

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE**

MINUTES

September 21, 2017

A regular meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, September 21, 2017 at 12:01 p.m., at the District office, 31717 United Avenue, Pueblo, Colorado.

President Long announced a quorum was present.

DIRECTORS PRESENT:

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

DIRECTOR(S) ABSENT AND EXCUSED:

None

ENTERPRISE OFFICIALS PRESENT:

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

VISITORS PRESENT:

Scott Howell and Abby Ortega, Colorado Springs Utilities; Roy Vaughan and Shane Hayden, U.S. Bureau of Reclamation; Doug Fitzgerald, Congressman Scott Tipton's office; Roy Heald, Security Water District and Fountain Valley Authority; Jerry Peña, GEI Consultants; Bill McDonald, McDonald Consulting; Kevin Niles, Arkansas Groundwater Users Association; Bob Hamilton, retired; Steve Witte, Colorado Division of Water Resources; Bill Banks, U.S. Geological Survey; Bob Hartzman, Canon City Water Department; and Judy Leonard, Pueblo West Metropolitan District.

APPROVAL OF MINUTES:

President Long said the minutes of the July 20, 2017 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. Clayton, to approve the minutes. Motion unanimously carried.

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FINANCE COMMITTEE REPORT:

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

CONSENT ITEMS:

None

PRESENTATIONS:

FEDERAL LEGISLATION

None

PUEBLO DAM HYDROELECTRIC PROJECT UPDATE

Kevin Meador updated the Board on the project progress and status of activities regarding the Pueblo Dam Hydroelectric Project. Following approval of the Omnibus Resolution No. 2017-02E on August 1, 2017 by the Executive Committee, the following agreements and contracts were executed:

1. Lease of Power Privilege (LoPP)
2. Colorado Parks and Wildlife Access Agreement

The completion of the above documents followed previous execution of the Colorado Water Conservation Board loan contract.

Power Purchase Agreements with the City of Fountain and Colorado Springs Utilities have been signed by Fountain and Springs Utilities and are ready for final execution by the Enterprise. The Design and Construction and Turbine Generator Supply Contracts have been signed by Mountain States Hydro, LLC and are ready for final execution by the Enterprise. Finally, the Memorandum of Understanding with Colorado Springs Utilities for the fiber optic cable installation is ready for final execution by Colorado Springs Utilities.

Mountain States Hydro began construction setup and setup of temporary power on August 28, 2017. The first activity will be blasting for the foundation excavation and is expected to begin the first week of October. A project “groundbreaking” ceremony is tentatively scheduled for October 2, 2017 at the site with time to be determined.

While construction is going, additional agreements and documents will need to be prepared and negotiated which will include:

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

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The District website will have a dedicated area where project construction photos, construction meeting minutes, project schedule, and another project information will be posted on a regular basis.

The anticipated start-up for the first turbine is early June, 2018.

ACTION ITEMS:

RATIFICATION OF OMNIBUS RESOLUTION NO. 2017-02E

Mr. Meador reported on August 1, 2017, the Southeastern Colorado Water Activity Enterprise Executive Committee approved the Pueblo Dam Hydroelectric Project Omnibus Resolution No. 2017-02E authorizing and directing the Enterprise officers to execute project agreements and contracts listed in the Resolution.

Board ratification is required for the Omnibus Resolution which authorizes the execution of the following agreements, contracts, and associated documents:

1. Lease of Power Privilege (LoPP)
2. Power Purchase Agreements with City of Fountain and Colorado Springs Utilities
3. Design and Construction Contract with Mountain States Hydro, LLC
4. Turbine Generator Supply Contract with Mountain States Hydro, LLC
5. Memorandum of Understanding (MOU) with Colorado Springs Utilities for Construction of Fiber Optic Cable
6. Colorado Parks and Wildlife Access Agreement

Mrs. Ortegon moved, seconded by Mr. Hamel, to ratify the Pueblo Dam Hydroelectric Project Omnibus Resolution No. 2017-02E approved by the Executive Committee on August 1, 2017. Motion unanimously carried.

APPOINTMENT OF BUDGET OFFICER

The first action the governing board must take under the Budget Law is to designate or appoint a Budget Officer to prepare and submit a proposed budget (Section 29-1-104 C.R.S).

Ms. Nichols moved, seconded by Mr. Clayton, to appoint Finance Coordinator Leann Noga as the Budget Officer for the 2018 Enterprise budget preparation. Motion unanimously carried.

SET PUBLIC HEARING FOR 2018 PROPOSED BUDGET

Ms. Nichols reported the Board conducts a Public Hearing each year prior to adopting the annual budget, which a published notice is required.

Ms. Nichols moved, seconded by Mr. Goodwin, the Board set November 9, 2017 at 9:45 a.m. at the office of the Southeastern Colorado Water Conservancy District for a Public Hearing for the 2018 Proposed Budget. Motion unanimously carried.

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**RESOLUTION NO. 2017-01-EF, SUNFLOWER BANK CHECKING ACCOUNT, AND
SUNFLOWER CORPORATE AUTHORIZATION RESOLUTION FOR HYDROELECTRIC POWER
PROJECT BANKING**

Leann Noga reported that staff recommends opening an independent checking account to maintain the Hydroelectric Power Project cash. This account will ensure a separation from other District and Enterprise cash management. This checking account will process Colorado Water Conservation Board loan deposits, as well as payables due to contractor and/or vendors.

This account like all others held by the District and/or Enterprise are subject to the current Sunflower Corporate Authorization Resolution, Sunflower Resolution Authorizing Treasury Management, and Southeastern Colorado Water Conservancy District Board Resolution.

Mr. Goodwin moved, seconded by Mr. McClure, the Board approve opening an independent Sunflower checking account by adoption of Resolution No. 2017-01-EF, completion of Sunflower signature cards, and adoption of the Sunflower Corporate Authorization Resolution for the Hydroelectric Power Project on Pueblo Dam. Motion unanimously carried.

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 12:17 p.m.

Respectfully submitted,

Toni Gonzales
Administrative Manager

Secretary

SECWAE
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