

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

November 19, 2020

A virtual meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, November 19, 2020 at 10:41 a.m., via ZOOM.

President Bill Long welcomed all in attendance to the virtual meeting. Mr. Long asked Margie Medina to do a roll call. Mr. Long established that a quorum was present.

DIRECTORS CONNECTED:

Alan Hamel	Curtis Mitchell	Patrick Garcia
Andrew Colosimo	Howard “Bub” Miller	Seth Clayton
Ann Nichols	Kevin Karney	Tom Goodwin
Bill Long	Mark Pifher	
Carl McClure	Pat Edelman	

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May and Greg Felt

ENTERPRISE OFFICIALS CONNECTED:

Executive Director James Broderick; General Counsel Lee Miller; Principal Engineer Kevin Meador; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Administrative Manager Toni Gonzales; Finance Manager Leann Noga; Administrative Support Specialist Margie Medina; Accountant Stephanie Shipley; Accounting Specialist Lynette Holt; Administrative Support Associate Patty Rivas; Federal Lobbyist Christine Arbogast, Kogosovek & Associates.

VISITORS CONNECTED:

Jenny Bishop, Colorado Springs Utilities; Kevin Salter, State of Kansas Department of Agriculture; Jeffery DeHerrera, Pueblo West Metro District; Mark Scott, Providence Infrastructure Consultants; Rick Kienitz and Abba Mohammed, City of Aurora; Brandon Bernard, Widefield Water & Sanitation; Curtis Thompson, AECOM.

APPROVAL OF MINUTES:

President Long said the minutes of the October 15, 2020 Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Hearing none, Mr. Karney moved, seconded by Mr. Hamel, to approve the minutes. Motion unanimously carried.

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TREASURER REPORT:

Treasurer Nichols reported the financial statements for October 15, 2020 were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton, for acceptance of the October 2020 financial statements and payment of the October 2020 bills. Motion unanimously carried.

PRESENTATION ITEMS:

2021 PROPOSED PUBLIC HEARING

President Long convened the Public Hearing on the 2021 Proposed Budget at 9:45 a.m. The Enterprise meeting was called to order to be held in conjunction with the District meeting for the Public Hearing.

Leann Noga advised that the presentation process this year was going to be a bit different from years past and went over the basic structure first.

Leann Noga presented a PowerPoint presentation titled, *2021 Proposed Budget Public Hearing*, reviewing the following:

- Budget Method
- SECWCD Funds
- 2021 Mill Levy Tax Returns
- 2021 Fry-Ark Project Budget
- Fry-Ark Project 2020 Vs 2021 Budgets
- 2021 District Operations
- 2021 District operations Recurring Capital
- District Operation Vs 2021 Budgets
- District General Funds Estimated Fund Balance
- SECWAE funds
- 2021 Water Storage Rate
- 2021 Enterprise Operations to include the Enlargement & Excess Capacity Project Budget
- 2021 Enterprise Operation Capital
- Enterprise Operation 2020 Vs 2021 Budgets
- 2021 Arkansas Valley Conduit
- 2021 Hydroelectric Power
- Enterprise Operations Estimated Fund Balance
- District General Fund 2021 Budget Resolution
- Enterprise Proprietary Fund 2021 Budget Resolutions
- Enterprise 2021 Water & Storage Rate Resolution

Mr. Miller was then called on to review Proposition 117's effect on the Enterprise portion of the District. Mr. Miller stated that he requested Mr. Stephen Leonhardt of Burns Figa & Will, to prepare a memo on whether, and to what extent, this ballot measure will impact the authority and operations of the Enterprise (or any other water activity enterprises that the Southeastern District may establish in the future). Mr. Leonhardt concluded that Proposition 117 expressly concerns the creation of "state

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enterprises,” the voter-approval requirement does not apply to water activity enterprises created and owned by water conservancy districts, which are statutorily defined as political subdivisions of the state of Colorado and, thus, specifically exempted from the statutory definition of “the state” under Title 24. Thus, Proposition 117, and the newly added statutory provisions of Title 24, Article 77, will not impact existing and future water activity enterprises created by water conservancy districts.

In addition, Mr. Woodka then provided a PowerPoint titled *Action Plan for Programs and Projects in 2021, reviewing the following:*

- Pueblo Dam Contraction Joints
- Fryingpan-Arkansas Project OM&R
- District Operations
- Water Rights Protection
- Feature & Asset Valuation
- Recovery of Storage
- Enterprise Operations
- Enterprise Recurring Capital & Capital
- Arkansas Valley Conduit
- Hydroelectric Power

ACTION ITEMS**ARKANSAS VALLEY CONDUIT BANKING AND INVESTMENT ACCOUNTS**

Mrs. Noga presented an action item that requested the Board of Directors ratify and approve opening an independent Sunflower checking and sweep account at Sunflower Bank and investment accounts at both Wells Fargo and COLOTrust for the Arkansas Valley Conduit.

Staff has consulted both with the Enterprise certified public accountant (CPA) consultant and external auditor regarding the financial changes associated with the September 17, 2020 action of the Board regarding the \$4.8 million for the Arkansas Valley Conduit. It was determined that new designated banking accounts and investment accounts would be necessary for the Arkansas Valley Conduit. Staff recommends opening an independent checking and sweep account with Sunflower Bank and investment accounts with Wells Fargo and COLOTrust to maintain the Arkansas Valley Conduit cash. These newly created accounts will ensure a separation from other District and Enterprise cash and investment management. This checking account will process all loan and grant funding of the Arkansas Valley Conduit, as well as payables due to contractor and/or vendors.

Bill Long as President and Ann Nichols as Treasure of the Board of Director agreed to assist staff in creating these accounts in early November to be ratified as action at the November 19, 2020 Board meeting.

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Mr. Pifher moved, seconded by Mr. Garcia the Board of Directors ratify and approve opening an independent Sunflower checking and sweep account at Sunflower Bank and investment accounts at both Wells Fargo and COLOTrust for the Arkansas Valley Conduit. Motion unanimously carried.

HYDROELECTRIC POWER INVESTMENT ACCOUNTS

Ms. Noga presented an action item that recommends opening an independent investment account with Wells Fargo and COLOTrust to invest Hydroelectric Power Funds.

Staff recommends opening an independent investment account with Wells Fargo and COLOTrust to maximize the Hydroelectric Power Project fund balance through investment. Currently, the Hydroelectric Power funds has no investment accounts and revenues remain in the banking platform. With over a full year of energy generation revenue in the banking system, staff believe that the funds could be invested to possibly create better interest income for the fund.

Mr. Goodwin moved, seconded by Mr. Colosimo the Board of Directors approve opening an independent Wells Fargo and COLOTrust account for the investment of Hydroelectric Power Funds. Motion unanimously carried.

PRESENTATION ITEMS(continued):

FEDERAL LEGISLATION UPDATE

Ms. Arbogast reported the lame duck session is underway in Congress, with all parties seemingly committed to an omnibus appropriations bill rather than an extension of the current continuing resolution into 2021.

Both the House and Senate bills have generous plus ups for the Bureau of Reclamation. Ms. Arbogast has worked with staff to begin the process of seeking plus up funds for the Arkansas Valley Conduit.

While there has been much talk about infrastructure or stimulus, it is not likely that a bill will come to the Congress until next year.

We are sorry to lose Senator Gardner and Congressman Tipton, who were strong supporters of the district's interests and the Arkansas Valley Conduit. In Senator-elect Hickenlooper we have a known quantity who is familiar with the District and the AVC. Congresswoman-elect Boebert has hired Jeff Small, a previous Tipton staff with other experience on Capitol Hill and most recently was an advisor to Secretary Bernhardt. This is good news.

There will be changes on the congressional committees and on the staffs.

In the Administration, retiring Senator Tom Udall seems to be in the lead for Interior Secretary, but other names mentioned are also from New Mexico. Some speculate that this may lead to a New Mexican as Commissioner of Reclamation, and former Commissioner Estevan Lopez has been mentioned.

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We will be working very hard in the coming weeks to reach out and to update the congressional offices on the status of the conduit and our funding needs. Ms. Arbogast concluded with thanking the Board for all their support.

INFORMATION ITEMS:

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

- JWBHP Update
- AVC and Excess Capacity Master Contract Update

Final comments by Mr. Broderick added, that yes there is a bit more work than normal that needs to be done on the Legislation part with the new administration. Also, that he will be presenting some harder numbers on items that were previously discussed on the 2021 budget, at the December Board meeting. Hearing no other comments, Mr. Long adjourned the meeting at 11:13 a.m.

Respectfully submitted,

Patty Rivas
Administrative Support Associate

Secretary

