

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, July 20, 2022

Utilities Board members present via Microsoft Teams or Blue River Conference Room:
Chair Wayne Williams, Vice Chair Mike O'Malley, Dave Donelson, Randy Helms, Bill Murray, Stephannie Fortune, Nancy Henjum and Tom Strand

Utilities Board members excused: Yolanda Avila

Staff members present via Microsoft Teams or Blue River Conference Room: Aram Benyamin, Tristan Gearhart, Scott Shirola, Pat Wells, Natalie Watts, April Speake, Kalsoum Abbasi, Kandy Dranke, Chris Welch and Andie Buhl

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room: Bethany Burgess, Chris Bidlack, Jeff Greene, Jacqueline Rowland, Dee Brown and David Beckett

Citizens present via Microsoft Teams or Blue River Conference Room: Doug Rouse, Deacon Dave Sekel, Gary Burghart and Larry Barrett

1. Call to Order

Chair Wayne Williams called the Utilities Board meeting to order at 1:00 p.m. and Ms. Andie Buhl, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Deacon Dave Sekel with Catholic Charities of Central Colorado delivered the invocation and Chair Williams led the Pledge of Allegiance.

3. Consent Calendar

3a. Approval of Minutes: June 15, 2022

3b. Approval of Minutes: June 27, 2022

Board Member Strand moved approval of the Consent Calendar and Board Member Fortune seconded the motion. The Consent Calendar was unanimously approved.

4. Recognition

Recognition of Community Focus Fund (CFF) Volunteer Program: Catholic Charities

Mr. Aram Benyamin, Chief Executive Officer, explained how Springs Utilities employees, their friends and family, volunteered 2,032 hours in 2021 for 25 different charities. He said one very special volunteer project involves Catholic Charities Marian

House Kitchen, where employees volunteer monthly to prep food for the Sunday meal.

Mr. Doug Rouse, Director of Volunteer Services at Catholic Charities of Central Colorado, presented Ms. Kandy Drake, Public Affairs Specialist, the Matthew 25 Award, and thanked Springs Utilities for their volunteer contributions. Ms. Drake expressed thanks for the award, as well for staff donating their time to volunteer.

5. Customer Comments

None

6. Compliance Reports

Chair Williams explained that compliance reports are on the agenda by exception and asked if there were any questions. There were none.

- I-3 Financial Planning & Budgeting G-8
- I-6 Infrastructure G-12
- E-2 CEO Responsibilities
 - ECA/GCA Monitoring
 - Water Outlook

Ms. Kalsoum Abbasi, Water Conveyance Planning Supervisor, said Colorado Springs' system wide storage is about 209,800 acre-feet, or 81.1% of capacity. She said this is above the shorter-term (2001-2021) average of 78.1% for this time of year, but less than the 30-year average (1991-2020) of 83%. She said this equates to three years of demand in storage.

Ms. Abbasi reviewed and compared normal precipitation levels from June 18, 2022 to July 17, 2022 and Oct. 1, 2021 to July 17, 2022. She reviewed projections from the July 2022 24-month study inflow scenarios for both Lake Mead and Powell, and explained how Ms. Camille Calimlim Touton, United States Bureau of Reclamation Commissioner, has called for a reduction of 2-4 million acre-feet of Colorado River water use in 2023. The states are meeting now because the plan is due in August 2022 before the Bureau does a 24-month study.

Mr. Pat Wells, Interim Resource and Infrastructure Planning General Manager, explained how the overuse of water primarily lies with the lower basin, but there is a formula to balance the water levels between Lake Mead and Lake Powell.

7. Items Called Off Consent Calendar

None

8. 2022 Standby Bond Purchase Agreement Renewals and 2022 Revolving Loan (Line of Credit) Renewal

2022 Standby Bond Purchase Agreement Renewals

Mr. Tristan Gearhart, Chief Planning and Finance Officer, provided an overview of the Plan of Finance, which is an effort dedicated to four key objectives:

1. Fund the debt-backed portion of Colorado Springs Utilities' upcoming capital plan
2. Manage and optimize Springs Utilities' current debt portfolio
3. Procure and manage debt-supporting instruments and ancillary services
4. Manage credit rating agency relationships

Mr. Gearhart said Springs Utilities has \$350 million in outstanding Variable Rate Demand Bonds (VRDBs), which are long-term bonds whose interest rates reset weekly. He said liquidity providers temporarily backstop the bonds if no buyers are available and all Springs Utilities VRDBs have a matched interest rate swap to hedge any movements in rates (synthetically fixed).

Mr. Gearhart said Springs Utilities' 2009C Standby Bond Purchase Agreement ("SBPA") expires in September 2022 and a cost analysis was performed to determine whether to renew or replace the agreement. He said the organization is renewing with Sumitomo Mitsui Banking Corporation ("SMBC") for a 5-year tenor at an annual fee of 35 basis points (bps) – which is currently down from 7 basis points.

Mr. Gearhart concluded with next steps and the Utilities Board unanimously agreed to put this item on Consent at City Council.

2022 Revolving Loan (Line of Credit) Renewal

Mr. Gearhart reviewed the Plan of Finance and said lines of credit are meant to be used only in emergency situations. He added that benefits bolster liquidity ratings with rating agencies, and Springs Utilities \$75 million Revolving Loan Agreement for a Line of Credit expires in September 2022. Mr. Gearhart said a cost analysis was performed to determine whether to renew or replace the agreement, and the organization is renewing with U.S. Bank National Association for a 3-year tenor at an annual fee of 25 basis points for unused balance.

Mr. Gearhart concluded with next steps, and the Utilities Board unanimously agreed to put this item on Consent at City Council.

9. 2022 Balanced Scorecard Change

Mr. Gearhart provided background information about the current measure, Industrial Electric-intensive Customer Bill – Nationwide Comparison, of the Enterprise Balanced Scorecard. He explained how this measure was based on the Lincoln Electric System (LES) national electric rate study but starting in 2021, the study was discontinued.

Mr. Gearhart explained the recommendation which is to remove the nationwide comparison measure and instead, assign the 1.0% weight to the regional electric intensive measure, which would bring the total weight of this measure to 3.0%. He

said the Electric-intensive Customer Bill – Front Range Comparison measures approximately the same bill comparison and there is decreased emphasis on economic development for electric intensive users.

Board Member Strand moved approval and Board Member Helms seconded the motion. The change to the Balanced Scorecard for 2022 was unanimously approved.

10. Utilities Policy Advisory Committee (UPAC) Water Acquisition Funding Assignment Recommendation

Mr. Gary Burghart, UPAC Chair, said UPAC recommends the Utilities Board directs staff to draft policy using the UPAC considerations to include:

1. Immediate establishment of a dedicated fund in associated Board Instructions and Guidelines.
2. Set a fund value of \$40 million as a targeted baseline.
3. Set scope to include water rights and infrastructure that increase water system yield.
4. Resource fund using revenue from Water Resource Fees, Water Reserve Account, revenue from water rates and augmented with debt as needed.
5. Proactively use the fund in a timely and opportunistic manner.

Mr. Scott Shirola, Pricing and Rates Manager, and Mr. Wells reviewed changes to the policy Financial Planning and Budgeting (I-3) for guidelines Water Reserve Account (G-8) and Water Acquisition Account (G-13), as well as the Water Supply Management (I-7) policy.

Vice Chair O'Malley moved approval and Board Member Donelson seconded the motion. The change to the recommendation was unanimously approved.

Chair Williams and Mr. Burghart concluded by thanking UPAC and Springs Utilities staff for their help and contribution on this assignment.

11. Board Member Updates

Board Member Helms requested Springs Utilities to research nuclear energy in the future.

Board Member Strand thanked Mr. Gearhart and Mr. Shirola for meeting with him to discuss July's Finance Committee materials.

Board Member Fortune thanked staff for their continued work to repair West Colorado Springs, after the December 2021 windstorm.

Board Member Donelson thanked staff for quickly deploying light emitting diode (LED) streetlights in parts of Colorado Springs where high criminal activity is present.

Chair Williams also thanked staff who contributed to the LED streetlight deployment, and all other work being done at Springs Utilities.

12. Adjournment

The meeting adjourned at 2:15 p.m.