

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
ACTIVITY ENTERPRISE
MINUTES
May 19, 2022**

A meeting of the Board of Directors of the Southeastern Colorado Water Activity Enterprise (Enterprise) was held on Thursday, May 19, 2022, at the District office, 31717 United Avenue, Pueblo, Colorado. President Long called to order the Enterprise meeting at 11:27 a.m. The ZOOM platform was also made available for Board members and visitors.

President Long established that a Quorum was present.

DIRECTORS PRESENT:

Alan Hamel	Dallas May (remote)	Matt Heimerich
Andy Colosimo	Greg Felt (left @ 12:03)	Pat Edelmann
Ann Nichols	Howard Miller	Patrick Garcia
Bill Long	Kevin Karney	Seth Clayton
Curtis Mitchell (remote)	Mark Pifher	Tom Goodwin

DIRECTOR(S) ABSENT AND EXCUSED:

None

ENTERPRISE OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller and Peter Levis; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Principal Engineers Kevin Meador, and Mark Scott; Administrator of Finance and Administration Leann Noga; Accountant Stephanie Shipley; Accounting Specialist Lynette Holt (remote); Administrative Support Specialist's Margie Medina and Patty Rivas (remote); Steve Leonhardt, Burns Figa and Will (remote); Christine Arbogast, Kogovsek & Associates; and Roy Vaughan, H2O Consultants.

VISITORS PRESENT:

Krystal Brown and Brandon Forbes, USGS; Mike Holmberg and Jeff Rieker, USBR; Robert Wahl and Traves White, JHL Constructors; Kortney Kelly and Sage Church, Colorado Springs Utilities/Fountain Valley Authority; and Rick Kienitz, Aurora Water.

VISITORS CONNECTED REMOTELY:

Bobby Banham, Jeffery DeHerrera, and Kim Swearington, Pueblo West Metro District; Jerry Pena, Kennedy Jenks; Joe Stone, Heart of the Rockies News; Luke Mecklenburg, Assistant Attorney's Office, Water Unit; Roy Heald, Security Water and Sanitation; Scott Lorenz, Colorado Springs Utilities.

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APPROVAL OF MINUTES:

President Long said the minutes of the April 21, 2022, Enterprise Board meeting were posted to OnBoard as well as the Board website for review and asked if there were any corrections or additions. Hearing none, Mr. Pifer moved, seconded by Mr. Edelmann to approve the minutes. Motion unanimously carried.

TREASURER REPORT:

Ms. Nichols reported the financial statements for April 2022, were posted to OnBoard and the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton, for acceptance of the April 2022 financial statements and payment of the May 2022 bills. Motion passed unanimously.

PRESENTATION ITEMS:

FEDERAL LEGISLATION UPDATE

Christine Arbogast reported the first trip in more than two years was taken to D.C to attend the NWRA Federal Water Issues Conference May 2-4. Not many people in attendance, which allowed for better in-depth meetings.

There were meetings with both Senate offices. The Senators want to be aggressive in the amount of funding from the infrastructure bill. They also want a long-term agreement on infrastructure dollars, which can be done unlike with appropriated dollars.

Senate staff is currently meeting with Bureau of Reclamation (Reclamation) on these issues.

Regular appropriations processes are underway; House will pass bills this summer. Senate will work in committees then negotiate with House. Omnibus bill hopefully realized by year's end.

ARKANSAS VALLEY CONDUIT UPDATE

Mr. Woodka presented the Board with an update on the Arkansas Valley Conduit (AVC). The AVC Committee met on Friday, May 13, to discuss numerous topics.

Items to be discussed include:

Fiscal Agent – Otero County has signed an agreement to administer a Colorado Water Conservation Board Grant.

Outreach Meetings – We continue to meet with participants and other agencies to discuss AVC on financial, technical and political levels.

GMS Services – GMS has prepared a detailed timeline of meetings with participants to discuss AVC issues. Enterprise staff is attending some of these meetings as well.

CDPHE Compliance Orders - The Colorado Department of Public Health and Environment issued Compliance Advisory - Enforcement Orders to 16 AVC water systems on April 6, 2022. We are monitoring responses.

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Design Bids – The Enterprise has issued a Request for Proposals (RFP) for the Avondale and Boone delivery line design, and a Request for Qualifications for design of the remaining 37 delivery lines.

Governance Meetings – A series of governance meetings with all counties and home-rule cities among AVC participants have been set. A framework for governance will be discussed at the May 13, 2022, AVC Committee meeting.

AVC Repayment Contract – The Enterprise has submitted draft materials to Reclamation to assist Reclamation developing a Basis of Negotiation (BON). Negotiations on the AVC Repayment Contract are expected to begin by the end of 2022.

Washington D.C. NWRA Trip – Enterprise officials who traveled to Washington D.C. for the National Water Resources Association Federal Water Issues Conference May 9-11, 2022, will review their conversations with top government officials regarding the AVC.

Mr. Woodka fielded questions.

ACTION ITEMS:

FRYINGPAN-ARKANSAS PROJECT WATER AND RETURN FLOW ALLOCATION

Mr. Markus presented an action item, in the form of a PowerPoint, recommending the Enterprise Board approve the allocation of 32,848 acre-feet (AF) of Fry-Ark Project water (Project water) (17,269 AF for municipal use and 15,579 AF for agricultural use) and the allocation of 5,495 AF of Project water Return Flows (Return Flow). The Project water will be based off the May 1, 2022, import basis for allocation of 45,300 AF with an adjustment of 1,253 AF less of Project water available from the 2021 excess evaporation than projected. Fifty percent (50%) of the imports will be made available for allocation to municipal and agricultural entities following payment for one hundred percent (100%) of the allocation. The remaining fifty percent (50%) will be made available when the District is confident that imports will meet Project obligations. If any portion of the remaining fifty percent (50%) of allocated water is not available to the entities at that time, that portion of their Project water payments will be refunded.

Reclamation has forecasted an import basis for allocation of 45,300 AF based on the snowpack of May 1, 2022. With the reduction due to more evaporation than projected of the 2021 unallocated Project water, 32,848 AF will be available for allocation. The recommended municipal allocation is 16,090 AF of Project water with 1,179 AF of NPANIW totaling 17,269 AF for municipal. The agricultural allocation calculates to be 15,579 AF of Project water producing 5,495 AF of Return Flows.

The floor was opened up for Q & A.

Ms. Nichols moved, seconded by Mr. Clayton that the Board allocate 32,848 AF of Project water and 5,495 AF of Return Flows. Project water allocations would be available initially at fifty percent (50%) of the projected import amount available to municipal and agricultural entities following payment for 100 percent (100%) of the allocation. The remaining fifty percent (50%) would be made available when the District is confident that imports will meet Project obligations. If any portion of the remaining fifty

