
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
Of the Board of Directors
Copper Mountain Consolidated Metropolitan District
June 29, 2012**

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on June 29, 2012 at 8:30 a.m., at the Copper Mountain Consolidated Metropolitan District Conference Center, 477 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:

- Tom Malmgren
- Bob Bloch
- Ben Broughton
- Dave Steele

The following Director was absent and excused:

- Karl Anuta

Staff in attendance:

- Dave Erickson, District Manager
- Mike Koenig, Water & Sewer Manager
- Dave Arnesen, Cable & TV Manager
- Mark Thomson, CMFD Fire Chief
- Steve Boyle, CMFD Assistant Fire Chief

Also in attendance were:

- Gary Rodgers, Powdr – Copper Mountain LLC
- Peter Siegel, Copper Mountain Resort Association
- Mike Rothberg, Tetra Tech
- Eric Weaver, Robertson & Marchetti, P.C.
- Cheri Curtis, Secretary to the Meeting

**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 June 29, 2012, at 8:30 a.m. noting a quorum was present.

**Old Business
Minutes**

The Board reviewed the minutes of the May 25, 2012, Regular Meeting. Upon motion duly made by Director Bloch and seconded by Director Broughton it was unanimously **AGREED** to approve the minutes of the May 25, 2012, Regular Meeting with revisions.

**Financial
Report**

Mr. Weaver presented the May 31, 2012 financial summary report. Mr. Erickson has made great headway on reconciling the 2011 financial records, specifically the payroll reconciliation. The financial report includes the preliminary 2011 financials and the May 31, 2012 financials. Adjustments have been made to report the District financial position on a modified accrual basis and properly reflect budget to actual financials. Mr. Weaver reported the District finished 2011 financially better than forecasted in the adopted 2011 budget. The May 31, 2012 financial report is showing favorable revenues.

Mr. Weaver stated the balance sheet reflects items so the financial report ties to the audit. The Board discussed the desired format of financial reports in the future.

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The audit field work will restart the week of July 9, 2012. It may be possible to file the 2011 audit by the July 31, 2012 deadline. If not it will be extended.

Cash Disbursements

List Any further Board action regarding the February thru May, 2012, cash disbursement list was tabled until the July meeting, allowing the Board time to review the list.

Community Updates

Mr. Peter Siegel distributed a schedule of summer activities at Copper Mountain. The zip line was completed and is successful. Pit Passes are now available to Board members and are good for up to four passes per day for Board members and their guests. The cost for the zip line is not included in Copper's day passes but is included in the VIP Pit Passes.

Mr. Siegel thanked Chief Thomson and the Fire Department for working with the Association through the fire/fireworks ban affecting activities at Copper Mountain over the upcoming 4th of July holiday period. Pit Passes were distributed to the Board members. Mr. Erickson thanked Peter Siegel and the Resort Association on behalf of the Board and District staff for the Pit Passes.

Mr. Rodgers expressed concerns with the current fire conditions in the Ten Mile watershed. Copper Mountain Operations personnel are working with the Fire Department and the Forest Service on proactive measures to be prepared in case of an on-mountain fire. The locations of the on-mountain fire equipment, tools and facilities have been established and the resort's snowmaking system has been modified and is ready to aid in any on-mountain fire suppression effort if needed. Assistant Chief Boyle has been working with Copper Resort to provide effective public communication to inform all visitors to Copper Mountain that there are no fires or fireworks allowed in the county under the stage two fire restrictions currently in effect. The great teamwork between the resort and the district is a terrific asset for the Copper Mountain community.

The Board questioned how the snowmaking system would be used for fire fighting. Mr. Rodgers and Chief Thomson explained that having water available on the mountain is crucial and the snowmaking system could be used to make an on-mountain water source available to firefighting crews and for creating fire-resistant barriers/zones to mitigate the spread of fire on the mountain. A meeting is scheduled next week to coordinate how the water would be used. Mr. Rothberg cautioned the use of the snow making equipment needs to be monitored to not damage the equipment. Mr. Rodger is comfortable he staff is knowledgeable on operating the equipment.

Mr. Rodgers reported that business and conference activity at Copper Mountain has increased this summer over prior years.

New Business

Water Usage Rate

Updates Mr. Erickson reported that work on the User Rate Study has been temporarily put on the back burner in order to address more urgent matters related to the District's financial records and on-going administrative matters that demand immediate attention. The Board understands the situation but reminded Mr. Erickson the Water Usage Rate Study is important to the Board.

Clerk/Treasurer

Office The District received an appeal on the unemployment claim that was filed and initially denied by the Department of Labor. The appeal hearing was scheduled for June 28th and had to be continued to July 12th due to the nature and scope of the hearing process. The preparation work has been completed and will only require Mr. Erickson's time to participate throughout the hearing process.

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Robertson & Marchetti

Service

Proposal

Mr. Erickson will be working with Mr. Weaver on formulating a proposed long-term service relationship between the District and Robertson & Marchetti, P.C. for presentation to and consideration by the Board at the July 27, 2012 meeting.

CDARS

Investments

The current rates at 1st Bank appear to be the best option at this time. As time permits, Mr. Erickson will further research the investment market for more lucrative investment options.

Employee Rental

Housing

Policy

Director Anuta's comments were incorporated into the Employee Rental Housing Policy. Wheeler House 108 is now rented to a district firefighter. The renter in Togwotee 104 has recently given notice that he is vacating the unit. Mr. Erickson advised the Board that the discounted rent on Wheeler 108 is sufficient to cover the HOA assessments on both Wheeler 108 and Togwotee 104; the lease amount for Snowbridge 212, under the lease/purchase option on that unit, is more than sufficient to cover the Snowbridge HOA assessments on that unit; and, therefore, even though Togwotee 104 will not be generating rental income over the next few months, the District is not paying out housing expenses in excess of what the housing program is generating – thus, the housing program, overall, is not a “money pit” at present.

Director Broughton questioned assigning the responsibility to Mr. Erickson to choose a tenant if more than one employee is interested in a District unit. The policy requires the Board to approve assigning a lease. Director Broughton questioned the need for this requirement since the lease is a month to month lease. Mr. Erickson added that Director Anuta had raised similar concerns by recent email communications and that changes would be made to both the rental housing policy and the rental agreement to address such concerns.

General

Election

The Deadline to submit a ballot issue for the November 6, 2012 election is July 27, 2012. Mr. Erickson will put together an analysis of the District's financial condition in 2013 in order to advise the Board as to any potential need to seek a mill levy increase from voters in the November election.

Staff Reports

- **Water and Wastewater Director:** The Board asked about the status of the failed chlorine booster pumps on the District's domestic water system, and Mr. Koenig explained that there has been no problem in maintaining proper chlorination levels in the water system, but that the department has had to constantly replace/rebuild booster pumps. Initial investigations indicate that the failing pumps may have a manufacturing defect and replacement pumps have been provided under manufacturing warranties.

The Denver Water Cooperative Agreement, as negotiated and agreed to by counties and water users throughout the Colorado River Basin, was presented today to all affected parties for approval and final signature of the full agreement and applicable sub-agreements. Mr. Koenig explained that the District was not a signatory to the primary agreement; however, the District did need to approve and execute a sub-agreement that pertained only to the District. Upon motion made by Director Broughton and seconded by Director Bloch, it was unanimously

AGREED to authorize Mr. Koenig to execute the District's sub-agreement after review and approval by the District's special water counsel.

The Board asked about the cause of increased levels of phosphorus concentration in the treatment plant's discharge water in 2012 versus 2011. Mr. Koenig explained there are several variables that could increase the amount of phosphorus in the discharge waters; however, it has not yet been

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determined what caused the recent increase. The department will continue to investigate the matter.

The Board discussed the change in the compost process for bio-solids. Director Malmgren questioned whether Freeport-McMoRan will be actually hauling the material. Mr. Koenig stated Freeport-McMoRan will be contracting with independent contractors for hauling – not hauling the sludge directly themselves – but such changes will negate existing contracts the District had for sludge hauling. The Bio-Solid Agreement with Climax will be available for execution when finalized. Upon motion made by Director Broughton and seconded by Director Bloch, it was unanimously

AGREED to authorize Mr. Koenig to execute the Bio-Solid Agreement with Climax after review and approval by the District's legal counsel.

Mr. Koenig advised the Board that Stage 2 water use restrictions have been enacted by various water providers throughout Summit County. It may be necessary for the District to impose similar water use restrictions within the District due to current drought condition in the area. Mr. Koenig has requested information from the District's special water counsel and the District's water engineer in order to formulate a responsible water use policy, including "trigger points" to guide the District in imposing water use restrictions within the District. Director Malmgren recommended enacting voluntary restrictions as soon as possible in light of current stream flow and drought conditions affecting the community's watershed and water rights portfolio. Mr. Koenig will work with the District Manager to draft a document regarding voluntary water restrictions for immediate implementation as necessary, and to draft a comprehensive water use policy, including mandatory water use restrictions, for presentation to and adoption by the Board in the future. Director Broughton suggested trying voluntary restrictions in order to determine if it produces satisfactory results.

Director Broughton questioned why the District filed legal opposition regarding the Climax water case currently lying before the Water Court. Mr. Koenig explained that the District is not currently opposed to the Climax water case, but the District legally needs to file a notice of opposition in order to preserve the District's right to effectively monitor and participate in the case should it become necessary to protect the District's water rights portfolio in the future due to how the case evolves through the court process.

Mr. Koenig advised the Board that the department is testing fire hydrant throughout the District, to ascertain that they are operating properly, and will continue such testing as the department's workload allows. The department recently replaced two hydrants located near the Lodge. The current hydrant tests did not reveal any operational problems with the hydrants tested, and the department will correct any operational problems which are discovered in the future.

- **Engineer's Report:** Mr. Koenig has presented contract proposals to Mr. Rothberg for review and consideration in finalizing on-going painting projects the Water/Sanitation Department is working on. The clarifier could be completed this year. The District could complete the two other water painting projects this year, but such work will require an amendment to the 2012 budget. Mr. Rothberg reported water storage capacity at Dillon Reservoir is at 94% this year, compared 90% this same time last year and 99% which is typical for most years.
- **Cable TV/HSIS:** Three cable television channels will go dark on July 1, 2012; AMC (American Movie Classics), WE (Women's Channel), and IFC (Independent Film Channel) due to a legal dispute Dish TV has under their program acquisition contracts. Mr. Arensen will temporarily replace those three channels with other suitable channels until the dispute is resolved and Dish TV is once again providing the programming to the District. The new emergency alert notification requirements go into effect on June 30, 2012, and Mr. Arensen is attempting to work with Resort Internet to assure that the District complies with the regulations. Resort Internet has been slow to

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respond to his requests for information. Director Malmgren questioned whether or not RI's performance in being slow to respond to the District's needs in this respect might not constitute a compliance issue pursuant to the Cable Television Services Agreement. Mr. Arensen advised that he will meet in person with Mark at Resort Internet to pursue the matter and that if a satisfactory response is not forthcoming, such failure to respond might constitute a breach of contract under the Agreement.

- **Fire Chief:** Chief Thomson expressed concerns with the current level of fire danger in Summit County. The risk has receded with the recent rains, but it is still very high. A District fire crew was sent to provide wildfire fighting equipment/services and in-town coverage for Leadville as a result of the Treasure Fire in Lake County.

District fire crews participated in wildfire deployment exercises conducted by Summit County. The District has the ability to use support from Vail and Clear Creek County, through the five county fire support agreement. Copper Mountain is set-up as liaison with the ability to establish an incident command center in the Metro District Building's conference room.

Chief Thomson noted that Lewis Ranch is the one area at Copper Mountain where wildfire precautions are very necessary due to the area's forested condition and exposure to fires moving down valley from the west and north along the I70 corridor. Information will be published on the District's website. The Resort Company has been terrific at getting information to the public.

Improved radio communications have been established to notify all agencies of danger. Director Malmgren asked about ability for property owners to register for reverse 911. Summit County alert is where property owners can register cell and home phones. A message will be sent to all property owners on how to register phones for emergency alerts.

- **Summit Fire Authority:** A meeting was held on June 14. The Summit Fire Authority (SFA) Mutual Aid Assistance Agreement has been revised to address comments from Director and the Board for further review by the other fire districts. Director Bloch recommended the agreement be further amended to require its periodic review. Director Broughton stated that, at a minimum, the Agreement should be internally reviewed at least every 5 years. Chief Thomson noted that Lake Dillon and Red White and Blue fire districts are considering consolidation and that if and when consolidation occurs, it will be necessary to amend several multi-agency contracts and programs.

Mr. Thomson advised that a Mr. Dan Moroz has been hired to fill the vacant position of the District's Code Compliance Officer, and that he will start on July 9, 2012. He will be a benefit to the District to be able to re-start building inspections and coordinate staff review of county development/use proposals coming before the District for review and action. Mr. Thomson also advised that Shannin Theiss has been promoted from a volunteer firefighter to a paid firefighter to fill a vacant firefighter position with the department.

The Labor Day weekend community party was a success last year and it has been scheduled for the Thursday, August 30 from 4-7 p.m. this year.

The Board questioned whether or not the District is reimbursed for hazmat spill calls. Mr. Erickson informed the Board the program allows the District to file a claim for reimbursement on hazardous material spills and to be reimbursed for District expenses in such circumstances.

Other Business

Director Malmgren advised the Board that a Resort Chamber meeting was held on June 28, 2012. He advised that the Resort Chamber is trying to put together a future meeting with County representatives, including the Sheriff and County Manager, for the purpose of discussing issues of mutual concern and interest between the County and the Copper Mountain community.

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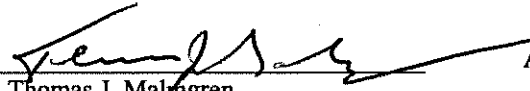
Adjournment

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 this 29th day of June, 2012 at 10:42 a.m.

Respectfully Submitted,

BY:


Thomas J. Malmgren
President to the Board

ATTEST:


Karl Anuta
Vice-President of the Board