

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT**

MINUTES

May 21, 2020

A virtual meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, May 21, 2020 at 9:30 a.m. Via ZOOM.

Chris Woodka welcomed all in attendance to the virtual meeting. Mr. Woodka went over some virtual meeting tips to allow the meeting to be a good experience for all involved. Mr. Woodka introduced President Long and advised that he would be presiding over the meeting, then Mr. Long announced a quorum was present.

DIRECTORS CONNECTED:

Alan Hamel	Curtis Mitchell	Pat Edelmann
Andrew Colosimo	Greg Felt	Patrick Garcia
Ann Nichols	Howard “Bub” Miller	Seth Clayton
Bill Long	Kevin Karney	Tom Goodwin
Carl McClure	Mark Pifher	

Dallas May connected at 9:35 a.m.

DIRECTOR(S) ABSENT AND EXCUSED:

None

DISTRICT OFFICIALS CONNECTED:

Executive Director James Broderick; General Counsel Lee Miller; Principal Engineer Kevin Meador; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Finance Manager Leann Noga; Administrative Manager Toni Gonzales; Administrative Support Specialist Margie Medina; Accounting Specialist Stephanie Shipley; Administrative Support Associate Patty Rivas; and Federal Lobbyist Christine Arbogast.

VISITORS CONNECTED:

Chris Woodka went over attendees, announced the following: Cathy Garcia, Senator Cory Gardner’s Office; Jenny Bishop, Colorado Springs Utilities; Judy Leonard, Pueblo West Metro District; Brett Gracely, Matrix Design Group; Kevin Salter, Arkansas River Compact Administration/State of Kansas Water Division Engineer; and Josh Balle, CDM Smith

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ACTION ITEM:

Lee Miller was introduced to present the swearing in of appointed Board members. Mr. Miller asked that the following members unmute their microphones and make sure their cameras were on. Pat Edelmann, Mark Pifher, Patrick Garcia, Kevin Karney, and Dallas May (who connected late):

Lee Miller said he was going to ask each of them to affirm that they:

- Consent to recording the oath and the electronic storage of that oath for 10 years;
- Are able to sign and transmit a legible copy of the oath by fax, email, or other electronic means to Ms. Gonzales as the notary public on May 21, 2020; and
- Mail the original signed oath to Ms. Gonzales at the District office within 15 calendar days.

Mr. Lee Miller called on each individually to raise their right hand and read the oath. Ms. Gonzales was then asked if she did recognize all five members swear the oath to be notarized. Ms. Gonzales advised she in fact did. Mr. Lee Miller concluded by requesting the members sign their oath and send them in to Ms. Gonzales. He congratulated the members on their re-appointment.

The District meeting was then recessed at 9:40 a.m., to convene the Enterprise meeting. The District meeting was reconvened at 9:47 a.m.

APPROVAL OF MINUTES:

President Long said the minutes of the February 20, 2020 Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Mr. Greg Felt pointed out an on page nine, the second paragraph to replace “Mt. May” with “Greg Felt”. A revision will be posted to the website. Mr. Pifher moved, seconded by Mr. Colosimo to approve the minutes. Motion unanimously carried.

FINANCE COMMITTEE REPORT:

Treasurer Nichols reported the financial statements for February, March, and April 2020, were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Edelmann, for acceptance of the February, March, and April 2020 financial statements and payment of the May 2020 bills. Motion unanimously carried.

CONSENT ITEMS:

Chris Woodka presented items to be ratified by the Board.

The following six action items were approved by the Executive Committee:

- a. Inclusion of Land Annexed by Colorado Springs 1
- b. Inclusion of land Annexed by Colorado Springs 2
- c. Approval of Stipulation in the Application of Connell Development Company Case No. 18CW3162 (Water Division 5)
- d. Return Flow Exchange Diligence Application
- e. Approval of 2019 Annual Audit

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f. Approval of 2019 Financial Statements

Mr. Woodka provided in the form of attachments, the Action reports as prepared by staff and presented to the Executive Committee in March and April 2020.

Mr. Felt moved, seconded by Mr. Clayton, the Board ratify the six action items approved by the Executive Committee at the March 19, 2020 and April 16, 2020 meetings. Motion unanimously carried.

PRESENTATIONS:

None

ACTION ITEMS (continued)

ELECTION OF OFFICERS

The annual election of officers is usually done at the April or May Board meeting. The Executive Director usually serves as the Assistant Secretary-Treasurer. A nomination is required for Assistant Secretary-Treasurer.

Mr. Hamel moved, seconded by Mr. Felt, to appoint the current slate of Officers for another term. The Board nominate for the offices of President, Vice President, Secretary, and Treasurer and reappoint Mr. Broderick to serve as Assistant Secretary-Treasurer. Motion unanimously carried.

EXECUTIVE COMMITTEE APPOINTMENTS

Pursuant to the District's bylaws, "An Executive Committee consisting of eight members of the Board, including the President (in office) may be appointed by the Board of Directors annually at the first meeting of the Board held after the appointment of directors by the court. The Executive Director of said Board shall be a nonvoting member ex officio (only in sessions not dealing with personnel matters relating to the Executive Director). It shall have all the powers of the Board in the interim between Board meetings. The actions of the Executive Committee shall be subject to the approval of the whole Board. Meetings may be held at any time, and at any place within the State of Colorado, upon call by any Committee member. Notice of any meeting shall be given to each member in person, or by telephone, or it may be mailed electronically, mailed or telegraphed to him or her at his or her residence or business address at least 24 hours before the meeting. Public notice shall be provided consistent with applicable statutes. Three members shall constitute a quorum. The Secretary shall keep record of the minutes of each Executive Committee meeting in a book kept for the purposes and shall report same to the Board of Directors at its next meeting."

Mr. Clayton moved, seconded by Mr. Karney, the Board approve President Long's recommendation and appoint the following to the Executive Committee:

- Bill Long, President
- Curtis Mitchell, Vice President and Chairman of Resource & Engineering Planning Committee
- Seth Clayton, Secretary

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- Ann Nichols, Treasurer and Chairwoman of the Finance Committee
- Carl McClure, Chairman of the Allocation Committee
- Kevin Karney, Chairman of Arkansas Valley Conduit Committee
- Tom Goodwin, Chairman of the Colorado River & Water Supply Committee
- Alan Hamel, Chairman of Human Resources Committee
- James Broderick, Executive Director (nonvoting member ex officio)

Motion unanimously carried.

THUNDER VILLAGE URBAN RENEWAL PROJECT AREA

Jim Broderick presented an action item to recommend that the Board authorize the Executive Director to execute an agreement with the Pueblo Urban Renewal Authority (PURA) to provide tax increment financing for an urban renewal project in Pueblo. The proposed development program for the Thunder Village Project 2 Urban Renewal Plan (the Urban Renewal Area) is based on the current plans of property owners and prospective developers and is subject to change.

Approval of the agreement will cause District tax revenues on the subject properties to remain at current levels for a period of twenty-five years; provided, however, residential properties are excluded from the increment. Any increased tax payments that result from increased value of the property other than residential, will be allocated to the Pueblo Urban Renewal Authority during that period.

Development Program

The proposed development program for the Thunder Village Project 2 Urban Renewal Plan (the Urban Renewal Area) is based on the current plans of property owners and prospective developers and is subject to change. The anticipated development program is summarized below.

Thunder Village Project 2 Urban Renewal Plan

Land Use

Commercial/Office 240,000 sq ft (four phases)

Residential 300 (four phases)

While it is anticipated that additional private development will take place during the 25-year period that it will take to complete redevelopment of the Urban Renewal Area, it is impossible to speculate on the timing, nature, or value of such new construction because market conditions and redevelopment efforts by private enterprise are unknown at this time.

Development Timing

The development timetable for the proposed Urban Renewal Area will be determined by prevailing market conditions. The current development plan includes a four-phase project, mixed use development to be constructed over a period of sixteen years. A critical component of the development program is the potential redevelopment of existing parcels into a mix of retail/commercial, employment, and residential uses. For the purposes of this analysis, the assumption is development will take place according to the four phases.

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Summary Impacts to Southeastern Colorado Water Conservancy District

Exhibit A provides a summary of property tax revenues that could be generated from new taxable redevelopment within the Urban Renewal Area; provided however, residentially assessed properties are excluded from the increment. These estimates are based on the development program outlined above and reflect the entire 25-year tax increment period. It is anticipated that the entire property tax increment over the 25-year period would be dedicated to the Urban Renewal Project; provided, however, residential properties are excluded from the increment.

Property Tax Revenue

As shown in Exhibit A, based on the proposed development program, the Urban Renewal Area would generate approximately \$11,087,879 in incremental property tax revenues over the 25- year analysis period. During the 25-year tax increment period, the SE District's share of property tax revenue is limited to its share of the property tax base. This averages approximately \$1,886 annually or approximately \$46,394 over the 25-year period.

PURA seeks to apply the incremental additional tax payments associated with the increased property value resulting from redevelopment as a funding source for bonds and other financing that will support the redevelopment project. Because the property within the urban renewal area will be subject to the District's property tax, PURA seeks an agreement confirming the District's consent to allocation of its entire additional tax increment on the property, provided, however, residential properties are excluded for the increment to PURA in support of the plans.

Pursuant to the Colorado Urban Renewal Act, PURA may issue bonds to pay for public improvements associated with the redevelopment of blighted property. Payment of the bonds may be funded by the increased property tax payments generated by the added property value resulting from redevelopment of the property. In order to use those increased payments, PURA must seek agreements with the various taxing authorities authorizing allocation of the increased tax payments to the project. If agreement cannot be reached with any taxing authority, all of the parties have to go to mediation to determine the appropriate allocation of incremental property tax payments.

The most significant term of the proposed Agreements is the waiver of residential properties are excluded for the increment to PURA in support of the plans.

Mr. Broderick provided the Board copies of: A Property Tax Increment Revenue Agreement and a Memorandum of Understanding with the Pueblo Urban Renewal Authority.

Mr. Hamel moved, seconded by Mr. Clayton, the Board move to authorize the Executive Director to execute Property Tax Increment Revenue Agreements with the Pueblo Urban Renewal Authority to provide tax increment financing for the Thunder Village Project 2 Urban Renewal Plan. Subject to the execution of the Memorandum of Understanding. Motion unanimously carried.

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STATEMENT OF OPPOSITION IN APPLICATION OF BOARD OF WATER WORKS OF PUEBLO
2020CW3011 (WATER DIVISION 2)

Mr. Lee Miller presented an action item to recommend that the District Board authorize Special Water Counsel to file a Statement of Opposition to the Application of the Board of Water Works of Pueblo (Pueblo Water) in Case No. 20CW3011.

Pueblo Water filed an application for (1) a new conditional water right to divert from the Arkansas River and (2) a change of the Southern Colorado Power Company's Cooling Basin storage right, originally decreed for cooling and condensing purposes in connection with electrical power generation. Pueblo Water will use both the new and changed water rights as a supplemental water supply for the Historical Arkansas Riverwalk Project (HARP), which currently relies upon Pueblo Water's water rights decreed in, and augmented under, Case No. 93CW86. One of the water rights historically used as a water supply for HARP was a tailwater right dependent upon discharges from the Black Hills/Colorado Electric Company power plant; the decommissioning of this plant prompted Pueblo Water's application to obtain additional water sources for HARP. Pueblo Water proposes to replace the out-of-priority depletions associated with the new and changed water rights pursuant to the augmentation plan decreed in Case No. 93CW86.

Mr. Pifher moved, seconded by Mr. Colosimo, District Board authorize Special Water Counsel to file a Statement of Opposition to the Application of the Board of Water Works of Pueblo in Case No. 20CW3011. Mr. Garcia and Mr. Clayton abstained from the vote. Motion carried.

STATEMENT OF OPPOSITION IN APPLICATION OF PUEBLO EAST PHASE III, LLC
2020CW3013 (WATER DIVISION 2)

Mr. Lee Miller presented an action item to recommend that the District Board authorize the filing of a Statement of Opposition by Special Water Counsel in Application of Pueblo East Phase III, LLC, 2020CW3013 (Water Division 2).

In 2016, Stonewall Springs filed an application for confirmation of a plan for augmentation of irrigation wells and of reservoir depletions. The District opposed the augmentation plan because of its use of Excelsior Ditch water rights and AGUA shares, which rely on Project water and return flows for substitute supplies and storage in Pueblo Reservoir. While the Stonewall cases were pending, a portion of the subject lands and two of the wells were sold. Those lands and the wells were withdrawn from the Stonewall case.

The Application of Pueblo East Phase III, LLC, is to confirm a plan for augmentation for those withdrawn lands and wells, relying primarily on AGUA membership for substitute supply. The application expressly confirms that, pursuant to AGUA's augmentation plan, water would be stored in Pueblo Reservoir.

As with the Stonewall case, it will be appropriate to assure that the final decree in this augmentation case contains terms and conditions that protect Project water and return flows and Project facilities.

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Mr. Karney moved, seconded by Mr. Hamel, the Board authorize the filing of a Statement of Opposition by Special Water Counsel in Application of Pueblo East Phase III, LLC, 2020CW3013 (Water Division 2). Motion unanimously carried.

MONTHLY/QUARTERLY REPORTS:

U.S. BUREAU OF RECLAMATION REPORT

Roy Vaughan provided a written report reviewing the following:

As of May 14, 2020

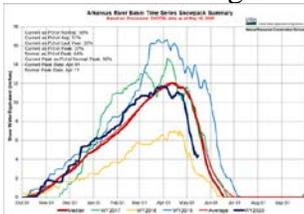
- There were 226,505 acre-feet stored in Pueblo Reservoir; 128,613 acre-feet of Project water; 31,345 acre-feet of Excess Capacity water; 29,149 acre-feet of Winter water
- There is currently 117,210 acre-feet of Project space in Pueblo Reservoir and 21,628 acre-feet of space in Turquoise and Twin Lakes Reservoirs
- Charts illustrating storage amounts in Turquoise, Twin Lakes, and Pueblo Reservoir
- Project Reservoirs: Turquoise 108%, Twin Lakes 100%, Pueblo 112% as of May 14, 2020
- First Use Project + PCO Municipal Water
- Total M&I PW in the system
- Colorado and Arkansas River Basin Tim Series Snowpack Summary
- Snow Water Equivalent Fremont, Independence, Ivanhoe, Nast
- Import Forecast

DIVISION ENGINEER'S REPORT

Mr. Tyner provided a written report reviewing the following:

Arkansas Basin Native Supply

Following a slightly above average snowpack development almost all the way through April 1st when snowpack was right at the historical average in terms of snow water equivalent, the expected streamflow runoff conditions have rapidly deteriorated. The graph below shows the contrast to the past three years and median and average conditions.



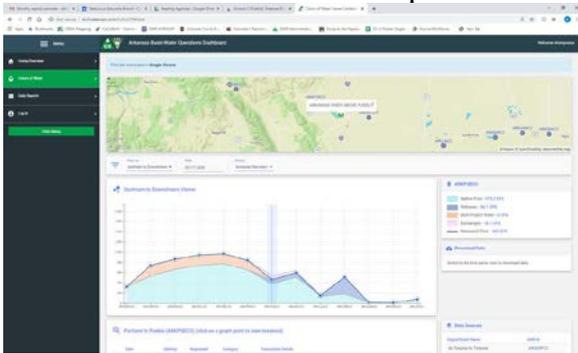
Reservoir releases from Pueblo Reservoir to move water to avoid loss through spill as well as to supply water for irrigation and augmentation related needs has been just over 46,000 acre-feet. Additionally, over 26,000 acre-feet has been released from John Martin Reservoir in April and May for irrigation by Colorado ditches.

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Predictions of expected streamflow by NRCS and the National Weather Service forecast center seem to indicate mainstem flows above Pueblo Reservoir will likely be about 75-80% of average while flows on tributaries further south in the basin are expected to be much poorer.

Arkansas River Decision Support System

Critical work on administrative tools continues as part of the ArkDSS effort managed by the Colorado Water Conservation Board (Brian Macpherson, Project Manager). Of particular significance is an effort to employ a new administrative modeling tool known as the Aquifer Data Accounting Tool (ADAT). Colorado Division of Water Resources and Office of Information Technology programmers have worked to finalize development of this tool and Division 2 staff have worked to organize data that will allow ADAT to be run in 2020 to simulate well depletions for the Arkansas Groundwater Users' Association well replacement plan and also to simulate the various allocations of Fryingpan-Arkansas Return Flow accretions that are critical as a supplemental replacement supply for well depletions. The ADAT test will be done side by side with historical modeling to ensure accuracy throughout 2020 with the hope the more general deployment can be accomplished in 2021 including replacement of many existing modeling tools. The other significant development work that will continue in 2020 is related to the "Color of Water" Tool. The current prototype of this tool is available for use on the Arkansas River Dashboard (<http://div2waterops.com/AnonymousHome>). This tool allows water users and others to gain some understanding about the nature of the water in the river at stream gages that are on satellite along the mainstem of the river. An example is shown below.



Additional work is expected to be done in 2020-2021 to expand this tool for use in the Arkansas Basin and also to set the stage for possible use of this tool in other basins or on other tributaries in the Arkansas basin.

U.S. GEOLOGICAL SURVEY REPORT

Krystal Brown provided a written report reviewing the following:

- Instrumentation on Burn Scars
- Case Study: Spring Creek Burn Scar in La Veta, CO
- Study Design: Gage Placement is Key
- Study Design: Spring Creek Burn Scar
- Overview: Anatomy of an Early-Warning Gage
- Non-Contact Velocity Radars: The Ideal Tool for Early Flood and Debris-Flow Warning?

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- Operationalizing Early-Warning Alerts
- Flood Response: Indian Creek, Middle Creek
- Application, Ungaged Basins and Rapid Deployments

STATE LEGISLATION UPDATE

Mr. Lee Miller provided a written report The circumstances being faced in the Colorado General Assembly is unlike any situation faced for more than a century. On March 14, 2020, the legislature suspended its session due to the COVID-19 pandemic until March 30, 2020. On that day, neither the House nor the Senate had enough members to constitute a quorum, and continued in suspension. In part, the legislature was awaiting a decision from the Colorado Supreme Court. On April 1, 2020, the Colorado Supreme Court ruled that the legislature's 120 day session may be non-consecutive days in a declared public emergency disaster. This means the legislature can reconvene when "safe" and pick up where it left off without a required adjournment on May 6th.

Following the Supreme Court decision, the legislative leadership indicated that the legislature would reconvene on May 18, 2020; however, on May 10, 2020, Democratic Leadership in the General Assembly announced that the temporary suspension of the legislature will continue until the week of May 25, 2020, to allow additional time for preparations (including safety protocols and working through appropriate legislation).

It is unclear how the legislature will proceed once they reconvene. There are roughly 50 days remaining on the legislative calendar, should they choose to meet that long. The major priority is for the legislature to complete appropriations for the fiscal year beginning on July 1, 2020. Making this effort more challenging is the estimate that revenues will be \$3 billion less than anticipated earlier in the session. In addition, there are shortfalls in the current fiscal year revenues. The Joint Budget Committee (JBC) began meeting on May 4, 2020, to consider the budget. JBC staff has proposed several cuts and transfers of money from existing funds, including the Colorado Water Conservation Board's Construction Fund. We are monitoring these proposals, especially as they may effect the proposed CWCB's total funding package of \$100 million for the Arkansas Valley Conduit Project. The Board was provided a letter from the Colorado Water Congress to the JBC regarding important water considerations in the budget discussions.

INFORMATIONAL ITEMS:

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

- Water Court Resume
- Special Water Counsel Legal Report
- Committee Appointments
- NWRA Western Water Seminar
- Colorado water Congress Summer Conference

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President Long asked if there were any other matters to come before the meeting. Hearing none, President Long adjourned the meeting at 10:13 a.m.

Respectfully submitted,

Patty Rivas
Administrative Support Associate

Secretary

