Town of Timnath
Regular Meeting Minutes
Tuesday, July 24, 2018, at 6:00 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, July 24, 2018, at 6:01 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. Christine Harwell, Contracted Finance Director
e. Sherri Wagner, Police Chief
f. Don Taranto, Contracted Town Engineer
g. Brian Williamson, Contracted Town Planner
h. Kevin Koelbel, Contracted Town Planner
i. Phil Goldstein, Timnath Resident
j. Randall Black, Timnath Resident

2. AMENDMENTS TO THE AGENDA:
a. The Mayor added Mayor Report and Councilmember Reports to the agenda.

3. PUBLIC COMMENT ON NON-AGENDA ITEMS:
a. NONE

4. CONSENT AGENDA:
a. Approval of the July 10, 2018, Town Council Meeting Minutes
b. Approval of the Check Register
c. RESOLUTION NO. 52, SERIES 2018, A Resolution Vacating that Certain Easement Created in the Final Plat of Riverbend 1st Filing

Councilmember Laake moved to approve the consent agenda as amended. Councilmember Neal seconded the motion. The motion passed unanimously by voice vote.
d. REMOVED FOR DISCUSSION - ORDINANCE NO. 14, SERIES 2018, SETTING A PUBLIC HEARING ON FIRST READING, An Ordinance Amending and Restating Chapter 7, Article 10 of the Timnath Municipal Code Pertaining to Smoking and Electronic Smoking Device Use and Setting a Public Hearing on August 14, 2018, at 6:00 p.m.

Staff Comments:
- Mr. Blakely spoke to Council about the proposed ordinance.

Council Comments:
- Councilmember Laake recused herself from discussion and action regarding this matter because she is responsible for non-smoking programs and assistance as her position with Larimer County tobacco prevention office.
- Councilmembers asked about supporting data regarding the negative effects of electronic cigarettes and staff agreed to provide the data at the next Council meeting.

Councilmember Neal moved to approve ORDINANCE NO. 14, SERIES 2018, SETTING A PUBLIC HEARING ON FIRST READING, An Ordinance Amending and Restating Chapter 7, Article 10 of the Timnath Municipal Code Pertaining to Smoking and Electronic Smoking Device Use and Setting a Public Hearing on August 14, 2018, at 6:00 p.m. Councilmember Collins seconded the motion.

The motion passed 4-1.
- Jill Grossman-Belisle Aye
- Aaron Pearson Aye
- Bill Neal Aye
- Lisa Laake Abstained due to conflict.
- Rick Collins Aye

5. REPORTS:
   a. Mayor/Council
      i. The Mayor noted that Town BBQ will be held August 10. The last Concert in the Park will be held September 6 and Taste in Timnath will be held October 6.
      ii. Council reports – there were none.
   b. Legal
      i. Update on TDA lawsuit with Eric Sutherland. Mr. Rogers noted that the court had dismissed all 19 claims for relief sought by Mr. Sutherland in his complaint against the Town of Timnath, the TDA, and several other entities.
   c. Staff- Were included in the packet.

6. BUSINESS:
   a. ORDINANCE NO. 13, SERIES 2018, PUBLIC HEARING, An Ordinance Adding Chapter 4, Article 8 - Development Review Related Fees to the Town of Timnath Municipal Code
Mayor Grossman-Belisle opened the public hearing at 6:05 p.m.

Staff Comments:
- Mr. Blakely spoke to Council about the proposed ordinance.

Public Comments:
- NONE

Mayor Grossman-Belisle closed the public hearing at 6:05 p.m.
Councilmember Neal moved to approve ORDINANCE NO. 13, SERIES 2018, An Ordinance Adding Chapter 4, Article 8 - Development Review Related Fees to the Town of Timnath Municipal Code. Councilmember Laake seconded the motion. The motion passed unanimously by voice vote.

b. RESOLUTION NO. 53, SERIES, A Resolution Accepting the 2017 Audit Performed by Fiscal Focus Partners, LLC
Staff and Council Comments:
- Ms. Harwell spoke to Council about the proposed resolution. She presented a letter from Mr. Barnes, auditor, attached hereto.

- Ms. Harwell stated that the auditor noted a clean audit and that all matters were in order. She also noted that the auditor had no modifications.

- Councilmember Neal asked if the audit took in consideration for the increased debt that the Town took on and Ms. Harwell stated that it was noted as a subsequent event in the notes section to the audit.

- Ms. Harwell addressed a letter received from Mr. Barkley, who was unable to attend the meeting. Ms. Harwell’s comments are inserted in the text of Mr. Barley’s letter below in response to his comments:

<table>
<thead>
<tr>
<th>Department</th>
<th>Mayor &amp; Town Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>JOHN BARKLEY</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:BARKEYDAD@GMAIL.COM">BARKEYDAD@GMAIL.COM</a></td>
</tr>
<tr>
<td>Address</td>
<td>6090 PRYOR RD, TIMNATH, CO 80547 Colorado United States</td>
</tr>
</tbody>
</table>
Re: Draft audit report, December 31, 2017

Dear Timnath Clerk, Town Manager, Mayor and Town Council:

I have read the draft audit report that will be voted on for acceptance by the Town Council on July 24, 2018, Business Item 6.2. Due to a scheduling conflict, I will not be able to attend the meeting, and I would like to make my comments in written form. I will be available on and after July 26 to answer any questions regarding these comments and concerns shown below.

Violation of the Timnath Municipal Code:
I believe that the town is in violation of Timnath Municipal Code Article X, Section 10.8 and the 2015 Home Rule Charter Section 10.8, requiring that the annual financial statements be published and available for public inspection within 180 days of the fiscal year end. I calculate the 180 day deadline as falling on Friday, June 29, 2018. The draft financial reports appeared on the town website after July 29, 2018, and the financial statements were not available in paper form to the public before that date.

Ms. Harwell’s Response: While the audit report draft was completed and available in early June and a copy was certainly intended to be distributed to Council by no later than June 30th, due to a staff oversight, this had not occurred. It should be noted that there is no legal requirement to post the audit report on the Town’s website nor is there a requirement to provide copy in paper form, however, we may choose to post it on the website and certainly a copy is available at the town for public inspection per the requirements of the Town Charter.

Concerns with theaudited financial statements:
1. Note 2 to the Financial Statements (page 9), Budgets, discloses that the Town amended its annual “Grants Fund” budget for the year ended December 31, 2017, but fails to mention that the 2018 capital budget that was adopted in December, 2017 did not include any funding for the new Town Center Building. The 2018 capital budget was later amended in mid 2018 to include the Town Center Building after it was approved by the Town Council. I believe that the note should include an explanation of why this item, which I believe to be material in nature, was not included in the budget when in fact, the town was expending internal resources incurring engineering and design costs during 2017 for this unbudgeted project.

Ms. Harwell’s Response: Disagree - It is not a requirement of the 2017 audit report to include a note disclosure of 2018 spending as first, the audit report note disclosure addresses 2017 financial activity and not 2018 activity, and second, any row expenditure line item spending in the subsequent year’s budget that was not included in the adopted budget is not a violation of budget law. State budget law requires that governments amend their adopted budgets on an individual fund level and not on an individual row expenditure line item. Additionally, it should be noted that while the Town expended approximately $308,000 in design costs during 2017, the 2017 budget did include approximately $2.8m for such project as the Town intended to commence construction in 2017, so there were funds appropriated for such expenditures in advance of when those expenditures occurred.

2. Note 7 to the Financial Statements (pages 17-19), Long Term Debt Obligations does not disclose, what in my opinion, is a related party transaction. At the June 12, 2018, Town Council Meeting, the Mayor and Town Council disclosed that the Mayor was employed by Compass Bank (or one of its affiliates), the lender of the $50,000,000 note payable, and the financier of the newly issued $9,120,000 COPS obligation noted in Note 17, Subsequent Events (page 31). In my opinion, this is a group of related party transactions that should be disclosed in the Financial Statements.
Ms. Harwell’s Response: Disagree – The Mayor is not currently nor ever has she been an employee of Compass Bank. During the June 12, 2018 Council meeting, the matter of whether the Mayor had a conflict of interest in relationship to Compass was discussed at length by the Council, and, per the requirements of the Charter, a formal vote was taken during the public meeting regarding the matter wherein by a 3-1 vote (with Mayor abstaining), it was determined that the Mayor does not have, nor ever has had, a conflict of interest with Compass Bank. Furthermore, the Town attorney reviewed the matter, and provided his professional legal opinion, that no conflict existed under that standard set forth in the Charter.

3. Note 13 to the Financial Statements (pages 28-30), Agreements, and Note 14 (page 30), Contingencies, does not disclose or mention the seller “claw-back” option on the New Town Center land. One of the reasons noted in the 2018 council meeting was the fact that if the town did not proceed with construction of the new town center building on the town’s owned land, the seller could take back the land and reimburse the town for its original cost. Since the land has appreciated in value, the claw-back would result in a material economic loss to the town. In my opinion, the loss would be material, and the town was under duress to proceed with the town center building now. In my opinion, full disclosure of this agreement, and any other similar agreements, should be disclosed either as an agreement or a contingency.

Ms. Harwell’s Response: Disagree – the “claw-back” provision was a provision of the agreement between the Town and the seller that was fully disclosed when such agreement was entered into back in 2012. Disclosure of this provision and the fact that a third extension was not successfully entered into by the 2018 deadline has no bearing on the 2017 audited financial statements nor the 2017 audit note disclosures. It should be noted that there are a number of agreements or obligations with financial impacts on the Town that are approved in public sessions and are part of the Town’s everyday business. Auditing standards do not require, nor would it be useful to the general public, to summarize the financial provisions of every single agreement that the Town is a party to.

I am available, in person, by phone, or e-mail on or after July 26 to discuss these concerns.

I am asking the Town Council to address these items before voting to accept the 2017 Audit.

Sincerely,

John S. Barkley

- During the discussion of the letter above, Ms. Harwell noted that the Council is authorized to change line item expenditures as long as the amount of total expenditures stays within the total budget appropriation for the applicable fund.

- In response to a question from Mayor Grossman-Belisle, Ms. Harwell confirmed that typically if a budget is amended it is done so toward the end of the fiscal year on a fund basis as permitted by Colorado budget law, and not in a series of amendments on a line item by line item basis throughout the year.

- Councilmember Collins asked if funds for the police station were being spent and Ms. Getchius stated they were not, and that police station components will be included in the 2019 budget.

- Councilmember Neal spoke about the 2012 agreement regarding the Town Center and the ongoing extensions over the past 6 years as the project and development progressed. He noted his opinion that the people could be misled by Mr. Barkley’s
statements if they had not been following the various amendments to the option contract that had been approved in a series of open meetings of the Town over this period.

- Councilmember Collins spoke about the growth impacting the knowledge of new residents moving into the Town, and Councilmember Neal stated that questions from new residents are welcomed by the council.

Councilmember Neal moved to approve RESOLUTION NO. 53, SERIES, A Resolution Accepting the 2017 Audit Performed by Fiscal Focus Partners, LLC. Councilmember Pearson seconded the motion. The motion passed unanimously by voice vote.

c. RESOLUTION NO. 54, SERIES 2018, A Resolution Approving an Intergovernmental Agreement Between the Town of Timnath and the City of Fort Collins Pertaining to the Reconstruction of the Interchange at Interstate Highway 25 and Prospect Road
Staff Comments:
- Ms. Getchius spoke to Council about the proposed resolution.

Council Comments:
- Councilmember Collins commended staff on coming together with so many moving pieces.
- Councilmember Neal asked if Severance and Windsor would be contributing and Ms. Getchius stated that they were not contributing to the prospect interchange, but were contributing financial resources to other areas in the larger I-25 improvement project.

Councilmember Collins moved to approve RESOLUTION NO. 54, SERIES 2018, A Resolution Approving an Intergovernmental Agreement Between the Town of Timnath and the City of Fort Collins Pertaining to the Reconstruction of the Interchange at Interstate Highway 25 and Prospect Road. Councilmember Laake seconded the motion. The motion passed unanimously by voice vote.

d. RESOLUTION NO. 55, SERIES, A Resolution Approving the Agreement with Connell Resources for the Timnath Trail Drive Construction
Staff Comments:
- Mr. Williamson spoke to Council about the proposed resolution.

Councilmember Neal moved to approve RESOLUTION NO. 55, SERIES, A Resolution Approving the Agreement with Connell Resources for the Timnath Trail Drive Construction. Councilmember Laake seconded the motion. The motion passed unanimously by voice vote.

7. ADJOURNMENT:

Mayor Grossman-Belisle adjourned the meeting 6:54 p.m.
Town Council approved the July 24, 2018, Town Council Meeting Minutes on August 14, 2018.

TOWN OF TIMNATH

[Signature]
Aaron Pearson, Mayor Pro Tem

ATTEST:

[Signature]
Milissa Peters-Garcia, CMC
Town Clerk
July 27, 2018

Town Council and Manager
Town of Timnath, Colorado

We have audited the financial statements of the governmental activities and each major fund of the Town of Timnath (the Town) for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 3, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

1) Management’s estimate of the net pension liability and related expenses and deferred amounts is based on actuarial information provided by PERA. We evaluated the key factors and assumptions used to develop the recorded pension-related amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

2) Depreciation expense, which is based on management’s estimate of the remaining useful lives of capital assets. Again, we evaluated the key factors and assumptions used to develop the recorded depreciation and accumulated depreciation amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

1) The disclosure of Long-term obligations in Note 7 to the financial statements, which notify readers of the statements that the Town has multiple-year obligations that will require Town and taxpayer resources to fulfill.

2) The Town’s agreements, as disclosed in Note 13 to the financial statements disclose to readers the nature of the Town’s commitments with other entities, and how those agreements may commit, or provide, future town resources.

The financial statement disclosures are neutral, consistent, and clear.

Fiscal Focus Partners, LLC

12136 West Bayaud Ave., Suite 300, Lakewood, CO 80228
5555 DTC Parkway, Suite 375, Greenwood Village, CO 80111
303.202.1800 Office  ·  303.237.0155 Fax  ·  www.ffpcpa.com
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any adjustments to correct known or likely material misstatements in the Town’s financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 27, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with another accountant, other than CliftonLarsonAllen, the Town’s contract accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis (MDA), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the MDA and do not express an opinion or provide any assurance on it. RSI schedules related to pension liabilities were subject to audit procedures applied to the basic financial statements, and other procedures including comparing and reconciling the required supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were engaged to report on other supplementary information and reports, as listed in the table of contents to the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Town Council and Town Manager of the Town of Timnath and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fiscal Focus Partners, LLC