

**MINUTES OF SPECIAL MEETING  
THE BOARD OF DIRECTORS OF  
PUEBLO WEST METROPOLITAN DISTRICT  
March 19, 2009**

The Board of Directors of the Pueblo West Metropolitan District met in special meeting at 109 East Industrial Boulevard, Pueblo West, Colorado, on March 19, 2009 at the hour of 6:30 o'clock p.m.

**ROLL CALL:** On roll call, Chair Stan Hren; Director's Bill Vickers and Steven Abel were present. Director's Sloan and Van Auken was excused.

Also present were Brian Caserta, Acting District Manager; Judy Leonard, Administrative Assistant, Tom Mullans, Attorney for the District Steve Harrison, Utilities Director; Tammy Jameson, Finance Director; and other department employees; and 68+ citizens.

Chair Hren said in order to clarify the focus and purpose of this special meeting, he had a few comments. C.R.S. 24-6-402(3.5) requires that when a local public body such as the Pueblo West Metro District is searching for and will employ a chief executive officer that search committee must do certain things and the District must do certain things in establishing the process which ultimately will result in the employment of a District Manager. This evening the board will comply with those requirements by designating a search committee, establishing job search goals, which includes writing of job description, setting deadlines for applications, establishing requirements for applicants, establishing selection procedures, and finally setting the time frame for appointing or employing the chief executive.

During this special meeting, the Board will not be accepting public comment on the termination of the employment contract between former District Manager Saling and the Metro District or on any related topic. Public comment on this issue may be made during the "citizens comment" portion on the agenda at the upcoming regular Board meeting on March 24, 2009 and at future board meetings.

The second agenda item of discussion this evening relates to a review of the Pueblo West Metro District investment policy by this board, adherence to the bylaws and rules and regulations of the district relative to investment policy, review of current financial markets, and finally measures which need to be implemented to ensure the safety and insurability of Pueblo West Metro District funds. Chair Hren added with the large turn out and for future board meetings, they will be moved to a larger venue and Acting District Manager Caserta is looking into that. Because of fire code issues a larger area will be needed and will be published as to where for the public.

**DISTRICT MANAGER POSITION:** Chair Hren talked about the first item on the agenda as to the search procedure for the hiring of a new District Manager. He distributed to his fellow board members a copy of the job description and a condensed copy will be the announcement for the advertisement for the newspaper and web site to be posted. He also gave the other board members a point by point of items required by Colorado Statutes for discussion to set up in a public meeting to comply with those statutes.

The first item discussed was for appointment of a search committee which has to be selected and Chair Hren's recommendation to his fellow board members was the Board of Directors. He then asked for comments from the other board members.

Director Abel asked if this was the same protocol followed when they hired past District Managers. Chair Hren said this is dictated by Colorado Statues and is a standard process for hiring a chief executor and have to establish a search committee. Director Abel questioned if in the past had it only been the Board of Directors and included anybody else on that committee. Chair Hren did not have that history in front of him and asked if any one could clarify that as he had not been on the board that long. Legal Counsel to his recollection thought the board was the search committee in the past. Chair Hren feels the board should be the search committee and would solicit comments.

Director Vickers said the search committee's job is to formulate how far the board wanted to go and out reach. Chair Hren stated the search committee will over see all the things that will be discussed this evening such as establishing the goals of the search, approving the job description, establishing selection procedures, putting forth the announcement and ad, taking of applications, reviewing applications, narrowing down the field, selecting and announcing finalists, and ultimately selecting a District Manager which are the responsibilities the search committee does.

Legal Counsel told Chair Hren the search committee is to establish the first five things as the statute says. He mentioned Chair Hren had only listed four and the fifth is to set a time line. Legal Counsel mentioned the search committee can establish the five requirements as in the statute and the search committee can do it, however; the search committee determines how it should be done, whoever the search committee is. The District Board then hires the District Manager and makes that name public.

Director Vickers does not have a problem establishing the criteria as long as the board is forthright and do the best that they can to find a good fit for the position.

Chair Hren clarified Director Vickers did not have any objection to being the search committee and Director Abel stated he did not but wanted to make sure they were following the same criteria.

Chair Hren following the statute of establishing a job description had handed one out and made some suggestive changes from the previous job description for discussion. Under the experience and training the preprinted job description required 8 years experience of progressively responsible experience in the executive management of public or private organization has suggested 4 years and had discussed it prior with Director Vickers. Chair Hren mentioned on the preprinted job description suggested equivalent to a Master's Degree from an accredited college or university with major coursework in Public Administration, Business Administration, Political Science, or related field suggested a Bachelor's degree not a Master degree. His suggestion under unusual demands on extended out of town travel may be required to attend meetings, conferences, seminars, etc. suggested it say some instead of extended and opened it up for discussion on those points.

Director Vickers questioned if this was anything in force and similar to when the previous manager was hired. Chair Hren confirmed it was what was similar in the past and on file at the Metro District. Director Abel asked if it was similar to the previous one or had the same exact changes made. Chair Hren did not understand the questions and needed clarification. Director Abel wanted to know if the last job description was 4 years and required only a Bachelor's from the last search. Chair Hren explained that reviewing the job description in his mind set felt it would broaden the opportunity to get qualified applicants and are his suggestions and can leave it as a Master's degree if that is the consensus of the board or change it. Director Vickers is kind of reluctant but would hate to cut anybody out of the opportunity to apply for the job whether they have a Master's or a Bachelor's degree. Director Vickers feels that can be determined by previous work experience and sees it doesn't say what type of Master's degree then found where it did state Public Administration, Business Administration, Political Science. Chair Hren feels that is a broad variety of specialty and will draw from the business community, government and just a broad range as listed there. Director Vickers said if you use it then a Master's degree weeds out the process to let anyone with a Bachelor's degree apply and weeds out the applicants by job related experience. Director Abel wants to make sure that these standards set here are not lower than the standards of the previous District Manager. Director Abel said this job description is quite comprehensive and well covered and wants expectations to stay as high. Chair Hren thinks they have to have high expectations and it is a very high position. Chair Hren talked about the experience and that it states on the job description any combination of experience, education, and/or licenses/certifications that would likely provide the required knowledge and abilities to qualify. Chair Hren did a scenario that someone had a Master's degree and only had 5 years experience and have someone with a Bachelor's degree and have ten or twelve years experience. Director Abel agreed and they can take it by a point by point basis. Chair Hren, Director Vickers, and Director Abel all agree with the changes.

Chair Hren said the required establishment are in the job description under required qualifications and read the 9 bullet points under required qualifications from the job description and feels they are pretty stringent qualifications and covers a lot of things under the heading of qualifications. Director Vickers and Abel both agree.

Chair Hren opened up discussion for selection procedures, announcement ad, and application process for the date we announce this position, advertise this position, and dates to do this. Chair Hren's recommendation to the board is the start date of April 1, 2009, with all applications to be submitted to the Metro District no later than 1:00 p.m. April 27, 2009 which is a little more than a 3 week period to submit applications. Director Abel inquired if there was any state regulation and was told by Chair Hren there was not one but his suggestion and could go longer or shorter. Director Abel said it would depend on the applications received. Chair Hren stated he has already received interest in the position and has held them off until they have set up this process this evening. Director Abel accepts the timeline and Director Vickers asked when the April meetings were and was told April 14, 28, 2009 and if they would be able to put it on the agenda to discuss some of that. Chair Hren did not understand his question and Director Vickers asked if something would have to be on the agenda for the April 2009 meetings to talk about this. Director Abel said it is not necessary that would just be the deadline and from this point forward could be discussed under Director comments to update the community members. Chair Hren, as an addendum to the ad posting, suggested putting it in the Denver Post, Colorado Spring Gazette, Pueblo Chieftain, Pueblo West View, Special Districts Association Newsletter, and on Metro District website. Director Vickers asked how you could cover out of state and Legal Counsel said there are public Municipal Government Management Associations that put out a newsletter. Chair Hren suggested SDA might have information on that and to pursue that. All board members feel the website and those mentioned are good places to post the position.

Chair Hren said after the timeline and deadline has been reached and applications submitted are complete the board will sit down and begin reviewing them narrowing the group down to a group of finalists which would be 10 finalists. Chair Hren read the Colorado Statute that if only 3 or 4 applicants meet the requirements of the position they would be considered finalist. The search committee will review all applications and complete by Friday, May 1, 2009 with public announcement of the finalists selected for the position. Director Abel asked if there was any protocol for reviewing them and Chair Hren thinks in an executive session. Legal Counsel informed them that review and discussion can be done in an executive session and certain records can be discussed in a public meeting and some in an

executive session. After further discussion it was agreed on this process and if more time is needed, to change the timeline in a public meeting and why.

Chair Hren suggested that the week of May 3, 2009 the interviews be completed of the finalists by May 9, 2009. Director Vickers wanted to know how this is done as the board can not all meet without a public meeting. Legal Counsel explained what they can do is call a public meeting for interviewing the finalists or do it in an executive session at that meeting. He also suggested having two people do the interviews and then discuss it. Legal Counsel reminded them that you cannot offer the position to any of the finalists until you publish the finalists names fourteen days prior to any appointment or offer which is in the Colorado Statute. Chair Hren reiterated what is in that statute and according to the timeline cannot hire a District Manager any earlier than May 15, 2009. Chair Hren read the rest of statute as regard to applications of candidates as to what is public and what is not. Director Abel voiced his concern as two of the other board members were absent and wanted to make sure if they had any input it would be available for them to do so.

**INVESTMENT STRATEGIES:** Chair Hren talked about the scuttlebutt in the media and concerns of the banking industry and issues. He has had concerns with the investment policies of the district not following the by-laws as stated that the directors will be involved and where they will place the Districts money and has not been followed in the past.

Director Vickers gave a report to each of the directors and finance director. Director Vickers gave a background on the investing in Southern Colorado National Bank and in September was downgraded to a 2 rating and in October the district put 2.7 million dollars in CD's in this bank. The board was not aware that this huge amount of cash was being deposited in SCNB or the down grade of the bank. He met with a bank executive from a large Pueblo bank and learned the following. If the bank were to be closed the securities backing our money markets would be sold and the value would be decided by maturity, interest and current market conditions. The market values of the bonds are above what the bank paid for them so we would probably get all the money back. He explained the CD's as the principal is guaranteed by FDIC but the interest is not and could be a while before we saw that money. He talked about the second handout that the Pueblo West investments of 12.1% or \$700,120,000 of SCNB capitalization are Pueblo West funds and Legacy has only 1.8% of Pueblo West funds is used for their capitalization and the executive suggested being very careful of having to high a percentage of any banks capitalization. Director Vickers said if you look under title Bank that 54% of Pueblo West CD money is held by SCNB and the next closest is 15% held by both Legacy and UMB bank. If you then go to the money market funds, Colorado Trust holds 47% of the District funds, and SCNB accounts for 13% of the District fund. Director Vickers feels in his opinion that the district has too much money in SCNB and all these investments were made with no board input. He did mention that he hopes SCNB is turning itself around and soon be a profitable bank. Director Vickers thinks that the district does need to take money out of the bank but not enough to further peril it and while safety is paramount the board should consider the presence of that bank and importance in the community. He recommended the district move 1 million dollars into some other bank and put it in CDs. He talked about the third handout titled Estimated Investment Income there is double the amount of money market funds compared to CD funds and almost twice as much money is earned as CDs than money market and not sure why, but it does not make good fiscal sense. He thinks at some point the board should have a policy as to how the money is proportioned as to CDs verses money markets. He feels the district can invest in CDs as little as 3 months and if the department head would let the Finance Director know what time of the fiscal year a capital project money will be needed then the money would be available which would require some planning. Director Vickers suggested a 70/30 split between CDs and money markets of varying maturity dates excluding the cash account. He would like Tammy Jameson to go over these figures and come up with a reasonable split and how the district can get to that point over time. When the money comes due the board can choose how to reinvest the money and in what bank. He would like the Finance Director to report back to the board at the first meeting in April with some sort of plan and recommendation. He talked about the yearly interest for the projected year is a little over \$425,000 however the budget for 2009 is projected at \$625,000 so the district is looking at a shortfall of \$200,000 which needs to be addressed as the fiscal year progresses and some interest will be paid in 2010.

Finance Director Jameson gave a printed list of banks from the State to give to all the Board Members. She mentioned some of the banks not taking any funds at this time and highlighted the two that will be the best to go with and also the interest rates with Colorado Trust and SCNB. The rates are good at these banks should a decision be made tonight will still be good in the morning. She explained the rates from UMB are no longer good at a higher quoted rate she got a few days ago. Director Vickers asked if tying the money up for 18 months is something the district could live with and was told it could with a 70/30 split. Finance Director Jameson does not see the district doing any of the large projects in 2009 and tying up 1 million dollars should not be an issue. She explained the money market rates and how it would not affect the district. Chair Hren feels 1 million dollars should be moved and the rates are good and mentioned his brief discussion with Mr. Varner from SCNB. Director Abel wanted to be refreshed on the by-law. Chair Hren read him the by-law under Article 6.1 and what it said and mentioned he understood that one but was referring to the one Mr. Vickers stated. Director Vickers referred to Resolution 1338 passed in 2002 and Resolution 1557 that was updated in 2004 and states basically the same thing that the District Manager, Finance Director, and Treasurer would be involved in choosing banks and investments. Chair Hren asked if Director Vickers and Finance Director had set up a procedure for placing investments that involves the board so this never happens again that the board is not involved. This has not been done to date but has been talked about to discuss policies and goals and bring to the board for approval.

Director Abel questioned the movement of 1 million dollars to CD's. Finance Director Jameson explained the money is a cash account that would be moved. Director Vickers inquired about the last report he received and it was explained that SCNB is the holder of the CDARS which are with other banks and then it was explained about the money market account amounts and what accounts are in SCNB. Chair Hren asked if Director Abel is in favor of moving this money. Director Abel asked if there is an amount the district must keep liquid and Director Vickers thinks it is 4 months but will look up the Resolution. Finance Director Jameson mentioned the CDARS and Legal Counsel explained that the CDARS are on deposit with other banks and spread out for less than \$100,000.00 all covered under FDIC and how they were held by SCNB but through a registered clearing house and distributed to as many banks as possible and none held with SCNB but named account holder. Director Abel asked about the strategy with the 3 month CDs and 18 month CDs and how the movement of the money was going to be done. Director Vickers pointed out the sheet with the interest rates and suggested keeping the money at another bank in Pueblo West at Legacy Bank with an interest rate of 2.53%. Chair Hren also agrees on a local bank and Director Abel concurred as Director Vickers. After further questions from Director Abel on the process of moving the money and if there should be a need for a capital project if the money would be tied up for 18 months was answered. Director Vickers mentioned the pump back project and stated there is approximately 15 million dollars in money markets that can be used if something comes up that was not budgeted for. Director Abel mentioned the water and park and recreation and other projects that may come up that would need to be expanded on but if there is enough assets then he is comfortable with moving the money. Director Vickers asked Legal Counsel if there is a need for a motion and was directed that a Resolution would have to be done by the Finance Director. Finance Director Jameson asked if they wanted to move it all or split it \$500,000 for diversity as had been mentioned by Director Vickers in the past to two banks. The board wants the money to be invested locally and Finance Director Jameson asked Chad Heberly if Legacy would match the interest rates of Colorado State Bank of Walsh and he said no but will reinvest it locally. Legacy Bank can handle the amount of money the district will invest.

Chair Hren reminded the audience of the change in location for the next Board meeting due to an expected large attendance which will be posted. Director Abel inquired if it would be posted on the website and normal locations, which it will. Chair Hren thanked everyone for coming.

**ADJOURNMENT:** There being no further business to come before the Board, Director Abel adjourned the meeting.

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Secretary

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