



COLORADO
Colorado Water
Conservation Board
Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief

DATE: May 17-18, 2017 Board Meeting

AGENDA ITEM: 26b. Financial Matters - Level of Funding for Loan Guarantee Program

Description

In May of 2016, the Board directed staff to move forward with the creation of a Loan Guarantee Fund (Fund). This Fund is intended to assist water providers efficiently finance a regional water project that utilizes pooled financing and leverage private equity with CWCB cash funds. This idea originated from the Colorado's Water Plan (CWP) Funding Committee which met during the creation of the CWP. At the time it appeared that \$50 million was available and needed by the Windy Gap Firing Project. Subsequent to the May 2016 Board meeting, Senate Bill (SB16-218) was passed which restricted CWCB's access to \$19.1 million in the Severance Tax Perpetual Base Fund (Sev Tax PBF) as a response to the Colorado Supreme Court's ruling on the BP America v. Department of Revenue Case. In addition, in July of 2016, the City of Aurora paid off its \$70 million Prairie Waters Project loan. This allowed CWCB to consider a different approach to lending for the Windy Gap Firing Project.

With the reduced funds available and the ability to assist the Windy Gap Firing Project in a conventional way, staff moved forward with the intention of placing \$30 million in the Fund. During the process of writing the Projects Bill (HB17-1248) it was decided to delay the decision regarding the funding level until June 30, 2017. This was to allow the Legislative Session to finish and it also allowed CWCB to have a better knowledge of the actual FY 16/17 Severance Tax revenues before committing to a transfer amount.

Staff has reviewed the potential demand for the Fund and the cash available to fund projected loans, grants and CWCB operations and it has determined that a \$30 million funding level is adequate at this time. Additional funds may be transferred into the Loan Guarantee Fund in future years.

Staff Recommendation

Staff recommends the Board approve a \$30 million transfer by the Treasury from the Severance Tax Perpetual Base Fund to the Loan Guarantee Fund as created and funded in HB17-1248.

