

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE
MINUTES**

July 15, 2021

A meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, July 15, 2021, at the District office, 31717 United Avenue, Pueblo, Colorado. President Long called to order Enterprise meeting was at 10:08, to be held in conjunction with the District meeting for a presentation and action item. Following the joint action item with the District, President Long recessed the Enterprise meeting at 10:25 a.m. President Long reconvened the Enterprise meeting at 11:26 a.m.,

The District experienced an internet outage, due to an area outage by our service provider, and were unable to use the ZOOM platform for the Board meeting. Calls were placed to the Board Members that were going to attend remotely, and a message was put up on our website calendar, so the public would know a ZOOM connection was not available.

President Long established that a Quorum was present.

DIRECTORS PRESENT:

Alan Hamel	Carl McClure	Pat Edelmann
Andrew Colosimo	Curtis Mitchel	Patrick Garcia
Ann Nichols	Kevin Karney	Seth Clayton
Bill Long	Mark Pifher	Tom Goodwin

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May, Greg Felt and Howard "Bub" Miller

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Administrator of Finance and Administration Leann Noga; Administrative Support Specialist Margie Medina; Accountant Stephanie Shipley; and Administrative Support Associate Patty Rivas.

VISITORS PRESENT:

Bill Tyner, Colorado Division of Water Resources; Bruce Hughes and Matt Heimrich, Colorado Canal Company; and Mark Scott, Providence Infrastructure.

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APPROVAL OF MINUTES:

President Long said the minutes of the May 20, 2021, Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Mr. Karney moved, seconded by Mr. Garcia, to approve the minutes. Motion unanimously carried.

TREASURER REPORT:

Treasurer Nichols reported the financial statements for May and June 2021, were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Edlmann for acceptance of the May and June 2021 financial statements and payment of the July 2021 bills. Motion unanimously carried.

PRESENTATION ITEMS:

2021 MID-YEAR FINANCIAL REPORT (con't)

1. Enterprise: to include Water, Hydroelectric, and Arkansas Valley Conduit
2. Enterprise Water Operating Report as of June 2021:
 - a. Revenues-\$1,100,536 Actual, \$1,693,707 Budget
 - b. Expenditures-\$632,085 (33% of Budget)
3. Forecasted Year-End 2021
 - a. Revenues-\$1,058,486 Forecasted Actual, \$1,693,707 Budget, Water Sales Refunds
 - b. Expenditures-\$1,325,258 (69% of Budget)
4. Overall Year-end forecast use \$267,000 from Project Water Reserve
5. Arkansas Valley Conduit Report as of June 2021
 - a. Revenues-\$130,312 (5% of Budget) CWCB Loan/Grant
 - b. Expenditures-\$236,767 (8% of Budget)
6. Forecasted Year-End 2021
 - a. Revenues-\$481,177 (18% of Budget)
 - b. Expenditures-\$738,941 (25% of Budget)
7. Overall Year-End forecast use \$258,000 for AVC reserve
8. Hydroelectric Power Report as of June 2021
 - a. Revenues- \$308,102 (21% of Budget) 5 months of Revenues, Dry Water Year
 - b. Expenditures-\$90,035 (15% of Budget)
9. Forecasted Year-End 2021
 - a. Revenues-\$1,072,300 (75% of Budget)
 - b. Expenditures-\$968,000 (90% of Budget)
10. Overall Year-End forecast add *\$205,000 to the Hydro reserve
*It was discovered that the figure should read \$104,000

President Long asked to go into action items, as the Banking Services Resolution will apply to both District and Enterprise.

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ACTION ITEM:

BANKING SERVICES RESOLUTION

Mrs. Noga provided an action item regarding Banking Services. The recommendation is to move banking services from Sunflower Bank to Bank of the San Juans.

In May 2021, a team was formed to conduct a Request of Proposal (RFP) for Banking Services including Leann Noga, Stephanie Shipley and Lynette Holt. The RFP was sent to twelve banking institutions, in which the District received six respondents.

The Government Finance Officers Association (GFOA) best practices suggest that banking services should be reviewed every five years through a RFP process.

A review and rating system was conducted on all six RFPs by the team members. The final three banking institutions were interviewed, in which the final application was selected. Staff recommends that the District banking services which include checking accounts, sweep accounts, staff credit cards, online banking tools, etc., be changed from Sunflower Bank to Bank of the San Juans. A copy of the Resolution was provided to the Board, which authorizes this change in banking services.

This resolution will provide authorization for staff to work with Bank of the San Juans and the District and its Enterprise authorized signers to create this new banking system. This includes working with Sunflower Bank and the District and its Enterprise authorized signers to close unneeded accounts. The District and its Enterprise authorized signers are Bill Long - President, Ann Nichols – Treasure, and Jim Broderick - Executive Director. Staff will ensure that internal controls are in place regarding all Banking activities.

Ms. Nichols moved, seconded by Mr. Garcia that the Board of Directors adopt Resolution No. 2021-01DF, authorizing the change of banking services from Sunflower Bank to Bank of the San Juans for both the District and its Enterprise. This motion provides authorization for staff to work with authorized signers to create new Bank of the San Juan accounts, as well as close past Sunflower accounts. Motion unanimously carried.

FEDERAL LEGISLATION UPDATE

Ms. Arbogast was unable to connect to the Board Meeting due to the internet outage, so Mr. Andy Colosimo presented on her behalf. Mr. Colosimo reported the Senate Energy and Natural Resources Committee passed an infrastructure package on Wednesday, July 14 that is helpful to Western water and potentially Southeastern and the Arkansas Valley Conduit (AVC).

It includes \$8.3 billion for Western water. That includes. \$3.2 billion for aging infrastructure; \$1.15 billion for water storage and conveyance; \$1 billion for the rural water projects; and \$300 million (with \$50 million earmarked for the Upper Colorado Basin) for drought contingency planning. It also includes \$50 million for the Upper Colorado endangered fish recovery program.

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The AVC will fall under the water storage and conveyance category, where it will be eligible. In addition, the more money that goes to rural water projects, the sooner they are completed, making room for other projects like AVC in the Bureau's budget.

Culmination of a very intense effort of a coalition of Western water users, including the National Water Resources Association and the Family Farm Alliance.

The bill is to be merged into the broader (but less specific) infrastructure bill that was developed by the bipartisan group of Senators and the White House. Senate Majority Leader Schumer is planning to take the bill to the Senate floor next week.

We are awaiting word on the confirmation hearing for Camille Touton, the nominee for Commissioner of Reclamation. Southeastern is sending a letter of support for her nomination.

The appropriations process is underway, and the House "plussed up" the Reclamation account \$413 million above the President's request. This allows room for an AVC request in the late fall, if the Senate follows suit. The Bureau's budget, stuck at about \$1 billion for more than a decade, will be \$1.9 billion in FY '22. The push by Western water users and providers is paying off.

Mr. Long thanked Mr. Colosimo for presenting on Ms. Arbogast's behalf.

2021 FRYING-PAN ARKANSAS PROJECT WATER IMPORTS

Mr. Garrett Markus presented a report on the Project water imports. The Bureau of Reclamation has forecasted an import basis for allocation of 38,000 AF based on the snowpack of May 1, 2021, which made 25,534 AF available for allocation.

The Fryingpan-Arkansas Project water imports for allocation year 2021 are still accruing but are dwindling and have not reached the May 1, 2021, Bureau of Reclamation forecast of 38,000 AF. As of July 7, 2021, the Fry-Ark imports were 31,806 AF, which is approximately 84 percent of the May 1 projection. The Project water imports above the initial release of 50 percent was distributed and made available in the Project water accounts July 1, 2021. A PowerPoint was provided to illustrate these numbers.

ACTION ITEMS:

AGRICULTURE PROJECT WATER OFF SEASON STORAGE

Mr. Markus presented an action item recommending that the Board of Directors allow the 2021 agricultural allocations the ability to store 100 percent of agricultural allocation to be stored for the 2021-2022 agricultural off season to be used by April 15, 2022.

The 80/20 Rule requires that agricultural entities receiving an allocation of Fryingpan-Arkansas Project water (Project water) must use at least 80 percent of their allocation by November 15 of the year allocated and the remaining 20 percent must be used by May 1 of the following year. The Rule was formally

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adopted by the District Board as an amendment to the Allocation Policy on January 15, 1998, for the purpose of the Safety of Dams restrictions.

The July 2021 Allocation Committee reviewed a letter received by the Southeastern Colorado Water Conservancy District on June 25, 2021, from Alvin Carter and Matt Heimerich on behalf of the Colorado Canal Company. The letter (copy was provided to the Board) addresses 2021 agricultural allocations, off-season storage of agricultural allocations, and issues concerning the Colorado River.

The discussion heard and addressed each topic in the letter. From the discussion, the Allocation Committee recognized the potential need to allow all agricultural allocations to have the ability to be stored during the off-season storage until spring of 2022 and gave staff direction to prepare an action item to the Board of Directors at the July Board meeting. The Agricultural 80/20 Rule is typically enacted to prevent excessive pressure on Pueblo Reservoir around the April 15 timeframe when the Joint Use Pool is evacuated. With the current water year, the risk of high pressure in Pueblo Reservoir is minimized but staff believe that limiting storage to April 15 instead of May 1 is prudent in the suggested motion.

Mr. Goodwin moved, seconded by Mr. Hamel for the District Board to allow the 2021 agricultural allocations the ability to store 100 percent of agricultural allocation to be stored for the 2021-2022 agricultural off season to be used by April 15, 2022. Motion Unanimously carried.

No further discussion was to be had by the Board. Visitor Matt Heimerich of the Colorado Canal was given the opportunity to address the Board. He thanked the Board, reiterated the topics laid out in his letter and stressed the importance these matters have to the irrigating community.

INFORMATION ITEMS:

The Board was provided written material on the following topics, which was posted to the Board website:

- AVC Update
- JWBHP Update
- Excess Capacity Master Contract Update

Mr. Long asked if there were any other business matters to come before the Enterprise Board, hearing none, Mr. Long adjourned the meeting at 12:08 p.m.

Respectfully submitted,

Patty Rivas
Administrative Support Associate

Secretary
