Town of Timnath
Regular Meeting Minutes
WEDNESDAY, June 6, 2018, at 5:00 p.m.
Meeting was held at Timnath Administration Building,
4800 Goodman Street, Timnath, Colorado

1. CALL TO ORDER AND ROLL CALL:
Mayor Grossman-Belisle called to order the meeting of the Town Council on Tuesday, June 6, 2018, at 5:00 p.m.

Present:
a. Mayor Jill Grossman-Belisle
b. Mayor Pro Tem Aaron Pearson
c. Councilmember Bill Neal
d. Councilmember Lisa Laake
e. Councilmember Rick Collins

Also Present:
a. April Getchius, Town Manager
b. Robert Rogers, Contracted Town Attorney
c. Milissa Peters-Garcia, Town Clerk
d. Joe Wise, Timnath Resident
e. John Barkley, Timnath Resident

2. PUBLIC COMMENT ON NON-AGENDA ITEMS:
   • John Barkley spoke about staff answering budget process questions. He stated that budgeting and funding should be addressed prior to approving expenditures. He also spoke about the initial budget posted in December not having a new town building and that planning must have been done prior to the budget. Mr. Barkley spoke about the audit report for 2016 and moving forward on a 2019 budget after reviewing the 2017 audit report.
   • Joe Wise spoke about the need for more space but also stated his concern for the amount of debt being taken on per capita. He asked that costs be reduced as much as possible.

3. CONSENT AGENDA:
a. ORDINANCE NO. 11, SERIES 2018, Setting a Public Hearing, An Ordinance Authorizing the Financing of a New Town Center Building and Related Equipment and the Refinancing of an Outstanding Loan with the Department of Local Affairs, and in Connection Therewith Authorizing the Conveyance of Certain Town Property and the Execution and Delivery by the Town of a Quit Claim Deed, a Lease Purchase Agreement, and Other Documents and Matters Relating to Certain Certificates of Participation, Series 2018; Setting Forth Parameters and Restrictions with Respect to the Financing; Authorizing Officials of the Town to Take all Action Necessary to Carry out the Transactions Contemplated Hereby; Ratifying Actions Previously Taken; and Providing for Other Matters Related Thereto and Setting a Public Hearing on June 12, 2018, at 6:00 p.m.
Councilmember Collins pulled the item from the consent agenda to discuss.

**Council Comments:**

- Councilmember Collins asked about the parameters regarding the property value and Mr. Rogers spoke about the bank security interest in the property and the need to allocate sufficient amounts of the total proceeds being transferred at closing to the project fund, and the adverse impact that allocating too much of the proceeds to property value could have on the availability of project fund revenues for construction. Mr. Rogers further explained the DOLA loan interest rate and payments.

- Councilmember Collins asked about the increase in funds needed at a higher interest rate. Mr. Rogers explained his conversations with bond counsel regarding approval of additional funding for unforeseen circumstances of a project, and he noted that the Bank had been willing to offer a lower interest rate on the aggregate proceeds of the loan than it would have been willing to do if the COP transaction were subordinated to the DOLA loan. Mr. Rogers acknowledged that the COP interest rate would be slightly higher than the DOLA loan interest rate, but overall it lowers the interest rate on the COP transaction. This is because the percentage of the DOLA loan is a very small in comparison to the entire COP transaction. In response to the real property fair market value allocation, Mr. Rogers stated the bond counsel had concerns regarding the Town transferring funds from the general fund (which is where fair market value for these types of transactions is allocated at closing), and that too large a transfer of funding from the general fund in response to a change order could jeopardize the IRS’s tax-exempt characterization of the COP transition. Councilmember Collins also spoke about the percentage of contingency fund and that the annual cost for the building increasing by 25%. Ms. Getchius noted that the COPs are targeted high, so the Town does not have to start the issuance process again if there are unforeseen circumstances that lead to cost overruns. If additional loan proceeds are not used for the building, the documents have been drafted flexibly so that they can be used for other capital improvement projects like the next phase of the Harmony Road expansion.

- Councilmember Collins spoke about using some of the funds to remodel the current administration building. He also spoke about other projects that follow closely behind the Town Center. Ms. Getchius noted that the COPs funds can also be used for these projects, including the remodel. She also noted that the police station is in the capital improvement fund and would likely be funded through impact fees and COPs, but can also be funded from excess funds from this current issuance.

- Mayor Grossman-Belisle noted that the bound counsel did not have concerns about using excess funds for other projects so the extra contingency protects in the event of an unforeseen event or provides additional capital funding. The Mayor also spoke about the expected revenues over the next 12 years coming from sales tax alone, which are enough to pay the 12-year debt service on the COPs, even assuming conservatively no growth in revenues over that time period. She stated that staff value engineered the project that allows for future growth and that she is comfortable with moving forward. She also noted that this project has been in
process for three years through public outreach and re-designs, adding community space to get the most efficient and cost-effective design to meet our growing needs.

- Councilmember Collins spoke about the small amount staff going to work in the new building.

- Councilmember Collins asked why the project went from $6.5 million to $9.1 million and Mayor Pro Tem Pearson spoke about a portion of the higher number was for unforeseen circumstances, as the original estimate was prepared bids were solicited, and construction costs rose substantially over the period when the town center was being designed. Staff also noted that the cost went from $6.5 million as a place holder to $7.8 million based on actual bids, and then added the DOLA loan repayment (approximately $620,000) and $500,000 for additional contingency. Staff also reminded Council that the parameters in these documents were intentionally set high to provide a cushion as the rate had not been locked. If the interest rate were set too low and was actually higher, the process would have to begin again. Staff fully expects the interest rate, the payments and the total COPs amount to be lower than the ordinance provides.

- Councilmember Neal spoke about having potentially extra funds being put into a reserve fund.

- Councilmember Collins asked about a 60/40 split and Ms. Getchius explained that it was still with the builder. If there are cost savings under the maximum price quoted by the builder, then the builder receives 40% of the savings created and the Town receives 60% of said savings.

**Councilmember Pearson moved to approve ORDINANCE NO. 11, SERIES 2018, Setting a Public Hearing**, An Ordinance Authorizing the Financing of a New Town Center Building and Related Equipment and the Refinancing of an Outstanding Loan with the Department of Local Affairs, and in Connection Therewith Authorizing the Conveyance of Certain Town Property and the Execution and Delivery by the Town of a Quit Claim Deed, a Lease Purchase Agreement, and Other Documents and Matters Relating to Certain Certificates of Participation, Series 2018; Setting Forth Parameters and Restrictions with Respect to the Financing; Authorizing Officials of the Town to Take all Action Necessary to Carry out the Transactions Contemplated Hereby; Ratifying Actions Previously Taken; and Providing for Other Matters Related Thereto and Setting a Public Hearing on June 12, 2018, at 6:00 p.m.. **Councilmember Neal seconded the motion.**

The motion passed 4-1.

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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Jill Grossman-Belisle</td>
<td>Aye</td>
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<tr>
<td>Aaron Pearson</td>
<td>Aye</td>
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<tr>
<td>Bill Neal</td>
<td>Aye</td>
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<td>Lisa Laake</td>
<td>Aye</td>
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<tr>
<td>Rick Collins</td>
<td>Nay</td>
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4. ADJOURNMENT:

Mayor Grossman-Belisle adjourned the meeting 7:50 p.m.

Town Council approved the June 6, 2018, Town Council Meeting Minutes on July 10, 2018.

TOWN OF TIMNATH

[Signature]
Jill Grossman-Belisle, Mayor

ATTEST:

[Signature]
Milissa Peters-Garcia, CMC
Town Clerk