

**MANAGEMENT AND FINANCE POLICY COMMITTEE
WEBEX**

Members Present: Council Member Gardner – Chair, Council Member Johnston – Vice Chair Council Member Gruber

Others Present: J. Marcano, R. Venegas, N. Freed, J. Batchelor, T. Velasquez, G. Hays, K. Claspell, N. Wishmeyer, W. Sommer, T. Sedmak, A. Amonick, M. Crawford, J. Cox, S. Newman, H. Hernandez, R. Peterson, T. Vaughn, D. Brotzman, D. Giordano, R. Lantz, J. Patterson, B. Fillinger, A. Jamison, D. Hudson, M. Franks, Y. Gorlov, L. Dalton, C. Fellows, F. Butz, B. Rulla, M. Donovan, C. Waldron, A. Woo, M. Murphy and T. Hoyle

INTRODUCTIONS AND MINUTES

March 23, 2021 minutes were approved.

CONSENT ITEMS

April of 2021 was 16.8 percent higher than April of 2020.

CM Gruber: The price of building materials in some cases have tripled for example wood and steel. Since our use tax is based on those commodities. Do you see or expect to see an increase in our tax revenues as a result of that?

G. Hays: We’ve had a pretty good year. April was down a little bit compared to last year but up 53% compared to our budget. Last year was a great year for building use tax. But this year we’re up quite a bit, probably a good 40% so far.

Outcome

The Committee thanked staff. Information only.

Follow-up Action

No follow-up needed.

WINDLER HOMESTEAD, WH NO. 1, AND VELOCITY NOS. 1-9 METROPOLITAN DISTRICTS AMENDED AND RESTATED SERVICE PLANS

Summary of Issue and Discussion

Jacob Cox, Development Assistance Manager provided a brief introduction. The Windler Homestead Metropolitan District (former name WH Metropolitan District No. 2), was approved by the City of Aurora in 2004. The district is located generally southeast of the intersection of E-470 and 56th Avenue. Windler Homestead is requesting that City Council approve the attached Amended and Restated Service plan. The WH Metropolitan District No. 1 was approved by the City of Aurora in 2004. The district is located generally northwest of Harvest Road and 48th Avenue. WH Metropolitan District No. 1 is requesting that City Council approve the attached Amended and Restated Service Plan. Both the Windler Homestead and the WH No. 1 Districts are part of the Windler Homestead FDP (Master Plan) area. This development is planned to be a mix of residential, commercial, retail and office uses.

The Velocity Metropolitan Districts Nos. 1-9 were approved by the City of Aurora in 2007. The district is located generally northeast of Harvest Road and 56th Avenue. Velocity Metropolitan Districts Nos. 1-9 are requesting that City Council approve the attached Amended and Restated Service Plan. The Velocity Metropolitan Districts Nos. 1-9 are part of the Porteos Master Plan. The Porteos development is entirely commercial and industrial; no residential is proposed or currently part of this development.

Windler Homestead Metropolitan District is requesting approval of an Amended and Restated Service Plan (attached) that accomplishes the following: (1) changes the ARI Mill Levy from increasing the number of mills collected over time to 5 mills being collected starting year 1 through year 40; (2) changes the estimated costs of public improvements to reflect the plans of the new developer (from \$80,000,000 to \$667,882,434); changes the total debt limit to reflect the increased costs of public improvements (from \$112,000,000 to \$850,000,000); and changes the total debt limit for regional improvements (from \$32,000,000 to \$50,000,000). The Maximum Debt Mill Levy (50 mills) and the Maximum Debt Mill Levy Imposition Term (40 years) are not being altered by the Amended and Restated Service Plan. The Preliminary Engineering Survey has increased from \$80,000,000 to \$667,882,434. The District has provided preliminary cost estimates and a financial plan (attached). The request for changes to the ARI mill levy necessitates that this service plan be approved by ordinance.

WH Metropolitan District No. 1 is requesting approval of an Amended and Restated Service Plan (attached) that accomplishes the following: (1) changes the ARI Mill Levy from increasing the number of mills collected over time to 5 mills being collected starting year 1 through year 40; (2) changes the estimated costs of public improvements to reflect the plans of the new developer (from \$77,000,000 to \$667,882,434); and changes the total debt limit to reflect the increased costs of public improvements (from \$127,000,000 to \$950,000,000). The Maximum Debt Mill Levy (50 mills) and the Maximum Debt Mill Levy Imposition Term (40 years) are not being altered by the Amended and Restated Service Plan. The Preliminary Engineering Survey has increased from \$77,000,000 to \$667,882,434. The District has provided preliminary cost estimates and a financial plan (attached). The request for changes to the ARI mill levy necessitates that this service plan be approved by ordinance.

Velocity Metropolitan Districts Nos. 1-9 are requesting approval of Amended and Restated Service Plans. In 2019, Districts 4, 5 and 6 were amended to allow for an increase in the ARI mill levy and subsequently established the 64th Avenue Authority together with other Districts in the area (attached is Velocity Metropolitan District No. 1; the service plans for Districts 2,3,7,8 and 9 are identical in substance; also attached is Velocity Metropolitan District No.4; service plans for Districts 5 and 6 are identical in substance). The Districts are requesting an increase in total debt issuance limitations from \$100,000,000 to \$195,000,000. The request is being made due to increasing costs and in anticipation of refinancing the Districts' outstanding bonds in the next 3-5 years to reduce long-term costs. The Service Plan Amendments are limited to this change and do not otherwise amend the Service Plans. The Districts have outlined their financial plan in the transmittal letter. These service plans will be approved by resolution. All of these Districts were on older versions of the City's model and these proposed amendments will be restating to the city's current adopted model service plan.

Does the Committee wish to move these items forward to study session?

Committee Discussion

CM Gruber: First, I have a few questions on the residential side. Will these be commercial residential or are these going to be privately-owned single-family townhouses?

J. Cox: I believe there will be a mixture of both. Chris Fellows is here also and can answer that question.

Chris Fellows: Thank you. The current master plan that's been in place since 2005, provides for both multi-family as well as single family attached and detached product. We expect that going forward in the master plan update amendment that we will be bringing forward to the City soon. It would include those same kinds of uses. So, there will be 4 or 5 types of commercial which was mentioned earlier with office retail, hotel, industrial, as well as the different kinds of residential uses.

CM Gruber: Going into the service plan we typically would have residential, one service plan, one debt model, and commercial and another. Usually, commercial requests that because of the increased levy that they would have to pay in a mixed-use district. Are we doing that here, or are the residences privately-owned residences going to be mixed in the commercial districts as well?

C. Fellows: Great question Council Member Gruber. Much as we did at Painted Prairie and much as what was done at Porteos in terms of requests for additional districts. We will be making a request for a formation of some new districts at Windler so we can do exactly what you mentioned. We would like to keep the commercial uses separate from the residential uses. I would expect that the residential mill levy to be at 50 mills, which Jacob mentioned that's pretty standard and the commercial mill levy will be in the 30 to 35 range. Because as you mentioned Council Member Gruber some of those commercial uses with a higher assessment rate get pretty sensitive to the mill levies. So, we will be asking the City for creation of more districts so we can keep the residential and commercial totally separate.

CM Gruber: So that probably would lead to an administrative metro district the master mill district. Is that your intention as well, that there will be a master district?

C. Fellows: Not quite Council Member Gruber, but I'm not a fan of what is a "master slave district" concept. That is something I have not liked for 25 years in my career. We have already formed an Authority out at Windler like we did at Painted Prairie. The intent would be the Authority will be issuing the bonds and the various districts would be contributing to the Authority. So, one of the new districts that we would form with the city's blessing would be an operations district. I would see that district lasting in perpetuity because it would have operational and maintenance functions. But the rest of the districts I would like to see those districts get controlled by the homeowners at an earlier stage rather than a later stage, shall we say. I believe that homeowner control and homeowner direction is an important and appropriate public policy thing. So I could see that earlier than you normally would see in a lot of developments that the individual districts will be taken over and controlled and directed by the homeowners. The operations district would last in perpetuity to take care of its obligations. The Authority would be able to dissolve when the debts are defeased in 25 or 35 years. Regarding the individual districts, it would be up to the homeowners if they want to keep their districts to do additional things within their neighborhoods and it will be their determination if they would like to dissolve those districts as well, that would be at least a financial and mechanical possibility for them. So that's really a brief version but yes, we wouldn't be doing the traditional master slave district partly because I just don't like that structure.

CM Gruber: I don't like that structure either. I like the fact that the homeowners are involved. Do you expect the districts that the homeowners will be in to provide HOA functions, or simply debt management?

C. Fellows: Mostly debt management Council Member Gruber. I like the HOAs to be separate. I think HOAs provide an important function. I think HOAs are a tool that a lot of homeowners like to be involved with. Again, it involves control of things that affect their daily lives and their daily financing such as services and those kinds of things, which they want to last and how its controlled. So, I like to have the HOA functions that were traditionally done by an HOA, continued to be done by an HOA and again, we like to start welcoming homeowners into those Boards earlier than is often seen.

CM Gruber: Again, I like everything you said, but I do have to emphasized or remind you that things like swimming pool and insurance and taxes are more convenient for a Metro District to manage opposed to an HOA, and could provide better value to the homeowners.

C. Fellows: No doubt, as is limited liability which is a benefit through the district. Now a lot of homeowners, such as the swimming pool, like to control membership to those facilities in which case it needs to be an HOA owned metro district. And again, we spend a lot of time chatting with homeowners about some of those preferences when we do that.

CM Gruber: Okay thank you. The final question and it relates to ARI and how you intend to deal with the ARI. Council Member Johnston and I are on the Aerotropolis Regional Transportation Authority (ARTA), which is dealing with property immediately south of the Windler Homestead properties. The ARTA has sign agreements with Green Valley Ranch and the city tech center to incorporate those into ARTA. What are your thoughts on ARI, do you intend to turn that over to the City or do you intend to tie in with the 64th Avenue Authority, or do you intend to create a new Authority, so what are your thoughts on that?

C. Fellows: Great question, Council Member Gruber. We've had an initial very preliminary talks with High Point. I differentiate these even though they're same owners, so High Point and Moffatt and what I call full wider north and south than Painted Prairie and Windler. There are six entities even though there are really three sets of principles. We've discussed that there are some regional improvements which is kind of local micro area that need financing and long-term care. We've had preliminary discussions about investigating if we should form our own Authority with that group of six entities. I think we'll be in the position to get back with the City and back to ARTA and the people in the area and talk more intelligently in the next 60 days. But we've had discussions amongst that six owners six property area about doing a little Authority in that area, because there's some regional improvements that we think would benefit from that funding.

CM Gruber: I would invite you to speak to ARTA. ARTA will be putting an interchange at the I-70 and Harvest, swing over to Powhatan Road and eventually tie into Jackson Gap at the eastern border, which is going to be a very important through-way. But again, I invite you to coordinate and possibly talk to ARTA about the advantages or disadvantages of working together.

C. Fellows: Thank you. I'll jump on that.

CM Gardner: It looks like CM Johnston had to leave. So, CM Gruber are you okay with moving these amended service plans forward?

CM Gruber: Yes, I am.

CM Gardner: I'm as well, in moving them forward. Thank you, for the presentation.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to Study Session.

RENEWAL OF CONTRACT WITH INSIGHT INVESTMENT FOR INVESTMENT ADVISORY SERVICES

Summary of Issue and Discussion

Teresa Sedmak, City Treasurer, gave an overview. In 2010, the City entered into a contract with MBIA Asset Management, since restructured as Cutwater Investor Services Corporation. Cutwater was acquired by BNY Mellon in 2015 and the firm now operates as Insight North America (Insight). While the firm's name and ownership have changed over the years, Mary Donovan, CFA, has continued in her role as principal advisor to the City throughout the entire contractual relationship. Ms. Donovan and the Insight team has continued to provide the City with a high level of service, assisting the City in the navigation of the fixed income market and allowing enhanced returns through the strategic management of the City's investment portfolio.

The current contract between the City and Insight expires on June 30, 2021. Insight provides the City with high quality, non-discretionary investment advisory services. These include but are not limited to advising on portfolio composition; analyzing credit product (corporate securities) both prior to and after purchase; economic analysis; trade execution; and reporting. In addition, Insight assists the City in its updates to and maintenance of its investment policy.

In regard to portfolio management, Insight acts on a non-discretionary basis. In other words, while trade recommendations are presented to the City, they must be approved by appropriate staff prior to execution. Once trades have been executed, Insight provides regular updates on performance.

Of particular value to the City is the Insight's credit analysis and monitoring of the City's corporate holdings. Insight's dedicated credit analysis staff performs extensive financial modeling and monitors the factors which can lead to a change in credit quality. Because the City's has a significant allocation in corporate securities, this credit analysis and monitoring is of critical importance in managing risk.

As outlined in the packet, the City conducted a survey of other municipalities related to their use of an investment advisor and fees associated with their services. The survey confirmed that the pricing of Insight's services is comparable to those of survey respondents and, based upon the significantly larger percentage of the City's corporate exposure, in line with expectations.

Staff recommends approval of an extension of its contract with Insight Investment, for a term of five (5)

years.

Committee Discussion

CM Gruber: I don't have a question, but I have been impressed with Insight. Especially as we went through the issue with General Electric, and how that effected our policy. I think the guidance they gave and the advice and the decisions that we made based on that advice saved the City a lot of money. I know how patient they were and how thorough they were with us, so I recommend them as well. I support this.

CM Gardner: I also have enjoyed working with Mary and Insight and her team. I think the advice that they give protects the money for the City and helps also generate a return. I think both those things we're looking to do, so yes, I'm in full support in moving this forward as well.

Outcome

The Committee approved the item.

RECOMMENDED MODIFICATIONS TO CITY INVESTMENT POLICY

Summary of Issue and Discussion

Teresa Sedmak, City Treasurer, and Mary Donovan, from Insight Investments, provided an overview and highlighted the proposed recommendations. The City adopted an Investment Policy (the Policy) in 1988, which has been revised in years since, most recently in July of 2017. The Policy generally follows Colorado State Statutes. However, as a home-rule City, Aurora is authorized to invest in other securities or alternate investments which are permitted under the City Charter or by ordinance. As such, the City's policy varies from Colorado statutes in several categories, which are summarized in the attached spreadsheet.

The Policy serves to direct the investment of City funds. The primary objectives of the Policy are safety of principal, liquidity of investments, and yield, in that order. In consideration of those objectives, the Policy dictates delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the City's funds. This Policy also defines the role and duties of the City's Investment Advisory Committee.

In consultation with the City's Investment Advisor, Insight Investments, staff reviewed the current Policy and established several modifications for advancement to the Investment Advisory Committee and, with their recommendation, on through the City Council approval process. The proposed revisions will allow the City to pursue greater investment returns without significantly affecting its risk profile. Proposed changes are summarized in the memo attached.

Staff recommends approval of the proposed modifications to the Investment Policy.

Committee Discussion

CM Gardner: Teresa, I have a question on the changes you're making to the credit that we're allowed to invest in. As part of the review for the City's credit rating, I assume they look at what overall risk that our policies will allow. Do you see this having an impact on that or because the fact that we have somewhat mitigated that increased risk there shouldn't be much impact?

T. Sedmak: I haven't seen them focus on that area. They do look at many different areas of the City. I have not heard it raised as a credit concern and, throughout my career I haven't see them focused on that. But that's not to say they wouldn't, and it does provide a little bit more risk as I outlined. But I think as long as we're on top of it and monitoring it, it shouldn't be a credit concern. Mary, do you want to add to that?

M. Donovan: I would only add to that the City investment policy remains slightly more restrictive with respect to diversification whereas state statute allows for 5% exposure per issuer. The City investment policy limits it to 3%, so that I think is a helpful plus on the corporate exposure. And then also, Teresa mentioned bringing that final maturity down to 3 years from 5 years will be an important counterbalance from an interest rate risk perspective.

T. Sedmak: And one thing to add. It does add diversification to our portfolio. It's getting kind of skinny to find those credits in an AA category, so it allows us to diversify a bit more and add corporate exposure as well.

CM Gruber: I have a few questions. On the change between the foreign corporate bonds and domestic corporate bonds. So, what you're saying that since we already defined domestic corporate bonds, foreign corporate bonds, commercial paper and bankers' acceptances at 50% of our portfolio. That eliminating domestic corporate bonds as a separate line item because it's redundant. And then the same way your changing foreign corporate bonds from 30% to 20%. Do I understand that right?

M. Donovan: Right. The prior guidelines do limit domestic corporate to 30% of the portfolio, so that is the piece that is being lifted out. State statute does limit overall combined corporate exposure to 50% so that's state statute. But we're trying to tilt our corporate exposure more to the domestic side, so we would be given the increased universe with the single A credit rating. We could exceed 30% in domestic corporate but at no time would we have more than 20% combined exposure in Canada and Australia.

CM Gruber: That was my second question because you made the comment about limiting exposure in Canada and Australia, so that is directly related to this section.

M. Donovan: Yes, we feel that we have more opportunity with the expanded universe with a single A to be able to add value with the corporate exposure domestically than we did relying solely on some AA credits. So, the universe with the AA has just simply gotten smaller with downgrades and whatnot. So, in order to really try to improve performance in the portfolio, we felt the single A criteria would really be a helpful tool.

CM Gruber: Okay thank you. I think this is an important change. I think we all believe the economy is well it's obviously getting hotter and inflation is going to start at some point. So, I think that the changes that you're making here will better protect the City. So, I support this.

CM Gardner: I do as well. So, let's go ahead and move that forward. Thank you, Teresa and Mary, for the presentation.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to Study Session June 21, 2021.

INTERNAL AUDIT 1ST QUARTER 2021 PROGRESS REPORT AGAINST AUDIT PLANSummary of Issue and Discussion

Wayne Sommer, Manager of Internal Audit provided the 1st Quarter report on progress against the 2021 Annual Audit Plan. Michelle Crawford, Senior Internal Auditor presented the results on the Economic Development Incentives engagement that was requested by the Management and Finance Committee.

Through March 31, Internal Audit completed 6% of scheduled engagements (18% for Q1 2020). Another 29% are currently active (47% for Q1 2020). In total, 35% of all possible engagements are either active or completed in the first quarter (65% for Q1 2020.) Of the active engagements, five are expected to be completed in the second quarter (APD Property and Evidence, APD Vice and Narcotics, AEDC Financial Incentives, and APD K-9 Part 1. Added was APD Property and Evidence Change of Command as required due to staffing changes in Property and Evidence oversight. This also will be completed in Q2.)

Economic Development Incentives Engagement

The audit objectives were:

- Determine whether Planning and Development Services' processes for tracking active economic development jobs incentives are effective.
- Determine whether the Planning and Development Services' workbook for tracking active economic development jobs incentives is accurate.

To these ends, Internal Audit:

- Interviewed staff,
- Reviewed processes,
- Compared the tracking data to the agreements,
- Recalculated tracking workbook formulas for accuracy,
- Compared workbook progress data to submitted compliance reports,
- And employed other methods as needed.

Committee Discussion

CM Gruber: Wayne do you highlight any major findings that you describe? The audits that you had you have described where you are in the progress and in your employee status. Are there any findings the Committee should be aware of and specifically address, with the audits that you addressed so far?

W. Sommer: If we had any findings that we thought reached that level of significance we would bring them to your attention. Otherwise, we provide at the end of our quarterly reports the Executive Summary report, which is also posted on the City's website. At this time, there is nothing we believe rises to that level.

CM Gardner: Yuriy, I see that you're on the phone therefore based on the initial presentation are there any comments or any feedback that you have right now?

Y. Gorlov: Not particularly, I mean I will say we have been in close communication with Andrea Amonick and her staff the last really 2 years, 2 plus years, since our service contract was amended to include some more procedures. Therefore, we have been trying to figure out the best ways forward. This is a timely audit and we're going to be working towards resolving a lot of this in the next couple months and we appreciate it.

CM Gruber: Michelle first off, I see a lot of procedures that need to be built. I see a lot of questions, information that needs to be immediately available as opposed to having to dig and jump in. You didn't mention any malfeasance or any anything like that. It sounded like 100% procedure issues. Did I understand that correctly?

M. Crawford: There were a lot of procedure issues but there was also a significant lack of documentation. I would be apprehensive to say that there's 100% nothing going on or wrong, because the documentation is not there. With the documentation I had, it looked like a lot of processes, a lot of policies that need to be addressed, and more clarity in the roles and responsibilities. Some of these agreements that go back to 2012, they're longer agreements. The documentation for some things was not there; for what I had; I didn't see anything. A lot of it is the policies and procedures. We believe that's how you address these, with clearer policies and better processes.

CM Gruber: The report references the Government Finance Officer Association as the source of best practices. Do they have guidance? You talked about the weakness of using a single Excel spreadsheet and how difficult that was to use. Does that organization Government Finance Officers Association have your recommended tools? I'm thinking about when I took my Project Management Professional (PMP) course the program managers had a professional book. Is there something like that, that we could use as a model because it sounds like we're going to be building a lot of processes here. Is it something that we can build off of?

M. Crawford: The Government Finance Officers Association had some very good best practices when it dealt with economic development specifically on the policy side. I believe as far as tracking programs, anytime you can track them separately, even if it's in Excel, that's probably fine, but use different tabs and formulas, so we're able to easily analyze the data. I can go back and look through the best practices and see, if there was more of a specific format but we believe overall just a bit more clarity. And we believe Planning and Development Services already talked about expanding that spreadsheet into multiple tables, so it's easier to be tracked. I can double check and see whether or not those best practices had any specific kind of formats or any tracking methods that would work better.

CM Gruber: The actual process tracking through the guidance the City has, a lot of these deals are presented to Council and Council makes the decision which in some cases would take the bottom-line deal away from the City staff. Do we have proper documentation delineating the responsibilities of Council, city staff, and AEDC?

M. Crawford: I don't believe so. I believe from what I saw in the process that, there's a lack of clarity on what each person's role is supposed to be and those expectations. And the one-page policy doesn't really address it, so that's where and why we recommended that expansion for making sure it's clear.

AEDC knows what their role is and what they're responsible for and staff knows exactly what they're supposed to do or where that line is, and then we clearly know what Council's responsible for.

CM Gruber: Okay, I think that would be probably the best place to start. CM Gardner let me pass to you or otherwise I'll go on for quite a while.

CM Gardner: One of my questions, do you think most of these items can be addressed somewhat within the normal scope of business for the City? A lot of these have the final approver listed as the Planning and Development Services Director. So, do you feel the City can correct these within the normal scope of business, or is Council's approval needed? What kind of timeframe can we expect, and I know there are timeframes listed here but does management and staff feel that those timeframes are too long or too short? That may be two different questions. It may be a question for Michelle and possibly a question for Planning staff, I don't know who's on the phone.

M. Crawford: I believe the way they structured it, it's setup okay as far as tracking it. But I believe when we get to the policy piece that's going to be a larger conversation, especially Council's role in that higher piece. As far as tracking audit recommendation, we track them pretty closely. I keep a close eye on those. Maybe Jason who's online as well, wants to comment as far as reviewing those.

J. Batchelor: Sure, and Andrea Amonick is on here as well. I think there's a fair number of things. I think we need to come up with a better policy that addresses some of those roles, that will come to Council. Council is the policy maker. So, we'll update those policies to address the findings in the audit as well as best practices and walk that through Council. Once we have a good policy and we understand those things, then we'll go to staff level of implementing appropriate procedures to implement making sure we're tracking with those policies. As you heard from Michelle, she was given a difficult task of trying to figure out and parse out whether things were policy failures or procedure failures. The answer was all of the above. When we don't have good policies, good procedures don't flow out of that, then this starts at that policy level. We think that the first step is to really clarify those roles and responsibilities. Frankly too, I think codifying some things that we've been doing, and by way of example you noticed that Michelle talked about waivers. We would tell you that waivers are not a good way to proceed. Because if we're waving taxes, we're very limited in our ability to hold the recipient of those waivers accountable. So, as a matter of practice Andrea and her staff worked with Yuriy and AEDC years ago and highlighted the issue for them. We haven't been doing waivers and so we don't bring waivers forward as a matter of practice to Council. But that's not been codified in policy. So, if we don't have a good policy even though our practices may be good. We need to update that, so that's one of the things we will do. That's just an example of when we have policies that are not complete and following the best practices it's difficult to then have procedures that mirror that. So, we think it starts with policies and then we'll come back with procedures at staff administrative level. But that's how we see this.

CM Gardner: Maybe a follow up to that. In looking through the implementation dates for most of them. The one that stood out was the agreement with AEDC December 31. I think most of everything else was June, July, September, a couple like that. I'm just curious, is that because it's staff's position that all the policies and the other things need to be in place before updating that agreement or could the AEDC agreement be updated sooner?

A. Amonick: Council Member I can answer that. We're generally charged with the administration of the program. We have an ongoing relationship with AEDC. When we approved or you approved the 2021 contract, we included provisions in that contract that will allow us to administer changes to that contract as we make them this year, and we can do that in an ongoing manner. I think that as Jason indicated there are some policy questions. For example, there are things like overall review of this does not have an incentive. It doesn't happen at the staff level that happens at the Council level and that's not clear in the Policy. The Policy is written because its guidelines for Council to make those incentive decisions. There's no staff review committee other than ADC when they come to Executive Session to do that. So, we can make those in an ongoing manner, and I think we'll continually try to improve the process beginning both with policy considerations and updating the contract where we can.

CM Gardner: I know CM Marcano asked for this. I think he's on the phone, so CM Marcano do you have any questions?

CM Marcano: Thank you CM Gardner. I'll start by thanking Michelle and Wayne for putting all the work into this. One of the things that I did want to highlight here because I know we'll have to wait and see what staff comes back with all of this. But this was, and Wayne you may know better than I do, but when we had discussed the scope for this, I think last February, one of the things that you came back with we were not able to do was actually, take a deeper dive into all the agreements and financial data for all the work that AEDC has done for the City. And the reason for that, was that our contract professional services agreement did not allow for that. And I just want to highlight for the Committee, that when we're renewing that contract or entertaining the renewal contract, that is something that absolutely must be in there. I found that to be completely unacceptable given the amount of money that we pledge or that we spend basically on that agreement, the fact we're pledging city revenue that could be utilized for other means. So that's really the only comment I had, CM Gardner. I look forward to the continual discussion on the recommendations from the audits. Thank you all again for your work.

CM Gruber: The audit itself, or the results of the audit have a completion date of December 31. CM Gardner, Chair, if you don't mind, I would like to move that up a month into November 30 given that we would have a new Council. That way this Committee can continue to review it through conclusion as opposed to having a new committee look at it in the following year.

CM Gardner: I'm agreement with that since this was the Committee that asked for it. Yes.

CM Gruber: I appreciate that. As far as input into the other parts of the city that generate revenue. We had several discussions about data centers. The credits we give data centers. Part of that discussion was based on the fact Data Center purchases for their IT equipment come through Aurora. And the result of it, is that Aurora sees tax revenue from those IT purchases. My concern has always been, can we validate that? In other words, part of the agreement that giving an incentive to a Data Center is that they'll purchase it. I don't know if the Planning Department has direct access into the Finance department to determine whether not those taxes were in fact paid. So, I would like to see that strengthened somehow in here as well. Other than that, I think the recommendations are very powerful. I agree with Deputy City Manager Batchelor that the policy comes first followed by procedures. And then the actual metrics we're going to use to determine whether not the procedures are being followed. So, I want to thank for all the work that's gone into here. There's a lot of work yet to come. I think that the relationship between the City staff and AEDC. I appreciate the fact that it's strong now, but again, I think it's important to delineate those responsibilities better.

CM Gardner: Michelle, is there anything else you would like to mention?

M. Crawford: I don't believe so. We appreciate that AEDC was very helpful throughout the process along with Planning and Development Services. We appreciated their cooperation going through this since it took a bit to get through. We believe the end result is that we're going to have a better process and we believe there's going to be some improvements, so we look forward to that.

CM Gardner: I just want to echo that a little bit. I appreciate Michelle and Wayne, your team, and AEDC, their involvement. I'm a process-driven person, so I'm glad that one result from this anyway can be that we can have better processes in place and get our policies updated, because I think that's really important. It's hard to know when something is working if we don't know how we're tracking it. So, I think that is important.

Outcome

The Committee thanked staff. Information only.

Follow-up Action

No follow-up needed.

FIRST-LIEN WATER REVENUE BONDS, SERIES 2021

Summary of Issue and Discussion

Andrew Jamison, Debt Treasury Andrew Jamison provided an overview on the results of the Water and Wastewater funds' bond issuances to finance the SEAM facility in Southeast Aurora. The Bonds are highly rated at AAA/AA+ for Wastewater and AA+/AA+ for Water and the transaction was well received in the market. The transaction delivered net proceeds of \$120 million at a rate of 2.36% for Water and proceeds of \$60 million at a rate of 2.66% for Wastewater.

Committee Discussion

CM Gardner: I don't have any questions, but just kudos to staff for all their work on this. This sounds like it's going to be a great deal for the City. So that's really exciting to hear from the group. CM Gruber any questions or comments?

CM Gruber: What was the size of the deal?

A. Jamison: The project fund is \$120 million. So, a few extra issuance costs and things like that, but yes \$120 million for the project.

CM Gruber: Outstanding work. Good job. You saved the City a lot of money

Outcome

The Committee thanked staff. Information only.

Follow-up Action

No follow-up needed

MISCELLANEOUS MATTERS FOR CONSIDERATION

- The next meeting is on Tuesday, June 22, 2021 at 1:00 PM (WebEx)

THESE MINUTES WERE APPROVED AS SUBMITTED

Curtis Gardner

6/30/2021

Curtis Gardner, Chair of the Management & Finance (M&F) Committee

Date