Kansas Water Authority

Conference Call/GoToMeeting
December 11, 2020

Options For Audio:

1) Use Computer Audio via GoToMeeting
   or

1) Use your phone:
   Dial: (571) 317-3122
   Access Code: 312-356-573
## CONFERENCE CALL/MEETING AGENDA

<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda Item</th>
<th>Presenter</th>
<th>KWA Advice</th>
<th>KWA Decision</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>9:00 am</td>
<td><strong>Call to Order/Roll Call</strong></td>
<td>Connie Owen</td>
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</tr>
<tr>
<td>9:05 am</td>
<td><strong>Approval of Meeting Minutes</strong></td>
<td>Connie Owen</td>
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<tr>
<td></td>
<td>October 26, 2020 Meeting (Conference Call/GoToMeeting)</td>
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<tr>
<td>9:15 am</td>
<td><strong>KWA PWS Committee Update</strong></td>
<td>John Bailey</td>
<td>X</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2021 Surplus Water Report</td>
<td>Nathan Westrup</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Debt Refinancing Discussion</td>
<td>Nathan Westrup</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>9:30 am</td>
<td><strong>Vision/Kansas Water Plan Update Status</strong></td>
<td>Cara Hendricks</td>
<td></td>
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<td>3</td>
</tr>
<tr>
<td></td>
<td>Conserving &amp; Extending the High Plains Aquifer <em>DRAFT</em></td>
<td>Armando Zarco</td>
<td>X</td>
<td></td>
<td>4</td>
</tr>
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<td></td>
<td></td>
<td>Keadron Pearson</td>
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<tr>
<td></td>
<td>Reducing our Vulnerability to Extreme Events <em>DRAFT</em></td>
<td>Gary Koons</td>
<td>X</td>
<td></td>
<td>18</td>
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<tr>
<td></td>
<td></td>
<td>Josh Olson</td>
<td></td>
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<tr>
<td></td>
<td>Increasing Awareness of Kansas Water Resources <em>DRAFT</em></td>
<td>Kirk Tjelmeland</td>
<td>X</td>
<td></td>
<td>30</td>
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<tr>
<td></td>
<td></td>
<td>Angela Anderson</td>
<td></td>
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<tr>
<td></td>
<td>Securing, Protecting and Restoring our Kansas Reservoirs <em>DRAFT</em></td>
<td>Richard Rockel</td>
<td>X</td>
<td></td>
<td>39</td>
</tr>
<tr>
<td>10:50 am</td>
<td><strong>KWA Annual Report to the Governor and Legislature</strong></td>
<td>Matt Unruh/Cara Hendricks</td>
<td>X</td>
<td></td>
<td>48</td>
</tr>
<tr>
<td>11:45 am</td>
<td><strong>Director’s Report</strong></td>
<td>Cara Hendricks</td>
<td>X</td>
<td></td>
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<tr>
<td>11:55 am</td>
<td><strong>New Business</strong></td>
<td></td>
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<tr>
<td>12:00 pm</td>
<td><strong>Adjourn</strong></td>
<td></td>
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</tbody>
</table>

Upcoming Kansas Water Authority Meetings: TBD
Call to Order/Roll Call

KWA Chair Connie Owen
Minutes

Presented by: Connie Owen

Action Needed

Approval of minutes from October 26, 2020*

*GoToMeeting/Conference Call
KWA PWS Committee Update

Presented by: John Bailey and Nathan Westrup

- 2021 Surplus Water Report
- Debt Refinancing Discussion

Action Needed
Introduction (pg. 2 of Report)

- Surplus water is defined as waters within the conservation water supply capacity committed to the State, but not required to meet contractual requirements.
- Water in this storage may be sold under short term contracts.
- Report is used as guidance to the Director of the Kansas Water Office in contracting for surplus waters for calendar year 2021.
- The Surplus Yield Available is equal to either the surplus yield or 10% of the water supply yield, whichever value is smaller.
## 2021 Surplus Water Report

<table>
<thead>
<tr>
<th>Lake</th>
<th>Water Supply Yield</th>
<th>Surplus Yield Available in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mgd</td>
<td>Af/yr</td>
</tr>
<tr>
<td>Big Hill (Pearson-Skubitz)</td>
<td>8.0</td>
<td>8,928</td>
</tr>
<tr>
<td>Clinton</td>
<td>18.0</td>
<td>20,124</td>
</tr>
<tr>
<td>Council Grove</td>
<td>8.3</td>
<td>9,314</td>
</tr>
<tr>
<td>Elk City</td>
<td>13.7</td>
<td>15,329</td>
</tr>
<tr>
<td>Hillsdale</td>
<td>15.5</td>
<td>17,346</td>
</tr>
<tr>
<td>John Redmond</td>
<td>30.2</td>
<td>33,825</td>
</tr>
<tr>
<td>Kanopolis</td>
<td>8.4</td>
<td>9,371</td>
</tr>
<tr>
<td>Marion</td>
<td>5.0</td>
<td>5,574</td>
</tr>
<tr>
<td>Melvern</td>
<td>8.6</td>
<td>9,633</td>
</tr>
<tr>
<td>Milford</td>
<td>107.8</td>
<td>120,882</td>
</tr>
<tr>
<td>Perry</td>
<td>75.4</td>
<td>84,486</td>
</tr>
<tr>
<td>Pomona</td>
<td>7.8</td>
<td>8,737</td>
</tr>
<tr>
<td>Toronto</td>
<td>4.6</td>
<td>5,193</td>
</tr>
<tr>
<td>Tuttle Creek</td>
<td>163.5</td>
<td>183,219</td>
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</table>
2021 Surplus Water Report

Next Steps...
- KWA approval of the Surplus Water Available in Water Marketing Program Lakes, Calendar Year 2021 Report
- Report finalized and posted to KWO’s website
- Director is authorized to approve surplus applications within calendar year 2021

Recommendation
The Public Water Supply Committee recommends that the Kansas Water Authority approve the Surplus Water Available in Water Marketing Program Lakes, Calendar Year 2021 report and authorize the Director to enter into surplus water supply contracts for water defined to be surplus by the report.
USACE reservoir debt

- Total 2021 debt: $138 million
  - Milford and Perry: ~54 million (unfunded state liability)

KDFA – Estimated bonding options

- Of the $84 million, $50+ million has been determined as appropriate to bond
  - Future Use storage accrued interest
  - Current loans for increments of storage already in service
Preliminary Impact Analysis

Balloon Payments

- Clinton (Due in 2028)
- Hillsdale (Due in 2030)
- Big Hill (Due in 2029)

Legend:
- W/out Refinancing
- W/ Refinancing (bonding)
Preliminary Rate Projections

Required Marketing Rate Comparison - Preliminary Assessment

- Rate w/out Refinancing
- Rate w/ Refinancing (bonding)
- Probable Rate w/out Refi
- Probable Rate w/ Refi

Events:
- Balloon Payments Due
- Wolf Creek Shuts Down
Kansas Development Finance Authority (KDFA)

Jim MacMurray
Kansas Development Finance Authority

Financing Alternative for US Corps of Engineers Water Reservoir Contracts

Kansas Water Authority
December 11, 2020
30 Year Historic Context of Long Yields

US Treasury 30 Year Yield

Price 2015H on 8/12/15 @ 2.777%

Price 2004C on 2/26/04 @ 4.921%

All time low on 3/9/20 @ 0.99%
Refinancing Future Use Accrued Interest

Given low prevailing yields, the KWO could refinance the accrued interest on the Future Use capacity and achieve BOTH economic savings of about $7 million AND reshape their repayment stream.

<table>
<thead>
<tr>
<th>FUTURE USE ONLY</th>
<th>Hillsdale (4.012%)</th>
<th>Clinton (3.502%)</th>
<th>Big Hill (4.012%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>20,107,509.00</td>
<td>2,582,273.20</td>
<td>4,465,156.00</td>
</tr>
<tr>
<td>Accrued Interest as of 10/1/21</td>
<td>36,086,164.00</td>
<td>5,740,334.27</td>
<td>10,067,560.23</td>
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<tr>
<td>Interest to accrue after 10/1/21</td>
<td>21,424,013.78</td>
<td>1,909,188.31</td>
<td>5,374,712.92</td>
</tr>
<tr>
<td>TOTAL</td>
<td>77,617,686.78</td>
<td>10,231,795.77</td>
<td>19,907,529.16</td>
</tr>
</tbody>
</table>

Future Use Accrued Interest: Status Quo versus Refinanced

![Chart showing comparison between Status Quo and Refinanced future use accrued interest from 2022 to 2051]
Considerations

- The estimate provided assumes the refinancing would be via annual appropriation bonds backed by the State General Fund (SGF). It also assumes that the bonds could be issued as tax-exempt.

- If the KWO would finance on its own credit, we would expect a much lower credit rating. Savings would be significantly lower at about $3.4 million.

- In 2015, the KWO financed the dredging of John Redmond Reservoir with SGF annual appropriation bonds approved by the State Finance Council. The KWO pays the Department of Administration the debt service on the bonds.

- Authorization could come in several forms: individual legislation, an appropriations bill, a state finance council resolution, or using the existing statute.

- A transaction typically takes three months and consideration should be given whether or not a KWO transaction with the explicit SGF backing would be scheduled concurrently with other SGF bonding needs.
Questions & Answers

Q&A
Kansas Water Plan Update

Presented by: Cara Hendricks
Increasing Awareness of Kansas Water Resources

Kansas Water Plan Guiding Principles & Priorities

Presented by Angela Anderson, Kirk Tjelmeland and Meg Richard (KSDE)
Conserving & Extending the High Plains Aquifer

Kansas Water Plan Guiding Principles & Priorities
Presented by Armando Zarco & Keadron Pearson
Reducing our Vulnerability to Extreme Events

Kansas Water Plan Guiding Principles & Priorities

Presented by Gary Koons & Josh Olson
Securing, Protecting and Restoring our Kansas Reservoir

Kansas Water Plan Guiding Principles & Priorities

Presented by Richard Rockel
KWA Annual Report to the Governor and Legislature

Presented by: Cara Hendricks & Matt Unruh

Action Needed
NRCS Water Quantity in the West

USDA Engages Public for Input on Water Quantity in the West

Contact:
FPAC.BC.Press@usda.gov

WASHINGTON, Dec. 2, 2020 – The U.S. Department of Agriculture (USDA) today announced it is seeking public input about water quantity in the west related to existing Natural Resources Conservation Service (NRCS) programs. Acting NRCS Chief Kevin Norton will host a virtual, open public listening session Thursday, December 17 at 10:00 a.m. Eastern. If additional time is deemed necessary to hear all input, a second session will be held Friday, December 18 at 10:00 a.m. Eastern.

“We have heard from stakeholders that we need to do more to address water quantity issues in the western U.S.,” said Acting Chief Norton. “This listening session will enable us to hear directly from people at the local level on how to improve our programs and operations.”

Norton also noted that USDA’s roles as Co-Chair of the National Drought Resilience Partnership (NDRP) and in the newly established Water Subcabinet place greater emphasis on the importance of western water quantity issues.

This virtual listening session will allow stakeholders to provide feedback on the following questions:

- For agricultural producers: What is the most pressing water-related issue that may constrain or currently constrains your operations?
- For partners and organizations: What are the most pressing water-related needs in the agricultural community you assist?
- For producers and organizations: What is the most pressing water-related issue that NRCS can address through a technical or financial assistance or through facilitating collaboration?
- How can NRCS best coordinate with other Federal, State, and Local efforts to address water-related issues?
- How can State Technical Committees assist in addressing your most pressing water-related issues?
- What additional issues do you confront that NRCS should have awareness of?

NRCS will gather input regarding the challenges, needed breakthroughs, and priorities through this virtual listening session and through submission of comments either by e-mail or mail delivery. NRCS will then consider this information in its evaluation of existing programs and efforts.

For more information on attending the event and providing feedback, please see instructions in the Federal Register Notice \#. Please note that registration is required to attend or speak during the listening session. Registration to speak must be submitted by 12 noon Eastern Tuesday, December 8. Feedback may also be provided in writing before January 19, 2021.

USDA plans to record the entirety of the public listening session, including any and all segments thereof, whether conducted on December 17, 2020, or any other date, including December 18, 2020. Attendance by any person at any segment of this public listening session will be construed as that person’s consent to the recording of any and all segments of this session and any and all future listening or disclosure of the recording. If someone does not consent to the recording of the virtual public listening session, they should not attend.
Drought Webinar
KS Drought Update & Forecast Information
Starting at 1 P.M. • Dec. 7, 2020
Water in Kansas Webinar Series

Webinars include local experts who deliver up-to-date information on timely topics. A live webinar will also include a Q&A session. If you are unable to attend the live webinar, the archived video and/or presentation will be posted below.

Upcoming Webinars
No upcoming webinars currently scheduled. Please check back for future info.

Past Webinars

Water Resource Topics

12-7-20 Kansas Drought Update & Forecast
Mary Knapp, Kansas State University and Doug Kluck, National Oceanic and Atmospheric Administration

6-30-20 Turbidity Needs and Issues Relating to Kansas River Reservoir Sediment Releases
Recording

6-25-20 Streambank Stabilization Research
Kar Bigham, Kansas State University and Tony Layzell, Kansas Geological Survey

6-25-20 Aquatic Haulens Species Update
Chris Snell, Kansas Department of Wildlife, Parks and Tourism

5-6-20 KDHE Water Quality Update
Michelle Probst and Amanda Reed, Kansas Department of Health and Environment

4-29-20 Ogallala Aquifer Update
Brownie Wilson, Kansas Geological Survey and Shannon Kenyon, Northwest Kansas GMD #1
Recording

2-10-20 Reservoir Sedimentation Update
Chris Shultz, Kansas Water Office and John Shelley, U.S. Army Corps of Engineers-KC District

2-11-20 Harmful Algal Bloom (HABs) Update
Ted Harris, Kansas Biological Survey

KWA & RAC Focused Topics

12-1-20 Legal Aspects of Large-Scale Water Transfers
Barke Griggs, Washburn University

4-17-20 RAC Informational Budget Webinar
Cara Hendricks and Richard Rockel, Kansas Water Office
New Business
Adjourn