision in this Article for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Authority kept by the Trustee as provided in Section 3.04.

SECTION 11.06 *Powers of Amendment.* Any modification or amendment of the Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 11.07, (i) of the Holders of not less than a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Trustee without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. For purposes of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale and written consent shall be deemed given if given by the initial purchasers of such Bonds prior to the deposit in their accounts at DTC.

SECTION 11.07 *Consent of Bondholders.* The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto) together with a request to the Holders of the Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to the Holders of such Bonds (but failure to mail such copy and request

shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of the Outstanding Bonds specified in Section 11.06 and (b) an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Bond Resolution, is authorized or permitted by the Bond Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice shall have been provided as hereinafter in this Section 11.07 provided. It shall not be necessary that the Holders of the Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the Authority stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.07 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Authority to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of the Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of the Bonds and will be effective as provided in this Section 11.07, may be given to Bondholders by the Authority by mailing such notice to the Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Authority shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds at the filing with the Trustee of the proof of the mailing of such last-mentioned notice.

SECTION 11.08 *Modifications or Amendments by Unanimous Consent.*

The terms and provisions of the Bond Resolution and the rights and obligations of the Authority and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the

adoption and filing by the Authority of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.07 except that no notice to the Holders of Bonds either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09 ***Exclusion of Bonds.*** Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 11.10 ***Notation on Bonds.*** Bonds authenticated and delivered after the effective date of any action taken by the Authority as in this Article XI may, and, if the Authority so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee to conform to such action shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all applicable Bondholders notwithstanding that the notation is not endorsed on all Bonds.

SECTION 11.11 ***Effect of Supplemental Resolution.*** Upon the effective date of any Supplemental Resolution, the Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, covenants, obligations and agreements under the Bond Resolution of the Authority, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of the Bond Resolution for any and all purposes.

SECTION 11.12 ***Notice of Amendments.*** Promptly after the adoption by the Authority of any Supplemental Resolution, the Trustee shall mail a notice, setting forth in general terms the substance thereof to the Bondholders of a Series of Bonds affected by such amendment. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

ARTICLE XII. - DEFEASANCE

SECTION 12.01 *Defeasance of the Bonds.* 1. If the Authority shall pay or cause to be paid, or there shall otherwise be paid to the Holders of any Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in such Bonds and in the Bond Resolution, then the pledge of the Trust Estate, and all duties, covenants, agreements and other obligations of the Authority to such Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Authority to be prepared and filed with the Authority and, upon the request of the Authority, shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all moneys or securities held by them pursuant to the Bond Resolution which are not required for the payment of principal or Redemption Price, of, and interest if applicable, on Bonds of any Series not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and all duties, covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents or the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Any Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions in writing to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient in the opinion of a nationally recognized firm of certified public accountants, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last business day on the month preceding the month for which notice is mailed that the deposit required by (b) above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (2) of

this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of, and interest on such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof), and (d) (i) if an escrow is required to provide for the payment of the principal and interest on the Bonds, the Authority shall deliver to the Trustee a report of a firm of nationally recognized certified public accountants ("Accountant") verifying the sufficiency of the escrow established to pay the Bonds in full ("Verification"), (ii) the escrow agreement shall provide that no substitution of any Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification, and (iii) there shall be delivered an opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Bond Resolution; each Verification and defeasance opinion shall be addressed to the Authority and the Trustee. Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds which constitutes less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the Bond Resolution. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 12.01 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates

prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds of such Series in order to satisfy clause (b) of this subsection 2 of Section 12.01, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Bond Resolution. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under the Bond Resolution.

3. Anything in the Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall be applied by such Fiduciary in accordance with the laws of the State.

SECTION 12.02 *Evidence of Signatures and Ownership of Bonds.* 1. Any request, consent, revocation of consent or other instrument which the Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor and shall be signed or executed by such Holders of Bonds in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of the Bond Resolution or any Supplemental Resolution (except as otherwise therein expressly provided) if made in the following manner:

(a) The fact and date of the execution by any Holder of any Bond or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or

association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The amount of Bonds transferable by delivery held by any person executing any instrument as a Holder of any Bond, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated stating that at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee.

2. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books maintained by the Authority.

3. Any request or consent by the Holder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority or any Trustee in accordance therewith.

SECTION 12.03 *Moneys Held for Particular Bonds.* The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

ARTICLE XIII. - MISCELLANEOUS

SECTION 13.01 *Liability of the Authority Limited to Trust Estate.* Notwithstanding anything contained in the Bond Resolution or in the Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in the Bond Resolution, whether for the payment of the principal or Redemption Price of, or interest on, the Bonds or for any other purpose of the Bond Resolution. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

SECTION 13.02 *Successor Is Deemed Included in All References to Predecessor.* Whenever in the Bond Resolution either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the duties, covenants, obligations and agreements in the Bond Resolution contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 13.03 *Limitation of Rights to Parties.* Nothing expressed or implied in the Bond Resolution or in the Bonds is intended or shall be construed to give to any person other than the Authority, the Trustee, the Paying Agents and the Holders of Bonds any legal

or equitable right, remedy or claim under or in respect of the Bond Resolution or any duty, covenant, obligation, agreement, condition or provision therein or herein contained; and all such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the Authority, the Trustee, the Paying Agents and the Holders of Bonds.

SECTION 13.04 *Waiver of Notice.* Whenever in the Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 13.05 *Destruction of Bonds.* Whenever in the Bond Resolution provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, unless otherwise requested in writing the Authority, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the Authority, if the Authority shall so require), and deliver a certificate of such destruction to the Authority.

SECTION 13.06 *Severability of Invalid Provisions.* If any one or more of the provisions contained in the Bond Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Bond Resolution or in the Bonds and such invalidity, illegality or unenforceability shall not affect any other provision of the Bond Resolution, and the Bond Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into the Bond Resolution and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of the Bond Resolution may be held illegal, invalid or unenforceable.

SECTION 13.07 *Notices.* Any notice, demand, or request required or authorized by the Bond Resolution to be given to one of the notice recipients listed below shall be sent by email transmission, courier or personally delivered (including overnight delivery service) to each of the notice recipients and addresses for the receiving notice recipient listed below. Any such notice, demand, or request shall be deemed to be given (i) when sent by email transmission, or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each notice recipient listed below shall have the right, upon 10 days' prior written notice to the other notice recipient, to change its list of notice recipients and addresses listed below. The notice recipients may mutually agree in writing at any time to deliver notices, demands or requests through alternate or additional methods, such as electronic.:

- (a) Authority: Colorado Water Resources and Power
Development Authority
1580 N. Logan Street, Suite 820
Denver, Colorado 80203
Attention: Executive Director

Email address: kmclaughlin@cwrpda.com

- (b) Trustee: U.S. Bank Trust Company, National Association
Denver Tower
950 17th Street
Denver, Colorado 80202
Attention: Global Corporate Trust Services

Email address: jennifer.petruno@usbank.com
- (c) Paying Agent: U.S. Bank Trust Company, National Association
Denver tower
950 17th Street
Denver, Colorado 80202
Attention: Global Corporate Trust Services

Email address: jennifer.petruno@usbank.com
- (d) Loan Servicer: U.S. Bank Trust Company, National Association
Denver Tower
950 17th Street
Denver, Colorado 80202
Attention: Global Corporate Trust Services

Email address: jennifer.petruno@usbank.com

Any electronically signed document shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form.

SECTION 13.08 *Disqualified Bonds.* In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Bond Resolution, Bonds that are owned or held by or for the account of the Authority or any Governmental Agency, or by any other primary or secondary obligor on any Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any Governmental Agency or any other primary or secondary obligor on any Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

SECTION 13.09 *Funds and Accounts.* Any fund or account required by the Bond Resolution to be established and maintained by the Trustee may be established and

maintained in the accounting records of the Trustee, either as a fund or an account, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, may be treated either as a fund or as an account; but all such records with respect to all such funds or accounts shall at all times be maintained in accordance with customary trust procedures adopted by banks or trust companies similar to the Trustee.

SECTION 13.10 *Waiver of Personal Liability.* No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by the Bond Resolution.

SECTION 13.11 *The Authority Protected in Acting in Good Faith.* In the exercise of the powers of the Authority and its members, officers, employees and agents under the Bond Resolution, the Loan Agreements or any other document executed in connection with the Bonds, the Authority shall not be accountable to any Governmental Agency, the Trustee, the Paying Agent or any Holder for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred.

SECTION 13.12 *Business Days.* Except as otherwise specifically provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price of or interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

SECTION 13.13 *Certain Provisions Relating to Capital Appreciation Bonds.* For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, as provided in Section 9.01 of the Bond Resolution, or (iii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

ARTICLE XIV. - BOND FORM AND EFFECTIVE DATE

SECTION 14.01 *Forms of 2024 Series C Bonds and Trustee's Authentication Certificate.* Subject to the provisions of the Bond Resolution, the forms of the Bonds and the Trustee's certificate of authentication shall be of substantially the following tenor:

COLORADO WATER RESOURCES AND POWER DEVELOPMENT

AUTHORITY (the “Authority”), a body corporate and political subdivision of the State of Colorado created and existing under the laws of the State of Colorado, acknowledges itself indebted to, and for value received hereby promises to pay to Registered Owner or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond, at the corporate trust operations office in St. Paul, Minnesota, of U.S. Bank Trust Company, National Association (such bank and any successors thereto being herein called the “Trustee” or “Paying Agent”) or such other place as the Paying Agent may determine, the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing March 1, 2025, until the Authority’s obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof or from the March 1, or September 1, as the case may be, next preceding the date of authentication to which interest has been paid or provided for unless such date of authentication is a date to which interest has been paid or provided for, in which case from such date or if such date of authentication is prior to the first interest payment date, in which case from the Dated Date, on such Principal Sum by check or draft of the Trustee mailed to such Registered Owner who shall appear as of the fifteenth (15th) day of the month (or if such day shall not be a Business Day, the preceding Business Day) next preceding such interest payment date on the books of the Authority maintained by the Trustee.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the Series of Bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of Colorado, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee’s Certificate of Authentication hereon.

The terms and provisions of this bond and definitions of certain terms used herein may be continued on the reverse side of this bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this bond.

This bond is one of a duly authorized Series of Bonds of the Authority designated “State Revolving Fund Revenue Bonds, 2024 Series C” (herein called the “2024 Series C Bonds”), in the aggregate principal amount of \$_____ issued and in full compliance with the Constitution and statutes of the State of Colorado, and particularly the “Colorado Water Resources and Power Development Authority Act”, being Section 37-95-101 et seq. of the Colorado Revised Statutes, as amended and supplemented (herein called the “Act”), and under and pursuant to a resolution authorizing the 2024 Series C Bonds adopted by the Authority on October 4, 2024 entitled “State Revolving Fund 2024 Series C Revenue Bond Resolution” (herein called the “Resolution”).

As provided in the Resolution, the 2024 Series C Bonds, and all other bonds issued on a parity with the 2024 Series C Bonds under the Resolution (herein collectively called the "Bonds"), are direct and special obligations of the Authority payable solely from and secured as to payment of the principal or Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by the Trust Estate (as defined in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The Trust Estate under the Resolution includes certain of the right, title and interest on the Authority in the Loan Agreements, the Revenues and certain funds and accounts applicable thereto, including Investment Securities held in any such funds or accounts, together with all proceeds and revenues of the foregoing and all of the Authority's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of, and interest on, the Bonds in accordance with the terms and provisions of the Resolution. Copies of the Resolution are on file at the office of the Authority at the above mentioned office of the Trustee, and reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Authority under the Resolution with respect to this bond may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Trustee.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited, and all the Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority, with the written consent of the holders of at least a majority in principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as the Bonds of any specified like Series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption (including sinking fund installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or

shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above mentioned office of the Trustee, as Bond Registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The 2024 Series C Bonds are issuable in the form of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple of \$5,000.

The 2024 Series C Bonds maturing on or after _____ shall be subject to redemption prior to their respective maturity dates, on or after _____, at the option of the Authority, either in whole, or in part randomly within a maturity from maturities selected by the Authority, on any date, at a Redemption Price equal to the principal amount of the 2024 Series C Bonds to be redeemed, in each case together with accrued interest thereon to the date fixed for redemption.

The 2024 Series C Bonds stated to mature on _____ and _____ are also subject to mandatory partial redemption by the Trustee in the amounts and at the times set forth in the Resolution at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest thereon. The Resolution provides for the making of deposits in the Debt Service Fund established under the Resolution to provide Sinking Fund Installments sufficient to pay the principal amount of 2024 Series C Bonds so redeemed; but if the Trustee is obligated to call such 2024 Series C Bonds for mandatory redemption in any event, the 2024 Series C Bonds so called shall be treated (except for initial source of payment) as if they matured and were stated to mature on the date they were called for redemption and the final payment of said 2024 Series C Bonds may not be extended beyond such date without loss of the security provided by the Resolution. Such Sinking Fund Installments may be reduced as a result of the redemption of 2024 Series C Bonds in accordance with the provisions of the Resolution.

The 2024 Series C Bonds are payable upon redemption at the above mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, to the registered owners of any such Bonds or portions of such Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the 2024 Series C Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the

redemption date, moneys for the redemption of all the 2024 Series C Bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any such Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

The principal or Redemption Price of, and interest on, the 2024 Series C Bonds are payable solely from the Trust Estate and neither the State of Colorado nor any political subdivision thereof, other than the Authority, is obligated to pay the principal or Redemption Price of, or interest on, this bond and the issue of which it is one and neither the full faith and credit nor the taxing power of the State of Colorado or any political subdivision thereof is pledged to the payment of the principal or Redemption Price of, or interest on, this bond or the issue of which it is one.

IN WITNESS WHEREOF, COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Executive Director, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Assistant Secretary, all as of the Dated Date hereof.

(SEAL)

**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT
AUTHORITY**

By: _____
Executive Director

Attest:

Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON ALL 2024 SERIES C BONDS]

TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This bond is one of the 2024 Series C Bonds delivered pursuant to the within mentioned Resolution.

**U.S. BANK TRUST COMPANY,
NATIONAL
ASSOCIATION,
as Trustee**

By: _____
Authorized Signatory

Authentication Date:

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME, SOCIAL SECURITY NUMBER AND ADDRESS OF TRANSFEREE)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney
to transfer the within bond on the books kept for registration thereof, with full power of substitution
in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: _____
Signature Guarantee should be made by a
Guarantor Institution participating in the
Securities Transfer Agents Medallion
Program or in such other guarantee program
acceptable to the Trustee. The signature of
this assignment must correspond with the
name as it appears upon the face of the within
bond in every particular, without alteration or
enlargement or any change whatever.

SECTION 14.02 *Effective Date.* This Bond Resolution shall take effect
immediately.

FORM OF REQUISITION

[Name of Governmental Agency]

2024 Series C Project Loan Subaccount for
[name of Governmental Agency]

To: Colorado Department of Public Health and Environment
WQCD-OA-B2
Attention: _____
Project Administrator
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

Cc: Fax requisition form (Exhibit G) only to the Colorado Water Resources and Power Development Authority at 303.832.8205.

This requisition is made in accordance with Section 5.03(3) of the State Revolving Fund 2024 Series C Revenue Bond Resolution adopted by the Colorado Water Resources and Power Development Authority on October 4, 2024 (the "Bond Resolution"). Terms defined in the Bond Resolution and not otherwise defined herein shall have the same meanings when used herein.

The [name of Governmental Agency] hereby states as follows:

1. This is Requisition No. _____
2. The amount requisitioned hereunder is _____
3. The person, firm or corporation to whom the amount requisitioned is due, or to whom a reimbursable and advance has been made, is _____ located at _____.
4. The payee of the requisitioned amount is _____.
5. The manner of payment to the payee is to be _____.
6. Attached hereto is a statement, copy of a bill, or other proof that the amount requisitioned hereunder is currently due or has been advanced by the [name of Governmental Agency].
7. The amount hereby requisitioned is a proper Cost of the Project to be paid only from amounts deposited in the 2024 Series C Project Loan Subaccount established for [name of Governmental Agency] in the 2024 Series C Project Account in the [Water Pollution Control Revolving Fund/Drinking Water

Revolving Fund] established by the Bond Resolution, which is unpaid or unreimbursed and which has not been the basis of any previous requisition.

8. On the date hereof, there does not exist any Event of Default under the Loan Agreement nor any condition which, with the passage of time or the giving of notice, or both, would constitute an Event of Default thereunder.

9. The undersigned is an Authorized Officer of the [name of Governmental Agency] duly authorized to submit this Requisition.

10. The [name of Governmental Agency] re-affirms that all representations made by it in the Loan Agreement are true and accurate as of the date of this requisition, and that it shall continue to observe and perform all of its duties, covenants, obligations and agreements thereunder, at all times during the entire term of said Loan Agreement.

Dated: _____, 20____

[NAME OF GOVERNMENTAL AGENCY]

By: _____
[Name and Title of Authorized Officer]

The undersigned approves the disbursement of the requisitioned amount from the 2024 Series C Project Loan Subaccount established for the [name of Governmental Agency] in the 2024 Series C Project Account.

**COLORADO WATER RESOURCES AND
POWER DEVELOPMENT AUTHORITY**

By: _____
[Title]

**For Colorado Department of Public Health and Environment, Water Quality Control
Division Purposes only:**

Payment approved by: _____.

Dated: _____.

Date of last inspection: _____.

Estimated percentage of project completion as of last inspection date: _____.

CERTIFICATE OF ASSISTANT SECRETARY

I, the undersigned Assistant Secretary of the Colorado Water Resources and Power Development Authority (the "Authority") HEREBY CERTIFY that the Resolution attached hereto was duly adopted at a meeting of the Authority duly called and held on October 4, 2024, and that said Resolution has been compared by me with the original thereof, and it is a correct transcript therefrom, and the whole of said original, and that said Resolution has not been altered, amended or repealed, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Authority this _____ day of _____, _____.

Assistant Secretary

(SEAL)

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DWRF SET ASIDE UPDATE
September 24, 2024

Program	Grant Year	Grant Amount	Funds Remaining	% Complete
Admin	1997-2022 Base	\$ 17,421,704	\$ 0	100%
	2022 BIL Supplemental	\$ 1,422,000	\$ 15,530	99%
	2022 BIL Emerging Contaminants	\$ 597,080	\$ 147,369	75%
	2022 BIL Lead	\$ 2,166,450	\$ 1,885,482	13%
	2023 BIL Supplemental	\$ 1,475,360	\$ 1,475,360	0%
	2023 BIL Emerging Contaminants	\$ 535,360	\$ 535,360	0%
	2023 BIL Lead	\$ 1,304,000	\$ 1,304,000	0%
Totals	\$	24,921,954	\$ 5,363,101	78%
SSTTA	1997-2020 Base	\$ 7,717,700	\$ 0	100%
	2021 Base	\$ 434,700	\$ 105,706	76%
	2022 Base	\$ 276,920	\$ 276,920	0%
	2022 BIL Supplemental	\$ 156,420	\$ 156,420	0%
	2023 BIL Supplemental	\$ 737,680	\$ 737,680	0%
Totals	\$	9,323,420	\$ 1,276,726	86%
PWSS	2000-2022 Base	\$ 31,718,828	\$ 0	100%
	2022 BIL Supplemental	\$ 782,100	\$ 0	100%
	2022 BIL Lead	\$ 2,100,000	\$ 1,249,733	40%
	2023 BIL Supplemental	\$ 2,600,000	\$ 2,220,042	15%
	2023 BIL Lead	\$ 3,260,000	\$ 3,260,000	0%
	2023 BIL Emerging Contaminants	\$ 1,000,000	\$ 1,000,000	0%
Totals	\$	41,460,928	\$ 7,729,775	81%
Cap. Development	1997-2021 Base	\$ 34,108,980	\$ 0	100%
	2022 Base	\$ 1,384,600	\$ 698,723	50%
	2022 BIL Supplemental	\$ 782,100	\$ 198,303	75%
	2023 BIL Supplemental	\$ 2,600,000	\$ 2,600,000	0%
Totals	\$	38,875,680	\$ 3,497,025	91%
Well Head	1997-2020 Base	\$ 16,241,366	\$ 0	100%
	2021 Base	\$ 1,086,750	\$ 426,137	61%
	2022 Base	\$ 692,300	\$ 692,300	0%
	2022 BIL Supplemental	\$ 391,050	\$ 339,429	13%
	2023 BIL Supplemental	\$ 1,300,000	\$ 1,300,000	0%
Totals	\$	19,711,466	\$ 2,757,866	86%

Note: All set asides issued in 2014 and later are required to be spent within 3 years from the grant "date of award".



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N Logan Street, Denver, Colorado 80203-1939
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

September 30, 2024

TO: Project Finance Committee and Karl Ohlsen

FROM: Jim Griffiths, Finance Director
Austin Reichel, Financial Analyst II

RE: Review of the Town of Lake City
Water Pollution Control Revolving Fund ("WPCRF")

The Division of Local Government has forwarded to the WPCRF Committee its analysis of the above-listed project. The WPCRF Committee, composed of representatives from the Division of Local Government, the Water Quality Control Division, and the Authority, has reviewed the technical and financial aspects of the proposed project and agreed to forward the request to the Authority's Project Finance Committee with the following recommendation:

Town of Lake City

On January 25, 2023, the Authority Board of Directors approved the Town of Lake City (the "Town"), located in Hinsdale County, for a Disadvantaged Communities ("DAC") direct loan through the WPCRF loan program in the amount of \$3,016,500 with \$1,500,000 in Bipartisan Infrastructure Law ("BIL") Principal Forgiveness ("PF"), \$1,377,551 in BIL supplemental loan, and \$138,949 in base loan. On April 21, 2023, the Authority Board of Directors approved the Town for a supplemental DAC base direct loan through the WPCRF loan program in the amount of \$600,000, to deal with increased project costs. Both approvals were subsequently executed in one loan agreement on June 23, 2023. The project scope has not changed and consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements.

Due to several challenges implementing this project, from changes in suppliers to rising material costs to securing procurement for the remote area, and the closure of the Dillon Pinnacles Bridge, the Town is seeking a supplemental DAC base direct loan through the WPCRF loan program in the amount of \$900,000. The Town's project was authorized by SJR 04-003.

Recommendation

Based on the attached credit report, staff recommends that the Project Finance Committee forward to the Board a recommendation authorizing staff to begin negotiating a supplemental WPCRF DAC base direct loan with the Town in the amount of \$900,000. The loan will be for a term of 20 years, at an interest rate of 2.00%, subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution. The Board will consider this request on October 4, 2024.

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.

Attachment: Town of Lake City 2024 and 2023 WPCRF Credit Reports

WPCRF LOAN CREDIT REPORT

Town of Lake City (“The Town”), Hinsdale County

Recommendation:	CONDITIONAL APPROVAL
Loan Request:	\$900,000
Interest Rate & Term:	2.00%, 20 years
Annual Debt Service:	\$54,820
Pledge:	Water & Sewer Revenue
Current Rate:	\$57.50 (Sewer), \$45.00 (Water)
Estimated Rate Increase:	\$7.15 (Sewer)

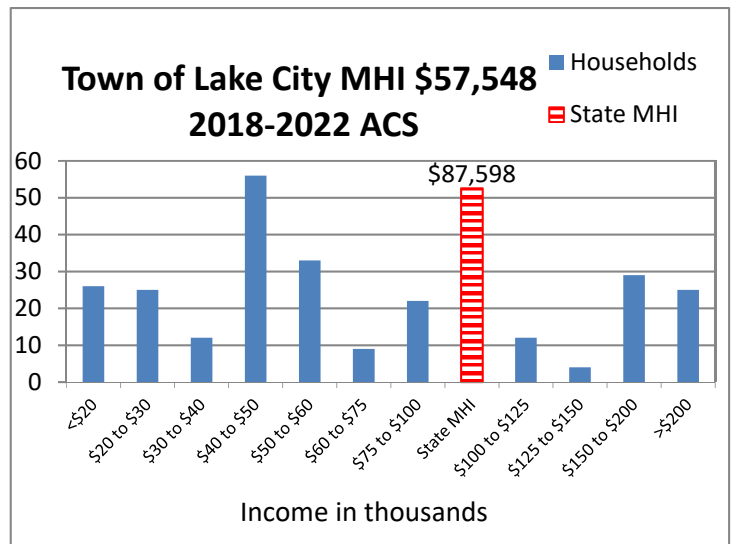
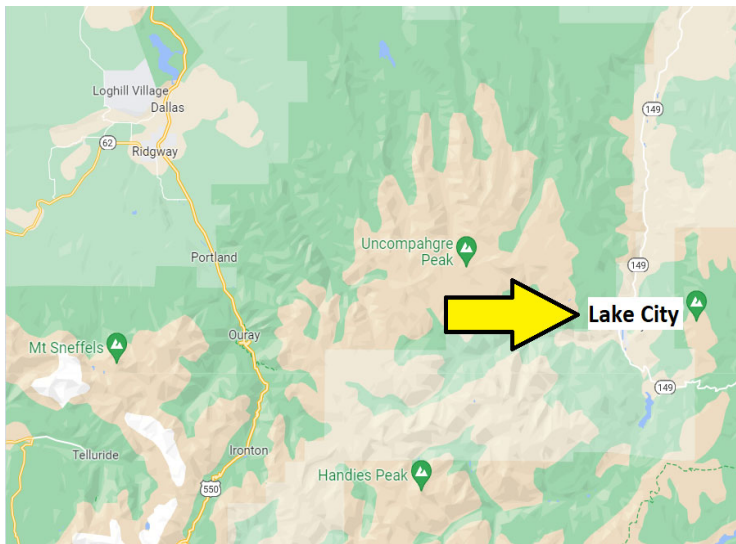
<u>Project Budget</u>	
2024 WPCRF Supplemental Base Loan:	\$900,000
2023 WPCRF Supplemental Base Loan:	\$600,000
2023 WPCRF Base Loan:	\$138,949
2023 WPCRF BIL Loan:	\$1,377,551
2023 WPCRF BIL Supplemental Loan Forgiveness:	\$1,500,000
2024 EIAF Supplemental Grant:	\$375,000
2022 EIAF Grant:	\$750,000
2022 D&E Grant:	\$300,000
Town Reserves:	\$100,000
Total	\$6,041,500

PROJECT DESCRIPTION: The project consists of expanding the existing wastewater treatment facility and includes various upgrades and treatment process improvements.

COMMUNITY PROFILE:

Town of Lake City	2018	2019	2020	2021	2022	2023	2024	Avg. Annual Change
Town Population	427	431	434	428	428			0.06%
Hinsdale County Population	801	798	792	778	779			-0.69%
Hinsdale County Jobs	440	445	437	444	445			0.28%
Number of Sewer Taps			538	543	547	540	543	0.23%
Number of Water Taps			600	598	543	613	614	0.58%
Assessed Value (\$000)			14,646	14,306	15,047	14,789	14,415	-0.40%
Actual Value (\$000)			137,284	137,488	147,787	148,093	149,704	2.19%

BORROWER BRIEF: Situated to the west of the San Luis Valley, the Town of Lake City is the most populous community and the sole incorporated municipality in Hinsdale County. The Town is located 55 miles southwest of Gunnison on Highway 149.



RECOMMENDATION: The Town of Lake City serves a remote, rural community in Hinsdale County. The proposed loan is necessary to expand and upgrade an existing wastewater treatment plant that has reached its treatment capacity. The Town has faced several challenges implementing this project, from changes in suppliers to rising material costs to securing procurement for the remote area. The closure of the Dillon Pinnacles Bridge on U.S. 50 in April 2024 further complicated the situation as the Town was even less accessible for contractors. However, the Town has now secured a contractor upon the award of this supplemental loan. The Town is projected to need a modest rate increase (\$7.15) with this loan to meet requirements, and is prepared to do so. We therefore recommend that the WPCRF Committee approve a \$900,000 disadvantaged communities WPCRF base supplemental loan for the Town of Lake City with the same terms as their initial loan on the condition rates are increased to meet coverage ratio requirements.

PROJECT SUMMARY:

System summary: The Town's wastewater service area includes residential and commercial customers with no industrial users. The existing treatment facility, built circa 1983, is a three-cell lagoon system with aeration and chlorine disinfection and discharges to the Lake Fork of the Gunnison River. The plant is rated at 0.225 million gallons daily (MGD).

Reason/need: The existing facilities are approaching the rated organic loading capacity. Flows into the facility vary significantly between the summer and winter due to most residences being vacant during the winter. Peak loading periods occur in the summer when tourism fills restaurants, hotels, RV parks, and related short-term residential units. During these periods, the facility has, on occasion, exceeded its organic capacity. Additionally, an investigation of the earthen lagoon cell liners suggests that leakage exceeds allowable limits. The proposed treatment expansion to 0.275 MGD and organic load of 1,032 PPD is intended to address capacity limitations, provide treatment for all areas currently served, and allow for the connection of some properties currently served by individual septic systems. The improvements generally include constructing three new synthetically lined earthen basins, each with a baffle curtain bifurcating the basin. All of Cell 1 and the upstream half of Cell 2 will be capable of operating with a complete mix flow regime, and the downstream half of Cell 2 and a portion of the upstream section of Cell 3 includes a fixed film module. The downstream section of Cell 3 will be quiescent. All basins will have an insulated cover. The plan intends to reuse existing headworks, an existing concrete basin, and a chlorine contact basin. Blowers, aeration equipment, and electrical and control equipment will all be upgraded. This project will also position the Town to meet more stringent future nutrient and ammonia limits for the next 20 years while maintaining the existing operations and maintenance processes. O&M would remain similar to what is currently required without having to upgrade to a more expensive mechanical plant.

System Compliance: The Town is in compliance with the conditions of the wastewater treatment facility discharge permit, and the project is primarily intended to maintain compliance and meet future requirements.

Project Delivery Method: Design/Bid/Build.

Contingency: 7% total project cost included as contingency.

CURRENT INDICATORS:	2021	2022	2023	Weak	Average	Strong
Total Debt per Capita (\$):	2,560	2,470	7,307	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total + New W&S Debt/Capita (\$):			9,410	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Tap (\$):	2,018	1,932	5,792	X >\$5,000	\$2,500-5,000	<\$2,500
Total Debt + New W&S Debt/Tap (\$):			7,458	X >\$5,000	\$2,500-5,000	<\$2,500
Current W&S Debt/Tap (\$):	2,018	1,932	5,792	X >\$2,000	\$1,000 - 2,000	<\$1,000
Current W&S + New W&S Debt/Tap (\$):			7,458	X >\$2,000	\$1,000 - 2,000	<\$1,000
Total Debt/Assessed Value:	7.66%	7.02%	21%	>50%	25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			27%	>50%	X 25-50%	<25%
Total Debt/Actual Value:	0.80%	0.72%	2.11%	>10%	5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			2.72%	>10%	X 5-10%	<5%
Current W&S Debt + New W&S Debt/Tap/MHI:			13%	>20%	X 10-20%	<10%
W&S Fund Current Ratio (CA/CL):	2,566%	860%	2,087%	<100%	100-200%	X >200%
W&S Fund Reserves/Current Expense:	200%	288%	771%	<50%	50-100%	X >100%
W&S Operating Ratio (OR/OE):	106%	158%	126%	<100%	100-120%	X >120%
Coverage Ratio (TR-OE)/DS:	31%	712%	255%	<110%	110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	16%	557%	245%	<110%	110-125%	X >125%
Coverage Ratio with New Loan:			140%	<110%	110-125%	X >125%
Coverage Ratio with New Loan Excluding Tap Fees:			134%	<110%	110-125%	X >125%
Current Annual W&S Rates/MHI:			1.07%	>3.0%	1.5-3.0%	X <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			1.25%	>3.0%	1.5-3.0%	X <1.5%
Operation and Maintenance Reserve:			864%	<25%	25-50%	X >50%
Total:			6		2	13

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, thirteen are rated strong, two are average, and six are considered weak. Overall, the indicators illustrate a financially healthy water and sewer fund. The strong indicators show manageable debt, revenue covering expenses, and strong reserves. The weak indicators reflect that the existing and proposed debt is large relative to the size of the community.

- Based on 2023 financial information, coverage with the proposed loan is 140% with tap fee revenue.
- In 2023, the Town was approved for \$2,116,500 in a combination of WPCRF BIL, base, and supplemental loans and this debt was included in the financial analysis. The Town began paying debt service on these loans in 2023 (\$66,253) with regular debt service beginning in 2024 (\$176,715). The Town’s coverage ratio with the new loan request decreases from 140% to 73% when including tap fee revenue. Additional yearly revenue of \$85,672, or \$13.15 per tap per month, would be needed to increase the coverage ratio to meet the 110% coverage requirement. The Town raised sewer rates by \$6.00 in 2024; when including this rate increase, the estimated remaining required rate increase is \$7.15.
- The Town has raised sewer rates by a total of \$17.50 per tap since 2022 and is prepared to raise future rates to ensure debt coverage requirements are met along with anticipated inflation. The Town is currently conducting a sewer rate study and expects a final recommendation in October 2024. Sewer rates are expected to increase about \$8.00-\$10.00 per tap in 2025, depending on the results of the sewer rate study.

Additional Project Financing

On September 11, 2024, the Town was awarded a supplemental EIAF grant request of \$375,000. The Town has also pledged \$100,000 in its water and sewer fund reserves for this project.

DESCRIPTION OF THE LOAN:

An estimated \$900,000 loan with a twenty-year term with two payments annually at an interest rate of 2.00% will cost the Town approximately \$54,820 in debt service annually.

Disadvantaged Community:

In order to qualify as a disadvantaged community (DAC), an applicant must meet one (1) of three (3) scenarios.

1. Meets benchmarks for P1, and either P2 or P3
2. Meets benchmarks for P1, not for P2 or P3, and meets two or more secondary factors
3. P1 is unreliable. Meets benchmarks for P2 and P3, and two or more secondary factors

	Benchmark		Borrower	Met?		Benchmark		Borrower	Met?
P1: MHI	\$70,078	>=	\$57,548	Yes	S1: County MHI	\$70,078	>=	\$58,712	Yes
P2: MHV	\$465,900	>=	\$341,700	Yes	S2: Population Loss	0.00%	>=	3.88%	No
P3: County Unemployment	5.38%	<=	2.52%	No	S3: Assessed Value per Housing unit	\$24,963	>=	\$30,584	No
County Job Change	0.00%	>=	1.37%	No	S4b: Current and Projected System Debt	0.67%	<	1.69%	Yes
					S4b: 80th Percentile	2.15%	<	2.18%	Yes
					S5b: Projected System Cost Per Tap to MHI	1.94%	<	2.34%	Yes
					S5b: 80th Percentile	2.90%	<	2.34%	No

Based on 2018-2022 American Community Survey data, the Town met the requirements of a DAC, qualifying under scenario #1.

Due to its projected rates to MHI and MHV not exceeding the 80th percentile, the Town qualifies as a Category 1 DAC, and will receive a 2.00% interest rate, the same as the initial rate approved in January 2023.

BIL Principal Forgiveness Eligibility:

The Town was determined to be BIL eligible and was awarded \$1,500,000 in principal forgiveness in January 2023, and is therefore not eligible for additional benefits for this project.

ECONOMIC ANALYSIS:

The Town has a 2022 population estimated at 428 and has grown at an average annual rate of 0.06% since 2018. Hinsdale County has experienced a population decrease of -0.69% since 2018. In contrast, the state population increased at an average annual rate of 0.71%. The Town’s population is lower than the number of taps because the service area of the Town’s water and sewer utility extends beyond the Town’s boundaries. Furthermore, many taps belong to part-time residents that are only present over the summer.

The region's economy is dominated by tourism with the next largest base industries consisting of retirees and regional services such as healthcare and transportation. In Hinsdale County, government accounts for the largest job sector (22%). The Town's remote location at the edge of the San Juan Mountains attracts outdoor recreation enthusiasts ranging from hikers and cyclists to snowmobilers and ice climbers. Correspondingly, Hinsdale County's second most popular job sector is accommodation and food services (16%).

The Town's largest employers are primarily local governments, including Hinsdale County (40 employees), Hinsdale County School District (25 employees), Lake City Medical Center (12 employees), the Town of Lake City (6 employees), and Lake City Brewing Company (5 employees).

The largest single customer is the Lake City Ice Climbs program, comprising 5.68% of total system usage. No other customers account for more than 3% of system utilization.

ORGANIZATIONAL ANALYSIS:

Bond Rating

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The Town does not sell more than 2,000 acre-feet of water per year.

Organizational Structure

Incorporated in 1875, Lake City is a statutory town governed by a mayor-board form of government. The Town provides services including water and wastewater, public works, and parks and recreation services. Approximately three full-time employees staff the water and sewer utilities, including the Public Works Director who oversees the utility.

- Due to staff turnover and shortages, the Town was delinquent with 2019 and 2020 audits until submitting all required audits in 2021. With the assistance of an audit firm, the Town is currently up-to-date with all audits and has retained the same firm to assist with audits through 2026. In 2019, the Town's auditor had concerns about the water and sewer fund's lack of appropriate evidence to justify the fund's stated inventory. The Town worked on the concerns and the most recent (2020-2022) audits had favorable auditor opinions.
- The Town is currently compliant with the state's budget law. However, over the past five years, the Town submitted late budgets in 2020, and 2021.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

The Town does not currently have a Capital Improvement Plan (CIP). However, the Town has recently hired a contractor to complete an Asset Inventory/CIP and intends to have it completed by the end of 2024, as the previous CIP expired in 2021. While priorities are subject to change based on findings and available funding, the Town identified rehabilitation of the water distribution and sewer collection systems as the most likely project utilizing water and sewer revenue over the next 10 years. This project will be examined after the completion of the wastewater treatment plant and does not yet have a cost or scope of work.

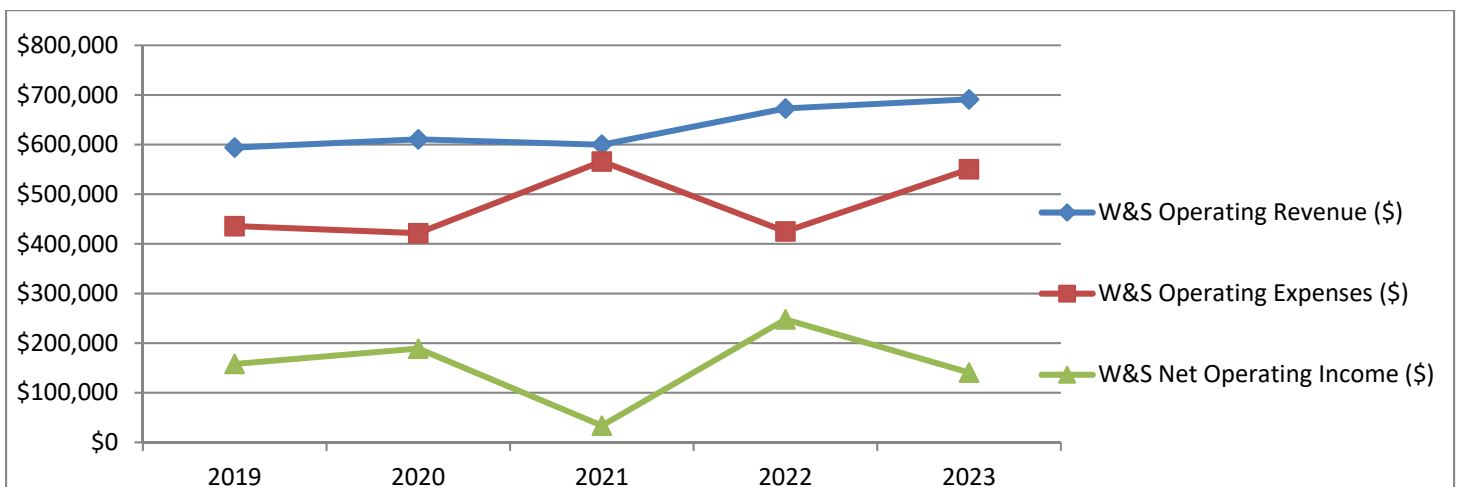
REVENUE ANALYSIS:

The Town's combined water and sewer system revenues have been stable over the last five years, with a significant increase in 2022 followed by a modest increase in 2023. The operational revenue increase in 2022 was due to greater usage along with rate increases, while the total revenue was bolstered by prepaid tap fees. The Town raised tap fees in July 2022 and experienced a rush of new taps prior to the increase: \$70,703 in 2022 compared to \$7,000 in 2023. Operating revenues have consistently covered operating expenses and averaged 134% over the five-year period.

Similarly, operating expenses have fluctuated with sharp increases in 2021, a decrease in 2022, and then another increase in 2023. Most of the increases in operating expenses in 2021 were attributed to an overdue project removing sludge, while in 2023 the Town experienced increased maintenance costs related to the wastewater treatment facility.

TRENDS	2019	2020	2021	2022	2023	2024
Monthly Sewer Rate (\$)		40.00	40.00	42.50	51.50	57.50
Monthly Water Rate (\$)		40.00	40.00	42.50	42.50	45.00
Residential Sewer Tap Fee (\$)		2,750	2,750	7,000	7,000	7,000
Residential Water Tap Fee (\$)		2,750	2,750	6,000	6,000	6,000
Total W&S Revenue (\$)	628,685	627,248	630,545	749,395	719,516	
Tap/Development Fees (\$)	25,750	14,250	30,750	70,703	7,000	
W&S Operating Revenue (\$)	594,062	610,493	599,783	672,707	691,176	
W&S Operating Expenses (\$)	435,898	421,582	566,068	424,965	550,499	
W&S Net Operating Income (\$)	158,164	188,911	33,715	247,742	140,677	
W&S Debt (\$)	1,325,000	1,293,062	1,095,593	1,057,024	3,127,521	
Total Debt (\$)	1,325,000	1,293,062	1,095,593	1,057,024	3,127,521	
W&S Debt Service (\$)	16,667	39,383	205,818	45,554	66,253	
W&S Debt Service/Tap/Month (\$)	2.58	6.10	31.59	6.94	10.22	
W&S Fund Reserves (\$)	1,927,178	1,675,428	1,545,053	1,356,327	4,757,586	

Ratios	2019	2020	2021	2022	2023	Average
Operating Revenue as % of Total Revenue	94%	97%	95%	90%	96%	95%
Operating Revenue as % of Expenses	136%	145%	106%	158%	126%	134%
Tap Fee Revenue as % of Total Revenue	4.10%	2.27%	4.88%	9.43%	0.97%	4.33%



Recent Rate Increases

The Town's most recent sewer rate increase from a monthly base rate of \$51.50 to \$57.50 was implemented on January 1, 2024. At the same time, the Town also increased the water rate from a monthly base rate of \$42.50 to \$45.00.

User Charges & System Utilization

The Town's current monthly sewer rate is estimated at \$57.50 compared to the 2022 estimated state median of \$41.23. The Town's average monthly sewer rate is based on a typical residential consumption of 3,100 gallons per month. All metered customers in the Town are charged a monthly base fee of \$57.50 (\$69.00 outside the Town) per customer.

Commercial and non-residential users are charged the same sewer fee schedule listed above with an additional fee of \$4.25 per 1,000 gallons used over 13,999, bi-monthly.

The Town's current monthly residential water rate is \$45.00 compared to the 2022 estimated state median of \$59.19. The Town's average monthly water rate is based on a typical residential consumption of 3,235 gallons per month. Similar to the sewer fee structure, all metered water customers in the Town are charged a \$45.00 monthly (\$54.00 outside the Town) per customer with an additional fee of:

- \$3.00 per 1,000 gallons for over 13,999 and up to 17,999 gallons used bi-monthly.
- \$4.25 per 1,000 gallons for over 17,999 and up to 23,999 gallons used bi-monthly.
- \$5.50 per 1,000 gallons for over 23,999 gallons used bi-monthly.

Contributed Capital

Over the past five years, water and sewer tap fee revenue has ranged from \$7,000 to \$70,703, averaging 4.33% of total water and sewer fund revenue. The Town’s most recent tap fee rate increase was in July 2022.

- Residential sewer tap fees are: \$7,000 (¾” or smaller), \$12,444 (1”), \$28,000 (1½”), \$49,778 (2”), \$112,000 (3”), \$199,111 (4”).
- Residential water tap fees are: \$6,000 (¾” or smaller), \$10,667 (1”), \$24,000 (1½”), \$42,667 (2”), \$96,000 (3”), \$170,667 (4”).

The above fees are the same for non-residential as well as commercial users.

Current System Utilization		
	Usage	Revenue
Residential	65%	75%
Non-residential (per EQR)	35%	25%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$57.50/\$7,000	\$45.00/\$6,000
¾”	\$57.50/\$7,000	\$45.00/\$6,000

DEBT as of December 31, 2023

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual payment
2015	CWRPDA - DWRF	2045	Water and sewer revenue	\$358,332	0.00%	\$16,667
2019	CWRPDA - WPCRF	2049	Water and sewer revenue	\$659,905	1.00%	\$22,121
2023	CWPRDA - WPCRF	2043	Water and sewer revenue	\$2,109,284	2.00%	\$131,162

LOAN COVENANTS: The Town will have to meet the Authority’s 110% rate covenant, 3-month operations and maintenance reserve fund covenant, and the 110% additional bonds test (if applicable) on an annual basis.

The Town has met the Loan Covenants on its DWRF Direct Loan dated 2015, WPCRF Direct Loan dated 2019, and WPCRF Direct Loan dated 2023 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Peter Dieterich
Date: September 17, 2024

Project # 140772W-B
Cost Categories: Category I- Secondary Treatment: 60%
Category II – Advanced Treatment: 40%

September 20, 2024

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2022	428
Number of Sewer Taps/Customers - 2023	540
Total Assessed Valuation (in thousands) - 2023	\$14,789
Actual Value of All Real Property (in thousands) - 2023	\$148,093
Median Household Income (MHI) - 2022	\$57,548
Monthly Sewer Rate - 2023	\$51.50
W&S Operating Revenue - 2023	\$691,176
W&S Total Revenue - 2023 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$719,516
W&S Tap and System Development Fee Revenue - 2023	\$7,000
W&S Operating Expense - 2023	\$550,499
W&S Current Expense - 2023	\$616,752
W&S Debt - 2023	\$3,127,521
Total Debt - 2023	\$3,127,521
W&S Fund Reserves - 2023	\$4,757,586
W&S Debt Service - 2023	\$66,253
New W&S Debt [Requested WPCRF loan amount.]	\$900,000
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$54,820

Current Indicators (2023)				
Town of Lake City				
(Water & Sewer)				
1	Total Debt	\$3,127,521 ÷	Population	428 = \$7,307
	New Debt	\$900,000 ÷	Population	428 = \$2,103
	Total Debt + New W&S Debt	\$4,027,521 ÷	Population	428 = \$9,410
2	Total Debt	\$3,127,521 ÷	Number of Taps	540 = \$5,792
	New Debt	\$900,000 ÷	Number of Taps	540 = \$1,667
	Total Debt + New W&S Debt	\$4,027,521 ÷	Number of Taps	540 = \$7,458
3	Total Debt	\$3,127,521 ÷	Assessed Value	\$14,789,000 = 21.15%
	New Debt	\$900,000 ÷	Assessed Value	\$14,789,000 = 6.09%
	Total Debt + New W&S Debt	\$4,027,521 ÷	Assessed Value	\$14,789,000 = 27.23%
4	Total Debt	\$3,127,521 ÷	Actual Value	\$148,093,000 = 2.11%
	New Debt	\$900,000 ÷	Actual Value	\$148,093,000 = 0.61%
	Total Debt + New W&S Debt	\$4,027,521 ÷	Actual Value	\$148,093,000 = 2.72%
5	Current W&S Debt	\$3,127,521 ÷	Number of Taps	540 = \$5,792
	(Current W&S Debt + New W&S Debt)			
	/ Number of Taps	\$7,458 ÷	MHI	\$57,548 = 12.96%
6	Current Ratio (CA / CL)			
	Current Assets	\$4,997,066 ÷	Current Liabilities	\$239,480 = 2087%
7	Reserve/Expense Ratio			
	Reserves	\$4,757,586 ÷	Current Expenses	\$616,752 = 771%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$691,176 ÷	Operating Expenses	\$550,499 = 126%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$719,516 -		
	Minus Operating Expenses	<u>\$550,499</u>		
	=	\$169,017 ÷	Current Debt Service	\$66,253 = 255%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$169,017		
	Minus Tap and Development Fee Revenue	<u>\$7,000</u>		
	=	\$162,017 ÷	Current Debt Service	\$66,253 = 245%
11	Projected Coverage Ratio			
	Total Revenues	\$719,516		
	Minus Operating Expenses	<u>\$550,499</u>		
	=	\$169,017	Total Debt Service (with new loan)	\$121,073 = 140%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$169,017		
	Minus Tap and Development Fee Revenue	<u>\$7,000</u>		
	=	\$162,017 ÷	Total Debt Service (with new loan)	\$121,073 = 134%
13	Current Debt Service	\$66,253 ÷	Number of Taps	540 = \$122.69
	Annual New W&S Debt Service	\$54,820 ÷	Number of Taps	540 = \$101.52
14	2023 Annual Sewer Rate (Monthly Rate x 12)	\$618.00 ÷	MHI	\$57,548 = 1.07%
	2023 Annual Sewer Rate + New Annual Debt Service Per Tap	\$719.52 ÷	MHI	\$57,548 = 1.25%
15	Current 2023 Monthly Sewer User Charge			\$51.50
	(Debt Service on WPCRF Loan / 2023 Taps / Month)			\$8.46
	Total			\$59.96
16	Operation and Maintenance Reserve			
	Reserves	\$4,757,586 ÷	Operating Expenses	\$550,499 = 864%

2024 SRF Disadvantaged Community Criteria

Loan Terms

Amount of Loan:	\$ 900,000
Interest Rate:	3.25%
Term (years):	20
Annual Payment:	\$ 61,550

Applicant:	Town of Lake City	
Test Result	Y	Conditions met to be DAC
		Test 1: P1 & P2 or P3
		Test 2: P1, Not P2 or P3, & 2+ S1-S5
		Test 3: P1 ??, P2 & P3, & 2+ S1-S5

	Benchmark	Applicant	Result	Notes on Data Used
Current Population (2022)	<= 10,000	428	Y	
Population 5 years ago (2018)		427		
Population 10 years ago (2013)		412		
Primary Factors				
MHI (Place)	<= \$ 70,078	57,548	Y	
Margin of Error (MOE)	±	15,378	Sub	
Reliability (CV)	<= 18.00%	16.24%	Y	
MHV (Place)	<= \$ 465,900	341,700	Y	
Margin of Error (MOE)	±	96,672		
Reliability (CV)	<= 18.00%	17.20%	Y	
24 Month Unemployment (County)	>= 5.38%	2.52%	N	
or 10 Year % Chng. Jobs (County)	<= 0.00%	1.37%	N	
Jobs (2022)		445		
Jobs (2013)		439		

Priority Factor Count 2

Secondary Factors

MHI (County)	<= \$ 70,078	58,712	Y		
Margin of Error (MOE)	±	8,376			
Reliability (CV)	<= 18.00%	8.67%	Y		
10 Year % Chng. Population	<= 0.00%	3.88%	N		
Assessed Value / Housing Unit	<= \$ 24,963	\$30,584	N		
Assessed Value		15,047,159			
Total Housing Units		492			
Current Debt / Tap / MHV	> 0.67%	1.69%	Y	If MHV CV > 18%, calculate result at top of band	Result
Current + Projected Debt/Tap/MHV	> 0.67%	2.18%	Y		
S4b 80th percentile	2.15%	2.18%	Y		
System Full Cost / Tap / MHI	> 2.14%	2.55%	Y	If MHI CV > 18%, calculate result at top of band	Result
Projected Rate @ 110% Coverage	> 1.94%	2.34%	Y		
S5b 80th percentile	2.90%	2.34%	N		

Secondary Factor Count 3

System Data for S4 and S5: To be completed by DLG

Taps or EQR's	540
Total Debt	3,127,521
Principal & Interest	66,253
Operating Expenses (including operating transfers out)	585,499
Depreciation	206,065

2024 IUP WPCRF Priority Point Calculations

Entity Name:	Town of Lake City
Date of Scoring	9/20/2024
SRF Phase:	Loan app
DOLA Score:	135
DAC:	DAC

Benchmarks

\$87,598 2018-2022 State MHI estimate

P1	MHI		\$57,548	66%
	<50% of state MHI	35		
	Between 51% and 80% of state MHI	20		
	Between 81% and 100% of state MHI	5		
	>100% state MHI	0		
S5b	User Fees (projected SEWER rate at 110%/tap/MHI)		2.34%	
	Rates are > 1.24%	45		
	Rates are between 0.76% and 1.24%	25		
	OR			
S5b	User Fees for a combined water & sewer fund			
	Rates are > 2.90%	45		
	Rates are between 1.94% and 2.90%	25		
S4b	Projected SEWER debt per tap compared to MHV		2.18%	
	Debt is > 0.92%	45		
	Debt is between 0.20% and 0.92%	25		
	OR			
S4b	Projected water & sewer debt (for combined systems)			
	Debt is > 2.15%	45		
	Debt is between 0.67% and 2.15%	25		
	Population served		428	
	Less than 500	35		
	Between 500 and 1,000	25		
	Between 1,000 and 2,000	20		
	Between 2,000 and 5,000	15		
	Between 5,000 and 10,000	5		
	>10,000	0		
S3	Assessed Value/Household		30,584	
	AV per household is < \$11,959	35		
	AV per household is between \$11,959 and \$24,963	20		
	AV per household is between \$24,963 and \$43,240	10		
	AV per household is greater than \$43,240	0		



Principal Forgiveness and Priority Point Scoring

Applicant: Town of Lake City
 DWRP or WPCRF: WPCRF

Is applicant receiving funds from BASE program, BIL program, or BOTH? BASE

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? Yes

Eligible BIL principal forgiveness percentage: N/A

Amount of principal forgiveness awarded (accounting for any applicable cap/max): \$0.00

Priority Point Scoring

Total WQCD Score:	60
DOLA Affordability Score:	135
Total Score:	195



Town of Lake City

P.O. Box 544
230 North Bluff Street
Lake City, Colorado 81235
970 • 944-2333

August 5, 2024

Austin Reichel, Financial Analyst II
Colorado Water Resources & Power Development Authority
1580 N. Logan Street, Suite 820
Denver, CO 80203
areichel@cwprda.com

Erick Worker, Project Manager
Grants & Loans Unit
4300 Cherry Creek Drive South,
Denver, Colorado 80246
erick.worker@state.co.us

re: Lake City WWTP Renovation
Request for Supplemental Assistance

Gentlemen

We appreciate the support for our wastewater treatment plant from both of your organizations. Unfortunately, due to some challenges outlined below, the Town needs to request a supplemental loan to make the project viable. The Town's supplemental loan request is for \$1,133,500 which would cover the full projected shortfall with about 5% contingencies. While we are asking for the full shortfall, the impact on rates for that full amount would be quite significant. Concurrently we are applying for some additional funding. If we are successful with any of the applications for funding, we would hope to be able to reduce the loan and its associated debt service.

The need for additional funding is the result of several procurement challenges. Lake City's very remote location and the abundance of available work has made it very difficult to attract contractors to Lake City. In addition, in the summer of 2023 as we were initially bidding the project, the concrete supplier notified the Town that they could no longer deliver large quantities of concrete to Lake City. The plant was redesigned to minimize the need for large concrete structures.

In March of this year, the Town of Lake City issued another request for bids for their plant renovation with an updated design to minimize the need for concrete. Several west slope contractors initially expressed interest in the project. However, on April 18th CDOT closed the bridge at the Dillon Pinnacles indefinitely. This caused previously interested contractors to re-evaluate the practicality of bidding on the Lake City project. Bids were due for the plant renovation project on 4/30 and no bids were received. At least one of the likely bidders let us know he did not submit a bid due to the bridge closure and its impact on his workers.

The CDOT bridge issues has also resulted in restrictions on the type of vehicles and the loads that are allowed on the routes to Lake City from the west which is making it more expensive to get materials and equipment to Lake City.

Both the contractors and suppliers are being hit by rapidly increasing prices. For example, the fixed film modules for ammonia removal and aeration equipment were quoted last December at \$598,351. The cost for the same equipment provided last week is for \$1,287,833. Working with the supplier we found a way to reduce the cost a little, but it is still at about \$1.1 million which is still almost double what it was last December.

Davis Bacon wages have also changed several times since late 2023. Most of the change has been related to electrical work. The hourly rate for an electrician was \$35.26 in December, went up to \$39.72 in February and just went up to \$49.06.

The Town and the general contractor with whom we have been negotiating are ready to commence construction in a couple of weeks. However, the Town is reluctant to execute a contract without knowing how they will fund the full costs. Even if the Town can't execute the contract until October, the contractor would like to get started on parts of the project before winter. The Town is currently unable to meet the ammonia limits that went into place last December. Without some progress on the plant renovation this fall, the Town will be out of compliance again in the first quarter of 2025. In addition, the longer it takes to get started, the more the plant will cost to construct.

We appreciate your consideration of our request. Please let us know if you have questions or would like additional information.



Alexander Mulhall, Town Manager



COLORADO
Department of Local Affairs
 Division of Local Government

<u>Project Budget</u>	
WPCRF Base Supplemental Loan	\$600,000
WPCRF Base Loan	\$138,949
WPCRF BIL Loan	\$1,377,551
WPCRF BIL Loan Principal Forgiveness	\$1,500,000
2022 D&E Grant	\$300,000
2022 EIAF Grant	\$750,000
Total	\$4,666,500

TO: Jim Griffiths and Members of the CWRPDA Board
 FROM: Kelly Shen, DOLA
 SUBJECT: Town of Lake City (the “Town”) WPCRF Credit Report Update
 DATE: April 4, 2023

Approved in January 2023, the Town’s initial loan of \$1,516,500 (base loan of approximately \$138,949 and BIL loan of approximately \$1,377,551) was necessary to expand and upgrade an existing wastewater treatment plant that had reached its treatment capacity. However, due to significantly increased costs for equipment, larger blowers, the blower room, and larger ammonia removal basins, the Town is requesting a \$600,000 supplemental loan, which will receive the same loan repayment term as the initial loan and the prevailing Category I Disadvantaged Communities interest rate (20 years at a 2% interest rate).

Based on 2021 financial statements, the Town’s finances remain strong. However, the additional debt will require additional annual revenue and a total rate increase of approximately \$14.94 per tap per month. We therefore recommend approval of the \$600,000 WPCRF base supplemental loan to the Town of Lake City on the condition that rates are increased to meet the loan’s 110% debt service coverage ratio requirement.

CURRENT INDICATORS:	2021	Weak	Average	Strong
Total Debt per Capita (\$):	2,572 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Total + New Debt/Capita (\$):	7,540 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Total Debt/Tap (\$):	2,018	>\$5,000	\$2,500-5,000	<u>X</u> <\$2,500
Total Debt + New Debt/Tap (\$):	5,915 <u>X</u>	>\$5,000	\$2,500-5,000	<\$2,500
Current W&S Debt/Tap (\$):	2,018 <u>X</u>	>\$2,000	\$1,000-2,000	<\$1,000
Current + New W&S Debt/Tap (\$):	5,915 <u>X</u>	>2,000	\$1,000-2,000	<\$1,000
Total Debt/Assessed Value:	7.66%	>50%	25-50%	<u>X</u> <25%
Total Debt + New W&S Debt/Assessed Value:	22%	>50%	25-50%	<u>X</u> <25%
Total Debt/Actual Value:	0.80%	>10%	5-10%	<u>X</u> <5%
Total Debt + New W&S Debt/Actual Value:	2.34%	>10%	5-10%	<u>X</u> <5%
Current + New W&S Debt/Tap/MHI:	15%	>20%	<u>X</u> 10-20%	<10%
W&S Fund Current Ratio (CA/CL):	2,566%	<100%	100-200%	<u>X</u> >200%
W&S Fund Reserves/Current Expense:	251%	<50%	50-100%	<u>X</u> >100%
W&S Operating Ratio (OR/OE):	106%	<100%	<u>X</u> 100-120%	>120%
Coverage Ratio (TR-OE)/DS:	132%	<110%	110-125%	<u>X</u> >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	69% <u>X</u>	<110%	110-125%	>125%
Coverage Ratio with New Loan:	36% <u>X</u>	<110%	110-125%	>125%
Coverage Ratio with New Loan Excluding Tap Fees:	19% <u>X</u>	<110%	110-125%	>125%
Current Annual W&S Rates/MHI:	2.60%	>3.0%	<u>X</u> 1.5-3.0%	<1.5%
Current W&S Rates + New W&S Debt Service/MHI:	3.21% <u>X</u>	>3.0%	1.5-3.0%	<1.5%
Operation and Maintenance Reserve:	273%	<25%	25-50%	<u>X</u> >50%
TOTAL:	9		3	9

Financial Analysis

If approved, the requested base supplemental loan is not projected to have a significant negative impact on the Town’s water and sewer fund. With the base supplemental loan, one indicator (total and new debt per tap) drops from average to weak, which indicates a continued large debt burden for the community. All other indicators remain at the same level (weak, average, or strong).





With the base supplemental loan, the projected rate increases necessary to meet the 110% debt service coverage ratio requirement increases from approximately \$8.82 to \$14.94 per tap per month.

- Debt service coverage for the initial \$1,516,500 loan was 46%, which estimated an additional \$13.82 per tap per month to meet the 110% coverage ratio requirement.
 - In January 2022, the Town implemented a \$10 increase to the bi-monthly base fee for water and sewer services, reducing the required rate increase to \$8.82 per tap per month.
- A \$600,000 base supplemental loan at a 2% interest rate for twenty years will cost the Town approximately \$36,547 in annual debt service. Combined with the initial loan, this increases total annual debt service to approximately \$128,919.
 - With the base supplemental loan, the projected coverage decreases to 36%, with an estimated \$19.94 per tap per month needed to meet the 110% coverage ratio requirement.
 - Factoring in the Town's January 2022 rate increase, the remaining rate increase is approximately \$14.94 per tap per month.



April 4, 2023

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2021	426
Number of Sewer Taps/Customers - 2021	543
Total Assessed Valuation (in thousands) - 2021	\$14,306
Actual Value of All Real Property (in thousands) - 2021	\$137,488
Median Household Income (MHI) - 2021	\$52,250
Monthly W&S Rate - 2021	\$85.00
W&S Operating Revenue - 2021	\$599,783
W&S Total Revenue - 2021 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$630,545
W&S Tap and System Development Fee Revenue - 2021	\$30,750
W&S Operating Expense - 2021	\$566,068
W&S Current Expense - 2021	\$614,780
W&S Debt - 2021	\$1,095,593
Total Debt - 2021	\$1,095,593
W&S Fund Reserves - 2021	\$1,545,053
W&S Debt Service - 2021	\$48,712
New W&S Debt [Requested WPCRF loan amount.]	\$2,116,500
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$128,919

Current Indicators (2021)				
Town of Lake City				
(Water & Sewer)				
1	Total Debt	\$1,095,593 ÷	Population	426 = \$2,572
	New Debt	\$2,116,500 ÷	Population	426 = \$4,968
	Total Debt + New Debt	\$3,212,093 ÷	Population	426 = \$7,540
2	Total Debt	\$1,095,593 ÷	Number of Sewer Taps	543 = \$2,018
	New Debt	\$2,116,500 ÷	Number of Sewer Taps	543 = \$3,898
	Total Debt + New Debt	\$3,212,093 ÷	Number of Sewer Taps	543 = \$5,915
3	Total Debt	\$1,095,593 ÷	Assessed Value	\$14,306,482 = 7.66%
	New Debt	\$2,116,500 ÷	Assessed Value	\$14,306,482 = 14.79%
	Total Debt + New Debt	\$3,212,093 ÷	Assessed Value	\$14,306,482 = 22.45%
4	Total Debt	\$1,095,593 ÷	Actual Value	\$137,487,643 = 0.80%
	New Debt	\$2,116,500 ÷	Actual Value	\$137,487,643 = 1.54%
	Total Debt + New Debt	\$3,212,093 ÷	Actual Value	\$137,487,643 = 2.34%
5	Current W&S Debt	\$1,095,593 ÷	Number of Sewer Taps	543 = \$2,018
	(Current W&S Debt + New W&S Debt)			
	/ Number of Taps	\$5,915 ÷	MHI	\$52,250 = 11.32%
6	Current Ratio (CA / CL)			
	Current Assets	\$1,607,707 ÷	Current Liabilities	\$62,654 = 2566%
7	Reserve/Expense Ratio			
	Reserves	\$1,545,053 ÷	Current Expenses	\$614,780 = 251%
8	Operating Ratio (OR / OE)			
	Operating Revenues	\$599,783 ÷	Operating Expenses	\$566,068 = 106%
9	Coverage Ratio [(TR - OE) / DS]			
	Total Revenues	\$630,545 -		
	Minus Operating Expenses	<u>\$566,068</u>		
	=	\$64,477 ÷	Current Debt Service	\$48,712 = 132%
	Coverage Ratio Excluding Tap and			
10	Development Fee Revenue	\$64,477		
	Minus Tap and Development Fee Revenue	<u>\$30,750</u>		
	=	\$33,727 ÷	Current Debt Service	\$48,712 = 69%
11	Projected Coverage Ratio			
	Total Revenues	\$630,545		
	Minus Operating Expenses	<u>\$566,068</u>		
	=	\$64,477	Total Debt Service (with new loan)	\$177,631 = 36%
	Projected Coverage Excluding Tap and			
12	Development Fee Revenue	\$64,477		
	Minus Tap and Development Fee Revenue	<u>\$30,750</u>		
	=	\$33,727 ÷	Total Debt Service (with new loan)	\$177,631 = 19%
13	Current Debt Service	\$48,712 ÷	Number of Sewer Taps	543 = \$89.71
	Annual New Sewer Debt Service	\$128,919 ÷	Number of Sewer Taps	543 = \$237.42
14	2021 Annual W&S Rate (Monthly Rate x 12)	\$1,020.00 ÷	MHI	\$52,250 = 1.95%
	2021 Annual W&S Rate + New Annual Debt Service Per Tap	\$1,257.42 ÷	MHI	\$52,250 = 2.41%
15	Current 2021 Monthly Sewer User Charge			\$40.00
	(Debt Service on WPCRF Loan / 2021 Taps / Month)			<u>\$19.78</u>
	Total			\$59.78
16	Operation and Maintenance Reserve			
	Reserves	\$1,545,053 ÷	Operating Expenses	\$566,068 = 273%



Priority Point Scoring

Applicant: **Town of Lake City**
 DWRF or WPCRF: **WPCRF**

WPCRF

Total WQCD Score:	0
DOLA Affordability Score:	110
Total Score:	110

DWRF

Water Quality/Public Health Score:	
DOLA Affordability Score:	
Total Score	

Is applicant receiving funds from BASE program, BIL program, or BOTH?

Supplemental loan will be BASE funds only.

Base Program DWRF Principal Forgiveness

Eligible as a base program DAC? **Yes, but WPCRF.**

Eligible base program DWRF principal forgiveness percentage: **N/A**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **N/A**

BIL Principal Forgiveness

Eligible for BIL principal forgiveness? **Yes**

Eligible BIL principal forgiveness percentage: **None – reached \$1,500,000 cap with initial loan**

Amount of principal forgiveness awarded (accounting for any applicable cap/max): **\$0.00**



Town of Lake City

P. O. Box 544
230 North Bluff Street
Lake City, Colorado 81235
970 • 944-2333

Dear Colorado Water Resources and Power Development Authority,

The Town of Lake City is currently working with Triplepoint Environmental on defining and potentially directly purchasing equipment for BOD and ammonia removal. A few weeks ago we received an updated cost estimate which is \$350,000 more than what we had in the budget. Triplepoint also needs a larger ammonia removal basin and more air than was originally projected. Part of the increase in equipment costs is the addition of equipment to reduce inorganic nitrogen which was not part of the original scope. Electrical and concrete costs have also gone up and some of the existing electrical equipment we had planned to continue to use has been found to be too out of date and needs to be replaced. These increases combined added more than \$500,000 to the project costs. Due to these increased costs, the Town of Lake City is requesting a supplemental loan in the amount of \$600,000. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Dave Roberts". The signature is stylized with a large, sweeping flourish at the end.

Dave Roberts
Mayor
Town of Lake City

WPCRF LOAN CREDIT REPORT

Town of Lake City (“The Town”), Hinsdale County

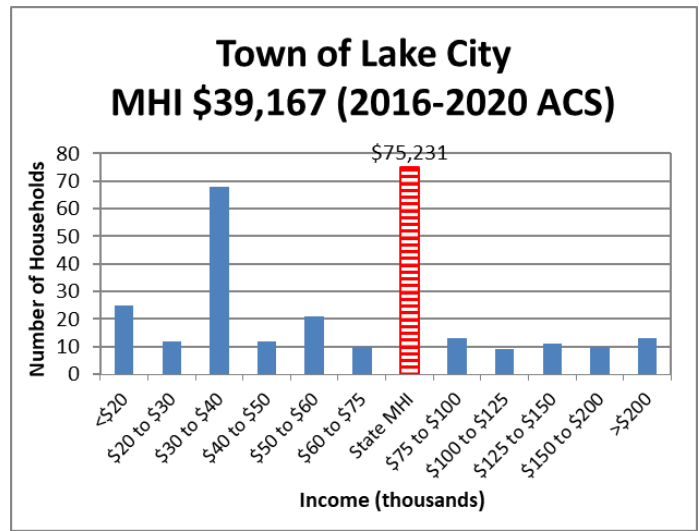
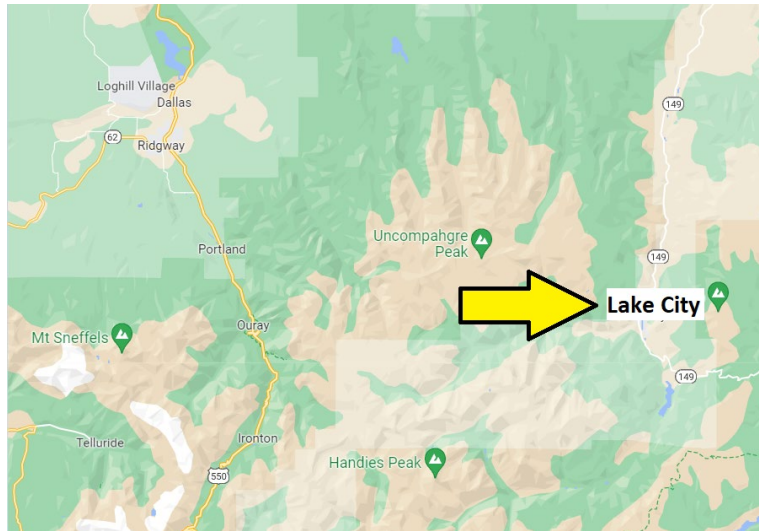
Recommendation:	CONDITIONAL APPROVAL	Project Budget	
Loan Request:	\$1,516,500	WPCRF Base Loan:	\$138,948.98
Interest Rate & Term:	2%, 20 years	WPCRF BIL Supp. Loan:	\$1,377,551.02
Annual Debt Service:	\$92,372	WPCRF BIL Supp. Loan Forgiveness:	\$1,500,000
Pledge:	Water & Sewer Revenue	2022 D&E Grant:	\$300,000
Current Rate:	\$42.50 (sewer), \$42.50 (water)	2022 EIAF Grant:	\$750,000
Estimated Rate Increase:	\$8.82/tap/month	Total	\$4,066,500

PROJECT DESCRIPTION: The project consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements.

COMMUNITY PROFILE:

Town of Lake City	2017	2018	2019	2020	2021	2022	Avg. Annual Change
Town Population	422	427	431	434	426		0.24%
Hinsdale County Population	805	801	798	791	777		-0.88%
Hinsdale County Jobs	454	449	437	419	455		-2.64%
Number of Sewer Taps	534	534	538	538	543	547	0.48%
Number of Water Taps	610	610	592	600	598	598	-0.40%
Assessed Value (\$000)		15,717	15,706	14,646	14,306	15,047	-1.08%
Actual Value (\$000)		144,031	144,734	137,284	137,488	147,787	0.65%

BORROWER BRIEF: Nestled just west of the San Luis Valley, the Town of Lake City is the most populous community and only incorporated municipality in Hinsdale County. The Town is 55 miles southwest of Gunnison on Highway 149.



RECOMMENDATION: The Town serves a remote, rural community in Hinsdale County. The proposed loan is necessary to expand and upgrade an existing wastewater treatment plant that has reached its treatment capacity. The Town is currently in strong financial shape, though the additional debt will require additional annual revenue and rate increases. We therefore recommend the WPCRF Committee approve a total funding package of \$3,016,500 (\$1,516,500 Disadvantaged Communities direct loan and \$1,500,000 in BIL principal forgiveness) to the Town of Lake City on the condition that rates are increased to meet the loan’s 110% debt service coverage ratio requirement.

PROJECT SUMMARY:

System summary: The Town's wastewater service area is a mix of residential and commercial customers with no industrial users. The existing treatment facility, built circa 1983, is a three cell lagoon system with aeration and chlorine disinfection and discharges to the Lake Fork of the Gunnison River. The plant is rated at 0.225 million gallons daily.

Reason/need: The existing facilities are approaching treatment capacity. Flows into the facility vary significantly between summer and winter seasons since most residences are vacant during the winter. Peak loading periods occur in the summer months when tourism fills restaurants, hotels, RV parks, and short term rental residential units.

Additionally, investigation of the earthen lagoon cell liners suggests that leakage is exceeding allowable limits. The proposed treatment expansion to 0.275 million gallons daily is intended to address capacity limitations, replace the liners, upgrade treatment to improve nutrient removal, and allow for connection of some properties currently served by individual septic systems. The improvements generally include: constructing two new aeration basins, a polishing pond, a new fixed-film ammonia treatment basin, new synthetic liners, and installing insulated covers. This project will also position the Town to meet more stringent future nutrient and ammonia limits for the next 20 years without having to convert to a mechanical plant. Operations and maintenance processes would remain similar to what is currently required.

System Compliance: The Town is in compliance with the conditions of the wastewater treatment facility discharge permit and the project is primarily intended to both maintain compliance as well as meet future requirements.

Project Delivery Method: Design/Bid/Build.

Contingency: 15% total project cost included as contingency.

CURRENT INDICATORS:	2019	2020	2021	Weak	Average	Strong
Total Debt per Capita (\$):	3,074	2,979	2,572	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total + New Debt/Capita (\$):			6,132	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total Debt/Tap (\$):	2,463	2,403	2,018	___ >\$5,000	___ \$2,500-5,000	X <\$2,500
Total Debt + New Debt/Tap (\$):			4,810	___ >\$5,000	X \$2,500-5,000	___ <\$2,500
Current W&S Debt/Tap (\$):	2,463	2,403	2,018	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Current + New W&S Debt/Tap (\$):			4,810	X >\$2,000	___ \$1,000-2,000	___ <\$1,000
Total Debt/Assessed Value:	8.44%	8.83%	7.66%	___ >50%	___ 25-50%	X <25%
Total Debt + New W&S Debt/Assessed Value:			18%	___ >50%	___ 25-50%	X <25%
Total Debt/Actual Value:	0.92%	0.94%	0.80%	___ >10%	___ 5-10%	X <5%
Total Debt + New W&S Debt/Actual Value:			1.90%	___ >10%	___ 5-10%	X <5%
Current + New W&S Debt/Tap/MHI:			12%	___ >20%	X 10-20%	___ <10%
W&S Fund Current Ratio (CA/CL):	2,206%	2,388%	2,566%	___ <100%	___ 100-200%	X >200%
W&S Fund Reserves/Current Expense:	426%	363%	251%	___ <50%	___ 50-100%	X >100%
W&S Operating Ratio (OR/OE):	136%	145%	106%	___ <100%	X 100-120%	___ >120%
Coverage Ratio (TR-OE)/DS:	1,157%	522%	132%	___ <110%	___ 110-125%	X >125%
Coverage Ratio (TR-OE)/DS Excluding Tap Fees:	1,002%	486%	69%	X <110%	___ 110-125%	___ >125%
Coverage Ratio with New Loan:			46%	X <110%	___ 110-125%	___ >125%
Coverage Ratio with New Loan Excluding Tap Fees:			24%	X <110%	___ 110-125%	___ >125%
Current Annual W&S Rates/MHI:			2.60%	___ >3.0%	X 1.5-3.0%	___ <1.5%
Current W&S Rates + New W&S Debt Service/MHI:			3.04%	X >3.0%	___ 1.5-3.0%	___ <1.5%
Operation and Maintenance Reserve:			273%	___ <25%	___ 25-50%	X >50%
Total:				8	4	9

FINANCIAL ANALYSIS: Of the twenty-one current indicators calculated, nine are rated strong, four are average, and eight are considered weak. Overall, the indicators illustrate a relatively healthy existing financial system. The strong indicators show a healthy current ratio and ample reserves. The weak indicators show a high community debt burden and low debt service coverage ratio.

- Based on a repayable loan of \$1,516,500 and BIL principal forgiveness of \$1,500,000, debt service coverage with the proposed loan is 46% with tap fee revenue. Additional annual revenue of \$90,715, or \$13.82 per tap per month, would increase the coverage ratio to the required 110%.
 - Without BIL principal forgiveness, debt service coverage for a \$3,016,500 loan would drop to 28%.
- In January 2022, the Town implemented a \$10 increase to the bi-monthly base fee for water and sewer services. This change reduces the projected rate increases to \$8.82 per tap per month.
- The Town’s debt service coverage ratio has declined from 2019 through 2021, largely due to an additional WPCRF loan executed in 2019. The loan was re-amortized in 2021 and \$157,106 was returned to CWRPDA, which reduces future debt service payments.

Additional Project Financing

On September 26, 2022, the Town was awarded a \$300,000 design and engineering grant in order to help cover costs associated with design and engineering of the proposed project.

In December 2022, the Town was also awarded a \$750,000 EIAF grant award.

DESCRIPTION OF THE LOAN:

A total funding package of \$3,016,500 is comprised of both repayable loan and BIL principal forgiveness. A \$1,516,500 repayable loan with a twenty-year term and 2% interest rate will cost the Town approximately \$92,372 in annual debt service. The Town also qualifies for \$1,500,000 in BIL principal forgiveness, which is considered in the above financial analysis.

Disadvantaged Community (DAC) Eligibility: The Town met the requirements of a disadvantaged community and as a Category 1 disadvantaged community, qualifies for a lower interest rate (2% for a 20-year loan term).

DISADVANTAGED COMMUNITY (DAC) DETERMINATION									
Primary Factors	Benchmark		Borrower	Met?	Secondary Factors	Benchmark		Borrower	Met?
P1: MHI	\$60,185	>	\$39,167	Y	S1: County MHI	\$60,185	>	\$39,038	Y
P2: MHV	\$369,900	>	\$299,100	Y	S2: Population Loss	0.00%	>	6.37%	N
P3: County Unemployment	7.10%	<	3.80%	N	S3: Assessed Value per Housing Unit	\$21,569	>	\$31,582	N
County Job Loss	0	>	-10.9%	Y	S4b: Current and Projected System Debt	0.73%	<	2.53%	Y
					S4b: 80th Percentile	2.09%	<	2.53%	Y
					S5b: Projected System Cost Per Tap to MHI	2.15%	<	3.96%	Y
					S5b: 80th Percentile	3.14%	<	3.96%	U

Based on 2016-2020 American Community Survey data, the Town met the requirements of a disadvantaged community. Of the primary factors evaluated, the Town met the benchmarks for MHI, MHV, and county job loss. The Town also met three of the five secondary factors.

Since the Town’s projected system cost compared to MHI (S5b) did not exceed the 80th percentile, the Town qualified as a Category 1 disadvantaged community and is eligible for a 2% interest rate. The Town’s MHI estimate was not highly reliable, which means that the projected system cost compared to MHI (S5b) was evaluated for the full range of possible MHI values. At the top of the MHI range, S5b did not meet the 80th percentile benchmark.

Bipartisan Infrastructure Law (BIL) Principal Forgiveness (PF) Eligibility:

The Town qualifies for BIL PF and has expressed interest in receiving a proportional loan with principal forgiveness. In order to qualify for BIL principal forgiveness, a community must score 3 points using the BIL PF Eligibility Criteria outlined in the Intended Use Plans. The Town scores 6.5 points as shown below.

BIL PF DETERMINATION				
Credit Report				
	Benchmark		Borrower	Points
1. Five Year % Change in Population	1.00%	>	3.58%	0
2a: County Job Loss	0	>	-10.87%	0.5
2b: County Unemployment	7.10%	<	3.80%	
3: Median Household Income, or MHI exceeds 125% of state MHI (-1 point)	\$75,231	>	\$39,167	1
	\$94,039	<		
4: Rates to MHI	1.39%	<	2.77%	1
5: Project addresses removal of lead or emerging contaminants	Yes		No	0
6: % Minority	25.0%	<	15.0%	0
7: % Households Housing Burdened	30.0%	<	40.0%	1
8: % Population under 200% Poverty Level	35.0%	<	25.0%	0
9: % Population under 200% Poverty Level + % Population over 65 years old	50.0%	<	43.0%	0
10: Meets DAC criteria	Yes		Yes	3
Total Points Scored:				6.5

The Town qualifies for \$1,500,000 in principal forgiveness, which is the current maximum for BIL WPCRF supplemental principal forgiveness. The remaining amount of repayable loan is \$1,516,500.

ECONOMIC ANALYSIS: The Town has a 2021 population estimated at 426 and has grown at an average annual rate of 0.24% since 2017. Hinsdale County has experienced a population decrease of 0.88% since 2017. In contrast, the state population increased at an average annual rate of 0.95%. The Town's population is lower than the number of taps because the service area of the Town's water and sewer utility extends beyond the Town's boundaries. Furthermore, many taps belong to part-time residents that are only present over the summer.

Hinsdale County's economy is dominated by retirees (34% of jobs in the County) and tourism (31% of jobs in the County). The Town's remote location at the edge of the San Juan mountains attracts outdoor recreation enthusiasts ranging from hikers and cyclists to snowmobilers and ice climbers. Correspondingly, Hinsdale County's second most popular job sector is accommodation and food services.

The Town's largest employers are primarily local governments. Some of the largest employers include Hinsdale County (40 employees), Hinsdale County School District (25 employees), the Town of Lake City (six employees), Lake City Medical Center (12 employees), and Lake City Brewing Company has five employees.

The largest single customer is the Lake City Ice Climbs program, comprising 5.68% of total system usage. The Town's domestic water is currently used to create a recreational ice wall, but in 2023, the Town plans to switch to non-domestic water from Henson Creek to create the wall. No other customers account for more than 3% of system utilization.

ORGANIZATIONAL ANALYSIS:

Bond Rating

The Town's debt has not been rated by Fitch, Moody's, or Standard & Poor's in the last five years.

Section 37-60-126(2) C.R.S. (Water Conservation Planning)

The Town does not sell more than 2,000 acre-feet of water per year.

Organizational Structure

Incorporated in 1875, Lake City is a statutory town governed by a mayor-board form of government. The Town provides services including water and wastewater, public works, and parks and recreation services. Approximately two full-time employees staff the water and sewer utilities, including the Public Works Director who oversees the utility.

- Due to staff turnover and shortages, the Town was delinquent with 2019 and 2020 audits until submitting all required audits in 2021. With the assistance of an audit firm, the Town is currently up-to-date with all audits and has retained the same firm to assist with audits through 2026. In 2019, the Town's auditor had concerns about the water and sewer fund's lack of appropriate evidence to justify the fund's stated inventory. The Town worked on the concerns and the most recent (2020 and 2021) audits had favorable auditor opinions.

- The Town is currently compliant with the state’s budget law. However, over the past five years, the Town submitted late budgets in 2020 and 2021.
- The Town maintains general liability insurance coverage through CIRSA.
- There are currently no pending lawsuits against the Town.
- There have been no recall elections in the last ten years.

Capital Improvement Plan

The Town does not currently have a Capital Improvement Plan, but has budgeted \$50,000 for a consultant to assist with the development of a plan in 2023.

Intergovernmental

The Town does not have any intergovernmental agreements that directly impact water and sewer fund revenue.

REVENUE ANALYSIS:

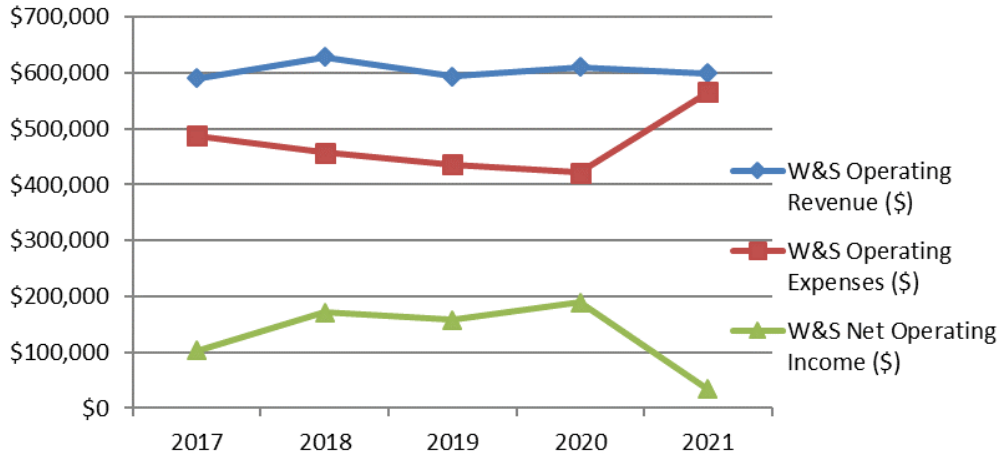
From 2017 to 2021, the Town’s revenue generation has been consistent and adequate to cover system expenses. However, with the proposed loan and increased operating expenses, the Town will need additional annual revenue to cover the additional expenses.

On average, the Town’s operating revenue has exceeded operating expenses by 29%. Recent increases in operating expenses are due to efforts to address deferred maintenance needs. In 2021, a majority of the increase in operating expenses was attributed to \$84,766 for sludge removal that was not completed for many years. The Town expects continued increases in operating expenses due to increased supply costs as well as the addition of a third water/wastewater operator in 2023. However, these annual increases are projected to be smaller than the \$140,000 increase from 2020 to 2021, and the increases are projected to level off at the end of 2023. These expenses are part of an effort to move the utility towards greater self-sufficiency and proactively anticipate and address system needs.

The Town’s increased debt in 2019 was due to a WPCRF loan with CWRPDA. In 2021, the Town returned \$157,106 of the loan to CWRPDA and the loan was re-amortized. New annual debt service is \$45,553, compared to the 2021 debt service estimate of \$48,712 (excluding the payment for principal reduction). In the “Financial Analysis” section, indicators and coverage ratio calculations excluded this principal reduction payment from the 2021 debt service estimate. This was done because the principal reduction payment is not an ongoing principal payment due from the Town.

Despite increased operating expenses and debt service, the Town’s water and sewer fund has maintained reserves well above three months of operations and maintenance expenses. However, the size of the proposed project is larger than the Town’s current reserves, highlighting the need to apply for an SRF loan.

TRENDS	2017	2018	2019	2020	2021	2022
Monthly Sewer Rate (\$)	40.00	40.00	40.00	40.00	40.00	42.50
Monthly Water Rate (\$)	40.00	40.00	40.00	40.00	40.00	42.50
Residential Sewer Tap Fee (\$)	2,750	2,750	2,750	2,750	2,750	7,000
Residential Water Tap Fee (\$)	2,750	2,750	2,750	2,750	2,750	6,000
Total W&S Revenue (\$)	609,438	677,936	628,685	627,248	630,545	
Tap/Development Fees (\$)	14,500	43,750	25,750	14,250	30,750	
W&S Operating Revenue (\$)	590,141	628,239	594,062	610,493	599,783	
W&S Operating Expenses (\$)	487,369	456,909	435,898	421,582	566,068	
W&S Net Operating Income (\$)	102,772	171,330	158,164	188,911	33,715	
W&S Debt (\$)	458,333	441,666	1,325,000	1,293,062	1,095,593	
Total Debt (\$)	458,333	441,666	1,325,000	1,293,062	1,095,593	
W&S Debt Service (\$)	16,667	16,667	16,667	39,383	205,818	
W&S Debt Service/Tap/Month (\$)	2.60	2.60	2.58	6.10	7.48	
W&S Fund Reserves (\$)	1,267,364	1,243,951	1,927,178	1,675,428	1,545,053	
						5-year Average
Ratios	2017	2018	2019	2020	2021	
Operating Revenue as % of Total Revenue	97%	93%	94%	97%	95%	95%
Operating Revenue as % of Expenses	121%	137%	136%	145%	106%	129%
Tap Fee Revenue as % of Total	2.38%	6.45%	4.10%	2.27%	4.88%	4.02%



Recent Rate Increases

The Town’s most recent sewer rate increase from a monthly base rate of \$40.00 to \$42.50 was implemented on January 19, 2022. Similarly, the Town’s most recent water rate increase from a monthly base rate of \$40.00 to \$42.50 was implemented at the same time.

User Charges & System Utilization

The Town’s current monthly sewer rate is estimated at \$42.50 compared to the 2021 estimated state median of \$40.38. The Town’s average monthly sewer rate is based on a typical residential consumption of 3,100 gallons per month. All metered customers are charged a bi-monthly base fee of \$85.00 per EQR, with an additional fee of \$4.25 per 1,000 gallons for all water used over 13,999 gallons.

The Town’s current monthly residential water rate is \$42.50 compared to the 2021 estimated state median of \$55.72. The Town’s average monthly water rate is based on a typical residential consumption of 3,235 gallons per month. Similar to the sewer fee structure, all metered water customers are charged a bi-monthly base fee of \$85.00 per EQR, with an additional usage fee of:

- \$3.00 per 1,000 gallons for over 13,999 and up to 17,999 gallons used
- \$4.25 per 1,000 gallons for over 17,999 and up to 23,999 gallons used
- \$5.50 per 1,000 gallons for over 23,999 gallons used

The above fees are the same for non-residential as well as commercial users.

Contributed Capital

Over the past five years, water and sewer tap fee revenue has ranged from \$14,500 to \$43,750 and has averaged 4.02% of total water and sewer fund revenue. The Town’s most recent tap fee rate increase was in July 2022.

- Residential sewer tap fees are: \$7,000 (¾” or smaller), \$12,444 (1”), \$28,000 (1½”), \$49,778 (2”), \$112,000 (3”), \$199,111 (4”).
- Residential water tap fees are: \$6,000 (¾” or smaller), \$10,667 (1”), \$24,000 (1½”), \$42,667 (2”), \$96,000 (3”), \$170,667 (4”).

The above fees are the same for non-residential as well as commercial users.

Current System Utilization		
	Usage	Revenue
Residential	65.3%	75.3%
Non-residential (per EQR)	34.7%	24.7%

Current Fee Summary		
Tap size	Sewer user/tap fees	Water user/tap fees
¾”	\$42.50/\$7,000	\$42.50/\$6,000
¾”	\$42.50/\$7,000	\$42.50/\$6,000

DEBT as of December 31, 2021

Executed	Lender	Term End	Pledge	Outstanding	Interest Rate	Annual Payment
July 2015	CWRPDA - DWRF	2045	Water and sewer revenue	\$391,667	0%	\$16,667
March 2020	CWRPDA - WPCRF	2049	Water and sewer revenue	\$703,926	1%	\$28,886

LOAN COVENANTS:

The Town will have to meet the Authority's 110% rate covenant, 3-month operations and maintenance reserve fund covenant, and the 110% additional bonds test (if applicable) on an annual basis.

The Town has met the Loan Covenants on its DWRF direct loan dated 2015 and WPCRF direct loan dated 2019 with the Authority. The Town has also had no debt service payment issues.

Prepared by: Kelly Shen

Date: January 10, 2023

Project # 140772W-B Cost Categories: Category I- Secondary Treatment: 60%, Category II – Advanced Treatment: 40%
--

January 10, 2023

WPCRF Credit Report
Town of Lake City, Hinsdale County, CO
Using most recent data available
(Census, audits, local records)

Estimated Population - 2021	426
Number of Sewer Taps/Customers - 2021	543
Total Assessed Valuation (in thousands) - 2021	\$14,306
Actual Value of All Real Property (in thousands) - 2021	\$137,488
Median Household Income (MHI) - 2020	\$39,167
Monthly W&S Rate - 2021	\$85.00
W&S Operating Revenue - 2021	\$599,783
W&S Total Revenue - 2021 [May include non-operating revenue, such as contributed capital, tap & system development fees, interest income, S.O. tax and property tax. Excludes one-time capital grants.]	\$630,545
W&S Tap and System Development Fee Revenue - 2021	\$30,750
W&S Operating Expense - 2021	\$566,068
W&S Current Expense - 2021	\$614,780
W&S Debt - 2021	\$1,095,593
Total Debt - 2021	\$1,095,593
W&S Fund Reserves - 2021	\$1,545,053
W&S Debt Service - 2021	\$48,712
New W&S Debt [Requested WPCRF loan amount.]	\$1,516,500
Requested WPCRF Loan Term	20
Requested WPCRF Loan Interest Rate	2.00%
New Loan's Annual W&S Debt Service (two payments annually)	\$92,372

Current Indicators (2021)				
Town of Lake City				
(Water & Sewer)				
1 Total Debt	\$1,095,593	÷	Population	426 = \$2,572
New Debt	\$1,516,500	÷	Population	426 = \$3,560
Total Debt + New Debt	\$2,612,093	÷	Population	426 = \$6,132
2 Total Debt	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
New Debt	\$1,516,500	÷	Number of Sewer Taps	543 = \$2,793
Total Debt + New Debt	\$2,612,093	÷	Number of Sewer Taps	543 = \$4,810
3 Total Debt	\$1,095,593	÷	Assessed Value	\$14,306,482 = 7.66%
New Debt	\$1,516,500	÷	Assessed Value	\$14,306,482 = 10.60%
Total Debt + New Debt	\$2,612,093	÷	Assessed Value	\$14,306,482 = 18.26%
4 Total Debt	\$1,095,593	÷	Actual Value	\$137,487,643 = 0.80%
New Debt	\$1,516,500	÷	Actual Value	\$137,487,643 = 1.10%
Total Debt + New Debt	\$2,612,093	÷	Actual Value	\$137,487,643 = 1.90%
5 Current W&S Debt (Current W&S Debt + New W&S Debt) / Number of Taps	\$1,095,593	÷	Number of Sewer Taps	543 = \$2,018
	\$4,810	÷	MHI	\$39,167 = 12.28%
6 Current Ratio (CA / CL)				
Current Assets	\$1,607,707	÷	Current Liabilities	\$62,654 = 2566%
7 Reserve/Expense Ratio				
Reserves	\$1,545,053	÷	Current Expenses	\$614,780 = 251%
8 Operating Ratio (OR / OE)				
Operating Revenues	\$599,783	÷	Operating Expenses	\$566,068 = 106%
9 Coverage Ratio [(TR - OE) / DS]				
Total Revenues	\$630,545	-		
Minus Operating Expenses	\$566,068			
=	\$64,477	÷	Current Debt Service	\$48,712 = 132%
Coverage Ratio Excluding Tap and				
10 Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	\$30,750			
=	\$33,727	÷	Current Debt Service	\$48,712 = 69%
11 Projected Coverage Ratio				
Total Revenues	\$630,545			
Minus Operating Expenses	\$566,068			
=	\$64,477		Total Debt Service (with new loan)	\$141,084 = 46%
Projected Coverage Excluding Tap and				
12 Development Fee Revenue	\$64,477			
Minus Tap and Development Fee Revenue	\$30,750			
=	\$33,727	÷	new loan)	\$141,084 = 24%
13 Current Debt Service	\$48,712	÷	Number of Sewer Taps	543 = \$89.71
Annual New Sewer Debt Service	\$92,372	÷	Number of Sewer Taps	543 = \$170.11
2021 Annual W&S Rate (Monthly Rate				
14 x 12)	\$1,020.00	÷	MHI	\$39,167 = 2.60%
2021 Annual W&S Rate + New Annual				
Debt Service Per Tap	\$1,190.11	÷	MHI	\$39,167 = 3.04%
15 Current 2021 Monthly Sewer User Charge (Debt Service on WPCRF Loan / 2021 Taps / Month)				\$40.00
Total				\$14.18
				\$54.18
16 Operation and Maintenance Reserve				
Reserves	\$1,545,053	÷	Operating Expenses	\$566,068 = 273%

**COLORADO WATER RESOURCES
AND
POWER DEVELOPMENT AUTHORITY**

RESOLUTION NO. 24-35

**A RESOLUTION FOR APPROVAL OF A WASTEWATER DIRECT LOAN TO THE
TOWN OF LAKE CITY AND EXECUTION OF A LOAN AGREEMENT AND
OTHER DOCUMENTS NECESSARY THEREFOR**

WHEREAS, the Colorado Water Resources and Power Development Authority (the "Authority") has received and reviewed an Application for a supplemental base direct loan from the Water Pollution Control Revolving Fund from the Town of Lake City (the "Applicant"); and

WHEREAS, on June 23, 2023, the Authority executed a Base and Bipartisan Infrastructure Law ("BIL") supplemental direct loan in the approximate amount of \$3,616,500 [comprised of \$2,116,500 of principal to be re-paid consisting of (\$1,377,551 BIL Supplemental loan, \$138,949 Base loan, and a supplemental \$600,000 Base loan), plus \$1,500,000 in Principal Forgiveness ("PF") funds through the BIL, for a total of \$3,616,500 WPCRF loan funds] with the Applicant through the Water Pollution Control Revolving Fund; and

WHEREAS, the Applicant has subsequently requested an additional, supplemental Base direct loan in the amount of \$900,000 in order to address increases in costs related to the project; and

WHEREAS, the Loan Application has been reviewed in accordance with the procedures provided therefor in the Memorandum of Understanding between the Authority, the Colorado Department of Public Health and Environment and the Colorado Department of Local Affairs concerning the operation of the Water Pollution Control Revolving Fund; and

WHEREAS, the proposed Project to be financed by the proposed direct loan is included on the Project Eligibility List of projects eligible for financial assistance from the Water Pollution Control Revolving Fund and the Water Quality Control Division of the Colorado Department of Public Health and Environment has certified that the proposed Project has met all requirements and prerequisites and is eligible for financial assistance from the Water Pollution Control Revolving Fund.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Colorado Water Resources and Power Development Authority:

1. That the proposed additional, supplemental Base direct loan to the Town of Lake City in an amount not to exceed \$900,000 through the WPCRF Loan program, is approved subject to the terms and conditions set forth on the attached Exhibit A;
2. That the staff is directed to negotiate a Loan Agreement and other documents incorporating such terms and conditions as are appropriate to effectuate the proposed direct loan;

3. That the Executive Director and Assistant Secretary are authorized and directed to execute the Loan Agreement and any other necessary and reasonable documents for the proposed direct loan in order to consummate the direct loan approved hereby.

CERTIFICATE

The undersigned officers of the Board of Directors of the Colorado Water Resources and Power Development Authority do hereby certify that the above Resolution No. 24-35 was adopted by the Colorado Water Resources and Power Development Authority at a regular meeting of the Board of Directors (meeting conducted using a combination of both in-person and video and audio tele-conferencing) with a quorum present in Silt, Colorado on October 4, 2024.

Chair

Secretary

EXHIBIT A

Borrower:	Town of Lake City
Project:	The project consists of expanding the existing wastewater treatment facility and includes various upgrades and treatment process improvements.
Pledge:	Water and Sewer System Revenue
Loan Term:	20 Years
Interest Rate:	2.00%
Amount not to exceed:	\$900,000

Subject to the following terms & conditions:

1. The Town increasing user rates, if necessary, sufficiently to meet the Authority's rate covenant prior to loan execution.

WPCRF SET ASIDE UPDATE
September 24, 2024

Program	Grant Year	Grant Amount	Funds Remaining	% Complete
Admin	2022 BIL Supplemental	\$ 569,440	\$ 27,036	95%
	2023 BIL Supplemental	\$ 666,960	\$ 666,960	0%
	Totals	\$ 1,236,400	\$ 693,996	44%

Program	Grant Year	Grant Amount	Funds Remaining	% Complete
Technical ("Technical") Assistance	2022 BIL Supplemental	\$ 284,720	\$ 284,720	0%
	2023 BIL Supplemental	\$ 333,480	\$ 333,480	0%
	Totals	\$ 618,200	\$ 618,200	0%

**COLORADO WATER RESOURCES
&
POWER DEVELOPMENT AUTHORITY**

**PROJECT FINANCE COMMITTEE
MEETING AGENDA**

**September 30, 2024
Committee meeting at 9:00 a.m.**

Via Zoom Conference Call

Project Finance Committee Members: Chris Treese (Chair), Steve Vandiver (ex-officio), Matt Shuler, Eric Wilkinson, and Bruce Whitehead

Authority Staff: Keith McLaughlin, Jim Griffiths, Wes Williams, Ian Loffert, Austin Reichel, Kevin Carpenter, and Giorgi Gazashvili

Others present: Mark Henderson, Alex Hawley, Margaret Talbott, Aly Ulibarri, Desi Santerre, Victor Chen, Peter Dieterich, and Monica Munoz-Revelo

AGENDA

1. DWRP Bipartisan Infrastructure Law (“BIL”) Loan Application:

- Highland Lakes Water District (BIL) – Supplemental Direct Loan Request – Gio (**Board Action – Staff Recommends Consent Agenda**)

2. WPCRF Base Loan Application:

- Town of Lake City (Base) – Supplemental Direct Loan Request – Austin (**Board Action**)

Note: A Zoom conference call has been scheduled for **Monday, 9:00 a.m. September 30, 2024**. The link to join via online is: <https://us06web.zoom.us/j/87019827204?pwd=0qtRkpk5GsRNFQGU3iRnbCCamTI2bG.1>. If you prefer to dial in, the call-in number is: **1-669-900-6833**, and the Meeting ID is **870 1982 7204**. The passcode is: **531650**.



COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp - Suite 820, 1580 N. Logan Street, Denver, Colorado 80203
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

PROJECT FINANCE COMMITTEE

MINUTES

September 30, 2024

9:00 a.m. Zoom Conference Call

PROJECT FINANCE COMMITTEE

MEMBERS PRESENT:

Chris Treese (Chair), Steve Vandiver (ex-officio), Matt Shuler, Eric Wilkinson, Bruce Whitehead

STAFF/COUNSEL:

Keith McLaughlin, Jim Griffiths, Wesley Williams, Ian Loffert, Austin Reichel, Kevin Carpenter, Giorgi Gazashvili, Sabrina Speed

DOLA:

Peter Dieterich, Victor Chen, Monica Munoz-Revelo

WQCD:

Alex Hawley, Aly Ulibarri, Jeff Zajdel

OTHER BOARD MEMBERS:

Karen Wogsland, Mike Fabbre, Patti Wells

GUESTS:

Joanne Fagan

The Project Finance Committee conference call was brought to order at 9:03 a.m. by Chair Treese.

DRINKING WATER REVOLVING FUND (“DWRF”) PROGRAM

- **Highland Lakes Water District**

Giorgi Gazashvili presented the Highland Lakes Water District’s (“District”) request for a DWRF Disadvantaged Communities (“DAC”) supplemental direct loan in the amount of \$464,145.00 (comprised of a *\$165,043 Bipartisan Infrastructure Law (“BIL”) DAC loan, and a *\$299,102 BIL Principal Forgiveness (“PF”) loan). The BIL DAC supplemental direct loan will be for a term of 20 years, at an interest rate of 1.00%. The project scope has not changed. This project serves to construct a new membrane surface water treatment plant.

Chair Treese questioned the location of the District’s service area and whether it is a wealthy and exclusive community. Mr. Chen outlined the District’s service area and its relative location to Divide. Mr. Chen and Ms. Hawley added that the community is a DAC and not a wealthy and exclusive community. Director Wells added that the Median Household Income (“MHI”) was approximately \$63,000 and was the main qualifying factor that classified the District as a DAC.

Director Wilkinson made a motion to forward the application to the full Board with a favorable recommendation and to place the application on the consent agenda.

Motion: Eric Wilkinson

2nd: Bruce Whitehead

Vote: Motion Carried

WATER POLLUTION CONTROL REVOLVING FUND (“WPCRF”) PROGRAM

- **Town of Lake City**

Austin Reichel presented the Town of Lake City’s (“Town”) request for a WPCRF DAC supplemental direct loan in the amount of \$900,000. The WPCRF DAC supplemental direct loan will be for a term of 20 years, at * - Estimated PF and direct loan amounts through the BIL and/or Base programs. The exact amount will be based on the BIL capitalization grant principal forgiveness to loan ratio while taking into account set asides. However, in the unlikely event the ratio increases the loan amount by more than a de-minimis amount, as determined by the Executive Director, the credit will be returned to the Board for further evaluation and consideration.

an interest rate of 2.00%, subject to increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution. The project scope has not changed. The project consists of expanding the existing wastewater treatment facility and includes various upgrades and treatment process improvements.

Joanne Fagan, Engineer with the Town, noted the Town's work with Rural Community Assistance Corporation ("RCAC") Colorado and information about the potentially high rate increases. Ms. Fagan expressed the Town's willingness to raise rates needed for the proposed loan, aiming to have the increase implemented by the end of the year.

Director Whitehead expressed some concerns about the Town's taps being higher than the population and about approving a DAC interest rate to second home owners. Director Whitehead then questioned the Town's usage of treated water for the in Town ice climbing wall.

Ms. Fagan responded that everything to the south of the Town bridge was not part of the Town, which reduces the Town population. Ms. Fagan emphasized that the Town's population can double in the summer months as compared to the winter population. Ms. Fagan added that much of the population leaves the Town for the winter. Ms. Fagan noted the Town will use pumps from the river to send water for the ice wall. One pump is already installed and there will be more progress on the pumps soon.

Director Wells asked for clarification on whether the Town has had population gain or loss due to the way the benchmarks are outlined on the DAC section of the credit report. Mr. Chen responded that it was a gain in population and we will look at options to clarify future credit reports.

Director Wilkinson questioned the current rate for DACs in category 1 and the rate difference on the credit report. Mr. Reichel responded that the supplemental loan policy is to use the interest rate that was on the initial loan approval for DACs, or, if applicable, a lower current DAC category 1 interest rate, subject to Board review and approval.

Director Wilkinson expressed concern about whether the 7% contingency was enough for the project considering the current market conditions. Ms. Fagan responded that a price is already in place with materials and the Town is ready to have a contract executed. Ms. Ulibarri added that the WQCD is comfortable with the contingency in the credit report because of the project's current status.

Director Vandiver made a motion to forward the application to the full Board with a favorable recommendation and to place the application on the consent agenda, subject to the Town increasing user rates sufficiently to meet the Authority's rate covenant prior to loan execution..

Motion: Steve Vandiver
2nd: Bruce Whitehead
Vote: Motion Carried

The meeting adjourned at 9:37 am.

* - Estimated PF and direct loan amounts through the BIL and/or Base programs. The exact amount will be based on the BIL capitalization grant principal forgiveness to loan ratio while taking into account set asides. However, in the unlikely event the ratio increases the loan amount by more than a de-minimis amount, as determined by the Executive Director, the credit will be returned to the Board for further evaluation and consideration.

**COLORADO WATER RESOURCES &
POWER DEVELOPMENT AUTHORITY**

BOARD PROGRAM WORK SESSION (BPWS) AGENDA

October 3, 2024

3:00 pm

Board Members: Eric Wilkinson (Chair), Steve Vandiver, Chris Treese, Mike Fabre, Lucas Hale, Matthew Shuler, Patti Wells, Bruce Whitehead, and Karen Wogsland.

Authority Staff: Keith McLaughlin, Jim Griffiths, Justin Noll, Sabrina Speed, Wesley Williams, Ian Loffert and Kevin Carpenter.

Others present: Mark Henderson (WQCD), Alex Hawley (WQCD), and Desi Santerre (DOLA)

AGENDA

1. Arkansas Valley Conduit Funding Concepts– discussion and possible action (Keith, Jim).
2. Arkansas Valley Conduit – Intergovernmental Agreement Framework – discussion only (Jim, Karl, Keith).
3. Authority Staff “Stay Survey” - discussion only (Keith).
4. Economic Update – Time Permitting – discussion only (Kevin, Wes).

**Colorado Water Resources
and
Power Development Authority**

Budget and Audit Committee Minutes

September 30, 2024

Call to Order

Chair Mike Fabbre called the meeting to order at 2:33 p.m.

Roll Call

Committee members attending via a video conference call: Mike Fabbre (Chair), Chris Treese, Lucas Hale, Karen Wogsland and Steve Vandiver (ex-officio). Other Board members included: Eric Wilkinson, Bruce Whitehead and Matt Shuler. Others present included: Justin Noll (Controller), Keith McLaughlin (Executive Director), Valerie Lovato (Assistant Controller), Jim Griffiths (Finance Director), Sabrina Speed (Office Manager), Mark Henderson (WQCD), Aimee Konowal (WQCD), Joy Moore (WQCD) and Cynthia Thayer (DOLA).

2024 Water Quality Control Division (WQCD) Budget Request

Mr. Henderson reviewed the WQCD's 2025 budget request. Mr. Henderson mentioned there was an across the board increase of 3% cost of living adjustment and increases to health, life and dental costs. The Water Pollution Control Revolving Fund (WPCRF) budget increased for some special projects and the Drinking Water Revolving Fund (DWRF) budget decreased overall for 2025. He reiterated that like last year, they moved full-time employees (FTE) and the set-asides from base funding to the Investment in Infrastructure and Jobs Act (IIJA) funding sources. The two additional projects WQCD is requesting to start replacing the CEOS online system and funding fire mitigation for areas impacted by the Cameron Peak wildfire. Mr. Henderson noted that the budget for set-asides is a slight decrease from 2024.

Mr. Treese requested additional information regarding the fire mitigation request. Mr. Henderson noted that it fits within the overall strategy of the Authority for providing clean water to Colorado and using admin fees is a good source of funding for this type of project. Mr. McLaughlin mentioned that these projects are a challenge to fund in both the DWRF program and from General Authority funds through the Watershed Protection and Forest Health program and would take away from other projects funded by the Authority and the DWRF.

Mr. Vandiver expressed his concerns with the number of FTE the Authority is funding under the IIJA considering it will go away in a couple of years. Mr. Henderson noted that they are planning for this and one of the ways they are addressing this is when they have a vacancy, they will not fill that position, so that the position is not carried forward. They are also working on a fee bill to bring in some more revenue to support their programs.

Ms. Wogsland questioned the CEOS project and the length of time it will take. Mr. Henderson noted that there is a time range they were given by the consultants, and they are applying lessons learned from the implementation of the original CEOS system to move things along faster.

2025 Department of Local Affairs (DOLA) Budget Request

Ms. Thayer reviewed DOLA's 2025 budget request. Ms. Thayer noted that this budget request reflects a reduction for the limited term FTE under the IIJA funding. It also reflects the same increase as WQCD for the increases in salaries, health, life and dental plus the State's step pay adjustments. Like WQCD, they also shifted full time employees (FTE) from the base funding to the IIJA funding. Their technical services request remains unchanged at \$75,000. In the past they have allocated the technical services at \$50,000 for WPCRF and \$25,000 for DWRF. For 2025, the allocation will be \$37,500 to WPCRF and \$37,500 to DWRF to better meet demand.

Ms. Wogsland asked if she could clarify the budget table they submit to the Authority. Ms. Thayer stated the actual column is the State's fiscal year where the budget is a calendar year for the Authority's purposes.

Ms Wogsland asked for an explanation on indirect costs as they are required to be included in WQCD and DOLA's budget. Mr. Henderson noted there is an on-site rate and flow-through rate for these administration costs. The on-site rate is charged on personal services for administration costs at the state. The flow-through rate is charged for

administration on contracts that are written for vendors. These rates fluctuate yearly and are required for all contract billings.

2025 Colorado Water Resources and Power Development Authority (Authority) Budget Request

Mr. Noll reviewed the Authority's 2025 budget request. Mr. Noll started with resources in the five-column budget schedule. He expects money market rates to decrease in 2025 and therefore there is a decrease in the investments budgeted for 2025. There is no change in the budget for Water Revenue Bonds Program (WRBP) bond proceeds. Mr. Noll noted that we don't currently expect a WRBP bond issue in 2025, but still needs to budget for one.

The staff salaries line item will increase in 2025. The number reflects a 4% increase in existing salaries. The 4% increase is for cost of living and merit adjustments. This increase is an average and may not be what any individual employee receives. An additional FTE was added to salaries. Mr. McLaughlin noted the additional FTE is to alleviate the increasing workflow the Authority is taking on. The FTE will likely not be used but wanted it in the budget to stay ahead of the need. The Authority must implement a new GASB rule in 2024 for compensated absences. This requires an additional estimate that will increase the Authority's liability. This will also likely cause a budget adjustment for 2024.

In the benefits section, the pension line item will increase in line with the salaries increase. The PERA employer rate the Authority pays will increase by .02% to 21.63%. There is a small increase in medical and dental insurance to \$284,500.

In the general office section Mr. Noll will be increasing the budget for office rent. The increase coincides with increases built into the 10-year lease agreement. The Authority will no longer receive a rent holiday in June beginning in 2025. It also includes a potential increase in common area maintenance. This number could change because the Authority has not received an expense projection from the building yet. Technical support activities will increase in 2025. The Authority has some IT projects slated for the upcoming year.

In the office assets section, there are increases for machines and computer software. The Authority's WIFI is at its end of life and needs to be replaced as does a switch on the server. The Authority is also looking at adding additional screens in the board room. The Authority is implementing a new ERP software and is budgeting for some additional software to improve efficiencies where it can.

Mr. Noll noted the Authority will not be budgeting any amounts for Long Hollow in 2025. The Authority has concluded its participation in this project.

Mr. Noll noted that he still needs to budget for the Watershed Protection & Healthy Forest Program even though the Authority has had only minimal interest in the program. Mr. Whitehead asked how this program ties into what WQCD was requesting in its budget. Mr. McLaughlin responded that their request could be funded here or through the SRF, but can be difficult to fund projects under those loan programs. Additionally, if the request was made under the Authority's Watershed program it would take away funding from other projects.

Mr. Noll next talked about the WPCRF budget amounts. In the resources he noted the investment income decreases were for the same reasons as discussed under the Water Operations program. With a decrease in interest rates there is an increase in potential refundings. Therefore, an increase in the refunding bonds line item was made. The administrative expense line item includes costs from the Authority, WQCD and DOLA. There is a more detailed breakout in the budget documentation Mr. Noll sent out. The increase is associated with the increases discussed in the WQCD budget. Mr. Noll noted the principal forgiveness line item is usually on the high side because it is based off estimated draws from the borrowers. This number is hard to estimate because of the variability of project draws. Mr. Noll noted that even though interest rates are estimated to decrease in the future rates have been higher over previous years. This is cause for an increase in the Arbitrage line item. Mr. Noll next explained arbitrage.

Mr. Treese left the meeting at 3:55pm.

Mr. Noll then discussed the DWRP budget amounts. In the resources he noted the investment income decreases were for the same reasons as the Water Operations and WPCRF programs. Mr. Noll noted the difference between the WPCRF and DWRP budgets are the set-asides. The set-aside budget is determined by WQCD and there is a resource and expense for the set-asides. These two set-aside numbers differ because of the administrative set aside grant. Increases in the budget for refunding bonds and arbitrage were done for the same interest rate reasons as in the WPCRF

program. Administrative expenses in the DWRF decreased because of decreases in WQCD's budget. The principal forgiveness line was adjusted for the same reasons as the WPCRF amount. Mr. Noll noted per the grant requirements, there is more principal forgiveness available in the DWRF than WPCRF.

Mr. Fabbre asked if the Authority was at full staff. Mr. Noll reported that the Authority was at full staff as of the end of August this year with the hiring of an Account Tech/Clerk.

Mr. Whitehead questioned whether the total planning grants budgeted in both programs was enough to meet the demand and if \$10,000 was enough for each borrower. Mr. McLaughlin agreed that it is probably low, but IUP changes would need to be made to make planning grant changes in the future and this could be a topic of discussion at a future meeting.

Motion: Lucas Hale

2nd: Karen Wogsland


Vote: Motion carried, Chris Treese absent

2024 Forvis Mazars Audit Engagement Letter

Mr. Noll reviewed the Forvis Mazars 2024 audit engagement letter. The letter is the same letter, as far as content, as the previous year's letter. The major change is in the audit fees they will be billing. The fees increased to \$115,000. This is a 7% increase from the previous year. This includes a single audit of one major program. Mr. Noll did not receive the letter until late, the budget & audit committee did not have much time to look it over and Mr. Noll still had some questions for the auditors on the fees. Because of this, no recommendation was made and the board will look at this letter in more detail at the board meeting on Friday.

The meeting was adjourned at 4:26 pm.

Respectfully submitted,



Justin Noll, Controller

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.

Forvis Mazars, LLP
1801 California Street, Suite 2900
Denver, CO 80202
P 303.861.4545 | F 303.832.5705
forvismazars.us



October 1, 2024

Budget and Audit Committee and Board of Directors
Mr. Keith McLaughlin, Executive Director
Colorado Water Resources and Power Development Authority
1580 Logan Street, Suite 820
Denver, Colorado 80203

We appreciate your selection of **Forvis Mazars, LLP** as your service provider and are pleased to confirm the arrangements of our engagement in this contract. Within the requirements of our professional standards and any duties owed to the public, regulatory, or other authorities, our goal is to provide you an **Unmatched Client Experience**.

In addition to the terms set forth in this contract, including the detailed **Scope of Services**, our engagement is governed by the following, incorporated fully by this reference:

- Terms and Conditions Addendum

Summary Scope of Services

As described in the attached Scope of Services, our services will include the following:

- Colorado Water Resources and Power Development Authority
- Audit Services for the year ended December 31, 2024

You agree to assume full responsibility for the substantive outcomes of the contracted services and for any other services we may provide, including any findings that may result.

You also acknowledge these services are adequate for your purposes, and you will establish and monitor the performance of these services to ensure they meet management's objectives. All decisions involving management responsibilities related to these services will be made by you, and you accept full responsibility for such decisions.

We understand you have designated a management-level individual(s) to be responsible and accountable for overseeing the performance of nonattest services, and you have determined this individual is qualified to conduct such oversight.

Engagement Fees

The fee for our services will be \$115,000. The fee for the financial statement and single audit includes the audit of one major program under Uniform Guidance. If a second major program is required to be audited under the Uniform Guidance, the fee for that program will be \$9,000. The fee for testing the ERP system is \$10,000.

In addition, you will be billed travel costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with our services.

Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. Payment of our invoices is due upon receipt. We will issue progress billings during the course of our engagement.

Assistance with New Standards

Assistance and additional time as a result of the adoption of the following new standards are not included within our standard engagement fees. These fees will be based on time expended and will vary based on the level of assistance and procedures required.

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, is effective for fiscal years beginning after December 15, 2023. Early application is encouraged.

Statement No. 101 unifies and updates recognition, measurement, and disclosure guidance for compensated absences. Under this Statement, a government is required to record a liability for leave if that leave has been earned, accumulates, and is more likely than not to be used, paid, or otherwise settled. We can assist you with the adoption of this standard by providing services which may include, but are not limited to:

- Assessing your readiness by assisting with the evaluation of your:
 - Current controls and policies
 - Current internal resources and system capabilities
- Assisting with changes required to adopt Statement No. 101, including:
 - Assisting with information gathering by reviewing current leave programs and policies
 - Discussing potential calculation methods
 - Recommending enhancements to existing controls and policies or suggesting new controls and policies to address Statement No. 101
 - Documenting any changes from previous compensated absence calculations methodologies
 - Drafting the required disclosures

The time it will take to perform the above assistance and our additional audit procedures relating to the adoption of the Statement, and any time to assist you with the adoption, may be minimized to the extent your personnel will be available to provide timely and accurate documentation and information as requested by us.

Contract Agreement

Please sign and return this contract to indicate your acknowledgment of, and agreement with, the arrangements for our services including our respective responsibilities.

Forvis Mazars, LLP

Acknowledged and agreed to as it relates to the entire contract, including the **Scope of Services** and **Terms and Conditions Addendum**, on behalf of Colorado Water Resources and Power Development Authority.

BY _____
Steven Eric Vandiver,
Chair of the Board of Directors

DATE _____

BY _____
Kevin McLaughlin,
Executive Director

DATE _____

Scope of Services – Audit Services

We will audit the business-type activities, and each major fund, and related disclosures, which collectively comprise the basic financial statements for the following entity:

Colorado Water Resources and Power Development Authority as of and for the year ended December 31, 2024

The audit has the following broad objectives:

- Obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- Expressing an opinion on the financial statements
- Issuing a report on your internal control over financial reporting and compliance and other matters based on the audit of your financial statements in accordance with *Government Auditing Standards*
- Expressing an opinion on your compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect to each of your major federal award programs in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
- Issuing a report on your internal control over compliance in accordance with the Uniform Guidance
- Issuing a report on your schedule of expenditures of federal awards

You have informed us that the audited financial statements are expected to be presented along with management's annual report. Management is responsible for the other information included in the annual report. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements will not cover the other information, and we will not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

We will also express an opinion on whether the Regulatory Basis Combining Schedules and Notes, Budgetary Schedules and all other schedules listed as supplementary information in the table of contents of the Authority's basic financial statements ("supplementary information") is fairly stated, in all material respects, in relation to the financial statements as a whole.

We will complete the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse. We will not make the submission on your behalf. You will review a draft(s) of the submission prior to transmission and agree that you are solely responsible for approving the final draft for transmission as well as for the auditee submission and certification.

We will also provide you with the following nonattest services:

- Assisting with the printing and formatting of the financial statements

You agree to assume all management responsibilities and to oversee the nonattest services we will provide by designating an individual possessing suitable skill, knowledge, and/or experience. You acknowledge that nonattest services are not covered under *Government Auditing Standards*. You are responsible for:

- Making all management decisions and performing all management functions
- Evaluating the adequacy and results of the services performed

- Accepting responsibility for the results of such services
- Designing, implementing, and maintaining internal controls, including monitoring ongoing activities

Karmyn Jeffries, Director, is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written reports upon completion of our audits, addressed to the following parties:

Entity Name	Party Name
Colorado Water Resources and Power Development Authority (the Authority)	Budget and Audit Committee and Board of Directors of the Authority

You are responsible to distribute our reports to other officials who have legal oversight authority or those responsible for acting on audit findings and recommendations, and to others authorized to receive such reports.

The following apply for the audit services described above:

Our Responsibilities

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error
- The audit of compliance to obtain reasonable rather than absolute assurance about whether the entity complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each major federal award program

We will exercise professional judgment and maintain professional skepticism throughout the audit.

We will identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We will obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We will also conclude, based on audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We will identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the entity's compliance with compliance requirements subject to audit and performing such other procedures as the auditor considers necessary in the circumstances.

We will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that the auditor identified during the audit.

Limitations & Fraud

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit that is planned and conducted in accordance with GAAS will always detect a material misstatement or material noncompliance with federal award programs when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

Our understanding of internal control is not for the purpose of expressing an opinion on the effectiveness of your internal control. However, we will communicate to you in writing any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during the audit.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate contract to be signed by you and Forvis Mazars.

Opinion

Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph(s) to our auditor's report, or if necessary, decline to express an opinion or withdraw from the engagement.

If we discover conditions that may prohibit us from issuing a standard report, we will notify you. In such circumstances, further arrangements may be necessary to continue our engagement.

Your Responsibilities

Management and, if applicable, those charged with governance acknowledge and understand their responsibility for the accuracy and completeness of all information provided and for the following:

- **Audit Support** – to provide us with:
 - Unrestricted access to persons within the entity or within components of the entity (including management, those charged with governance, and component auditors) from whom we determine it necessary to obtain audit evidence
 - Information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, including access to information relevant to disclosures
 - Information about events occurring or facts discovered subsequent to the date of the financial statements, of which management may become aware, that may affect the financial statements
 - Information about any known or suspected fraud affecting the entity involving management, employees with significant role in internal control, and others where fraud could have a material effect on the financials
 - Identification and provision of report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented
 - Additional information that we may request for the purpose of the audit
- **Internal Control and Compliance** – for the:
 - Design, implementation, and maintenance of internal control relevant to compliance with laws and regulations and the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - Alignment of internal control to ensure that appropriate goals and objectives are met; that management and financial information is reliable and properly reported; and that compliance with and identification of the laws, regulations, contracts, grants, or agreements (including any federal award programs) applicable to the entity's activities is achieved
 - Remedy, through timely and appropriate steps, of fraud and noncompliance with provisions of laws, regulations, contracts, or other agreements reported by the auditor
 - Establishment and maintenance of processes to track the status and address findings and recommendations of auditors
- **Accounting and Reporting** – for the:
 - Maintenance of adequate records, selection and application of accounting principles, and the safeguard of assets
 - Adjustment of the financial statements to correct material misstatements and confirmation to us in the representation letter that the effects of any uncorrected misstatements aggregated by us are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
 - Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (or other basis if indicated in the contract)

- Inclusion of the auditors' report in any document containing financial statements that indicates that such financial statements have been audited by us
- Distribution of audit reports to any necessary parties

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures, or other engagements that satisfy relevant legal, regulatory, or contractual requirements or fully meet other reasonable user needs.

**Required
Supplementary
Information**

Accounting principles generally accepted in the United States of America provide for certain required supplementary information ("RSI") to accompany the basic financial statements. We understand the following RSI will accompany the basic financial statements:

1. Management's Discussion and Analysis ("MD&A")
2. Pension and Other Postemployment Benefit information

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management is responsible for the fair presentation of the RSI. As part of our engagement, we will apply certain limited procedures to the RSI in GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary
Information**

With regard to any supplementary information that we are engaged to report on:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

Such information is:

- Presented for the purpose of additional analysis of the financial statements
- Not a required part of the financial statements
- The responsibility of management
- Subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS

**Written
Confirmations
Required**

As part of our audit process, we will request from management and, if applicable, those charged with governance written confirmation acknowledging certain responsibilities outlined in this contract and confirming:

- The availability of this information
- Certain representations made during the audit for all periods presented
- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

**Peer Review
Report**

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract, upon request. If you would like a copy, please request from your engagement executive.

Forvis Mazars, LLP Terms and Conditions Addendum

GENERAL

1. **Overview.** This addendum describes **Forvis Mazars, LLP's** standard terms and conditions ("Terms and Conditions") applicable to Our provision of services to the Client ("You"). The Terms and Conditions are a part of the contract between You and Forvis Mazars, LLP. For the purposes of the Terms and Conditions, any reference to "Firm," "We," "Us," or "Our" is a reference to Forvis Mazars, LLP ("Forvis Mazars"), and any reference to "You" or "Your" is a reference to the party or parties that have engaged Us to provide services and the party or parties ultimately responsible for payment of Our fees and costs.

BILLING, PAYMENT, & TERMINATION

2. **Billing and Payment Terms.** We will bill You for Our professional fees and costs as outlined in Our contract. Unless otherwise provided in Our contract, payment is due upon receipt of Our billing statement. Interest will be charged on any unpaid balance after 30 days at the rate of 10 percent per annum, or as allowed by law at the earliest date thereafter, and highest applicable rate if less than 10 percent. All fees, charges, and other amounts payable to Forvis Mazars hereunder do not include any sales, use, excise, value-added, or other applicable taxes, tariffs, or duties, payment of which shall be Your sole responsibility, and do not include any applicable taxes based on Forvis Mazars' net income or taxes arising from the employment or independent contractor relationship between Forvis Mazars and Forvis Mazars' personnel.

We reserve the right to suspend or terminate Our work for this engagement or any other engagement for nonpayment of fees. If Our work is suspended or terminated, You agree that We will not be responsible for Your failure to meet governmental and other deadlines, for any penalties or interest that may be assessed against You resulting from Your failure to meet such deadlines, and for any other damages (including but not limited to consequential, indirect, lost profits, or punitive damages) incurred as a result of the suspension or termination of Our services.

Our fees may increase if Our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. Our engagement fees do not include any time for post-engagement consultation with Your personnel or third parties, consent letters and related procedures for the use of Our reports in offering documents, inquiries from regulators, or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

3. **Billing Records.** If these services are determined to be within the scope and authority of Section 1861(v)(1)(I) of the Social Security Act, We agree to make available to the Secretary of Health and Human Services, or to the U.S. Comptroller General, or any of their duly authorized representatives, such of Our books, documents, and records that are necessary to certify the nature and extent of Our services, until the expiration of four (4) years after the furnishing of these services. This contract allows access to contracts of a similar nature between subcontractors and related organizations of the subcontractor, and to their books, documents, and records.

4. **Termination.** Either party may terminate these services in good faith at any time for any reason, including Your failure to comply with the terms of Our contract or as We determine professional standards require. Both parties must agree, in writing, to any future modifications or extensions. If services are terminated, You agree to pay Forvis Mazars for time expended to date. In addition, You will be billed costs and fees for services from other professionals, if any, as well as an administrative fee of five (5) percent to cover certain technology and administrative costs associated with Our services. Unless terminated sooner in accordance with its terms, this engagement shall terminate upon the completion of Forvis Mazars' services hereunder.

DISPUTES & DISCLAIMERS

5. **Mediation.** Any dispute arising out of or related to this engagement will, prior to resorting to litigation, be submitted for nonbinding mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The mediator will be selected by agreement of the parties. The mediation proceeding shall be confidential. Each party will bear its own costs in the mediation, but the fees and expenses of the mediator will be shared equally.
6. **Indemnification.** Unless disallowed by law or applicable professional standards, You agree to hold Forvis Mazars harmless from any and all claims which arise from knowing misrepresentations to Forvis Mazars, or the intentional withholding or concealment of information from Forvis Mazars by Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. You also agree to indemnify Forvis Mazars for any claims made against Forvis Mazars by third parties, which arise from any wrongful actions of Your management or any partner, principal, shareholder, officer, director, member, employee, agent, or assign of Yours. The provisions of this paragraph shall apply regardless of the nature of the claim.
7. **Statute of Limitations.** You agree that any claim or legal action arising out of or related to this contract and the services provided hereunder shall be commenced no more than one (1) year from the date of delivery of the work product to You or the termination of the services described herein (whichever is earlier), regardless of any statute of limitations prescribing a longer period of time for commencing such a claim under law. This time limitation shall apply regardless of whether Forvis Mazars performs other or subsequent services for You. A claim is understood to be a demand for money or services, demand for mediation, or the service of suit based on a breach of this contract or the acts or omissions of Forvis Mazars in performing the services provided herein. This provision shall not apply if enforcement is disallowed by applicable law or professional standards.
8. **Limitation of Liability.** You agree that Forvis Mazars' liability, if any, arising out of or related to this contract and the services provided hereunder, shall be limited to the amount of the fees paid by You for services rendered under this contract. This limitation shall not apply to the extent it is finally, judicially determined that the liability resulted from the intentional or willful misconduct of Forvis Mazars or if enforcement of this

provision is disallowed by applicable law or professional standards.

9. **Waiver of Certain Damages.** In no event shall Forvis Mazars be liable to You or a third party for any indirect, special, consequential, punitive, or exemplary damages, including but not limited to lost profits, loss of revenue, interruption, loss of use, damage to goodwill or reputation, regardless of whether You were advised of the possibility of such damages, regardless of whether such damages were reasonably foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise.
10. **Choice of Law.** You acknowledge and agree that any dispute arising out of or related to this contract shall be governed by the laws of the State of Texas, without regard to its conflict of laws principles.
11. **WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE.**
12. **Severability.** In the event that any term or provision of this agreement shall be held to be invalid, void, or unenforceable, then the remainder of this agreement shall not be affected, and each such term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.
13. **Assignment.** You acknowledge and agree that the terms and conditions of this contract shall be binding upon and inure to the parties' successors and assigns, subject to applicable laws and regulations.
14. **Disclaimer of Legal or Investment Advice.** Our services do not constitute legal or investment advice. You should seek the advice of legal counsel in such matters. Regulatory authorities may interpret circumstances differently than We do. In addition, the applicable laws, regulations, and regulators' enforcement activities may change over time.

RECORDS, WORKPAPERS, DELIVERABLES, & PROPRIETARY INFORMATION

15. **Maintenance of Records.** You agree to assume full responsibility for maintaining Your original data and records and that Forvis Mazars has no responsibility to maintain this information. You agree You will not rely on Forvis Mazars to provide hosting, electronic security, or backup services, e.g., business continuity or disaster recovery services, to You unless separately engaged to do so. You understand that Your access to data, records, and information from Forvis Mazars' servers, i.e., Forvis Mazars portals used to exchange information, can be terminated at any time and You will not rely on using this to host Your data and records.

16. **Forvis Mazars Workpapers.** Our workpapers and documentation retained in any form of media for this engagement are the property of Forvis Mazars. We can be compelled to provide information under legal process. In addition, We may be requested by regulatory or enforcement bodies (including any State Board) to make certain workpapers available to them pursuant to authority granted by law or regulation. Unless We are prohibited from doing so by law or regulation, Forvis Mazars will inform You of any such legal process or request. You agree We have no legal responsibility to You in the event We determine We are obligated to provide such documents or information.
17. **Subpoenas or Other Legal Process.** In the event Forvis Mazars is required to respond to any such subpoena, court order, or any government regulatory inquiry or other legal process relating to You or Your management for the production of documents and/or testimony relative to information We obtained or prepared incident to this or any other engagement in a matter in which Forvis Mazars is not a party, You shall compensate Forvis Mazars for all time We expend in connection with such response at normal and customary hourly rates and to reimburse Us for all out-of-pocket expenses incurred in regard to such response.
18. **Use of Deliverables and Drafts.** You agree You will not modify any deliverables or drafts prepared by Us for internal use or for distribution to third parties. You also understand that We may on occasion send You documents marked as draft and understand that those are for Your review purpose only, should not be distributed in any way, and should be destroyed as soon as possible.

Our report on any financial statements must be associated only with the financial statements that were the subject of Our engagement. You may make copies of Our report, but only if the entire financial statements (exactly as attached to Our report, including related footnotes) and any supplementary information, as appropriate, are reproduced and distributed with Our report. You agree not to reproduce or associate Our report with any other financial statements, or portions thereof, that are not the subject of Our engagement.

19. **Proprietary Information.** You acknowledge that proprietary information, documents, materials, management techniques, and other intellectual property are a material source of the services We perform and were developed prior to Our association with You. Any new forms, software, documents, or intellectual property We develop during this engagement for Your use shall belong to Us, and You shall have the limited right to use them solely within Your business. All reports, templates, manuals, forms, checklists, questionnaires, letters, agreements, and other documents which We make available to You are confidential and proprietary to Us. Neither You, nor any of Your agents, will copy, electronically store, reproduce, or make any such documents available to anyone other than Your personnel. This provision will apply to all materials whether in digital, "hard copy" format, or other medium.

REGULATORY

20. **U.S. Securities and Exchange Commission ("SEC") and other Regulatory Bodies.** Where We are providing services either for (a) an entity that is registered with the SEC, (b) an affiliate of such registrant, or (c) an entity or affiliate that is

subject to rules, regulations, or standards beyond those of the American Institute of Certified Public Accountants (“AICPA”), any term of this contract that would be prohibited by or impair Our independence under applicable law or regulation shall not apply to the extent necessary only to avoid such prohibition or impairment.

21. **Offering Document.** You may wish to include Our report(s) on financial statements in an exempt offering document. You agree that any report, including any auditor’s report, or reference to Our firm, will not be included in any such offering document without notifying Us. Any agreement to perform work in connection with an exempt offering document, including providing agreement for the use of the auditor’s report in the exempt offering document, will be a separate engagement.

Any exempt offering document issued by You with which We are not involved will clearly indicate that We are not involved by including a disclosure such as, “Forvis Mazars, LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Forvis Mazars, LLP also has not performed any procedures relating to this offering document.”

22. **Forvis Mazars Not a Municipal Advisor.** Forvis Mazars is not acting as Your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, Forvis Mazars is not recommending any action to You and does not owe You a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such matters with internal or external advisors and experts You deem appropriate before acting on any such information or material provided by Forvis Mazars.
23. **Forvis Mazars Not a Fiduciary.** In providing Our attest services, We are required by law and our professional standards to maintain our independence from You. We take this mandate very seriously and thus guard against impermissible relationships which may impair the very independence which You and the users of Our report require. As such, You should not place upon Us special confidence that in the performance of Our attest services We will act solely in Your interest. Therefore, You acknowledge and agree We are not in a fiduciary relationship with You and We have no fiduciary responsibilities to You in the performance of Our services described herein.

TECHNOLOGY

24. **Electronic Sites.** You agree to notify Us if You desire to place Our report(s), including any reports on Your financial statements, along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that We have no responsibility to review information contained in electronic sites.
25. **Electronic Signatures and Counterparts.** This contract and other documents to be delivered pursuant to this contract may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same

agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this contract are intended to authenticate this writing and to have the same force and effect as manual signatures. Delivery of a copy of this contract or any other document contemplated hereby, bearing an original manual or electronic signature by facsimile transmission (including a facsimile delivered via the internet), by electronic mail in “portable document format” (“.pdf”) or similar format intended to preserve the original graphic and pictorial appearance of a document, or through the use of electronic signature software, will have the same effect as physical delivery of the paper document bearing an original signature.

26. **Electronic Data Communication and Storage.** In the interest of facilitating Our services to You, We may send data over the internet, temporarily store electronic data via computer software applications hosted remotely on the internet, or utilize cloud-based storage. Your confidential electronic data may be transmitted or stored using these methods. In using these data communication and storage methods, We employ measures designed to maintain data security. We use reasonable efforts to keep such communications and electronic data secure in accordance with Our obligations under applicable laws, regulations, and professional standards.

You recognize and accept that We have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of these electronic devices and applications during this engagement.

OTHER MATTERS

27. **Cooperation.** You agree to cooperate with Forvis Mazars in the performance of Forvis Mazars’ services to You, including the provision to Forvis Mazars of reasonable facilities and timely access to Your data, information, and personnel. You shall be responsible for the performance of Your employees and agents.
28. **Third-Party Service Providers.** Forvis Mazars may from time to time utilize third-party service providers, including but not limited to domestic software processors or legal counsel, or disclose confidential information about You to third-party service providers in serving Your account. Forvis Mazars maintains, however, internal policies, procedures, and safeguards to protect the confidentiality and security of Your information. In addition, Forvis Mazars will secure confidentiality agreements with all service providers to maintain the confidentiality of Your information. If We are unable to secure an appropriate confidentiality agreement, You will be asked to consent prior to Forvis Mazars sharing Your confidential information with the third-party service provider.
29. **Independent Contractor.** When providing services to You, We will be functioning as an independent contractor; and in no event will We or any of Our employees be an officer of You, nor will Our relationship be that of joint venturers, partners, employer and employee, principal and agent, or any similar

relationship giving rise to a fiduciary duty to You. Decisions regarding management of Your business remain the responsibility of Your personnel at all times. Neither You nor Forvis Mazars shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

30. **Hiring of Forvis Mazars Personnel.** We ask that You respect the employment relationship that Our personnel have with Our firm and to refrain from any employment offers to Forvis Mazars personnel. However, if You find it necessary to make an offer of employment and if it is accepted, during the term of this engagement and for a period of 18 months after Forvis Mazars stops providing services, You agree that We will be paid a one-time employment fee equal to 100 percent of the employee's highest annual salary. This fee will be payable prior to Our personnel commencing employment with You. Provided, however, You shall not be in violation of the nonsolicitation covenant set forth herein with respect to any position You advertise in the form of a general solicitation not delivered to or focused upon any single individual.
31. **Use of Forvis Mazars Name.** Any time You intend to reference Forvis Mazars' firm name in any manner in any published materials, including on an electronic site, You agree to provide Us with draft materials for review and approval before publishing or posting such information.
32. **Network.** Forvis Mazars, LLP is a Delaware limited liability partnership and an independent member of Forvis Mazars Global Ltd., a leading global professional services network. Forvis Mazars Global Ltd. is a United Kingdom company limited by guarantee and does not provide any services to clients.
33. **Entire Agreement.** The contract, including this Terms and Conditions Addendum and any other attachments or addenda, encompasses the entire agreement between You and Forvis Mazars and supersedes all previous understandings and agreements between the parties, whether oral or written. Any modification to the terms of this contract must be made in writing and signed by both You and Forvis Mazars.
34. **Force Majeure.** We shall not be held responsible for any failure to fulfill Our obligations if such failure was caused by circumstances beyond Our control, including, without limitation, fire or other casualty, act of God, act of terrorism, strike or labor dispute, war or other violence, explosion, flood or other natural catastrophe, epidemic or pandemic, or any law, order, or requirement of any governmental agency or authority affecting either party, including without limitation orders incident to any such epidemic or pandemic, lockdown orders, stay-at-home orders, and curfews.

Report on the Firm's System of Quality Control

November 30, 2023

To the Partners of FORVIS, LLP
 and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of FORVIS, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of FORVIS, LLP applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. FORVIS, LLP has received a peer review rating of *pass*.



EISNERAMPER LLP
Baton Rouge, Louisiana

EISNERAMPER
LLP





COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY

The Amp, 1580 NLogan Street suite 820, Denver, Colorado 80203-1942
303/830-1550 · Fax 303/832-8205 · info@cwrpda.com

MEMORANDUM

September 27, 2024

TO: Mike Fabbre (Chair), Chris Treese, Lucas Hale, Karen Wogslund and
Steve Vandiver (ex-officio)

FROM: Justin Noll, Controller

RE: Transmittal of the Draft 2025 Budget and Budget Documentation

2025 Draft Budget

Attached are copies of the Draft 2025 Budget, Budget Documentation, and other supporting documents. The Committee will meet via zoom on **September 30, 2024, at 2:30 p.m.** Certain WQCD and DOLA staff plan to attend the meeting and will be available for questions from the Committee.

Zoom meeting link:

<https://us02web.zoom.us/j/87107902750?pwd=r8ABozg1hmbSxxbjW0abgiQnYlmFHT.1>

Alternatively, you can use the following call in number to join the meeting: 1-719-359-4580 and use the meeting ID: 871 0790 2750 Passcode: 711756

The Board will consider this Draft 2025 Budget at its meeting on October 4th. During the October meeting, the Board will review the draft budget, including any additional changes, and authorize staff to publish a notice that the draft budget will be available for public inspection. During October and November, the Authority staff will continue to review the budgeted amounts and may propose adjustments to the Board at the December 6, 2024, meeting.

Summarized below are some of the more significant items for your consideration:

1. The budget consists of three sections.
 - Water Operations Fund – Includes the Authority operating revenues and expenses, and the financial activity for the Water Revenue Bonds Program (WRBP), the two newer programs – the Small Hydropower Loan Program and the Watershed Protection and Healthy Forests Program
 - Water Pollution Control Revolving Fund (WPCRF)
 - Drinking Water Revolving Fund (DWRF)
2. The 2025 Draft Budget has been prepared under existing Colorado law.

3. Note that for certain line items the 2024 Estimated Actual Expenditures exceed the approved budget amounts and may require amendments to those budgeted amounts. During the coming months, and prior to presenting the 2025 budget for final approval at the December Board meeting, I will update the projected 2024 actual amounts with the most current information. Amendments to the budget will be made in accordance with the Authority's existing policy. Based upon financial information available at this time, the possibility exists that the total budgeted expenditures for certain funds may exceed the total 2024 approved spending group amounts and, therefore, the Authority may be required to republish the 2024 budget for the public inspection process.
4. The "temporary" last column on the right computes the changes between the 2025 and 2024 budget line items. This column is provided for your analysis of the draft budget.
5. In the Water Operations Fund budget, the WRBP bonds/loans budget totals \$100 million. Also, the WRBP program budget includes refunding bonds that may be issued if favorable market conditions develop during 2025. Borrowers continue to prepay their loans. To account for this, an additional amount is added to the loans and bonds budget line items.
6. Interim loans have been a valuable tool allowing borrowers to obtain short-term project funding until the long-term loans can be included in the next bond issue. The expenditure for interim loans made is estimated to be \$7 million. Loans are made from Authority cash resources. Any interim loans funded in 2025 are budgeted for repayment the same year, although such loans may carry over into subsequent years (interim loans may be made for up to 18 months).
7. During the 2008 Colorado legislative session, SB 08-221 was passed authorizing the Authority to issue up to \$50 million in "moral obligation" bonds and make loans to communities to mitigate the pine bark beetle infestation in Colorado. To date no applications for funding have been received. This program was scheduled to sunset on July 1, 2013, but the legislature chose to extend this program another 10 years and change the definition of forest health projects to include biomass projects. They also changed the eligibility for forest health project borrowers to include private entities. The program was extended another 10 years by the legislature in 2021. The authorization is now set to repeal on July 1, 2033.
8. During 2008, the Authority Board approved the implementation of the Small Hydropower Loan Program (SHLP) and the associated matching feasibility grant program. In 2017, the Board chose to make the SHLP a revolving fund. This means loan repayments received will go back into the SHLP program to be loaned out again. Included in the 2025 budget is \$10.0 million for loans and \$100,000 for grants, which includes a possible carryover of prior years' grants. These loans and grants will be funded from the Authority's cash reserves.
9. The 2025 Draft Salary Expense budget increased by \$120,000 from the 2024 budget. The line item includes an average 4% salary adjustment for existing staff. It also includes an additional FTE.
10. In 2015, the Authority added the ALP water rights loan to the City of Durango. The budget includes \$210,000 for principal loan repayments and \$37,000 for interest payments on the water rights loan to the City of Durango.
11. Both the WPCRF and the DWRF budgets contain resources and expenditures that are based upon estimates supplied by the Authority's staff, WQCD's staff and DLG's staff, in addition to known amounts from existing loans and bonds.

12. The 2025 budgets for the WPCRF & DWRF programs include \$25 & \$60 million in each respective program for potential bond issues. Amounts have also been included in resources and expenditures for refunding certain series of bonds in both the WPCRF and DWRF programs. Also, included in the Loan Principal Forgiveness line item for both programs are Design & Engineering principal forgiveness loans.

I don't have the Forvis Mazars 2024 audit engagement letter currently. I will include it in a separate email when I receive it.

If you have any questions about these draft budgets, please feel free to contact me at 303-830-1550, extension 1019.

Attachments

2025 Draft Budget

2025 Draft Budget Documentation

WQCD Budget Request Letter dated August 21, 2024, and Attachments

DLG Budget Request Letter dated August 20, 2024

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 1 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
ESTIMATED RESOURCES:					
Authority Investment Interest Income	1,728,034.00	1,510,000.00	1,500,000.00	1,085,000.00	(415,000.00)
WPCRF State Match Loan Repayment	-	1,200,000.00	3,000,000.00	3,000,000.00	-
DWRF State Match Loan Repayment	-	3,000,000.00	6,000,000.00	6,000,000.00	-
WRBP Loan Interest Income	1,411,849.00	2,406,686.00	6,100,000.00	9,100,000.00	3,000,000.00
WRBP Loan Principal Repayments	1,605,000.00	1,810,000.00	23,500,000.00	25,300,000.00	1,800,000.00
WRBP Bond Proceeds	26,000,000.00	-	100,000,000.00	100,000,000.00	-
WRBP Refunding Bond Proceeds	-	-	30,000,000.00	40,000,000.00	10,000,000.00
Interim Loan Principal Repayments	-	-	7,000,000.00	7,000,000.00	-
Interim Loan Interest Income	48,195.00	50,000.00	200,000.00	200,000.00	-
Water Rights Purchase Principal Repayments (Durango)	201,848.00	205,803.00	206,000.00	210,000.00	4,000.00
Water Rights Purchase Interest Income (Durango)	44,089.00	40,128.00	42,000.00	37,000.00	(5,000.00)
Authority Loan Principal Repayments (Cokedale, Genoa)	8,522.00	8,588.00	9,000.00	8,600.00	(400.00)
Authority Loan Interest Income (Genoa)	1,644.00	1,577.00	1,700.00	1,500.00	(200.00)
Small Hydro Loan Principal Payments	922,546.00	473,358.00	425,000.00	425,000.00	-
Small Hydro Loan Interest Income	145,016.00	154,724.00	140,000.00	136,000.00	(4,000.00)
Watershed Protection & Forest Health Prgm Loan Principal	-	-	1,700,000.00	1,700,000.00	-
Watershed Protection & Forest Health Prgm Loan Interest	-	-	2,000,000.00	2,000,000.00	-
Watershed Protection & Forest Health Prgm Bond Proceeds	-	-	30,000,000.00	30,000,000.00	-
Interest Income-La Plata Escrow Fund	5,000.00	4,300.00	3,500.00	-	(3,500.00)
Income from Sub-Lease (Colorado Water Congress)	46,609.00	56,000.00	57,500.00	64,000.00	6,500.00
Miscellaneous Revenue	4,860.00	-	-	-	-
TOTAL AVAILABLE RESOURCES	32,173,212.00	10,921,164.00	211,884,700.00	226,267,100.00	14,382,400.00
OPERATING EXPENSES:					
<u>BOARD EXPENSES</u>					
Per Diems	15,500.00	16,600.00	18,000.00	18,000.00	-
Travel, Lodging, Meals, etc.	39,974.00	36,900.00	50,000.00	50,000.00	-
Meeting Expenses	5,326.00	15,000.00	20,000.00	20,000.00	-
Memberships	11,679.00	12,400.00	13,000.00	15,000.00	2,000.00
Board Insurance	-	-	30,000.00	30,000.00	-
Sub-total	72,479.00	80,900.00	131,000.00	133,000.00	2,000.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 2 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
SALARIES EXPENSE					
Staff Salaries	1,360,772.00	1,406,205.00	1,560,000.00	1,680,000.00	120,000.00
Temporary Services	-	28,500.00	60,000.00	60,000.00	-
Third Party Payroll & HR Services	-	4,000.00	8,000.00	8,000.00	-
Annual Employment Vacation and Sick Leave Accrual	55,065.00	149,000.00	100,000.00	100,000.00	-
Less: Salaries Allocated to Project Expenses	(26,702.00)	(30,000.00)	(30,000.00)	(39,000.00)	(9,000.00)
Sub-total	1,389,135.00	1,557,705.00	1,698,000.00	1,809,000.00	111,000.00
EMPLOYEE BENEFITS					
Pension Expense	283,775.00	294,700.00	325,800.00	350,000.00	24,200.00
Healthcare Trust Expense	14,085.00	14,400.00	16,200.00	18,000.00	1,800.00
Medical and Dental Insurance & HRA	176,995.00	237,400.00	283,500.00	284,500.00	1,000.00
Life and LT Disability Insurance and Unemployment Cost	11,902.00	12,000.00	14,000.00	14,000.00	-
Medicare - Employer's Match	19,970.00	20,200.00	23,000.00	25,000.00	2,000.00
Denver City Tax - Employer's Match	656.00	660.00	800.00	800.00	-
State Workman's Compensation Insurance	2,013.00	2,504.00	2,700.00	3,000.00	300.00
Tuition Reimbursement	14,473.00	15,000.00	20,000.00	20,000.00	-
Public Transportation Incentive	157.00	78.00	1,400.00	1,400.00	-
Sub-total	524,026.00	596,942.00	687,400.00	716,700.00	29,300.00
OUTSIDE SERVICES EMPLOYED					
General Legal Fees	27,632.00	19,600.00	100,000.00	100,000.00	-
General Consulting Services	17,280.00	27,000.00	50,000.00	50,000.00	-
Audit and Budgetary Fees	18,655.00	19,780.00	22,000.00	24,200.00	2,200.00
Sub-total	63,567.00	66,380.00	172,000.00	174,200.00	2,200.00
EMPLOYEE / ADMINISTRATIVE EXPENSES					
Travel, Lodging, Meals, etc.	14,115.00	11,300.00	18,000.00	18,000.00	-
Registration and Training Fees	4,752.00	10,400.00	13,000.00	15,000.00	2,000.00
Contributions & Sponsorships	21,000.00	28,300.00	40,000.00	40,000.00	-
Dues, Subscriptions, and Publications	10,042.00	11,100.00	12,000.00	14,000.00	2,000.00
Sub-total	49,909.00	61,100.00	83,000.00	87,000.00	4,000.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 3 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
GENERAL OFFICE EXPENSES					
Office Rent Expense	216,938.00	295,000.00	281,000.00	335,000.00	54,000.00
Telephone, Internet Charges and Web Site Fees	10,683.00	9,400.00	20,000.00	22,000.00	2,000.00
Postage and Delivery Fees	1,630.00	2,600.00	3,500.00	3,500.00	-
Copying, Printing and Advertising Costs	4,057.00	4,700.00	8,000.00	9,000.00	1,000.00
Office Supplies	11,374.00	11,500.00	19,000.00	19,000.00	-
Technical Support Activities	67,719.00	83,200.00	85,000.00	100,000.00	15,000.00
Office Insurance	5,240.00	6,300.00	6,500.00	7,500.00	1,000.00
Records Retention	5,568.00	2,500.00	32,000.00	32,000.00	-
Sub-total	323,209.00	415,200.00	455,000.00	528,000.00	73,000.00
OFFICE ASSETS EXPENSES					
Furniture and Fixtures	2,160.00	2,000.00	11,000.00	11,000.00	-
Machines	9,625.00	23,500.00	31,500.00	58,000.00	26,500.00
Computer Software	26,111.00	42,000.00	43,000.00	80,000.00	37,000.00
Machine Maintenance and Maintenance Contracts	8,069.00	8,500.00	15,000.00	15,000.00	-
Office Improvements	-	-	12,000.00	12,000.00	-
Sub-total	45,965.00	76,000.00	112,500.00	176,000.00	63,500.00
OPERATING EXPENSES ALLOCATED TO OTHER FUNDS: WPCRF and DWRF					
Allocated Salaries Expense - WPCRF	(364,385.00)	(399,000.00)	(452,000.00)	(446,000.00)	6,000.00
Allocated Employee Benefits - WPCRF	(190,203.00)	(220,000.00)	(276,000.00)	(269,000.00)	7,000.00
Allocated General Overhead Expenses - WPCRF	(189,725.00)	(239,500.00)	(228,600.00)	(266,300.00)	(37,700.00)
Allocated Salaries Expense - DWRF	(333,463.00)	(279,000.00)	(369,000.00)	(382,000.00)	(13,000.00)
Allocated Employee Benefits - DWRF	(176,482.00)	(154,000.00)	(226,000.00)	(230,000.00)	(4,000.00)
Allocated General Overhead Expenses - DWRF	(149,499.00)	(138,000.00)	(187,500.00)	(207,200.00)	(19,700.00)
Sub-total	(1,403,757.00)	(1,429,500.00)	(1,739,100.00)	(1,800,500.00)	(61,400.00)
SUB-TOTAL: OPERATING EXPENSES					
	1,064,533.00	1,424,727.00	1,599,800.00	1,823,400.00	223,600.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER OPERATIONS FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 4 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
CAPITAL EXPENSES:					
<u>APPROVED PROJECTS</u>					
Water Revenue Bonds Program Expenses	66,696.00	75,000.00	105,500.00	120,000.00	14,500.00
Small Hydroelectric Power Program Expenses	7,592.00	16,500.00	25,000.00	25,000.00	-
Watershed Protection & Forest Health Program Expenses	-	-	65,000.00	65,000.00	-
Small Hydroelectric Power Program Planning & Design Grants	-	-	100,000.00	100,000.00	-
WPCRF State Match Loan	1,200,000.00	1,200,000.00	3,000,000.00	3,000,000.00	-
DWRF State Match Loan	1,770,200.00	3,200,000.00	6,000,000.00	6,000,000.00	-
La Plata River Projects Expenses	23,247.00	6,760.00	60,000.00	-	(60,000.00)
Small Hydroelectric Power Loan Draws	-	-	10,000,000.00	10,000,000.00	-
Interim Loans	1,725,007.00	2,333,609.00	7,000,000.00	7,000,000.00	-
Sub-total	4,792,742.00	6,831,869.00	26,355,500.00	26,310,000.00	(45,500.00)
<u>POTENTIAL PROJECTS</u>					
Other Potential Projects	-	-	1,000,000.00	1,000,000.00	-
Sub-total	-	-	1,000,000.00	1,000,000.00	-
<u>WATER REVENUE BONDS PROGRAM</u>					
WRBP Bond Interest Expense	1,363,367.00	2,371,743.00	6,200,000.00	6,200,000.00	-
WRBP Bond Principal Payments	1,605,000.00	1,810,000.00	23,500,000.00	23,500,000.00	-
WRBP Bond Issuance Expense	289,244.00	7,600.00	3,000,000.00	3,000,000.00	-
WRBP Loans Made	-	-	100,000,000.00	100,000,000.00	-
WRBP Refunding Escrow Payments	-	-	30,000,000.00	30,000,000.00	-
WRBP Refunding Issuance Costs	-	-	900,000.00	900,000.00	-
Sub-total	3,257,611.00	4,189,343.00	163,600,000.00	163,600,000.00	-
<u>WATERSHED PROTECTION & HEALTHY FORESTS PROGRAM</u>					
Watershed Protection & Forest Health Program Bond Interest	-	-	2,000,000.00	2,000,000.00	-
Watershed Protection & Forest Health Program Bond Principal	-	-	1,700,000.00	1,700,000.00	-
Watershed Protection & Forest Health Program Bond COI	-	-	1,500,000.00	1,500,000.00	-
Watershed Protection & Forest Health Program Loans Made	-	-	30,000,000.00	30,000,000.00	-
Sub-total	-	-	35,200,000.00	35,200,000.00	-
SUB-TOTAL:					
CAPITAL EXPENSES	8,050,353.00	11,021,212.00	226,155,500.00	226,110,000.00	(45,500.00)
OPERATING and CAPITAL EXPENSES	9,114,886.00	12,445,939.00	227,755,300.00	227,933,400.00	178,100.00
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	23,058,326.00	(1,524,775.00)	(15,870,600.00)	(1,666,300.00)	14,204,300.00
Beginning Water Operations Fund Net Position - January 1	48,854,162.00	71,912,488.00	71,912,488.00	70,387,713.00	(1,524,775.00)
Ending Water Operations Fund Net Position - December 31	71,912,488.00	70,387,713.00	56,041,888.00	68,721,413.00	12,679,525.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
WATER POLLUTION CONTROL REVOLVING FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 5 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
ESTIMATED RESOURCES:					
Net Investment Interest Income	7,364,359.00	7,000,000.00	6,000,000.00	4,900,000.00	(1,100,000.00)
Administrative Fee Income	8,041,564.00	8,103,579.00	7,700,000.00	8,200,000.00	500,000.00
Loan Interest Income	5,702,647.00	5,706,997.00	6,000,000.00	6,300,000.00	300,000.00
Capital Contributions - EPA	12,552,471.00	12,500,000.00	30,000,000.00	30,000,000.00	-
Capital Contributions - Colorado State Match	1,200,000.00	1,200,000.00	3,000,000.00	3,000,000.00	-
Loan Principal Repayments	46,969,815.00	49,416,898.00	50,600,000.00	51,500,000.00	900,000.00
WPCRF Bond Proceeds	5,675,000.00	15,105,000.00	25,000,000.00	25,000,000.00	-
Refunding Bond Proceeds	-	-	30,000,000.00	40,000,000.00	10,000,000.00
TOTAL AVAILABLE RESOURCES	87,505,856.00	99,032,474.00	158,300,000.00	168,900,000.00	10,600,000.00
ESTIMATED EXPENSES:					
Bond Interest Expense	5,666,006.00	6,727,547.00	7,500,000.00	8,000,000.00	500,000.00
Administrative Expenses*	4,795,948.00	5,400,000.00	6,341,688.00	7,035,917.00	694,229.00
Planning Grants to Small Local Governments	14,569.00	200,000.00	200,000.00	280,000.00	80,000.00
Authority State Match Loan Payments	-	1,200,000.00	3,000,000.00	3,000,000.00	-
Transfer Administrative Fees to DWRF	158,695.00	300,000.00	485,000.00	500,000.00	15,000.00
Bond Principal Payments	20,680,000.00	21,725,000.00	23,500,000.00	23,500,000.00	-
Loan Principal Forgiveness	2,584,844.00	3,500,000.00	5,000,000.00	5,300,000.00	300,000.00
Payment To Refunded Bond Escrow	-	-	29,700,000.00	39,600,000.00	9,900,000.00
Refunding Bonds Issuance Cost	-	-	300,000.00	400,000.00	100,000.00
Arbitrage Rebate Payments	-	-	300,000.00	700,000.00	400,000.00
WPCRF Leveraged Loans Made	11,830,124.00	29,430,348.00	40,000,000.00	40,000,000.00	-
Project Costs Paid - Direct Loans	21,633,369.00	25,000,000.00	136,000,000.00	100,000,000.00	(36,000,000.00)
Capital Asset Acquisitions	-	-	5,000.00	5,000.00	-
TOTAL WPCRF EXPENSES	67,363,555.00	93,482,895.00	252,331,688.00	228,320,917.00	(24,010,771.00)
*Includes expenses from the WQCD. The Board has approved multiple year, future expenses for the WQCD that are not included in the current year budgeted amount.					
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	20,142,301.00	5,549,579.00	(94,031,688.00)	(59,420,917.00)	34,610,771.00
Beginning WPCRF Net Position - January 1	521,694,274.00	541,836,575.00	541,836,575.00	547,386,154.00	5,549,579.00
Ending WPCRF Net Position - December 31	541,836,575.00	547,386,154.00	447,804,887.00	487,965,237.00	40,160,350.00

COLORADO WATER RESOURCES & POWER DEVELOPMENT AUTHORITY
DRINKING WATER REVOLVING FUND BUDGET
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 JANUARY 1, 2025 to DECEMBER 31, 2025
 (Page 6 of 6)

DESCRIPTION	ACTUAL PRIOR YEAR 2023	ESTIMATED CURRENT YEAR 2024	BUDGET YEAR 2024	BUDGET 2025	Changes
ESTIMATED RESOURCES:					
Net Investment Interest Income	7,111,735.00	6,887,000.00	6,000,000.00	4,500,000.00	(1,500,000.00)
Administrative Fee Income - Loans	6,260,856.00	6,947,693.00	6,200,000.00	7,000,000.00	800,000.00
Transfer Administrative Fees from WPCRF	158,695.00	300,000.00	485,000.00	500,000.00	15,000.00
Loan Interest Income	1,732,123.00	2,557,151.00	3,800,000.00	4,300,000.00	500,000.00
Capital Contributions - EPA	29,601,401.00	47,700,000.00	80,000,000.00	80,000,000.00	-
Capital Contributions - Colorado State Match	1,770,200.00	3,200,000.00	6,000,000.00	6,000,000.00	-
EPA Grant Set Aside Income	8,053,027.00	12,000,000.00	14,327,680.00	14,685,000.00	357,320.00
Loan Principal Repayments	25,295,211.00	25,501,813.00	29,300,000.00	30,700,000.00	1,400,000.00
DWRF Bond Proceeds	6,240,000.00	45,675,000.00	50,000,000.00	60,000,000.00	10,000,000.00
Refunding Bond Proceeds	-	-	20,000,000.00	30,000,000.00	10,000,000.00
TOTAL AVAILABLE RESOURCES	86,223,248.00	150,768,657.00	216,112,680.00	237,685,000.00	21,572,320.00
ESTIMATED EXPENSES:					
Bond Interest Expense	1,881,790.00	2,810,066.00	4,200,000.00	6,000,000.00	1,800,000.00
Administrative Expenses*	4,195,779.00	4,500,000.00	5,205,638.00	5,163,971.00	(41,667.00)
Planning Grants to Small Local Governments	58,181.00	200,000.00	200,000.00	250,000.00	50,000.00
Authority State Match Loan Payments	-	3,000,000.00	6,000,000.00	6,000,000.00	-
Bond Principal Payments	6,750,000.00	6,350,000.00	10,500,000.00	10,500,000.00	-
Loan Principal Forgiveness	14,214,561.00	31,000,000.00	40,000,000.00	50,000,000.00	10,000,000.00
Payment To Refunded Bond Escrow	-	-	19,800,000.00	29,700,000.00	9,900,000.00
Refunding Bonds Issuance Cost	-	-	200,000.00	300,000.00	100,000.00
DWRF Leveraged Loans Made	12,691,668.00	84,899,672.00	100,000,000.00	120,000,000.00	20,000,000.00
Project Costs Paid - Direct Loans	34,994,125.00	75,000,000.00	234,000,000.00	198,000,000.00	(36,000,000.00)
EPA Capitalization Grant Set-Asides (excluding Admin. Exp)	6,012,543.00	9,000,000.00	11,977,680.00	11,935,000.00	(42,680.00)
Arbitrage Rebate Payments	-	-	300,000.00	600,000.00	300,000.00
Capital Asset Acquisitions	-	-	5,000.00	5,000.00	-
TOTAL DWRF EXPENSES	80,798,647.00	216,759,738.00	432,388,318.00	438,453,971.00	6,065,653.00
*Includes expenses from the WQCD. The Board has approved multiple year, future expenses for the WQCD that are not included in the current year budgeted amount.					
AVAILABLE RESOURCES OVER / (UNDER) EXPENSES	5,424,601.00	(65,991,081.00)	(216,275,638.00)	(200,768,971.00)	15,506,667.00
Beginning DWRF Net Position - January 1	389,111,084.00	394,535,685.00	394,535,685.00	328,544,604.00	(65,991,081.00)
Ending DWRF Net Position - December 31	<u>394,535,685.00</u>	<u>328,544,604.00</u>	<u>178,260,047.00</u>	<u>127,775,633.00</u>	(50,484,414.00)

**2025 APPROVED WATER OPERATIONS FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Authority Investment Interest Income - Income from authorized investments in the State Treasurer's Cash Pool and COLOTRUST (For 2025 - interest rates assumed was 4.0% for COLOTRUST & 2.5% for the Cash Pool.)	1,085,000
WPCRF State Match Loan Repayment - repayment amount of Authority funds loaned to the WPCRF to provide the 20% State Match.	3,000,000
DWRF State Match Loan Repayment - repayment amount of Authority funds loaned to the DWRF to provide the 20% State Match.	6,000,000
WRBP Loan Interest Income - Received from loan recipients	9,100,000
WRBP Loan Principal Repayments - Received from loan recipients	25,300,000
WRBP Bond Proceeds-provides for potential loan activity in the program.	100,000,000
WRBP Refunding Bond Proceeds-includes the potential refunding of certain bond issues,	40,000,000
Interim Loan Principal Repayments-assumes any loans made are repaid with the year.	7,000,000
Interim Loan Interest Income - charged only on outstanding balances.	200,000
Water Rights Purchase Principal Repayments - City of Durango took out a \$4 million loan to purchase 3,800 acre ft. of the Authority's water rights in the Animas La Plata Project.	210,000
Water Rights Purchase Interest Income - Interest on the City of Durango loan.	37,000
Authority Loan Principal Payments - The Authority refinanced 2 of Cokedale's loans with DOLA at 0% and the refinancing of a USDA loan for Genoa at 1.5%	8,600
Authority Loan Interest Income - loan interest on existing Authority loans (Genoa)	1,500
Small Hydro Loan Principal Payments- principal payments annually.	425,000
Small Hydro Loan Interest Income - loan interest on existing and potential loans.	136,000
Watershed Protection & Forest Health Prgm Loan Principal Repayments - new loan program, principal payments annually.	1,700,000
Watershed Protection & Forest Health Prgm Loan Interest - estimated loan interest on potential loans.	2,000,000
Watershed Protection & Forest Health Prgm - Bond Proceeds	30,000,000
La Plata River Escrow Fund-Interest Income	0
Income from Sub-Lease - The Authority will lease the whole floor it is on and sub-lease part of it to the Colorado Water Congress	64,000
Miscellaneous Revenue - Cost Recovery rate received from the ALPWCD water rights installment purchase.	0
TOTAL AVAILABLE RESOURCES	\$ 226,267,100

OPERATING EXPENSESBOARD EXPENSES

Per Diems	Allows for the attendance of nine Board members at seven meetings.	\$	18,000
Travel, Lodging, Meals, etc.	Actual amounts vary depending on member expenses in conjunction with meeting attendance. Included in this item are costs for board meetings held at locations outside of Denver.		50,000
Meeting Expenses	Refreshments, meals, room rental, visual aids, etc., for meetings, including the additional off-site meetings.		20,000
Memberships	Membership dues to Colorado Water Congress, Council of Infrastructure Financing Authorities, Mountain States Employers Council, Colorado Municipal League, and other related associations.		15,000
Board Insurance	Public Official D&O Insurance - Authority is currently self insured due to sharp rise in policy premiums. Should those rates become cost beneficial during the year, a policy may be purchased.		30,000
	Sub-total	\$	133,000

SALARIES EXPENSE

Salaries Expense	The amount assumes: fully staffed at 14, and also includes annual staff salary adjustments. The Personnel Committee meets in December to review personnel compensation with the Executive Director. Includes an additional finance employee for BIL. Includes an additional FTE. Also includes 1.5 part-time FTE to help with BIL funds.	\$	1,680,000
Employment/Temporary Services	Employment agency fees if a candidate is hired. Also includes Includes costs for temporary help on an as needed basis.		60,000
Third Party Payroll & HR Services	Third party payroll vendor to process semi-monthly payroll, quarterly reporting and year-end reporting. Third party HR software for employee reviews and other HR documents.		8,000
Annual Employment Vacation and Sick Leave Accrual	To cover accrued annual vacation and sick leave compensation upon termination of employment.		100,000
Less: Salaries Allocated to Project Expenses	Labor costs allocated to other project expenses (Animas-La Plata, Small Water Resources Projects Program, Water Revenue Bonds Program, Small Hydro Loan Program and Bark Beetle Bond Program)		(39,000)
	Sub-total	\$	1,809,000

EMPLOYEE BENEFITS

Pension Expense	The Authority's contributions to PERA. The actual expense could be higher. We budget for contributions, not the expense recorded.	\$	350,000
Healthcare Trust Expense	1.02% of the Authority's portion contributed to PERA. This is a subsidy PERA provides for health insurance to keep premiums down for retiree's. The actual expense could be higher. We budget for contributions, not the expense recorded.		18,000
Medical and Dental Insurance & HRA Plan	Cost includes coverage for staff of 14, and includes a minimal PERACare premium increase. The amount is reduced by the implementation of 20% employee premium cost sharing.		284,500
Employee Insurance	Amount for employees' long term disability, and life insurance, plus Unemployment Provision (self insured).		14,000
Medicare - Employer's Match	Authority must pay 1.45% of gross salary to match the employees' Medicare tax withheld.		25,000
Denver City Tax - Employer's Match	Denver Occupational Tax - The employer's portion of this tax is \$4 / month per employee.		800
State Workman's Compensation Insurance	The amount of coverage, premiums, etc., is set by statute. Includes coverage for nine board members.		3,000
Tuition Reimbursement	Covers cost of tuition for employees who are receiving additional education in order to enhance skills for their positions.		20,000
Public Transportation Incentive	The budgeted amount includes use of public transportation.		1,400
	Sub-total	\$	<u>716,700</u>

OUTSIDE SERVICES EMPLOYED

General Legal Fees	General legal services for the Authority. The balance of other legal services are charged to other programs.	\$	100,000
General Consulting Services	Covers financial, technical and other consulting services for potential projects, legislative issues, employee flex/HRA plan consulting, etc. Also includes fees associated with pre-employment background checks and drug testing.		50,000
Audit and Budgetary Fees	Includes annual audit expenses and budget expenses for the Authority. Audit expenses for WPCRF, DWRF, WRBP are incorporated into the respective programs.	\$	24,200
	Sub-total	\$	<u>174,200</u>

EMPLOYEE / ADMINISTRATIVE EXPENSES

Travel, Lodging, Meals, etc.	Includes staff expenses to attend board meetings, workshops, seminars, conferences, and other meetings. Covers additional board meetings to be held at locations outside of Denver.	\$	18,000
Registration and Training Fees	Registration fees for attending conferences, meetings, workshops, and continuing education classes.		15,000
Contributions & Sponsorships	Funding provided to various organizations (CSU, Water Ed. Foundation, Colorado Water Congress etc), Memorial donations.		40,000
Dues, Subscriptions, and Publications	Dues to professional organizations, periodical, subscriptions, and costs of other published materials.		14,000
	Sub-total	\$	<u>87,000</u>

GENERAL OFFICE EXPENSES

Office Rent Expense	Includes rent and parking costs based upon the lease renewal and prorata increase in operating expenses.	\$	335,000
Telephone and Internet Charges	Phone system equipment lease and monthly fees, internet access and website fees. internet access and website fees.		22,000
Postage and Delivery Fees	Covers postage for all U.S. Mail and Authority deliveries. Federal Express and local delivery service charges are allocated to the various programs as specified.		3,500
Copying, Printing and Advertising Costs	Covers the copying and/or printing costs for stationery, envelopes, business cards, the Authority annual report, any newsletters, brochures and other marketing costs that are not otherwise allocated to the financing programs, by a commercial printer. Also includes advertising for new hires and ads in conference programs.		9,000
Office Supplies	Covers the purchase of standard office supplies, cost of recycling pickup, etc.		19,000
Technical Support Activities	Computer hardware/software technical support for local area network, e-mail server, Laserfiche, accounting system.		100,000
Office Insurance	Amount for property, casualty and general liability insurance, plus employee dishonesty coverage.		7,500
Records Retention	Includes off site storage for permanent records, computer software, back-up tapes, and retrieval of boxes.		32,000
	Sub-total	\$	<u>528,000</u>
<u>OFFICE ASSETS EXPENSES</u>			
Furniture and Fixtures	Allows for purchase of additional furniture or fixtures.	\$	11,000
Machines	Upgrades to IT system including laptop computers, printers, copiers, servers and tablets.		58,000
Computer Software and maintenance plans.	Server operating system upgrades, additional software upgrades, Office 365 and Accounting & Laserfiche agreements.		80,000
Machine Maintenance and Maintenance Contracts	Coverage for copier, postage equipment, telephone system, printers and other equipment or office repairs.		15,000
Office Improvements	Potential costs for miscellaneous improvements to the office space including any significant repairs or modifications.		12,000
	Sub-total	\$	<u>176,000</u>
	SUB-TOTAL: OPERATING EXPENDITURES	\$	<u><u>3,623,900</u></u>

OPERATING EXPENSES ALLOCATED TO OTHER FUNDS:

Allocated Salaries Expense- WPCRF	\$ (446,000)
Allocated Employee Benefits- WPCRF	(269,000)
Allocated General Overhead Expenses - WPCRF	(266,300)
Allocated Salaries Expense- DWRF	(382,000)
Allocated Employee Benefits- DWRF	(230,000)
Allocated General Overhead Expenses - DWRF	(207,200)
Sub-total	\$ (1,800,500)

SUB-TOTAL: NET OPERATING EXPENSES

\$ 1,823,400

CAPITAL EXPENSESAPPROVED PROJECTS

Water Revenue	Includes Authority expenses allocated to WRBP - trustee fees, arbitrage rebate calculations, allocated labor costs, marketing etc.	120,000
Bonds Program		
Small Hydroelectric Power Program Expenses	Direct loan program-includes Authority staff time and direct costs associated with implementing and marketing the loan program.	25,000
Watershed Protection & Forest Health Program Expenses	Loan/bond program-includes Authority staff time and direct costs associated with implementing the program.	65,000

Small Hydroelectric Power Program Planning Grants	A program that provides matching grants of up to \$15,000 per entity for assisting in the planning and design of small hydro-power units, prior to applying for a loan from the Authority.	100,000
WPCRF State Match Loans	Moneys to be transferred to the WPCRF to provide for the 20% State Match based upon anticipated 2025 grant award. Also includes potential state match for BIL Grants.	3,000,000
DWRF State Match Loans	Moneys to be transferred to the DWRF to provide for the 20% State Match based upon anticipated 2025 grant award. Also includes potential state match for BIL Grants.	6,000,000
La Plata River Escrow	The construction of the Long Hollow Dam and Reservoir	0
Small Hydroelectric Power Loan Draws	Includes maximum remaining amount of loan funds approved for current year of the program.	10,000,000
Interim Loans	Money from Authority operating cash for all programs as needed. Potential interim loans in 2025	7,000,000
	Sub-total	<u>\$ 26,310,000</u>
<u>POTENTIAL PROJECTS</u>		
Other Potential Projects	Unknown at this time.	<u>\$ 1,000,000</u>
	Sub-total	<u>\$ 1,000,000</u>
<u>WATER REVENUE BONDS PROGRAM</u>		
WRBP Bond Interest Expense	Interest expense paid on outstanding bonds.	\$ 6,200,000
WRBP Bond Principal Payments	Principal paid on outstanding bonds.	23,500,000
WRBP Bond Issuance Expense	Implemented GASB 65, directly expense all COI expenses, except bond insurance which is amortized.	3,000,000
WRBP Loans Made	WRBP Loans anticipated to be made during 2025 for new projects.	100,000,000
WRBP Refunding Escrow	Deposit of refunding bond proceeds into escrow to defease selected bonds, if market conditions are favorable.	30,000,000
WRBP Refunding Issuance	Costs to issue refunding bonds	900,000
	Sub-total	<u>\$ 163,600,000</u>

WATERSHED PROTECTION & HEALTHY FORESTS PROGRAM

Watershed Protection & Forest Health Program Bond Interest	Bond interest expense assumes bonds are taxable and are outstanding for a portion of the year.	2,000,000
Watershed Protection & Forest Health Program Bond Principal	Bond principal payments.	1,700,000
Watershed Protection & Forest Health Program Bond Issuance (COI)	Issuance costs relating to potential bonds issued.	1,500,000
Watershed Protection & Forest Health Program Loans Made	Potential loans that may be funded from bond proceeds of the new loan program.	30,000,000
	Sub-total	<u>\$ 35,200,000</u>
SUB-TOTAL: CAPITAL EXPENSES		<u>\$ 226,110,000</u>
TOTAL OPERATING and CAPITAL EXPENSES		<u>\$ 227,933,400</u>
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - WATER OPERATIONS FUND		<u>\$ (1,666,300)</u>
Beginning Water Operations Fund Net Position - January 1, 2025		<u>\$ 70,366,013</u>
Ending Water Operations Fund Net Position - December 31, 2025		<u>\$ 68,699,713</u>

**2025 RECONCILIATION OF WATER OPERATIONS FUND
OPERATING EXPENSES BUDGET**

TOTAL OPERATING EXPENSES PER THE WATER OPERATIONS FUND BUDGET	\$ 1,823,400
ADD BACK OPERATING EXPENSES ALLOCATED TO OTHER PROGRAMS:	
Allocated Salaries Expense- WPCRF	446,000
Allocated Employee Benefits- WPCRF	269,000
Allocated General Overhead Expenses- WPCRF	266,300
Allocated Salaries Expense- DWRF	382,000
Allocated Employee Benefits- DWRF	230,000
Allocated General Overhead Expenses- DWRF	207,200
SUB-TOTAL: OPERATING EXPENSES ALLOCATED TO OTHER PROGRAMS	<u>\$ 1,800,500</u>
TOTAL OPERATING EXPENSES FOR THE WATER OPERATIONS FUND BUDGET BEFORE ALLOCATIONS TO OTHER PROGRAMS	<u><u>\$ 3,623,900</u></u>

**2025 APPROVED WATER POLLUTION CONTROL REVOLVING FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Net Investment Interest Income - earned by all accounts in the WPCRF Program	\$ 4,900,000
Administrative Fee Income - Received from loan recipients	8,200,000
Loan Interest Income - Received from loan recipients	6,300,000
Capital Contributions - EPA - Total project and administration expense grant draws	30,000,000
Capital Contributions - Colorado State Match - 20% matching funds transferred to the WPCRF Match Holding Account upon grant award for 2025	3,000,000
Loan Principal Repayments - Received from loan recipients	51,500,000
WPCRF Bond Proceeds - anticipated leveraged loans to:	25,000,000
Refunding Bond Proceeds - refunding would be transacted if market conditions are favorable	40,000,000
TOTAL AVAILABLE RESOURCES	\$ 168,900,000

ESTIMATED EXPENSES

Bond Interest Expense - Interest on Clean Water Bonds	\$ 8,000,000
Administrative Expenses - Covers the administrative costs of the following three agencies:	7,035,917
Authority	1,527,300
Allocated Labor/Benefit Costs	715,000
Allocated General Overhead Exp.'s	266,300
Consulting, Inspection and Other Activities	200,000
Legal Fees	70,000
Audit/Accounting Fees	60,000
Trustee Fees	140,000
Arbitrage Rebate Calculations	26,000
Other Direct Expenses (Travel, Training, Postage, marketing, etc.)	50,000
WQCD- Water Quality Control Division FTEs=15.15	5,197,990
DLG - Colorado Dept. of Local Affairs FTEs=2.25 Small and Rural Communities Technical Services Contractor	273,127 37,500
Planning Grants to small local governments (Paid from loan admin fees) including 15 grants of \$10,000 each, plus unexpended grants awarded in previous years.	280,000
Authority State Match Loan payments represent the repayment of loan principal to the Authority for providing the 20% State Match. Funds will be provided from the loan administrative fees collected, if available.	3,000,000
Transfer of Administrative Fees to the DWRF - will be used to pay Authority administrative costs not eligible from the Admin set aside, thus freeing up DWRF loan admin fees to provide the state match funds and/or reimbursement of the state match loan.	500,000
Bond Principal Payments - Principal payments on Clean Water Bonds	23,500,000
Loan Principal Forgiveness -Includes potential Design & Engineering (D&E) grants to qualifying borrowers. If not all D&E grants are issued, the remainder of funds will be used to reduce direct loan borrowers principal.	5,300,000
Payment To Refunded Bond Escrow - refunding would be transacted if market conditions are favorable	39,600,000
Refunding Bond Issuance Costs	400,000
Other Expenses - PUT agreement fees, arbitrage rebate payments to US Treasury, etc.	700,000
WPCRF Leveraged Loans Made - Total bond proceeds and State Match provided by the Authority on leveraged loans	40,000,000
Project Costs Paid - Direct Loans - Construction proceeds requested from the fund during the calendar year on direct loans	100,000,000
Capital asset acquisitions	5,000
TOTAL EXPENSES	<u>\$ 228,320,917</u>
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - WATER POLLUTION CONTROL REVOLVING FUND	<u>\$ (59,420,917)</u>
Beginning WPCRF Net Assets - January 1, 2025	<u>\$ 547,386,154</u>
Ending WPCRF Net Assets - December 31, 2025	<u>\$ 487,965,237</u>

**2025 APPROVED DRINKING WATER REVOLVING FUND
BUDGET DOCUMENTATION**

ESTIMATED RESOURCES

Net Investment Interest Income - earned by all accounts in the DWRF Program	\$ 4,500,000
Administrative Fee Income - Received from loan recipients	7,000,000
Transfer Administrative Fees from WPCRF	500,000
Loan Interest Income - Received from loan recipients	4,300,000
Capital Contributions - EPA - Estimated actual EPA draws to be made	80,000,000
Capital Contributions - Colorado State Match	6,000,000
Set Asides - EPA Draws (including Administrative Expenses)	14,685,000
Loan Principal Repayments - Received from loan recipients	30,700,000
DWRF Bond Proceeds - anticipated leveraged loans to: Potential borrowers not specifically identified	60,000,000
Refunding Bond Proceeds - refunding would be transacted if market conditions are favorable	30,000,000
TOTAL AVAILABLE RESOURCES	\$ 237,685,000

ESTIMATED EXPENSES

Bond Interest Expense - Interest on Drinking Water Bonds		\$ 6,000,000
Administrative Expenses - Covers the administrative costs of the following three agencies:		5,163,971
Authority		1,319,200
	Allocated Labor/Benefit Costs	612,000
	Allocated General Overhead Exp.'s	207,200
	Consulting, Inspection and Other Activities	200,000
	Legal Fees	70,000
	Audit/Accounting Fees	60,000
	Trustee Fees	100,000
	Arbitrage Rebate Calculations	20,000
	Other Direct Expenses (Travel, Training, Postage, marketing, etc.)	50,000
WQCD-	Water Quality Control Division FTEs= 20.75	3,534,144
DLG -	Colorado Dept. of Local Affairs FTEs=2.25	273,127
	Small and Rural Communities Technical Services Contractor	37,500
Planning Grants to small local governments (Paid from loan admin fees) including 15 grants of \$10,000 each, plus unexpended grants awarded in previous years.		250,000
Authority State Match Loan payments represent the repayment of loan principal to the Authority for providing the 20% State Match. Funds will be provided from the loan administrative fees collected, as available.		6,000,000
Bond Principal Payments - Principal payments on Drinking Water Bonds.		10,500,000
Loan Principal Forgiveness -Includes potential Design & Engineering (D&E) grants to qualifying borrowers. If not all D&E grants are issued, the remainder of funds will be used to reduce direct loan borrowers principal.		50,000,000
Payment To Refunded Bond Escrow - refunding would be transacted if market conditions are favorable		29,700,000
Refunding Bond Issuance Costs		300,000
DWRF Leveraged Loans Made - Total bond proceeds and State Match provided on leveraged loans.		120,000,000
Project Costs Paid - Direct Loans (Construction loan proceeds requisitioned)		198,000,000
EPA Capitalization Grant Set-Asides - Disbursements (excluding administration)		11,935,000
	Base Grant	
	Well Head Protection	-
	Small Systems Technical Training (SSTTA)	-
	Capacity Development	-
	Public Water Systems Supervision (PWSS)	-
	BIL Grant-Supplemental	
	Well Head Protection	1,210,000
	Small Systems Technical Training (SSTTA)	675,000
	Capacity Development	2,700,000
	Public Water Systems Supervision (PWSS)	2,800,000
	BIL Grant-Emergent Contaminants (EC)	
	Public Water Systems Supervision (PWSS)	950,000
	BIL Grant-Lead	
	Public Water Systems Supervision (PWSS)	3,600,000
Arbitrage Rebate Payments Anticipated		600,000
Capital asset acquisitions		5,000
TOTAL EXPENSES		<u>\$ 438,453,971</u>
AVAILABLE RESOURCES OVER/(UNDER) EXPENSES - DRINKING WATER REVOLVING FUND		\$ (200,768,971)
Beginning DWRF Net Assets - January 1, 2025		<u>\$ 328,544,604</u>
Ending DWRF Net Assets - December 31, 2025		<u><u>\$ 127,775,633</u></u>



August 21, 2024

Mr. Keith McLaughlin, Executive Director
 Colorado Water Resources and Power Development Authority
 1580 Logan Street
 Denver, Colorado 80203

Re: 2025 Water Quality Control Division Budget

Dear Mr. McLaughlin,

The 2025 Water Quality Control Division budget is being submitted in accordance with the memorandum of agreements for consideration by the Colorado Water Resources and Power Development Authority Board of Directors. [Attachment 1](#) includes the budget spreadsheets detailing information for the Drinking Water Revolving Fund (DWRF), the Water Pollution Control Revolving Fund (WPCRF), and the Drinking Water Set-Asides budgets. Also included are the line items for the required administration and implementation of the Infrastructure Investment and Jobs Act (IIJA) funding.

Personal Services

- The DWRF program total personal services costs for 2025 decreased approximately 8% compared to 2024. The budget includes the anticipated increase to employees salaries, benefits, and reallocations for 2025. However, the overall decrease results from shifting 2.8 FTE off the IIJA funding in 2025. The shift reflects reassignment of FTE to other state and federal funding sources primarily related to emerging contaminants funding awarded to the state. Updated FTE reassignment numbers reflecting the change are shown in the table below. After including all of the costs for admin activities, operating, and proposed information management projects as described herein; the impact to the total budget is a 1% decrease from 2024.
- The WPCRF program total personal services costs for 2025 increased approximately 6% compared to 2024. The increase reflects the anticipated increase to employees salaries, benefits, and reallocations for 2025.

IIJA Personal Services

Personal service costs have been included per the MOAs to continue to support the implementation of both the drinking water IIJA and the clean water IIJA funding. The table below identifies the 2025 resource needs. As approved in both the 2023 and 2024 budget, this continues to implement the drinking water administration fee reduction strategy. The table below illustrates continued opportunities to shift staff from the base drinking water funding to the IIJA funding based on eligible activities. The goal of the reassignment is to leverage the IIJA funds to preserve the loanable funds in the base program, and provide increased opportunity to collect



admin fees.

IIJA New FTE				IIJA FTE Reassignment					
			Total					Total	
Year	Infra	EC	LSLR	Year	Infra	EC	LSLR		
2025				2025					
DW	2.20	1.30	1.40	4.9	DW	6.15	0.0	0.80	6.95
CW	3.10	-	-	3.1	CW	-	-	-	
			Total	8				Total	6.95

Operating Costs

- DWRF operating, travel and supplies costs remain the same as 2024: \$32,288 (\$16,913 from 4% Federal Grant and \$15,375 from Loan Admin Fees).
- WPCRF operating, travel and supplies costs remain the same as 2024: \$37,852 (\$20,342 from 4% Federal Grant and \$17,510 from Loan Admin Fees).

IIJA Operating Costs

The IIJA operating costs remain the same as 2024. A total of \$50,000 (\$25,000 for each program) has been included to support operating expenses directly associated with the implementation of the IIJA.

Information Management Projects

- The Colorado Environmental Online System (CEOS) operating/maintenance/improvement cost remains the same as 2024 at a total \$60,000 (\$30,000 from each program).
- A request for an information management systems improvement project is included in the 2025 budget. CEOS is the SRF program’s online applicant portal and project management system. However, the system is becoming increasingly difficult to maintain and approaching the end of its useful life. The Division requests a \$300,000 budget to start the process for replacing CEOS and address data management needs. This request leverages IIJA 4% Federal funding from each program and is split equally across the four IIJA 4% Federal grants (DW & CW IIJA supplemental grant, emerging contaminant grant, and lead service line grant) to support the project. A detailed project description and justification of the need is included in [Attachment 2](#).

DWRF and WPCRF Program Activities

- The DWRF base program activity budget request for the excellence program remains the same as in 2024 at \$150,000.
- The WPCRF priority projects request remains the same as in 2024 at \$1,500,000 including \$200,000 of disaster support and contingency. The 2025 projects list is included as [Attachment 3](#).
- In the 2024 budget the Division mentioned a critical funding need for post-wildfire fire mitigation projects in Colorado, and the desire to include a request starting in the 2025 budget and potentially going forward. A budget request of \$458,561 for a non-point source project to address recovery efforts



from the 2020 Cameron Peak fire has been included in the 2025 WPCRF budget. A detailed project description and justification of the need is included in [Attachment 4](#).

WPCRF IIJA 2% Technical Assistance Set-Aside

The 2% technical assistance set-aside budget remains the same as 2024 at a total \$333,480. This is a unique clean water set-aside and specific to EPA approved activities. The division operates this in a similar manner as drinking water set-asides to manage the funds and implement clean water technical assistance to small and rural wastewater systems in line with the EPA approved use of the funds.

Drinking Water Set Asides

The base Drinking Water Set Aside budget needs have been included within the budgets requested for the IIJA Drinking Water Set Asides due to the significant cuts to the base DWRP program.

IIJA Drinking Water Set Asides

Based on the unprecedented cut to the base SRF programs, it is necessary that the Division take all of its set-asides from the IIJA funding and none from the base, with the exception of drawing down base set-aside balances that are remaining from prior to the base program cuts. The 62% reduction in 2024 base program funding (compared to pre-IIJA levels) results in a cut to the division's Safe Drinking Water Program resources by over \$4 million dollars. The argument put forth by the Federal government for such a reduction is that the states have the IIJA funding to subsidize the reduction. Therefore, the [IIJA DWRP set-aside spreadsheet](#) included in Attachment 1 has been prepared to fund the Drinking Water Program.

Mark Henderson, Ron Falco, Nathan Moore, and I are available to meet with you and the Budget Committee to review the budget request and answer questions. I appreciate the work you, the Board, and the WQCC have done over the years to lead to a more coordinated approach for funding water quality priorities in Colorado.

Sincerely,

Nicole
Rowan

Digitally signed by Nicole
Rowan
Date: 2024.08.20
10:00:45 -06'00'

Nicole Rowan, Division Director
Water Quality Control Division

Cc: Ron Falco, CDPHE
Nathan Moore, CDPHE
MaryAnn Nason, CDPHE
Joy Moore, CDPHE
Amsalework Kassa, CDPHE
Aimee Konowal, CDPHE
Jeff Martin, CDPHE
Justin Noll, CWRPDA

Attachments: [Attachment 1 - 2025 DWRP, WPCRF, and IIJA DWRP Set Asides Budgets](#)
[Attachment 2 - 2025 Information Systems Management Project Request](#)
[Attachment 3 - 2025 Proposed WPCRF Project List](#)
[Attachment 4 - 2025 WPCRF NPS Post-Wildfire Project Request](#)



Attachment 1



Drinking Water Revolving Fund
2025 Budget Request

	<u>2024 Approved Budget</u>	<u>CY2025 Request</u>
<u>Base Personal Services/Fringe Benefits</u>	\$ 815,378	\$ 828,329
	6.10 FTE	6.10 FTE
Fringe is included in salary figures. The percentage of basic salary varies depending on benefits selected by each employee. May include any of the following: health, life, disability, and dental.		
4% Federal Grant	\$ -	\$ -
Loan Admin Fees	\$ 815,378	\$ 828,329
<u>IJA Personal Services/Fringe Benefits</u>	\$ 2,013,601	\$ 1,768,368
Supplemental	2.20 FTE (6.45 E)	2.20 FTE (6.15 E*)
4% Federal Grant	\$ 1,197,818	\$ 1,232,941
Emerging Contaminant	1.30 FTE (2.5 E)	1.30 FTE (0.0 E)
4% Federal Grant	\$ 526,070	\$ 197,477
Lead Service Line	1.40 FTE (.50 E)	1.40 FTE (0.80 E)
4% Federal Grant	\$ 289,712	\$ 337,950
<u>Base DWRF Admin Activities</u>	\$ 150,000	\$ 150,000
Excellence Program *		
4% Federal Grant		
Loan Admin Fees	\$ 150,000	\$ 150,000
<u>Base Operating & Travel</u>	\$ 32,288	\$ 32,288
General O&T		
4% Federal Grant	\$ 16,913	\$ 16,913
Loan Admin Fees	\$ 15,375	\$ 15,375
<u>IJA Operating & Travel</u>	\$ 25,000	\$ 25,000
General O&T		
4% Federal Grant	\$ 25,000	\$ 25,000
<u>Information Management</u>	\$ 30,000	\$ 255,000
CEOS (existing contract)		
4% Federal Grant		
Loan Admin Fees	\$ 30,000	\$ 30,000
Information Systems Improvement Project		
IJA Supplemental 4% Federal Grant		\$ 75,000
IJA Emerging Contaminant Federal 4% Grant		\$ 75,000
IJA Lead Service Line Federal 4% Grant		\$ 75,000
<u>Indirect Rates</u>	\$ 508,151	\$ 475,158
On-site 17.4%		
Flow-thru 3.3%		
4% Federal Grant	\$ 357,659	\$ 322,414 ***
Loan Admin Fees	\$ 150,491	\$ 152,745
Total	\$ 3,574,418	\$ 3,534,144
Total 4% Federal Grant	\$ 2,413,173	\$ 2,357,695
Total Loan Admin Fees	\$ 1,161,245	\$ 1,176,449

*"E" denotes the reassigned FTE from the base program funding to IJA funding.

**The proposed project has been reviewed by the WQCD and determined to be eligible under the EPA's fee guidance for allowable uses of administrative fees.

***Indirect cost should be paid from the respective grant that is billed.



**Water Pollution Control Revolving Fund
2025 Budget Request**

	<u>2024 Approved Budget</u>	<u>CY2025 Request</u>
<u>Base Personal Services/Fringe Benefits</u>	\$ 1,677,565	\$ 1,767,511
	12.05 FTE	12.05 FTE
Fringe is included in salary figures. The percentage of basic salary varies depending on benefits selected by each employee. May include any of the following: health, life, disability, and dental.		
4% Federal Grant	\$ 607,642	\$ 606,182
Loan Admin Fees	\$ 1,069,923	\$ 1,161,329
<u>IIJA Personal Services/Fringe Benefits</u>	\$ 715,254	\$ 766,491
Supplemental	3.10 FTE	3.10 FTE
4% Federal Grant	\$ 381,774	\$ 433,011
Emerging Contaminant		
4% Federal Grant	\$ -	\$ -
2% Technical Assistance Set Aside		
4% Federal Grant	\$ 333,480	\$ 333,480
<u>Base Operating & Travel</u>	\$ 37,852	\$ 37,852
General O&T		
4% Federal Grant	\$ 20,342	\$ 20,342
Loan Admin Fees	\$ 17,510	\$ 17,510
<u>IIJA Operating & Travel</u>	\$ 25,000	\$ 25,000
General O&T		
4% Federal Grant	\$ 25,000	\$ 25,000
<u>Base WPCRF Admin Activities</u>	\$ 1,500,000	\$ 1,958,561
Program Priority Projects*		
Loan Admin Fees	\$ 1,300,000	\$ 1,300,000
Disaster Support/Contingency**		
Loan Admin Fees	\$ 200,000	\$ 200,000
Post-Wildfire NPS Project Request		
Loan Admin Fees	\$ -	\$ 458,561
<u>Information Management</u>	\$ 30,000	\$ 105,000
CEOS (existing contract)		
4% Federal Grant		
Loan Admin Fees	\$ 30,000	\$ 30,000
Information Systems Improvement Project		
IIJA Supplemental 4% Federal Grant	\$ -	\$ 75,000
<u>Indirect Rates</u>	\$ 494,697	\$ 537,575
On-site 17.4%		
Flow-thru 3.3%		
4% Federal Grant	\$ 238,073	\$ 249,209 **
Loan Admin Fees	\$ 256,623	\$ 288,366
<u>Total</u>	\$ 4,480,367	\$ 5,197,989
Total 4% Federal Grant	\$ 1,606,311	\$ 1,742,224
Total Loan Admin Fees	\$ 2,874,056	\$ 3,455,766

*The proposed projects have been reviewed by the WQCD and determined to be eligible under the EPA's fee guidance for allowable uses of administrative fees.

** Indirect cost should be paid from the respective grant that is billed.

Base DWRP Grant Set Aside Budget for 2025*

*There is no change from 2024 and these are not included. All base budget needs are included in the IIJA Set Aside Budgets. See IIJA Set Aside Budget tab.

IIJA Grant Set Aside Budget for 2025

DRINKING WATER (DWRf) SET ASIDE BUDGETS

	CY 2024 IIJA Supplemental Budget*	CY 2025 IIJA Supplemental Budget*	CY 2024 IIJA Emerging Contaminants Budget	2025 IIJA Emerging Contaminants Budget	2024 IIJA Lead Service Line Budget	2025 IIJA Lead Service Line budget	Total 2024 Budget	Total 2025 Budget	% Change from previous year
Non-Admin Set Aside Programs									
Well Head Protection	\$1,300,000	\$1,210,000					\$1,300,000	\$1,210,000	-6.9%
Small Systems Technical Training (SSTTA)	\$737,680	\$675,000					\$737,680	\$675,000	-8.5%
Capacity Development	\$2,600,000	\$2,700,000					\$2,600,000	\$2,700,000	3.8%
Public Water Systems Supervision (PWSS)	\$2,600,000	\$2,800,000	\$1,000,000	\$950,000	\$3,740,000	\$3,600,000	\$7,340,000	\$7,350,000	0.1%
Total Set Asides	\$7,237,680	\$7,385,000	\$1,000,000	\$950,000	\$3,740,000	\$3,600,000	\$11,977,680	\$11,935,000	-0.4%

*The EPA approved scope of work for the supplemental set-asides covers both base and IIJA activities and budget may be used to draw down both IIJA and base set-aside balances.



MEMORANDUM

DATE: August 21, 2024
TO: Keith McLaughlin, Executive Director, CWRPDA
FROM: Mark Henderson, Community Development and Partnership Section Manager
Jeff Martin, Business Services Manager
RE: Information Systems Improvement Project CY 2025 Budget Request - \$300,000

Background

The existing SRF online portal and project management system is maintained through Colorado Environmental Online Services (CEOS) and has been operating since 2016. CEOS was built by an IT firm called EnfoTech in conjunction with other divisions within the health department and is currently used by the Water Quality Control Division, Air Division, and the Health & Sustainability Division. Each program across the department (including SRF) maintains its own platform and portal on the system.

Reason & Need to Plan for Replacing CEOS

- CEOS has continued to experience numerous bugs, malfunctions, and operating issues that are anticipated to continue as the system ages.
- Based on the design of the system, the IT developer EnfoTech maintains complete control of the system and staff have no ability to make even slight changes or updates without submitting work orders. This usually requires a change order for additional cost beyond the annual O&M fee, and is inefficient and time consuming for staff.
- As CEOS was developed for numerous divisions, the developer fell short of addressing the unique needs of each program. For example, project management tools initially developed in CEOS are not fully functional, inflexible, and limited in application. As a result, constant work-arounds are required, and the SRF program has developed various spreadsheets and tools outside CEOS to address the shortcomings.
- Other state divisions and programs currently using CEOS are in the process of moving away from CEOS to develop replacement platforms and applications.
- CEOS is limited with regards to integration and usefulness to the SRF program compared to other platforms that exist. For example, many other platforms include financial/accounting management and automated federal reporting to the EPA.
- The Division desires to proactively start planning in 2025 to replace CEOS based on notification from the state purchasing department that the EnfoTech contract may not be eligible for extension beyond the current end date of May 2026. The Division has requested an extension for additional time for planning and implementation of a replacement.
- Additional funding to the programs from IIJA can be leveraged now instead of waiting until a later date when the programs must rely only on base program funding.
- Based on the experience in implementing CEOS as well as discussions with other state SRF programs that have implemented a new system; full replacement is anticipated to cost in the range of \$800,000 to \$1.2 million and take 1 to 2 years. Therefore, it is important to start the planning process as soon as possible. The estimated replacement cost, timeline, and project plan will be further developed in 2025 as described in the activities below in order to plan and budget for potential replacement in 2026-2027.

2025 Budget Request

The Division proposes implementing two activities in 2025 to start the process for replacing CEOS.

1. The first is budget neutral and 0.5 FTE (0.25 FTE from DWRF and 0.25 FTE from WPCRF) has been identified within the current budgeted FTE and absorbed in the 2025 budget to fund an internal Division IT project manager to develop a project plan and begin the process of determining alternative solutions. In 2025 this would include researching other platforms, alternatives evaluation, meeting with each SRF agency regarding program and process needs, developing the project scope and schedule, and development of an RFP. Beyond 2025 it is anticipated that this same position would manage implementation of a selected alternative through to completion. Additionally, this position would oversee an initial project in 2025 to assess the large amount of data currently stored in CEOS, and act as the Division project manager for development of a database to extract, clean up, and store the existing data from CEOS. This project is included in the second activity described below.
2. The Division requests a budget of \$300,000 to support a project including an IT contract to build a database that can store the existing data contained within CEOS. This is a proactive effort to plan for transitioning the program to a new system as well as meeting current needs for managing data. CEOS has large amounts of detailed project data stored in the current platform that is maintained and controlled solely by Enfotech. A stand-alone, back-end database allows the Division to maintain control of the data. Also, the project would include analyzing the existing data in order to clean and normalize the data to be ready for a more simplified transition and data conversion process to whatever new platform is selected. Finally, the database allows data to be easily shared and utilized by other sections within the Division and State as it is not limited to the existing sharing and reporting capabilities of CEOS.

In order to leverage the IIJA funding, the \$300,000 budget request is split equally across the IIJA 4% Federal grants for clean water and drinking IIJA supplemental funding, IIJA emerging contaminant funding, and IIJA lead service line funding. EPA was contacted and confirmed eligibility for these federal grants to be used to support the project.

2025 Proposed WPCRF Projects List

Project Scope	Project Goal / Anticipated Deliverables	Estimated 2025 Amount
Source Water Protection - SWAP	This project is the annual contract for Colorado Rural Water to support the state's Source Water Protection.	\$150,000
Measurable Results Program (MRP)	This project support long-standing work and analytical funding for the Measurable Results Program that evaluates SRF funded projects. Funding is used to support lab analysis, field time and travel.	\$85,000
Standards Discharger Specific Variance (DSV) Support	This effort is to continue to support the development of discharger specific variances (DSV). The work in 2024 includes the development of DSVs for small communities including ammonia DSVs for small lagoon systems.	\$125,000
eRAMS modules maintenance and development.	Protect the significant investment we have made in the development of systematic analysis, planning and outreach tools on the eRAMS platform and continuing to support the use of these tools by internal and external parties. The anticipated deliverables are: development of new, priority modules; modules that are current, user-friendly and accessible; systematic troubleshooting to resolve any reported issues with use of the modules; outreach events to promote the use of the tools; and server space to house the tools.	\$130,000
Groundwater monitoring	Build capacity for the division to monitor and assess groundwater in Colorado. This may include investment in monitoring equipment and participation in national organizations and conferences.	\$85,000
Nonpoint Source (NPS) Watershed Plan Development	Partner with local communities to develop NPS watershed plans that meet EPA's nine-elements of a watershed plan requirement. These nine-element watershed plans must be in place in order for local communities to qualify for Section 319 funding to support implementing priority NPS best management practices identified in the plans. The anticipated deliverables are: nine-element watershed plans that identify priority nonpoint source implementation actions; watershed group development/maintenance/sustainability.	\$100,000
Problem solving for macroinvertebrate impaired streams	Project to collect chemistry and biological data from streams that are on the 303(d) List as impaired for macroinvertebrates. Data collected with this project will help identify the cause of the impaired waters to help guide the best tools for restoring these streams. Project funds will also be used to help purchase sampling equipment associated with this project.	\$90,000
Roadmap Studies and Standards Development - Ammonia	These studies support development and implementation of statewide ammonia criteria per the Roadmap in 2027. More information is needed to understand ammonia sensitive species distribution and preferences throughout Colorado. Deliverables scoped to include eDNA profile development, modeling to determine potentially suitable habitat, literature reviews to understand host species, and sampling gear/equipment/analytical work to support division sampling efforts.	\$20,000
Roadmap Studies and Standards Development - Selenium/Arsenic	These studies support the development and implementation of selenium and arsenic standards for the 2027 Roadmap. Deliverables include sample collection, sampling gear/equipment, fish tissue analyses for selenium and arsenic to characterize selenium bioaccumulation and ratios of inorganic/total arsenic in edible fish from Colorado waters. This is also part of a WQCC directive under the arsenic temporary modification.	\$15,000
Roadmap Studies and Standards	These studies support the development and implementation of stream nutrient criteria for the 2027 Roadmap. Deliverables include: Colorado	\$15,000

Development - Streams Nutrients	specific periphyton IBI development, stressor response analysis, and statistical threshold development	
Roadmap Treatment Competition/Synergy Study, scoping	A key consideration of the WQ roadmap is the complexity of treatment necessary to meet the ammonia, selenium, and nutrient criteria that will be adopted in 2027. Since treatment processes for all of these pollutants are interrelated, planning for only one parameter at a time may result in more inefficiencies (i.e. capital, treatment, infrastructure, and personnel resources) than planning for all aspects at once. Alternately, addressing all parameters at once may require capital expenditures that exceed available budget capacities. This work will provide a better understanding of these complexities and provide resources and guidance to assist systems in meeting permit limits as soon as possible.	\$47,000
Statewide Water Quality Management Plan (SWQMP) update	Update the Statewide Water Quality Management Plan incorporating current information, addressing outcome of the 10-year roadmap and integrating across topics and scales addressed in other plans, including the scenario planning in the state water plan. The anticipated deliverables are: updated analyses and information that will be incorporated into SWQMP revisions; identification of scope for SWQMP revisions; and documentation of coordination and outreach conducted in the preparation of the updated analysis, information and scoping.	\$140,000
Temperature monitoring and analysis	There are areas across the state where temperatures are exceeding the adopted temperature standards. More information is needed to understand these areas. This project could include field work, data management systems, data analysis, future restoration planning or standards development efforts.	\$100,000
TMDL data collection and analysis support	Support ongoing data and analysis needs for TMDL development and implementation. The anticipated deliverables are: sampling and analysis plans, data, statistical tools, model input, model development, and model runs for new scenarios.	\$135,000
Benthic Macroinvertebrate Sampling Efforts	Data results will inform Aquatic Life Use assessments that will aid in determining use impairments on the biennial 303(d) List, and updating WQCC Policies 10-1 and 98-1. Additionally, data results will help the division better understand benthic macroinvertebrate communities in intermittent streams and will be used to address a number of provisionally listed segments that are on the 2024 303(d) list of impaired waters.	\$15,000
Water Quality Sampling	Support to collect water quality samples to support a variety of division programs. This also includes periphyton data collection to align with sites with existing nutrients data for streams.	\$40,000
Crop Cover	This project serves to assess the benefits of cover crops including prevent soil erosion, reduce soil compaction and nutrient leaching, improve soil biodiversity, enhance water infiltration and quality, suppress weeds and diseases, increase carbon sequestration and maximum nutrient recycling.	\$8,000
Contingency and Disaster Support		\$200,000
Total		\$1,500,000

**COLORADO**Department of Public
Health & Environment

MEMORANDUM

DATE: August 21, 2024
TO: Keith McLaughlin, Executive Director, CWRPDA
FROM: Aimee Konowal, Watershed Section Manager, WQCD
Tammy Allen, Restoration and Protection Unit Manager, WQCD
RE: Power Authority Special Projects Funding to Reduce Nonpoint Source Pollution from Wildfires

Background

The Water Quality Control Division, Nonpoint Source Program (NPS Program) partnered with the Colorado Water Resources and Power Development Authority in 2022 to target funding for addressing nonpoint source pollution caused by post-wildfire runoff and flooding. The funding assistance was provided through the WPCRF Admin Activities, Post-Wildfire line in the CY2022 budget and the NPS Program anticipated on-going, post-wildfire needs associated with the large fires in 2020, including the Cameron Peak Fire.

The NPS Program requests \$458,561 from the CWRPDA in the 2025 WQCD budget to continue post-wildfire recovery work in the Cameron Peak burn scar as described below.

Summary of the Cameron Peak Fire Recovery Project

This project will restore and protect the Big Thompson River by reducing nonpoint sources of pollution associated with the 2020 Cameron Peak Fire. The fire burned roughly 64,000 acres of land in the Big Thompson watershed resulting in increased sediment mobilization, reduced water quality, and a high watershed hazard ranking. The project will identify priority areas and then implement process-based restoration techniques to promote sediment deposition in wetland and riparian environments by adding complexity to degraded channels. The project is expected to protect downstream water quality and infrastructure while also kickstarting ecosystem recovery processes. The Big Thompson Watershed Coalition will serve as the lead project sponsor with support from the City of Loveland Water and Power, Trout Unlimited, Wildland Restoration Volunteers, Colorado Parks and Wildlife, Rocky Mountain Flycasters, and United States Forest Service as cooperating organizations. The Big Thompson Watershed Coalition will use a multi-faceted approach to engage stakeholders, community members, and landowners. Outreach efforts will include pre- and post-restoration site tours, periodic social media progress updates, newsletters, volunteer opportunities, visual project representations, and educational resources. The NPS Program's evaluation of the project indicates there will be significant benefits associated with completing this project in its entirety, including an anticipated reduction of 1,300 cubic yards of sediment from reaching receiving waters. The expected timeline for the project is to begin January 1, 2025 and be completed by December 31, 2025.

CY 2025 Funding Request

The Big Thompson Watershed Coalition successfully competed for federal fiscal year 2024 Clean Water Act Section 319 nonpoint source funding to support the Cameron Peak Fire Recovery Project. However, there were only enough FY24 319 NPS funds including the associated match from the Water Quality Improvement Fund to support a portion of the project. The total funding assistance request was \$1,038,241. The NPS Program was able to provide \$579,680 leaving a \$458,561 funding gap.

The WQCD is requesting \$458,561 to be approved for this project in the 2025 WPCRF budget in order to close the funding gap needed, and implement the project as described above.

cc: Nathan Moore, Manager, Clean Water Program, WQCD
Mark Henderson, Manager, Community Development and Partnership Section, WQCD

August 21, 2024



MEMORANDUM

To: Justin Noll
From: Eric Bergman, Division Director *E H Bergman*
Date: August 20, 2024
Re: 2025 WPCRF and DWRP Budgets

Listed below are DOLA’s actual program costs for State Fiscal Year 2023-2024, budgeted costs for the 2nd half of State Fiscal Year 2024-2025 (January 1, 2025 through June 30, 2025), and an estimate of what will be needed for the 1st half of State Fiscal Year 2026 program costs.

DOLA’s request for calendar year 2025 is \$621,254.00. This request includes an additional \$75,000 in Calendar 2025 for the Small Community Water & Wastewater Technical Services.

With respect to future activities of the Division, we plan to continue to support Intended Use Plan (IUP) development, identify and educate potential SRF borrowers, conduct outreach efforts and produce publications, perform credit reports, and assist the Authority with direct loan portfolio monitoring.

Please contact Desi Santerre at (303) 864-7733 if you have any questions.

	Actual FY24	last 1/2 FY25 - 1/1/25- 6/30/25 Request	first 1/2 FY26 - 7/1/25- 12/31/25 Request	CY25 Request (D+E)
CY25 Budget Request				
LUMA - Program Cost (.70 FTE)				
Personal Services	\$130,116	\$37,942	\$39,840	
Operating	\$2,107	\$5,000	\$5,000	
Travel	\$278	\$3,000	\$3,000	
Indirect Cost (per SB24-1430)	\$20,170	\$15,089	\$15,843	
Subtotal:	\$152,670	\$61,031	\$63,683	
				\$124,714





COLORADO

Department of Local Affairs

Division of Local Government

EPAF - Database/Program Support (.15 FTE)				
Personal Services	\$46,368	\$10,454	\$10,977	
Operating	\$5,057	\$5,000	\$5,000	
Travel	\$694	\$2,000	\$2,000	
Indirect Cost (rate = 14.91%)	\$6,672	\$1,559	\$1,637	
Subtotal:	\$58,791	\$19,013	\$19,614	
				\$38,627
BIL Expansion Costs (2.65 FTE)				
Personal Services	\$225,376	\$150,664	\$158,197	
Operating	\$11,897	\$10,000	\$10,000	
Travel	\$877	\$4,000	\$4,000	
Indirect Cost (est. rate = 14.91%)	\$19,707	\$22,464	\$23,587	
Subtotal:	\$257,858	\$187,128	\$195,785	
				\$382,913
Small Community Water & Wastewater Technical Services	\$27,331	\$37,500	\$37,500	
				\$75,000
Total (3.50 FTE):	\$496,650	\$304,673	\$316,581	
CY25 Total Request:				\$621,254

Operating costs include estimates for rent, IT costs, workers' comp, and risk management as well as printing, phones, office supplies, etc.

Governor Jared S. Polis | Maria De Cambra, Executive Director | Eric H. Bergman, Division Director
 1313 Sherman St., Room 315, Denver, CO 80203 P 303.864.7720
 F 303.864.7719 www.dola.colorado.gov



Strengthening Colorado Communities

**Colorado Water Resources
and
Power Development Authority**

Nominating Committee Minutes

September 17, 2024

Call to Order

The meeting was called to order at 1:00 p.m.

Roll Call

Nominating Committee ("Committee") members attending via a video conference call: Chair Steve Vandiver, Vice-Chair Chris Treese. Other Board members attending included Secretary/Treasurer Mike Fabbre and Karen Wogsland.

Slate of Officers 2024-2025

Mr. McLaughlin briefly reviewed the three officer positions and responsibilities for Board Chair, Vice-Chair, and Secretary/Treasurer. Officers usually serve two-year terms, and Mr. McLaughlin mentioned previous Committee practices, including typical officer advancement. A spreadsheet that outlined the expiring terms for all Board members was reviewed. The Committee discussed several great candidates, which proceeded by the following motion: to recommend to the full Board that Chris Treese serve as Chair, Mike Fabbre as Vice-Chair, and Karen Wogsland as Secretary/Treasurer. Directors Wogsland, Fabbre, and Treese expressed their willingness to serve in the respective officer roles, if appointed by the full Board.

Motion: Steve Vandiver

2nd: Chris Treese

Vote: Motion Carried (including Directors Fabbre and Wogsland, who volunteered to join the Committee)

Officer Terms

Mr. McLaughlin mentioned that the current two-year officer terms worked well prior to the Governor's imposed Board term limits. More specifically, given the current 2-term limits (Board members are generally limited to two four-year terms), Mr. McLaughlin expressed concern that most officers won't complete a full term as Chair. While recognizing the potential need for a bylaw change, Director Treese suggested that officers could serve one-year terms instead of two. Mr. McLaughlin advised that he would check the bylaws and Authority statutes for conflicts. Director Wogsland asked for the ideal Chair term, and Mr. McLaughlin and Chair Vandiver agreed it was two years. Different term lengths for different officers were then discussed. Mr. McLaughlin asked Committee members to give this topic some additional thought and said the officer terms would be discussed during the October Board meeting.

Mr. McLaughlin thanked the Committee for its time, particularly Directors Wogsland and Fabbre, for volunteering to serve on the Committee.

The meeting adjourned at 1:40 p.m.

Respectfully submitted,

Keith McLaughlin, Executive Director

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.



ARKANSAS VALLEY CONDUIT MONTHLY REPORT

Thursday, September 19, 2024

This monthly newsletter summarizes activities related to the Arkansas Valley Conduit and is made available to the Southeastern Colorado Water Conservancy District Board of Directors and Arkansas Valley Conduit stakeholders. To request a subscription to the Report, please contact info@secwcd.com or view it at <https://www.secwcd.org/>



The Colorado Water Resources and Power Development Authority met in Colorado Springs on August 21, 2024, and heard an update on the Arkansas Valley Conduit, as well as the funding plan for the AVC.

State Board hears update on AVC funding plan



Southeastern Colorado Water Conservancy District Executive Director Leann Noga speaks with the Colorado Water Resources and Power Development Authority at the August meeting.

The Arkansas Valley Conduit (AVC) was front and center at the August 21, 2024 meeting of the Colorado Water Resources and Power Development Authority (CWRPDA).

CWRPDA manages the State Revolving Fund (SRF) finances, which could provide loans with 50 percent principal forgiveness to help build spurs and delivery lines for the AVC.

The Southeastern Colorado Water Activity Enterprise (Enterprise) has proposed using \$30 million in Colorado Water Conservation Board (CWCB) funding to leverage up to \$60 million in funding to design and build the AVC spurs and delivery lines. Otero County would serve as the Enterprise's fiscal agent.

The CWCB will be given an update on the funding plan at its September 18, 2024 meeting. *More details on Page 2.*

AVC funding plan is a multi-agency effort

The Enterprise remains committed to keeping debt costs to participants at a minimum, realizing that many water system improvements also must be funded.

Funding for the Enterprise Sub-Project began in 2019, when the Colorado Water Conservation Board (CWCB) approved \$100 million (\$90 million loan, \$10 million grant). In 2022, Bipartisan Infrastructure Law (BIL) funds were potentially made available as well, and the CWCB later added a \$20 million grant to its existing grant to AVC. The total of \$30 million in grants could be used to leverage State Revolving Fund (SRF) loans, which have a 50% loan forgiveness component.

In 2022, the Enterprise entered an agreement that designates Otero County as the fiscal agent to manage the grants associated with the AVC funding plan.

Conversations began in 2023 with the Colorado Water Resources and Power Development Authority (CWRPDA) about using SRF funding to construct the spurs and delivery lines.

The Enterprise, CWCB, CWRPDA, and Otero County are pursuing a joint agreement that leverages \$60 million in work by using the \$30 million in CWCB loans to pay the principle on SRF loans. There are also governing documents with some already in place, such as the Projects Bill that authorizes CWCB funding and the Fiscal Agent agreement with Otero County.

Once details of the agreement and the governing documents have been approved, procedures will be put in place to distribute and account for the funds.

The Enterprise also has received significant fund-



SOUTHEASTERN COLORADO
Water Conservancy District
"Your investment in water"



COLORADO
Colorado Water Conservation Board
Department of Natural Resources



Otero County



ing assistance through the American Rescue Plan Act (ARPA) through local governments. The Pueblo County Commissioners provided sufficient funding to design and construct delivery lines for Avondale Water and Sanitation District and the town of Boone. Other ARPA funds were contributed by Bent, Otero and Prowers Counties, the cities of Lamar and Las Animas and the town of Ordway, and will be used solely for design of spur and delivery lines.

Other sources of funding continue to be investigated. One source of funding could be EPA Emerging Contaminants funding, which would be in the form of 100 percent grants. Other sources of funding could be the Department of Local Affairs (DOLA), Army Corps of Engineers and USDA Rural Development. These sources of funding are also important to participants for making improvements within their own water systems.

Read past newsletters

For Past issues of the AVC Report go to:

<https://www.secwcd.org/>

Click the icon shown at left on the Home Page scroll bar or go to Projects in the menu bar, choose Arkansas Valley Conduit and go to the bottom of the page and click on reports to read.

Water
AVC Report Newsletter



AVC Report Newsletter...click here

AVC Report Newsletter



Printer-friendly version PDF version

AVC Committee reviews pipeline's progress

The Arkansas Valley Conduit Committee met on August 19, 2024, to catch up with the progress made on AVC so far. The Committee was formed in the early 2000s and guided the AVC toward the formation of the AVC Project in 2020. The Committee has met periodically since that time, but as construction activity increases, the Committee will meet more frequently.

One point made at the Committee meeting is that many of the AVC players have changed since the Board revived the concept of AVC in 2000. In those early days, Committee Chairman Kevin Karney was part of the *WaterWorks!* Committee that asked the Southeastern District Board to help them get the AVC moving again.

In fact, all of the Committee members have joined the Southeastern Board since that time. Part of the philosophy behind the AVC Communication Plan is to make sure that information is shared among all of the stakeholders involved with the AVC Project, including participants, county commissioners, state agencies and the Bureau of Reclamation. This newsletter is part of that process.

At its meeting, the Committee discussed the following topics, which are addressed more fully elsewhere in this newsletter:

- ◆ The Communication Plan created in June to explain important aspects of AVC, such as the revised cost estimates.
- ◆ Participants water resources portfolio review meetings and estimated operation and maintenance costs.
- ◆ Formation of a governance authority to help guide future AVC decisions.
- ◆ Funding of the Enterprise AVC Sub-Project.
- ◆ The remaining 2024 AVC Budget.
- ◆ AVC cash flow.
- ◆ Design of the Enterprise AVC Sub-Project.
- ◆ AVC Sub-Project agreements and policies.

The Committee also touched on the Reclamation Sub-Project and assisting participants in meeting their own financing needs to improve water systems.

The next AVC Committee meeting is 10 a.m. September 26, 2024, at the District offices and via Zoom.

Meet the Committee members

The Arkansas Valley Conduit Committee is a standing committee of the Southeastern Colorado Water Conservancy District and has guided the progress of the conduit since the Project was resurrected in the early 2000s. Its members are appointed by District Judges to the Board. The Executive Director is hired by the Board and serves on all committees.



Kevin Karney
Committee Chairman
At-large Board member



Howard "Bub" Miller
Vice-chairman
Board member
Otero County



Dallas May
Board member
Prowers-Kiowa County



Matt Heimerich
Board member
Crowley County



Justin DiSanti
Board member
Pueblo County



Bill Long
Board President
Bent County



Leann Noga
Executive Director

Enterprise Board seeks changes in legislation

The Enterprise Board of Directors is seeking changes in federal legislation following the Updated Cost Estimate released in June. The request is part of the longstanding efforts by the Board to keep costs of the Arkansas Valley Conduit (AVC) manageable for participants.

“This is another very important step for the people of the Lower Arkansas Valley who have struggled to get the Arkansas Valley Conduit moving ahead for more than 60 years. Now that the AVC is finally under construction and given the current estimated cost of the AVC project, this legislation is absolutely necessary to make this dream a reality,” said Bill Long, President of the Southeastern Colorado Water Conservancy District. “We are grateful for our entire congressional delegation stepping up to make it happen.”

On August 15, 2024, the Southeastern Board voted unanimously to request legislation to extend the repayment period, reduce or eliminate interest payments and limit repayment obligation to funds available through miscellaneous revenues.

The AVC Committee reviewed this action as part of its August 19 meeting.

A letter asking Colorado’s U.S. Senators Michael Bennet and John Hickenlooper to introduce the legislation was sent in August (see Page 6) in hopes of passing the legislation in 2024. On August 20, Board President Bill Long, Enterprise staff and consultants met with staff members from the Senators to help draft the legislation, which was shared with the Board on September 3.

The legislation was introduced September 10, delivered to the Senate Energy and Natural Resources Committee and a hearing was held September 11. Representative Lauren Boebert is the sponsor of the legislation in the U.S. House of Representatives.

The AVC is an original feature of the Fryingpan-Arkansas Project signed into law by President John F. Kennedy in 1962. The Southeastern Colorado Water Conservancy District’s Board of Directors revived the AVC in 2000, and the District’s Water Activity Enterprise has been steadily working on it since that time as a priority. Public Law 111-11, passed in 2009, provides that miscellaneous revenues generated by the Fryingpan-Arkansas Project will be used to pay for development and construction costs of the AVC.

At the time of the passage of the law, those revenues were estimated to be sufficient to cover the costs of building the AVC.



SECWCD Board President Bill Long, speaking before the Colorado Water Conservation Board in 2019 about the need to fund the AVC.

“This is another very important step for the people of the Lower Arkansas Valley who have struggled to get the Arkansas Valley Conduit moving ahead for more than 60 years.”

Bill Long
SECWCD Board President

Updated Cost Estimates in June 2024 increased the cost of the AVC Project from an estimated \$600 million in 2016 to \$1.39 billion. The current interest rate is 3.046 percent, which would be difficult to finance in the typical 50-year repayment period.

Household income in the AVC Project area is far below the state and national averages. Most of the water systems in the AVC Project require additional funding by the participants, and the AVC is seen as the solution to water quality problems from naturally occurring radionuclides by the Colorado Department of Public Health and Environment.

Additional information about the federal legislation is on Pages 5 and 6 of this report.

Bennet, Hickenlooper, Boebert Introduce Bipartisan Bill to Complete the Arkansas Valley Conduit

Press release from September 10, 2024

Washington, D.C. — Colorado U.S. Senators Michael Bennet and John Hickenlooper introduced the Finish the AVC Act to ensure the affordability and completion of the Arkansas Valley Conduit (AVC). Bipartisan companion legislation in the House of Representatives was introduced by Colorado U.S. Representative Lauren Boebert.

The legislation would remove interest payments on

all non-federal cost share funds and extend the repayment period from 50 to 100 years.

This bill helps make sure that underserved communities of Southeastern Colorado can access clean drinking water and repay the federal government. The project cost estimate more than doubled from the 2019 estimate of \$640 million to \$1.3 billion due to increased inflation and labor costs.



“This bill will ensure the federal government makes good on its promise to Southeastern Coloradans to deliver a safe and reliable water supply. We have invested over \$300 million to build the Arkansas Valley Conduit over the past decade and now we must ensure increased costs don’t stop this project in its tracks.”

Senator Michael Bennet

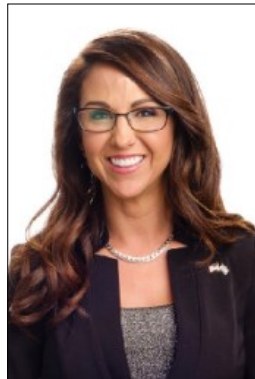


“Water has been the lifeblood of Colorado’s Arkansas River Valley since long before JFK promised to deliver them clean drinking water. Sixty years later, our bill will help Southeastern Colorado communities harness their resources to get the job done.”

Senator John Hickenlooper

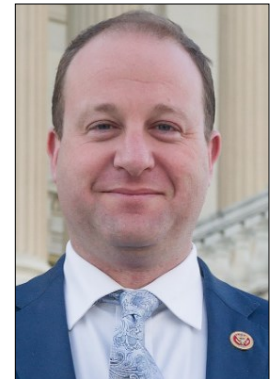
“Southeastern Coloradans need access to a clean, sustainable water supply that every family can depend on, which is what the Finish The AVC Act will deliver. I’m proud to introduce this legislation with our Senators to help our rural communities in Colorado see this critical project through to completion.”

Representative Lauren Boebert



“Water is one of our most precious resources in Colorado and we are committed to helping every Coloradan access clean drinking water. This project will support access in the Arkansas valley and I thank Senator Bennet for his leadership on this issue.”

**Colorado Governor
Jared Polis**



Bennet and Hickenlooper have long fought for federal funding for the AVC. Both senators helped deliver \$250 million in funding for the Bureau of Reclamation (BOR) from the Bipartisan Infrastructure Law for the AVC, including \$90 million earlier this year, \$100 million in 2023 and \$60 million in 2022.

Both senators also secured over \$60 million in annual appropriations spending bills since 2010, including \$10.1 million in Fiscal Year 2024 and \$10.1 million in

Fiscal Year 2023.

Following Bennet and Hickenlooper’s call to the Senate Appropriations Committee Leadership this April to increase funds for the project, the Committee included \$13 million for the AVC in their Fiscal Year 2025 Energy and Water bill.

The text of the bill is available [HERE](#).

Enterprise Board's Request to Congressional Delegation



SOUTHEASTERN COLORADO
Water Conservancy District

"Your investment in water"

Dear Senators:

We are writing to ask you to introduce and support Federal legislation to extend the repayment period for the Arkansas Valley Conduit (AVC), to reduce or eliminate the interest required to be paid on the AVC construction costs, and to limit the repayment obligation to the funds available from miscellaneous revenues generated by the Fryingpan-Arkansas Project.

The AVC is an original feature of the Fryingpan-Arkansas Project signed into law by President John F. Kennedy in 1962. The Southeastern Colorado Water Conservancy District's Board of Directors revived the AVC in 2000, and the District's Water Activity Enterprise has been steadily working on it since that time as a priority. Public Law 111-11, passed in 2009, provides that miscellaneous revenues generated by the Fryingpan-Arkansas Project will be used to pay for development and construction costs of the AVC. In 2020, increased federal funding of the AVC was secured and a new Project Management Plan (PMP) was approved that requires the Bureau of Reclamation (Reclamation) to construct the Trunk Line and associated features (the Reclamation Sub-Project) and the Enterprise to construct spurs and delivery lines (the Southeastern Sub-Project).

There are 39 participating water systems in the Arkansas Valley Conduit (AVC) project, with a total service population of approximately 50,000. Median household income in the AVC service area is only \$47,000 Colorado median household income is \$89,000. All of the AVC water systems rely on groundwater, which is of poor quality, with 18 systems failing to meet federally mandated safe drinking water standards due to radionuclides from naturally occurring sources and other systems failing to meet standards due to other constituents. When this groundwater is cleaned to drinking water standards, in many cases it produces a reject stream which violates EPA discharge standards. In addition to the 18 systems currently facing enforcement orders from the Colorado Department of Public Health and Environment for radionuclides, many of the water systems have been forced to install expensive water and wastewater treatment systems or have even lost water sources they formerly relied on. The poor quality of water was recognized prior to the passage of the Fryingpan-Arkansas Act in 1962. Radionuclides became a major problem in 2000. Emerging contaminants such as PFAS are being discovered in Southeastern Colorado water sources today.

In May 2024, Reclamation and the District updated the cost estimates for their respective sub-projects. Reclamation's updated cost estimate for the Reclamation Sub-Project is \$1.31 billion. This is an increase of about \$840 million over the previous estimate (2016 price levels indexed to 2019). When the updated cost of the Southeastern Sub-Project is added in, the total updated estimated cost of the Project is \$1.39 billion. These estimates are at October 2023 price levels. Since construction will take several years, the ultimate actual total cost of the Project will depend on many factors and will likely exceed \$1.39 billion. In turn, the amount to be repaid to Reclamation will be a function of the final actual total project cost. Under current legislation, the AVC Project cost is to be repaid with interest (3.046% per annum) within 50 years using miscellaneous revenues from the Fry-Ark Project. At the current estimated cost, miscellaneous revenues are almost certainly insufficient to pay for construction costs and interest within 50 years.

In 2009, when Public Law 111-11 was passed, miscellaneous revenues from the Fryingpan-Arkansas Project were estimated to be sufficient to pay off the participants' 35 percent share of AVC construction costs. With Reclamation's 2024 Updated Cost Estimate, this is no longer true. Given the poor water quality of groundwater sources, the severe public health impacts that has, and the depressed economy of the Lower Arkansas Valley, the District believes that amending the AVC authorizing legislation to eliminate the requirements to repay costs with interest and within 50 years is fully justified.

Thank you for your attention to this important public health issue in Southeastern Colorado. Again, we ask for your support in passing legislation to address this issue.

Sincerely,

Bill Long

President



Reclamation continues field work for AVC soils, geology

As the Arkansas Valley Conduit Project moves forward, you may see geotechnical surveys occurring along the proposed pipeline route. Geotechnical surveys give Reclamation design engineers a clearer understanding of the types of soils that occur along the project, the depth of local groundwater tables, and the depth of the bedrock below. There are four types of activities that our geologists may complete, including:

Surface rock and soil samples: Used to determine the strength, expansion/consolidation potential, and physical properties of undisturbed soil samples, disturbed soil samples, and rock samples.

Geologic mapping: Used to characterize geologic conditions along the proposed pipeline alignment and associated structures in the project area. Geologic maps should show contacts between fill and in-situ (in place) soil or rock material, and between decomposed rock, intensely weathered rock, and less weathered rock.

Geophysical testing methods using Electric Resistivity Imaging (ERI): Used to determine the potential for soils to corrode project features. ERI consists of a series of 18-inch-long, ½-inch diameter electrodes (stainless steel spikes) inserted 12 inches into the ground and connected to a computer and power source (normally two 12V car batteries). These tests are typically conducted along a single 500-foot-long line. Upon survey completion, all electrodes are removed, leaving very little evidence of ground disturbance.

Ground disturbing field activities: Used to determine groundwater depth, these activities consist of drilling holes or wells and digging test pit excavations that may also require construction of roads.

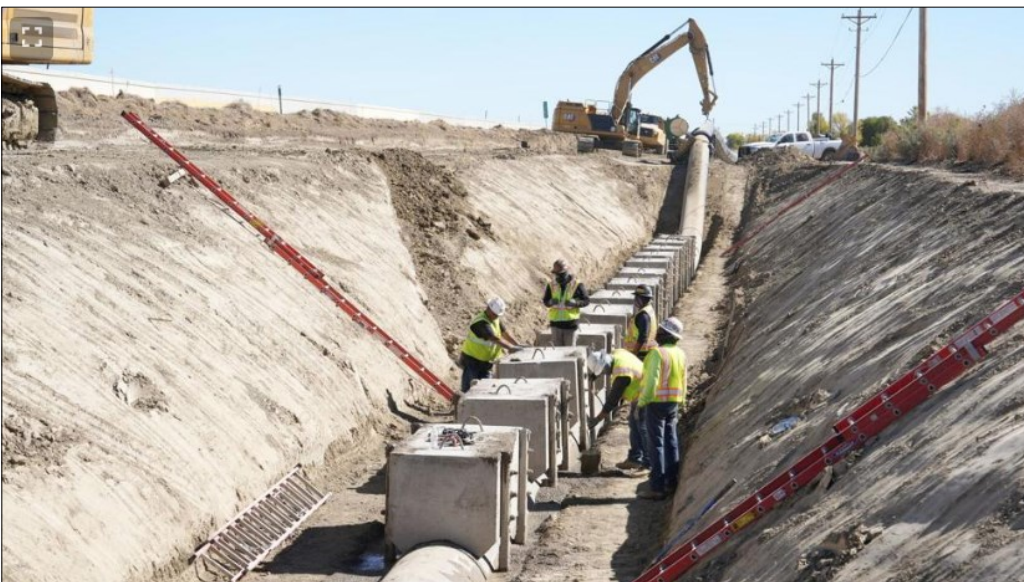
Drilling typically requires a truck-mounted drill rig approximately 35 feet long and eight feet wide. Additionally, support vehicles such as a full-sized pickup truck, an SUV, or a light-weight pickup truck will be present. The drill holes will be one foot or less in diameter; they may be completed as groundwater monitoring wells that will require periodic future access. Drill holes not needed as monitoring wells will be backfilled with bentonite clay or native soil.

Test pits will be excavated with a rubber-tired backhoe or a small truck-mounted excavator. They are typically about six feet wide, 15 feet long, and 12 feet deep. Soil excavated from the test pit is temporarily piled on the side of the trench where it can be sampled and geologically characterized without personnel entering the test pit. Excavated material will backfill the test pits. The material will be compacted with the excavation equipment at every one to two vertical feet within a test pit.

In cases where repeated access is required, Reclamation will talk to landowners about the possibility of constructing a new two-track road that could accommodate a drill pad and turn-around needs. In cases where vehicles must travel across roadless areas to access a drilling or test pit site, the vehicles may leave ruts.

The ruts can last for one or more seasons, depending on the time of year, moisture conditions, and freezing or thawing of the ground surface.

If you have any questions for the Bureau of Reclamation about the Arkansas Valley Conduit project, please contact Jeff Bollman, Realty Specialist, jbollman@usbr.gov, Joe Gomori, Project Coordinator, jgomori@usbr.gov, or Anna Perea, Public Affairs Specialist, aperea@usbr.gov.

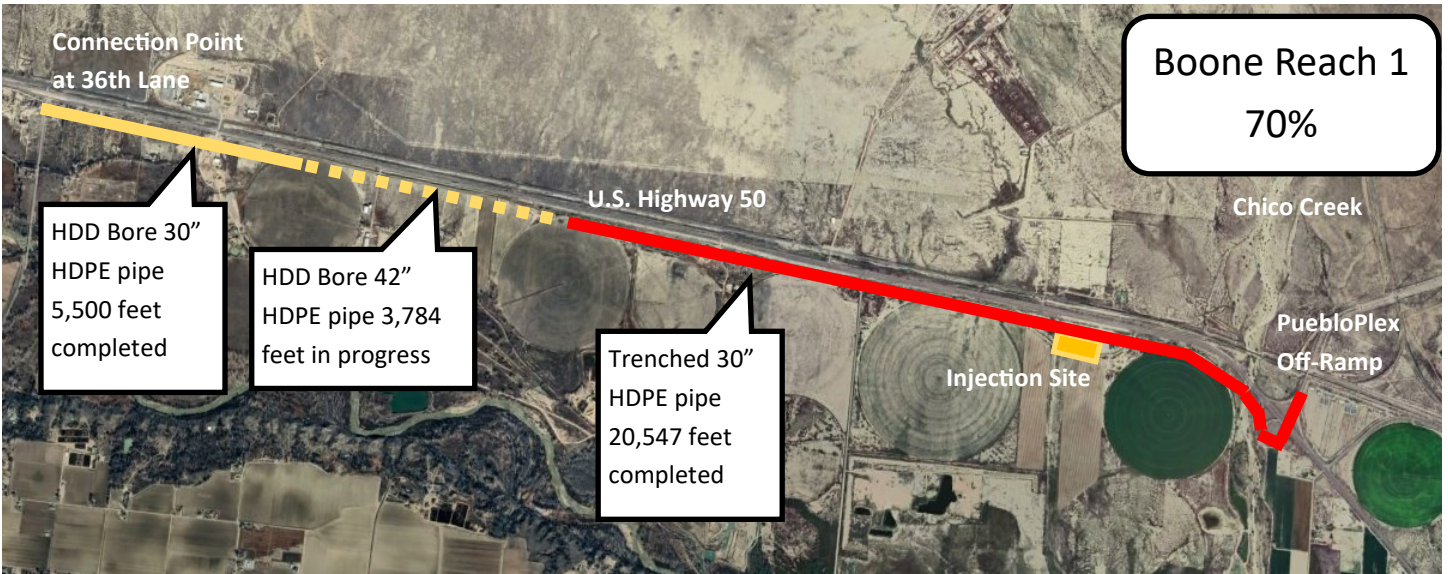


WCA Construction LLC workers use concrete blocks to keep pipe in place during installation on Boone Reach 1 in 2023.

Reclamation photo
Dominic Jackson



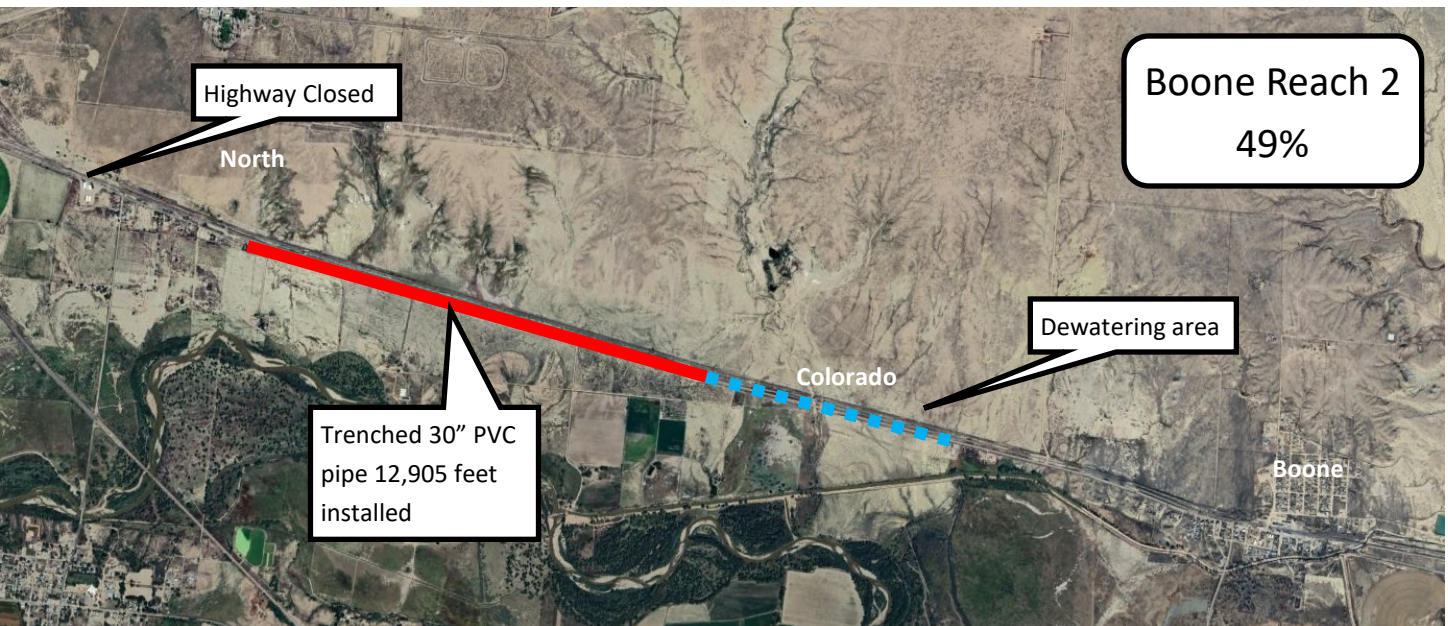
Federal AVC Construction Details



Boone Reach 1

The second leg of the horizontal directional drilling (HDD) is continuing. The pilot hole is complete and 3,784 feet of 5,500 feet for the 42-inch ream pass is complete. The entire length of

30-inch HDPE pipe for the second leg of the HDD has been fused and tested. A total of 20,547 feet (3.9 miles) of trenched 30-inch pipe has been installed. Work has started to cross U.S. 50 using jack and bore method and continue to the end point.



Boone Reach 2

As of September 10, 2024, Pate Construction has laid 12,905 linear feet of 30-inch PVC pipe in along Colorado Highway 96 and is starting to decommission some dewatering wells. The Colorado Department of Transportation has approved a full road closure on Highway 96 until the summer of 2025 as work continues.

Injection Site

Reclamation anticipates that Thalle Construction Company will start site work in the near future.

Design

A contract for design from Reg Tank 2 to Lamar is being prepared.



BUREAU OF RECLAMATION AVC SUB-PROJECT

Construction at a Glance

Boone Reach 1:

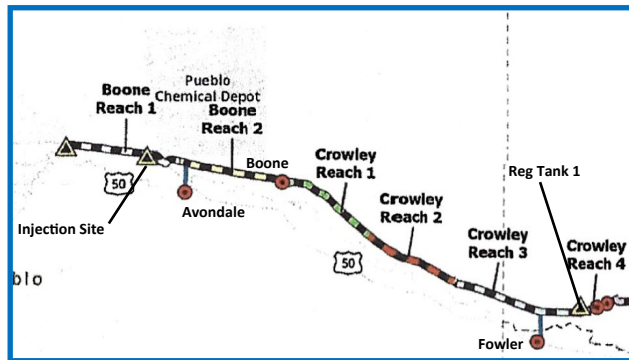
WCA Construction LLC
 Amount: \$42.98 million
 Contract date: 9/2022
 Progress: 3.26 miles of trenched 30” pipe, 1 mile of directional bore installed.

Boone Reach 2:

Pate Construction Co.
 Amount: \$27.2 million
 Contract Date: 9/2023
 Progress: 1 mile of trenched 30” pipe installed.

Injection Site:

Thalle Construction
 Amount: \$28.7 million
 Contract date: 2/2024
 Progress: Notice to proceed issued, work will begin when pipe stored on site is gone.



Federal Sub-Project	Design	Construction Contract	Construction	Completion Estimate
Boone Reach 1	✓	✓	In Progress	4/17/25
Boone Reach 2	✓	✓	In Progress	8/25/25
Injection Site	✓	✓	NTP issued	3/11/26
Reg Tank 1	In Progress			10/5/27
Design to Lamar	In Progress			12/31/27



Federal AVC Funding

The AVC received \$90 million in Bipartisan Infrastructure Law (BIL) funding on May 30, 2024. Total federal funding since 2020 totals \$321.23 million.

The AVC annual allocation in the President’s FY2025 budget increased to \$13.06 million, which was approved earlier this month by the U.S. Senate.

The updated cost estimate for the Reclamation AVC Sub-Project was updated to \$1.3 billion in June.



Watch it!

See a video on the history of the AVC on the SECWCD Web site, Arkansas Valley Conduit Page.

<https://www.secwcd.org/content/arkansas-valley-conduit>



Tracking the traction of the AVC keeps us busy

Soon after joining the District in early 2024 as Operations Principal Engineer, Gordon Dillon became involved in a whirlwind of activities related to the Reclamation Sub-Project of the Arkansas Valley Conduit. This knowledge is critical to the Enterprise Sub-Project as well.

As the Bureau of Reclamation continues design and construction of the AVC, there is a tremendous amount of behind the scenes planning necessary before pipeline can finally be installed. So Gordon's role quickly evolved into being the Enterprise's "boots on the ground" in the Arkansas Valley as the work continues.

Most recently, he has been attending meetings between Reclamation and County Commissioners in each of the AVC counties to develop memorandums of understanding (MOUs) for construction along county roads and future operation and maintenance of the pipeline once it is installed.

Enterprise Board member Dallas May attended a recent Prowers County Commissioner meeting with Reclamation, and said Gordon's role is crucial in explaining the context of the AVC project to the elected officials.

Gordon also has participated in technical meetings between Reclamation staff, ditch companies and participating water systems on issues like rights of way, transversing ditches and licensing of delivery vaults being built by Reclamation in their communities.

In all, he has hit the road for about 15 meetings since March, and attends many others regularly by electronic means.

"We need to be there to hear what's being said, because we'll have to do it for our side of the project as well," Gordon said.

Thanks to Gordon, we'll be ready.



Whether viewing the AVC with high-tech electronics, low-tech maps taped to hallway walls or traveling throughout the Lower Arkansas Valley, Gordon Dillon keeps track of everything AVC.



ENTERPRISE AVC SUB-PROJECT

Construction and Design

Design

The design for spur and delivery lines began at the end of April 2023. Kennedy Jenks is performing the designs for Otero County, and AECOM for the remainder of AVC delivery lines outside of Pueblo County.

The design work is expected to be completed by the end of 2025. Total contracted design cost is \$7.3 million.

Active design work at this time includes delivery lines to Fowler and Crowley County, which will be funded using the fund balance.

Other design work is scheduled to resume in 2025, with funding yet to be determined.

The pause in design activities is not expected to adversely impact the overall project schedule and coordination with the Reclamation Sub-Project schedule.

Construction

Construction of Avondale and Boone delivery lines is complete and was fully funded by American Rescue Plan Act (ARPA) funds approved by Pueblo County Commissioners.

Enterprise Sub-Project Funding

Funding to Date

The Enterprise has secured \$30 million in grants and \$90 million in loans through the Colorado Water Conservation Board (CWCB) for building the spur and delivery lines for AVC.

County commissioners and some municipalities in the AVC have contributed \$3 million through American Rescue Plan Act (ARPA) funds.

The Enterprise has contributed \$4.8 million through a fund balance established in 2020 using payments from the 2003 Aurora settlement after the Rocky Ford Ditch II purchase.

AVC Participant contributions total more than \$2 million since 2011.



Funding Plan

The Enterprise staff continues to discuss with CWCB and agencies that administer the State Revolving Fund (SRF) options to maximize the use of grants and forgivable loans. The Enterprise also is looking at EPA Emerging Contaminants funding as a possible source in some cases.

Strategic aims include:

- ◆ Maximize the number of private water companies to reorganize as governmental agencies in order to increase eligibility for millions of dollars in forgivable loans (grants) in the SRF program, as opposed to interest-bearing loans. We are in contact with the Department of Local Affairs (DOLA) on this topic.
- ◆ Develop a funding agreement among state agencies and Otero County, which acts as the fiscal agent for the Enterprise.
- ◆ Continue to meet with the Colorado Department of Public Health and Environment (CDPHE) on the funding and schedule of the AVC. This is important because enforcement orders for radionuclides for 18 of the 39 participants list the AVC as the solution.

Construction at a Glance

Enterprise Project	Sub-Project	Design	Construction Contract	Construction	Completion or Estimate
Avondale Delivery		✓	✓	✓	12/31/23
Boone Delivery		✓	✓	✓	12/31/23
Spurs and Delivery Design		Crowley County and Fowler			4/1/25



What's coming ahead in the next month?

The Enterprise AVC Sub-Project is moving ahead on several fronts in September and will kick off October activities at the September 26 AVC Committee meeting. (see Page 3)

Committee items include:

- ◆ An update on the federal legislation to remove interest and extend the repayment period for AVC. (See Pages 4-6)
- ◆ Review of the draft agreement between the Enterprise, the Colorado Water Resources and Power Development Authority, the Colorado Water Conservation Board and Otero County (acting as fiscal agent for the Enterprise).
- ◆ Updates on Enterprise interaction with the CWRPDA Board on August 21 (see Page 1), and with the CWCB on September 18.
- ◆ A contract to complete the Project Needs Assessment (PNA) for the spurs and delivery lines to support funding applications through the State Revolving Fund.
- ◆ Redesign of the AVC Web site to improve access and include more information.
- ◆ An update on the Program Manager Request for Proposal.
- ◆ Discussion about the development of an operations plan and options that might be considered.
- ◆ Participant meetings that are being completed for water resources and operations funding discussions.
- ◆ Participant meetings that will focus on newly available funding to deal with emerging contaminants and the Enterprise's Funding Tool Box to help participants access various types of funding.
- ◆ A more detailed explanation of the reasons for revisions in the Enterprise cost estimates.

Questions?
Comments?
Suggestions?



The Southeastern Colorado Water Activity Enterprise welcomes your feedback on this newsletter. Contact us and we'll put you in touch with the people to get the answers you need.

Contact: chris@secwcd.com





Support Building Urgent Infrastructure and Leveraging Dollars (BUILD) Authority

Colorado faces significant challenges accessing and leveraging the funding needed for critical infrastructure projects, spanning from housing to water, roads to broadband, and clean energy. While important steps have been taken to address these needs through various authorities, more needs to be done to ensure the state can leverage capital and finance projects that will create jobs, promote economic development, and protect the environment.

The establishment of a dedicated financing authority, Building Urgent Infrastructure and Leveraging Dollars (BUILD) Authority, will provide the necessary framework to leverage capital not yet accessed by the state and offer innovative financing for critical infrastructure projects.

BUILD may issue bonds, provide loans, create revolving loan funds, make grants, and offer financial assistance to qualified borrowers for the development, construction, repair, improvement, operation, maintenance, decommissioning, and ownership of approved public infrastructure projects.

BUILD will engage with and mobilize public and private capital such as private investments, pension systems, state dollars, and federal dollars.

PRIORITY INFRASTRUCTURE PROJECTS

BUILD will provide financing for multi-faceted projects by providing existing authorities and project developers adequate capital to reach scale, including but not limited to: transportation infrastructure; environment, energy efficiency, and renewable energy; preK-12 capital construction (ex: expand on and leverage the BEST program and address teacher housing); water (ex: wastewater storage, innovative water usage projects); and affordable and accessible housing (ex: expand on and leverage investments made by CHFA, MIHA, and other affordable and accessible housing advocates).



STRUCTURE: BUILD is structured as a Special Purpose Authority. Special Purpose Authorities are quasi-governmental TABOR-exempt entities. Once created, they operate on their own with some General Assembly (GA) oversight and the ability for the GA to make adjustments.

Approved projects can apply to receive funding in the form of bonds and loans. Projects will be approved by existing entities such as the GA, Capitol Development Committee, and local governments. BUILD works to secure and leverage financing for the projects that seek funding. Not all projects need to come before BUILD if they do not meet the criteria for funding or if they do not wish to seek funding in this way. BUILD will serve as an entity to support the financing of projects with the ability to leverage various streams of revenue, provide full funding for a project, support with gap financing, or the braiding together of various funds.

A statutorily-appointed board of experts will oversee the work of BUILD. The board will: be responsible for identifying and leveraging financing to qualified borrowers; utilize a set of criteria to identify how projects are reviewed for funding (criteria will include employment parameters, apprenticeship utilization, equity criteria, parameters for who can request the funds, caps for amounts, cycle for application, how much money can be requested); and BUILD may issue bonds, originate loans, and make grants. Appointees will be members of relevant departments within state government, labor organizations, developer entities, and investors with backgrounds in pensions and bonds. BUILD will require staff to launch the program and do the ongoing work.

FUNDING: BUILD will access various streams of capital including but not limited to: federal dollars coming into the state: DOE, ARPA, IRA, IIJA and Inflation Reduction Act; seed money from state dollars; leverage private investments, such as Housing Investment Trust, ULLICO, and other large funds in the labor world, as well as individual and institutional investors, and developer dollars.

BUILD BENEFITS include but are not limited to: ability to move funding forward on projects; incubate then scale successful approaches; offer stackable solutions and flexible tools; engage under-represented communities and organizations; maximize financial and social benefits; establishing the highest labor standards possible on projects; working collaboratively with other financing authorities; attract and retain employees in key industries across Colorado; end ensure efficient and effective use of resources.

This is an opportunity for Colorado to begin re-envisioning the State's approach to smart financing and investing.

For more information please contact:
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**Colorado Water Resources and
Power Development Authority**



**October 4, 2024
Board Meeting**

Highland Lakes Water District



Resolution No. 24-33, Supplemental BIL Direct Loan

Interest Rate =



Term =



Est. Loan Amount =

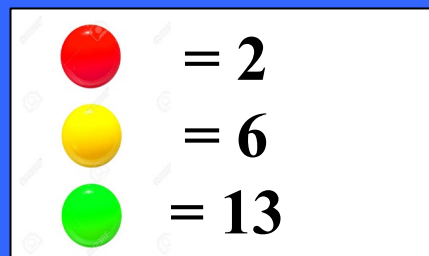


PFC Recommends = Consent

Pledge = Water System Revenues **Subject To =**



Indicators =



Additional Info =

O&M Reserve = 247%
Bid process = DBB
Contingency = 20%

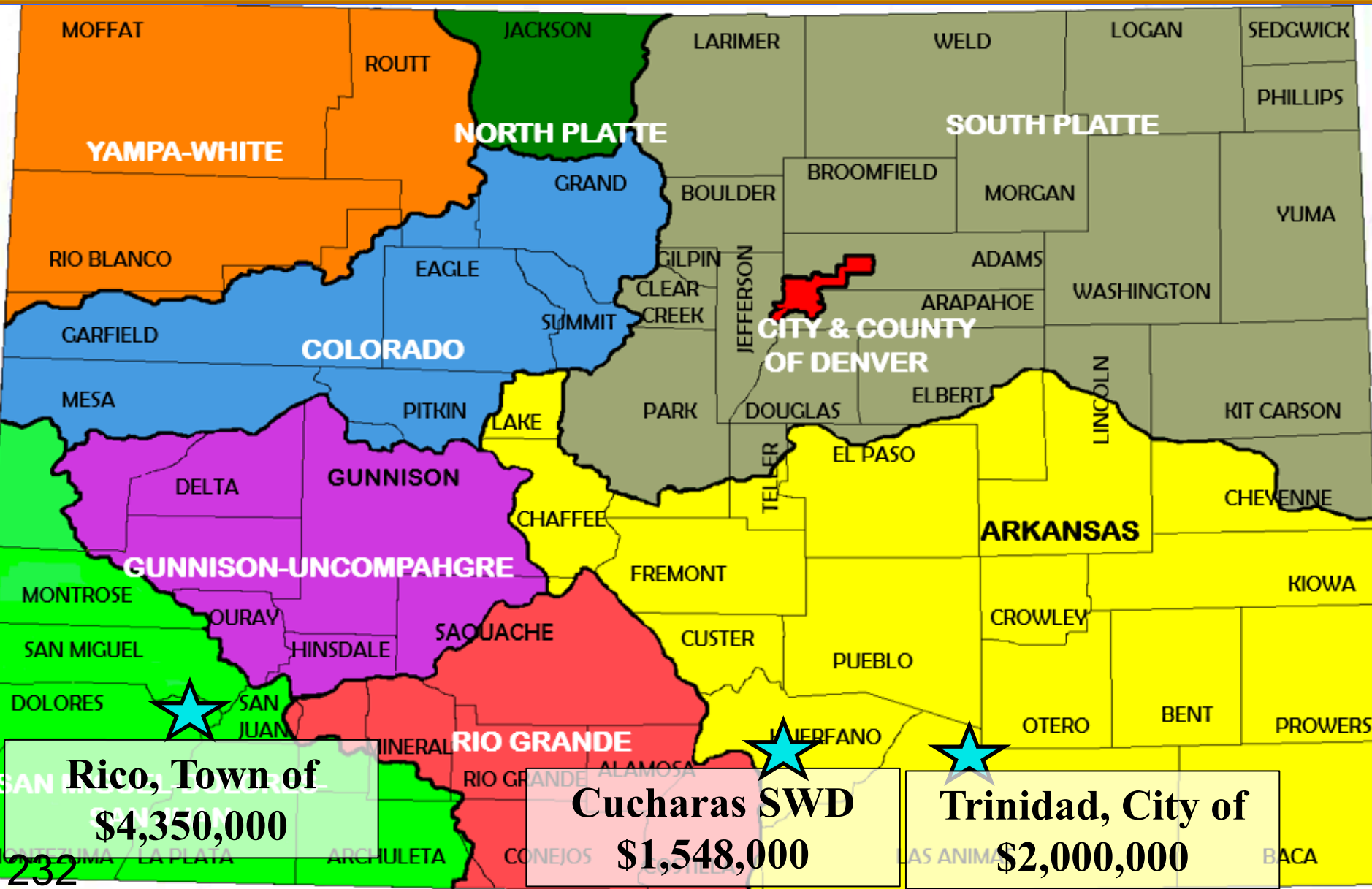
Highland Lakes Water District



This project serves to construct a new membrane surface water treatment plant. Due to the District receiving bids that were all higher than anticipated, the District is seeking a supplemental loan in the amount of \$464,145. (Arkansas/South Platte Basin)



DWRF October 5th Deadline Loan Applications Anticipated

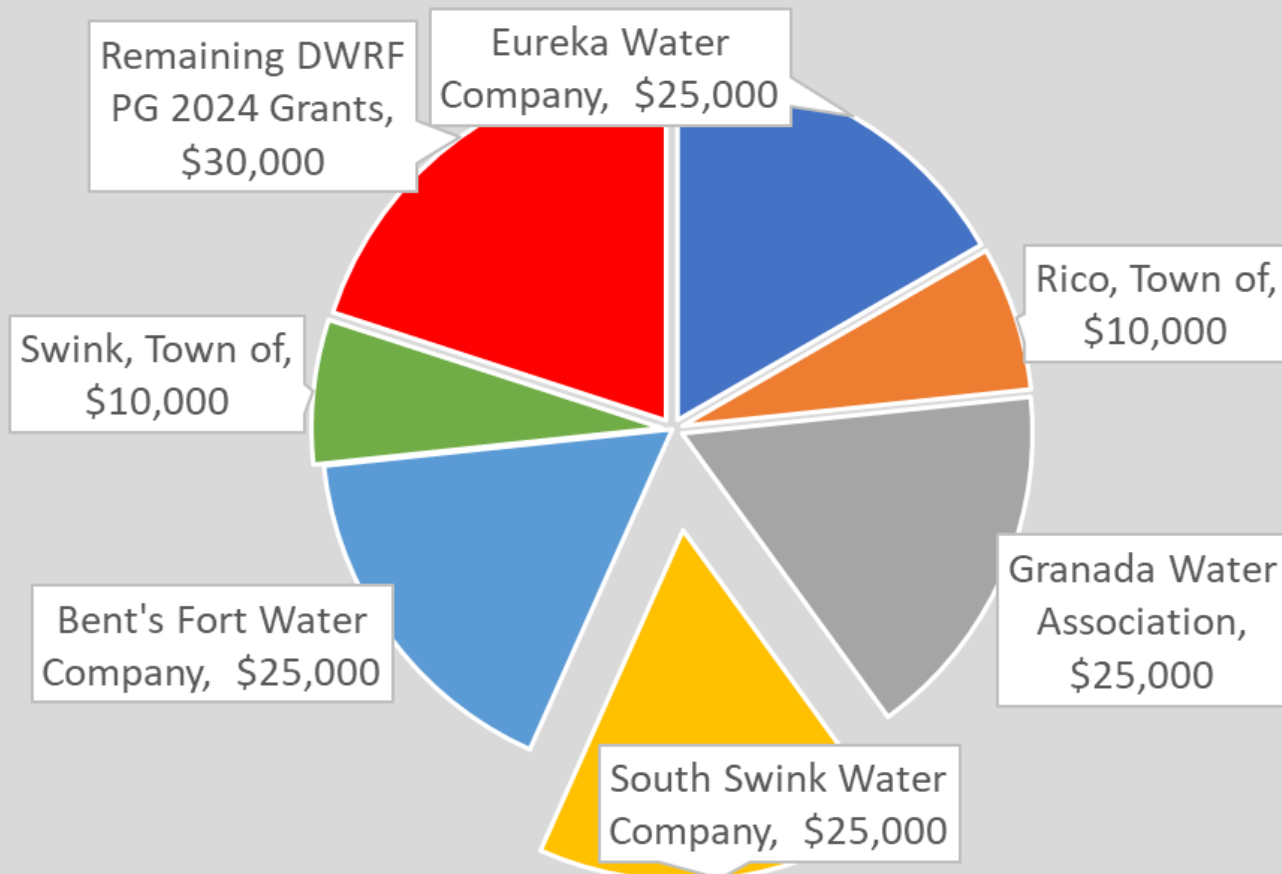


DWRF Planning Grant Update



In 2024, the Authority has budgeted \$150,000 for DWRF Planning Grants (PGs). There has been one PG awarded since the August Board meeting. There's \$30,000 remaining for 2024 Planning Grants.

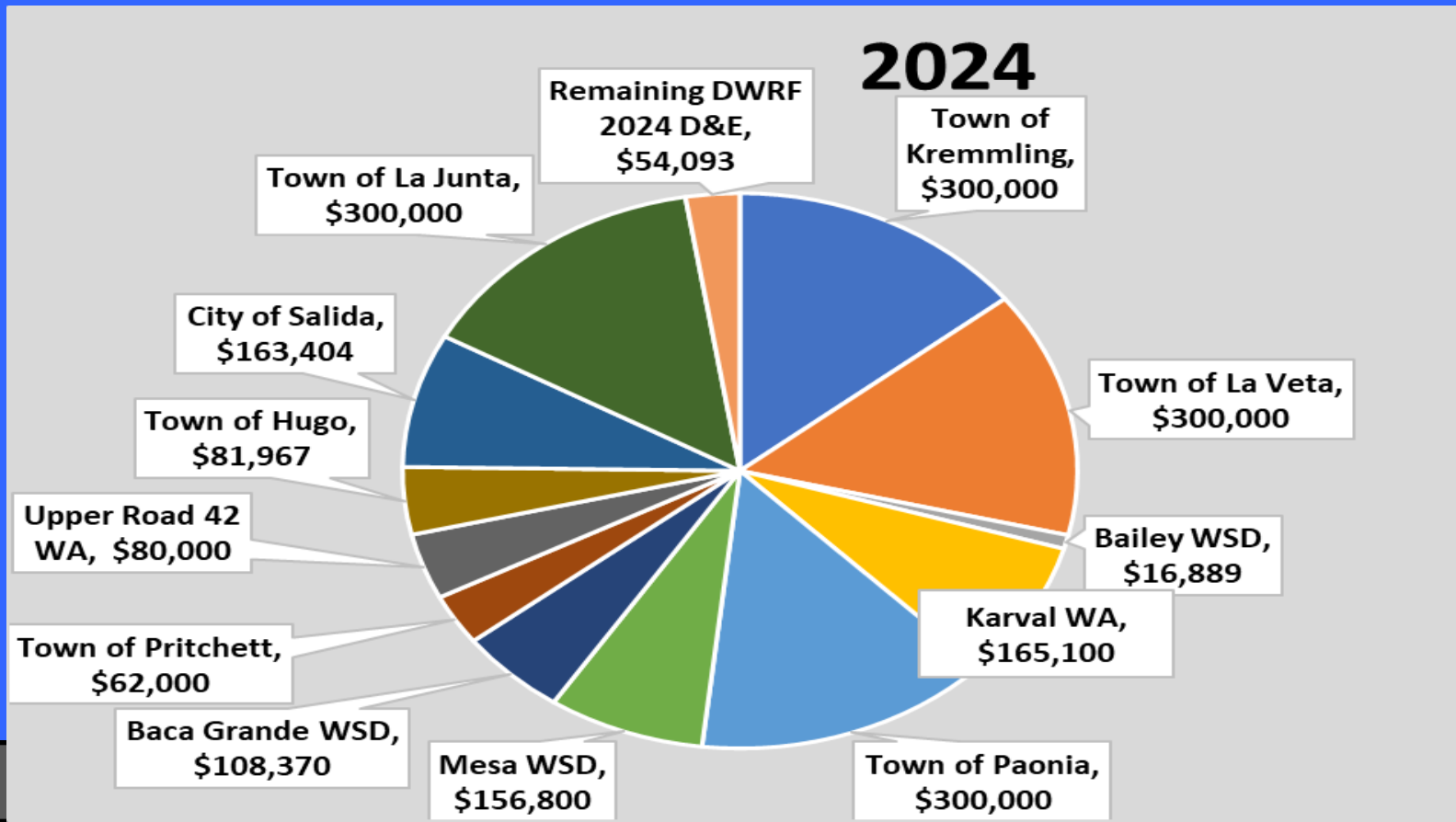
- Town of Swink (Arkansas Basin) – Replacement of storage tank. (PNA)



DWRF Design and Engineering Grant Update



We have received an estimated 2024 cap grant allotment. Of the approximately \$2 million allocated for 2024 D&Es, there is \$54,093 remaining in D&E funds. There have been no D&Es awarded since the August Board meeting.



Town of Lake City

Resolution No. 24-35, Supplemental Base Direct Loan



Interest Rate =



Term =



Loan Amount =



PFC

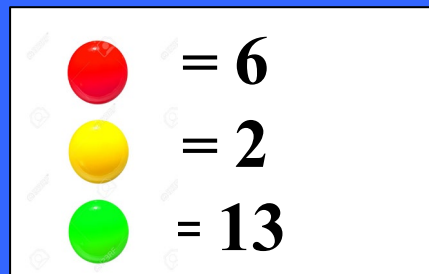
Recommends = Consent

Pledge = Water and Sewer System Revenue

Subject To =



Indicators =



Additional Info =

O&M Reserve = 864%
Bid process = DBB
Contingency = 7%

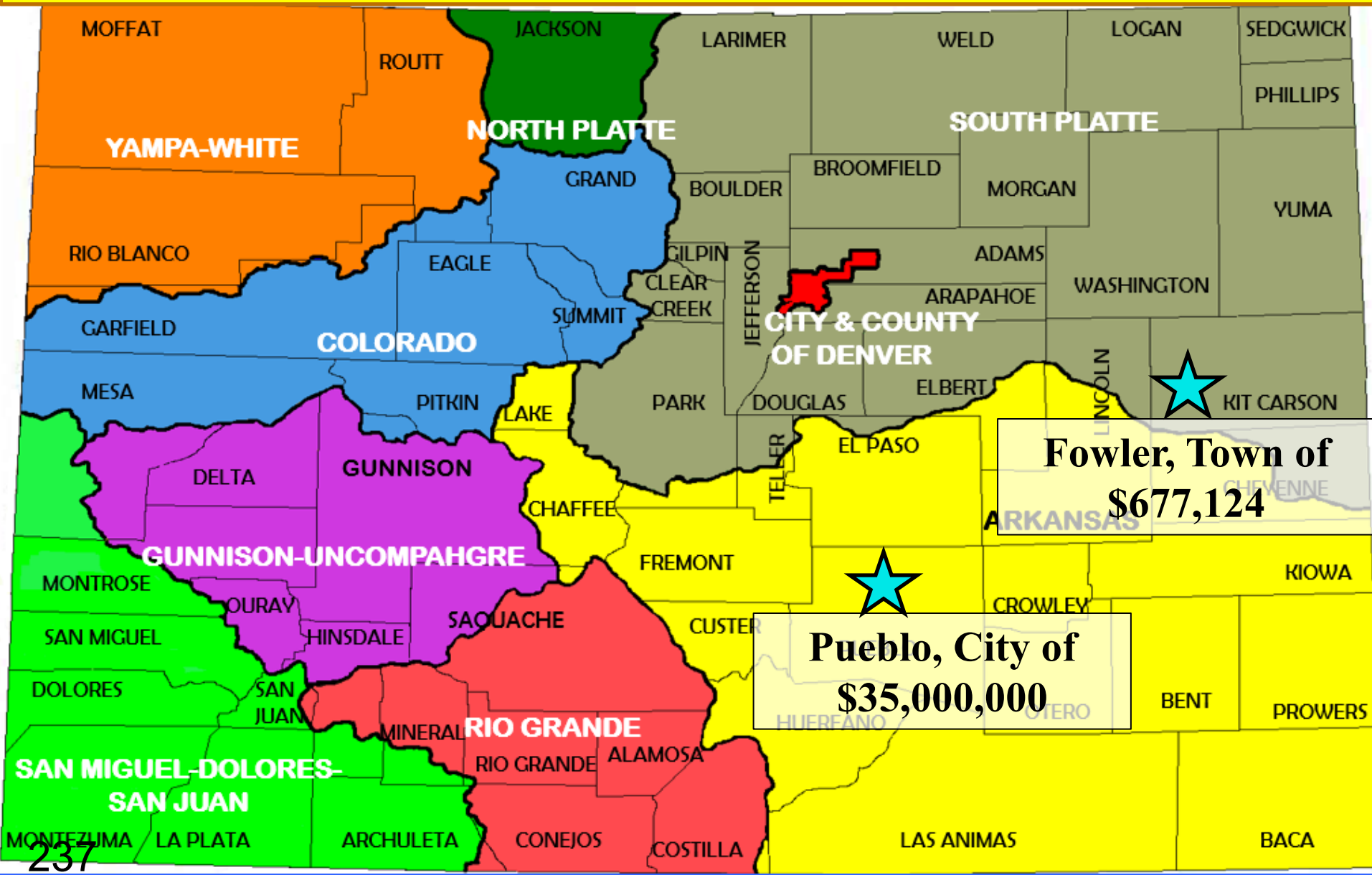


Town of Lake City

The project consists of improving the existing wastewater treatment facility, including capacity expansion and various upgrades and treatment process improvements. Due to several challenges implementing this project, the Town is seeking a supplemental loan in the amount of \$900,000.



WPCRF October 5th Deadline Loan Applications Anticipated



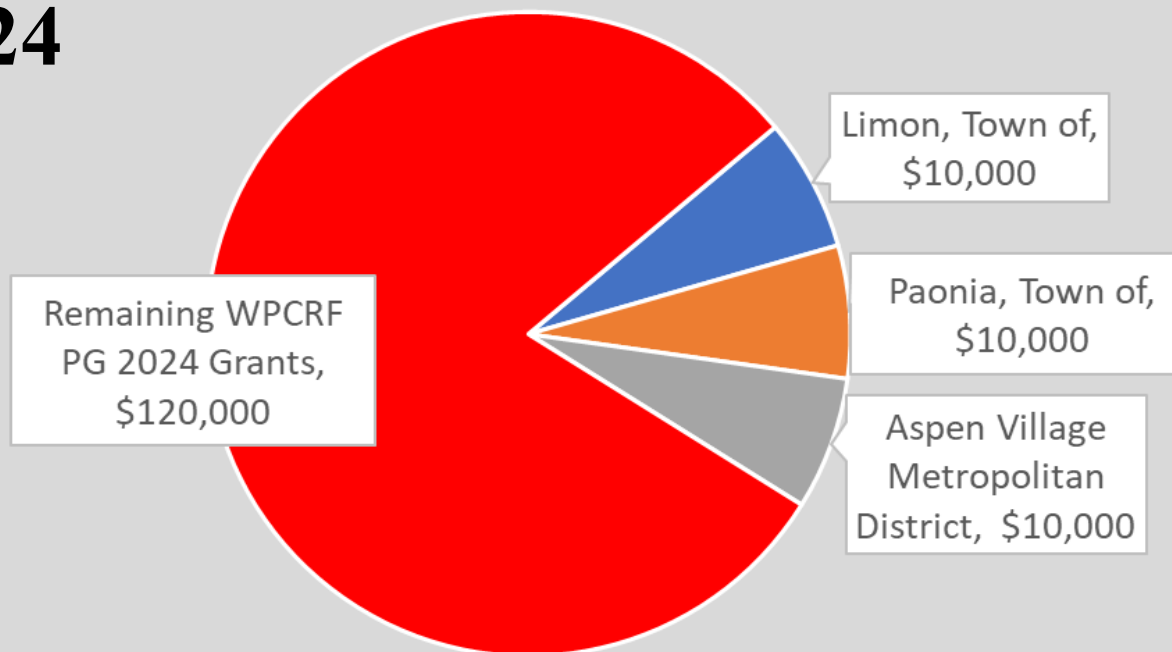
WPCRF Planning Grant Update



In 2024, the Authority has budgeted \$150,000 for WPCRF Planning Grants (PGs). There have been two PGs awarded since the August Board meeting. There's \$120,000 remaining.

- Town of Paonia (Gunnison-Uncompahgre Basin) – Replacement of existing pipes. (PNA)
- Aspen Village MD (Colorado Basin) – construction of a new Sequencing Batch Reactor (SBR) facility. (PNA)

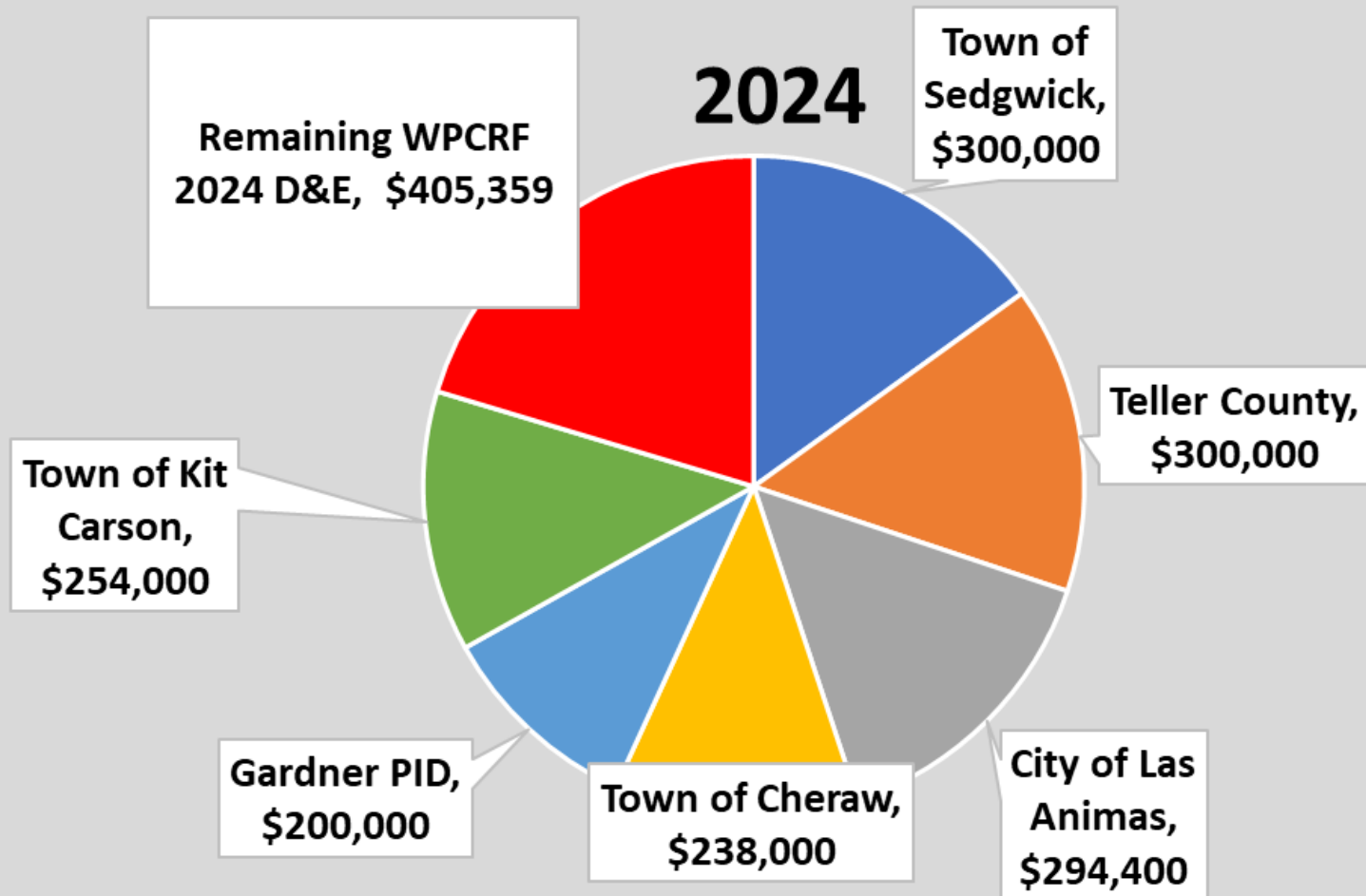
2024



WPCRF Design and Engineering Grant Update



We have received an estimated 2024 cap grant allotment. Of the approximately \$640 thousand allocated for 2024 D&Es, there are \$405,358.94 remaining D&E funds. There have been no D&Es awarded since the August Board meeting.





SHLP Matching Grant Update

In 2024, the Authority has budgeted \$150,000 for Small Hydropower Matching Grants (SHMGs). There have been no SHMGs awarded this year.

