

MINUTES OF THE AUGUST 15, 2018 REGULAR MEETING

Directors Present: Barb Bernard, Matt Cordova, Bud O'Hara, Corinne Koehler, Dennis Maroney, Ron Serna, Paul Willumstad

Also Present: Administrator Rick Kidd, Attorney Don Banner

Guests: Kim Kock, NorthStar Engineering
Larry Daveline, MBD&G – District Accountants
Sam DeNardo, GR&D – District Auditors
Brad McCloud, EIS Solutions, Inc.
Danielle Harmes, Wright Water Engineers
Shane Miller, Logan County Water Conservancy District

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

Koehler requested the representatives from the Logan County Water Conservancy District to introduce themselves.

Koehler said that the items under New Business will be moved up on the agenda following the Treasurer's Report. This change is so that the accountants will be free to leave.

Minutes:

The minutes of the July 25, 2018 regular meeting were reviewed. Cordova moved to approve the minutes and Bernard seconded. Motion passed.

Public Forum:

None

Treasurer's Report:

Accountant's Compilation Report – Kidd said that there is not an accounts report available due to the early meeting date.

Bills – Kidd reviewed the bills for Daveline and HARP. Bernard said that the bills looked in line with normal billings and moved to pay the bills. Willumstad seconded and the motion. Willumstad asked Banner if the District has to continue with the HARP contributions. Maroney said that the goal is for HARP to be self-sufficient but they are not there yet. (Maroney is the District's representative on the HARP Authority Board.) He said that the City and County contributions have gone up but that the District's contribution level has stayed the same. Banner said that the District could decide to be removed from the HARP IGA. The motion to pay the bills passed.

The following bills were posted for review and approval:

BSJ Operations and Maintenance Account:

\$ 450.00	MBD&G, Monthly Accountant fees
\$ 6,500.00	MBD&G, Preparation of 2017 financial statements for audit
\$ 4,695.00	MBD&G, Other professional services September 1, 2017 through July 31, 2018
\$ 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
\$ 200.00	Martin, Director's Fees
\$ 200.00	O'Hara, Director's Fee
\$ 350.00	O'Hara, Reimbursement for paying Don Watson Painting for graffiti cover
\$ 200.00	Phillips, Director's Fee
\$ 200.00	Serna, Director's Fee
\$ 200.00	Willumstad, Director's Fee
\$50,000.00	HARP Authority, 2018 IGA Contribution
\$10,000.00	HARP Authority, 2018 IGA Maintenance Contribution

BSJ Construction Draw Account:

\$ 232.50	Kidd Engineering, Phase 2 Construction Admin, etc., July 21 through August 10, 2018
\$ 542.50	Kidd Engineering, Future phases construction planning and funding, July 21 through August 10, 2018
\$ 3,590.00	NorthStar Engineering, Maintenance Fund Assessment Support, Consultations, 16 th Street Properties, Hanging Bridge, FEMA Requirements
\$ 27.50	NorthStar Engineering, Maintenance Fund Assessment reimbursable copies
\$ 100.00	David Lytle, 1912 W. 16 th Street emails and discussions

CWCB Loan:

Banner distributed the proposed resolutions to each Director. He noted that there have been some minor revisions to what he had previously emailed out to the Board. He said that the resolutions basically are for the purpose of authorizing the officers to enter into the loan contract and to sign the documents. One of the \$10M bonds will be paid off completely and the other one will be paid down to \$2M. Banner said that the second bond will be capped at \$5M. He reminded the Board that CWCB has indicated that they may be willing to loan more money later. DeNardo said that these agreements are necessary because the CWCB required

the District to provide a parity certificate. It is a statement that the District's cash flow will support the District's indebtedness. The District's income will not support the total \$20M of bond debt the District already has plus a \$17M loan from the CWCB. He said that in consideration and preparation of the parity certificate, they looked at the July 2017 to July 2018 revenue stream. This time period allowed for realization of the increased income from assessments of the State Assessed properties. The analysis they performed indicates that, based on the 2018 budget and discussions with Kidd and Bernard, the District will have about a \$100K cushion. O'Hara moved to approve the following resolutions:

RESOLUTION

The Board of Directors of the Pueblo Conservancy District (hereinafter referred to as "District"), at a meeting held August 15, 2018, at Pueblo, Colorado, adopted the following resolutions concerning a secured loan from the State of Colorado Water Conservation Board (CWCB), for the purpose of the Arkansas River and Wildhorse Creek Levees in the amount not to exceed \$17,170,000.00 which includes the CWCB loan origination fee of 1% of the loan amount.

At said meeting, the Board charged that these resolutions are irrevocable during the term of the loan and, pursuant to the District's bylaws, authorized the President and Secretary, RESOLVED as follows:

1. to enter into and comply with the terms of a contract with the Colorado Water Conservation Board for a loan in the amount not to exceed \$17,170,000.00 as needed to finance the project costs, including the CWCB loan origination fee of 1%, and
2. to levy and collect maintenance fund assessment revenues in an amount sufficient to pay the annual amounts due under the Loan Contract, and to pledge said revenues and the District's right to receive said revenues for repayment of the loan, and
3. to place said pledged revenues in a special account separate and apart from other District revenues, and
4. to make the annual payments required by the Promissory Note and to make annual deposits to a debt service reserve fund, and
5. to pledge the maintenance fund assessment revenues backed by a rate covenant and annual financial reporting as security for the loan, and
6. to execute all documents as required by the Loan Contract, including, but not limited to, a Promissory Note and Security Agreement, and
7. to take such other actions and to execute such other documents as may be necessary to consummate and implement the loan.

AGREEMENT

This Agreement is entered into this 15th day of August, 2018 by and between the Pueblo Conservancy District (the "District") and the Bank of the San Juans (the "Bank").

District has issued to Bank a Conservancy Maintenance Fund Bond, 2017 A (the "Bond") in the Principal Amount of \$10,000,000.00 bearing interest at 3.4% with an original issue date of August 23, 2017 and a maturity date of August 30, 2025.

The parties want to contractually agree to limit the amount that District will draw funds against the Bond.

The District desires to borrow funds from the Colorado Water Conservation Board and to do so, it is necessary for the District and Bank to agree to a limit that can be drawn against the Bond.

The parties agree that after the payment of principal and/or partial redemption of the Bond totaling \$5,000,000.00:

1. The District shall not draw more than \$5,000,000.00 against the Bond.
2. The Bank shall not allow the District to draw more than \$5,000,000.00 against the Bond.
3. This indebtedness of the District to the Colorado Water Conservation Board on its loan to the District shall at all times be on an equal parity with the \$5,000,000.00 Bond indebtedness due Bank.
4. The undersigned parties acknowledge that they have the authority to enter into this Agreement on behalf of their respective entities.
5. If at any time the amount due the Bank on this Bond exceeds \$5,000,000.00, the Bank agrees to give notice to the Colorado Water Conservation Board in writing within ten days of the balance due exceeds \$5,000,000.00.

The Colorado Water Conservation Board shall be a third party beneficiary to this Agreement. Agreed to the day and year set forth above.

Maroney seconded the motion to approve the resolution and agreement. The motion passed.

Banner said that there were no additional matters (Agenda 12.C.).

Proposed Amended Budget:

Bernard said that, after meetings with Daveline and DeNardo, the format of the budget has been changed to separate the operations costs from the construction costs. Kidd said that funding is now included for Phase 5 design and construction work. He also said that he and the accountants are going to be consolidating accounting classes to broader groups. Bernard moved to approve the amended budget. Serna seconded and the motion. Kidd said that NorthStar, ASI, and he are looking at Phase 6 costs and current funding before recommendations will be made for awarding a contract for Phase 5 construction. A draft of the 2019 budget will be heard and discussed at the October meeting and the final 2019 budget needs to be approved in November. Bernard requested that Daveline provide a quarterly statement of assets and liabilities. The motion to approve the amended 2018 budget passed.

President's Report –

None

Administrator's Report –

Kidd reported that the City Code Enforcement called him to find out if we had made a determination on ownership of the piece of land south of 11th Street at the entrance to the Whitlock Treatment Plant. Kidd told them that it was District property and Mike told him that they would be contacting the business that is encroaching. A few hours later the tree trimming business owner contacted Kidd and asked if the District would be willing to sell him the property. Kidd told him that the Board would consider an offer. Consensus was for Kidd to see what we had sold prior properties for and use that information in consideration of an offer. Willumstad, Kock and Kidd had attended a meeting with the City concerning National

Park Service comments and concerns on a grant application for implementation of river corridor recreation improvements. Kidd and Kock are to meet with Beritt Odom again on Friday.

Fountain Creek Committees -

Maroney said that recent rains have proven that there will need to be continual maintenance of projects constructed. The Fountain Creek Greenway and Flood Control District does not have an income source for maintenance. There have been some proposals developed but none have progressed to a decision of the voters to agree to the funding. The original funding was approved to go to El Paso and Pueblo Counties, in 2013.

Recreation Committee -

Kock reported that Kidd and he will be meeting with the City Friday morning at 9:30. They are trying to keep moving forward to secure funds to support the projects.

18th Street Bridge Painting -

Serna said that Tonio is planning to finish by the end of the month. His painting has been getting tagged so Tonio has been having to go back and repaint areas. There will have to be an anti-graffiti seal put over the top of it. He was hoping that we could get the Chieftain to provide some press coverage when the mural is done. O'Hara said that he would check into anti-graffiti coatings and pricing.

Phase 5 -

Kock said that they pulled together information on Phases 1 through 4, as requested by the CWCB. Kock and Kidd met with Scott Burbidge, with the Pueblo Board of Water Works, yesterday. They discussed some ideas that may be a help to the debris accumulation at the HARP Diversion, some which could maybe be incorporated into the Phase 5 work and some in Phase 6. They also talked about discussions with the City concerning sediment build up in Upper Lake Elizabeth and the bellys and debris accumulated in the pipes. Earl Wilkinson had plans for the City to start working on dredging out the Lake, but after he left there has not been anyone continuing on with the work required.

The Phase 5 design is moving forward. They talked to ASI on Monday and they are to have some pricing information available prior to the Friday meeting with the City. They are planning to finalize the Phase 5 designs next week and put the proposed construction plans out to ASI in early September. He hopes that we will be in a position to recommend approval of a construction scope and contract at the September Board meeting.

1912 W. 16th Street -

Banner said that the sale of the property has closed. The District now owns the property. Pueblo Urban Renewal told Banner that they would like to have the property if the District gives it to them. The Board had reservations about what Urban Renewal might do with the property and wants more input from them. Willumstad agreed to coordinate an ad hoc

committee of three to look at the houses and report back. It was agreed that Bernard and Cordova would assist Willumstad.

Levee Mural Project -

Serna said that School Districts 60 and 70 are interested in getting school logos painted back up across from Dutch Clark Stadium. He has not been successful in getting in touch with Cynthia Ramu to discuss the murals. He has found a firm that is interested in doing the paintings under contract. Serna asked NorthStar to provide dimension and location information so that he could pass that information on.

Other Business –

Bernard reported that she, Martin, and O'Hara had been reappointed by the County.

Maroney said that the County has proposed two options for the HARP channel extension. The decision will be a joint decision between the City and the County. HARP is to make their recommendation by the end of the month.

There being no other business to come before the Board the meeting was adjourned at 11:37 am. The next regular meeting will be on September 26, 2018, at 10:00 am.

APPROVED:

Donna Phillips, President

Bud O'Hara, Secretary