

**Colorado Water Resources  
and  
Power Development Authority**

**BOARD MEETING MINUTES**

**October 4, 2024**

Prior to calling the meeting to order, Chair Vandiver expressed his appreciation to the Town of Silt, Authority staff and the Board for making the trip, hosting the tour, and the previous evening's Board Program Work Session. Everything came together well and was successful.

**Call to Order**

Chair Steve Vandiver called the meeting to order at 9:00 a.m. at the Silt Town Hall, located at 231 N. 7<sup>th</sup> Street, Silt, CO 81652 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), Matthew Shuler, Bruce Whitehead, Eric Wilkinson, and Karen Wogsland. Lucas Hale and Patti Wells were absent. A quorum was declared with seven Board members present.

**Pledge of Allegiance**

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

**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 application for Highland Lakes Water District (Supplemental), Resolution No. 24-33; and 8(a) Water Pollution Control Revolving Fund loan application for the Town of Lake City (Supplemental), Resolution No. 24-35. After hearing no comments, a motion was made to approve the Consent Agenda, as presented.

Motion: Chris Treese  
2<sup>nd</sup>: Karen Wogsland  
Vote: Motion carried

**Introduction of Guests**

Chair Vandiver invited any loan application representatives who joined the meeting virtually to identify themselves and note the entity they represent. Joanne Fagan, Project Engineer for the Town of Lake City, thanked the Board for its approval of the Town's project via the Consent Agenda. Chair Vandiver thanked Ms. Fagan for the Town's input at the Project Finance Committee conference call, held on Monday, September 30<sup>th</sup>.

**Approval of Minutes – August 21, 2024**

The August 21, 2024, Minutes were presented for approval. Director Whitehead noted a minor typo that he notified Ms. Speed about prior to the meeting. After hearing no additional comments, a motion was made to approve the Minutes of August 21, 2024, as corrected.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Bruce Whitehead  
Vote: Motion carried

**Other Agency Reports**

*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 September 18<sup>th</sup> in Monte Vista. At that meeting, the CWCB Board approved five new loans: Crawford Water Conservancy District (Feder Canal Stabilization), Rio Blanco Water Conservancy District (Taylor Draw Hydroelectric Turbine Refurbishment), Larimer and Weld Irrigation Company (Cache La Poudre River Diversion Rehabilitation), Silver Lake Ditch & Reservoir Company (Elephant Butress Tunnel Rehabilitation), and West Side Water Conservancy District (Flannery Reservoir Purchase). Mr. Russell noted that the Rio Blanco Water Conservancy District's request necessitated coordination with the Authority regarding the best possible funding source for the project. The CWCB Board also heard an update from the Southeastern Colorado Water Conservancy District on the Arkansas Valley Conduit project, including the proposed process of utilizing the CWCB's \$30 million Projects Bill Grant as a 50% match to the CWR&PDA funding. The Board also approved approximately \$1.4 million in Water Supply Reserve Fund Grants ("WSRF") and approximately \$8.8 million in Water Plan Grants. Mr. Russell noted the next application deadline for Water Plan Grants is December 1<sup>st</sup> for Board consideration in March 2025.

The CWCB Finance Committee also met before its September Board meeting and the primary focus of that meeting was the CWCB's Construction Fund and the Severance Tax Perpetual Base Fund and recommendations for the CWCB's annual Projects Bill. The Committee reviewed approximately \$26.8 million of the Projects Bill Grants (formerly Non-Reimbursable Project Investments) project applications that will be considered for final approval at the November 2024 Board meeting. Mr. Russell highlighted two of the projects that will be considered: the Steamboat Springs – Yampa River/Walton Confluence Project (approximately \$2 million) and the Republican River Water Conservancy District – Retirement of Irrigated Acres in the South Fork Focus Zone (approximately \$6 million). Additionally, it was noted that the Board heard a preliminary review of a \$28 million loan application from the Lower Arkansas Valley Water Conservancy District for the purchase of water rights owned by Xcel Energy. A final review by staff is currently underway and final Board approval will be required prior to its inclusion in the 2025 Projects Bill since the loan exceeds \$10 million. The current projection for CWCB's allocation of the Severance Tax Perpetual Base Fund for FY24/25 is approximately \$49 million, and the following year's projection remains at approximately \$50 million. A staffing update was provided. Mr. Russell shared that the CWCB has created a new position in its Grants Program for Section Chief and that Jeannine Shaw has moved into that position. Ms. Shaw has previous experience with the City and County of Denver and Denver Water. Mr. Russell concluded with an announcement that the CWCB Board will meet next in Denver on November 20<sup>th</sup> and 21<sup>st</sup>.

*Report of Water Quality Control Division ("WQCD")*

Ron Falco, Safe Drinking Water Program Manager at the WQCD, referred to the provided written report and highlighted a few items, including an announcement that the Water Quality Control Commission's ("WQCC") annual planning meeting was held on September 9<sup>th</sup> and 10<sup>th</sup> in Berthoud. Mr. Falco also noted that the WQCC will meet on October 15<sup>th</sup> to hold its annual public comment informational hearing and town hall. The WQCC will also hold an administrative acting hearing for the FY 2025 Intended Use Plans at the October meeting. An announcement about the upcoming October 16<sup>th</sup> deadline for water systems to complete and submit their initial system-wide lead service line inventory and lead service line replacement plans was made. Additionally, water systems must notify its customers if service lines are made of an unknown material by mid-November. Mr. Falco reported that the Association of State Drinking Water Administrators, and EPA, met in St. Louis recently and confirmed that the lead and copper rule improvements are still expected to be finalized before the October 16<sup>th</sup> deadline. The WQCD's 2025 budget was submitted on August 21<sup>st</sup> and WQCD staff attended the Authority's September 30<sup>th</sup> Budget & Audit Committee meeting to answer any questions. Mr. Falco noted that due to an increase in funding availability, the WQCD will be extending additional assistance to wastewater systems across the state as demand continues to grow.

Following the agency report, Chair Vandiver noted that a more in-depth discussion about the Colorado Environmental Online Services (“CEOS”) public portal replacement budget request will need to be addressed before final budget approval. Mr. Falco agreed with Chair Vandiver about the importance of this budget item and noted this is the appropriate time to have the discussion. The partner agencies will be working together to identify needs and to ensure that the scope of work can accommodate the work of all three agencies. Mark Henderson opined that the partner agencies are in a better position than they were in the past and starting early in the process will help make the selection process more successful. This will ensure a well-planned, thoughtfully executed process that will ensure the strategy and product will work for all partner agencies.

*Report of Department of Local Affairs (“DOLA”)*

Desi Santerre, Department of Local Affairs Program Manager, referred to the provided agency report and confirmed that the most recent Energy and Mineral Impact Assistance (“EIAF”) Program application deadline was August 1<sup>st</sup>. There is approximately \$30 million in grant funding available for this application cycle. The written report included a listing of Tier I and Tier II applicants. Awards are expected to be announced in November. The next application deadline for the EIAF Program is December 1<sup>st</sup>. As previously reported, DOLA received Severance Tax/Federal Mineral Lease projections, but those projections may change as some forecasts suggest that oil and gas prices will fall. Finally, Ms. Santerre provided an update on the Department’s Small and Rural Communities Technical Services Program, noting that work was completed with one community, the Somerset Domestic Water Works District, and a meeting with the Department’s contractor and Regional Manager may produce another project for the program. Ms. Santerre thanked the Board for its willingness to transfer funding from the wastewater program to the drinking water to accommodate the higher demand for assistance. Through the end of August, approximately \$38,294 has been spent on technical services projects, including approximately \$33,222 on drinking water projects, and approximately \$5,071 on wastewater projects. DOLA has completed and shared its annual review of technical services activities. Following the agency report, Director Whitehead asked about the SRF column in the written report and Ms. Santerre confirmed that the designation notes if the entity has requested, or will likely be requesting funding through the SRF programs and confirmed that final funding decisions for each Tier are still pending.

*Report of the Chair* – Chair Vandiver opined that this has been a busy week, with several committee meetings, and thanked Justin Noll for his efforts during the Budget & Audit Committee meeting. The Project Finance and Nominating Committees also met since the last Board meeting and Chair Vandiver thanked all who attended, facilitated and participated in each Committee meeting.

*Report of the Treasurer* – Treasurer Fabbre echoed Chair Vandiver’s thanks to the Town of Silt, its employees, contractors and consultants that took time for the tour of the Town’s wastewater facilities. Since the last Board meeting, Treasurer Fabbre noted that the Investment Committee did not meet, but the Budget & Audit Committee met on September 30<sup>th</sup> to review and discuss the Authority’s proposed 2025 budget and Forvis Mazars’ 2024 audit engagement letter. Authority staff will be asking the Board for approval of the Forvis Mazars’ audit engagement letter and publication of the Authority’s draft 2025 budget later in the meeting agenda. Final approval for the 2025 budget will be forthcoming at the December 6<sup>th</sup> Board meeting. Treasurer Fabbre deferred to Mr. Noll and asked him to continue the Treasurer’s report. Mr. Noll noted that no financials were included in the Board’s materials because the staff is currently in transition to its new ERP software, Sage Intacct. Mr. Noll shared the COLOTRUST rates as of October 2024, and noted that since the Federal Reserve’s rate decreased, COLOTRUST has also decreased its daily yield rates from 5.4115% on September 18<sup>th</sup> to 5.3342% on September 19<sup>th</sup> and then to 5.0360% as of September 30<sup>th</sup>, in step with the Fed’s reductions. Mr. Noll announced that on September 3<sup>rd</sup>, Authority staff initiated debt service payments for outstanding bonds in both SRF Programs. The total amount paid was approximately \$6.5 million in the Drinking Water Revolving Fund and approximately \$17.5 million in the Clean Water Revolving Fund programs for principal and interest payments. On September 4<sup>th</sup>, Authority staff deallocated approximately \$20 million in the Drinking Water Revolving Fund and approximately \$26.5

million in the Clean Water Revolving Fund program, thereby releasing these funds back into the SRF Programs for future loan purposes. The deallocation process gives the Authority additional loan capacity for future lending. Following the report, Mr. McLaughlin thanked the Accounting staff for completing the successful debt service and deallocation transactions. A motion was made to approve the Treasurer's Report.

Motion: Mike Fabbre  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

*Report of Executive Director* – Keith McLaughlin echoed Chair Vandiver's thanks to all who were involved in the successful tour of the Town of Silt's facilities and to the Board for making the trip to Silt for the tour and meetings. Mr. McLaughlin then referred to the written report contained in the Board's materials and noted a few highlights of the report, including a meeting with John Brockmeier, a new staff member in Senator Bennet's office, to discuss Congressionally Directed Spending (CDS) and its impact on the SRF Programs, and current disbursement issues. Also, on August 30<sup>th</sup>, Mr. McLaughlin met with Colorado State Treasurer, Dave Young, regarding the state's Building Urgent Infrastructure and Leveraging Dollars (BUILD) concept. Several discussions have been held with Mike Beck of the Colorado Department of Public Health and Environment to discuss securing the state match for the BIL funds and other various items. The state match is critical to securing the last two years of BIL funds and the Authority is still seeking a viable solution, including funding from HB24-1413 (state Severance Tax transfers). Work continues with Culture Solutions Group regarding the Authority's Salary and Benefit Survey and a draft is expected for review at the December Board meeting. This is the first survey from this consultant, so it is taking a little longer to complete than expected. Mr. McLaughlin acknowledged one staff anniversary since the last Board meeting: Cheryl Gantner, the Authority Records System Clerk, celebrated her 12<sup>th</sup> work anniversary on October 1<sup>st</sup>.

*Appointment of Assistant Secretaries, Resolution No. 24-30*

Keith McLaughlin presented Resolution No. 24-30 and stated that biennially the Authority adopts a Resolution to appoint Assistant Secretaries to assist in the execution of various loan, bond-related and administrative documents, as deemed necessary. The Authority would like to reappoint Finance Director Jim Griffiths, Assistant Finance Director Wesley Williams, Controller Justin Noll and Office Manager Sabrina Speed as Assistant Secretaries to a term of two years to perform the duties and functions of the Secretary at such times as may be necessary. A motion was made to adopt Resolution 24-30.

Motion: Bruce Whitehead  
2<sup>nd</sup>: Chris Treese  
Vote: Motion carried

*Appointment of Assistant Treasurer, Resolution No. 24-31*

Keith McLaughlin presented Resolution No. 24-31 and stated that an Assistant Treasurer provides additional flexibility and backup when the Treasurer (an Authority Board member) was unavailable to take certain actions, such as authorizing investments, if needed. This appointment was previously suggested by former Authority Chair Bob Wolff. The Authority would like to reappoint Controller Justin Noll as Assistant Treasurer for a term of two years to perform the duties and functions of the Treasurer at such times as may be necessary. It was noted that Mr. Noll has never acted as an Assistant Treasurer, but would do so, if needed. A motion was made to adopt Resolution 24-31.

Motion: Mike Fabbre  
2<sup>nd</sup>: Eric Wilkinson  
Vote: Motion carried

*Appointment of Authority General Counsel, Resolution No. 24-32*

Keith McLaughlin presented Resolution No. 24-32 and stated that the Authority is also required to annually review and appoint general counsel to allow the legal and efficient functioning and operation of the Authority. The Authority would like to appoint Carlson, Hammond & Paddock LLC, and specifically Karl Ohlsen as principal, to act as general counsel to the Authority Board. Authority staff appreciate Mr. Ohlsen's efforts and assistance, especially since he is always working in the best interests of the Authority according to Mr. McLaughlin, who then recommended his reappointment. Mr. McLaughlin also noted this appointment will continue to be held on an annual basis, as required. A motion was made to adopt Resolution 24-32.

Motion: Chris Treese  
2nd: Karen Wogsland  
Vote: Motion carried

#### *Accounting Manager's Report*

Controller Justin Noll noted that the ERP software implementation is in process in the Accounting department as staff is working through the transition. Staff is also in the process of evaluating additional software to improve efficiency for other processes in the office and named Gravity as one software currently under review. The Gravity software package will assist the Authority in the preparation of the Popular Annual Financial Report and integrate with the Authority's audit so there is less manual work necessary as the system is designed to streamline changes whenever necessary. Additionally, staff is evaluating the Human Resources add-on software to Inova, the Authority's payroll processing software. The additional software package will allow the Authority to improve its employee evaluation process and other HR functions. Mr. Noll confirmed that Inova is currently processing the Board's per diem payments and will administer year-end W-2's. Mr. Noll concluded his report with an announcement that the Accounting Department is fully staffed as the Authority hired Desiree Perea as the new Accounting Clerk/Technician at the end of August. Ms. Perea's formal introduction will be at the December Board meeting.

#### *Finance Manager's Report*

Finance Director Jim Griffiths announced that on September 13<sup>th</sup>, the City of Englewood invited Authority staff to its lead service line removal event. This event was attended by several dignitaries, including United States Senator John Hickenlooper, and provided Authority staff an opportunity to interact with the Senator. The event was also attended by several Englewood homeowners, who were very appreciative of the funding provided by the Authority. Mr. Griffiths also noted that the City of Englewood benefited greatly from Denver Water's experiences as Denver Water provided a good map for successful removal and the City utilized some of the same contractors that Denver Water used. Mr. Griffiths announced that Kevin Carpenter earned a promotion to Senior Financial Analyst I. Mr. Griffiths also announced that Giorgi Gazashvili earned a promotion to Financial Analyst II and congratulated both for all their hard work. The Board also congratulated both on the achieved advancements.

#### *Office Manager's Report*

Office Manager Sabrina Speed confirmed receipt of the 2025 health, dental and vision rates from PERACare, the Authority's benefits provider. The new premium rate changes are a less than 1% rate decrease in Kaiser Permanente rates for healthcare benefits, a slight increase of approximately 4% for Delta Dental rates, and no changes for both the Cigna Dental and VSP Vision Care programs. This information has been incorporated into the proposed 2025 budget, as previously mentioned during the Budget & Audit Committee conference call. Additionally, Ms. Speed reported that Authority staff continues to work on the website accessibility project and incorporated funding for remediation into the proposed 2025 budget to be fully compliant before the July 1, 2025, deadline. Ms. Speed also announced that the Colorado Water Congress Annual Convention will be held on January 29-31 at the Hyatt Regency Aurora-Denver Conference Center. A sign-up sheet was circulated for conference registration and lodging requests for Board members. Finally, Ms. Speed noted that a copy of the Zoom conference AI generated notes was emailed to the Board from the previous evening's Board Program Work Session. After reviewing the text,

Ms. Speed noted that the AI tool may be useful to aid in follow-up notes but wouldn't be a replacement for post-meeting minutes.

*Report of Legal Counsel*

General counsel Karl Ohlsen didn't have a formal report but thanked the Board for its support in renewing the appointment of general counsel by Resolution earlier in the meeting and expressed his appreciation for the opportunity. Mr. Ohlsen also noted that a majority of his time has been devoted to working on the intergovernmental agreement ("IGA") for the Arkansas Valley Conduit project and the Evergreen Lake Company's loan agreement. Once that loan agreement is executed, Mr. Ohlsen is hopeful that other private, not-for-profit entities will be able to use it as a template going forward. Wesley Williams thanked Mr. Ohlsen for his efforts working through the difficult issues with the Evergreen Lake Company as it has been a big undertaking.

**Drinking Water Revolving Fund**

*City of Fort Lupton – Additional Bonds Test Waiver and Consent*

Wesley Williams confirmed that the Authority entered into a loan agreement with the City of Fort Lupton on December 5, 2022, and the loan funds were used to pay for a tap fee to Metro Water Recovery (formerly known as Metro Denver Wastewater). The full funding package was outlined in the October 4, 2024, memorandum contained in the Board materials. Additional improvements to the City's wastewater system were necessary and the City applied for a loan from the United States Department of Agriculture ("USDA"), Rural Utility Service to finance the acquisition, construction and completion of the improvements. The USDA loan requires interim financing during construction, and then the City will enter into a long-term financing agreement upon completion. Under this structure, the City would have a large payment coming due in one year (commonly known as a "balloon" payment). The Authority's December 2022 loan includes an additional bond test ("ABT"), which requires any debt that is issued on the same revenue pledge to meet the loan covenant at or above 110% for twelve of eighteen months. The City will not be able to meet the ABT at the maturity of the balloon payment on the interim loan but expects to meet it when the long-term financing is in place. The City is thereby requesting an ABT waiver on the interim loan. Prior to issuing the long-term financing, the City will be required to certify that it has met the required ABT on the Authority's 2022 loan. The Authority has historically granted this type of routine waiver request on several occasions. Following the discussion, Director Whitehead asked about the 120% figure that was referenced in the Board memorandum and Mr. Williams acknowledged that was a typo and it should be 110%. This error will be corrected. Director Wilkinson also noted that the words "the net revenue" should be added to paragraph B, line 5, after the word "issued" of the waiver and consent agreement, and Mr. Williams agreed that it should be added and sent to bond counsel for approval. A motion was made to authorize staff to waive the additional bonds test, as outlined in the memorandum contained in the Board materials, with the suggested changes.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Bruce Whitehead  
Vote: Motion carried

*State Revolving Fund 2024 Series C Bond Resolution No. 24-34*

Ian Loffert referred to the Bond Resolution provided in the Board materials and noted that it authorized the sale of the 2024 Series C State Revolving Fund bonds. This item was similar to the bond resolution brought forth to the Board in April. This bond issue will encompass three borrowers: Project 7 Water Authority (approximately \$24.7 million), Town of Kremmling (\$11.2 million) and Buffalo Mountain Metropolitan District (approximately \$4.3 million). These amounts include only the leveraged loan amounts for each entity, and all are Drinking Water projects and all three have additional BIL or Base funding to go along with these leveraged loan funds. The total estimated leveraged loan amount for these three borrowers is approximately \$40.2 million with an estimated \$22.1 in bond proceeds (representing 55% of the total requested leveraged loan amount). The remaining 45%, or approximately \$18.1 million,

will be comprised of Authority loan funds (Capitalization Grant and/or reloan funds). This bond resolution will place guardrails on the bond issue, also known as parameters. Mr. Loffert outlined the parameters for the principal amount, interest rate and term for the Bond Resolution that were set as follows: the bond principal amount is not to exceed \$27 million, Authority program funds not to exceed \$25 million, the net interest rate is not to exceed 6% and the final maturity date is not to exceed September 1, 2058. The Authority set the amounts higher than the estimated amounts previously mentioned in case the market shifts. Mr. Loffert explained that when interest rates increase, bond prices decrease, so the amounts were increased to allow flexibility for market volatility, especially in light of the upcoming Presidential election. Mr. Loffert also highlighted a section of the bond resolution that allows the Authority to sell bonds by either a competitive or negotiated sale process, as determined by the Authority and its financial advisors. This process is expected to be a competitive sale, but that may change, if necessary. The current sale date is expected to take place on Wednesday, November 13<sup>th</sup> with a tentative closing date on Friday, November 22<sup>nd</sup>. Mr. Loffert also noted that the Official Statement for the SRF Series C bond issue will be emailed to all Board members upon publication. This bond resolution comes with a favorable recommendation from staff. A motion was made to approve the State Revolving Fund 2024 Series C Bond Resolution 24-34.

Motion: Chris Treese  
2<sup>nd</sup>: Karen Wogsland  
Vote: Motion carried

#### *Status of Projects*

Kevin Carpenter reported that staff has attended six pre-qualification meetings since the last Board meeting with the Town of Swink, the Town of Saguache, the Evergreen Metropolitan District, and a handful of private, not-for-profit entities. The Authority anticipates three loan applications for the December Board meeting from the Town of Rico (approximately \$4,350,000, for replacement of a water storage tank and reactivation of old treatments plants), the Cucharas Sanitation and Water District (approximately \$1,548,000, for rehabilitation its existing surface water treatment plant and water treatment components) and the City of Trinidad (approximately \$2,000,000, for rehabilitation of three storage tanks). Since the last Board meeting, one Planning Grant in the amount of \$10,000, was issued to the Town of Swink for replacement of a storage tank. There is \$30,000 remaining for 2024 Drinking Water Planning Grants. No Design & Engineering Grants were awarded since the last Board meeting and approximately \$54,093 remaining in Design & Engineering Grants for 2024 due to a couple of project recissions. Mr. Carpenter noted that capacity for the Drinking Water Program remains strong, due to the previously mentioned deallocation, but staff is also anticipating a large number of borrowers for the January 5<sup>th</sup> application deadline, which is one of the two open cycles for funding and may possibly require a prioritization of projects.

#### **Water Pollution Control Revolving Fund**

##### *Status of Projects*

Kevin Carpenter reported that staff has attended one pre-qualification meeting since the last Board meeting, also with the Evergreen Metropolitan District on its wastewater project, so staff attended one combined meeting. The Authority anticipates two loan applications for the December Board meeting from the Town of Fowler (approximately \$677,124, for construction of a new lift station and force main) and the City of Pueblo (approximately \$35,000,000, for three new clarifiers and improvements to its water reclamation facility). This amount is above both the direct loan rate and the overall wastewater loan limit, so the City will need to wait for the spring bond issue. Since the last Board meeting, two Planning Grants in the amount of \$10,000, were issued to the Town of Paonia for replacement of existing pipes and to the Aspen Village Metropolitan District for construction of a new Sequencing Batch Reactor facility. There is \$120,000 remaining for 2024 Wastewater Planning Grants. No Design & Engineering Grants were awarded since the last Board meeting and there is approximately \$405,358 remaining in Design & Engineering Grants for 2024. Mr. Carpenter noted that staff is also anticipating a large number of borrowers in the wastewater program from the January 5<sup>th</sup> application deadline, which is one of the two open cycles for funding and may also require a prioritization of projects. Following the update, Director Whitehead asked if the

Planning Grant budget was adequate for the demand in both programs, and staff confirmed that the budget is sufficient and that staff reserves the ability to transfer funding between programs to account for shortfalls, if necessary.

### **Small Hydropower Loan Program**

#### *Status of Projects*

Austin Reichel noted that, as Mr. Russell previously reported, staff recently spoke with the Rio Blanco Water Conservancy District about its turbine refurbishment project and coordinated funding through the CWCB. At this time, the District's project is not currently eligible for funding through the Authority's Small Hydropower Loan Program, but staff may recommend a policy change at the December Board meeting. No matching grants were awarded since the last Board meeting and the full \$150,000 of budgeted matching grants remain available for 2024. There are six outstanding loans in the Small Hydropower Loan Program with an approximate balance of \$6.2 million.

### **Water Revenue Bonds Program**

#### *Status of Projects*

Austin Reichel noted there has been no activity in the Water Revenue Bonds Program since the last Board meeting. There are five loans outstanding with an approximate balance of \$51 million.

### **Project Finance Committee**

Committee Chair Chris Treese noted that the Project Finance Committee met on Monday, September 30<sup>th</sup> and the minutes from that meeting were provided in the Board materials. Director Treese thanked the Committee and other Board members for their attendance and participation. The two SRF supplemental loan applications were successfully moved to the consent agenda after the Committee's full review. It was also noted that a formatting issue in the footnotes between the two pages needed a correction in the provided PFC minutes. Staff agreed to make the necessary changes.

### **Board Program Work Session**

Committee Chair Eric Wilkinson noted that the previous evening's Board Program Work Session included a comprehensive discussion about the Arkansas Valley Conduit funding concepts and intergovernmental agreement framework. Director Wilkinson complimented staff and legal counsel for the work they have completed thus far on the project. The discussion highlighted the enthusiasm of the Board to find a solution to help the communities in the area. The agenda also included a review of the Authority's recently conducted Stay Survey results. Director Wilkinson thanked Mr. McLaughlin for sharing the results with the Board. Director Wilkinson noted the Board's concern about the workload on staff and asked staff how the Board could better support them. Director Wilkinson also appreciated the economic update provided by Kevin Carpenter and Wesley Williams.

### **Budget & Audit Committee**

Committee Chair Mike Fabbre noted that the Budget & Audit Committee met on September 30<sup>th</sup> to review the draft 2025 budget and the Forvis Mazars 2024 Audit Engagement Letter, as previously mentioned. The full Committee participated in the meeting, as well as several other Board members. The minutes from that meeting were contained in the Board's materials. Director Fabbre mentioned that the Authority has two years remaining on the current audit agreement with Forvis Mazars and several Board members have previously expressed an interest in possibly looking at other firms for audit services by way of a request for proposal ("RFP") or request for quote ("RFQ"). Director Fabbre invited Mr. Noll to continue the discussion.

#### *Approval of Forvis Mazars 2024 Audit Engagement*

Controller Justin Noll presented the 2024 audit engagement letter from Forvis Mazars that reviews the engagement guidelines, audit objectives and responsibilities that were included in the Board materials. Mr. Noll confirmed that the engagement fee is \$115,000 this year, which represents a 7% increase from the



previous year. This amount is a slight increase from previous increases, due in part to inflation and other costs. This fee is for the financial statement and single 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. This testing will be conducted by an independent, third party and is a required component of the audit. Mr. Noll confirmed this is the 19<sup>th</sup> year the Authority has utilized the same auditor, and the Authority Board authorized a 5-year commitment with Forvis Mazars that will conclude with the 2025 audit. Treasurer Fabbre noted that the Budget & Audit Committee did not make a recommendation on the proposed 2024 audit engagement. A motion was made to approve the Forvis Mazars engagement letter to conduct the audit of the Authority's 2024 financial statements.

Motion: Mike Fabbre  
2<sup>nd</sup>: Matthew Shuler  
Vote: Motion carried

#### *Presentation of the 2025 Budget*

Controller Justin Noll noted that procedurally, this is the initial review of the proposed budget, and staff is seeking authorization to publish the Authority draft 2025 budget for public inspection at this time. Mr. Noll confirmed that he would be reviewing the five column documents that were contained in the Board materials and confirmed that the state requires the Authority's documents to be configured this way. The Authority's financial statements are segmented into three enterprise funds: Water Operations Fund ("WOF"), Water Pollution Control Revolving Fund ("WPCRF") and Drinking Water Revolving Fund ("DWRF"). The Water Operations Fund includes the Water Revenue Bonds Program, the general Authority and the Small Hydropower Loan Program. Mr. Noll then briefly reviewed key portions of the WOF, including a reduction of \$415,000 in investment interest income due to the Fed lowering interest rates, an increase of \$120,000 in staff salaries representing a 4% increase for raises and advancements and the potential for an additional FTE (if necessary). Mr. Noll alerted the Board that a budget adjustment may be necessary due to a new GASB rule for compensated absences. This change requires Mr. Noll to make some estimates, and those changes may require an adjustment to the 2024 budget so that may be forthcoming in December. Mr. Noll also reported budget increases for office rent, technical support activities, machines and software. A \$60,000 reduction in the budget for La Plata River Projects Expenses was noted as the Authority has fulfilled its financial obligation to that project. In the two SRF programs, Mr. Noll noted that similar changes will be in both programs, so he planned to only review the changes once for each. Reductions for lower net investment interest income were made in both SRF programs, as well as an increase in refunding bond proceeds as a direct result of lower interest rates. An increase in administrative expenses in both SRF programs was planned, based on the increased costs from each of the three partner agencies to administer the program, as well as replacement of the CEOS system and fire mitigation in the WPCRF program. An increase in arbitrage rebate payments was also accounted for, based on anticipated changes in interest rates. Mr. Noll clarified that today's motion would be to authorize publication of the Authority's budget for public inspection and allow the Authority Board to make changes on or before our December Board meeting, if necessary. A motion was made to authorize publication of the Colorado Water Resources & Power Development Authority's draft 2025 budget for public inspection.

Motion: Eric Wilkinson  
2<sup>nd</sup>: Matt Shuler  
Vote: Motion carried

Following the approval, Chair Vandiver expressed his concern about the selection process of the CEOS replacement software. Mark Henderson understood and shared Chair Vandiver's concerns and added that the CEOS system was initially selected as a permitting platform, not a funding platform, so the first step will be to seek a platform specifically designed for funding. Second, the process is starting early and allows for adequate time to make the right decision and involve all partners. CEOS is currently authorized for use until 2026, and Mr. Henderson has asked the purchasing department for an extension to 2027, or possibly 2028, to allow for adequate planning time for the replacement system. Mr. Henderson identified the selection process as first utilizing the ½ FTE (included in the WQCD's budget request) to manage the

planning process to help identify needs and ensure that all three partner agencies have adequate input. Second, the WQCD would like to use the \$300,000 (also included in the WQCD's budget request) to complete initial preliminary work to extract data from the current CEOS system to ensure more efficient data sharing. Mr. Henderson envisions utilizing 2025 to lay out the entire planning process. Director Wogsland expressed concern about the extended period for the planning process and noted that a year allows for a number of unexpected changes and loss of consistency. Mr. Henderson agreed and stated it is a challenge to find the right amount of planning time for this large project.

### **Nominating Committee**

Chair Vandiver reported that the Nominating Committee met on September 17<sup>th</sup> and those in attendance joining him at the meeting included: Vice Chair Chris Treese, Secretary/Treasurer Mike Fabbre, Director Wogsland, and Executive Director, Keith McLaughlin. Minutes from that meeting were included in the Board materials. The Committee met to discuss a new slate of officers for 2025, as the two-year term for Chair Vandiver is expiring. The Committee made a motion to recommend to the full Board that Chris Treese serve as Chair, Mike Fabbre serve as Vice Chair and Karen Wogsland serve as Secretary/Treasurer, effective following the conclusion of the October Board meeting. All three Directors expressed their willingness to serve in the respective officer roles, if appointed by the full Board. A motion was made to accept the Nominating Committee's recommendation.

Motion: Eric Wilkinson, by acclamation

2<sup>nd</sup>: Matt Shuler

Vote: Motion carried, by acclamation

Following the vote, Mr. McLaughlin stated the Nominating Committee also discussed officer terms and the issue that due to the Governor's imposed current two-term limit, most officers won't complete a full-term as Chair. Mr. McLaughlin would like to have a review of the current language in the Authority's bylaws and statutes to see if changes are necessary. No recommendations will be considered today, but Mr. McLaughlin wanted to note that staff will be reviewing the officer terms in the near future. The current Authority bylaws state that officers are elected in odd years, not even years, and over time, that practice has changed due to the Governor's two-term limit for Board members.

### **Legislative Issues and Other Business**

Mr. McLaughlin reported that the government is operating under a continuing resolution ("CR") that currently expires December 20<sup>th</sup>. This shouldn't have an impact on the Authority's upcoming bond sale, but it would if the sale date were closer to the expiration date of the CR, especially if there were a government shutdown. Mr. McLaughlin spoke with the Authority's lobbyist, Christine Arbogast, about the 2025 Capitalization Grants for the SRF programs and discussions between the House and Senate continue. The Senate has offered to fund the SRF programs at the same levels as 2024, and the House has offered 30% cuts to the SRF programs, and negotiations continue to work on reconciling the differences. Ms. Arbogast seems to believe the Senate will prevail, but an agreement hasn't been reached. As previously reported, the Intended Use Plans ("IUPs") will be reviewed and approved at the WQCC's October meeting and then returned to the Authority to prepare the joint resolution for submission to legislative services. Mr. McLaughlin will also be seeking sponsorship for the joint resolution in the coming weeks. Finally, Mr. McLaughlin thanked Director Wells and Director Wilkinson for agreeing to serve another term on the Authority Board. It was noted that the Governor's office made the reappointments in record time. Both reappointments must now complete the Senate confirmation process and Mr. McLaughlin will be working to get that scheduled. Director Wilkinson thanked Mr. McLaughlin for asking him to reapply and stated he thoroughly enjoys serving on the Board. The report concluded with an announcement that the Arkansas Valley Newsletter is available to all Board members, upon request. The current edition contains pictures and a report from the Authority August Board meeting.

### **Arrangements for Future Meetings**

Chair Vandiver noted the next few Board meetings were outlined in the meeting Agenda as follows: December 6<sup>th</sup> in Denver, January 29<sup>th</sup> at the Hyatt Regency Aurora/Denver Conference Center and March 7<sup>th</sup> in Denver. Mr. McLaughlin noted that the December Board meeting will be busy, with several associated Committee meetings.

**Adjournment**

Chair Vandiver adjourned the meeting at 12:01 p.m.

Respectfully submitted,



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Sabrina Speed, Assistant Secretary

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