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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 November 22, 2013

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on November 22, 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
- Ricky Clover, Utility Plant Operator
- Dave Arnesen, Director of Cable Services
- Dan Moroz, Code Compliance Officer
- Missy Stabile, Clerk-Treasurer Administrative Assistant
- Cuyler Cameron, CMFD Paramedic
- Ryan Cole, CMFD Firefighter
- Todd Hebebrand, CMFD Lieutenant
- Greg Isaacson, CMFD Volunteer Firefighter
- Charlie Johnson, CMFD Engineer
- Ross Orton, CMFD Paramedic
- Shanin Theiss, CMFD Firefighter

Also in attendance were:

- Eric Weaver, Robertson & Marchetti, P.C.
- Gary Rodgers, Copper Mountain President and General Manager
- Chris Colman, Copper Mountain Director of Planning & Development
- Kelly Keefer, Copper Mountain VP Finance
- Dave Glissmann, Copper Mountain Manager of Finance
- Peter Siegel, Copper Mountain Resort Association Executive Director
- Jim Reis, POLA President

#### **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 October 25, 2013, at 8:30 a.m. noting a quorum was present.

#### **Old Business Minutes**

The Board reviewed the minutes of the October 25, 2013 Regular Board Meeting. Corrections made to line 116: "receipting" changed to "receiving"; and line 212: "quick" changed to "quit". Upon motion duly made by Director Broughton and seconded by Director Bloch it was unanimously

**AGREED** to approve the minutes of the October 25, 2013 Regular Board Meeting with revisions.

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#### **Financial Report**

A Preliminary Financial Report for October 31, 2013 was prepared by Robertson & Marchetti, P.C. and provided to the Board for review prior to the meeting.

Mr. Weaver provided an overview of the financial statement stating that revenues are favorable, specifically tax revenue as there are no tax abatements. He informed the Board that all departments are favorable except employee housing due to the fact that Snowbridge Unit 212 has not been sold. The \$350,000 deficit announced at the last Board Meeting has been reduced to approximately \$280,000, down from the \$450,000 deficit budget. He further advised that the District could expect a \$350,000 deficit at the end of the year.

Director Anuta questioned expenses totaling \$1800 in Fire Department Travel and Meals. Ms. Stabile explained this was due to firefighter expenses during wildland deployment. The State reimburses CMCMD for these expenses.

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

**AGREED** to accept the October 31, 2013 Financial Statement and cash disbursement report as presented.

#### **Community Updates**

Mr. Siegel distributed Copper Mountain maps and the Copper Magazine produced by the Copper Resort Association. This year the Resort Association will produce separate winter and summer issues of Copper Magazine.

#### **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 8:39 a.m.

Mr. Rodgers expressed disappointment regarding the absence of Tetra Tech. He introduced Kelly Keefer, CMR VP of Finance, and David Glissmann, CMR Manager of Finance who prepared a PowerPoint Presentation analyzing the proposed tap fee structure and methodologies. Ms. Keefer stated that the information used to produce the presentation came from the September 2013 Water Study Report. The presentation is attached as Appendix A.

Mr. Erickson thanked CMR for their presentation and noted that it contained important information that needed to be conveyed to the Board in terms of what the District is currently working on with Tetra Tech engineers.

Mr. Rodgers commented that CMR wants to assist in moving the process along as quickly as possible because of current development discussions that need to include accurate information. He asked for the opportunity to have CMR financial staff meet directly with Tetra Tech as soon as possible to come up with an agreement on the tap fee methodology. Director Malmgren agreed that the Board would like to move forward as quickly as possible but that extra time is necessary to process the complicated data accurately. Mr. Rodgers expressed the urgency as CMR's fiscal year ends May 31 and budgets are finalized in March and proposed a work session to be scheduled in early January. He will not be able to attend the next Board Meeting on January 31, 2014.

Director Malmgren recessed the Public Hearing at 9:18 a.m. until January 31, 2014.

Director Anuta stated that he feels smaller units should not have to pay a whole Copper Equivalent Unit (CEU) and that rounding up is not appropriate for all units. He expressed concern that Tetra Tech was not present. Mr. Erickson announced that Tetra Tech was unable to attend the meeting due to a previously scheduled engagement.

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#### **Public Hearing on Proposed 2014 Budget**

Director Malmgren formally opened the public hearing regarding the Proposed 2014 Budget at 9:25 a.m.

Director Anuta announced that he received an e-mail from Stan Sprinkle regarding concerns about decreasing revenue trends and increasing salaries. He read the email to those present and noted that he agreed with and appreciated Mr. Sprinkle's observations.

Mr. Rodgers noted that Mr. Sprinkle's concerns are similar to the concerns he brought up at the last Board Meeting and encouraged that Board to look for efficiencies in the budget. He stated that he believes the increase in salaries to be significant and cannot be supported by a small community. He suggested that a variance column in the budget would be helpful and requested the format change.

Director Malmgren recessed the Public Hearing at 9:33 a.m. until the Special Meeting of the Board scheduled on December 6, 2013.

Director Anuta requested that the Budget Message addressing the TABOR issue be expanded to reflect stabilization. He also requested that the "approved" column heading for salaries be changed to "budget" as it has not yet been approved by the Board. He then asked for discussion regarding Mr. Sprinkle's concerns about salary increases. Mr. Erickson began by stating the Board is responsible for setting the salary percent increase. Director Anuta confirmed that salaries are based on three components: 1. Cost of Living Adjustment; 2. Certifications; and 3. Performance Evaluations and that the Board ultimately determines the COLA and performance percentage increases when they adopt the final budget.

Director Bloch noted that the fire department was underpaid in the past and asked if compensation parity has been met. Acting Chief Moroz stated that fire department salaries are 10% to 15% below other fire departments in the area and that compensation parity has not been met. Mr. Erickson disagreed and commented that other departments base their salaries on different models and systems. CMCMD's salaries are based on our policies and have stayed on track with other local fire departments. He also stated that based on starting salaries, the District is equitable.

An extensive salary study was conducted in 2005-2006 using Colorado Municipal League data from 30+ municipalities. The study resulted in implementing a program that took five years to fully reach equity. The District's compensation plan is designed to keep employees on par with the County in comparable industries and places a high value on workforce stability.

Director Bloch commented that he thought the District was successful in meeting equity in salaries but is concerned that employees may not perceive equity and that the program instituted was not successful. Acting Chief Moroz stated that 90% of Summit County fire fighters live outside of Summit County because they cannot afford to live here. A fire fighters starting annual salary is approximately \$36,000 which is below the Summit County poverty level for a family of three. Mr. Erickson stated that when fire fighters agree to work for the District, the District makes a commitment to them and must maintain equity, if possible.

Director Anuta asked if a mill levy needs to be brought before the community to maintain compensation equity in the future. Mr. Erickson responded yes, in 2014 or 2015 but a mill levy should be requested due to decreased valuations of property and financial pressures on the General Fund that frustrate the District's ability to continue to maintain equity in compensation relative to neighboring fire districts. A trend has been established that can be presented to the community in 2014. Director Anuta suggested that a mill levy is warranted if revenues are decreasing, salaries are not comparable and costs are increasing.

The Board requested an updated salary study be completed in 2014 comparing Summit

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County wages, including all wages in addition to fire departments and water district wages.

Director Anuta inquired about other areas of the budget that can be considered to avoid cutting salaries. Mr. Erickson replied by saying cost cutting measures have been taken and noted that actual fund expenditures in 2012 were \$1,915,661 and the budget for fund expenditures for 2014 is \$1,913,310.

Mr. Weaver indicated when there is an economic downturn, normal businesses can cut services. A special district cannot do this and must provide same level of service as before while operating with the existing mill levy. If property valuations decrease, tax collections decrease and the District must provide the same services.

Director Broughton identified the reorganization of the fire department as another cost saving measure. Discussions regarding the cost effectiveness of retaining current employees over hiring and training new employees followed.

Mr. Erickson addressed other areas of the budget which did not solicit comments or questions and scheduled the adoption of the 2013 Supplemental Budget at the Special Board meeting on December 6, 2013.

#### **New Business** **Snowbridge** **Unit 212**

Mr. Erickson announced that the deadline for Fall Line Property Management to respond to the District's demand for recovery of damages has lapsed. There are rumors that Fall Line has declared bankruptcy but the District's Special Counsel handling collection of the moneys due was unable to locate any evidence in bankruptcy court records that Fall Line had filed any bankruptcy action.

Director Malmgren reported that the unit is listed, that his office has received a prequalification letter and that a potential offer is anticipated.

#### **CHUBB** **Agreement**

Mr. Erickson said historic information regarding the CHUBB agreement, in addition to the currently proposed agreement will be forwarded to District's General Counsel for review and comment.

#### **Staff Reports**

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

Director Anuta asked if the letter requesting CMR to deed identified easements to the District had been sent to Mr. Rodgers. Mr. Erickson responded that the Water Department was awaiting legal advice regarding whether the District should request quit claim deeds or special warranty deeds. Director Anuta recommended submitting the letter with the special warranty deed and to be prepared for a quit claim deed request. He also suggested ordering an Ownership and Encumbrance Report to assist with any property ownership questions that may surface.

Mr. Koenig reported that no water spikes have been recorded during the pressure study of the District's water distribution system. The recording equipment will be left in place.

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##### **Cable TV/HSIS:**

Mr. Arnesen reported that Channel 5 has been reestablished. A cable leak in the East Village was discovered and repaired. Work to repair this leak resulted in signal improvement for the entire neighborhood. Storm King Lounge service has been restored and scheduled to open by Thanksgiving.

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##### **CMFD:**

Acting Chief Moroz discussed transitions taking place in the fire department. Items being

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addressed include changes in department discipline, mandatory training schedules, increasing presence at the High Country Training Center, updating 2009 Operating Procedures and Guidelines, determining disposition of the nonoperational ladder truck, purchasing updated personal protection equipment, and other issues identified by fire department personnel.

Acting Chief Moroz announced that he may submit an application for the Fire Chief position.

- **Clerk-Treasurer Administrative Assistant:**

Ms. Stabile verified that the 2013 Tabor Question passed by a total vote of 226 yes to 126 no.

Ms. Stabile provided information to the Board regarding US Department of Treasury and IRS modifications to Flexible Spending Accounts (FSA). The modifications remove the longstanding "use-or-lose" rule and allow up to \$500 of unused amounts for be rolled over into the next year. The company who administrates the Districts FSA program, Rocky Mountain Reserve (RMR), requires the Board amend the FSA program to allow participants to roll over up to \$500 of unused amounts remaining at year-end. The Board directed Ms. Stabile to contact RMR to proceed with amending the plan and report to the Board at the next meeting on December 6, 2013.

#### Other Business

Director Malmgren announced that Director Bloch's Copper Mountain condominium is under contract and is expected to close on January 7, 2014. If the sale is successful, Director Bloch will tender his resignation shortly thereafter.

Director Bloch's term expires in 2016. The Board will consider appointing a person to serve on the Board until the May, 2014 election. If the Board appoints someone, they will need to run in the May, 2014 election to fill the remaining two years of the Director Bloch's term. Director Anuta and Director Broughton's terms expire in 2014.

Director Malmgren reminded the Board that he represents the District on the Resort Association Board of Directors and will continue to do so unless someone else is interested.

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

**AGREED** to continue to allow Tom Malmgren to represent the Copper Mountain Metropolitan District on the Resort Association Board of Directors.

**Adjournment** There being no further business to come before the Board, by motion duly made by Director Broughton and seconded by Director Bloch, 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 22<sup>nd</sup> day of November, 2013, at 11:53 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