
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
Of the Board of Directors
Copper Mountain Consolidated Metropolitan District
September 28, 2012**

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on September 28, 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
- Karl Anuta

Staff in attendance:

- Dave Erickson, District Manager
- Mike Koenig, Director of Public Works
- Dave Arnesen, Cable & TV Manager
- Mark Thomson, CMFD Chief
- Dan Moroz, Code Compliance Officer

Also in attendance were:

- Stan Sprinkle
- Jim Reis
- Duffy Counsel
- Peter Siegel, Copper Mountain Resort
- 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 September 28, 2012, at 8:30 a.m. noting a quorum was present.

**Old Business
Minutes**

The Board reviewed the minutes of the August 24, 2012 Regular Board Meeting. Upon motion duly made by Director Broughton and seconded by Director Bloch it was unanimously

AGREED to approve the minutes of the August 24, 2012 Regular Board Meeting with revisions.

**Financial
Report**

The Board questioned various payments listed on the cash disbursement list; the questions were answered by staff. Mr. Weaver presented the August 31, 2012 financial summary report, noting the District is seeing favorable variances in both revenue and expenses. Chief Thomson explained that some of the fire department's 2012 capital expenses will be deferred into 2013 because industry standards are in the process of being changed and the department doesn't want to risk purchasing the equipment until those changes are finalized. Mr. Weaver advised the Board that the 2013 preliminary budget will be included with the September 30, 2012 financial statement.

Mr. Sprinkle presented questions on the financials that were clarified by Mr. Weaver. Mr. Sprinkle questioned the cost of correcting financial errors in the District's 2011 financial records and Director Malmgren summarized the cost of such work. Mr. Erickson will prepare a current analysis of all costs associated with the financial services provided by Robertson & Marchetti and

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will forward the analysis to Mr. Sprinkle. Upon motion duly made by Director Anuta and seconded by Director Bloch it was unanimously

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

Public Input

There was no public input. Director Malmgren commented on the anonymous email that was circulated in the resort prior to Labor Day Weekend and questioned various actions of the Board and District. Director Malmgren explained that the Board attempted to respond to issues raised in the email but was unable to contact the author. Director Malmgren further explained that he did a brief summary response to the email at the annual POLA meeting. Following Labor Day weekend the Board drafted a written response to issues raised in the email and forwarded the answers to the president of each homeowners' association at Copper; since then, he has received response comments from property owners thanking the Board for responding to questions raised in the email.

Mr. Sprinkle and Mr. Siegel questioned the status of the District's website. Mr. Weaver explained the new website is still in the development process with documents being posted as they are provided by staff. Ms. Curtis is working to link Coppermtnmetro.org with the Coppermtnmetro.com website.

Community Updates

Mr. Siegel stated Copper Mountain Resort Association's (CMRA) fiscal year is a calendar year and they are working on the 2013 budget. The Copper Security Office is currently housed in the Edge, and CMRA has received a request to move the Security Office into Village Square in order to separate Copper Security from employee security for the Edge. Mr. Siegel spoke with Director Malmgren about the possibility of moving the community security office into the Metro Building. Mr. Siegel requested the Board make a decision on the request within a few weeks, if possible. Mr. Siegel would need the rental and maintenance costs for the office space prior to the time a final decision is made.

Director Malmgren noted that the District currently has office space that was intended for use by the Summit County Sheriff's department but is not currently being utilized. Mr. Siegel represented that Copper Security would require a regular office with one desk that would be used by a total of six staff persons over a 24/7 rotating shift schedule. He further advised that Copper Security personnel are responsible for providing both preventative and reactive security at all times throughout the Copper Mountain resort community. The Board questioned the requirements for access, parking, and other items that will need to be addressed by Mr. Siegel before the Board can make an educated decision.

Mr. Erickson recommended drafting a proposal addressing all the issues, with input from District staff and Mr. Siegel, for the Board to review prior to deciding the matter. Mr. Siegel stated the cost for the office space needs to be less or comparable to the cost of office space in Village Square or there is no reason to move forward on drafting an agreement. Mr. Erickson suggested Mr. Siegel work with Steve Nordby and present the office requirements that can be incorporated into the agreement. Director Anuta requested Mr. Erickson create a proposal based on the existing agreement with Summit County Ambulance. Mr. Erickson will base the lease on the size of area used, maintenance costs, and utility costs in the same fashion as was used to determine the lease rate for Summit County Ambulance and present the estimated lease rate and other findings to Mr. Siegel as soon as possible.

New Business Water Usage

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Rate Study Mr. Erickson stated progress on the Water Usage Rate Study was tabled until the preliminary 2013 budget is prepared. The final study should be completed for Board to review before the end of 2012. Director Bloch questioned the reason for the alternative staff study and how it will affect the Tetra Tech proposal. Mr. Erickson reminded the Board that all board members had questioned the equity of the proposed rates and other issues under the initial engineering study and recommendation at the time it was reviewed. The staff's alternative was done in order to address and resolve the questions and issues previously raised by the Board regarding the initial study. The staff analysis work has been completed relative to analysis of the data base, financial needs analysis of the water and sanitation department; and conversion of water use records into the water rate calculation in the staff's alternative user charge system. Once a study narrative is drafted for presentation to Tetra Tech, the entire user rate study and analysis will be utilized by the engineer to integrate their initial user charge system and the staff alternative into a single, comprehensive proposal for the Board and the community to review in the public process to adopt a new user charge system. Tetra Tech created the ground model for the study, and staff's alternative study utilized the ground model but modified some study presumptions in order to address and resolve questions and issues of concern to the Board. Mr. Erickson stated the proposed timeframe is to complete and present the staff study to Tetra Tech in November with the combined studies being presented to Board before the end of 2012.

2011 Audit The preliminary audit was presented at the August meeting. An audit committee with Mr. Erickson and Directors Malmgren, Broughton, and Steele met with Dan Cudahy and Eric Weaver to review the details and findings of the District's preliminary 2011 Financial Statements. Questions were raised to Mr. Cudahy for clarification. Following the committee meeting, Mr. Erickson, Mr. Weaver, and Mr. Cudahy met to resolve one issue relative to Cable Television Fund revenues in 2011; the matter was investigated and it was resolved as presented in the preliminary financial statements. As there were no changes to the 2011 Financial Statements as reviewed by the Board, the auditor published the final 2011 District Financial Statements and filed the same with the State Auditor's Office in accordance with the provisions of State law. Mr. Erickson requested that the Board confirm the Board's acceptance and approval of the District's 2011 Financial Statements for the public record. Upon motion being made by Director Broughton and seconded by Director Steele it was unanimously

AGREED to ratify the Board's approval and acceptance of the District's 2011 Financial Statements.

Mr. Erickson further advised that he submitted copies of the Final 2011 District Financial Statements to all financial institutions in compliance with the various loan and bond agreements related to upgrade of the Wastewater Treatment Plant and the Metro District Building. As such, the District is in good standing with the lending institutions that oversee and monitor the District's performance under the respective loan and bond agreements.

RMPC Service Proposal

Mr. Erickson advised that he does not feel it is necessary to hire an administrative assistant for the remainder of 2012. The job description for the position will be finalized and then advertised with the goal to hire an administrative assistant effective January 2, 2013.

2013 Proposed Budget

Mr. Erickson has been working with staff to complete the Proposed 2013 District Budget and present the same at this Board meeting. However, there is still some work necessary to finalize the Proposed Budget and he will accomplish such work as necessary to submit the budget by the October 15, 2012 statutory deadline. As such, Mr. Erickson requested the Board formally set the date for the public hearing on the Proposed Budget at this time, in order to allow time to publish legal notice of the Proposed 2013 District Budget and public hearing in accordance with law. He further advised that the District's maximum mill levy is anticipated to decrease from 22.704 mills to 21.967 mills based on the County Assessor's Preliminary Certification of Assessed Valuation

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for the District. Also, he noted that the Denver/Boulder CPI increased 1.7826% in 2012. Mr. Erickson is anticipating a nine percent increase in health insurance costs for 2013. Upon motion duly made by Director Anuta and seconded by Director Broughton is was unanimously

AGREED to schedule the budget hearing for the October 26, 2012 Regular Board meeting.

Director Anuta suggested the Board consider putting a De-Brucing election question on the May 2014 ballot. Director Anuta requested that staff start the process early so the District will be positioned to request voter approval to De-Bruce in May, 2014.

Staff Reports

- **Water and Wastewater Director:** Mr. Koenig's report was included in the Board packet. Director Broughton questioned the need to obtain an engineer's recommendation on the requirements for painting the tank. Mr. Koenig informed the Board that the paint only lasted ten years and should have lasted longer so the engineer was asked to make a recommendation based on input from the tank manufacture. The cost for painting the tank is estimated at \$40,000 with an additional \$5,000 for damage repairs. The clarifiers will be painted in 2013 with anticipated additional costs for damage repairs.

The sand oil and grease trap program is progressing. There has been some reluctance to comply but the District has the ability to mandate compliance.

Mr. Koenig clarified the requirements for replacing valve stems on the District's water distribution system, and he advised that only five valves require replacement and ten valves requiring valve stem extensions. Also, the District is replacing large water meters that no longer can be read by radio transmissions: these valves should be replaced anyway due to age. There are only about fifteen large meters still in need of replacement. Numerous single family meters still need to be replaced.

- **Engineer's Report:** There was no Engineer's report.
- **Cable TV/HSIS:** Mr. Arnesen's report was reviewed by the Board and various items in his report were discussed. Resort Internet is working with CMI to improve the quality of HSIS services throughout the community.
- **Summit Fire Authority:** A meeting was held on September 13, 2012 to review the 2013 SFA budget. The draft budget document included a proposal drafted by the other two fire districts to fund an additional SFA staff member to oversee EMS coordination throughout the County. However, Copper Mountain Fire Department already has a lieutenant overseeing EMS coordination for the department, and as there was no material benefit to Copper Mountain Fire under the proposal and after further discussion, it was mutually decided to withdraw the proposal and stay with current staffing levels at SFA. Chief Thomson advised that if and when consolidation of Lake Dillon Fire and Red White and Blue is completed, it will be necessary to renegotiate the SFA Agreement in the future.

Fire Chief: Hazmat and fleet service budgets are being drafted for review and approval by all participating parties. The Summit County Mutual Aid Agreement affecting all three fire districts has been fully executed by all parties.

The District's ladder truck is out of service and the District has received an estimate of \$21,000 to replace the wheel/hub component in order to place it back in service. The equipment is old and becoming obsolete. The Board requested a second quote for the repairs. Chief Thomson stated there are other repairs necessary, not currently included in this estimate, and there are related staffing and ISO issues that must be considered in any final decision as to how to best solve this out-of-service issue. The Board discussed the cost of replacing the ladder truck, and Chief Thomson indicated that without increasing staff it was not necessary to repair or replace the

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Ladder Truck. RW&BFPD and LDFPD immediately respond with a ladder truck to fire calls at Copper Mountain under the mutual aid agreement. Mr. Sprinkle questioned the insurance impact to property owners if the ladder truck is not operational. Director Anuta questioned the ability to perform a rescue without a ladder truck. The Board and public noted the importance of providing safety services in the community. Chief Thomson will discuss the options with staff, obtain more information, and be prepared to present a recommendation to the Board at the October meeting.

The Labor Day events went well. Chief Thomson participated in the Citizen's Police Academy. The Academy will rotate annually between fire and police.

The Climax Mine property discharge water treatment plant is under construction. All plans have not been submitted, but all fees have been paid to the District. Summit County has given conditional approval for construction of a massive steel building. Mr. Moroz is working with Summit County Building Department on the approval process and necessary approvals from CMFD.

Operationally Mr. Moroz is instrumental in discussion between the Climax Mine and the CMFD. The previous discussions have been smooth but there are still a lot of unknowns. CMFD will be responding to calls at the Climax Mine and have already responded to two calls. It has been determined that portions of the mine may be in Summit County. Mr. Moroz clarified the mine is operating 24 hours a day with two shifts, with the current construction activity being another side of the equation affecting CMFD.

Other

Business

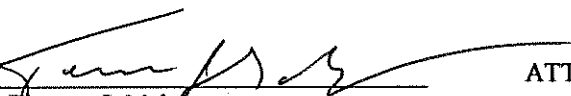
Director Broughton thanked Mr. Counsel for the community breakfast. Mr. Sprinkle thanked the Board for the community party.

Adjournment

There being no further business to come before the Board, by motion duly made by Director Broughton and seconded by Director Steele, it was unanimously agreed to adjourn the Regular Meeting of the Copper Mountain Consolidated Metropolitan District Board of Directors this 28th day of September, 2012 at 10:00 a.m.

Respectfully Submitted,

BY:


Thomas J. Malmgren
President to the Board

ATTEST:


Karl Anuta
Vice-President of the Board