
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
Of the Board of Directors
Copper Mountain Consolidated Metropolitan District
October 26, 2012**

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on October 26, 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

District personnel in attendance were:

- Dave Erickson, District Manager
- Mike Koenig, Public Works Director
- Dave Arnesen, Director of Cable Television Services
- Mark Thomson, Fire Chief
- Dan Moroz, Code Compliance Officer
- Steve Boyle, Assistant Fire Chief

Also in attendance were:

- Stan Sprinkle, Owner, Anaconda HOA
- Jim Reis, Copper Mountain Resort Chamber and POLA
- 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 October 26, 2012, at 8:30 a.m. noting a quorum was present.

**Old Business
Minutes**

The Board reviewed the minutes of the September 28, 2012 Regular Board Meeting. Upon motion duly made by Director Bloch and seconded by Director Broughton it was unanimously

AGREED to approve the minutes of the September 28, 2012 Regular Board Meeting with revisions.

**Financial
Report**

Mr. Weaver presented the September 30, 2012 financial summary report, noting the significant variances. Mr. Sprinkle presented questions on the balance sheet that Mr. Weaver will review and provide answers for at the next meeting.

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

AGREED to accept the September 30, 2012 Financial Statement and cash disbursement list as presented.

**Public
Input**

There was no public input presented to the Board.

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Community Updates

Mr. Reis reported the security is now in place and the on-site transportation service has begun. A committee meeting was held yesterday to look at infrastructure to make sure everything is in place for the season and determine who owns easements, lights and signage. The committee is making sure the community remains up to date and stays competitive with other ski areas. Director Malmgren is the District's representative on the committee and stated the cooperation is very positive for the community.

Mr. Sprinkle questioned the outcome of the Ten Mile Planning Commission and Summit County Board of County Commissioner work sessions on the Copper Mountain PUD Amendment. It was reported the BOCC work session was continued to November 13, 2012 in order to conclude the process. Director Broughton reported the work sessions went well with few concerns presented.

Copper Mtn Ski resort opens November 2, 2012. International teams are already scheduled for opening weekend.

New Business

Lease of Office Space

Copper Mountain Security has agreed to lease space in the Village for 2013 so there is no need to conduct negotiations to lease space in the Copper Mountain Metro District Building at this time; however, there is interest to continue exploring the possibility of leasing space in future years.

RMPC Service Proposal

Mr. Erickson reported he had revised the initial September estimate on 2012 District expense to correct the District's 2011 financial records and to secure 2012 financial/accounting services through Robertson & Marchetti's for 2012. The updated cost estimates were presented to the Board as documented in Exhibit IV of the October, 2012 Manager's Business Agenda. Mr. Erickson also informed the Board that a copy of the revised estimate was also forwarded to Stan Sprinkle per his request at the September Board meeting. Mr. Sprinkle questioned the budgeted cost for the clerk-treasurer position (reported as \$75,000 in the revised estimate) since only \$59,000 was in 2012. Mr. Erickson advised that the \$75,000 includes the entire payroll burden for the Clerk-Treasurer's position – including FICA taxes, workers compensation, pension contributions, and health insurance. The revised estimate documents that total 2012 costs to correct the 2011 financial records and manage the District's 2012 financial records are potentially some \$1,200 less than what was budgeted for the Clerk-Treasurer's position for 2012.

CDARS Funds

Mr. Erickson advised the Board that in putting together the PROPOSED 2013 District Budget, he discovered that the \$3,000,000 the District had invested in First Bank was earning only a ¼% per annum on the investment – versus the 0.6% that was reported at the time the Board authorized the First Bank investment. Mr. Erickson looked into investing the funds in Summit County banks and either the local banks are not able to offer an attractive investment package or they are simply not interested in taking on additional public fund investments at this time. Mr. Erickson advised that the UMB Bank in Denver has a CDARS investment program offering a more attractive interest and investment package than is available through any local bank. Mr. Erickson reviewed two CDARS investment portfolios put together by UMB, and he advised the Board that it appeared to be the best investment program currently available to the District and would boost investment earnings by roughly five fold. Mr. Erickson requested authorization from the Board to work with Director Malmgren and UMB Bank in order to set up and transition into a CDARS investment portfolio that will maximize the District's investment earnings under current economic and investment market conditions. To authorize the District Manager's request, the Board needs to execute a UMB investment document and authorize Director Malmgren to execute the document and authorize Director Malmgren and Mr. Erickson to select and secure specific investments on behalf of the Board as necessary to establish the UMB account and invest the District funds.

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Mr. Sprinkle questioned whether the District should distribute an RFP for bank investments as opposed to simply authorizing the only apparent proposal currently lying before the Board. Mr. Erickson advised that he had canvassed local banks and that Robertson & Marchetti had recently canvassed investment options available throughout the State, and that the current recommendation is based upon a review of all investment programs currently available to the District and the specifics of investment portfolio options available currently available through the UMB Bank CDARS program. Mr. Sprinkle questioned the District's ability to obtain invested funds in 2013 if necessary to pay operational expenses, and Mr. Erickson advised that he is setting up the investment package such that (1) he does not believe the District will have to secure any invested funds for 2013 expenses; and (2) if necessary, the District will be able to select which investments can be retired early with least loss in investment earnings and financial consequence to the District's financial condition. Upon motion made by Director Broughton and seconded by Director Bloch it was unanimously

AGREED to authorize Mr. Erickson and Director Malmgren to proceed with moving investment funds into the UMB Bank CDARS program, including authorization to execute all necessary documents and to carry out all necessary actions to accomplish the overall investment strategy for the District.

Lease to Purchase Togwotee Unit 104

Mr. Erickson did not provide a copy of the proposed lease but is looking for Board input on whether the District was interested in negotiating a lease/purchase on the Togwotee unit. A Fire Department employee is currently leasing the unit on a short term basis; however, the current short term arrangement could become a long term in the future. Director Bloch inquired about the rental history and Mr. Erickson stated the history had been good with Steve Boyle leasing it for a long period of time. The unit has been vacant from July to October this year. The District is scheduled to close on the Snow Bridge unit in 2013. The Board stated it is good to have a few units but also believes it makes financial sense to sell the Snow Bridge unit. Relative to the question of selling Togwotee 104, the District Board decided that it is not interested in considering its sale at this time.

2013 Proposed Budget

Mr. Erickson stated the PROPOSED 2013 District Budget was completed and distributed to Board, advertised, and made available to the public in conformance with the requirements of State law. Director Malmgren questioned whether the Board had any questions on the budget message, resolution, or proposed budget. Director Bloch asked how the employee wages were calculated in the PROPOSED Budget, and he expressed that he did not think that the Cost of Living Adjustment (COLA) should be adjusted as discussed in the 2013 Budget Message. Mr. Erickson responded that Director Anuta had previously raised the same issues, and Mr. Erickson advised the Board employee wages will be adjusted in accordance with the District's Job Classification and Compensation Plan – not as initially suggested and calculated in the PROPOSED 2013 Budget documents. Mr. Sprinkle asked for clarification that the Board will be revising employee compensation on the basis of historic practices of the District and it was confirmed that his understanding was correct: employee compensation will be adjusted for 2013 as it has been done in the past. Director Bloch questioned the cost estimate for the District Building Renovation as specified in the 2013 Capital Projects Fund Budget; Mr. Erickson explained that the estimate in the Metro District Building renovation escrow is based on historic cost estimates made at the time the Capital Projects Fund and escrow accounts were established in 2006.

The public hearing on the PROPOSED 2013 District Budget was opened for public comment at 9:35 a.m. Mr. Sprinkle raised various questions regarding the budget message and his questions were answered as best as they could be at the time. Mr. Sprinkle also raised concern that whereas

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previous Capital Project Fund budgets had itemized specific equipment and project needs of the District for establishing and funding various escrow accounts in the Capital Projects Fund, the PROPOSED 2013 District Budget essentially “closed out” the balance of all escrow accounts and collapsed all escrowed funds into a general “Capital Upgrades and Improvements” category for each department: Mr. Sprinkle advised that he thought it imperative that the public be fully informed as to the specific capital needs of the District and that such needs should be specifically identified by escrow account designations in the budget. Mr. Sprinkle stated he could accept a temporary unfunded capital program but needs a long term plan presented in order to fully understand and agree that the District taxpayer should be setting aside public funds in specific escrow accounts for future capital needs. Director Bloch, Mr. Koenig, Mike Rothberg, and Mr. Erickson attempted to explain that the current general escrow category of “Capital Upgrades and Improvements” is a temporary circumstance and that specific capital escrow accounts will be incorporated into future budgets as the Board finalizes and adopts capital improvement plans for each department; the District acknowledges the legitimacy of Mr. Sprinkle’s concern and that the District will implement his suggestions as soon as practicable in future plan and budget documents.

Director Bloch raised question as to what the “Notify All Communication Services” line item (Fire Department budget) was to be expended for. Chief Thomson explained that the District has the ability to immediately receive and send emergency communications from Summit County Communications to all District emergency personnel, and this line item is necessary to cover the cost of this critical communication service.

Director Bloch questioned the 2013 budget for elections, as there is no District election scheduled in 2013, and why there are no funds budgeted for custodial services in 2013. Mr. Erickson explained that though there is no special district election 2013, there may be a November TABOR election in 2013 depending upon the District’s financial condition going into 2014. Mr. Erickson also explained that Fire Department personnel are currently providing custodial services as necessary for the Community Room and associated public facilities and administrative staff is providing the same in the administrative offices in order to mitigate financial pressures on the General Fund, and therefore, there is no need to budget for outside custodial services in 2013.

Director Malmgren questioned the budgeted plant investment fees and irrigation revenues in the Water and Sanitation Fund budget. Mr. Koenig explained the specified amounts are estimates based upon the best information currently available: plant investment fees are down because new development is down under current economic conditions; irrigation revenues are down because of watering restrictions due to drought conditions this past summer.

The public hearing on the PROPOSED BUDGET was recessed at 10:09 a.m. until November 30, 2012 at which time it will be continued prior to the Board taking final action to approve the 2013 District Budget.

2012 Amended Budget

Mr. Erickson explained the AMENDED 2012 District Budget was presented to the Board, advertised, and made available to the public in conformance with the requirements of State law. There was general board/staff discussion as to the need for an amended budget. The public hearing on the AMENDED 2012 District Budget was opened at 10:10 a.m. for public input. Hearing no public input, the public hearing was recessed at 10:15 a.m. until November 30, 2012 at which time it will be continued prior to the Board taking final action to approve the Amended 2012 District Budget.

Staff Reports

- **Water and Wastewater Director:** Mr. Koenig’s report was included in the Board packet. The painting of the tank was completed. The cost for the painting was under budget but the engineering, which included specifications for the Clarifiers, was over budget. The Board

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questioned the report indicating excess use of phosphorus and nitrogen. Mr. Koenig explained usage is based on volume and timing, and the report is not a concern to the District. Mr. Koenig further explained that wastewater treatment is a biological and chemical process and that anything that upsets the biological process will require an adjustment in the chemical process and skews the test results. The upset was minimal; however, because the numbers are so low, the variances appear extreme.

Mr. Koenig noted the computerized meter reading system that was recently replaced was over twelve years old. Mr. Sprinkle questioned whether or not the new computer could read both the old and new meters. Mr. Koenig stated the District has old and new radios that collectively read all meters.

- **Engineer's Report:** The tank painting project has been completed. The next task is to complete the water and sewer rate study.
- **Cable TV/HSIS:** Mr. Arnesen's report was reviewed by the Board. Mr. Arnesen reported there have been no issues and he has been assisting Resort Internet with locating equipment as Resort Internet continues to add satellite dishes to upgrade television service to various properties throughout the District. Director Malmgren suggested establishing internet hot spots within the Village. Mr. Arnesen will discuss hotspots with Resort Internet. Mr. Arnesen stated Resort Internet is increasing bandwidth to support all devices requiring internet service. Mr. Sprinkle questioned where fiber optic cable was being installed and who would benefit. Mr. Arnesen explained everyone would benefit from the improvements. By increasing the bandwidth it will improve speed for everyone using the internet.
- **Fire Prevention Week:** Chief Thomson reported there was great support from staff and participating agencies. The event was well attended. The District held an open house with a smoke trailer that encouraged lots of involvement. There was also a fire pit allowing spectators to put out a fire. Kevin Rodenbeck, of Copper Mountain Resort Food and Beverage Services, personally donated his time to assist with food preparation and refreshments during the open house. The Department is working with commercial food operators to make their operations safer. All staff members are now trained on code violations and are able to report violations for compliance purposes.

Mr. Moroz, Code Compliance Official, has received plans for the Climax Mine's wastewater treatment plant construction project so he is now able to start reviewing plans.

The District has made great headway with Powdr Corp and Copper Resort Association on preventing fire code violations throughout the resort. The Department is now working with smaller buildings to be better prepared for the winter season. Assistant Chief Boyle is working with all fire companies to be prepared for enforcement.

- **Fire Chief:** Chief Thomson advised the Board that the age and condition of Truck one (T-1), the ladder truck, have led the Department to identify several issues regarding safety concerns, the inability to meet recognized standards, and the escalating costs of maintenance. These issues are leading the Department to the conclusion that we should not put additional money into fixing T-1. This being the case, the recommendation as to how to move forward becomes a more complicated issue. There is more work to do in order to present a complete work product to staff and the District. To be included in the work product are possibilities for replacing T-1 and how that relates to the District's situation; current and future staffing levels; direction of the District and Fire Department, ISO ratings, etc.

Chief Thomson reassured the District Board that the District is providing an appropriate response for a department the size of the Copper Mountain Fire Department. The National Fire Protection Association (NFPA) produces the recognized standards that we reference and try to comply with. The District staffs an engine company with a minimum of 4 personnel responding to fires or other

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emergency response incidents. With one company in Copper Mountain, it has been determined that an early, aggressive, and, primarily, interior attack on a building fire, is usually the most effective strategy to reduce loss of lives and property damage. A fire response at Copper (1st alarm assignment) is a CMFD Engine with an additional 2 engines and a ladder truck responding from other fire districts situated within the county. If a fire escalates (2nd alarm) then an additional engine is dispatched from within the county. The need for additional resources beyond the 2nd alarm level is provided through existing mutual aid agreements from surrounding counties. These strategies for response are outlined in NFPA.

One option the District is looking at in addressing the current condition of T-1 is the feasibility of purchasing a Quint Ladder Truck that combines the equipment and capabilities of an engine and a truck. Our current staffing level will only allow us to operate as an Engine company or a truck company, but it would give the crew the option to use a ladder truck as needed. Hiring additional staff in the future would allow us to perform multiple tasks and fully utilize a Quint Ladder Truck. The District is a combination department, which means we have paid and volunteer firefighters. We currently have 15 paid staff and 5 operational volunteer firefighters. However, because the Department has not been able to rely on full volunteer participation to meet our current operational needs, the Department is essentially and primarily a paid department. The Department continues to look at the future viability of the Department's volunteer firefighter program and its ability to meet our current and future operational needs.

Director Malmgren noted Chief Thomson has been with the District for 20 years. Assistant Chief Boyle and Mr. Moroz presented the Chief with a gift acknowledging his service over the last twenty years

FSA: There was no October meeting.


**Other
Business**


There was no other business presented.

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 26th day of October, 2012 at 11:00 a.m.

Respectfully Submitted,

BY: 
Thomas J. Malmgren
President to the Board

ATTEST: 
Karl Anuta
Vice-President of the Board