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## RECORD OF PROCEEDINGS

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### Minutes of the Regular Meeting of the Board of Directors Copper Mountain Consolidated Metropolitan District July 26, 2013

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on July 26, 2013 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
- Bob Bloch
- Ben Broughton
- Tom Malmgren
- Dave Steele

Staff in attendance was:

- Dave Erickson, District Manager
- Mike Koenig, Public Works Director
- Dave Arnesen, Director of Cable Services
- Mark Thomson, Fire Chief
- Stephen Boyle, Assistant Fire Chief (left early for call)
- Dan Moroz, Code Compliance Officer
- Missy Stabile, Clerk-Treasurer Administrative Assistant

Also in attendance were:

- Eric Weaver, Robertson & Marchetti, P.C.
- Peter Siegel, Copper Mountain Resort Association Executive Director (left at 8:50)
- Gary Rodgers, Copper Mountain President and General Manager (left at 10:10)
- Chris Colman, Copper Mountain Director of Planning & Development (left at 10:10)
- Susan Byers, CLP Copper (left at 10:10)
- Mike Rothberg, Tetra Tech
- Steve Tamburini, Tetra Tech (left at 10:10)

#### **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 July 26, 2013, at 8:30 a.m. noting a quorum was present.

#### **Old Business Minutes**

The Board reviewed the minutes of the June 28, 2013 Regular Board Meeting. Upon motion duly made by Director Anuta and seconded by Director Bloch it was unanimously

**AGREED** to approve the minutes of the June 28, 2013 Regular Board Meeting as presented.

#### **Financial Report**

A Preliminary Financial Report for June 30, 2013 was prepared by Robertson & Marchetti, P.C. and provided to the Board for review prior to the meeting.

Mr. Weaver explained that the Pension Fund has been segregated away from the Combined Operating Funds Statement of Net Assets and the Combined Operating Funds Statement of Revenues, Expenditures, and Changes in Fund Balance sections of the financial report in order to give the Board a better picture of the financial resources available for operations – without distortion by inclusion of financial resources reserved for fiduciary purposes. He also informed the Board that investment interest revenue to the General Fund will improve now that the CDARS

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investment program is complete. He further advised that the shortfall in projected 2013 water and sewer revenues is primarily due to the fact that over average fees have been less than expected.

District staff addressed a number of questions raised by Director Broughton concerning June payables.

Upon motion duly made by Director Broughton and seconded by Director Bloch it was unanimously

**AGREED** to accept the June 28, 2013 Financial Statement and cash disbursement report as presented.

#### **Public Input**

There was no public input presented to the Board at this time. (See New Business)

#### **Community Updates**

Mr. Siegel, Copper Mountain Resort Association (CMRA) Executive Director, announced that noise mitigation efforts implemented during the Wanderlust event were successful and that no complaints were received.

CMRA continues to work with the County regarding five pedestrian crosswalks at various locations throughout the resort including Copper Circle, Center Village and East Village.

The Copper Mountain dog leash law is being revised and will go to a Board of County Commissioners' work session prior to being scheduled to public hearing.

The annual Copper Mountain Property Owners and Lessees Association (POLA) and community meeting will be held on Friday, August 30, 2013 in the Ptarmigan Rooms at the Copper Conference Center.

Mr. Rodgers, Copper Mountain President and General Manager, reported that the power outages occurring at approximately 2:30 a.m. on June 27, 2013 was an unprecedented event at Copper Mountain and that several phases of electrical service were lost due to power surges. There was a lightning storm that could have caused the power surges but the cause is currently unknown. Approximately 20 Xcel trucks were on site at 10:30 a.m. and power was temporarily restored. Xcel is scheduled to meet this morning with Powdr – Copper and will report to Mr. Rodgers regarding restoration of service throughout the resort.

Mr. Rodgers noted that the Copper Mountain PUD was approved by the Board of County Commissioners and thanked the District for their input and cooperation during the process.

#### **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.

Mr. Tamburini, Tetra Tech, showed a PowerPoint Presentation that highlighted the impetus, methodology and overall goal of creating an equitable water and sewer user rate structure to establish a reliable revenue stream to meet the service needs of the Water and Sanitation Department and to equitably distribute the cost of water and sewer services to system customers. He explained that under the current rate structure, a single family customer is paying 57% more per 1000 gallons of water used than a commercial customer. Under the new rate structure, the cost differential is reduced to 22% which signifies a more equitable rate structure and distribution of water and sewer costs amongst customer classes. The District is proposing a rate based on a Copper Equivalent Unit (CEU) that would replace the current Single Family Unit (SFE) rate base.

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The CEU rate structure is based on actual water use characteristics of Copper Mountain customers rather than secondary water use characteristics (e.g., number of bedrooms, number of bathrooms, etc.) on which the SFE rate structure was based. The revenue increase under the new system will be less than 0.5%, and costs amongst customer classes will be more equitably distributed.

Mr. Rodgers asked if the CEU is unique to Copper and how is it derived. Mr. Tamburini replied that it is unique to Copper and is based on actual metered water use records for each Copper customer from 2008 through 2011.

Mr. Rodgers remarked that some customers use a much higher volume and that maybe those customers could be eligible for a discount. He also questioned why the District is creating something new for Copper if an SFE is a standard unit of measurement.

Mr. Rothberg responded that Copper's rate structure needs to be made more equitable between customer classes. An SFE is generally determined by analysis of water use within an entity's service area: For example, Denver determines an SFE by dividing total gallons of water used by single family homes in the Denver area by the number of single family homes in Denver Water's service area. Copper has different water use characteristics than the Denver area and, therefore, Copper does not benefit from water use calculations for Denver.

Mr. Rodgers recommended participating in work sessions with the District and requested that Tetra Tech provide an analysis for Copper Mountain Resort (CMR) based on scenarios provided by CMR. He noted that he needs to understand the nuances of the proposed structure and that the new rate structure is a big concern for future development at Copper. Irrigation water increases by 128% for CMR and he looks forward to discussing the new structure with the District. He stated that Susan Byers will be involved in work sessions representing Copper commercial customers and that Chris Colman is the CMR contact.

Director Malmgren said that the new structure will not be implemented until July, 2014 and that it will be "revenue neutral" in that it will not increase the amount of water and sewer revenue collected – it will only modify the distribution of costs amongst the various customer classes in order to make certain that each customer class is paying its fair share of water and sewer costs. He also stated that although the District is supportive of the Copper aesthetic, the District is proposing higher irrigation rates to more closely cover the true costs of irrigation water delivery and to encourage the community to find ways to conserve water.

Mr. Rodgers agreed to provide scenario data to the District for analysis by Tetra Tech within the next week and asked that the District contact Chris Coleman on Monday to schedule a meeting.

Mr. Koenig recommended looking at existing customers such as Cache, Passage Point, The Cirque and Woodward to use in comparative analysis. Mr. Rodgers said he would look at the properties and confirm which ones he thought would be appropriate for the cost comparison purposes.

Director Malmgren recessed the Public Hearing until August 23, 2013.

#### **Merit and Cost-of-Living Adjustment Policies**

Copies of an explanatory memorandum regarding the District's Merit and Cost-of-Living Pay Adjustment Policies, as specified in the District's 2009 Job Classification and Compensation Plan, were distributed for Board review at the June 28, 2013 Board Meeting. Mr. Erickson explained that the memorandum is purposely extensive and complex to address any questions that may arise

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concerning the Districts Merit and Cost-of-Living Pay Adjustment Policies. Board members applauded Mr. Erickson's thoughtful and thorough work and acknowledged that due to the complexity of the policy, the memorandum was difficult to fully comprehend. Mr. Erickson agreed to provide an executive summary to accompany the memorandum and to place the complete document in the operations manual.

#### **Snowbridge Unit 212**

The District has contracted with Nate Smith to clean and make repairs to Snowbridge Unit 212. Mr. Smith estimates that \$4,000.00 will cover associated expenses and anticipates one week of work. Mr. Erickson identified painting and repairs to the fireplace as District expenses and additional damage as Lessee expenses to be covered at the Lessee's expense, including, but not limited to the Lessee's damage deposit. The Lessee has been advised of the damage costs due above and beyond the Lessee's damage deposit; and the Lessee has been advised that non-payment of such excess damage costs and past due rent in a timely manner will result in legal action to collect all moneys due the District. There is no foreseeable District employee interest in occupying Unit 212.

Director Malmgren stated that he and Director Broughton will discuss the disposition of Unit 212 with Mr. Erickson.

#### **TABOR Ballot Question for November 2013 Election**

A proposed TABOR Ballot Question to be referred to eligible District voters in the November, 2013 Election was presented to the Board. The Question was reviewed by legal counsel and contains very specific language to de-Bruce the current 2.614 mill levy. A mill levy increase is not being proposed at this time, just freezing the current mill levy at 2.614. The District may look at proposing a mill levy increase in the future to address potential new service issues such as ambulance service at Copper Mountain.

Upon motion duly made by Director Anuta and seconded by Director Bloch, it was unanimously

**AGREED** to place the TABOR Ballot Question reviewed by legal counsel and presented to the Board on the November, 2013 Election Ballot.

Upon motion duly made by Director Broughton and seconded by Director Anuta, it was unanimously

**AGREED** to appoint Missy Stabile as the District's 2013 Designated Election Official.

#### **2014 Budget Process**

Mr. Erickson reported that an estimate has been received from Robertson & Marchetti, P.C. (R&M) to assist in the District's 2014 budget process in order to learn the District's budget process, procedures, and practices in order to better meet the District's future needs in the event of turnover in the administrative offices. Mr. Weaver of R&M stated he is comfortable with the estimate range within 10%. He also stated that estimates fall within the District's current accounting budget and no additional costs will be incurred this year as a result of R&M's participating in the 2014 budget process.

Director Bloch recollected that the District contracted with R&M to oversee the financial health of the District. He sees vulnerability with critical functions vested in individual employees and that R&M eases that concern. From a financial perspective and for continuity of operations, he proposed pursuing an arrangement with R&M in coordination with Mr. Erickson in preparing the 2014 budget with District management maintaining responsibility to produce a budget.

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Director Broughton expressed concern that the budget process is an integral part of the District Manager's job and that continuity of operations should be achieved through succession plans.

Director Bloch stated that fully understanding the District's budgeting process is a key part and necessary for R&M to effectively oversee the District's finances.

Mr. Erickson remarked that involving R&M in preparing the District's budget is necessary to any successful succession plan, now or in the future, related to the District Manager's office.

Upon motion duly made by Director Anuta and seconded by Director Bloch, by a vote of 4 in favor and 1 opposed (Director Broughton), it was

**AGREED** to implement a relationship with Robertson and Marchetti, P.C. to authorize their participation in the 2014 budget process with costs not to exceed \$10,000 for such services.

#### **Pension Plan Employee Loans**

Mr. Erickson advised the Board that there had been past requests by District personnel for the Board to amend current pension plan documents to allow employees to borrow against their individual pension accounts for the purpose of purchasing homes or other purposes as authorized by the Board. Director Malmgren stated he is unaware the Board had adopted any pension plan documents disallow employees the right to borrow funds from their pension accounts.

Director Broughton expressed concern, based upon loan information provided by the pension plan administrator, regarding potential problems and extra work created for the District in managing a loan program. He requested additional information regarding the details of the proposed pension loan program and staff's envisioned impact on the District to establish and administer a pension plan loan program.

Mr. Erickson stated he did not have additional information at this time and that if the Board is interested in considering a loan program, he will gather information to answer significant questions.

Director Anuta's position is that additional work for Mr. Erickson will deter him from other important tasks. Director Broughton reiterated concern of potential work generated for District staff. Chief Thomson stated he is unaware of interest in a loan program among in the Fire Department.

Director Malmgren suggested the discussion be deferred until there is further notice of employee interest in a pension plan loan program.

#### **Manager's Retirement Date**

Mr. Erickson announced that he is currently intending to retire when his current employment contract expires on May 31, 2016.

#### **Staff Reports**

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##### **Water and Wastewater Director:**

Mr. Koenig announced that the Long Range Water and Wastewater Master Plan is available in hard copy and digital format.

The power outages and extremely high voltage coming through the electric lines may have caused damage at the Wastewater Plant; however, the extent of any damage at the facility is not known at this time. The Metro District Building's emergency generators is designed to power up when high voltage is detected in the system, and the 600 volts surging through the lines last night activated those generators. The Wastewater Plant generators are not activated by high voltage so motors

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were shut down and transferred to generator power. An insurance claim will be submitted if significant damage is identified.

The community-wide pressure study is ongoing and has yet to record any anomalous high water pressure event in the water distribution system.

- **Cable TV/HSIS:**

Mr. Arnesen reported that the Conoco cable tv and high speed internet service line is back in service. The existing line was spliced and the temporary service line run from the Wastewater Plant to the Conoco station has been removed.

CMR is currently evaluating ResortInternet's interest in connecting the District's high speed internet service network to CMR's fiber optic network in order to mitigate internet overload on the District's network.

The FCC accepted the District's annual "Cumulative Leakage Index" report.

CDOT changed the way they deliver the CDOT Channel feed to SCTV in Breckenridge. This change in delivery feed has caused Copper Mountain's Channel 5 to be inactive. Resort Internet is investigating the problem.

The Head End Cable TV facility reset due to high voltage last night and some customers may have experienced a temporary interruption in CATV and internet services as a result. The Fire Department assisted Cable Services in providing a gas generator to power the Head End facility during Xcel repair work on the electrical distribution system throughout the resort.

- **CMFD:**

**Summit Fire Authority:** Chief Thomson reported that the Summit Fire Authority (SFA) audit is complete. Copies of the report are available for distribution.

**Wildfire:** Wildfire danger in Summit County is moving to "low".

Approximately \$75,000 has been billed to the State of Colorado for reimbursement of expenses associated with deployment of Copper Mountain firefighters to 3 Colorado wildfire incidents.

**Fire Prevention:** Mr. Moroz reported that the biggest obstacle presently remaining in moving towards adoption of the new International Fire Codes (IFC) is the size of homes being constructed and at what point the size of new home construction will mandate that a fire sprinkler system be installed.

Repair work to the Vail and Ten Mile Recreation Paths is proceeding. Permits have been received for work to begin on the path behind Conoco on Highway 91.

**Operations:** Chief Thomson reported that 16 calls were responded to on Thursday, July 26, 2013. This may be the highest call volume that CMFD has experienced in one day. Some of those calls were related to the power outages which affected alarm systems and elevator operations; in addition, the FD was also called out on medical related incidents, including bike path accidents and to assist the Vail FD.

**Public Safety:** Chief Thomson reported that the Summit County Communications Center (SCCC) Policy and Operations Boards met and discussed the need to replace the County's Computer Aided Dispatch (CAD) system.

The final Almont Report on "reorganization" of Summit County ambulance services has not yet been released for public review. The County is not rushing into any agreements. Conversations between ambulance and fire department staffs still need to take place to consider various options to resolve financial and service issues the County is struggling with in maintaining the current methodology and level of service provided through Summit County Ambulance Services.

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**CMCMD Labor Day Events:** The Copper Metro District Village Party is scheduled on Thursday, August 29, 2013 from 4:00 to 7:00 p.m. at the District Building/Fire Station. The CMFD Pancake Breakfast will be on Saturday August 31, 2013 from 6:30 to 8:30 a.m. at Jack's in Center Village. The Pancake Breakfast precedes the State of the Resort presentation.

**Additional Items:** The CMFD Awards Banquet took place at the Double Diamond on June 29, 2013. Chief Thomson thanked Shanin Theiss and Ryan Cole for their hard work in organizing the event; Dave Luthi and the Double Diamond for hosting the event; and the District Board and staff that participated.

- **Clerk-Treasurer Administrative Assistant:**

Ms. Stabile reported that the summer issue of *CMCMD News* was distributed on July 24, 2013. Director Anuta commented that he was unable to open the links in the newsletter. Others in the audience reported that they were able to view the links. Ms. Stabile will investigate the situation.

Fire danger levels are now reported on the District website homepage, FD page and the wildland fire page. Copper's Smokey Bear and the rainbow indicator are being used to help illustrate fire danger levels to visitors to Copper Mountain. Also, a video of Code Compliance Officer Dan Moroz's interview on TV8summit regarding 4<sup>th</sup> of July safety precautions will remain on the homepage through July.

Ms. Stabile attended a Caselle Government Accounting Software presentation in Silverthorne and has been working with Caselle's Colorado Territory Manager on a proposal to upgrade the District's financial system software.

Ms. Stabile thanked the District for the opportunity to attend the Colorado Institute for Municipal Clerks at the University of Colorado, Boulder July 7 - 12, 2013. The Institute was attended by 65 clerks from Colorado, representing small towns such as Moffat and larger cities such as Colorado Springs. Forty education hours were earned and will be applied toward requirements for Ms. Stabile's future certification as a Colorado Municipal Clerk. The Colorado Municipal Clerk's Association places much emphasis on continued education and access to resources available through a network of peers. Ms. Stabile has been paired to mentor with Monument's Town Clerk Cynthia Sirochman who is very knowledgeable and accessible.

Ms. Stabile was awarded a Colorado Special District Scholarship to attend the 2013 SDA's Annual Conference in Keystone, September 18-20, 2013.

#### Other Business

Director Malmgren requested that hard copies of Tetra Tech's PowerPoint presentation are made available at the next Public Hearing on August 23, 2013.

#### Adjournment

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

**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 26<sup>th</sup> day of July, 2013, at 11:45 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