

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

July 20, 2017

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, July 20, 2017 at 10:15 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

Bill Long	Ann Nichols	Kevin Karney
Alan Hamel	Gibson Hazard	Curtis Mitchell
Tom Goodwin	Carl McClure	Dallas May
Howard "Bub" Miller	Mark Pifher	Seth Clayton
Greg Felt		

DIRECTOR(S) ABSENT AND EXCUSED:

Gary Bostrom and Vera Ortegon

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Administrative Manager Toni Gonzales; Water Resources Engineer Garrett Markus; Issues Management Program Coordinator Chris Woodka; Finance Coordinator/IT Leann Noga; and Federal Lobbyist Christine Arbogast.

VISITORS PRESENT:

Tom Simpson, Aurora Water; Abby Ortega, Colorado Springs Utilities; Shane Hayden, U.S. Bureau of Reclamation; Doug Fitzgerald, Congressman Scott Tipton's office; Cathy Garcia, U.S. Senator Cory Gardner's office; Roy Heald, Security Water District and Fountain Valley Authority; Mark Scott, GHD; Jerry Peña, GEI Consultants; Bill McDonald, McDonald Consulting; Katiana Dillon, Wells Fargo Securities; Kevin Niles, Arkansas Groundwater Users Association; Bob Hamilton, retired; and Steve Witte, Colorado Division of Water Resources.

APPROVAL OF MINUTES:

President Long said the minutes of the June 15, 2017 Board meeting were posted to the Board website for review, and asked if there were any corrections or additions. Hearing none, Mr. Pifher moved, seconded by Mr. Felt, to approve the minutes. Motion unanimously carried.

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FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for June were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton, for acceptance of the June financial statements and payment of the July 2017 bills. Motion unanimously carried.

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

Christine Arbogast reported the FY '18 appropriations process is moving forward with the House and Senate Energy and Water Appropriations Subcommittees both marking up. The House includes the \$3 million for the Arkansas Valley Conduit as requested by the Administration; we have no reason to believe the Senate will do any different but the bill has not been released yet.

There is a move to create a "minibus" which would include four or five appropriations bills including energy and water, legislative branch, military construction and others. It may pass the House but uncertain in the Senate because it includes \$1.6 billion for the border wall with Mexico.

Political appointments continue but at a slow pace. The nominee for Commissioner of Reclamation, Brenda Burman, is in her confirmation hearing (July 20, 2017). It is hoped that her nomination can clear before the August recess. The date of that recess is uncertain.

ACTION ITEMS:

PUEBLO DAM HYDROELECTRIC PROJECT (PDHP)-COLORADO WATER CONSERVATION BOARD (CWCB) LOAN APPROVAL

Mr. Broderick reported on July 20, 2016, the CWCB approved a loan request from the Southeastern Colorado Water Activity Enterprise (SECWAE) for the PDHP. The total maximum loan amount of \$17,392,200 includes a one percent (1%) loan origination fee of \$172,000. The loan is payable over thirty (30) years at an interest rate of two percent (2%). The annual loan payment will be \$776,560.38. All obligations under the Loan Contract will be paid from PDHP pledged power revenues and are not payable from any other source whatsoever, unless otherwise authorized by the Board. Board review is required for the following documents:

1. **Resolution Authorizing the Loan** – this document verifies approval of the loan and authorizes execution of the loan contract, promissory note, security agreement and delivery of the documents.
2. **Loan Contract** including Appendix 1-Project Summary, Appendix 2 – Option Letter, Appendix 3 – Promissory Note, Appendix 4 – Resolution Page, and Appendix 5 – Security Agreement – this is the loan document with CWCB.
3. **Bond Counsel Opinion Letter** – Butler Snow LLP – this document provided by Bond Counsel opines that the loan has been validly issued and that the Enterprise has legal authority to execute the loan.

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Upon approval and signing, the Resolution Authorizing the Loan, the Loan Contract, and the Bond Counsel Opinion Letter will be provided to CWCB for final loan processing and closing. Actual loan disbursements are subject to the SECWAE providing executed copies of the Power Purchase Agreements and the Lease of Power Privilege.

Mr. Hamel moved, seconded by Mr. Hazard, to approve the Resolution Authorizing the Loan. Note that approval of the Resolution thereby authorizes execution of the other documents. Motion unanimously carried. Mr. Broderick thanked Mr. Hamel for all his work he did with CWCB on the loan process for the AVC.

The Board was provided the following documents to review:

- Resolution Authorizing the Loan
- Executive Summary of the Loan Contract
- Loan Contract
- Bond Counsel Opinion Letter
- Estimated Project Costs-to-Date and Costs to Complete Summary
- PDHP Financial Summaries – Cash Flow for 33-year and 10-year average revenue

INFORMATION ITEMS:

The Board was provided written material on the following topics, which were posted to the Board website:

- AVC and Excess Capacity Master Contract Update

OTHER BUSINESS MATTERS:

President Long asked if there were any other matters to come before the meeting, and hearing none, adjourned the meeting at 10:47 a.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

SECWAE
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