
RECORD OF PROCEEDINGS

Minutes of the Regular Meeting of the Board of Directors Copper Mountain Consolidated Metropolitan District February 28, 2014

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on February 28, 2014 at 8:30 a.m., at the Copper Mountain Metro District Building, 0477 Copper Road, Copper Mountain, Summit County, Colorado, in accordance with the applicable statutes of the State of Colorado.

Attendance The following Directors were present and acting:

- Karl Anuta
- Ben Broughton
- Tom Malmgren
- Dave Steele

Staff in attendance was:

- Dave Erickson, District Manager
- Mike Koenig, Public Works Director
- Ricky Clover, Utility Plant Operator
- Dave Arnesen, Director of Cable Services
- Dan Moroz, Code Compliance Officer
- Missy Stabile, Clerk-Treasurer Administrative Assistant
- Gary Curmode, New Fire Chief (March 24, 2013)

Also in attendance was:

- Chris Colman, Copper Mountain Director of Planning & Development
- Dave Glissmann, Copper Mountain Manager of Finance
- Steve Tamburini, Tetra Tech
- Stan Sprinkle

Call To Order

The Regular Meeting of the Board of Directors of Copper Mountain Consolidated Metropolitan District was called to order by Director Malmgren, on February 28, 2014, at 8:37 a.m. noting a quorum was present.

Old Business Minutes

The Board reviewed the minutes of the January 31, 2014 Regular Board Meeting. Corrections were made to line 52: “and vacation payouts to Chief Thomson and Assistant Chief Boyle that were not forecasted” was deleted; line 111: “for the purchase of Snowbridge Square Unit 212” was added after “contract”; line 148: “acknowledged the failure and” was deleted; and line 170: “expressed” was deleted. Upon motion duly made by Director Broughton and seconded by Director Anuta it was unanimously

AGREED to approve the minutes of the January 31, 2014 Regular Board Meeting with revisions.

Financial Report

A Preliminary Financial Report for January 31, 2014 was prepared by Robertson & Marchetti, P.C. and provided to the Board for review prior to the meeting.

Ms. Stabile reported on behalf of Mr. Weaver that the worker’s compensation and property/liability insurance came in under budget for 2013. All funds combined, 2014 began nearly \$100,000 ahead, however this is mostly due to fire gear ordered in 2013 that has not been delivered and will show a roughly offsetting overage in 2014.

The audit went well, both from Robertson & Marchetti’s point of view and from the auditors standpoint with fieldwork completed in two and a half days with no issues.

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The Board reviewed the January 2014 Accounts Payable document. The Board requested that the expenditure on 1/7/2014 in the amount of \$5581.75 to Snake River Fire Fleet Service be clarified by adding "labor" to the description. Upon motion duly made by Director Anuta and seconded by Director Broughton it was unanimously

AGREED to accept the January 31, 2014 Financial Statement and cash disbursement report with revision.

Community Updates

Mr. Erickson introduced the District's new Fire Chief Gary Curmode. Chief Curmode brings 35 years of fire operation experience to Copper Mountain. He began his career as a firefighter/EMT in Wichita, Kansas working up through the ranks to Captain in fire operations, and serving Sedgwick County Fire District #1 as Fire Chief for 19 years. He has an AAS in Fire Science, a BA in Education, a MA in Public Administration and a MA in Administration of Justice. He is highly qualified through education, training, experience and personal character to be the new Fire Chief. The District conducted an extensive interview process and Chief Curmode rose to the top as being the best candidate for Copper Mountain. Chief Curmode is relocating to Copper Mountain and will report for duty on March 24, 2014.

Chief Curmode traveled from Kansas to attend the Board meeting and was already wearing the Copper Mountain Fire Department's badge on his sleeve. He said he is honored to wear the CMFD badge and is looking forward to working with CMFD and the District. He stated that the fire department will do their best to serve the citizens and guests of Copper Mountain as well as the people passing by.

Director Malmgren reported that the January 18 Center Village power outage was a subject discussed at the last Resort Chamber Meeting. Gary Rodgers confirmed that he spoke with Xcel and that upgrades to the system are planned for this summer. Director Malmgren suggested that the District draft a letter to Xcel Energy expressing concern about continued power failures.

New Business Public Hearing on Proposed Water / Sewer Rate Structure

Director Malmgren formally opened the public hearing regarding the Proposed Equitable Water/Sewer Rate Structure at 8:50 a.m.

Director Anuta noted that he attended the work session with CMR and Tetra Tech and felt there was a good exchange of ideas.

Mr. Glissmann commented that there are still a lot of unanswered questions. The proposed rate is not a standard model. CMR understands the concept but does not necessarily agree with the practice.

Director Malmgren recessed the Public Hearing at 9:00 a.m. until March 28, 2014.

Public Comment on Proposed Water / Sewer Rate Structure

Mr. Erickson explained that he has spent a great deal of time analyzing the proposed rate structure in an attempt to understand how the system works. His analysis resulted in five questions that he felt the Board needed to address before proceeding and distributed a memo outlining the outstanding issues.

1. How do we maximize "equity" between customers in the same customer class?
The proposed Copper Equivalent Unit (CEU) is based on the actual water use and appears to be in equity when moving away from the current Single Family Equivalent (SFE) which is not use based. Those who use less, pay less under the CEU system. Currently under the SFE

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system, customers using less water pay the same as customers using more. To achieve equity, Mr. Erickson suggested that the floor in the CEU system be set at 0.5 rather than 0.7 or 1.0 as previously analyzed. The floor is critical to the District's ability to collect necessary revenue to maintain and upgrade aging infrastructure.

Director Malmgren asked if 1 CEU is still being defined as 14,000 gallons of water per quarter. Mr. Erickson replied that 1 CEU equals 10,000 gallons of water per quarter.

Director Malmgren recalled that Tetra Tech calculated what the District needs to collect in revenues to support the water and sanitation system and questioned if the District should charge for the availability of water in addition to actual water use. Mr. Tamburini replied that all scenarios collect the same necessary revenue and that any of the proposed options will be an improvement over the current SFE system. Tetra Tech can run the suggested 0.5 floor through the model with a CEU set at 10,000 gallons to see the results and how it affects the overall equity.

2. How do we maximize "equity" between customer classes?
Mr. Erickson felt this question was sufficiently addressed by the Board in its response to Question 1.
3. How much revenue do we need to generate to meet current financial needs?
Mr. Erickson advised that due to decreased property assessment values, current revenues are not meeting expenditure needs. The District is using reserves to pay for expenditures and to cover debt services.

Director Malmgren noted that when the process of adopting a new water rate structure began four years ago, the Board wanted to stay revenue neutral and not raise water fees. But that was four years ago and we need to revisit that initial decision. Director Steele suggested the District look at what the currently revenue neutral and compare it to where the District needs to be to determine what the District needs to collect.

4. How can the District establish a CEU rating on new development and collect sufficient revenues in tap fee assessments to ascertain that new development pays its fair share?
The District will require that the tap fee applicant's design engineer, not the developer, provide an estimate of annual average water use to calculate tap fees. Perhaps an interest bearing cash bond can be collected to cover potential understatements of annual water use. The bond could be held over a determined amount of time sufficient to establish actual water use or CEU. If the CEU is more than initial estimates, the District collects from the bond. If the CEU is less than those initial estimates, the developer receives a refund. Director Malmgren questioned if bond collection is common practice to which Mr. Erickson responded no. Director Broughton opposed the idea of bond collection stating that it seems unreasonable to ask a developer to pay an additional 30 percent of total tap fees that they will not recover for three to five years. Mr. Erickson responded that bond collection protects the existing users from subsidizing new development. Mr. Glissmann clarified that CMR believes that collecting an additional 20-30 percent of total tap fees is too high and that the amount of time the bond is held needs to be addressed.
5. Should there be some reduction in the cost of providing irrigation water from the cost of domestic water to all customer classes, or should the cost of irrigation water and domestic water be identical?
Director Anuta commented that water should cost the same no matter how it is used and that water should be conserved. Mr. Erickson explained that it appears that irrigation customers pay less because irrigation customers are not charged for sewer or capital cost fees. The community pays for the capital costs of irrigation while the irrigation customer only pays for water use.

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Mr. Koenig expressed concerned about the amount of irrigation water wasted on concrete and paved surfaces throughout Copper Mountain. He explained that irrigation systems throughout the resort or poorly designed and maintained resulting in water wasted on hard surfaces. He believes this is the paramount water conservation issue at Copper Mountain.

The Board requested that copies of the new analysis be distributed to the Board and CMR as early as possible to allow time for review prior to the March 28 Board Meeting.

Snowbridge Unit 212

Director Malmgren reported that the pending sale of Snowbridge Unit 212 fell through and that the new District Fire Chief will rent the unit month-to-month.

The Board instructed Mr. Erickson to proceed with the post judgment collection process against the previous occupant of Snowbridge Unit 212.

CHUBB Agreement

Mr. Erickson confirmed that Darryl Farrington, the District's general counsel, spoke with Frank Celico with the Summit County Attorney's Office about adopting a uniform policy to outline the conditions and standards that any company providing property protection services within a designated wildfire evacuation area would have to comply with in order to gain access to the evacuation area. Mr. Farrington reported that Summit County recommended CMCMD move forward with the policy and then distribute the policy to the County and neighboring fire districts for their use. Mr. Farrington is researching past success or failure of such a policy and will report back to the District before drafting a new policy.

Damaged Clarifier Insurance Claim

Mr. Erickson reported that Darryl Farrington, the District's general counsel, reviewed the letter of assurance delivered by the District's insurance provider in regards to the damaged clarifier at the Wastewater Treatment Plant. He is satisfied with the letter and feels there is nothing further for the District to do at this time.

Parking at East Village Well House

Mr. Erickson announced that a new District policy regarding employee parking at the East Village Well House on Golf Course Drive went in to effect on February 3, 2014. The policy states that parking is limited to District employees and their immediate families; parking permits must be valid and displayed; parking is only allowed in the rear of the Well House; and if parking is not available behind the Well House, additional parking is prohibited.

Board Member Resignation

Director Malmgren spoke with Gary Martinez, Summit County Manager, regarding the County Commissioners interest in appointing a new Board Member prior to the May 6 Election. The County Commissioners are in support of letting the community fill the vacant Board position in the upcoming May Election rather than a short-term appointment by the District Board.

Ms. Stabile, the District's Designated Election Official, reported that two Self-Nomination Forms for the two four year seats were received and that three Self-Nomination Forms for the one two year seat were received.

Staff Reports

- **Water and Wastewater Director:**

Mr. Koenig reported that hiring outside contractors is necessary to assess total damage to the clarifiers and to complete repair work. The District's insurance provider is being apprised of work that is being done.

Upcoming projects include painting the small 250K storage tank to be in compliance with State regulations.

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The Woods/Legends Homeowners Association agreed to pay for costs associated with locating valve boxes this summer. The Masters Homeowners Association has not yet committed to the project.

Director Anuta asked if the Water and Sanitation facilities are in any danger of potential avalanche activity. Mr. Koenig replied that, in theory, the buildings are capable of withstanding an avalanche. Mr. Moroz said he has a tool to calculate the potential avalanche hazard posed by the two avalanche chutes located above the facilities.

Mr. Koenig announced that Ed Pankevicius was hired as a new Utility Plant Operator. His first day was February 10, 2014.

The District received a letter on behalf of Nassar Development regarding tap fees. Mr. Koenig explained that until a new rate structure is adopted, the current tap fee system will remain in effect. Director Broughton suggested the District should respond to the letter stating this position.

- **Cable TV/HSIS:**

Mr. Arnesen reported that the heavy snowfalls have created challenges with outdoor facilities. He continues to troubleshoot and address sub-band interference in the internet system

- **CMFD:**

Acting Chief Moroz announced that Brindlee Mountain Fire Apparatus, a fire truck brokerage company, listed Ladder Truck 1 at \$65,000 and that a perspective buyer in New Hampshire has already contacted Brindlee about the truck.

There will be a county-wide disaster drill conducted in May to test worst case emergency scenarios. All emergency organizations in the county will participate.

As of today, the county is still 4 inches shy of the average annual snowfall. How fast the snow melts in the spring will affect the wildfire season.

Red, White & Blue Fire Department is now first response ambulance for Breckenridge rather than Summit County Ambulance.

Massive traffic issues on I-70 are interfering with 911 calls. The county cell phone capacity is not capable of handling the number of people using their phones while waiting in east bound traffic on Sunday afternoons and 911 calls are not going through.

Climax Mine has postponed current construction projects due to damage caused by a large avalanche on February 14, 2014.

- **District Clerk-Treasurer:**

Ms. Stabile reported that Director Karl Anuta and Director Ben Broughton's seats expire this year making two four-year seats available. Director Anuta and Director Broughton submitted Self-Nomination and Acceptance forms for re-election. No other Self-Nomination Forms were submitted for the two available four-year seats. Director Bob Bloch's seat expires in 2016 and will be available as a two-year seat on the May 6 ballot. Three candidates have filed Self-Nomination and Acceptance forms to date. Since there are more candidates than seats available, a polling place election will take place on Tuesday, May 6, 2014.

The Board asked Ms. Stabile to identify the most restrictive guidelines possible allowing employees to borrow funds from their 457 accounts. Once those guidelines are determined, a resolution will be drafted with guideline details outlined in an attachment to the resolution.

Other Business

There was no other business to come before the Board.

Adjournment

There being no further business to come before the Board, by motion duly made by Director Broughton and seconded by Director Anuta, it was unanimously

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AGREED to adjourn the Regular Meeting of the Copper Mountain Consolidated Metropolitan District Board of Directors.

Director Malmgren adjourned the Regular Meeting of the Copper Mountain Consolidated Metropolitan District Board of Directors the 28th day of February, 2014, at 11:33 a.m.

Respectfully Submitted,

BY: *Thomas J. Malmgren*
Thomas J. Malmgren
President of the District

ATTEST: *Karl Anuta*
Karl Anuta
Vice President of the District