

MINUTES OF THE AUGUST 23, 2017 REGULAR MEETING

Directors Present: Barb Bernard, Bud O'Hara, Dennis Maroney, Jerry Martin, Donna Phillips, Ron Serna, Paul Willumstad

Also Present: Administrator Rick Kidd, Attorney Don Banner

Guests: Kim Kock, NorthStar Engineering
Larry Daveline, MBD&G, PC – District Accountant
Sam DeNardo, Garren, Ross and DeNardo – District Auditor
David Lytle, ALKP&W – Loan Council
Shanna Lewis, Colorado Public Radio

The regular meeting of the Pueblo Conservancy District was called to order by President Willumstad at 10:00 am. A quorum was present.

Public Forum:

None

Minutes:

The minutes of the July 26, 2017 regular meeting were reviewed. Serna moved to approve the minutes and O'Hara seconded. Motion to approve the minutes passed.

Draft Audit Report:

Sam DeNardo presented the draft of the audit report. He said that this is an unmodified audit report. The first two pages are a summary and then there are four pages that are a management discussion and analysis prepared by Daveline. The audit is based on the District's basic financial statements and supporting documentation. DeNardo said that there were no significant problems identified, except for issues with the District's investments. The District has been working to bring all investments into compliance with the Colorado regulations. DeNardo said that all cash and cash equivalents are to be deposited into in-state bank accounts. He said that investments of longer than five years can be made if those investments are specifically approved by the Board. Kidd said that the existing District investments have all been approved by Board action. DeNardo suggested that the Board start a 3-ring binder that includes all investment policy statements. Willumstad asked if there was a motion to receive and file the audit report as presented. Bernard so moved and Phillips seconded. The motion passed. DeNardo will send Banner a "pdf" of the final audit report and will file the report with the Colorado State Auditor.

Maintenance Fund Assessment Rate:

Banner explained the maintenance fund assessment resolution that he had drafted. He said that increasing the rate to the maximum allowed by the Court would allow for the construction financing indebtedness to be paid off earlier, or the District could use the additional funds for other needs of the District. A 15 percent increase only meet the expense needs. Bernard said that a 20 percent increase would provide for the current needs and give about a \$50,000 contingency. Willumstad recommended increasing the maintenance fund assessment the full 35 percent allowed by the Court, because we do not really know what our future levee certification construction costs or other needs of the District will be. The added revenue stream would allow early payment of the debt or provide match money for grants. Maroney moved to increase the maintenance fund assessment rate by 35 percent. The motion was seconded by Bernard. The motion passed.

2017 Bond:

David Lytle said that he had been working with Arnold Kaplan, with Spencer Fane, to prepare the tax opinion and bond structure to ensure that the bond meets the double exempt bank qualified standards. The 2017 Bond from Bank of the San Juans is for \$10M, at an interest rate of 3.4 percent. He said that approval of a resolution to execute the bond offer is required. Once that is approved there will be numerous documents that must be signed by Willumstad and Cordova. Banner requested a resolution to approve the bond as per the documents he emailed out to the Board. A “bank qualified” loan is one which allows the bank to deduct 20 percent of the interest received by the bank. The Bank of the San Juans prepared, for Banner, an amortization schedule based on Kidd’s estimated drawdown schedule. Martin moved to approve the resolution presented and its supporting documents. Serna seconded the motion. The motion passed.

Banner requested a motion to authorize the engagement of Spencer Fane to assist Lytle. Bernard so moved and Serna seconded the motion. The motion passed.

Wildhorse Area Redevelopment:

Jerry Pacheco, the Executive Director for the Pueblo Urban Renewal, was originally scheduled to discuss this. In his absence, Kim Kock presented the discussions that he and Kidd had with Pacheco last week. Kock displayed a map the exhibited the ownerships in the Wildhorse Levee area and discussed the tight area where the concrete wall was constructed. The owner of one of the property units next to the wall is claiming that the wall has adversely affected drainage in the area, resulting in damage to his three rental units. The Urban Renewal Authority would like to acquire the pieces of properties bought by the District that are out of the area required for construction and maintenance of the Levee. This includes the lots that would be acquired, if the District decided to buy out this landowner. Urban Renewal does not currently have sufficient funds available to purchase properties, but they would be willing to pay for the survey work to define the excess properties and to pay for demolition of the houses on the subject property. Maroney suggested installing an inlet and pipe under the Levee, with a pinch valve on it, rather than acquiring additional property. It was decided to

this discussion until the September 27 meeting. Banner said that he would develop and propose a concept to Urban Renewal for the District to help them finance the purchase.

Phase 4 Design Contract:

Kock reported that NorthStar is finalizing the design documents. He anticipates the project to be ready for advertisement within a couple of weeks. The goal is to have the contract awarded in October. They have been working with the Pueblo Board of Water Works on concepts for redoing the HARP Diversion structure. Kock said that he hopes to include the work for this structure as an alternate in the Phase 4 construction contract. Banner is drafting language that would allow for unit pricing received in the Phase 4 costs proposals to be used for future contracting, without having to solicit new construction proposals.

Willumstad asked if some of the \$8M of new funding that the County has available could be used to help pay for the HARP Diversion. Banner said that the funding is really only future cash flow that would be sufficient to support an \$8M bond.

Levee Trail Naming:

This will be postponed to the September meeting.

Treasurer's Report:

Accountant's Compilation Report – Kidd said that due to a change in bookkeepers and the early meeting date a compilation report is not available.

Bills – Bernard said that she had reviewed the bills submitted for payment. Banner requested that an invoice from Arnold Caplan, in the amount of \$16,000, also be added to the list of bills and approved for payment. Serna moved to pay the bills as presented. Seconded by Bernard the motion passed.

The following bills were posted for review and approval:

Vectra:

\$ 600.00	Black Hills Energy, Lake Runyon Lighting
\$ 425.00	MBD&G, Monthly Accountant fees
\$ 500.00	Banner and Bower, Attorney fees
\$ 1,700.00	Kidd Engineering, Administrator/Engineer fees
\$ 200.00	Bernard, Director's Fee
\$ 200.00	Cordova, Director's Fee
\$ 200.00	Koehler, Director's Fee
\$ 200.00	Maroney, Director's Fee
\$ 156.60	Maroney, Fountain Creek Committee mileage for June and August
\$ 200.00	O'Hara, Director's Fee
\$ 200.00	Phillips, Director's Fee
\$ 200.00	Serna, Director's Fee

\$ 200.00 Willumstad, Director's Fee
\$ 163.20 Chem-Way Lawn Care, Levee weed spraying

CNB Reserve Account:

\$ 5,344.80 Funds transfer to Vectra Cash Account

CNB Draw Account:

\$ 2,625.00 Kidd Engineering, CWCB Loan and Grant Application Documents and Presentations, July 2 through August 18, 2017
\$ 1,752.50 NorthStar Engineering, Arkansas Task F Phase 3 Final design, construction documents, and bidding
\$ 21.50 NorthStar Engineering, Arkansas Phase 3 Reimbursable copies, etc.
\$10,847.50 NorthStar Engineering, Arkansas Phase 4, Task G.2 Final design, construction documents, and bidding
\$ 2,410.50 NorthStar Engineering, HARP Diversion Task H Bidding and Construction Documents
\$ 71.50 NorthStar Engineering, Arkansas Phase 4 Reimbursable copies
\$ 4,875.00 NorthStar Engineering, Maintenance Fund Assessment Support, Appraisal Phase III Services, Property Acquisitions, Artwork and Recreational Opportunities meetings
\$ 18.50 NorthStar Engineering, MFA etc. reimbursable copies
\$ 625.00 NorthStar Engineering, City of Pueblo 11th Street Bridge project impacts
\$22,030.37 ASI Constructors, Inc. c/o Western Surety Company, Arkansas Levee Phase 3 PR #6
\$344,548.92 ASI Constructors, Inc. c/o Western Surety Company, Arkansas Levee Phase 3 PR #7-Final Payment
\$ 1,150.00 Altman, Keilbach, Lytle, 2017 Bond Financing documentation, Invoice dated 7-31-2017
\$ 16,000.00 Arnold Kaplan, Spencer Fane, Bond financing consultations

President's Report –

Willumstad said that he had put Morgan-Stanley off for a decision from today's meeting. Bernard suggested putting all of the investment funds resident at Morgan-Stanley into a money market fund until things flesh out. O'Hara so moved and the motion was seconded by Maroney. The motion passed.

Administrator's Report –

Kidd reported that Brett Housman had made a confidential offer to purchase the District owned property between Main and Union. Prior to this offer, Kidd met with Housman on site to discuss the area and that the District would need to have access for maintenance of the

bluff. Kidd told him that the access area could be part of his parking lot. Phillips and Willumstad viewed the offer. Kidd is to ask Housman to extend the length of the offer so that it could be better considered.

Kidd said that he and Kock participated on a conference call with employees of the Colorado Water Conservation Board. The CWCB staff recommended that the applications for the Water Plan and Water Supply Reserve Fund grants be held and resubmitted in February. They want to see detailed designs, including channel hydraulics, and an itemized engineer's estimate of probable costs for consideration of the grants. The same criteria apply to the submittal of the Watershed Restoration Grant, with the next application deadline being November 1st. The staff indicated that they would consider making a trip to Pueblo to view the site and get a better understanding of the work we are doing and the constraints. Kidd is targeting to arrange a site visit in October.

Fountain Creek Committees Reports –

Maroney reported that he attended both the Technical Advisory and Monetary Advisory committee meetings. Pueblo County Commissioner Terry Hart attended the MAD and expressed concern on how the money is being spent. There is going to be a meeting about the area upstream of the Highway 47 bridge next week. Maroney said that the sediment is about 3-feet thick above the bedrock. The \$50M has to be spent on projects that will specifically benefit Pueblo. Unfortunately, the City of Pueblo has not been attending any of these meetings.

Recreation Committee-

Serna reported that the group is still working on trying to get grants.

Other Business:

18th Street Bridge Mural:

Serna has a proposal from an artist. They are going to work with Centennial High School students on the project. Serna told them that there is \$1700 from Pueblo Parks and Recreation that could be used to help defray the costs. The artist wants a seal top coat put over the painting to protect it when it is done. O'Hara moved for the District to provide up to \$1000 to help with the costs of the supplies. Maroney seconded the motion. The motion passed. Serna said that they are working to get the City to cut the weeds in the area before they start painting.

Graffiti:

O'Hara said that he has found a painter that will work to paint out the graffiti that has been put on the Levee. He is to meet with them tomorrow at 1:00. This was authorized by the Board at the July meeting.

There being no other business to come before the Board the meeting was adjourned at 12:04 pm. The next regular meeting date will be September 27, 2017, at 10:00 am.

APPROVED:

Paul Willumstad, President

Matt Cordova, Secretary