

MINUTES
Colorado Springs Utilities Board Meeting
Wednesday, June 18, 2025

Utilities Board members present via Microsoft Teams or Blue River Conference Room:

Chair Dave Donelson, Tom Bailey, Kimberly Gold, David Leinweber, Roland Rainey, Brian Risley and Vice Chair Brandy Williams

Utilities Board members excused:

Lynette Crow-Iverson and Nancy Henjum

Staff members present via Microsoft Teams or Blue River Conference Room:

Travas Deal, Renee Adams, Lisa Barbato, Mike Francolino, Tristan Gearhart, Peter Alonge, Brandi Anderson, Jay Anderson, Joe Awad, Alex Baird, Kerry Baugh, Sean Bills, Jenny Bishop, Steve Carr, Thad Clardy, Andrew Colosimo, Kandy Drake, Matt Dudden, Jason Eaves, Travis Eckland, Verneen Elliott, Bryan English, Cody Ernst, Jennifer Franceschelli, Kim Girling, Brian Grim, Ashley Gunn, Clint Guthrie, Lisa Halcomb, Mallorie Hansen, Diana Harmon, Nick Harris, Adam Hegstrom, Caitlin Hester, Jesse Hillman, Jennifer Jordan, Brenda Koskey, Michelle Luukkonen, Nicole Means, Jared Miller, Michael Myers, Danielle Nieves, Jacqueline Nunez, Karen Ochsner, Abigail Ortega, David Padgett, Rachael Patton, Gail Pecoraro, Chris Quinn, Jessica Ramirez, Matthew Roberts, Bethany Schoemer, Leslie Smith, Matthew Thieme, Richard Thompson, Amy Trinidad, Jennifer Valdois, Natalie Watts, Al Wells, Michelle Wills-Hill and Carlos Wright

City of Colorado Springs staff members present via Microsoft Teams or Blue River Conference Room:

Chris Bidlack, Jill Burris, Renee Congdon, Sarah Johnson, Natalie Lovell, Michael Montgomery, Natalie Lovell, Alex Ryden and Ryan Trujillo

Residents present via Microsoft Teams or Blue River Conference Room:

Ben Carr, Tom Carter, David Eisenstein, Andria Fortier, Brennan Kauffman, Kelly Nelson, Benjamin Scott, Scott Shaver, Scott Smith, Lisa Tormoen-Hickey and Steve Weiner

1. Call to Order

Board Chair Donelson called the Utilities Board meeting to order at 1:00 p.m., and Ms. Gail Pecoraro, Utilities Board Administrator, called the roll.

2. Invocation and Pledge of Allegiance

Mr. Cody Ernst, Utility Service Specialist, Sr., delivered the invocation, and Board Chair Donelson led the Pledge of Allegiance.

3. Executive Session

Ms. Renee Congdon, City Attorney Utilities Division Chief, read the notice to go into Executive Session. The Colorado Springs Utilities Board voted to go into Closed Executive Session unanimously at 1:07 p.m., with Board Members Crow-Iverson and Henjum excused.

The Utilities Board returned from the Executive Session at 2:28 p.m.

4. Consent Agenda

- **Approval of May 21, 2025, Utilities Board Meeting Minutes**
- **Approval to forward the Electric Cost Adjustment (ECA)/ Gas Cost Adjustment (GCA)/ Electric Capacity Charge (ECC) and Gas Capacity Charge (GCC) to the June 24, 2025, City Council meeting**

Board Member Gold made a motion to approve the Consent Agenda and forward the ECA/GCA/ECC/GCC item to City Council on June 24, and Board Member Leinweber seconded the motion. The motion carried unanimously with Board Members Crow-Iverson and Henjum excused.

Board Member Risley, President Pro-Tem of City Council, said that this item could be placed on the June 24, 2025 City Council Consent Agenda and any future items discussed at today's meeting could also be placed on the proposed City Council agendas.

5. Customer Comments

Mr. Tom Carter, alternate member of the Utilities Policy Advisory Committee (UPAC), sent a presentation to members of the Utilities Board prior to the meeting. Mr. Carter said that since the previous UPAC assignment on nuclear energy, he has reached out to residents asking their thoughts on having nuclear power in Colorado Springs. He said that most responses were positive. Mr. Carter reiterated that Springs Utilities can eliminate long-term nuclear waste in approximately 300 years; can eliminate the need for uranium mining and enrichment; can build a nuclear station with inherent safety; can keep the plant lifetime of fuel (80 years) on site; and can build the world's largest battery system. This can be done utilizing an integral fast reactor program.

6. Recognition

- **2024 Army Community Partnership Award – Fort Carson**

Mr. Mike Francolino, Chief Customer and Enterprise Services Officer, introduced Mr. Steve Carr, Strategic Customer Relations Senior Account Manager, who shared that Fort Carson and Colorado Springs Utilities were recognized with an Army Community Partnership Award in a ceremony at the Pentagon in May 2025. This partnership was one of seven to receive this award out of more than 40 submissions for Army installations around the world. This award highlights exceptional cooperation and diligence resulting in improved readiness on U.S. military installations. Fort Carson

submitted this partnership for this award based on the Intergovernmental Support Agreement (IGSA). This agreement established that Springs Utilities would operate, maintain and repair Fort Carson's electric and natural gas distribution systems, and water distribution system. Fort Carson has experienced improvements in reliability, a dramatic reduction in off-line systems, and cost savings of nearly \$300,000 per year.

Mr. Carlos Wright, Fort Carson Support Section Manager, introduced the members of his team who support the Fort Carson IGSA.

Board Member Rainey emphasized that partnerships and relationships are at the heart of what Colorado Springs Utilities does.

Board Chair Donelson said he is proud that Springs Utilities is playing a role in taking care of the troops at Fort Carson.

Mr. Travas Deal, Chief Executive Officer, presented Mr. Carr with a CEO Award. The CEO Award is the highest award given to an employee at Colorado Springs Utilities. It is a recognition that highlights exceptional contributions by individuals or teams across the organization. Mr. Deal said that Mr. Carr's focus has always been on the customer, and his work does not go unappreciated.

Mr. Carr thanked Mr. Francolino and Mr. Deal for their roles in developing the IGSA and their support throughout this partnership. He said that he will miss the organization tremendously, as he plans to leave the organization in mid-July.

- **Volunteer Award from Care and Share**

Ms. Kandy Drake, Community Relations Specialist, introduced Ms. Kim Girling, Project Manager III, Ms. Ashly Gunn, Call Center Supervisor, and Ms. Caitlin Hester, Billing Specialist, who serve on the Community Focus Fund Committee. All three women are employee volunteers. Ms. Drake said that the Care and Share Food Bank of Southern Colorado ensures equitable and sustainable access to nutritious food and education by partnering with neighbors, communities, organizations, and supporters across southern Colorado. Springs Utilities was awarded the 2024 Corporate Volunteer Group of the Year Award. Dedicated employees volunteered 567.26 hours in 2024, and this volunteerism directly contributed to the success of Care and Share's mission.

Board Member Leinweber said that he is very excited that the employees of Springs Utilities are so involved in volunteerism and in supporting the community. He was also happy to learn that employees of the organization are paid to volunteer within the community. Ms. Renee Adams, Chief Human Resource Officer, explained that last year the organization implemented a program where employees can volunteer up to 16 hours with paid time per year. This program also supports up to four hours of paid volunteer time as team building.

Vice Chair Williams said that this volunteer program helps local nonprofits with their limited budgets. She thanked leadership for giving employees this opportunity.

- **Appreciation Award from The Salvation Army**

Ms. Adams said that The Salvation Army is one of the largest social service providers in the United States. They offer a range of programs and support to individuals and families in need. Springs Utilities was recognized with an award of appreciation for their support of the “Doing the Most Good” campaign. This award highlights exceptional support and valued partnership between the two organizations. The award acknowledges the support that Springs Utilities provides to customers in need of utility assistance, and employees’ support for the annual holiday Fill a Stocking drive.

Vice Chair Williams thanked these employees for their outstanding help to Springs Utilities customers.

7. Compliance Reports

- I-2 Financial Condition and Activities (to include Contracts Over \$500K**) G-7 (Quarterly Jan.-March)

This report was provided in the meeting packet and was discussed at the June 16, 2025, Working Committee meeting. There were no questions or additional discussion.

- E-2 CEO / Board Partnership Responsibilities
 - Water Outlook

Mr. Nick Harris, Water Resource Planning Engineer, said that in May, the Colorado Springs Airport recorded 3.29 inches of precipitation, which is 165% of the normal amount. The average temperature for May was 55.6 degrees, 1.5 degrees below normal. The year-to-date total precipitation for 2025 is 5.16 inches, which is 106.6% of the normal amount.

As of now, approximately 52% of the country is experiencing normal conditions, representing a 19-percentage point improvement since the beginning of 2025. However, it is important to highlight that in some regions where drought was already present, conditions have worsened, with minor increases in severe, extreme, and exceptional drought classifications.

The Drought Monitor shows that 40% of Colorado is currently free from drought conditions which is a 6-percentage point improvement from the end of May. However, abnormally dry or moderate drought conditions persist in Western, Northeast, and the southeastern regions of Colorado. Severe and extreme drought is primarily contained in western Colorado but has shown a steady increase in area over 2025.

The temperature outlook indicates increasing probability for above normal temperatures across Colorado, with the highest likelihood in the western portion of the state. The precipitation outlook shows a slightly elevated chance of below-normal precipitation across northern and eastern Colorado. In contrast, the southwestern portion of the state is categorized as having equal chances of above or below normal precipitation. This is a favorable signal, as the Southwest currently faces the most intense drought conditions.

Water demand in May averaged 67.8 million gallons per day, which was 4.2% less than last year. The total demand for calendar year 2025 was 7.4 billion gallons, which was 0.4% less than 2024 at this time.

The situation outlook summary shows system-wide storage is at 86.1% of capacity, about 6.3% above our long-term average. There are about 3.2 years of demand in storage, based on the past three years of demand; and 265 days of demand in local storage. The three-month outlook predicts a slightly higher chance for above normal temperatures across Colorado, with increasing probabilities in the southwestern portion of the state. There are slightly higher chances for below normal precipitation across northern and eastern portions of Colorado, with normal probabilities in southwestern Colorado.

Board Chair Donelson asked if the goal is ever to get at 100% capacity, and Mr. Harris said that is not the goal.

South Catamount Reservoir capacity remains restricted for planned dam maintenance, and South Suburban Reservoir is drained for outlet work repairs.

Board Member Leinweber asked how the organization can communicate the health of the Colorado River. Is there a way to know about issues before they occur? Ms. Barbato said that the organization watches the Colorado River consistently. The organization is working with the Water Commissioner at the state level. Ms. Barbato's team will bring an update to the Working Committee in July.

8. Items Called Off Consent Agenda

No items were called off the Consent Agenda.

9. 2025ABC Bond Ordinance

Mr. Adam Hegstrom, Treasury and Finance Manager, shared the 2025 Plan of Finance update. He said that the Plan of Finance is an annual strategic effort to effectively obtain and manage debt obligations to support Springs Utilities' capital needs. This is critical to the Utilities Board's strategic focus, with the core tenants of prudence, efficiency and flexibility.

The new debt issuance: 2025A's first objective is to support Springs Utilities' operations by funding the debt-backed portion of the enterprise's future capital plan. The enterprise need is estimated at \$869.3 million in total capital spend between September 2025 and August

2026. The anticipated action is to issue new money debt in August 2025. Due to volatile market conditions, interest rates have risen since the last issuance. The organization is asking to issue new money debt in August 2025.

Refunding debt issuance: 2025B's second objective is to manage and optimize the organization's current debt portfolio. There is \$2.1 billion in outstanding fixed rate bonds, the vast majority of which can be refinanced 10 years after issuance if interest rate economics are favorable. The organization is asking to issue a current refunding transaction in August to refinance all/parts of the 2015A issuance.

Potential Build American Bonds (BAB) refunding: 2025C's, BABs were introduced in 2009 as part of the American Recovery and Reinvestment Act to help stimulate the economy and create jobs following the 2008 financial crisis. The Federal government issues a subsidy payment directly to the bond issuer (Colorado Springs Utilities) effectively lowering the cost of borrowing. Under current legislation, the original subsidy of 35% has been reduced by 5.7%.

Springs Utilities has \$207.3 million in outstanding direct payment BABs taxable bonds and \$4.2 million in subsidy payments expected to be received in 2025. The organization is seeking authorization to execute transactions. If market conditions are favorable, the ordinance would be effective for one year following this proposed adoption expiring on July 22, 2026.

The fourth objective is to manage Springs Utilities' financial reputation and industry relationships to ensure market access. An underwriter pool was established in 2023 for an anticipated five-year term. The competitive selection process for 2025AB bonds was completed in May. Goldman Sachs was chosen as the Senior Manager and Bank of America, J.P. Morgan, Morgan Stanley and Barclays were selected as co-managers for the 2025AB issuance. The organization is currently preparing messaging for upcoming rating agency meetings with credit reporting agencies.

Debt issuance key dates are first reading on the ordinance to City Council on July 8, 2025, and second reading of the ordinance to City Council on July 22, 2025. Bond pricing would occur the week of Aug. 4 or 11, 2025, and the issuance closure would be Aug. 26, 2025.

No additional questions were asked.

Board Member Gold made a motion to move this forward to the July 8, 2025, City Council Meeting. Board Member Rainey seconded the motion. This carried unanimously with Board Members Crow-Iverson, Henjum and Risley excused. The Board agreed to put this on the Consent Agenda at City Council.

10. 2010C Standby Bond Purchase Agreement (SBPA) Ordinance

Mr. Hegstrom said the Plan of Finance efforts are focused on four key objectives. These are to fund the debt-backed portion of Colorado Springs Utilities' upcoming capital plan; to manage and optimize Springs Utilities' current debt portfolio; to procure and manage debt-supporting instruments and ancillary services; and to manage credit rating agency relationships.

Two SBPA Facilities Liquidity Agreements will expire in September 2025. To renew the existing agreement (2008A) will not require an ordinance; but an ordinance will be required to replace the existing 2010C agreement. The current line of credit expires in September 2025.

Analysis was performed to determine the most cost-effective options for renewal of the 2008A SBPA renewal, which was to negotiate a renewal with the current provider. This renewal will be a three-year term. The Request for Proposal (RFP) process to select a new liquidity facility provider for the 2010C SBPA replacement has concluded, and this will be with TD Bank for a five-year term.

The revolving line of credit data analysis resulted with the best option of renewing with the current provider for a three-year term.

Next steps include the first reading of the 2010C SBPA Renewal Ordinance to City Council on July 8, 2025 and the second reading on July 22, 2025. The effective date of the Revolving Line of Credit Agreement extension will be Sept. 8, 2025 and execution of the 2010CSBPA Agreement will be on Sept. 12, 2025.

No additional questions were asked.

Board Member Bailey made a motion to move this forward to the July 8, 2025, City Council Meeting on the consent agenda. Board Member Rainey seconded the motion. The motion carried unanimously, with Board Members Crow-Iverson, Henjum and Risley excused.

11. Long-Term Regional Wastewater Service Agreement with Cheyenne Mountain Estates (CME) MHC Holdings, LLC

Mr. Bryan English, Customer Utilities Connections Project Manager, said that the CME is located south of Cheyenne Mountain State Park. Board Policy I-7 and City Code 12.5.304.C requires all regional service contracts to be approved by the Utilities Board and City Council.

The proposed agreement is a 25-year term to accept and treat wastewater. Springs Utilities may interrupt service if needed, and there is no negative impact to the organization.

Next steps include submission to City Council for consideration on the July 22, 2025, consent agenda.

There were no questions.

Mr. David Eisenstein, Attorney at Law, was on Microsoft Teams and thanked Springs Utilities for their help.

Board Member Leinweber made a motion to move this forward to the July 22, 2025, City Council Meeting. Board Member Rainey seconded the motion. This carried unanimously with Board Members Crow-Iverson, Henjum and Risley excused.

12. Vote on the Next Utilities Policy Advisory Committee (UPAC) Assignment

Board Chair Donelson said that two options are being considered for the next UPAC assignment. The first is geothermal and the second is decarbonization.

Board Members Gold and Leinweber voiced their support of the geothermal as the next UPAC assignment. Board Member Bailey said he also supports the geothermal option.

Board Chair Donelson said Board Members are invited to get questions for the next assignment to him before the July 2, 2025 UPAC meeting.

Mr. Deal said that UPAC did an outstanding job with their recent nuclear assignment, and that the geothermal option is in line with that assignment.

Board Member Rainey made a motion to have geothermal be the next UPAC Assignment. Board Member Gold seconded the motion. This carried unanimously with Board Members Crow-Iverson, Henjum and Risley excused.

Board Chair Donelson, the UPAC liaison to the Utilities Board, will work with UPAC to finalize the scope of this assignment. The Utilities Board will vote on the scope of the geothermal assignment at the July 16, 2025, Utilities Board meeting. After that meeting, UPAC will begin their research. The Utilities Board will receive periodic updates before the assignment recommendation is finalized.

13. Board Member Updates

Board Member Leinweber said that Mesa Reservoir developed a repair issue with the dam. This is one of the best trout fishery reservoirs on Pikes Peak. Fish will be salvaged and moved to different reservoirs before Mesa is emptied. Mr. Deal said the organization is focusing on getting reservoirs back “into shape.”

Board Member Gold said she is excited about 600 mw of capacity. She is excited about the forward progression with Peak Innovation Park.

Mr. Ryan Trujillo, City of Colorado Springs Deputy Chief of Staff, said the City is happy to obtain power for the Peak Innovation Park.

Board Chair Donelson thanked Springs Utilities staff for their service to the community, and to the quality behind it. There will be a State of the Utilities presentation at 8:30 a.m. on June 25, 2025. Mr. Deal said that there is an RSVP option for the public available on www.csu.org.

14. Summary of Board Actions

- Approved the May 21, 2025, Utilities Board meeting minutes
- Approval to forward the Electric Cost Adjustment/ Gas Cost Adjustment/ Electric Capacity Charge/ Gas Capacity Charge recommendation to the June 24, 2025, City Council meeting consent agenda
- Approval to forward the 2025ABC Bond Ordinance to the July 8, 2025, City Council meeting on the consent agenda
- Approval to forward the 2010C Standby Bond Purchase Ordinance to the July 8, 2025, City Council meeting on the consent agenda
- Approval to forward the Long-Term Regional Wastewater Service Agreement with Cheyenne Mountain Estates MHC Holdings LLC to the July 22, 2025, City Council meeting on the consent agenda
- Approval of geothermal energy as the next UPAC assignment

15. Adjournment

The meeting adjourned at 4:15 p.m.