



**RESOLUTION OF THE BOARD OF DIRECTORS
OPPOSITION TO THE ENACTMENT OF AMENDMENT 61**

WHEREAS through the action of citizen initiative the voters of Colorado will have Amendment 61 before them for their consideration at the statewide general election to be held on November 2, 2010; and,

WHEREAS Amendment 61, if enacted, would immediately place a Constitutional total ban on borrowing or the incurring of any debt for any purpose by the State of Colorado, its agencies and its political subdivisions such as, but not limited to, the Colorado Water Conservation Board, the Colorado Water Resources and Power Development Authority and political subdivisions such as the Colorado River Water Conservation District, the Southwestern Water Conservation District, the Rio Grande Water Conservation District and other independent water supply entities; and,

WHEREAS Amendment 61, if enacted, would apply immediately to the programs of the Colorado Water Conservation Board, which is an agency of state government, and would prohibit the leasing of water rights for in-stream beneficial uses to the great detriment of the people of Colorado, the owners of the water rights to be leased, to the environmental quality of the impacted streams, and to the economic harm of communities reliant upon tourism and water-related recreational activities; and,

WHEREAS Amendment 61, if enacted, would immediately place a Constitutional limitation on the ability of local governments to use common business financial practices and instruments by requiring such entities to exclusively use general bonded indebtedness or cash funding; and,

WHEREAS Amendment 61, if enacted, would codify the financial techniques of pay-as-you-go and out-of-pocket cash purchasing from long ago times for use in modern times to apply to long term and large scale capital projects for which the techniques were never designed to finance or were even known at the time such techniques may have been prudent ways of managing public finance; and,

WHEREAS pay-as-you-go and out-of-pocket cash purchasing by definition require that the cash be on hand would cause rate payers and taxpayers to contribute large amounts of money unnecessarily in difficult economic times to generate the cash reserves that would be made necessary by the provisions of Amendment 61; and,

WHEREAS Amendment 61, if enacted, would deny local governments the use of financial management instruments such as lease arrangements, lease-purchase arrangements, rents, lines of credit and other commonly used financial instruments and would prohibit borrowing for common cash flow needs such as short term borrowing until revenues are received by the entity ; and,

WHEREAS Amendment 61 fails to provide exemptions from its draconian limitations for natural disasters such as floods, wildfires and droughts thereby placing the customers and constituents of the members of the Pikes Peak Regional Water Authority in great jeopardy; and,

WHEREAS Amendment 61 fails to provide exemptions for federally enacted and imposed unfunded mandates for water and wastewater treatment thereby placing the members of the Pikes Peak Regional Water Authority in peril of violating federal law, federal regulations and federal court orders without any viable remedy; and,

WHEREAS Amendment 61, if enacted, would limit all bonds issued by local governments to a maximum of a ten year maturity thereby denying the members of the Pikes Peak Regional Water Authority the use of customary twenty and thirty year bonds to finance the construction of water and wastewater treatment plants and infrastructure resulting in front-loading of capital costs and interest to the great detriment of the citizens and businesses of the members; and,

WHEREAS the mandate that all bonds must be paid in ten years will make Colorado bonds unattractive for investors who manage large investment portfolios for pensions and other purposes which will result in Colorado bonds being required to offer high rates of interest to be attractive purchases in the market to the great financial detriment and harm of the citizens of Colorado; and,

WHEREAS the prohibition on any borrowing other than bonded debt would require the members of the Pikes Peak Regional Water Authority to either pay cash or issue bonds for common acquisitions of equipment such as backhoes and trucks, computer equipment, buildings and similar purchases; and,

WHEREAS Amendment 61, if enacted, would prohibit the members of the Pikes Peak Regional Water Authority from leasing water rights; and,

WHEREAS Amendment 61 would not permit any bonded debt to continue past its original term which would deny the members of the Pikes Peak Regional Water Authority the ability to restructure bonded debt to take advantage of lowered interest rates which would impose unnecessary costs and high interest rates on rate payers and taxpayers; and,

WHEREAS Amendment 61, if enacted, would limit all bonded debt to a maximum of ten years and such limitation would force current rate payers and taxpayers to subsidize the cost of plant, infrastructure, water supply, water rights and other expenditures made in anticipation of future growth and need without being able to amortize such costs over future generations of rate payers and taxpayers; and,

WHEREAS Amendment 61, if enacted, would prohibit the members of the Pikes Peak Regional Water Authority from being able to utilize low interest or zero interest loans issued by the Colorado Water Conservation Board or the Colorado Water Resources and Power Development Authority; and,

WHEREAS recent reports produced by the Colorado Water Conservation Board demonstrate that in the past 5 years, the CWCB has made loans in excess of \$84,000,000 to eleven Colorado towns and cities and more than \$260,000,000 in loans to thirty-four districts all of which would be banned and prohibited under the provisions of Amendment 61 which would have required the recipient entities to have issued general bonded debt payable within 10 years; and,

WHEREAS analysis by the Colorado Water Conservation Board has revealed that at least 95% of those recipient cities, towns and districts could not have supported and retired

bonded debt of the same amount within the 10 year period mandated by the provisions of Amendment 61; and,

WHEREAS Amendment 61, if enacted, would impose an aggregate cap for bonded indebtedness of ten percent of the jurisdiction's assessed valuation for non-enterprise purposes and would deny elected officials the ability to make long term financial plans for water systems, wastewater systems, fire protection, parks and open space, streets and roads, bridges, drainage and flood control, electricity systems, judicial and corrections facilities, public safety and emergency systems and other critical responsibilities on an individualized merit and rational basis and would force the elected officials to make draconian choices among such critical programs to the great detriment and potential risk to the citizens of their communities; and,

WHEREAS Amendment 61 includes a specious and artificial distinction between enterprise and non-enterprise operations with respect to the irrational aggregate cap tied inextricably to assessed valuation even though borrowing and its debt service would be totally distinct from and would be unrelated to property taxation; and,

WHEREAS Amendment 61, if enacted, would require that any bonded debt could only be incurred following voter approval at an election to be held only in November places the rate payers and taxpayers of the entity at the mercenary whim of high rates of interest to be charged by lenders because no bonded debt could be restructured, all other competitive financing options would be prohibited and the bonds would have to carry the market interest rate at the time of the election; and,

WHEREAS the requirement for a November bond election would prohibit the entity from seeking the approval of its own voters to issue bonds to repair system damage incurred earlier in the year thus placing the community and its citizens in jeopardy for many weeks following a natural disaster; and,

WHEREAS Amendment 61, if enacted, will establish nearly insurmountable obstacles for the members of the Pikes Peak Regional Water Authority seeking to engage in joint participation in projects to develop water supplies because all the members will be required to have prior voter approval of the bonded debt required for each participant; and,

WHEREAS the limitations to be imposed by Amendment 61 will preclude the development of large scale water supply projects such as the diversion of Colorado River Compact water from the Flaming Gorge Reservoir in Wyoming to be delivered to the Colorado Front Range thus permitting the states of Nevada, Arizona and California to use Colorado water without compensating Colorado for such uses; and

WHEREAS Colorado state law authorizes governmental entities and officials to inform Colorado citizens and constituents of their recommendations concerning pending ballot measures;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Pikes Peak Regional Water Authority that the Board expresses its determination and finding that Amendment 61 would deny the customers and constituents of the members of the Pikes Peak Regional Water Authority timely and efficient access to capital markets, the benefits of competitive financial products and interest rates, and the ability to structure capital financing to minimize debt service and interest costs; and,

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Pikes Peak Regional Water Authority that the Board expresses its determination and finding that Amendment 61 would impose punitive costs and charges on the rate payers and taxpayers of the members of the Authority by requiring them to pay high and potentially excessive rates, fees and charges to prematurely retire bonded debt, pay high interest on short term bonded debt, and to establish cash reserves to satisfy the requirement for pay-as-you-go and out-of-pocket cash financing; and,

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Directors of the Pikes Peak Regional Water Authority that the Board expresses its determination and finding that the draconian financing scheme that would be imposed by Amendment 61 would be especially burdensome and punitive on rate payers and taxpayers in this recession by taking available cash away from homeowners and businesses to sit idle when such resources would be better used by the homeowners and businesses for their own needs and purposes; and,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PIKES PEAK REGIONAL WATER AUTHORITY THAT:

The Board of Directors of the Pikes Peak Regional Water Authority expresses its strong opposition to the enactment of Amendment 61 and urges the voters of each of its members to vote against Amendment 61 at the General Election to be held on November 2, 2010.

ADOPTED THIS _____ OF _____, 2010.