

## MINUTES OF THE SEPTEMBER 4, 2018 SPECIAL MEETING

Directors Present: Barb Bernard, Corinne Koehler, Jerry Martin, Donna Phillips, Ron Serna.  
Paul Willumstad's proxy was held by Corinne Koehler.

Also Present: Administrator Rick Kidd, Attorney Don Banner

Guests: Brian Prichard, Bank of the San Juans

Phillips notified Kidd that she was running a few minutes late. Therefore, the special meeting of the Pueblo Conservancy District was called to order by Vice President Koehler at 5:02 pm. Kidd sent out the agenda and postings the evening of August 30<sup>th</sup>.

Banner said the purpose of the meeting and only action to be taken was consideration of a motion that was approved at the August 15 meeting, but upon further review, bond counsel felt that there should be some minor revisions. The resolution calls for paying off one of the two Bond loans with Bank of the San Juans, and paying down the other. Then the District agrees to not borrow more than \$5M from the open loan.

Bernard moved to approve the amended resolution as follows:

### AMENDED RESOLUTION

WHEREAS, the Pueblo Conservancy District, Pueblo County, Colorado (the "District"), is a statutory entity duly organized and existing as a conservancy district under the constitution and laws of the State of Colorado, including particularly Title 37 of the Colorado Revised Statutes; and

WHEREAS, the members of the Board of Directors (the "Board") have been duly elected or appointed and qualified; and

WHEREAS, the District has heretofore determined and undertaken to acquire and develop and maintain certain properties and facilities for the levee (the "Levee"); and

WHEREAS, the District is authorized by Sec. 37-5-108, C.R.S., to issue Maintenance Fund negotiable evidence of debt, referenced generally in said statute as "warrants" but referenced herein as bonds, authorized by action of the Board without the approval of the electors of the District, such bonds to be issued in the manner provided in 37-5-107 and 37-5-108, C.R.S.; and

WHEREAS, the Board determined that it was in the best interests of the District, and the residents and taxpayers thereof, that certain maintenance and improvements be made to the Levee and that for such purpose the District issued, pursuant to a Resolution, dated August 23, 2017 (the "2017 Resolution"), Conservancy Maintenance Fund 2017 Series A Bonds in the total principal amount of \$10,000,000 (the "2017 Bonds"); and

WHEREAS, the Board was presented with a proposal, in the form of a Bond Purchase Agreement from Bank of the San Juans, a Division of Glacier Bank, (the "Purchaser"), to purchase the 2017

Bonds upon the terms and conditions set forth in the Bond Purchase Agreement (the "2017 Bond Purchase Agreement"); and

WHEREAS, after consideration, the Board determined that the sale of the 2017 Bonds to the Purchaser upon the terms and conditions set forth in the 2017 Bond Purchase Agreement was in the best interests of the District and the residents thereof; and

WHEREAS, the District has expended \$4,265,375.00 of 2017 Bond proceeds to the date hereof; and

WHEREAS on or about August 30, 2018, the District made the first payment of principal and interest required under the 2017 Bonds, which included a principal payment in the amount of \$465,346.77.

WHEREAS, the Board determined that it was in the best interests of the District, and the residents and taxpayers thereof, that the District's Conservancy Maintenance Fund Bonds, Series 2015 A originally outstanding in the principal amount of \$9,045,694.30 be currently refunded at a lower net effective interest rate, thus satisfying C.R.S. 11-56-104(i)(b), and further that certain maintenance and improvements be made to the Levee; and that for such purpose the District issued, pursuant to a Resolution, dated February 28, 2018 (the "2018 Resolution"), Refunding and Improvement Conservancy Maintenance Fund Bonds, Series 2018 A in the total principal amount of \$10,000,000 (the "2018 Bonds"); and

WHEREAS, the Board was presented with a proposal, in the form of a Bond Purchase Agreement from the Purchaser, to purchase the 2018 Bonds upon the terms and conditions set forth in the Bond Purchase Agreement (the "2018 Bond Purchase Agreement"); and

WHEREAS, after consideration, the Board determined that the sale of the 2018 Bonds to the Purchaser upon the terms and conditions set forth in the 2018 Bond Purchase Agreement was in the best interests of the District and the residents thereof; and

WHEREAS, the District has received a proposal from the Colorado Water Conservation Board (the "CWCB") for a loan of \$17,170,000 at an interest rate of 2.45% for 30 years to a) repair the Levee within the City of Pueblo (the "City") in order to bring the Levee up to Federal Emergency Management Agency standards to provide flood protection to the City; b) redeem all of the Series 2018 Bonds and c) redeem \$5 million of the Series 2017 Bonds, leaving \$5 million of the 2017 Bonds that remain outstanding; and

WHEREAS, the CWCB proposal contemplates that the loan will be secured by a lien on the Maintenance Fund Assessment, which shall be a parity obligation with equal priority to the 2017 Bonds; and

WHEREAS, on August 15, 2018, the Board passed a Resolution (attached as **Exhibit 1** hereto) to approve the CWCB proposal.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PUEBLO CONSERVANCY DISTRICT:

**Section 1. Redemption of the 2018 Bonds.** In accordance with Section 6 of the 2018 Resolution, the District hereby redeems the entire principal amount of the 2018 Bonds upon funding by CWCB.

**Section 2. Partial Redemption of the 2017 Bonds.** In accordance with Section 6 of the 2017 Resolution, the District hereby redeems \$3,800,028.30 of the 2017 Bonds upon funding by CWCB, and agrees not to draw more than \$5,000,000 of the 2017 Bonds hereafter. Furthermore, also in accordance

with Section 6 of the 2017 Resolution, the principal and interest payments of \$537,500 set forth in Section 4 of the 2017 Resolution and the final payment of all accrued interest and outstanding principal shall remain the same in the years 2019 through 2025. The 2017 Resolution is hereby amended to provide for the changes set forth in this Section 2. All other provisions of the 2017 Resolution shall remain un-changed and in full force and effect.

**Section 3. Ratification and Approval of Prior Actions.** All actions heretofore taken by the officers of the District and the members of the Board, not inconsistent with the provisions of this Amended Resolution, relating to the authorization, sale issuance, and delivery of the 2018 Bonds and the 2017 Bonds, are hereby ratified, approved, and confirmed.

**Section 4. Severability.** If any section, paragraph, clause, or provisions of this Amended Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Amended Resolution, the intent being that the same are severable.

**Section 5. Effective Date.** This Resolution shall take effect immediately upon its adoption and approval.

**Section 6. Consent.** In accordance with Sections 15(f) and 19 of the 2017 Resolution and Section 19 of the 2018 Resolution, the Purchaser consents to this Amended Resolution.

**IN TESTIMONY WHEREOF,** the Board of Directors of Pueblo Conservancy District has caused this Amended Resolution to be adopted and approved as signed by the signature of the President of the District, sealed with the seal of the District, and attested by the signature of the Secretary thereof, all as of the 4th day of September, 2018.

A quorum was present, with four Directors plus one proxy.

Martin seconded the motion. All voted in the affirmative and the motion passed. Phillips arrived at the meeting and also voted for approval.

Phillips and Prichard signed the amended resolution. Banner said that he would meet with O'Hara

There being no other business to come before the Board the meeting was adjourned at 5:25 pm. The next regular meeting will be on September 26, 2018, at 10:00 am.

APPROVED:

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Donna Phillips, President

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Bud O'Hara, Secretary