April 26, 2005

TO: Mayor Stuart and the Broomfield City Council

FROM: George Di Ciero, City and County Manager

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Part 1 Financial Information

Cash Management and Investments Report

This section of the Report will provide City Council with information regarding the status of Broomfield's cash and investment balances as of December 31, 2004.

Summary

- Total of all invested funds at December 31, 2004 was \$137.5 million.
- This represents a reduction of about \$22.5 million from the balances at September 30, 2004. The reduction is a result of scheduled debt service payments in the fourth quarter, including an early call on \$9 million of Water Fund bonds.
- The yield on cash and investments held at year-end was 3.04%, which outperformed the local government investment pool benchmark of 2.06%.
- The managed investment portfolio yield at yearend was 3.44% with a weighted average maturity of 40 months. As a comparison, the 3-year (36

month) Treasury yield on 12/31/04 was 3.24% and the 5-year (60 month) Treasury yield was 3.63%.

Cash Flow Model

Broomfield uses a rolling twelve-month cash flow model to analyze and plan for cash management. Funds to be invested are identified and managed through investments as allowed by Colorado statute, Broomfield's home rule charter, and Broomfield's ordinances.

Categories of Funds and Investments

The main categories of funds include:

Cash – funds held in bank accounts to meet operating needs. These balances (approximately \$10.5 million at December 31, 2004) cover current disbursement of funds for vendor payments and payroll expenses.

Money Market/Investment Pools – very liquid investments which earn a slightly higher rate than the cash funds, but are available immediately when needed. A portion of these funds (\$3.9 million) are related to trustee accounts associated with Broomfield's Certificates of Participation (COPs) and are held in these investments as part of a legal requirement.

- Other funds in the category include the remaining bond proceeds from the 2001 Sewer bonds (\$2.6 million), the 2002 Water bonds (\$17.9 million) and the 2002 Sales and Use tax bonds (\$8.0 million). These unspent bond proceeds are carried as separate accounts in this investment type so that they are very liquid and so that the interest earned on those funds can be specifically identified when arbitrage calculations are performed. (Arbitrage calculations are required by the IRS on the interest earned and the spending associated with all bond proceeds).
- The remaining funds invested in this category (\$11.5 million) are held in liquid investments as reserves to meet unanticipated cash flow needs.
- Certificates of Deposit (CD's) While these investments are not liquid, part of Broomfield's investment practice is to support investment in the local economy through CD's at local banks. Up to 10% of the amount available for investment in the portfolio is considered for investment in CD's. Currently, approximately

\$600,000 is held in this type of investment.

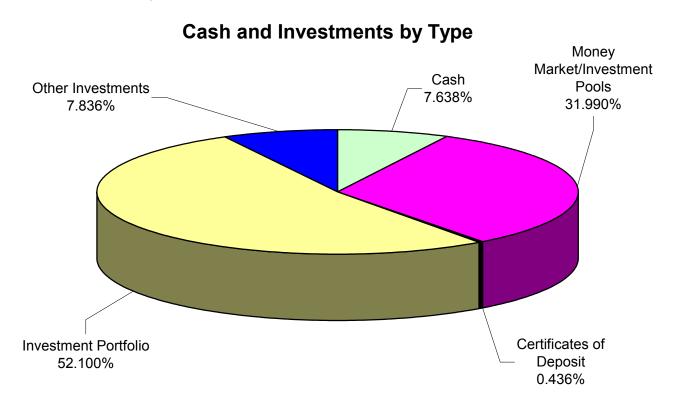
• Investment Portfolio – After current cash flow needs and legal requirements have been met for available funds, the remaining amounts are invested in securities as authorized in the Broomfield charter. At December 31, 2004 all portfolio assets were invested in fixed income securities – US Treasury and Agency securities.

Since the cash flow model has identified that these funds are not necessary for current expenditures, they may be invested in longer term instruments to earn higher yields. As these securities are purchased, they are held by an independent third party custodial agent. These safekeeping arrangements are utilized to minimize risk to the portfolio from potential fraud or embezzlement (as required by Section 13-18-150 of the Broomfield Charter) and provide independent reporting of the securities held. At December 31, 2004 approximately \$72 million of investment portfolio securities were owned by Broomfield.

Other investments – this category includes legally restricted funds, such as the \$10.2 million debt service reserves required by the COP's.Below is a summary table and a graph showing the cash and investments held by Broomfield at December 31, 2004. This table depicts the totals by each of the by each of the categories noted above

City and County of Broomfield Cash and Investments As of 12/31/2004								
Investment Description		Book Value		Par Value	Yield at Par Value (Coupon Rate)	Yield at Book Value	Weighted Avg Maturity in Days	Weighted Avg Maturity in Months
Cash Money Market/Investment Pools Certificates of Deposit Investment Portfolio	\$	10,506,175 44,002,634 599,585 71,665,606	\$	10,506,175 44,002,634 599,585 72,959,000	1.1900% 1.9893% 2.3164% 3.3954%	1.1900% 1.9893% 2.3164% 3.4415%	1.00 141.91	0.03 0.03 4.67 40.19
Total Managed Funds Other Investements	\$	126,774,000	\$	128,067,393	2.7263% 6.5185%	2.7526% 6.5185%	697.56	22.93
Total All Funds	\$	137,553,215	\$	138,846,608	3.0207%	3.0450%	1,174.10	38.60

The total book value of all cash and investments as of December 31, 2004 is approximately \$22.5 million lower than the balances held at September 30, 2004 (\$160,048,040). The decrease in funds is due to scheduled payments of debt that occurred in the fourth quarter of 2004. These scheduled payments included early retirement of approximately \$9 million of Water Fund Bonds.



□ Cash ■ Money Market/Investment Pools ■ Certificates of Deposit □ Investment Portfolio ■ Other Investments

The table below shows a comparison of Broomfield's current investment yield to benchmark yields. This comparison provides information to evaluate the performance of cash management in Broomfield. The active investment portfolio yield of 3.44% is higher than the CSAFE local government investment pool rate (2.06%) and is above the 1-, 2- and 3-year Treasury rate as well (2.607%, 3.029%)

and 3.239% respectively). Even taking into consideration that about 1/3 of the total managed funds in Broomfield is currently being held in the lower earning investment pool category for reasons noted above, the total yield for all cash and investments for Broomfield (3.045%) outperforms the 2-year Treasury rate.

Comparison of Portfolio Yields to Benchmarks					
Broomfie	Benchmarks				
	Weighted Avg Maturity (in Months)	Broomfield's Yield at Book Value	Security Description	Current Yields	
			CSAFE	2.060%	
Term Investments	40 months	3.441%	1-year Treasury	2.607%	
			2-year Treasury	3.029%	
Total Portfolio	39 months	3.045%	3-year Treasury	3.239%	
			5-year Treasury	3.628%	

General Information Regarding Municipal Bonds and Bond Ratings

Three major rating entities are Moody's, Standard and Poors, and Fitch. Below is a listing of ratings as they are assigned to different credit risks.

Credit Risk	Moody's	Standard & Poor's	Fitch
INVESTMENT GRADE			
Highest quality	Aaa	AAA	AAA
High quality (very strong)	Aa	AA	AA
Upper medium grade (strong)	А	Α	А
Medium grade	Baa	BBB	BBB
NOT INVESTMENT GRADE			
Lower medium grade			
(somewhat speculative)	Ва	BB	BB
Low grade (speculative)	В	В	В
Poor quality (may default)	Caa	CCC	CCC
Most speculative	Ca	CC	CC
No interest being paid or bankruptcy	C	С	С
In default	С	D	D

Standard and Poor's (S&P) definitions of bond ratings are similar to Moody's in that they use the letter ratings, but instead of additional numbers as sub-levels, S&P may add a plus (+) or minus (-) to ratings from AA to CCC to denote relative standing within the major rating categories.

Speculative characteristics are significant if obligors are rated BB, B, CCC, and CC. BB indicates the least degree of speculation and CC the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

S&P also assigns a rating outlook to all long-term debt issues, except for structured finance, and also assesses potential for change. An outlook is not

necessarily a precursor of a rating change. Outlooks are assigned as follows:

Positive	Indicates a rating may be raised.
Negative	Indicates a rating may be lowered.
Developing	Used for those unusual situations in which future events are so unclear that the rating potentially may be raised or lowered.
Stable	Assigned when ratings are not likely to be changed, but should not be confused with expected stability of the company's financial performance.

Moody's Bond Ratings are intended to characterize the risk of holding a bond. These ratings, or risk assessments, in part determine theinterest that an issuer must pay to attract purchasers to the bonds. Moody rating may have digits following the letters, for example "A2" or "Aa3". These are sub-levels within each grade, with "1" being the highest and "3" the lowest. So, the ratings from high to low are: Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baal, Baa2, Baa3, and so on. (Source: Moody's Bond Record)

Fitch Ratings was founded on December 24, 1913 by John Knowles Fitch as a publisher of financial tatistics known as the Fitch Publishing Company. Consumers included the New York Stock Exchange early on. Soon Fitch became the recognized leader in providing critical financial statistics to the investment community. In 1924, Fitch introduced the now familiar "AAA" to "D" ratings scale to meet the growing demand for independent analysis of financial securities. The Fitch ratings scale, coupled with indepth analysis by a staff of investment experts, quickly became recognized as the benchmark by which the financial community based fixed-income investment decisions.

Bond Insurance

A bond is a debt instrument in which the issuer promises to pay to the bondholder principal and interest according to the terms and conditions of the bond. Many municipal bonds, especially revenue bonds, may be insured by outside agencies. These insurers guarantee that they will pay bondholders the interest and principal if the issuers default. Both individuals and issuers may carry insurance.

(Individuals must have at least \$50,000 in three or more issues before they can buy insurance.)

Two well-known municipal bond insurers are the Municipal Bond Insurance Association (MBIA) and the American Municipal Bond Assurance Corporation (AMBAC). Large commercial banks also sometimes guarantee bonds. Insured bonds are rated higher than non-insured bonds, but pay lower interest rates.

Certificates of Participation

Certificates of Participation, or COPs, are not secured by the full faith and credit of the issuer. Instead, they provide a mechanism for purchase or lease of buildings or equipment that is subject to annual appropriation by the government entity – in our case, the City and County of Broomfield. Each year, the COP repayment amounts must be approved prior to when payments are scheduled. In Broomfield, the payment schedules are approved with the adoption of the annual budget. If the Council were to deny a budget request to make the COP payments scheduled for a future period, Broomfield would be denied use of the building(s) or the equipment financed by the COPs whose payment had been denied.

Some Advantages COPs Offer

COP financing is considered an "asset based" financing mechanism, much like a mortgage, where financing spreads a capital cost over several years. COPs also allow a government entity to move quickly on needed projects when current funds can handle the cost of repaying the financing over time, but not the outright purchase price. In *effect*, the financing leverages revenues to acquire the resources needed to implement cost-effective or mandated projects *today*. Some of the capital costs of providing an asset, like a library, are spread to future public beneficiaries of the asset. This matches the public user benefits to public user charges over time, and because the repayment is tied to annual appropriation, the liability to the taxpayers is less.

The central management of the COP Program provides several strengths. Central management, in Broomfield performed by the Broomfield Building Corp., helps assure the financings are consistent with approved budgets. The corporation's COP responsibilities exist through the life of the financing.

Information Regarding Broomfield's Bonds and Bond Ratings

The following represents, at the end of 2004, Broomfield's bond obligations and COPs, their ratings and what the underlying rating would be if the issue was not insured. Broomfield's obligations are a

strong investment, as the ratings show. (Interest cost of leases and notes are priced based on previous overall ratings and are not submitted for a separate rating.)

City and County of Broomfield Outstanding Debt and Obligations

Principal	Insured	Bond Rating	Underlying Rating	Outstanding Principal \$
Water				
1991A GO Water	No	Moody's "A1"		160,000
2000 Water Rev	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2"	31,000,000
2002 Water Rev	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2"	42,980,000
2000A Water Note				1,590,000
Windy Gap				3,507,373
Total				79,237,373
Sewer				
1998A Sewer Revenue	Yes	Moody's "Aaa", S&P "AAA"	Moody's "A3"	2,960,000
1998B Sewer Revenue	Yes	Moody's "Aaa", S&P "AAA"	Moody's "A3"	3,005,000
2001 Sewer/Water Rec	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A3"	36,980,000
1996 Sewer Note				1,701,007
2001 Sewer Capital Lease				87,313

Total				44,733,320
Water Reclamation				
2001 Sewer/Water Rec	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A3"	15,890,000
Total				15,890,000
CIP				
2002 Sales & Use Revenue	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2", Fitch "A+"	29,846,082
1998 GO	Yes	Moody's "Aaa", S&P "AAA"	Moody's "A1"	3,685,000
2000 OS/Recr COPs	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A3"	43,882,272
Varra Note				5,242,475
Capital Leases				1,099,067
Total				83,754,896
Open Space				
2002 Sales & Use Revenue	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2", Fitch "A+"	3,983,776
2000 OS/Recr COPs	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A3"	13,489,567
Total				17,473,343
Parks				
2002 Sales & Use Revenue	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2", Fitch "A+"	995,944
2000 OS/Recr COPs	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A3"	688,161
Total				1,881,105
County General Fund				
1999 COPs	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2"	50,070,000
Total				50,070,000
City General Fund				
2000 Ph 2/3 COPs	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2"	5,340,000
Total				5,340,000
Flatiron Crossing Mall				
2002 Sales & Use Revenue	Yes	Moody's "Aaa", Fitch "AAA"	Moody's "A2", Fitch "A+"	76,634,198
TOTAL – ALL CITY & COUNTY				\$375,014,235

Part 2. Regular Report

In Review

STORM WATER MANAGEMENT

As part of the storm water management program, posters have been placed in various bus shelters in Broomfield. In the first week, residents called to give their positive feedback!

In continuing efforts to communicate the benefits of protecting Broomfield's water resources and educate residents about how they can help, the ads display information that educates passers by about the storm

water program and what they can do to protect storm water runoff from being polluted. The posters are:

- H2O Jo and Flo These are cartoon characters that have been designated "Stormwater Ambassadors." The message is "Keep it Clean, 'Cause we're all Downstream."
- Litter This message encourages people to dispose of trash in the garbage can. Trash can clog storm drains, potentially causing

backups in the system, as well as pollute the waterways.

 Pet Waste – It is very important for dog owners to pick up after pets. Pet waste is not a good source of fertilizer. It contains harmful bacteria for both human and aquatic life.



Yard Waste – Homeowners are encouraged to mulch their grass clippings and compost leaves. Compost is a good, natural fertilizer. Leaves and grass clippings that blow out onto the sidewalk and in the street can wash away in stormwater runoff and clog storm drains, potentially causing backups. When they decompose they take the oxygen out of the water.

INFORMATION TECHNOLOGY AND THE LIBRARY

The IT staff recently completed a major re-design of the Mamie Doud Eisenhower Public Library computer network systems. By providing Internet service to library patrons over a new ComCast cable modem circuit, the patron network was completely separated from the staff network. This major change prevents the frequent bandwidth-intensive patron uses from affecting city business. The security risks of having non-employees on the city network has been completely eliminated. There is now much greater

bandwidth available for library patrons doing Internet research. This model has been so successful that Boulder and Louisville are re-engineering their library systems to duplicate the Broomfield configuration, right down to the ComCast cable modem service.

FLATIRON CROSSING MALL - BRICK PAVERS

The Flatiron Crossing Mall is in the process of replacing concrete with brick pavers in the Village area. The existing concrete had moved and cracked. Last year, the Mall eplaced concrete and asphalt on the west side of Foley's and in the Village. The work is estimated as a \$1.8 million improvement.

SHERIDAN BOULEVARD UPDATE

What's happening?

- Curb and gutter has been installed along the southbound lanes from East 13th Avenue north to the project limit at Aspen Creek, except for the side street intersections. Asphalt Specialties was able to install the first layer of asphalt on Saturday, April 9th before the snow storm. The intersections were not paved because there is significant utility work yet to be done in these areas.
- The west half of the East 13th Avenue intersection with Sheridan Boulevard remains closed for storm sewer and inlet construction for the remainder of April.
- The utility contractor is locating utilities in the front yards north of East 13th Avenue in preparation for the water and sanitary sewer work in the future frontage road.

What's next?

- Asphalt Specialties will be installing another layer of asphalt between East 13th Avenue and the north end of the project near Aspen Creek Drive.
- Asphalt Specialties will be working on the remainder of the future southbound lanes (from East 9th Avenue to East 13th Avenue).
- Xcel Energy's contractor (NPL) will begin rerouting gas lines in East 10th Avenue, East 12th Avenue, East 14th Avenue, East 18th Avenue and West 136th Avenue. The gas lines need to be relocated to make way for the new storm sewer pipes and inlets.

- The utility contractor will begin water main installation in the frontage road in the next one to two weeks.
- The target date for having all lanes operational is October 2005. The target date for full project completion, including landscaping per the Sheridan Vision Plan, is May 2006.

ARBOR DAY ACTIVITIES

As part of this year's Arbor Day activities, the Parks Division scheduled tree plantings during the week of April 11.

Schools participating included Westlake Middle School, Birch Elementary, Legacy High School, Emerald Elementary, Kohl Elementary, Broomfield High School, Broomfield Heights Middle School and Mountain View Elementary. Schools declining participation were Aspen Creek K-8, Coyote Ridge Elementary and Centennial Elementary.

POLICE OFFICERS' DONATION TO INTERNATIONAL RESPONSE FUND

The Police Department's Field Operations Division has been recognized by the Red Cross for donating \$175 to the Inter-national Response Fund. The contribution went toward assistance for those in southern Asia and eastern Africa who were affected by the tsunami that struck Dec. 26, 2004. The Broomfield employees held a bake sale and sent the proceeds to the Red Cross.

CDOT'S BRIDGE REPAIR OVER U.S. 36

Update: The CDOT bridge repair work on the northbound lanes is complete. Those northbound lanes are now open. Work on the southbound lanes started April 18. The plan anticipates closing the left southbound lane first. Then they will open the left southbound lane and close the right southbound lane at that time. Work should take a couple of weeks, but is dependent on weather and the amount of repair work necessary once they assess the situation.

Looking Ahead

<u>WASTEWATER TREATMENT PLANT –</u> RIBBON CUTTING

The Public Works Department will host a ribbon cutting ceremony to celebrate the completion of improvements to the Wastewater Treatment Facility. The event is scheduled for **Tuesday**, **May 17**, **beginning at 2 p.m**.

THIRD GRADE STUDENTS DAY AT THE LIBRARY

Third grade students from Coyote Ridge Elementary School are planning a visit to the city on Wednesday, May 4 in the morning. The students will meet with Mayor Stuart, visit the Planning Department and see a demonstration of a police car courtesy of the Police Department. They will then walk to the library and auditorium for tours, have lunch in the park and return to school. Roberta Depp, Library Director, has arranged the day for the students.

HEALTH AND HUMAN SERVICES (HHS)

Safe Kids Week

Broomfield Health and Human Services will host a child safety event this month as part of national Safe Kids Week. The event has been promoted in the *Broomfield Enterprise*.

The event is scheduled for Saturday, April 30 during Safe Kids Week. It begins at 10 a.m. in Community Park, Second Avenue and Main Street.

The department joins the Broomfield Police Department, North Metro Fire Rescue, the Museum of Nature and Science in Denver, and Farmers Insurance. The event will include free car seat inspections, information regarding bike safety, water safety, food safety, travel safety, West Nile information, and tips on sun safety, poison safety, and home and personal safety.

For more information call 720-887-2276. Bi-lingual technicians will be available to help provide safety information.

FREE TAX CLASSES FOR BUSINESSES

Retailers, vendors and accountants are invited by Broomfield's Sales Tax Administration Division to attend free classes designed to assist with filings of sales tax collections and personal property taxes. Classes include information on Broomfield's conversion to self-collect its sales tax and will also cover sales tax procedures and requirements, identification of taxable property, documentation procedures, filing requirements, and record keeping. The Broomfield Assessor's Office will give an overview on personal property tax filings and valuation procedures. The next class is Thursday, May 17, from 9 to 11 a.m. The classes are free, provided by Broomfield as part of its customer service outreach. Future classes are scheduled for August 10 and Nov. 3.

BURBANK STREET - TO U.S. 287 TRAIL OPEN HOUSE SCHEDULED APRIL 27

Residents have been invited to review the preliminary design for the trail along Community Ditch. Public comments will help shape the final design of this project. Residents may visit any time at their convenience between 6 and 7 p.m. Refreshments will be served!

INFORMATION TECHNOLOGY

IT Director Greg Anderson and Deputy IT Director Kale Gilmore recently hosted the management staff

from the City of Englewood Information Technology Department.

The Englewood department has recently been asked to take over IT support for all public safety operations. Englewood public safety currently manages all technology activities independently from the rest of the city, and Englewood IT staff were interested to learn how Broomfield had made a similar transition over the last five years. They were particularly interested in how Broomfield has increased bandwidth for field mobile computing, as Englewood public safety is still employing an older, much slower, mobile system.

Senior Application Specialist Jane Archer recently hosted a visit with City of Pueblo representatives from their Police Records Management and Support Services divisions. They were excited about the custom reports that we have developed utilizing information from HTE's Public Safety software. These reports were created using IBM's Advanced Function Printing utility to present a visually attractive custom report. Broomfield provided them with source code examples for several reports which they plan to implement at their installation.

CONGRESSMAN UDALL'S TOWN MEETING

Congressman Mark Udall will be hosting a Town Meeting on Saturday, April 30, from 10 to 11 a.m. in the City Council Chambers.

FYI...

Eco-Cycle seeks outreach coordinator

Eco-Cycle is looking for a full-time Outreach Coordinator for the Broomfield Recycling Center. Responsibilities include building and engaging the network of volunteers, educating the public about resource conservation, answering the recycling hotline, and organizing grassroots campaigns.

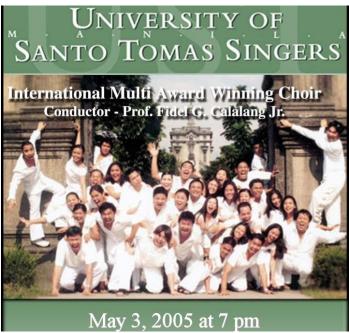
Qualified candidates must enjoy working with the public, have excellent writing skills and a passion to work on environmental issues. Interested candidates should e-mail a cover letter and resume to recycle@ecocycle.org by Wednesday, April 27.

The position includes benefits, and pay depends on experience. A Broomfield resident is preferred.

At the Audi . . .

Filipino choir comes May 3

The City and County of Broomfield and the Filipino-American Community of Colorado are sponsoring a performance of the University of Manila Santo Tomas Singers on May 3 at 7 p.m. at the Broomfield Auditorium. Coinciding with Asian Heritage Month, the Broomfield performance of internationally award-winning choir features Fidel Calalang, Jr., as the conductor.



The performance is sponsored by the Broomfield Cultural Council, the Health and Human Services Advisory Committee and the Cultural Affairs Division to help the Filipino-American Community of Colorado further its mission of sharing the Filipino heritage and culture.

This collaboration brings cultural diversity to the community and supports one of the goals in the Creative Broomfield Cultural Master Plan adopted by the City Council in 2001.

Tickets are \$10 each and can be purchased in advance by calling 303.763.9379. Tickets will also be available at the door.

 The final winter folk music concert March 24 at the Audi was a sell-out. The featured artist was Colcannon, an award-winning, world-touring fivepiece Irish band.

To get more details on the activities at the Audi, visit http://www.ci.broomfield.co. us/cultural/eventsindex.shtml