

FOOTHILLS PARK AND RECREATION DISTRICT
REGULAR BOARD OF DIRECTORS MEETING

January 12, 2010

The regular meeting of the Foothills Park and Recreation District was held at The Peak Community and Wellness Center, 6612 South Ward Street, Littleton, Colorado 80127.

- I. CALL TO ORDER: Director Nunes called the regular meeting to order at 6:00pm.
- II. PLEDGE OF ALLEGIANCE: Director Nunes led those in attendance in the Pledge of Allegiance to the Flag of the United States of America.
- III. ROLL CALL:
- | | |
|---------------------|---------|
| Director Maulik: | Present |
| Director Shangraw: | Present |
| Director Frankland: | Present |
| Director Sutton: | Present |
| Chairman Nunes: | Present |

ALSO IN ATTENDANCE: Ronald Hopp, Executive Director; Paul Rufien, District Counsel; Colin Insley, Director of Parks, Planning and Construction; Tom Woodard, Director of Golf; Patricia Parkin, Director of Administrative Services; Barb Butler, Manager of Recreation Programs; Derek Eberhardt, Operations Manager of Recreation Facilities; Richelle Riley, Recording Secretary; other Foothills staff and members of the public.

IV. APPROVAL OF AGENDA:

Director Nunes indicated she would like to add Discussion Item C, Mesa View Exclusion Update.

MOTION: Director Maulik moved that the Foothills Board of Directors approve the January 12, 2010 agenda as amended. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

V. APPROVAL OF DECEMBER 8, 2009 MINUTES:

MOTION: Director Shangraw moved that the Foothills Board of Directors approve the minutes of the December 8, 2009 Board meeting as submitted. Director Maulik seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

VI. COMMUNITY COMMENTS:

Ralph Miller read a letter to the editor that was in a local newsletter saying if property owners who back up to the bike paths would maintain those areas, it would go a long way towards enhancing the safety and attractiveness of the trails, and talked about incidents with contacting Foothills. Mr. Miller mentioned in regard to possible monies becoming available for park improvements, the Columbine Hills Civic Association is prepared to donate up to \$10,000 towards the effort in their park, providing that the best of the two tennis courts remain and be resurfaced, and the playground be relocated to the corner of where the volleyball court is now. Ronald Hopp stated if we are successful at securing funds from Jefferson County towards improvements in the Columbine Hills Park, we fully intend to engage the HOA and engage the community with the master planning, and talk about the items Mr. Miller brought up. Mr. Hopp recalled that one of the grant applications for Conservation Trust Fund money was for resurfacing tennis courts on three sites. The reason the Columbine Hills tennis court was not included is because it needs to be completely reconstructed; resurfacing is not feasible. Colin Insley addressed the subject of puncture vine along the Columbine Trail. He said he would work with any folks who would like to adopt the trail. It was determined that Foothills can respond to the letter to the editor in the next newsletter Mr. Miller had referred to. Paul Rufien clarified that in the boundaries that were discussed in the letter to the editor, it is not all Foothills' property. A good chunk of what was discussed is actually South Suburban property.

VII. OLD BUSINESS:

VIII. NEW BUSINESS:

A. 2010 Board Meeting Posting Locations Resolution

Mr. Hopp indicated that establishing the posting locations for board meetings is a requirement in compliance with Colorado Revised Statutes. They are the same posting locations as last year and previous years. The Peak Community and Wellness Center is designated as the location for posting of the 24 hour meeting notice.

MOTION: Director Maulik moved that the Foothills Board of Directors approve Resolution No. 10-001 to establish posting locations for the year 2010. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

IX. EXECUTIVE DIRECTOR'S REPORT:

In addition to the attached report, Mr. Hopp distributed to the Board an agenda for the Board Candidate Workshops which will take place January 19th at Lilley Gulch and February 2nd at the Peak Community and Wellness Center. After outlining the agenda, Mr. Hopp said he is open to any suggestions for change. The workshop information is posted on the website on our home page, and we have done press releases to the *Columbine Courier* and *Your Hub*. Mr. Hopp informed the Board that currently, two people have signed up for the Lilley Gulch workshop. Mr. Hopp pointed out as part of the Board Policy Manual update, there is an updated board member duties and responsibilities document that he would distribute at the workshops if the Board is able to approve it tonight. Mr. Hopp talked about the meeting he and Mr. Insley attended with Unison regarding cell tower leases.

X. DISCUSSION ITEMS:

A. Refinance General Obligation Bond

Steve Jeffers, with Stifel, Nicolaus & Company, Inc., was introduced to the Board to talk about an opportunity to consider refunding our General Obligation Bond. Mr. Hopp proposed this is an opportunity for us to potentially reduce the tax burden on the tax payers of our community through this refunding, if it works for us at this time.

Mr. Jeffers identified that we have an opportunity to refinance the Series 2001 General Obligation Bonds, and provided an outline of his presentation. Rates have come down dramatically from when we did the 2001 bonds. From that perspective, it makes sense to look at potentially refinancing and taking advantage of lower interest rates. Mr. Jeffers said we would be doing an advanced refunding (advance of the call date of December 1, 2011), and explained that we have the opportunity to take advantage of today's interest rates and lock them in to refinance the bonds rather than waiting an additional two years hoping that interest rates are still low. Mr. Jeffers said the bonds are currently at an interest rate of about 5.4%. We are looking at refinancing at an overall rate that would be about 2.9%. There are two maturities still out there that we are not going to refinance because they are not callable. He explained that we would start saving money from the time of the call date going forward as of December 1, 2011 and thereafter; the bonds run through 2020. Mr. Jeffers said we have to issue more principal on the new advanced refunding bond than we have outstanding because we have to make up the difference between the 5.4% for the two year period, and we have to buy government securities that are only going to be earning a half percent. We have to issue more principal since we are earning less interest to pay off the whole transaction. He clarified we will be able to save enough from the two year period to make up for the new debt; we are going to be able to save almost \$ 3 million. Mr. Jeffers said we will have about \$710,000 net savings after paying issuance costs over the life of the issue. That savings occurs each year from 2011 through 2020. On a present day value basis, savings would be about \$610,000. Mr. Jeffers recognized it doesn't change the mill levy much because we have a large assessed valuation. The taxpayers will not see a significant reduction in their mill levy because we are reducing the debt service by \$70,000 a year and the assessed valuation is substantially greater than that. He suggested the reason we would be doing it is because we would save by refinancing our debt and are good stewards of the District's money, saving the taxpayers \$710,000 in future dollars over the next nine years.

As a benchmark, Mr. Jeffers said the Government Finance Offices of America's guidelines classify a good refund as saving 3% or better. This particular present value savings that we generated is about 4.2%. We would be borrowing at an overall interest rate of 2.9% for the next nine years. In terms of selling the debt, Mr. Jeffers said the market is extremely good for municipal bonds now, as long we have a good credit rating. At the time this issue was done in 2001, our fundamental rating was A3; we would probably get an upgrade on that. Mr. Jeffers explained the rating categories and bond insurance. If the rating were enhanced so we could sell the bonds as an AA category, we could get lower rates and save the premium on the insurance which could substantially increase the savings as well. The premium we are anticipating right now is about \$86,000 present value dollars. If we get a rating for the AA we could see the present value savings go up from \$610,000 to close to \$700,000. Mr. Jeffers explained the document review process and said he would be in a position to send a package to the rating agencies within seven days. It will take between 10 days and two weeks to review the credit and get a rating and commitment from the insurance company to insure the bonds. Mr. Jeffers clarified the premium is part of the cost of issuance of the new debt, as well as all of the refinance costs. We will lock in the rates after we get the rating and insurance, then pick a period of time that we are ready to go into the market and send the official statement to prospective investors. If it sounds like something we would want to do and are interested in moving forward, Mr. Jeffers said at the next Board meeting, we will adopt the bond resolution and set the parameters. He explained the process of selling the bonds; if there is any unsold balance they would underwrite it. If the parameters can't be met, they will hold the transaction for 120 days. If the market doesn't come back in that time period, we don't pay anything. Mr. Jeffers maintained he is comfortable we will get an investment grade rating and an insurance commitment. The cost of issuance, if we do it with the insurance, is anticipated to be about \$270,000. If we are able to subtract the insurance, it will be roughly \$185,000. Mr. Hopp reiterated those numbers are all included in the net figures.

Terry Green pointed out Tom Peltz, with Kutak Rock, was in attendance if the Board had any bond related legal questions. Mr. Jeffers recognized the only action the Board needs to take tonight is that if they are not interested in proceeding, let him know. The Board agreed to move forward. It was clarified that whether we refinance or not, we are still paying the debt through 2020.

B. Board Policy Manual Update

In our continued effort to update the Board Policy Manual, Mr. Hopp summarized eight items for the Board's consideration. The Conflict of Interest Clause is incorporated in the contract documents and staff feels it could be removed from the Board Policy Manual. The Donations to Non-Profit Groups Policy is recommended to be kept in its current form. The Golf Lesson Policy is recommended to keep in its current form as well as the Private Golf Cart Policy. Colorado Golf Association Tournaments; we kept the same intent but added greater clarification. The recommendation is to remove the Casual Tee Times Policy since we no longer have those. There was a deletion to the Foothills Golf Course Men's Club Policy. The *Duties and Responsibilities of the Board of Directors* included a memo from Mr. Rufien that described what was changed and simplified. There was discussion about the Private Golf Cart Policy and the Foothills Golf Course Men's Club Policy.

Mr. Rufien pointed out that his memo for the *Duties and Responsibilities of the Board of Directors* emphasized forethought and discussion. Director Maulik said she read it and believes it is sound. To be specific, Mr. Rufien indicated we are going to have a discussion about board members representing the Board in other forums. For example, the policy we are about to adopt says that the board members will represent the opinions of the majority of the Board. Mr. Rufien indicated while board members may express their dissent, they will still have to advocate the position of the District, and wants to make sure this board is in agreement with that policy. He emphasized if the Board adopts a policy, intend to live by that policy. Discussion continued and Director Shangraw recognized that if a board member is asked to represent the Foothills Board of Directors, that be the opinion that is shared because they are being invited someplace to share their views as a board member that represents the District.

Director Frankland described an example regarding the mill levy vote. Using that example, Mr. Rufien's opinion is that if the board member is in a public forum and asked what the District's position on the mill levy would be, as a board member they would need to advocate the District's position. If they were a dissenting board member, they could add that they personally dissented to that vote. The board member's opinion should be prefaced with the District's position.

Director Sutton suggested the policy be tabled until next week. It was discussed that there has been time to review the policy. Mr. Hopp indicated he had pointed out the policy specifically in his Executive Director's report with the hope that it would be a focus; he was hoping to be able to present it at the Board Candidate Workshop on January 19th. The policy had been put in a packet prior to this. The Board agreed that if something is found in the policy that should be addressed, they will bring it back for discussion.

MOTION: Director Maulik moved that in the effort to update the Board Policy Manual, the Foothills Board of Directors approve the attached policy revisions as discussed. Director Shangraw seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved.

C. Mesa View Exclusion Update

Mr. Rufien told the Board that the Mesa View exclusion efforts are going forward parallel to the other litigation. He was contacted by one of Mesa View's attorneys inquiring about the deposit which still needs to be discussed.

Mr. Rufien indicated he has become aware of a meeting that is being held tomorrow night by Mesa View for succession. He believes the meeting is to generate more petitions for exclusion, to address a letter that the District sent to the Mesa View residents and correct what they perceive as inaccuracies within that letter, and generally discuss the exclusion efforts. Mr. Rufien pointed out that if Directors Frankland and Sutton are not aware, they are named on the meeting invitation as attending that meeting and being there to answer questions. He questioned if, in regard to the Foothills document that they are going to refute, the Chairman of Foothills should be invited to be the face of the Board. Director Sutton said he and Director Frankland would not be speaking for Foothills District; he is a board member there and participating in the meeting as a member of Mesa View HOA. There was discussion about the meeting invitation. Director Sutton said the presentation will be done by somebody else on the HOA board of directors. Director Shangraw cautioned as we go into Executive Session regarding litigation, it becomes a problem with conflict of interest. Director Sutton reiterated he will be going to the Mesa View meeting as an HOA member, and acknowledged that he did file a Conflict of Interest with the State of Colorado.

Mr. Rufien continued he does not believe this meeting invitation was to Foothills, and does not believe the HOA has asked Foothills to be there or respond, but posed the question as to whether Foothills would want to be there or be welcome there. Director Nunes asked Directors Frankland and Sutton if they are going to that meeting to represent Mesa View or to represent the Foothills Park & Recreation District's board; they responded they would represent Mesa View. Referring to the *Duties and Responsibilities of the Board of Directors*, Director Nunes pointed out that it says "comments to the press and public must be factual", and asked them to keep that in mind; it was agreed. Director Shangraw observed that we will be discussing sensitive issues, and Director Sutton is a direct pipeline to Mesa View, and that is an issue. Director Sutton explained that Mesa View, for all the reasons that have been discussed, wants to exclude themselves from the District; that is their right to pursue. It ties into the ward redistricting. He said the Board should know there is no intrigue; it is a process included in the statutes. Being a member on both boards, Director Sutton maintained he does not participate in any discussion there, does not advance any resolutions, does not make a motion, and does not vote on any of those on the Mesa View side because of the conflict. He said he has integrity and does not carry Foothills' conversations back to Mesa View and has carried no documents back to Mesa View. He added he will participate in conversations and give his opinion. Director Maulik advised we will be discussing strategy concerning Mesa View in Executive Session, and believes Directors Sutton and Frankland are conflicted. It can be taken back to Mesa View's attorney and used to harm Foothills in our strategy efforts; they should excuse themselves from Executive Session. Director Sutton reiterated he could, but won't.

Discussion continued and Director Maulik suggested the Board ask Mr. Rufien and Mr. Hopp to proceed and keep the Board out of the loop. Director Shangraw agreed; we are spending District money to defend a law suit brought forth by their organization and she believes they have no right to be in the litigation discussion. Mr. Rufien acknowledged that because of his professional obligations, there are certain discussions he cannot have in front of Director Sutton because he is a board member of an adverse party. The Board will have to take some degree of a leap of faith in him to be able to conduct himself to the best of his ability on behalf of the District without getting board direction. Mr. Rufien strongly recommended holding the Executive Session because there are things he needs to discuss with the entire board that may not be strategic, but confidential.

There was discussion about having Foothills representation at the meeting tomorrow night and the decision made to connect with Mr. Burt and see if Mr. Hopp could attend. Director Nunes emphasized we want to make sure that factual information is being represented tomorrow night. If we are not able to have Foothills' representation at the meeting, it was suggested a special meeting be scheduled so the people there really understand what is occurring. Directors Frankland and Sutton confirmed they are in support of Mr. Hopp attending the meeting. Mr. Hopp voiced he believes the information the District sent to Mesa View that is being refuted is as accurate as it could be; maybe they need additional information for clarification. When he read the meeting invitation, Mr. Hopp expressed he was offended by it because a lot of work went into the information to try to develop as much accuracy as possible. Staff worked very hard to develop facts and information to assist people with their decision making process. Director Sutton reinforced that there is no intrigue. Director Shangraw asked Director Sutton if he was going to tell the Board about the meeting as part of the no intrigue. Director Sutton answered he wouldn't have said anything about it if it hadn't been for Mr. Rufien.

XI. EXECUTIVE SESSION:

- A. Mesa View Litigation per 24-6-402(4)(b), C.R.S.
- B. Personnel Matters per 24-6-402(4)(f), C.R.S.

Director Shangraw expressed that in lieu of pending litigation of Mesa View against Foothills, she believes it is incredibly inappropriate for Directors Frankland and Sutton to be in Executive Session. Director Maulik concurred and asked they respectfully exclude themselves (leave the room) from any litigation conversation regarding Mesa View. Mr. Rufien commented if Directors Frankland and Sutton vote on the motion, they are intending to participate, if they are not intending to participate, then it would be appropriate for them to abstain from the vote.

MOTION: Director Maulik moved that the Foothills Board of Directors move into Executive Session to discuss Mesa View Litigation pursuant to Colorado Revised Statute 24-6-402(4)(b) and Personnel Matters pursuant to Colorado Revised Statute 24-6-402(4)(f). Director Nunes seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Sutton, aye; Director Nunes, aye. The motion was approved. (Attorney-client privileged, not recorded).

The regular meeting adjourned at 7:56pm. Executive Session started at 8:04pm and ended at 9:12pm; the regular meeting reconvened.

XII. ADJOURNMENT:

The regular meeting was adjourned at 9:13pm. The next Board meeting will be held at 6pm on Tuesday, January 26, 2010, at The Peak Community and Wellness Center, 6612 South Ward Street, Littleton.

Submitted by:

Richelle Riley
Recording Secretary

Executive Session Attestations:

I hereby attest that the Executive Session that was not recorded constituted privileged attorney-client communications, and was not recorded pursuant to instruction of legal counsel.

Paul C. Rufien, District Counsel

I hereby attest that the Executive Session that was not recorded was confined to the topic authorized for discussion in Executive Session.

Jill D. Nunes, Chairman