
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
Of the Board of Directors
Copper Mountain Consolidated Metropolitan District
November 30, 2012**

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

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

Staff in attendance were:

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

Also in attendance were:

- Stan Sprinkle, Property Owner, Anaconda HOA
- Peter Siegel, Copper Mountain Resort
- 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 November 30, 2012, at 8:30 a.m. noting a quorum was present.

**Old Business
Minutes**

The Board reviewed the minutes of the October 26, 2012 Regular Board Meeting. Director Anuta clarified he believes the District should be prepared to hold a TABOR election, regardless of the District's financial position. Mr. Erickson clarified the District will hold a TABOR election in May, 2014 unless the District's financial position requires the TABOR election be placed on the November, 2013 ballot. Upon motion duly made by Director Broughton and seconded by Director Steele it was unanimously

AGREED to approve the minutes of the October 26, 2012 Regular Board Meeting with revisions.

**Financial
Report**

Mr. Weaver presented the October 31, 2012 financial summary report. Mr. Weaver reviewed the revenues and expenditures noting both are tracking with the forecast. The water and sewer department revenues are under budget due to lower tap fee revenue due to the national recession and the resulting lack of new construction in the community and irrigation water conservation this past summer. The capital fund has a positive variance of \$187,400. The District financial statement is projecting a positive variance of \$669,000 for the combined funds' ending balance.

Mr. Sprinkle questioned the positive tax revenue variance since property tax assessments are a fixed amount. Mr. Erickson responded the 2012 budget reduced anticipated property tax revenues

RECORD OF PROCEEDINGS

Copper Mountain Consolidated Metropolitan District November 30, 2012 Meeting Minutes

in order to cover unanticipated shortfalls in actual 2012 fund revenues and/or unanticipated over expenditure of fund operating expenses.

Director Anuta questioned why the Cable TV Fund showed a bad debt expense. Ms. Curtis explained that when cable television and internet billing was conveyed to Resort Internet in 2011, the remaining unpaid balances on those accounts were posted to bad debt as a housekeeping item in 2012; the positive revenue collected by the District from Resort Internet in 2012 exceeds the balance posted to bad debt, thus, indicating that a large portion, if not all, of the amount written off to bad debt was eventually collected by Resort Internet and paid to the District in 2012.

Director Bloch questioned the capital fund balances. Mr. Weaver and Mr. Erickson explained the funds are allocated in the budget and not on financials.

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

AGREED to accept the October 31, 2012 Financial Statement and cash disbursement list as presented.

Public Input

There was no public input presented to the Board.

Community Updates

Mr. Siegel reported that with the lack of snow in the early season, Village Company operations are still in the fall mode and completing maintenance items until the snow removal operations begin. The ice skating rink and zip lining will open on December 21, 2012 and an email with this information has been sent to all Copper Mountain property owners. The Copper Coach Dial-A-Ride is in full operation and was well used over the Thanksgiving Holiday weekend.

The Copper Mountain Chamber & Resort Association (CMCRA) is holding their Annual meeting on December 1, 2012. CMCRA is finding it difficult to obtain a quorum for its annual meetings. The CMCRA bylaws, as originally adopted when the association was formed, require 50.1% of the membership to be in attendance or represented by proxy for a quorum. The current standard for similar type associations in the State is 20% for up to 1,000 residents and 10% for more than 1,000 residents. CMCRA is working with their attorneys to amend the bylaws and, thereby, to change the quorum requirements. Other changes are also being proposed to CMCRA bylaws to be effective in future years. Without a quorum the CMCRA will not be able to approve minutes, vote on Board members, or conduct other necessary business. Currently CMCRA is short 78,000 proxies in order to achieve a quorum for the December 1, 2012 meeting.

Director Broughton questioned the status of ice skate rentals this coming season with Chubbs no longer planning to provide the service. Mr. Siegel reported that the Association is working with other entities to take over the skate rental operation; however, if no one expresses interest in doing so for this season, the Copper Mountain Resort Association will provide the service. The Village at Copper Mountain owns the skates and provides the Zamboni service.

There was no one in attendance from Copper Mountain Resort so there was no report. Mr. Sprinkle questioned status of the County's work session hearing on the Copper Mountain PUD Amendment. It was reported the October BOCC work session was continued to November 13 to allow continuing public input and to finalize the BOCC's input to Powdr-Copper Mountain regarding the resort's work session PUD application. The next step will be for Powdr-Copper Mountain to file a formal PUD Amendment Application with Summit County, followed by formal public review and hearings to finalize the BOCC's decision on Powdr-Copper Mountain's forthcoming PUD Amendment Application.

New Business

RECORD OF PROCEEDINGS

Copper Mountain Consolidated Metropolitan District November 30, 2012 Meeting Minutes

Supplemental 2012 Budget

Mr. Erickson advised that the proposed Supplemental 2012 District Budget was properly advertised and made available for public inspection in conformance with the requirements of State law. The public hearing on the proposed Supplemental 2012 District Budget was initially opened at the October 26, 2012 District Board meeting and then recessed until the November 30, 2012 Board meeting. Director Malmgren reconvened the public hearing on the proposed Supplemental 2012 District Budget at 9:12 a.m. Mr. Erickson explained changes made to the Supplemental 2012 Budget, and currently being presented to the Board for final consideration, were necessary based upon input from the Board and public during the October 26th public hearing: General Fund Personal Service expenses were reduced from \$30,000 to \$21,000 in order re-appropriate budgeted, unexpended Personal Service funds to cover unanticipated Operating expenditures for financial services provided by Robertson & Marchetti. Hearing no public input, the public hearing was closed at 9:14 a.m. Upon motion duly made by Director Bloch and seconded by Director Anuta it was unanimously

AGREED to approve **RESOLUTION #2012-05** and adopt a Supplemental 2012 CMCMD Budget

2013 Proposed Budget

Mr. Erickson advised that the Proposed 2013 District Budget was properly advertised and made available for public inspection in conformance with the requirements of State law. The public hearing on the Proposed 2013 District Budget was opened at the October 26, 2012 meeting and then recessed until the November 30, 2012 Board meeting. Director Malmgren reconvened the public hearing on the Proposed 2013 Budget at 9: 15 a.m. Mr. Erickson advised that changes made to the Proposed 2013 Budget and presented to the Board at this meeting were premised upon either continuing staff review of 2012 revenue and expenditure estimates and proposed 2013 revenue and expenditure projections or to address comments and changes, including correction of inaccurate information or typographical errors identified either by the public or the Board during the October 26th hearing.

The proposed 2013 employee compensation schedule was revised to adhere to current provisions of the District's Job Classification and Compensation Plan. COLA and MERIT awards were modified to strictly conform to current District compensation policies in order to address Board and staff concerns about the Proposed 2013 District Budget. Mr. Erickson noted that in 2011 employee wages were frozen and in 2012 only a 1% merit increase was granted due to the national recession and concern over resulting decreases in assessed values in the community. Mr. Erickson recommended that the Board award full COLA and MERIT increases for 2013 in that adequate steps had been taken by the Board and staff in the past two years to insure the District's ability to meet all District budgetary expenses in 2013 and that adequate steps are available to adjust to future economic conditions in 2014 and thereafter, if necessary to protect the Districts financial condition. Mr. Erickson suggested that if Board is not comfortable with the 3% merit rate increase, the Board should give him a dollar amount that would be allocated to individual employees based on adjusted COLA and MERIT allocations.

Director Bloch clarified the 3% merit rate would be a pool that would award higher performing employees a higher percentage increase in wages than lower performing employees would receive and that the cost of living adjustment would be distributed to all employees in accordance with the District's Job Classification and Compensation Plan. Mr. Erickson stated that MERIT and COLA adjustments would be made as described by Director Bloch; however, there is confusion as to current COLA and MERIT policy provisions amongst board members, and Director Anuta suggested that further discussion concerning these matters should be separate from the Board's decision on approving the 2013 budget.

Director Anuta questioned the amount and percentage of personnel costs in 2012 and 2013 in comparison to total expenditures to guarantee personnel is not increasing in proportion to overall

RECORD OF PROCEEDINGS

Copper Mountain Consolidated Metropolitan District November 30, 2012 Meeting Minutes

expenditures. Mr. Erickson explained that in 2012 personnel costs were 50.7% of the total general fund expenditures, excluding capital expenditures; in 2013 they will be 47.8% of total general fund expenditures, excluding capital expenditures.

Mr. Sprinkle commented on the budgeted reduction in the fund balance for 2013 and the financial forecast for future years. Mr. Erickson explained that the 2013 District Budget was designed to conservatively draw down the General Fund's Ending Balance to its historic target level of \$500,000. The Board agreed it is important to monitor the ending fund balance moving forward. Director Anuta asked Mr. Weaver to graph the beginning and ending fund balances in prior years. Director Bloch and Mr. Erickson further clarified the budget is prepared conservatively to understate revenues and overstate expenditures; and that historically, budget revenue estimates and projections have always been less than actual receipts; and expenditure estimates and projections have always been greater than actual expenditures. .

Mr. Sprinkle questioned other specific items in the budget that were clarified by staff. The public hearing on the Proposed 2013 District Budget was closed at 10:47 a.m.

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

AGREED to adopt **RESOLUTION No. 2012-06** to adopt the 2013 District Budget as amended and presented.

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

AGREED to adopt **RESOLUTION No. 2012-07** to appropriate sums of money to several offices, departments, Boards and other spending agencies of the Copper Mountain Consolidation Metropolitan District in the amounts and for the purposes set forth in the 2013 District Budget.

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

AGREED to adopt **RESOLUTION No. 2012-08** to certify and levy the 2012 mill levies for the general fund and the fire station debt service fund of the Copper Mountain Consolidation Metropolitan District.

Job Classification and Compensation Schedule

Mr. Erickson recommended the Board adopt Resolution No. 2012-09 to adopt the 2013 Job Classification and Compensation Schedule. Director Anuta questioned how the COLA Factor is calculated. Discussion was tabled to a future meeting after Mr. Erickson provides a written explanation on the COLA Factor to the Board. Mr. Sprinkle requested a copy of the COLA Factor schedule that will be distributed to the Board. Mr. Sprinkle questioned the designation "not authorized" on the Job Classification and Compensation Schedule. Mr. Erickson noted those positions are not authorized to be filled by the Board. The resolution will be revised to take Not Authorized off the Administrative Assistant position. Upon motion duly made by Director Bloch and seconded by Director Anuta it was unanimously

AGREED to adopt **RESOLUTION 2012-09** to adopt the 2013 CMCMD Job Classification and Compensation Schedule as revised.

CDARS Funds

Director Malmgren and Mr. Erickson have invested \$980,000 in CDs proffered through the CDARS program at UMB Bank; the CDs are fully FDIC insured. Additional funds will be transferred when favorable rates are available. The current investments are earning from 1-1.5 annual percentage rate. Director Anuta questioned the ability to access the funds as necessary, based on last month's comment from Mr. Sprinkle. Mr. Erickson explained that the District can

RECORD OF PROCEEDINGS

Copper Mountain Consolidated Metropolitan District November 30, 2012 Meeting Minutes

sell a CD and it would be subject to a gain or loss based on the CD market value at that time. Mr. Sprinkle questioned if the District's financials would be adjusted to the market value. Mr. Weaver stated a year end entry will be reflected in the audited financials to reflect the change in the market value since it is not cost effective to calculate that on a monthly basis. Mr. Erickson reported the interest is paid semi-annually and will be placed into the District's operating bank accounts to increase the District's cash flow. There was a discussion on placing funds in foreign banks doing business in the United States. The Board approved investing funds only in United States banks or Puerto Rico banks doing business in the United States.

Staff Reports

- **Water and Wastewater Director:** Mr. Koenig's report was included in the Board packet. Director Anuta questioned the schedule for replacing 14 water meters. Mr. Koenig reported they will be replaced as they are rebuilt. Mr. Koenig further explained it is more cost effective to rebuild the meters rather than purchase new ones in that when an old meter is replaced it is then rebuilt and utilized to replace another old meter; thus, saving money over simply replacing old meters with new meters and disposing of the replaced meter. The Water and Sanitation Department purchased a new wireless, computerized meter reading system last month in order to facilitate and improve the accuracy of monthly meter reading activities.

Director Broughton questioned the flow levels over Thanksgiving. Mr. Koenig will need to look at the report and get back to the Board in order to answer that question.

The Board asked about the efficiency and effectiveness of the District's ability to enforce the cleaning of the grease traps. Mr. Koenig stated the grease traps are currently pumped quarterly. The District's Rules and Regulations allow the District to require the owner to pump more frequently, if necessary. If a restaurant is not complying with the pumping requirements, the District has the ability to assess a penalty on a daily basis. The District's object is to not fine restaurant owners but keep the grease from flowing into the streams since grease has to be physically removed from the sewer plant. The Board asked if additional direction from the Board is needed. Mr. Koenig stated no direction is needed at this time, and he will continue working with restaurant owners to maintain their grease traps in compliance with the regulations.

Assistant Chief Boyle questioned the use of outside grills. Mr. Koenig indicated the first step is to make sure they are in compliance with fire and building code regulations. Mr. Koenig and Assistant Chief Boyle agreed to further discuss outside grill issues after the meeting.

Mr. Koenig will work on complying with the new State-mandated Nitrogen regulations that will go into effect on January 1, 2013.
- **Engineer's Report:** There was nothing to report.
- **Cable TV/HSIS:** Mr. Arensen reported a correction in his report: his report should have read that Village Square – not Village Point – is no longer using the CMTS network for HSIS. The fiber system in the Center Village is working well but it is difficult to provide to outlying areas. Director Malmgren questioned if Mr. Arensen was aware of the issues in Elk Run and Mr. Arensen responded he was aware and was working to correct the problems.
- **Fire Prevention:** Chief Thomson reported plans for the Climax Mine Property Discharge Water Treatment Plant Site and the Metals Process Building were submitted. The plans were reviewed for code compliance with the currently adopted International Fire Code and the Fire Department has submitted plan comments to Climax Mine personnel. Climax Mine has requested a variance on certain required items and the department is currently reviewing said requests.

Mr. Moroz reported Code Enforcement Violations are being corrected by Copper Mountain Resort and he appreciates their cooperation.

RECORD OF PROCEEDINGS

Copper Mountain Consolidated Metropolitan District November 30, 2012 Meeting Minutes

Fire Chief: Chief Thomson provided information on replacing the Ladder Truck. The Department has not established a recommendation regarding the ladder truck issue and will continue to work on the Capital Improvement plan, including a recommendation on replacing the ladder truck, for submittal at a later date.

Chief Thomson's report includes information on fire staff and procedures the Department follows in responding to fire calls.

The next Pension Board meeting will be rescheduled in early 2013.

Summit County Ambulance Service (SCAS) and Summit County are conducting a feasibility study to determine the viability of consolidating ambulance services with the fire services in the County. A joint SCAS/County memo was included in the Fire Department's November report to the Board. CMCMD is currently not part of the consolidation discussions and the report is for information purposes at this time. Questions on the impacts of consolidation with Ambulance services were presented. Chief Thomson stated that currently an ambulance is on site during the weekends with more availability planned for during the winter season. Director Broughton questioned what Summit County Ambulance's position was on consolidating with the fire districts. Chief Thomson responded that when SCAS was originally asked about consolidation, Summit County Ambulance indicated they were not interested in consolidation; however, now they are looking into the question.

The next SFA meeting will be on December 13, 2013.

Mr. Sprinkle questioned SCAS comments about not being able to operate at a deficit any longer. Chief Thomson reported a study will be completed to look at future options for SCAS operations. Director Anuta asked Chief Thomson to send a letter indicating the District's need and desire to participate in the ambulance study process.

**Other
Business**

The website is now posted to the CopperMetro.org domain name. Ms. Curtis has been training staff on how to make changes and add items to the website.

The Board discussed the need to meet in December. Upon motion duly made by Director Broughton and seconded by Director Anuta it was unanimously

AGREED to cancel the December, 2012 meeting.

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 this 30th day of November, 2012 at 12:00 p.m.

Respectfully Submitted,

BY: _____

Thomas J. Malmgren
President to the District

ATTEST: _____

Karl Anuta
Vice President of the District