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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 April 25, 2014

A Regular Meeting of the Board of Directors of the Copper Mountain Consolidated Metropolitan District, Summit County, Colorado was held on April 25, 2014 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
- Ben Broughton
- Tom Malmgren
- Dave Steele

Staff in attendance was:

- Dave Erickson, District Manager
- Ricky Clover, Utility Plant Operator
- Dave Arnesen, Director of Cable Services
- Gary Curmode, Fire Chief
- Dan Moroz, Fire Marshal
- Missy Stabile, Clerk-Treasurer
- Charlie Johnson, Shift B Firefighter Engineer

Also in attendance was:

- Gary Rodgers, Copper Mountain President and General Manager
- Chris Colman, Copper Mountain Director of Planning & Development
- Dave Glissmann, Copper Mountain Manager of Finance
- Eric Weaver, Robertson & Marchetti, P.C.
- Peter Siegel, Copper Mountain Resort Association Executive Director
- Mike Rothberg, Tetra Tech
- Jim Reis, POLA President
- Stan Sprinkle
- Zach Nassar

### **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 April 25, 2014, at 8:31 a.m. noting a quorum was present.

### **Old Business Minutes**

The Board reviewed the minutes of the March 31, 2014 Regular Board Meeting. Upon motion duly made by Director Anuta and seconded by Director Broughton it was unanimously

**AGREED** to approve the minutes of the March 31, 2014 Regular Board Meeting.

### **Financial Report**

A Preliminary Financial Report for March 31, 2014 was prepared by Robertson & Marchetti, P.C. and provided to the Board for review prior to the meeting.

Mr. Weaver reported that there are no surprises on the balance sheet. Property tax revenue is up by \$300,000 due to taxes collected early this year. That amount will balance as we collect less in taxes through the remainder of the year. Property taxes still due this year equal approximately \$1.4 million. Accounts Payable is higher than normal due to expenses related to repairing the damaged clarifiers in the Water Treatment Facilities. Revenues are down approximately \$10,000 due to over-average water usage coming in lower than expected. Expenses are \$36,000 favorable

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due to savings in payroll related to Fire Department vacancies. Operating expenses are tracking \$18,000 favorably and all department line items are favorable. There are small savings in several line items. Capital funds are over by \$53,000 for clarifier repairs. Clarifier repairs are forecasted to be at a net cost of \$60,000 after insurance reimbursements. The variance in Capital Funds will grow when Fire Department equipment purchased in 2013 will be paid for upon delivery in 2014.

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

**AGREED** to accept the March 28, 2014 Financial Statement and cash disbursement report with revision.

#### **Community Updates**

Mr. Siegel distributed an updated draft of the proposed Copper Mountain Sign Program which incorporates comments received since the last Board Meeting including a proposed grandfather clause. Mr. Siegel will continue to update the draft prior to meeting with county officials in July and asked the Board to review the document again.

The Resort Association summer planning is almost complete and winter planning will begin in the next couple of weeks.

Mr. Rodgers reported that the American Flyer, Sierra and Timberline Express lifts will be open for an extended weekend. He asked to be informed of any issues that may arise due to snow melt and run-off.

Chief Curmode noted that Summit County is being scrutinized as the foremost location for potential flood activity in Colorado this year. The Fire Department will be monitoring the area, especially areas with significant flood potential.

#### **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 8:57 a.m.

Mr. Sprinkle asked what impact the new rate structure will have on Homeowner's Associations and if any modeling has been done using the proposed rate structure. Mr. Erickson responded that too much time was being spent on models every time the structure changed. Models will be run when a new structure is adopted.

Mr. Erickson stated that residential customers have been subsidizing commercial and mixed use customers for decades and a new rate structure will address this issue. Director Malmgren commented that no matter what rate structure is adopted, all customer classes can expect a rate increase so the District can collect necessary operating funds.

Mr. Rodgers commented that the summary of the new rate structure he has reviewed can work providing a developer can submit engineered estimates of water use. He is hopeful that there will be greater flexibility concerning the nuances of a particular development. He does not want artificial barriers to future development created by the adoption of a new rate structure.

The Board expressed appreciation for everyone's patience in designing a new rate structure. The Board appreciates the fact that this is a new structure and that we must be flexible and willing to make adjustments as necessary.

Mr. Nassar stated that he has reviewed the proposed rate structure and is pleased. He is glad the definition of the type of engineer necessary to provide an initial water use rating was broadened

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and asked if the District will provide this service or will the contractor be required to hire their own engineer. Mr. Erickson responded that a District engineer can provide this service if requested and the proper data is provided for analysis.

Mr. Rodgers noted that the data in the current proposed rate structure report is from 2011 and he would like to see the report updated using current data. Mr. Erickson responded that 2013 data has been delivered to the District Engineers and an updated analysis is in progress.

Director Malmgren closed the Public Hearing at 9:12 a.m.

### **Resolution to Adopt**

#### **New Water/Sewer**

#### **Equitable Rate**

#### **Structure**

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

**AGREED** to adopt Resolution 2014-03, a Resolution to adopt a new equitable water and sanitation rate structure for services within the Copper Mountain Consolidated Metropolitan District (CMCMD) Water and Sanitation Department's service area subject to modifications as necessary.

### **Presentation of**

#### **Preliminary 2013**

**Financial Audit** Eric Weaver of Robertson & Marchetti, P.C. on behalf of McMahan & Associates, LLC presented the preliminary 2013 Financial Audit to the Board. He reported that field work conducted by McMahan & Associates went extremely well and faster than previous years. CMCMD received a clean opinion and no adjustments to the financials are necessary. There are no recommendations for internal control improvements.

Director Malmgren stated that the document was presented to the Board as a preliminary draft and not for public distribution until accepted by the Board.

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

**AGREED** to accept the 2013 Financial Audit subject to any necessary edits to the text that will not alter any of the financial data presented.

Director Malmgren requested that the final product be distributed to the Board upon completion, posted on the website, and sent to Mr. Sprinkle.

The finalized 2013 Financial Audit will be filed with the State by the end of July.

### **Nassar Development**

#### **Tap Fee**

#### **Adjustment**

Mr. Nassar left the meeting before this agenda item was reviewed. In his absence, the Board requested that District staff obtain information regarding Nassar Development's request for a refund of tap fees paid in 2012. The Board further stated that they are only considering this tap fee refund request as it was the only project that paid tap fees during the period in which the Resolution to Adopt the New Rate Structure had begun.

### **CHUBB**

#### **Agreement**

Mr. Erickson reported the county has redistributed the original CHUBB agreement. Chief Curmode confirmed that he has read the original agreement and feels that the District's draft policy gives the FD more control to restrict access to hazardous area. Mr. Erickson will work with the District attorney to draft policy regarding insurance company access to locations within

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wildfire evacuation zones as designated by the Incident Command Center, or other authorized entity, at a wildfire incident scene. The policy will address all insurance companies and not be specific to CHUBB.

The Board identified the creation of a new policy as a high priority with wild fire season approaching and expects a draft by the May Board Meeting.

### **2014 Performance**

#### **Evaluation**

#### **& Plan**

Mr. Erickson distributed to the Board the District Manager's 2013 Job Performance Evaluation and the Manager's 2014 Performance Plan and suggested the Board meet in executive session at the conclusion of the meeting to discuss.

#### **Staff Reports**

- **Water and Wastewater Director:**

Mr. Koenig reported that the first of two damaged clarifier units was replaced in March and is working well. The second clarifier unit has arrived and is scheduled for installation next week. A back-up digester is currently being installed.

The old hand-read meters in Summit House and Passage Point will be replaced next week with new electronic read meters. Well meters will also be replaced.

The quarter million gallon underground water tank located above the Superpipe and underneath the American Eagle lift will be sandblasted and repainted as mandated by the State.

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

Mr. Arnesen discovered a 50 millivolt leak in a Masters residence causing interference in the cable system. The leak was due to an after-market metal elbow placed on the coax cable. These elbows are used to bend the cable and prevent it from protruding out of the wall which can cause interference.

Mr. Arnesen met with ResortInternet regarding the potential to lay new cable during Xcel projects planned for this summer. However, the ditches that will be trenched by Xcel will not be in locations favorable for the District system. He meets with ResortInternet next week to discuss fiber optic additions to the current system and to transfer more buildings from modems to fiber optic delivery.

The cable delivery system will be tested in June and will require short system outages. Affected areas will be notified prior to scheduled outages.

#### **CMFD:**

Chief Curmode provided highlights from his report submitted to the Board prior to the meeting. The Fire Department is currently preparing for wild fire season and will be ready in May. The sale price for the current ladder truck was lowered to \$35,000 and a buyer is still being sought. The ladder truck was new in 1968 and refurbished in 1998. It would be cost prohibitive to refurbish the truck again and bring it to current standards. The Fire Department is looking at purchasing a combination pumper / 75 foot ladder engine that would be better suited to Copper Mountain and beneficial for mutual aid in the county. It was noted that if the ladder truck is removed from the fleet, insurance rates for the community could increase. Copper Mountain is currently rated as class four for insurance purposes. Chief Curmode would like to explore the possibility of moving to class three which would lower business and residential insurance costs.

The Fire Department responded to a gas leak caused by ice falling off a high roof which crushed the gas line below and the shed roof meant to protect the gas line.

The Fire Department responded to a wildland fire that appeared to be intentionally set. The US Forest Service was involved as the fire was on Forest Service land.

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Mr. Moroz reported that the bid to reface Mill Club came in three times higher than the original estimate and may delay the project schedule.

**District Clerk-Treasurer:**

Ms. Stabile reported that preparations continue for the polling place election on Tuesday, May 6, 2014 at the Metro District Building.

Discussions regarding the adoption of a resolution allowing employees to borrow money from their 457 retirement accounts continued. The most restrictive guidelines for hardship loans were presented to the Board. The Board was in favor of a resolution. The Board does not want to be the ones approving loans and therefore, requests the development of a loan approval procedure so that employees know the process prior to requesting a loan from their retirement account. Ms. Stabile agreed to work on a resolution to comply with the Loan Guideline Agreement and instructions. Ms. Stabile explained that although employees have requested the ability to borrow money from their retirement account, there are no current or impending loan requests and due to the upcoming election, the resolution is not a high priority.

After reviewing the Loan Guidelines Agreement, the Board requested that the District's 457 Deferred Compensation Plan name be changed from "Copper Mountain Water Sani Dis, Colorado" to "Copper Mountain Consolidated Metropolitan District".

**Other  
Business**

There was no other business to come before the Board.

**Recess  
Meeting**

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 recess the Regular Meeting of the Copper Mountain Consolidated Metropolitan District Board of Directors this 25<sup>th</sup> day of April, 2014 at 10:24 a.m.

**Reconvene  
Meeting**

The Regular Meeting of the Board of Directors was reconvened by Director Malmgren at 10:36 a.m.

**Executive  
Session**

Director Steele moved that "the Board of Directors for the Copper Mountain Consolidated Metropolitan District go into executive session for the purpose of discussing personnel matters as authorized by C.R.S. § 24-6-402(4)(f). These discussions are related to the District's Manager's 2013 job performance evaluation and the Manager's 2014 Performance Plan. Those present at the outset of the executive session shall be members of the Board of Directors as present at this meeting; and David Erickson, District Manager." Seconded by Director Anuta. Upon the Motion duly made and seconded, Director Malmgren declared, "The Motion passes on a vote of 4 in favor and 0 opposed. The time is now 10:37 a.m., and the Board will go into executive session."

**Return to  
Open Session**

Director Malmgren stated, "The time is now 11:23 a.m., and the executive session has been concluded. The participants in the executive session were Thomas J. Malmgren, Karl Anuta, Ben Broughton, David Steele, and David Erickson.

"For the record, if any person who participated in the executive session believes that any substantial discussion of any matters not included in the motion to go into the executive session occurred during the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, I ask that you state your concerns for the record at this time. Seeing none, we will proceed with the agenda for the open meeting."

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**Other**

**Business**

The Board reviewed the District Manager's 2013 Job Performance Evaluation and 2014 Performance Plan.

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

**AGREED** to authorize the implementation of the proposed budgeted salary of the District Manager of \$122,824.00 for fiscal year 2014 retroactive to January, 2014.

**Adjournment**

There being no further business to come before the Board, by motion duly made by Director Broughton and seconded by Director Anuta, 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 25<sup>th</sup> day of April, 2014, at 11:27 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