

**FOOTHILLS PARK AND RECREATION DISTRICT**  
**REGULAR BOARD OF DIRECTORS MEETING**

**January 26, 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 – via conference phone |
| Director Frankland: | Present                        |
| Director Sutton:    | Present – arrived 6:04pm       |
| 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:

**MOTION:** Director Maulik moved that the Foothills Board of Directors approve the January 26, 2010 agenda as submitted. Director Frankland seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, aye; Director Nunes, aye. The motion was approved.

V. APPROVAL OF JANUARY 12, 2010 MINUTES:

Director Shangraw indicated she would like to make an addition to Discussion Item “C”. She and Ms. Riley had confirmed that a portion of that conversation included Director Shangraw asking Director Sutton if he was going to inform the Board about the Mesa View meeting as part of the intrigue he had just reinforced; it was on the recording but not reflected in the minutes. Ms. Riley said she would make that addition.

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

VI. COMMUNITY COMMENTS:

VII. OLD BUSINESS:

A. General Obligation Bond Refinance Resolution

Ronald Hopp recalled that at the last Board meeting, Steve Jeffers and Tom Peltz attended. They represent the District on refinancing and finance matters. The intent at the Board meeting was to present a proposal for the Board to consider refunding the 2001 Series General Obligation Bonds to generate savings for the District. At the conclusion of the presentation, the Board authorized the investment banker and bond counsel to continue to work together and put together the bond documents. Steve Jeffers, with Stifel, Nicolaus, and Company, Inc., is here tonight to brief the Board on the bond resolution and the parameters that we would like to consider for the refunding.

Mr. Jeffers told the Board the market is still within the parameters that were talked about at the last Board meeting. He said there was a meeting with the bond rating agency yesterday via telephone with Ms. Parkin and Mr. Green. The information has been sent to the insurance company that insured the 2001 issue, and Mr. Jeffers is confident they will attempt to insure the 2010 issue if necessary. He said if we get the rating we are looking for, we may not need bond insurance. That’s something we are continuing to evaluate based on the pricing of what the premium will be for the insurance.

Referring to the parameters resolution, Mr. Jeffers explained that if we go forward with the transaction and meet these parameters, the final authority to negotiate final terms and conditions is delegated to the Chairman or the Executive Director of the District. Mr. Jeffers said he will be working with the Chairman and Executive Director of the District specifically as we get a rating, insurance, and pricing of the bonds.

Mr. Jeffers outlined the parameters on page eight of the attached resolution. The sale delegate is either the Chairman or Executive Director, and is authorized to enter into a sales certificate. Mr. Jeffers explained the sales certificate has to meet the conditions that are listed. The parameters suggest that if the financing can't be done within 120 days of today's date, the issue will have to come back to the Board. The total principal amount of the bond, in no case, will exceed \$16,200,000. The final maturity of the bond shall be no later than December 1, 2020, and the net interest bond shall not exceed 3.5%. The maximum annual debt service on the bonds, when combined with the portion of 2001 bonds we are not going to refinance, shall not exceed \$2,150,000 per year. The present value savings, as a percentage of the aggregate principal amount of the bonds being refunded, should be at least 3%. Mr. Jeffers indicated as long as the sale delegate is comfortable with the conditions within those parameters, they are authorized to execute the authorization of the bonds. The rates have increased a little bit since our last discussion; they are about 3.2% now. If we can accomplish it without insurance, that should increase. Mr. Jeffers expects to have a reading this Friday, an insurance commitment on Monday, and posting of the official statement of the basis of the rating next Friday. Bonds will be offered potentially as early as February 10<sup>th</sup>.

Director Maulik asked if Mr. Hopp and Mr. Rufien have read through the document and agree with everything. Mr. Hopp agreed and acknowledged that Ms. Parkin and Mr. Green have been very involved. Director Maulik requested an email notification when they find out about our insurance rating. Mr. Jeffers said he will notify Ms. Parkin and Mr. Hopp with the insurance and the rating. Director Frankland observed the only economic benefit of acquiring insurance is that it makes it easier to sell. Mr. Jeffers indicated it had to generate a net reduction in the interest cost when considering the cost of the premium. Generally, insurance makes it a little easier to sell. They will choose the one with the lowest amount of interest cost, with or without the insurance premium, as the method to use in the selling of the bonds.

**MOTION:** Director Maulik moved that the Foothills Board of Directors approve Resolution No. 10-002, authorizing the issuance of its (Sub-District "A") General Obligation Refunding Bonds, Series 2010, and authorize the execution of all required bond documents as specified. 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.

#### VIII. NEW BUSINESS:

##### A. May 4, 2010 Election Resolution

For the Board's consideration, Mr. Hopp indicated there is a resolution for a mail ballot election for the May 4, 2010 regular election for the Foothills Park & Recreation District. The key matters on the resolution are that the election will be conducted by mail ballot, two board members will be elected; one to represent ward three and one to represent ward four, and Richelle Riley is appointed as the Designated Election Official authorized to coordinate the May election.

Director Maulik asked if we have notified Jefferson County of our wards system so they can set up our voter registration lists. Ms. Riley answered the County is working on it; the information was sent to them before the end of the year.

**MOTION:** Director Maulik moved that the Foothills Board of Directors approve Resolution No. 10-003 for the conduct of the May 4, 2010 election. Director Nunes seconded the motion. Poll of the Board: Director Maulik, aye; Director Shangraw, aye; Director Frankland, nay; Director Sutton, abstained; Director Nunes, aye. The motion was approved.

#### IX. EXECUTIVE DIRECTOR'S REPORT:

Mr. Hopp reminded the Board that we held the first board candidate workshop last Tuesday. Five people attended; Directors Nunes and Shangraw attended as well. Six people are currently signed

up for the February 2<sup>nd</sup> workshop. Director Nunes expressed that Mr. Hopp and Ms. Riley did a great job putting the packet together, it was good information and the potential candidates were very well informed. Director Shangraw agreed; it was a very well done presentation and a lot of good information.

Mr. Hopp indicated a meeting is scheduled this Thursday night at the Jefferson County Fairgrounds to discuss the exclusion process and litigation with Mesa View. This is in response to the fact that Mr. Hopp was not able to attend the Mesa View HOA meeting the day after our last Board meeting. In an effort to continue to get information out from the District, we scheduled this meeting.

Mr. Hopp mentioned that in Colorado Springs, as of Monday, an announcement was made that they are removing all of their trash cans from all of their parks, basically asking citizens to take their own trash out of the park. They have also lost 27 maintenance jobs this year because of budget cuts.

Concerning Mesa View, in answer to Director Nunes, Mr. Hopp clarified he was not allowed to attend the Mesa View HOA meeting, rather than not able to attend. Director Nunes asked Directors Sutton and Frankland how that meeting went. Director Frankland said he answered a question about fees and a question about debt. Director Sutton said a lot of information went on, a lot of questions about the lawsuit and cost of litigation.

X. DISCUSSION ITEMS:

A. Finance Update

Patricia Parkin acknowledged that as far as the District's year-to-date revenue, this report is preliminary and the numbers are very close to where she expected to end before our GAAP entries for the audit. She reported that year-to-date revenue was \$20,740,000 versus a budget of \$23,025,000; a decrease of \$2,285,000. Highlighting items from the attached memo, Ms. Parkin said available cash of \$262,000 was a carry-over of budget from 2008 that was budgeted in 2009. No entry was made against those funds; mostly had to do with the golf carry-over of \$237,000. Specific Ownership Taxes were \$33,000 less than planned; vehicle sales were less than anticipated due to the economy. Intergovernmental Revenue decreased by \$122,000; mostly due to Senate Bill 35 funds that were not received as planned and Conservation Trust funds being less than planned by about \$27,000. District Admission Fees decreased by \$231,000. Most of that was in the golf area due to weather. The golf courses were down \$239,000 in admissions. This was offset by increases in Leisure Services, mostly in the District Athletic Programs, Youth and Middle School Programs, and ISA admissions; a \$43,000 increase in those programs and \$73,000 respectively. At the ice arena, even though the rentals are down, the Stick and Puck drop-in hockey was up \$11,000. The Silver Sneakers and Active Options programs were up \$42,000. There were lower admission fees overall in our recreation centers due to weather in aquatics, gymnastics, and cultural art programs. The admissions due to our Golf Development and Improvement Fund increased by \$31,000 due to the increased amount we are charging for each round of golf. Rentals were down \$330,000; ice rentals at the Edge were down \$327,000 and rentals of golf carts, due to weather, were down \$74,000. This was offset by higher facility rentals of about \$20,000 and higher field rentals by District Athletics and ISA of about \$48,000. Merchandise sales decreased \$62,000; mostly in the golf course pro shops, \$49,000, and the Edge pro shop is down about \$20,000. Concessions and Other Contracts decreased \$26,000; mostly concession sales at the Edge which was about \$8,000 and the golf courses of about \$18,000. Contributions and Grants increased \$83,000 mostly due to a Children's Programs grant of about \$77,000 that was received and unplanned, and used for Before and After School supplies and the Lilley Gulch playground improvements. Other Revenues increased \$47,000 due to an unplanned rebate from Kaiser of about \$25,000, and an insurance reimbursement for damage we had on our vehicles of about \$13,000. Gain on Sale of Asset was \$22,000 favorable due to the sale of land to the County. Investment Income decreased \$32,000 due to lower rates we are earning on investments. Ms. Parkin explained payments to the District from the Building Authority were budgeted at \$1,335,580. We did not book that revenue. There is a difference in how our current auditors view that entry; it's not a necessary entry for our books. We would be double booking revenue to ourselves and double booking the debt payment and interest payment if we booked as our previous auditors had us book. The money was budgeted, but we didn't make the entry and it is offset in lower debt payments and principle payments. There is no impact on the bottom line.

Year-to-date expenditures were \$19,597,000 versus a budget of \$22,564,000; a decrease of \$2,967,000. Salaries and Wages decreased \$79,000. Ms. Parkin mentioned the golf department did a great job of controlling salaries due to the weather, they were down approximately \$80,000. Leisure Services was down about \$54,000 mostly due to the elimination of the Director of Leisure Services. This was offset by the unplanned special projects position in Administrative Services. Personnel (employee benefits) decreased about \$79,000 due to lower payroll taxes because of lower salaries and wages. We received a Workers Compensation insurance audit refund of about \$15,000, and there are lower overall health insurance costs. Supplies decreased \$152,000 mostly due to lower fuel costs. Purchased Services decreased \$429,000. Most of that was in Administrative Services due to no election expense as planned which was about \$100,000; legal services, about \$13,000; public relations and marketing, about \$25,000; and education and training that Human Resources had budgeted, about \$19,000, was charged to the individual departments that had training. Leisure Services had about \$167,000 lower purchased services expenditures. Parks was down about \$46,000 in purchased services. Utilities decreased \$516,000, primarily due to lower gas and electricity rates in 2009. Debt Payments were \$453,000 lower than planned due to not double booking debt payments. Capital Repair and Replacement increased \$181,000 mostly due to golf improvement expenditures. Other Expenditures decreased \$555,000, mostly due to the \$500,000 we are planning on not spending so we can reserve it for future debt. Interest Expense was down \$884,000 due to the difference on how we account for our COP interest expense.

Ms. Parkin concluded that overall net revenue was approximately \$1,143,000, better than the planned \$461,000; or \$682,000 favorable to plan. To summarize, Ms. Parkin said it is mostly due to our debt reserve of \$500,000 planned but not spent, \$100,000 of election expense that was not incurred in 2009, and lower utility costs of \$516,000. She mentioned she was betting on being ahead \$900,000 with the weather in the last few months, but we were able to come through and hit the million mark. She said it was a good job by everyone controlling costs. Director Nunes thanked Ms. Parkin for a great job.

Director Shangraw asked how confident are we in the change in the accounting procedure between last year and this year; are we still in compliance with GAAP principles? Ms. Parkin said she is comfortable with the change because last year she put the financials together and consolidated and eliminated both the revenue and the debt interest as far as doubling it up, and the auditors agreed with her analysis of how it should have been handled for GAAP.

B. Employee Handbook Revision

Lisa Narrell said we completed the goal for 2009 to update the Employee Handbook. It was submitted to Mountain States Employers Counsel (MSEC) for review and suggestions, and we received it back Monday. Using a PowerPoint presentation (also included in the packet), Ms. Narrell showed the Board how items in the table of contents were switched around, and highlighted the changes in each chapter including policies that were added. She noted that it was suggested by MSEC to remove the driving guidelines from the manual and put it somewhere else because it doesn't apply to all of our employees; we will have the fleet guidelines on the Intranet for the employees who drive. Ms. Narrell explained changes to the medical leave assistance (sick bank) guidelines, and talked about the new perfect attendance incentive. She pointed out that MSEC suggested we remove items that spoke specifically to supervisors. The Employee Handbook will be listed on the Intranet, and trainings will be held for employees the end of February and we will cover all the key policies. Ms. Narrell asked the Board, when they have a chance to look the manual over, to let her or Ms. Parkin know if they have recommendations or changes.

Director Maulik said she thinks it's great we added those additional benefits. Foothills needs to be the place to be; we can't always do it in money but if we can do it in benefits, that's a good thing. Director Shangraw expressed appreciation for tightening up some of the leave policies, there were things left open to some abuse. There was clarification on tuition reimbursement, if the grade is a "D", the employee does not get reimbursed.

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.

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**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 6:41pm. Executive Session started at 6:48pm and ended at 7:41pm; the regular meeting reconvened.

XII. ADJOURNMENT:

The regular meeting was adjourned at 7:42pm. The next Board meeting will be held at 6pm on Tuesday, February 9, 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.

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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.

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Jill D. Nunes, Chairman