

**FINANCE COMMITTEE
MINUTES
January 18, 2018**

A meeting of the Finance Committee was held on Thursday, November 09, 2017 at 9:00 a.m. at the District Office, 31717 United Avenue, Pueblo, Colorado.

Chairwoman Nichols announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Ann Nichols, Chairwoman and Kevin Karney-Vice-Chairman
Bill Long, Seth Clayton, and James Broderick

COMMITTEE MEMBERS ABSENT AND EXCUSED:

None

OTHERS PRESENT:

Greg Felt, Board of Directors SECWCD; Leann Noga, Finance Manager SECWCD; Kevin Meador, Principal Engineer SECWCD and Katana Dillon, Wells Fargo Securities.

APPROVAL OF MINUTES:

Chairwoman Nichols confirmed that members of the Committee received their copy of the November 9, 2017 minutes, and asked if there were any corrections or additions. Hearing none, Mr. Karney moved, seconded by Mr. Clayton, to approve the November 9, 2017 minutes. Motion unanimously carried.

ACTION ITEMS:

Financial Reports

Mrs. Noga summarized the financial statements for October, November and DRAFT December 2017 revenues and expenditures. Chairwomen Nichols questioned the deferred hydro loan (CWCB) line item on the Statement of Net Positions, explain that in her experience it was listed as a construction in work process account. Mrs. Noga will follow up with explanation and possible changes to the financial statements. Chairwoman Nichols then asked for a motion to accept the financial statements as presented. Mr. Clayton moved, seconded by Mrs. Karney to accept the financial statements for October, November and DRAFT December 2017. Motion unanimously carried.

Check Review

Mrs. Noga reviewed checks written and paid in October, November, and DRAFT December 2017. Chairwoman asked for a motion to accept the check register. Mr. Clayton moved to accept the check register for October, November and DRAFT December 2017, seconded by Mr. Karney. Motion unanimously carried.

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PRESENTATIONS:

Wells Fargo Securities

Mrs. Dillon gave a short investment summary regarding the District, Enterprise and Aurora account portfolios. She explained the just under 50 percent of the total combined portfolio is due to mature in 2018 and the feds are predicting two, possibly three rate hikes in 2018. This will allow the accounts to take advantage of rate increases.

INFORMATION ITEMS:

Mrs. Noga summarized Hydro Project financing information item for the committee. She explained that due to the one-year delay in the project construction materials and labor costs increased approximately \$800,000. On November 30, 2017 the Executive Committee met on the item, this committee determined that they would like to bring two options to the January Board meeting to address the overage. The options are listed below. The Executive Committee as well as staff will recommend option #2.

Option #1: Increase CWCB Loan \$1,400,000

Increase the CWCB loan in the amount of \$1,400,000, this increase would cover the costs of change orders, decrease the Hydro debt to the Enterprise and create a project contingency of \$544,011. This would change the annual payment of the CWCB loan from the amount of \$776,500 to \$815,405. Staff engineered this option to maintain the 90 percent CWCB loan funds and 10 percent Enterprise loan funds for the project.

Option #2: Enterprise Support all expenditures of the Hydro Project over the amount of the CWCB original loan approval.

Using Enterprise fund balance in the amount of approximately \$455,989, this includes \$53,180 in known change order expenses and \$402,809 for other expenditures such as personnel and sub-contracted vendors. This option would consist of a business conducted as normal with the Hydro debt to the Enterprise increasing with each expenditure.

The annual debt payable to the Enterprise by Hydro would increase from \$90,764 to \$130,283. The Board has authorization in the future to delay any Hydro debt payments to the Enterprise if funds are not available.

The Enterprise would hold one payment reserve in the amount of \$776,560 for the Hydro project, as required by the CWCB loan. The Enterprise fund balance has sufficient funds to accommodate option #2.

Mrs. Noga entertained questions hearing none.

OTHER BUSINESS:

None

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NEXT MEETING:

The next Finance Committee meeting will be February 15, 2018 at 9:00 a.m.

ADJOURN:

Chairwoman Nichols adjourned the meeting at 9:30 a.m.

Respectfully submitted,

Leann Noga

Finance Manager