

MF POLICY COMMITTEE MEETING

February 28, 2023

Members Present: Council Member Zvonek – Chair, Council Member Bergan – Vice Chair, Council Member Jurinsky

Others present: T. Velasquez, B. Levine, M. Crawford, B. Fillinger, G. Hays, S. Newman, R. Lantz, N. Wishmeyer, A. Amonick, G. Thrasher, G. Koumantakis, C. Argentar, S. Dawson, D. Hudson, T. Taylor, C. Waldron, H. Hernandez, M. Stamp, A. Jamison, S. Van Buren, K. Claspell, S. Newman, T. Sedmak, L. Saqib, R. Goggins, B. Frommell, G. Pangindian, A. Jones, M. Komppa, N. Carlson, P. Shwayder, L. Artz, J. Mann, S. Perry, S. Coffin, M. Buck, A. Ong, K. Diamond, T. Hoyle, and D. Sisneros

INTRODUCTIONS AND MINUTES

January 24, 2023 Minutes were approved.

JANUARY 2023 SALES TAX CHART**Summary of Issue and Discussion**

General Fund revenues in January 2023 were 9.4% higher than in January 2022. As a point of comparison for this growth rate, the 2023 Adopted Budget assumed that sales taxes would grow by 3.0% across all of 2023. The \$32.8 million collected was the single highest month of sales tax collections ever recorded by the City of Aurora. Inflation continues to play a large role in the growth of sales tax collections. Looking at the sector results, collections from utilities drove a significant portion of the increase in sales tax revenues. The combination of high energy prices and cold weather resulted in sales tax collections from utilities increasing by 53.4% compared to January 2022.

Committee Discussion:

No discussion or questions.

FIC METRO DISTRICT/TIF OVERVIEW**Summary of Issue and Discussion**

Lyle Artz, the Fitzsimons Redevelopment Authority (FRA) Site Manager and Secretary-Treasurer of Colorado Science and Technology Park (CSTP) Metropolitan District or the Metro District, and others presented this item at the request of Council Member Zvonek.

Presentation and Committee Discussion:

L. Artz: Welcome. My name is Lyle Artz and I work for the Fitzsimons Redevelopment Authority. I am also the secretary treasurer of our Colorado Science and Technology Park Metro

District. We have Mike Komppa in the meeting, he's the president of our Metro District and I believe Steve VanNurden will be joining and he's also on our Metro District as well as Terri Velasquez from the City, and Terri Carrothers from the University.

I just wanted to give a quick overview, and then, let Anna Jones our Metro District Manager and Melissa from UNB Bank, who's the Metro District Financial Advisor, provide a little more information, and Gigi Pangindian, CPA and Principal from Clifton, Larson, Allen, will go into a little more detail about our Metro District financial data. Our Metro District was formed back in 2007, 2008 under state statutes, by agreement with our then developer for the City of Aurora, and the Fitzsimons Redevelopment Authority (FRA).

We have two Tax Increment Finance (TIF) areas now, and this is just the areas north of Montview, not any of the University properties south of Montview, which is owned by the state. We have two TIF districts now, TIF District #1, which is basically from Scranton Street east to the Fitzsimons Parkway, and TIF District #2 which just formed, is basically from Scranton to Peoria, north, again, north of Montview. Back when we were trying to separate ourselves from Forest City, Forest City had put over 20 some million dollars into infrastructure that they had loaned the Metro District. So basically, to get rid of Forest City, we had to sell some land north of Montview to the University and the FRA had to loan, approximately \$15 million to the Metro District to buy out Forest City.

So, immediately, the Metro District had considerable debt. We sold about \$20 million worth of bonds several years ago, all of which has been either spent or committed with all of the infrastructure we're currently building with our Bioscience 5 project and the streets around it, and a large section of 23rd. Again, there's a pretty strong relationship between the city and our Metro District and the Redevelopment Authority. Just so you know, north of Montview, we did sell some land to the University, which we put into the Metro District prior to the land sale. So, it is in the Metro District. Although the university doesn't pay taxes, as part of that land sale, we imposed a PILOT on them, a payment in lieu of taxes, which when they develop any of the property, they're responsible for a portion of the adjoining infrastructure; water, sewer, storm, streets, streetlights, that whole entity. So, with that, I will introduce Anna. Do you want to introduce yourself Anna? Anna Jones is our Metro District Manager. Do you want to just say hi Anna? She's pretty involved on a day-to-day basis with all of this. With that I will turn it over to Melissa, who's going to give you a short presentation on our funding.

M. Buck: Thanks, Lyle. So let me just see if I can pull this up. You should have received in your packet some slides that detail.

Council Member Zvonek: I don't think we did. There was nothing in the backup on this.

M. Buck: You did not? Okay.

T. Velasquez: We didn't have time to include them. So that's why they are being presented today. But we can share them after the fact.

Council Member Zvonek: Okay.

M. Buck: I apologize for that. And I apologize, I'm in the middle of a conference right now, so I apologize for any background noise. So, what you see in front of you as Lyle was alluding to is, we put together a visual showing what the financial relationships between the city, the Urban Renewal Authority, the Fitzsimons Redevelopment Authority, and then how that all fits in with Colorado Science & Technology Park Metropolitan District (CSTP). So as Lyle indicated, the Fitzsimons Redevelopment Authority advances to CSTP all of the operational costs. And on top of that, they also own a loan to CSTP, which is subordinate to the 2018 bonds. So, with CSTP, it's comprised of two TIF areas, one being TIF area 1, which was established in 2008 and expires in 2033. If you recall, state statutes only allow for 25 years for TIF area, tax increment financing area.

TIF #1 expires in 2033, and then TIF #2 was established last year, so that expires in 2047. Additionally, three metro districts were created: District #1, #2 and #3. Number 1 issued the bonds in 2018, and about \$29.6 million was issued at that point, of which almost \$28 million remains outstanding. So, District #1 issued those bonds, and then Districts #2 and #3 act as the taxing districts. So, Andrea will go into this a little bit more. When you look at the map, you'll notice that you'll see the breakout between TIF area one and TIF area two, but then you also will see how big the metro districts are. And Metro District #2 is the one that comprises the vast majority of the tax revenues to finance the infrastructure. So, with the 2018 bonds, in essence, it's the incremental property tax revenues generated in District #2 and then any of the public finance or redevelopment agreements that were entered in with Aurora. So, it's the incremental sales and use taxes and then the property tax revenues generated in TIF area one.

Council Member Zvonek: So just to be clear, District #1 doesn't collect taxes. It just issued the bonds. All the taxes are collected just in the two other districts and then they pay for the bonds that are issued by District #1.

M. Buck: Right. So, it acts as the admin district, but it doesn't collect anything. It's just when you issue to the bonds, you have to choose a met district to issue those bonds. And in this case, CSTP chose district #1, but it could have chosen district #2 or #3 at that point in time as well.

Council Member Zvonek: And do each of them have separate boards or is it all of it?

M. Buck: No, it all is the same board. It all rose up to CSTP.

Council Member Zvonek: Okay. Got it. Thank you. Council Member Bergan, yes, go ahead with your question.

Council Member Bergan: This is helpful to have the visual, but it's a little bit still confusing. So, when you say the University, obviously they are tax exempt and they fall into the TIF, but do they fall into one of these three districts?

M. Buck: They do, technically, they do fall into TIF area one and also, I think part of district two, but they're not paying any taxes as being a university. They're exempt from paying any sort of property taxes. So even though the land is there, we're not seeing any sort of revenues come in from that. But as Lyle said, there is a PILOT in place that I think that they pay for certain capital improvements, whatever the district moves forward with them.

Council Member Bergan: Okay. And you do not have an ARI?

M. Buck: No. Not to my knowledge. Not from the University.

Council Member Bergan: Okay. Thank you.

M. Buck: Okay. And then one of the other questions I believe was asked is talking about the financing status. So what you have in front of you is a very high-level depiction of where we are. So everything that's in the dark gray or things that we've already looked at, we've already explored. So there's the onboarding, and then we looked at various alternative financing methods, rather than simply defaulting to a bond financing. We wanted to see, okay, what else could be out there? Maybe we take a look at grants, maybe we look at if there's any sort of bank loan available. And so where we are right now is really running various financial scenarios. So everything in the blue is really related to the financing process, the due diligence process. And so, what we have here is a financing timeline.

So, with any sort of transaction like this, an integral part of it will be a market study that will detail the uses, the planned uses of the site, how much revenues we could potentially generate from that. And so we have a meeting set up on March 6 with a small working group from the board to discuss the various market proposals, and then move forward with the firm. It'll take that firm probably about six weeks to put together a study for us. And so, really, what I should have started with actually is probably at the bottom, where you see the dates in red. So, with the 2018 bonds, they are callable in December.

The IRS allows us to currently refund those bonds on a tax exempt basis 90 days before that date. So that's where September 1 is a key date, and this timeline, basically, works backwards from that date. So the latest or the earliest that we could do any sort of financing would be late August with the idea of paying off and refinancing those 2018 bonds in September. And so this timeline, it can be scaled up or down, meaning tightened, shortened or broadened, however necessary. But the next thing that we have on our to-do list is engaging a market study consultant to help us figure out the pace of development, what makes sense, what can the market absorb, and that'll help drive a lot of the financing questions.

Council Member Zvonek: Okay.

M. Buck: Does that all make sense? Any more questions?

Council Member Zvonek: Yes. And no more questions.

M. Buck: Okay. And then with that, I will turn it over to Andrea to talk a little bit more about some updates.

A. Amonick: All right. Good afternoon. Can someone pull up the map of the tax increment financing areas for the Committee? So as Melissa indicated, we have -- it's one urban renewal area north of Montview Boulevard called the Colorado Science and Technology Park Urban Renewal Area and it's made up of two tax increment financing areas. If you can see that, those are the two tax increment financing areas. TIF #1 is the light blue area. It was established in 2008 and the monies generated from this tax increment are pledged for the payment of principal or interest on any bonds, loans or advances to indebtedness. So, this will go through 2033. And even though university properties or nonprofit entity properties are included within this, each time, there was the addition of nonprofit entities into this area, there was a payment in lieu of taxes, a PILOT, that was used, and in lieu of taxes, that jurisdiction went ahead, and front forwarded costs estimated to put in some of the infrastructure.

The purple area on the west is TIF area #2, that was established last year in August 2022 and goes through 2047. In the urban renewal plan, the revenue generated from this area is pledged to \$83.4 million of new infrastructure to stimulate the redevelopment of the area. And then in each case you can see what makes up the incremental tax revenue. So in this, it's 100% of at least 20 mills of district property taxes. So TIF area #1 has 50 mills on it. But in case, because there are some issues of competition for development, we projected only 20 mills which would draw. In case the Metro District wanted to charge fewer mills in competition with other areas for bioscience development. 100% of those mills are part of the increment, 60% of the remaining property tax increment and 50% of city excise tax increment, excluding occupational privilege tax, is included, and all that money is already pledged through the plan. We will do a public finance and redevelopment agreement once the district decides their capital stacking for how that \$83 million gets paid back.

Council Member Bergan: You mentioned 20 mills instead of the 50 mills. But how do you pay down debt if you're not collecting the full mills, the taxes?

A. Amonick: So, most of the debt that's been issued thus far has been in TIF area #1. So, there was initially when we did the urban rural area, some concern that the metro districts that would be establish in the second TIF area might not be competitive with other bioscience parks at 20 mills, because all those taxes go into that businesses have to pay go into their decision about whether or not to locate there. So the projections for that were done with a minimum of 20 mills. If they end up charging more, because the metro districts three there's some overlap in terms of some of the areas and so metro district two has 50 mills but metro district three may have fewer mills. And so, some of those extra mills, if we charge extra mills, could be used to pay down the original debt in TIF area #1.

Council Member Bergan: So as projects come in, are they each evaluated on whether they'll be at 20 mills or a higher mill, or is that a blanket?

A. Amonick: And I will defer to the metro district counsel on this, but they are in the process of making determinations about what their mill levies will be for the various districts in this TIF area. But it's been costed, and the 83 mills will float with, based on the development that's projected, with only 20 mills in case that they need to be more competitive.

Council Member Zvonek: So, Andrea, just so for clarification, so the TIF area #1, that is paying down existing debt from the 2018 bonds plus the loan, is that right, from that was to cover the buyout Forest City?

A. Amonick: Correct.

Council Member Zvonek: And then TIF #2, that \$83 million is for new infrastructure to be built?

A. Amonick: Correct.

Council Member Zvonek: Okay. So that is essentially when we think about the future development that TIF area #2 is critical for us to be able to bond that \$83 million for whatever infrastructure we need. Is that correct?

A. Amonick: That is correct.

Council Member Zvonek: Okay.

L. Artz: I think it's important to understand is as of today, there is no tax revenue from TIF area #2, yet. There will be in the future. But today there is no tax revenue from TIF area #2.

Council Member Zvonek: Got it.

A. Amonick: There are a few properties that you can see some of the buildings in the southeast corner of TIF area two. Those have actually, some of them, maybe one or two of those buildings, have not hit the tax rolls yet. So, based on the basis set, when the urban renewal plan is approved, and I don't believe that building five was in TIF area. So, there will be some tax revenue very shortly.

Council Member Zvonek: And when do we anticipate or what is the projection? I know this is somewhat of crystal balling the future, what will we have to get to or at what point will we have to be where before we can actually issue \$83 million in debt?

A. Amonick: It's a phased development plan, Council Member, so they can issue debt in tranches. And as buildings are developed based on the development schedule, they'll be able to take tranches of debt and the new buildings will be expected to pay that back.

Council Member Zvonek: Okay. I think, Mike Komppa, were you raising your hand or just stretching?

M. Komppa: No, I am sorry. I did not mean to.

Council Member Zvonek: That's okay. I could not tell. I thought your hand shot up, so I was not sure.

M. Komppa: No.

Council Member Zvonek: Okay. No other questions on the map on TIF one or two.

A. Amonick: Thank you.

Council Member Zvonek: Thank you.

L. Artz: Yes. We will go to Gigi now; she's going to give a real quick update on where the Metro District is now financially and answer any debt questions you may have. Gigi, are you there?

G. Pangindian: Yes, I am here. Hi, everybody. My name is Gigi Pangindian. I'm the district accountant, and my understanding is that this committee also would like to hear the existing long-term obligations of the Metro District. And I think that Lyle and Melissa and also Andrea had already touched on them, and they've already mentioned it. But I am just going to do a quick recap of it. So, the Metro District's long term obligations were issued by and are recorded in district number one, which is the operating or the administrative district. So, there are two long term debt currently in the books, and one of them, everybody already mentioned. And it's the bonds issued in 2018 and was issued in the part amount of \$29,635,000. And the current balance of the 2018 bonds is \$27.8 million, and the interest rate on those bonds varies from 4.375% to 5.25%. And as the other speakers mentioned, these bonds are currently being paid from 100% of property taxes generated from 50 mills, subject to certain adjustments imposed by district number two.

And these taxes coming from all the assessed valuation within the boundaries of district number two. So, it includes both the base and increment. And then also other revenues pledged to the bonds is 85% of the remaining tax increments that the district received from the Aurora urban renewal Authority, and that would include sales taxes, use tax, lodger's tax, and property taxes from mill levies of overlapping other taxing jurisdictions including the Aurora Public Schools. And other speakers also mentioned that the pledged revenue also includes PILOT revenues, if there are any. And then the other long term debt in the district's books is a subordinate loan with FRA. And this loan agreement was entered into by the district and FRA in 2019, to evidence the repayment obligation of the district to FRA for previously advanced monies and also for future capital improvement loans to the district. And this loan is structured like a fill up note. So, the principal on the loan is being increased as FRA advanced to the district. And the current principal amount of this loan with FRA currently is \$15,568,000, and the accrued interest to date is about \$1.3 million. And the interest rate on this subordinate loan to FRA is the prime rate, published by Wall Street Journal, plus a 50 basis point.

So, currently this loan is being paid from, one, any excess revenue from the 50 mills, from district number two after debt service, on the 2018 bonds are made each year. So if there's excess money after we pay the 2018 bonds, they go to this subordinate loan repayment. The other piece that is also pledged to repay for the subordinate loan is property taxes generated from district number three. So, District #3 is the other taxing entity, but, currently, there's very minimal taxes that it receives. There's only about \$3,000 assessed valuation in that district currently.

Council Member Zvonek: Gigi, I may have missed it, but the subordinate loan balance, what was it?

G. Pangindian: About \$15,568,000 as the principal.

Council Member Zvonek: I got it. Okay. Council Member Bergan?

Council Member Bergan: So, when you earlier when it was stated that there was a payment in lieu of taxes, from the University, then that is going towards that subordinate loan. Is that what you just said?

G. Pangindian: It's going to the bonds.

Council Member Bergan: Okay.

G. Pangindian: The 2018 bonds.

Council Member Bergan: Okay. Thank you.

L. Artz: Right now, today there is no payment from the University because they have not developed the property. Okay? When they develop the property, then their PILOT will kick in. We did get a PILOT from when we sold land to Aurora Public Schools, and when it sold land to composite school, both of which our tax exempt. We did get a PILOT from them to help build infrastructure.

Council Member Bergan: And that pays down the debt.

L. Artz: Yes

Council Member Bergan: Okay.

Council Member Zvonek: So, here's a question. So, we have heard the University and some of the nonprofits that don't pay. Who are the current taxpayers?

L. Artz: Right now, it is Aimco. It's important to understand the original apartments that were built by Paul's Development, which are now owned by Aimco, 605 units are not in the Metro District. They were built before the Metro District was formed. The new Fremont Apartments are in the Metro District. But you don't get taxes for about a year and a half after the fact. The new

hotel, which is not finished yet, the day care center, which is owned by Children's Hospital is a tax-exempt entity, but they hired a tax entity to operate it. So that facility is taxed. The Fitzsimons Credit Union, because they're a credit union, they don't pay the full property taxes, but they pay a small amount. So, your question is very good is, right now, today there's not a lot of people paying taxes.

Council Member Zvonek: It is just Aimco.

L. Artz: It is Aimco and Children's Hospital. There's the convalescent care facility that was paying a lot of taxes, but because of state legislature and what they did, that was taxed as a commercial facility. Since it's a convalescent center, they got reclassified as a residential facility, which now they pay about half of the taxes that they used to. So that was a pretty big blow for us. So, right now it's Aimco, Children's Hospital, and it's the convalescent center.

M. Komppa: I am sorry. Lyle. What percent approximately would be paid by Aimco of the 100%? Any idea?

L. Artz: I don't know off the top of my head Mike. But the hotel, when it comes online will not only be paying property tax, but we'll get a percentage of the head tax.

Council Member Zvonek: And is that in TIF area one?

L. Artz: Everything I just told you about is in TIF area one.

Council Member Zvonek: Okay. So, this is all just still for paying down the \$28 million or so debt that's there.

L. Artz: It's the \$15 million debt to the FRA which is subordinate to the bond. And it's important to understand the Metro District doesn't have a lot of money because every year FRA pledges about \$100,000 for operating expenses for the Metro District.

Council Member Zvonek: Right. And then the TIF two, when we start to see tax collection from there and can issue those bonds in tranches. What are the priorities in terms of the infrastructure that would be built or has it been established yet, the priorities of infrastructure that would be built with that \$83 million?

L. Artz: Yes, we have prioritized that. It's around current development projects and it's phased such as we anticipate the development progressing. We're not going to issue all \$83 million at once. I mean, nobody will lend us that money without tax revenue coming in.

Council Member Zvonek: Right.

L. Artz: So, it probably will be done in tranches.

Council Member Zvonek: So, one follow-up to that, because I know that we're working with this. We have the subcommittee that's looking at doing the redesign, if you will, of the master plan, and I would assume that that plan would inform the prioritization of that spend. Is that right?

L. Artz: Well, we have that now. The master plan update is a totally different thing. For the formation of TIF area two, we did phase working with our current master planner of what we thought the development was going to be. So that is where we are right now.

Council Member Zvonek: Okay. Council Member Bergan.

Council Member Bergan: It sounds like you guys need some bars and restaurants in there. Any plans? They generate a lot of taxes.

L. Artz: No, that is not allowed right now. At one time when Forest City was here, we were going to sell land to Walmart, which probably, at this point, would have been a good idea because it would have generated a lot of taxes. It was going to be at Peoria and Fitzsimmons Parkway on the corner up there. That would have generated a lot of taxes. But there was a lot of opposition from the FRA Board and the City against that.

Council Member Zvonek: Because the goal is not to just generate tax revenue. The goal is to have a life and bioscience campus that could be world renowned, and having a Walmart take up that kind of footprint wouldn't actually be helpful. I mean, having some sort of retail and I think getting rid of, and I think this is part of the master planning review process, being able to expand the number of units without increasing the footprint and having more retail with, again, making sure that we're staying true to the primary objective of this campus, which is life science and biosciences. Not just tax revenue. Right?

L. Artz: Right. But if you don't have taxes, you cannot build infrastructure.

Council Member Zvonek: Got it. That's why it's got to be mixed. That is right. Was this the end of the presentation or is there more? Lyle, you are on mute.

T. Velasquez: I believe that was the end of it unless you had further questions.

Council Member Zvonek: Any other questions? I have one. I guess it's about the board. So, who is currently on the Metro District board?

M. Komppa: Lyle, I think you're muted.

L. Artz: Okay. Myself. I am the Secretary Treasurer. Mike Komppa is the President. Steve VanNurden is on the board. Terri Carrothers from the University, and Terri Velasquez from the City are currently on the Metro District Board. And the way it works on the board is if you're on the board, you're technically a landowner of three small parcels. The state statutes require that the Metro Districts and the members own a piece of the property. Each member, I believe, owns

5% or 8%. The rest is owned by the FRA and the Metro District. One parcel is in Metro District #1, one parcel is in Metro District #2, and one parcel is in Metro District #3. So, all the board members are technically a landowner. You have to be a landowner to be on the board.

Council Member Zvonek: Are there taxpayers on the board? And should there be by law?

L. Artz: I cannot answer that question. Right now, there is no taxpayers. Well, we pay tax on the three small parcels we own, which is very minimal. But I cannot answer your other question.

Council Member Zvonek: Can somebody?

A. Jones: I can. This is Anna Jones. There are no other qualified electors residing in the district. So, every election cycle we publish as we would for any other metropolitan district. Right now, in this district there are no registered resident electors. So, that is a requirement to sit on a metropolitan district board. That will change over time. But we are not there yet. It is too early in the development, which is typical of the way districts are set up.

Council Member Zvonek: For people in the apartments living there they wouldn't qualify yet?

L. Artz: Most of the people living in the original 600 apartments are not in the Metro District. It would only be those in the new Fremont apartments, and just because they're living there doesn't make them eligible. They have to be a legal registered voter in the area.

Council Member Zvonek: Okay. Got it.

L. Artz: Just being a landowner does not meet the qualification.

Council Member Zvonek: Got it. Other questions? Okay.

Outcome

Information only.

Follow-up Action

No follow-up needed.

COUNCIL APPOINTEE 360 PERFORMANCE REVIEW RESOLUTION

Summary of Issue and Discussion

CM Zvonek presented item 4.b with Ryan Lantz, the Director of Human Resources. Per the committee last year, Ryan Lantz drafted the proposal for the 360-performance review. Feedback from the Council on refining what has been placed in the resolution has been requested by Zvonek, and the resolution that is in the backup was not in eScribe, but in a regular backup. The goal is to have something that will live beyond the current members and have a definite process that gives a full picture of each of the Council appointees' performances.

HR would reach out months in advance for a more defined self-evaluation that gives a list of names and other individuals who work as subordinates, on a peer level, and any customers. This review process would allow those individuals to provide feedback to ultimately encourage the professional growth of the Council appointee, which would either be through a written form to HR or over the phone so that HR can compile it and give it to the Council to review. The individual 360 reviewers would not be seen directly by the Council appointee, but the Council would see it and incorporate it into the overall review.

Ryan Lantz discussed recommendations as to how the flow of the process should perform. First, change the name to 360-performance feedback. Second, to have a rating and quantitative system in order to aggregate the information with opportunities for comments, as well as expanding the group size from 3 to 5, to 10 to 20, to assist with a more anonymous approach. Third, the groups should be predetermined to prevent picking up individuals that may not give a fair range of feedback that stimulates growth opportunities. Suggesting giving guidelines, resources, and training opportunities to ensure constructive and concise methods that the appointees can see. Lastly, to facilitate it through Workday to automate the process and make it easier to collect.

Committee Discussion:

Council Member Zvonek: Ryan and I have been having this conversation. So, for the Committee, you've probably heard me talk about this idea of bringing a 360-review process to the Council-to-Council appointees. The resolution that is in the back up, and I know it wasn't in eScribe, but in a regular backup, outlines a process, and what I've asked Ryan and the other council appointees to do is give some feedback on refining what I put in the resolution. The goal of it is to have something that will live beyond us, so that we can have an actual process that will give us a better, full picture of each of the Council appointees performance.

So it requires them, HR to reach out to them in advance, months in advance, I can't remember the exact timeline, and say, hey, give us your self-evaluation, which we currently get, but also give us a list of names of other individuals who work as subordinates, who work with you on a peer level and even customers. So you think about, with a city manager type, you going out to those people who do lots of business in your regular, regulars with the city, and allow them to provide feedback, either through written form to HR or through over the phone so that HR can write down that feedback and then compile it and give it to Council to review, that those individual 360 reviewers, their feedback would not be seen directly by the Council appointee. So if the City Manager had one of the deputy city managers provide feedback, we would see it, and we would incorporate it into our overall review, but they wouldn't see it.

So, it would be anonymous in that sense. But by having the various individuals provide that feedback, along with the self-evaluation, it gives us a chance to then create one holistic, hence the word 360, review of that individual. And so, it creates timelines by which they have to give back their -- self-review timelines, by which they have to provide us with names that they would want to contribute to their 360 review. And then we would have timelines for those individuals to then give it back to us, and then, we would compile that and deliver it in a timely fashion. So

that is the gist of the resolution. Then I'll hand it over to Ryan to fill in any gaps that I might have had and answer questions.

R. Lantz: Council Member Bergan has her hand up.

Council Member Zvonek: Yes. There you go.

R. Lantz: Council Member Bergan?

Council Member Bergan: And maybe I'm jumping ahead. Just when you said, they will give us names of peers and other managers and possibly customers, isn't that basically self-selection of - you're not going to give somebody who maybe had a good relationship with. Right?

Council Member Zvonek: Right. Yes. So, the answer is yes, they could. But we can also choose outside of that, if we decide we want to go beyond that. But typically in a 360, you ask for them because you want people that they work with that can give them, ultimately, if you really want to grow in your profession, you're going to pick people who are going to give you an honest assessment, both the good and the bad, because otherwise you're never going to see growth in your profession. Now, can somebody just cherry pick? Sure. And I think that would be on us to determine if all we are getting is positive feedback on somebody, there's no real growth. Because the idea of a review isn't just to pat somebody on the back, but it's to give them, say, where they were strong but also to help them grow in their role and where they're not strong.

Council Member Bergan: Would we be able to say, let's say, it's the City Manager, would we be able to say, we definitely would like feedback from your three deputy managers?

Council Member Zvonek: Sure.

Council Member Bergan: Okay.

R. Lantz: And that is a little bit part of the suggestions that I have as well. And I know Council Member Zvonek has a lot of experience with this, and we've had a conversation about this. So, I know I have some suggestions and if that works, you want me to walk through some of that stuff?

Council Member Zvonek: Yes, that's exactly what I wanted you to do. So I asked Ryan to take the resolution I drafted, and then, bring in his own resolutions, because my hope is that we'll iron something out, take it to Study Session, and probably more changes be made and then come up with something.

R. Lantz: Okay. And probably it'll be good to start off on the record that I'm Ryan Lantz, the Director of Human Resources, and in my position, I am designated to assist and facilitate the City's Council annual evaluation review process. My role is, really, to be the point person for the Council Evaluation and Compensation Committee. That Committee does consist of the Mayor, Mayor Pro Tem, and then the Chair of the Management and Finance Policy Committee. So last

year I did, and I know Council Member Bergan has been on that in the past, last year was my first year of really being the point person for that Committee.

So I do have some recommendations of how that flow works on an annual process. But last year, per the Committee, I did draft a proposal for the 360 performance. So I do have at least some additional ideas and thoughts on it. And some of my suggestions are including little things, like changing it from calling it performance reviews and evaluations to maybe a 360 performance feedback, because that's what we're truly seeking, is that feedback aspect of it. I would really reserve the term like a performance review for the actual appointees direct reports, which in this case are the 11 City Council Members. I do think there's a couple of key things, like what type of approach you want to have. Do you want it to be more comments and written responses, or do you want it to have more of a quantitative approach where it has more ratings?

I do recommend with this type of setup to have more of it as ratings and quantitative, so we can aggregate that information, but then provide an opportunity for comments if someone chooses to add that more qualitative feedback. I also do recommend a little bit of a larger respondent group than a smaller one that helps out with Council Member Zvonek's idea of being anonymous. It helps out quite a bit with that. Some of the other things I would suggest related to who is going to be asked to respond, I do think it's a combination of some predetermined groups, as well as a list that the Council appointees can provide. So, an example would be some of the predetermined list, other appointees I think should be included, maybe 2 to 3 direct reports, 2 to 3 indirect reports, some other department heads within the city, partners outside of the department might also be worth getting that feedback from.

So anywhere between maybe instead of like 3 to 5, and maybe it's more in that 10 to 20 range. And then I would also emphasize that we might want to provide some guidelines, resources and training opportunities that are optional for those who are providing the feedback, just to make sure that they're doing it in a very constructive way, but also providing an opportunity for the appointees themselves to be able to receive feedback, and also use it as a growth opportunity, and hopefully, reinforce the things that are working well. And then I think the last thing is, is we do have the ability to facilitate much of this through workday so we can automate the process through workday and then collect that feedback and it's a little bit easier to aggregate at that point. So those are just some of my initial thoughts and feedbacks and more than happy to answer any questions.

Council Member Zvonek: And, Ryan, I'll just add on the guidelines for the feedback. I think that's important because the, I think, the natural reaction for most people is to just write the positive things and be like they're great at X, Y and Z, but if you really want like where can they grow? And so having some specific areas where you're saying we want this type of feedback is helpful. And one of the other things that I would like to see as an opportunity is that -- and I've seen this having gone through these processes, that you'll start to see trends. If you have four or five reviewers, some people will have some individual comments, but you'll start to see trends about people's performance, and I think it's important for the Council Evaluation Committee to be able to then follow up with that individual if they need to dig in a little bit deeper on something that is potentially a challenge or something they need to overcome. So just fleshing

out that process and building it in as we move forward would be helpful. Other questions or thoughts? We are good. So, Ryan, if you want to, I don't think any of us had any issues with the recommendations that you made. So maybe we add those into the resolution and we'll move that to Study Session and have a broader conversation with the rest of our colleagues and get something ironed out there.

R. Lantz: Okay. Great. Yes. I will work on getting that drafts for you to take a look at.

Council Member Zvonek: Okay.

Outcome

Update the resolution and move the item forward to Study Session.

Follow-up Action

Staff will update the resolution and move the item forward to Study Session.

PURCHASING CITY CODES CHANGES

Summary of Issue and Discussion

Bryn Fillinger, Purchasing Services Manager, presented item 4.c. The item is an update to the city code that governs purchasing and is administrative only. There were three notable changes. The first change was the shift in the director from the Director of Internal Services to Terri, the Director of Finance. The second change is that only electronic submissions of bids and proposals are accepted. The last change was an update to specifically allow the ability to award job order contracts.

Committee Discussion:

Council Member Zvonek: Okay. Next up, item 4C, Purchasing of City Code Changes. It looks like Brian is our presenter.

B. Fillinger: Okay. Actually, it is Bryn, Bryn Fillinger, I'm the manager.

Council Member Zvonek: I apologize.

B. Fillinger: No worries. It happens all the time. I am manager of purchasing services and we are looking at updating the code, city code that governs purchasing. We have not done that in a while. So just wanted to take an opportunity to bring that forward. And there were changes to the code and tracked changes included in the packet for your review, but I'll just share a brief presentation that just highlights some of the changes. They are not really significant changes; they're just updates. None of the procedures are changing, it is just updates with clarifications.

Again, as I mentioned, the updates to the code presented here and in the packet are administrative only and do not represent changes to any of our purchasing processes. So, there's three notable updates that I wanted to highlight. First of all, these changes change purchasing report from the Director of Internal Services to the Director of Finance. Of course, Terri is who we report to now. The second, we now allow only for electronic submission of bids and proposals. That has been an option in the past, but since COVID, we now only allow for electronic submission. And actually this has been pretty popular among not only city staff, but also parties who are interested in doing business with the city because they don't have to make the trip down to the city building and bring multiple copies of proposals. So, the paperwork has really cut down on paper, expense. So that has been pretty successful.

And we do accept them through the Rocky Mountain e-purchasing system, and that's the system we use where we issue all of our bids and proposals on a full and open basis. So, we just use the same system. And now these updates, specifically allow for job order contracts. These contracts are awarded based on a full and open solicitation process and contracts are entered into with qualified contractors, and then, when specific services or projects come up, task order awards are then made based on subsequent competition among the awarded contractors or through direct awards. And while previous code did allude to the ability to award job order contracts and all the contracts awards were reported to Council, this updated code specifically addresses them, so we have those included. And with that, those are the most significant updates, otherwise, it's pretty much clarifications and we'll be happy to answer any questions you have at this time.

Council Member Zvonek: Council Member Bergan?

Council Member Bergan: Yes. Thank you for the presentation. Two questions. How do you rate vendors? Is it like best value? Do use a criterion, not just best price, obviously, I would think?

B. Fillinger: Exactly. When we do requests for proposals, which we use for professional services, design services, we do include the evaluation criteria in the RFP, so everybody knows how they're going to be evaluated. With hard bids or construction, at times, especially depending on the complexity, we'll do a prequalification process, and then, ask for hard bids, but we always identify what it is they will be evaluated on.

Council Member Bergan: Okay. And then just to the electronic submission of bids, so if there's someone who has a language barrier, they're not able to come in?

B. Fillinger: Yes, at this time, that is correct. And that's an interesting question. Hopefully --

T. Velasquez: Bryn, could I add that we could also help assist?

B. Fillinger: Yes.

T. Velasquez: Since we do have access to interpreters and such through the city, we can assist them to get to the appropriate channels. I don't think we've experienced that yet, though, Council Member Bergan.

B. Fillinger: No, we have not. And, especially, because that's where we do issue our bids and RFPs and Terri is correct, we have not encountered that situation yet.

Council Member Zvonek: Any other questions? Okay. Bryn, do we need to move this forward or is this just information only?

B. Fillinger: Yes, we need to move it forward to Study Session. And then in the past, when updates have been made, we've even taken it into Study Session and then full Council. Terri, am I understanding that right?

T. Velasquez: Yes, that is correct.

Council Member Zvonek: All right. Any objection to moving item 4C forward? Okay. Seeing none.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will move forward the item to Study Session.

FIRST-LIEN SEWER REVENUE BONDS SERIES 2023

Summary of Issue and Discussion

Teresa Sedmak, the City Treasurer, presented item 4.d. The item is an update on the successful sale of the sewer bonds from 2023.

Committee Discussion:

Council Member Zvonek: We'll go to 4D. Teresa.

T. Sedmak: Yes. Good afternoon. I wanted to give you a quick update on the sale of the 2023 sewer bonds. We priced those bonds on February 14th by competitive sale. We had a very good response, as you know. The bonds were rated AAA by Fitch and AA won by Standard & Poor's, very strong ratings, and they were well received by the market. We received a total of 12 bids on the transaction. There was only an 11-basis point spread between the winning bid and the non-winning bid, the lowest and highest. The bonds got awarded to Morgan Stanley with an interest rate of 3.969%. The three-year treasury on that day was 3.87%. So, it was very close to the U.S. treasury rate and a very good rate indeed. So closed the transaction on February 23rd, at which time proceeds of \$45 million were delivered so that the sewer utility can go ahead and do their infrastructure improvements. The bonds have a term of 30 years, and the average annual debt service is about \$2.79 million per year. So very successful sale. We're very happy with the transaction, and I'm happy to answer any questions you may have.

Council Member Zvonek: Questions? Okay. And this is information only, Teresa?

T. Sedmak: It is information only.

Council Member Zvonek: Okay. Great.

T. Sedmak: Thank you.

Council Member Zvonek: Yes. Thank you.

Outcome

Information only.

Follow-up Action

No follow-up needed.


MISCELLANEOUS MATTERS FOR CONSIDERATION

Summary of Issue and Discussion

Next meeting tentatively scheduled for March 28 1:00pm Webex Meeting

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THESE MINUTES WERE APPROVED AS SUBMITTED



03/31/2023

Date