



Perry Park Water and Sanitation District
5676 West Red Rock Drive
Larkspur, Colorado 80118
www.ppwsd.org

Regular Meeting – February 21, 2018

Board Members Present

Craig Johnston
Judy Lacrosse
Jim Matchett
Andy Morris
Gary Peterson

Visitors

Shannon Hoxie
George McHenry
Jim Maras

Staff / Consultants in Attendance

Martina Hinojosa – Butler Snow LLP
James Mann - Ehlers
Diana Miller – District Manager
Scott Monroe – Semocor, Inc.

1.0 Call To Order

The Regular Meeting was called to order at 16:30.

2.0 Board Meeting Electronic Recordings – Director Matchett brought to the Board's attention, an article in the February 2018 edition of the SDA (Special District Association) News magazine. The article focused on Board meeting minutes and recordings used to prepare meeting minutes. Director Matchett asked the District Manager if the meeting recordings were used in the preparation of meeting minutes. The District Manager responded that she did not use the recordings for meeting minute preparation. The District Manager added that the District's policy had been to record the meetings and then to destroy the recordings after a ninety day period.

Director Matchett noted that the article referred to Colorado Revised Statute (32-1-902(1)) which notes that meeting minutes shall be kept "in a visual text format that may be transmitted electronically a record of all proceedings, minutes of all meetings, certificates, contracts, bonds given by employees, and all corporate acts, which shall be open to inspection of all electors, as well as to all other interested parties."

Director Matchett highlighted the following paragraph in the article "Once the minutes have been approved by the Board and filed with the permanent record of the district, any notes or recordings used in the preparing of the minutes should be destroyed."

Director Morris raised the concern that if the Board Meetings are no longer recorded there could be the perception of a lack of transparency. Director Matchett noted that electronic records are not retained by the District.

After discussion concluded a motion was made and seconded; RESOLUTION (18-010) TO NO LONGER RECORD BOARD MEETINGS UNLESS IT IS AN EXECUTIVE SESSION WITHOUT LEGAL COUNSEL PRESENT AND TO DELETE ALL PREVIOUSLY RECORDED MEETINGS THAT HAD NOT MET THE DISTRICT'S 90% DESTRUCTION THRESHOLD.

The motion passed (4-1).

3.0 Audience Participation

Mr. Shannon Hoxie and Mr. George McHenry attended the Board Meeting to discuss Mr. Hoxie's property located at 1715 Perry Park Avenue. Mr. Hoxie advised the Board that he was requesting a variance from the District's K Copper water service line material standard. Mr. Hoxie also requested that the Board consider use of a boring technique for water pipe installation as opposed to the District's standard of trenching for water pipe installation.

Mr. Hoxie and Mr. McHenry explained their rationale for the request. After discussion the Board agreed that if Mr. Hoxie and Mr. McHenry submitted a request for a variance in an electronic format, including, their rationale for the request and specific information on the material that they are proposing to use to the District Manager, the Board would authorize the District's Engineer to review the information and provide a list of pro's and con's for the Board to discuss at the next Board Meeting.

4.0 New Business and Open Items

- 4.1 Funding Presentation, Reading of Parameters Resolution – Mr. James Mann with Ehlers attended the Board Meeting via telephone to provide a brief presentation summarizing the rationale that has been used to determine the amount of funds the District will borrow, and the reason for selecting a direct lease as opposed to a certificate of participation for funding. Mr. Mann noted that both products were evaluated initially, but the direct lease option came in less costly to the District, therefore being the product selected. The Board thanked Mr. Mann for attending the Board Meeting.

Ms. Martina Hinojosa with Butler Snow, LLP attended the Board Meeting to review with the Board the Resolution that covers the lending and lease parameters for funding that the District will be undertaking. Ms. Hinojosa discussed with the Board the draft Site Lease Agreement and the draft Lease Agreement. Ms. Hinojosa described to the Board the upcoming actions that the District will be required to complete to secure their capital improvements funding. After discussion a motion was made and seconded; (RESOLUTION 18-011) TO EXECUTE THE RESOLUTION TO MOVE FORWARD WITH THE LEASE PURCHASE AGREEMENT WITH BRANCH BANKING AND TRUST COMPANY AND TO DESIGNATE THE PRESIDENT OF THE BOARD OF DIRECTORS AND THE DISTRICT MANAGER AS REPRESENTATIVES FOR THE DISTRICT. The motion passed unanimously.

The executed resolution is attached to these Meeting Minutes.

- 4.2 Meeting Minutes – A motion was made and seconded; (RESOLUTION 18-012) TO APPROVE THE MINUTES OF THE JANUARY 17, 2018 REGULAR BOARD MEETING OF THE PERRY PARK WATER AND SANITATION DISTRICT AS PRESENTED. The motion passed 3-0.

As Director LaCrosse and Director Matchett were not in attendance at the January 17, 2018 Regular Board Meeting they abstained from the vote.

A motion was made and seconded; (RESOLUTION 18-013) TO APPROVE THE MINUTES OF THE FEBRUARY 12, 2018 SPECIAL BOARD MEETING. The motion passed unanimously.

- 4.3 Disbursements – A motion was made and seconded; (RESOLUTION 18-014) TO RATIFY ELECTRONIC PAYMENTS DATED JANUARY 18, 2018 IN THE AMOUNT OF \$6,890.02 AND ELECTRONIC PAYMENTS DATED FEBRUARY 8, 2018 IN THE AMOUNT OF \$5,931.30 WHICH WERE PREVIOUSLY DISBURSED FROM 1ST BANK. The motion passed unanimously.

A motion was made and seconded; (RESOLUTION 18-015) TO APPROVE CHECKS 11831 THRU 11858 IN THE AMOUNT OF \$114,289.20 TO BE DISBURSED FROM 1ST BANK. The motion passed unanimously.

In reference to check 11840, issued to Hill & Pollock, LLC, Director Morris, requested a summary of the Gove Ditch water court case. The District Manager offered that the Gove Ditch water is the irrigation water that came with the Sandstone Ranch inclusion and amended inclusions in 2008 and 2010. The District Manager added the water court process will change the use of the water from irrigation to municipal, based upon engineering studies and historical irrigation. The process provides the determination of the water yield, of which the District will receive 59 acre feet.

In reference to check 11841, issued to Hill Petroleum, Director Matchett requested clarification on the description "Fuel Additive". Mr. Monroe advised that the District had purchase both fuel and fuel additive for cleaning, for the District's generators.

In reference to check 11847, issued to Lytle Water Solutions, LLC, Director Peterson asked if the Gove Ditch Preliminary Engineering Report was associated with the water court case. The District Manager advised that this was part of the engineering analysis used in the water court case to determine water yield.

In reference to check 11852, issued to Sensus USA, Inc., Director Peterson requested clarification on the Repair Handheld Device description. The District Manager advised that the handheld device used during the monthly meter reading cycle, locked up during the previous cycle and as a result required repair from the manufacturer.

A motion was made and seconded; (RESOLUTION 18-016) TO RATIFY CONSENT AGENDA ITEMS DATED JANUARY 26, 2018 IN THE AMOUNT OF \$6,716.97 AND CONSENT AGENDA ITEMS DATED FEBRUARY 9, 2018 IN THE AMOUNT OF \$6,394.02 WHICH WERE PREVIOUSLY DISBURSED FROM WELLS FARGO BANK. The motion passed unanimously.

- 4.4 Sewer Service Feasibility Study for 7100 Fox Circle – The Board reviewed the feasibility study prepared by the District’s engineering firm, TST Infrastructure, LLC. After discussion a motion was made and seconded; (RESOLUTION 18-017) TO ACCEPT THE SEWER SERVICE FEASIBILITY STUDY FOR 7100 FOX CIRCLE. The motion passed unanimously.
- 4.5 DGKS Feasibility Study - The Board reviewed the water and sewer feasibility study prepared by the District’s engineering firm. After discussion, a motion was made and seconded; (RESOLUTION 18-018) TO ACCEPT THE WATER AND SEWER SERVICE FEASIBILITY STUDY REFERRED TO AS THE DGKS FEASIBILITY WHOSE LOTS ARE LOCATED IN THE ECHO VALLEY ROAD AND ECHO HILLS CLUB DRIVE VICINITY. The motion passed unanimously.

The complete text of the resolution is attached to these meeting minutes.

5.0 Old Business/Immediate Issues

- 5.1 Board Member Discussion Items - Director Peterson expressed his concern about potential grow houses in the District. Director Peterson noted that the District had been advised by legal counsel that “The District doesn’t have any authority over zoning, and has no authority to regulate grow operations (which may or may not be illegal).”

Director Peterson made several salient points and questions for consideration:

- The police department should be advised if there are concerns about a property in the District.
- Does a legal grow house have a licensing requirement?
- Does a legal grow house have a zoning violation if they are operating in residential areas?
- If the grow house is a large business enterprise should they be required to have a commercial water tap versus a residential water tap?
- Can the grow house be causing potential harm to the District’s water system or sewer system?
- Should the District be evaluating their definition of residential versus commercial customers?

Director Peterson suggested that additional discussion regarding this topic be scheduled for a future Board Meeting.

- 6.0 Adjournment** - A motion was made and seconded; (RESOLUTION 18-019) TO ADJOURN THE REGULAR MEETING. The motion passed unanimously. The meeting adjourned at 18:21.

Craig Johnston

President, Craig Johnston

RESOLUTION

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PERRY PARK WATER AND SANITATION DISTRICT, DOUGLAS COUNTY, COLORADO:

WHEREAS, the Perry Park Water and Sanitation District, Douglas County, Colorado (the "District") is a quasi-municipal corporation and political subdivision duly organized and existing under the laws of the State of Colorado (the "State"); and

WHEREAS, the members of the Board of Directors of the District (the "Board") have been duly elected and qualified; and

WHEREAS, Section 32-1-1001(1)(f) of the Colorado Revised Statutes ("C.R.S."), as amended, authorizes the District to acquire, dispose of, and encumber real and personal property including, without limitation, rights and interests in property, leases, and easements necessary to the functions or the operation of the District; and

WHEREAS, the Board has determined that it is in the best interests of the District and its residents and taxpayers to execute a Site Lease and a Lease (each as defined below) between the District and Branch Banking and Trust Company, as lender (the "Lender") in order to finance (i) the making of improvements to Sageport Water Treatment Plant and Sageport Wastewater Treatment Plant, (ii) the construction of a water storage tank, water line loop improvements, and lift station improvements, and (iii) the payment of the costs of execution and delivery in connection therewith (collectively, the "Project"); and

WHEREAS, the District owns, in fee title, the Site (the "Leased Property"), as further described in the Site Lease and the Lease; and

WHEREAS, the Board has determined, and now hereby determines, that it is in the best interests of the District and its residents and taxpayers that the District lease the Leased Property to the Lender pursuant to the terms of a site lease agreement between the District, as lessor, and the Lender, as lessee (the "Site Lease"), and that the District lease the Leased Property back from the Lender pursuant to the terms of a lease agreement between the Lender, as lessor, and the District, as lessee (the "Lease"); and

WHEREAS, pursuant to the Site Lease, the Lender shall prepay certain rent to the District, and the District shall use such funds to finance the Project; and

WHEREAS, pursuant to the Lease, and subject to the right of the District to annually terminate the Lease and other limitations as therein provided, the District will pay certain Rent (as such term is defined in the Lease) payments in consideration for the right of the District to use the Leased Property; and

WHEREAS, the District's obligation under the Lease to pay Rent shall be from year to year only; shall constitute currently budgeted expenditures of the District; shall not constitute a mandatory charge or requirement in any ensuing budget year; and shall not constitute a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory limitation or requirement

concerning the creation of indebtedness or multiple fiscal year financial obligation, nor a mandatory payment obligation of the District in any ensuing fiscal year beyond any fiscal year during which the Lease shall be in effect; and

WHEREAS, Section 11-57-204 of the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S., as amended (the "Supplemental Act"), provides that a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act; and

WHEREAS, there has been presented to the Board and are on file at the District offices the following: (i) the proposed form of the Site Lease; and (ii) the proposed form of the Lease; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Lease or the Site Lease; and

WHEREAS, no member of the Board has any conflict of interest or is interested in any pecuniary manner in the transactions contemplated by this resolution.

Section 1. Ratification and Approval of Prior Actions. All action heretofore taken (not inconsistent with the provisions of this resolution) by the Board or the officers or agents of the Board or the District relating to the Lease and the Site Lease is hereby ratified, approved, and confirmed.

Section 2. Finding of Best Interests. The Board hereby finds and determines, pursuant to the Constitution and the laws of the State, that effecting the Project, including financing the costs thereof pursuant to the terms set forth in the Site Lease and the Lease, is necessary, convenient, and in furtherance of the District's purposes and is in the best interests of the District and the residents and taxpayers of the District and the Board hereby authorizes and approves the same.

Section 3. Supplemental Act; Parameters. The Board hereby elects to apply all of the provisions of the Supplemental Act to the Site Lease and the Lease and in connection therewith delegates to any member of the Board or the Manager of the District (the "District Manager") the independent authority to make any determination delegable pursuant to Section 11-57-205(1)(a-i), C.R.S., in relation to the Lease, subject to the following parameters and restrictions:

- (a) the aggregate prepaid rent to be paid by the Lender to the District pursuant to the Site Lease shall not be greater than \$2,650,000;
- (b) the maximum total amount of the Rent shall not exceed \$3,360,000;
- (c) the maximum amount of the Rent payable in any year shall not exceed \$224,000;
- (d) the interest rate on the interest component of the Rent under the Lease shall not exceed 3.25%, provided, however, that upon the occurrence and

continuation of an Event of Taxability (as defined in the Lease), the interest rate on the interest component of the Rent under the Lease shall not exceed 4.05%; and

(e) the Lease Term (as defined in the Lease) shall end no later than December 1, 2032.

Any member of the Board or the District Manager is authorized to execute a sale certificate setting forth such determinations.

Section 4. Approval of Documents. The Site Lease and the Lease, in substantially the forms presented to the Board, are in all respects approved, authorized, and confirmed. The President of the Board or, in the absence of the President, the Vice President of the Board, is hereby authorized and directed for and on behalf of the District to execute and deliver the Site Lease and the Lease in substantially the forms and with substantially the same content as presented to the Board.

Section 5. Authorization to Execute Collateral Documents. The Secretary of the Board or, in the absence of the Secretary, an Assistant Secretary of the Board, is hereby authorized and directed to attest all signatures and acts of any official of the District in connection with the matters authorized by this resolution, and to place the seal of the District on any document authorized and approved by this resolution. The President of the Board, or in the absence of the President, the Vice President or Secretary/Assistant Secretary of the Board, and other appropriate officials or employees of the Board or the District, are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this resolution, including without limiting the generality of the foregoing, executing, attesting, authenticating, and delivering for and on behalf of the District any and all necessary documents, instruments, or certificates, and performing all other acts that they deem necessary or appropriate in order to implement and carry out the transactions and other matters authorized by this resolution. The approval hereby given to the various documents referred to above includes an approval of such additional details therein as may be necessary and appropriate for their completion, deletions therefrom and additions thereto as may be approved by bond counsel prior to the execution of the documents. The execution of any document or instrument by the aforementioned officials or employees of the District shall be conclusive evidence of the approval by the District of such document or instrument in accordance with the terms hereof and thereof.

Section 6. No General Obligation Debt. No provision of this resolution, the Site Lease, or the Lease shall be construed as creating or constituting a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory provision, nor a mandatory charge or requirement against the District in any ensuing fiscal year beyond the then current fiscal year. The District shall have no obligation to make any Rent payment under the Lease and certain other payments under the Lease, which payments may be terminated by the District in accordance with the provisions of the Lease. Neither the Site Lease nor the Lease shall constitute a mandatory charge or requirement of the District in any ensuing fiscal year beyond the then current fiscal year, or constitute or give rise to a general obligation or other indebtedness or multiple fiscal year financial obligation of the District within the meaning of any constitutional or statutory debt

limitation and shall not constitute a multiple fiscal year direct or indirect District debt or other financial obligation whatsoever. No provision of the Site Lease or the Lease shall be construed or interpreted as creating an unlawful delegation of governmental powers nor as a donation by or a lending of the credit of the District within the meaning of Sections 1 or 2 of Article XI of the State Constitution. Neither the Site Lease nor the Lease shall directly or indirectly obligate the District to make any payments beyond those budgeted and appropriated for the District's then current fiscal year.

Section 7. Lease of Leased Property to the Lender. The Board hereby determines that the rent received from the Lender pursuant to the Site Lease constitutes reasonable and adequate consideration for the leasing of the Leased Property to the Lender.

Section 8. Reasonableness of Rent. The Board hereby determines and declares that the Rent payments under the Lease do not exceed a reasonable amount so as to place the District under an economic compulsion to renew the Lease or to exercise its option to prepay the Lease. The Board hereby determines and declares that the period during which the District has an option to prepay the Lease (i.e., the entire maximum term of the Lease) does not exceed the useful life of the Project.

Section 9. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board or any officer or agent of the District acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the Rent under the Lease. Such recourse shall not be available either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise.

Section 10. Repealer. All bylaws, orders, and resolutions of the District, or parts thereof, inconsistent with this resolution or with any of the documents hereby approved, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order, or resolution of the District, or part thereof, heretofore repealed.

Section 11. District Representatives. The Board hereby authorizes the President and the District Manager to act as District Representatives under the Lease, or such other person or persons who may be so designated in writing from time to time by the President, as further provided in the Lease.

Section 12. Severability. If any section, subsection, paragraph, clause, or provision of this resolution or the documents hereby authorized and approved (other than provisions as to the payment of Rent by the District during the Lease Term, provisions for the quiet enjoyment of the Leased Property by the District during the Lease Term, and provisions for the conveyance of the Leased Property to the District under the conditions provided in the Lease) shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution or such documents, the intent being that the same are severable.

Section 13. Interpretation. This resolution shall be so interpreted and construed as to effectuate its general purpose.

Section 14. Effective Date. This resolution shall be in full force and effect upon its passage and adoption.

ADOPTED AND APPROVED this 21st day of February, 2018.

PERRY PARK WATER AND
SANITATION DISTRICT,
DOUGLAS COUNTY, COLORADO

By Craig R. Johnston
President

(SEAL)

Attest:

Justell LaCourse
Secretary or Assistant Secretary

STATE OF COLORADO)
) SS.
 DOUGLAS COUNTY)

I, Judith E. LaCrosse, the Secretary of the Board of Directors (the "Board") of the Perry Park Water and Sanitation District, Douglas County, Colorado (the "District"), do hereby certify that:

1. The foregoing pages are a true and correct copy of a resolution (the "Resolution") passed and adopted by the Board at a regular meeting held on February 21, 2018.
2. The Resolution was duly moved and seconded, and the Resolution was adopted by an affirmative vote of a majority of the members of the Board as follows:

Name	"Yes"	"No"	Absent	Abstain
Craig R. Johnston, President	✓			
James W. Matchett, Vice President	✓			
Andrew Morris, Treasurer	✓			
Judith E. LaCrosse, Secretary	✓			
Gary F. Peterson, Director	✓			

3. The members of the Board were present at such meeting and voted on the passage of such Resolution as set forth above.
4. The Resolution was approved and authenticated by the signature of the President of the Board.
5. I sealed the Resolution with the District seal, attested to the Resolution, and recorded the Resolution in the minutes of the Board.
6. There are no bylaws, rules, or regulations of the Board which might prohibit the adoption of the Resolution.
7. Notice of the meeting of February 21, 2018, in the form attached hereto as Exhibit A, was posted in at least three public places within the limits of the District, and, in addition, one such notice was posted in the office of the Douglas County Clerk and Recorder in accordance with the law.

WITNESS my hand and the seal of said District affixed this 21st day of February, 2018.


Secretary

(SEAL)

Exhibit A
(Form of Notice of Meeting)



Perry Park Water and Sanitation District
5676 West Red Rock Drive
Larkspur, Colorado 80118
303-681-2050
www.ppwsd.org

Regular Meeting - Wednesday, February 21, 2018 – 4:30 P.M.

**Perry Park Water & Sanitation District Office
5676 W. Red Rock Drive, Larkspur, CO 80118**

Agenda

Disclaimer - This packet is provided for informational purposes only and is subject to change. Some documents may have been unavailable at the time this agenda was prepared. For additional information, contact the District Manager.

- I. Call To Order
- II. New Business and Open Items
 - A. Funding Presentation, Reading of Parameters Resolution (James Mann, Ehlers via telephone)
 - B. Approve Minutes of the January 17, 2018 Regular Board Meeting
 - C. Approve Minutes of the February 12, 2018 Special Board Meeting
 - D. Disbursements
 - E. Sewer Service Feasibility Study for 7100 Fox Circle
 - F. DGKS Feasibility Study – This study will be emailed prior to the Board Meeting.
- III. Operational Status
 - A. District Systems Report
 - B. Monthly Staff Report
- IV. Old Business/Immediate Issues
 - A. Board Member Discussion Items
 - B. Board Meeting Minutes SDA Article
 - C. Board Meeting Electronic Recordings
- V. Audience Participation
- VI. Adjourn

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