

Monument Sanitation District special meeting, Dec. 10

# Revenue bond resolution approved

By Jim Kendrick

At a special meeting Dec. 10, the Monument Sanitation District board unanimously approved a resolution to create a 15-year \$400,000 district revenue bond to help pay for the district's one-third ownership share of new total phosphorus removal equipment to be installed at the Tri-Lakes Wastewater Treatment Facility.

Board secretary Kristi Schutz did not attend the meeting.

Bond and election attorney Tom Peltz of Kutak Rock LLP gave an overview of the bond resolution that he said would most likely be placed with a single bank. He said the board would set bond parameters at this meeting that would be specified in the proposed bond resolution. Then the board would formally adopt the final revenue bond resolution and sign it.

Investment banker Michael Persichitte, vice president of George K Baum & Co. in Denver, stated that Colorado State Bank and Trust would probably underwrite and purchase up \$400,000 worth of 15-year district revenue bonds that were needed to finance the district's individual \$309,000 cash payment requirement for the phosphorus treatment expansion contract. The bank would also act as the paying agent to expedite transactions and minimize costs.

The proceeds from this bond sale would pay for the portion of the district's one-third share of the \$2.007 million Tri-Lakes capital expansion, and bond interest as necessary, that will not be funded by

the district's one-third share of the \$1.08 million in state nutrient grants.

There was a general technical discussion about the various closing costs; policies and procedures for the new segregated district project account; related segregated funds that would have to be set up to establish various reserves for paying the interest and principle to the bondholders; and procedures for paying other administrative expenses while complying with federal tax regulations.

Persichitte reviewed various options for early payoff of the bonds after the 10-year call date, which would be a remaining principal balance of about \$185,000 at the call date. There was also a discussion of the timeline for all the events that needed to occur before closing and the various documents that need to be signed by district representatives.

During this technical discussion, Persichitte received all the specific parameters of the offer from Colorado State Bank and Trust by text message from a Baum associate in Denver. He then reviewed all the other technical details of the Form of Bond document attached to the bond resolution.

Peltz read aloud his proposed motion, including all of the board's amended parameters, for adoption of the revenue bond resolution that would authorize Peltz and Persichitte to perform all of the various legal and financial requirements to issue and sell \$400,000 worth of revenue bonds. The term of the bonds was confirmed at 15

years. Adoption on Dec. 10 was required to ensure that the bonds would be issued before the end of December while the district still retained its enterprise status. A motion to adopt Peltz's proposed motion was unanimously approved.

Bond payments will be interest-only for the first three years to provide flexibility in paying for any contingencies that may develop during the construction project. The escalating repayment schedule will also help the district postpone an increase in the monthly user fee at this time. A tentative bond closing date was set for Dec. 23.

The district will lose its enterprise status for 2014 because the size of its share of the \$1.08 million in state grants is \$360,000, which exceeds 10 percent of the district's annual operating revenue of about \$500,000. The district held a successful TABOR waiver election on Nov. 5 that allows the district to accept more than \$50,000 per year in state nutrient grants.

The board also approved a final draft proposal to the town for an intergovernmental agreement regarding changes in the configuration of on-street parking adjacent to the district building on Second Street and Washington Street. These changes are part of the town's downtown sidewalk project that will begin in 2014.

The meeting adjourned at 3:05 p.m.

Jim Kendrick can be reached at jimkendrick@ocn.me.

Monument Sanitation District, Dec. 19

# 2014 budget approved; revenue bond changed to revenue loan

By Jim Kendrick

At the regular board meeting held on Dec. 19, the Monument Sanitation District board approved the 2014 budget and 2014 appropriation during a public hearing.

The board also approved a follow-up resolution to change the \$400,000 Colorado State Bank and Trust revenue bond that the board approved at a special board meeting on Dec. 10 to a loan for \$400,000, also to be paid from district revenue. This loan will help pay for the state-mandated \$2 million nutrient treatment expansion at Tri-Lakes Wastewater Treatment Facility. The district and its partners, Palmer Lake Sanitation District and Woodmoor Water and Sanitation District, own one-third shares in this facility.

## 2014 budget details finalized

District Manager Mike Wicklund noted a few minor changes that have been made over the past four months of budget preparation. Total salaries and wages dropped from \$184,238 in 2012 to \$181,780. Other income was actually \$14,354 for 2013, while the amount budgeted was \$8,000. The additional revenue results primarily from contributions made to Monument by other county wastewater districts to pay for staff support of basin-wide representation performed by district staff at state stakeholder meetings and legislative lobbying in Denver.

The board also approved \$23,000 for the cost of changing from the existing float control systems in all three of the district's lift stations to a pressure transducer system that is more reliable and requires less

periodic maintenance for grease removal while enhancing operator safety when late-night alarms are triggered, particularly during freezing and snowy weather. The existing float control system will remain in place as a backup system.

The net proceeds from the \$400,000 revenue bond (which was changed to a loan) were added to the total cash assets for a total ending balance of \$783,414, up from \$306,672 at the end of 2012. The approximately \$20,000 in closing costs for the \$400,000 loan noted below will be paid in cash later in December as part of the 2013 budget. The separate \$1,998 cost of the Nov. 5 TABOR waiver election for the state nutrient grant was also covered by the 2013 budget.

This higher ending balance is necessary for the district to be able to pay its share of the cost of the state-mandated nutrient treatment capital equipment expansion cost in 2014. The district could not legally sign the construction or state nutrient grant contract for \$1.08 million to help pay the rest of the \$2 million cost without already having the total cash on hand at the start of 2014 that is required for the district to pay its share of \$669,000 in contracted expenses.

There were no public comments during the open portion of the public hearing on the budget resolution. It was approved unanimously.

The resolution to appropriate \$1.43 million to the district's general fund for 2014 was also unanimously approved. There were no public

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- **Black Forest Community Church** 6845 Shoup Road, M/W 5:30 pm, Sat 7:45 am
- **Tri-Lakes Fitness** 1728 Lake Woodmoor Drive, M/W 4:30 pm

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