



WINDSOR SEVERANCE FIRE RESCUE

100 N. 7th Street • Windsor • Colorado • 80550
970-686-2626

SPECIAL BOARD MEETING Virtual Meeting Only Thursday, December 17, 2020 / 7:00pm MINUTES

Join Zoom Meeting

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I. CALL TO ORDER at 19:06

I. Pledge of Allegiance

II. ROLL CALL

Directors Hansen, Stephenson, Pearson, Rosen, Chief Kris Kazian, HR Manager Lucy Zamarripa, Finance Manager Gabe Buldra and staff members from the Bank of Colorado (Senior VP Chris Leffler and Market President Tom Prenger) were present at this remote special board meeting.

III. APPROVAL OF AGENDA

Director Stephenson submits a motion to approve the Agenda, Director Rosen seconds, all "Aye". Approved. Motion amended by Director Pearson to approve the Agenda with the subtraction of Vectra Bank Colorado from Item II of Staff Items, Director Stephenson seconds, all "Aye". Approved.



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IV. REGULAR BOARD MEETING

- I. Public Forum:
 - i. Public Comments: none
- II. Staff Items: Chief Kazian, Gabe Buldra and two representatives from the Bank of Colorado (Senior VP Chris Leffler and Market President Tom Prenger).
 - i. Discussion/Possible Action: Authorization for Staff and Legal to Prepare Documents for Financing Station 4 ~~through Vectra Bank Colorado~~ (amended) in the Amount of \$7,000,000.

Item was amended since the District had not received formal loan approval from Vectra Bank prior to the start of the 12/17/2020 Special Board meeting.

- a. Gabe Buldra: Discussion of loan offer proposal letters from two local firms, Bank of Colorado and Vectra Bank. The Vectra Bank offer is slightly better than the Bank of Colorado offer (15-year fixed rate versus Bank of Colorado 10-year fixed rate loan and a slightly better interest rate). Bank of Colorado has fully approved the District's loan request. Vectra is still working through the approval process. The total interest difference between both offers is roughly \$140,000. The last five years of the Bank of Colorado loan would not experience significant changes in interest rates. The District has engaged in loan negotiations to preserve its cash fund and take advantage of current interest rates. He asks that the Board authorize the District to move forward with loan negotiations with either bank, under the terms presented, to secure financing for the Station 4 project. Then a final lease-purchase package will be presented to the Board for signatures and approval. recommendation will be presented to the Board during the
- b. Chief Kazian: Discussion of his concern about changes to interest rates in 2031 if the Board chooses to engage with the Bank of Colorado. This loan offer could be paid off early if the District has the funds to do so. Vectra Bank is requiring the District hire Bond Council as part of their loan approval. General Council, John Chmil, cannot legally act in this position. Bond council should not cost as much as Ehler's proposal presented during the November Board meeting. He would also like to continue



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- moving forward with this process to reduce project delays.
- c. Director Pearson: Which loan requires Bond Council? Chief Kazian: Vectra Bank. The District has not entered into any negotiations for Bond Council with Ehler or another firm. He also does not believe that Bond Council that the District might hire will cost as much as the figures presented by Ehler. Gabe Buldra: Discussion of the role and limited scope of Bond Council for either loan. The legal scope includes determining the loan's tax-exemption status and its collateralization. The Bank of Colorado is not requiring Bond Council as part of their offer. They would use District's cash reserves and Station 4 as collateralization instead. He also agrees that potential legal fees should be minimal and much lower than those presented by Ehler.
 - d. Chris Leffler and Tom Prenger: Discussion of Bank of Colorado's efforts to create and approve a loan for this project. This includes locking in an interest rate. The bank promised to shelve the loan in case the Vectra Bank cannot approve a loan. They offered their expertise to the District and Board through this process.
 - e. Director Rosen: Can the Bank of Colorado offer a loan based on a fixed interest rate? Chris Leffler: They can for the first ten years of a loan. Match funding is required for fixed rate loans beyond 10 years. When this occurs, there are usually pre-payment penalties. Director Rosen: If we approve your 10-year fixed rate offer, what will the interest rate be? Tom Prenger: They willing to investigate possibly matching Vectra's rate and doing whatever they can to develop a loan that meets everyone's needs. This includes waiving the interest during the first year since the District will incur fewer costs. The interest rate would then be fixed for the remaining nine years of the loan. Gabe Buldra: Discussion of the loan differences between each bank. Bank of Colorado's offer is based on traditional, construction financing where debt is not incurred until the District actively draws from loan funds. Vectra Bank's offer is lump sum loan that is managed through an escrow fund. Construction costs would be funded by this escrow account so interest accrual would occur sooner.
 - f. Director Hansen: Is the first year of deferred interest adjusted in
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- the Bank of Colorado proposal? Chris Leffler: Yes, interest will be cheaper in the first year than Vectra's loan which is based on a lump sum structure that incurs debt starting day one. Director Hansen: The interest on the Bank of Colorado loan would be roughly \$140,000 a year? Chris Leffler: Yes. Gabe Buldra: The District would save around \$50,000 the first year in interest payments under the Bank of Colorado proposal. Chris Leffler: Discussion of projecting future community impacts on their financing offer including increased population and tax-base growth, the potential need to build Station 5 and capital purchasing. Tom Prenger: The Bank of Colorado offered to assist with financing for future capital expansion.
- g. Director Hansen: Why is the COP \$780,000 on Ehler's proposal? Gabe Buldra: The figure includes their projected closing and financing costs.
- h. Director Hansen: Is Vectra Bank a local firm? Gabe Buldra: It is affiliated with Zion Bank, a firm that he has worked with in Arizona. Vectra is a Colorado firm that Zion Banks owns.
- i. Director Hansen: How did the District determine the \$7 million loan price? Chief Kazian: Station 4 project design and construction costs are roughly \$8 million total. The proposed loan amount will allow the District to maintain long-term operational sustainability, provide flexibility for early repayment using cash reserves and create a contingency in case DOLA funding is not awarded. Gabe Buldra: The District is trying to strike a balance between financing and self-funding this project while staying operationally sustainable. The District is leaning towards a 15-year term because it allows flexibility to build Station 4 while minimizing impacts to service levels from possible changes in revenue in the next 10-15 years. The District wants to minimize the amount of time it services this loan through smart financing and early repayment. Chief Kazian: discussion of impacts from interest rate changes. In a future scenario, the Station 4 loan may have a lower interest rate than the rate associated with the District's C-Safe account if rates increase again. This would essentially make the Station 4 financing interest free.
- j. Chief Kazian: Recommends that the District continue engaging



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- with both banks to reduce delays to the project. The District needs a recommendation from the Board on how to move forward. He discussed differences in yearly repayment costs of each loan (\$570,000/year for 15-year loan and \$785,000/year on a 10-year loan). The District could request a 10-year loan, with likely lower interest rates, from Vectra Bank. Gabe Buldra: He supports Chief Kazian and the Board wants to engage in 10-year term negotiations with Vectra. He proposes that the Board authorize the District to engage with both banks to finalize a complete 10-15 year, fixed-rate lease purchase agreement that just needs Board approval and signatures. These offers would be presented in January or February 2021 regular board meetings.
- k. Director Rosen: Is supportive of everyone's efforts to find the best deal for the District while also moving forward to reduce delays to the project. Chief Kazian: Discussion how Station 4 financing costs will be offset by projected tax revenue growth versus the District fully or partially paying for the project using its own cash reserves. The cost-per-capita for community members to pay off the principle and interest is very low. He would be supportive of a 10-year note, if that is sustainable for the District. It would allow flexibility to manage future needs like building Station 5, capital purchases, etc. if the economy holds or continues growing.
- l. Director Hansen: Why did the District just pick these two banks? Why has the District not engaged with another banks like Wells Fargo or Bank of America? Gabe Buldra: He has worked with the commercial divisions of both Wells Fargo and Chase bank. Based on his previous experiences, these larger banks were harder and more expensive to work than local banks (more expensive rates, cost of issuance, less engaged customer service, etc.).
- m. Director Pearson: Reiterated that the Board is not approving a final loan package tonight. The Board will instead move to authorize the District to continue engaging with both firms to negotiate the best \$7 million lease purchase agreement for the Station 4 project. Chief Kazian: He would like Board authorization to move forward with negotiations to find the best loan while also minimizing costs and time used towards the negotiation of any loan. He compared Gabe Buldra's current



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efforts with those offered by Ehler's during the November Regular Board meeting. Directors Pearson, Stephenson and Rosen are supportive of Chief Kazian's recommendation and the District's efforts to secure the best loan for the project.

Director Pearson submits a motion to authorize District staff and Legal Counsel to prepare documents for the financing of Station 4 and deliver a final loan package to the Board during January or February 2021 Regular Board meetings, Director Stephenson seconds, all "Aye". Approved.

- n. Chief Kazian: expressed his appreciation of all the support Gabe Buldra and the Bank of Colorado have given the District, in general and during efforts to secure Station 4 financing.

III. Board of Directors Items

- 1. Discussion/Possible Action: Process to Appoint New Director
 - a. Director Pearson: Discussed the appointment process and its parameters (legal, timeline, etc.). Further details are included in a communication report sent to Board members. Director Stephenson has been appointed as the liaison for this process. Applications are due January 11th and discussion will occur during the January 14th Regular Board Meeting. HR Manager Lucy Zamarripa will collate all submitted letters of interest. Discussion of Board member roles prior to the Regular (1/14/21) and possible Special (1/28/21) board meetings. The first meeting attended by a new Director would be the February 11, 2021 Regular Board meeting.
 - b. Chief Kazian: Discussion of the legal parameters including hosting interviews in an open forum/public session not an Executive Session. He also proposed strategies to make this process easier including developing an evaluation matrix and minimizing the number of applicants who will participate in the open forum interview process.
 - c. Director Stephenson: What does the Board need to do tonight to help this process move forward? Director Pearson: The Board would need to approve the recommended proposal's posting on the District's website and social media accounts to start the application period. Chief Kazian: The Board also needs to



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- approve a specific date for the interviews/open forum meeting and making any edits to the proposed evaluation and application parameters. He recommended a limiting the maximum number of open forum interviewees to four or fewer people.
- d. Director Rosen: Expressed support of a January 28th Special meeting and the existing proposed parameters. He would like Lucy Zamarripa to forward applications to Board members as they arrive. Lucy Zamarripa: She will send them to the Board as they are submitted if that is the Board's request.
 - e. Director Stephenson: Does the Board need to decide on the mechanism to select candidates for the open forum meeting? Chief Kazian: The Board is not required too but it will provide direction and transparency on the Board's efforts to find a new Director. Director Pearson: Can Director Stephenson develop and submit an evaluation rubric to facilitate this process? Chief Kazian: Yes, he can do that and send his parameters to Lucy since he cannot email all the other Board members based on existing general legal requirements.
 - f. Director Hansen: What are the qualifications? Chief Kazian: Paragraph 2/"Minimum Requirements" outline the required qualifications. Director Pearson: These minimum requirements are a state legal requirement. Director Hansen: Will Lucy vet submitted applications before they are sent out to the Board? Lucy Zamarripa: Yes, she will do so and mention any red flags or incomplete applications. Chief Kazian and Director Pearson: Discussion of the legal minimum requirements and the District's efforts to engage in a formal, transparent process to benefit the community.

Director Stephenson submits a motion to approve the process to appoint a new director to the Windsor Severance Fire Recuse Board of Directors, Director Rosen seconds, all "Aye". Approved.

V. EXECUTIVE SESSION at 20:12

- i. Possible Vote to go into Executive Session pursuant to C.R.S. §24-6-402(4)(f), for the discussion of personnel matters of Fire Chief Kris Kazian – Annual Evaluation.



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Director Pearson submits a motion to move into Executive Session pursuant to C.R.S. §24-6-402(4)(f), for the discussion of personnel matters of Fire Chief Kris Kazian – Annual Evaluation at 20:12 hours, Director Stephenson seconds, all “Aye”. Approved.

VI. RECONVENE INTO PUBLIC SESSION at 21:13.

Director Pearson submits a motion to reconvene the December 17, 2020 Special Board meeting at 21:13 hours, Director Stephenson seconds, all “Aye”. Approved.

- i. Discussion/Possible Action relating to the personnel matters of Fire Chief Kris Kazian – Annual Evaluation.
 - a. Board Discussion: Director Pearson and the rest of the Board found no issues or concerns with Chief Kazian’s performance. He scored effective or highly effective in all categories.
 - b. Chief Kazian: Thanked the Board of Directors for all the engagement and support they give the District.
- ii. Discussion of Life Safety Specialist’s “retirement” from transcribing the District’s Fire Board minutes.
 - a. Director Pearson: Expresses appreciation for Morgan’s efforts in transcribing the Fire Board’s meeting minutes.
 - b. Director Rosen: Appreciated the effort and formatting of the meeting minutes.
 - c. Morgan Matthew: expressed appreciation of the Board’s efforts to assist with the process transcribing meeting minutes.
 - d. Chief Kazian: Brief discussion of the District’s efforts to re-align staff roles to meet current needs. Business Analyst Ruthie Knief will be taking over Morgan’s role of transcribing Board minutes.
- iii. Upcoming events: Santa Tour December 18-20 (Severance 12/18, Windsor 12/19-20).

VII. ADJOURNMENT at 21:19

Director Pearson submits a motion to adjourn the December 17, 2020 Special Board Meeting, Director Rosen seconds. All “aye”. Approved.