

**EXECUTIVE COMMITTEE  
MINUTES  
August 1, 2017**

A meeting of the Executive Committee was held on Tuesday, August 01, 2017 at 10:05 a.m. at the Southeastern Colorado Water Conservancy District.

Chairman Bill Long announced a quorum was present.

**COMMITTEE MEMBERS PRESENT:**

Bill Long - Chairman, Gary Bostrom, Vice Chairman, Ann Nichols, Vera Ortegón, Gib Hazard, Carl McClure, Tom Goodwin, and Jim Broderick

**COMMITTEE MEMBERS ABSENT AND EXCUSED:**

None

**OTHERS PRESENT:**

Howard "Bub" Miller, Seth Clayton, Curtis Mitchell, Mark Pifher, Dallas May, and Alan Hamel, SECWCD Board members; Lee Miller, Toni Gonzales, Leann Noga, Chris Woodka, Kevin Meador, and Garrett Markus, SECWCD staff; Abby Ortega, Colorado Springs Utilities; and Bill McDonald, McDonald Consulting

**APPROVAL OF MINUTES:**

Chairman Long confirmed that members of the Committee received their copy of the July 20, 2017 minutes, and if there were any corrections or additions. Hearing none, Mr. Goodwin moved, seconded by Mr. Bostrom, to approve the minutes. Motion unanimously carried.

**ACTION ITEMS:**

Pueblo Dam Hydroelectric Project (PSHP) Omnibus Resolution Approval

Kevin Meador said the binders that each Board member received, included a page of the document review suggested procedure, to assist in reading the document. Mr. Meador referenced Attachment 2-Pueblo Dam Hydroelectric Project Executive Summaries of Lease of Power Privilege, Power Purchase Agreements, design and Construction Contract, Turbine Supply Contract, and Fiber Optic Cable Installation MOU. Mr. Meador noted under the Power Purchase Agreements section, number 2 should read: "The PPA has a 10-year term for Colorado Springs Utilities and a 30-year term for the City of Fountain. The Colorado Springs Utilities' term will end on December 31, 2027".

Mr. Meador reported the Board review and approval is required for the Omnibus Resolution Regarding Pueblo Dam Hydroelectric Project, which authorizes the execution of the following Agreements, Contracts, and associated documents:

1. **Lease of Power Privilege (LoPP)** – the LoPP allows for the construction of the PDHP on federal property and stipulates the terms and conditions for operation of the facility.
2. **Power Purchase Agreements (PPA)** –two PPA's will be in place for the PDHP, one with the City of Fountain and one with Colorado Springs Utilities. Each PPA allows for purchase of 50 percent of the generated power. Springs Utilities will, in turn, sell the power to Fort Carson Army Base through a General Services Agreement to assist the base in meeting its renewable energy goals.
3. **Design and Construction Contract** – this design-build contract will be with Mountain States Hydro, LLC for the construction of the PDHP for a fixed price of \$14,878,260.
4. **Turbine Generator Supply Contract** – this contract with Mountain States Hydro, LLC provides for the design and delivery of the turbines, generators, and associated equipment for the PDHP. The equipment will be installed under the Design and Construction Contract. The amount of the contract is \$2,460,000.
5. **Memorandum of Understanding (MOU)** – this MOU between the Enterprise and Colorado Springs Utilities is for the installation of a fiber optics cable between Juniper Pump Station and the Black Hills Energy Pueblo Dam Substation. This installation is not connected with the PDHP, but is being provided under this MOU to assist Springs Utilities. Springs Utilities will reimburse the Enterprise for the cost of the installation and will take over ownership and maintenance of the installation at the end of construction.
6. **Access Agreement** – This access agreement between the Enterprise and the Colorado Parks and Wildlife (CPW) outlines the coordination requirements with CPW for the operation of the park and construction of the PDHP.

The final execution of these documents has been delayed until the final Power Purchase Agreements are in place since the ability of the PDHP to meet obligations of all agreements and contracts is dependent on its ability to generate revenue from the sale of power. The final signing of the above documents, in

In addition to, the CWCB loan approval on July 20, 2017 will allow the Pueblo Dam Hydroelectric Project to begin construction with a target operational timeframe of Spring, 2018.

Additional agreements and documents that will be prepared and negotiated over the next several months, while construction is being completed, will include:

1. Black Hills Energy Distribution Interconnection Agreement
2. Black Hills Energy Electrical Transmission Agreement
3. PDHP Operations and Maintenance Agreement
4. Power Scheduling Agent Agreement
5. Boiler Machinery and Business Interruption Insurance Policy

Mrs. Ortegon moved, seconded by Ms. Nichols, to approve the Omnibus Resolution of Southeastern Colorado Water Activity Enterprise Board of Directors Resolution Regarding Pueblo Dam Hydroelectric Project thereby authorizing execution of the documents. Mr. Bostrom moved, seconded by Mr. Hazard to approve the following recommendation by Mr. Pifher to replace the following language in Section 1, second sentence "The provisions of said contracts may be changed and amended by mutual agreement of the Executive Director and General Counsel of the Enterprise provided that any such change or amendment shall not materially modify the obligations of the Enterprise thereunder or adversely impact the accomplishment of the objectives of the Enterprise in authorizing such contracts. A written copy of such changes or amendments shall be promptly provided to the Enterprise Board members. Motion unanimously carried with the suggested change to the Omnibus Resolution.

The full Board will ratify the approval of the Omnibus Resolution at the September Board meeting.

Mr. Broderick thanked all the partners who assisted in the process.

**PRESENTATIONS:**

Framing the Future: Property Tax Discussion

Lee Miller started the PowerPoint presentation reviewing the following:

- Water Conservancy Districts General Powers
- Water Conservancy District: TABOR

Chris Woodka reviewed the following:

**EXECUTIVE COMMITTEE**

**August 1, 2017**

- Ad Valorem Tax: Historical Perspective
- Specific Ownership Tax

Leann Noga reviewed the following:

- Ad Valorem Tax Annual Process
- Ad Valorem Tax Calculations
- District/Enterprise Money Buckets
- Ad Valorem Tax Revenue for Fry-Ark Project
- Total District Operations Tax Revenue
- Tax Collection for General Revenue

Jim Broderick concluded the presentation reviewing the following:

- What Amount is the Appropriate Amount Toward Fryingpan-Arkansas Project Maintenance: Debt Repayment, Annual Maintenance, Scheduled Repairs, Catastrophic Contingencies, Water Rights Purchases, Rights-Of-Way
- Water Programs of the District Need to be Funded by the Property Tax?
- What Policies and Resolutions Regarding the Mill Levy Need to be Adopted?

There was discussion had regarding payoff of the Project, continuing the current mill levy after payoff of the Project, how to take care of the recovery of storage issues, how to build a reserve, how the cost of maintenance for a catastrophic event will be paid.

Mr. Broderick said that the Northern District is now in the process of a Condition Assessment, which the Southeastern District can benefit from the information they collect.

**INFORMATION ITEMS:**

The Board was provided additional material regarding framing the future.

**OTHER BUSINESS:**

None

**Page 5**

**EXECUTIVE COMMITTEE**

**August 1, 2017**

**NEXT MEETING**

September 7, 2017

**ADJOURN**

Chairman Long adjourned the meeting at 12:05 p.m.

Respectfully submitted,

Toni Gonzales

Administrative Manager