



# MEETING MINUTES

DATE: APRIL 14, 2023

LOCATION: 0408 Carterville Road and

Video Conference

STATE OF COLORADO (COUNTY OF EAGLE)

## REGULAR BOARD MEETING

### ATTENDANCE

Board Members Present: Cheryl Foley, President; Richard Saxby, Treasurer; Rob Meyers, Vice President; Harry Jasper, Secretary, Bob Donovan, Board Member.

CMD Staff Present: Trevor Broersma, General Manager; Paula Kurtz, HR, and Finance Administrator

Panelists via Zoom: Alan Pogue, CMD Legal Counsel, Margaret Henderson, of CLA Clifton, Larson, Allan

Members of public present in person: None

Members of the public present via Zoom: Melissa Murphy, Mike Autera, Steve Houk, Nukhet Saxby, Betsy Myers, Dan Roberts, Jane Wisenbaker, Brooke Ferris, David Bentley, John Sorebo, Ellen Alexander, Bruce Baron, Lainie Edinburg

CMD Staff present via webinar: Bill Anderson, Communications Specialist

### CALL TO ORDER/DECLARATION OF QUORUM

Director Foley called the meeting to order at 9:01 am, noting a quorum was present.

### ADEQUATE NOTICE/CONFLICT DISCLOSURE

Board members acknowledged receiving notice of the meeting no less than 24 hours in advance. No disclosures or conflicts with items on the agenda were cited.

### APPROVAL OF AGENDA

Director Saxby moved to approve the agenda for April 14, 2023. Director Jasper seconded the motion, the vote to approve was unanimous. Motion to approve the Consent agenda that consists of the February 10, 2023, and the March 28, 2023, Candidate Forum meeting minutes. Director Jasper made a motion to approve the consent agenda, seconded by Saxby. All approved, motion passed unanimously.

Board President Cheryl Foley then reviewed several of the agenda topics, explaining the history and noting that some items under each of the financial and policy topics needed more work and were only for discussion at this time, and other items would be subject to requested approvals at today's meeting. She explained that the Finance Committee (Dan Roberts and Bob Donovan) had finished their analysis of CMD funding options, and that Treasurer Saxby would explain the conclusions in his presentation. Among other things, the Finance Committee is recommending the adoption of certain new, best practice financial policies. President Foley also explained that in the process of researching governance issues, the Board uncovered multiple existing policies (or policies that had been proposed and never acted on) regarding a variety of topics. These policies have not been maintained or

catalogued in any organized fashion in our files. One financial policy (the Investments Management Policy) that should have been approved in the 2020-2021 timeframe was uncovered as still pending approval. Foley explained that CMD Legal Counsel has been requested to provide an inventory of all CMD existing policies in his files, so that they can be organized and aggregated into one comprehensive CMD file and which can be made available on CMD's website to provide information and transparency to all residents.

## **DISCUSSION ITEMS**

### **Eagle Valley Wildland Update (EVW)**

CMD GM Trevor Boersma introduced Hugh Fairfield-Smith of the Eagle Valley Wildland (EVW). Mr. Fairfield-Smith made a presentation on the five-year goal for wildfire mitigation at Cordillera and gave the Spring 2023 EVW update.

The Healthy Forest initiative involves a 3-year plan to proceed with homeowner wildfire mitigation efforts as follows; The Divide in 2023, The Ranch in 2024, and the Territories in 2025 with a 3-year rotating sequence. Mr. Fairfield-Smith explained that the insurance piece is especially important. He has written letters to insurers on behalf of homeowners to express the initiatives made to minimize the escalation of personal insurance rates. Next, Mr. Fairfield-Smith provided maps to identify areas of CMD public land mitigation over the next 3 years. He also noted that CMD's contribution in 2023 of \$200,000 to mitigation programs has been leveraged to obtain another \$200,000 in public grants for Cordillera.

Mr. Fairfield-Smith also discussed the source of contributions to EVW. Over 1,400 acres will be covered over 5 years and that number could change with funding. The related maintenance initiative will be an ongoing cost that could begin in 3-5 years. History has shown that for every \$1 spent on community fire mitigation, typically \$4 is saved through preventative efforts.

Mr. Boersma congratulated Mr. Fairfield-Smith and his team on the "Wildfire Mitigation Award" which is a national award that was presented to EVW last month in Reno, Nevada by the National Association of Firefighters (NASF). It is an extremely prestigious award. Board President Foley thanked Mr. Fairfield-Smith and Mr. Boersma for all the proactive mitigation and planning efforts that are now embedded in Cordillera's future.

### **Public Comment on Wildfire Mitigation**

While Mr. Fairfield-Smith was in attendance, President Foley requested public comment on this topic alone. Melissa Murphy thanked Mr. Fairfield-Smith and Mr. Boersma for their efforts and encouraged neighborhoods to become actively involved in working with their neighbors to see what can be done to be proactive in this effort. She suggested that Mr. Boersma reach out to All Points North (APN) to see if we can partner with them. Mr. Boersma stated that he has been in contact with APN and will follow up with APN further.

### **Financial Update**

Richard Saxby provided 2022 year-end financial results (pre-audit) showing operating expenditures \$179,000 over budget (necessitating a budget amendment) and capital expenses that were about 1% under budget. The 2023 results through February are on target.

### **CMD/CPOA Services Agreement**

Mr. Saxby requested board approval of the 2023 CMD/CPOA Services Agreement with a term of November 1, 2022, through November 31, 2023, and with revenues of approximately \$142,000 for services rendered. Mr. Saxby explained that the final agreement is in the Board packet and the substance of the agreement had been discussed at previous Board meetings. Upon Motion duly made and seconded, the Board approved the Services Agreement.

### **Security of Funds Update**

Referring to recent bank failures, Mr. Saxby explained that CMD reserves are invested in an insured, collateralized state fund, with necessary operating cash transferred to banks only in amounts needed to pay current expenses, and all covered by FDIC.

### **CMD Long Range Planning**

Mr. Saxby and the Finance Committee discussed the ability for CMD to raise funds in the event of a short-term emergency, or on a longer-term basis. They reported that: due to quirks in Colorado law, CMD is unable to borrow short term debt (less than 365 days) without voter approval (which can occur only on state-limited dates) or without collateralizing the debt with 2-3 times the amount of cash reserves. To borrow long-term debt (which CMD has no plans to do currently), voter approval is needed. Investment banks recommend that to qualify for favorable pricing, terms, and conditions-prospective borrowers operate under best practices financial standards, including robust policies covering:

- Investments Management
- Debt Management
- Long-Range Planning and Financial Modeling
- Capital Reserve Management and Operating Reserves and Liquidity (of 25-50%) of total annual expenditures.
- Cyber Security

Saxby then presented a CMD cash flow analysis. Since the vast majority of CMD revenues come from taxes that we receive in March through July, we need to have enough cash (reserves) on hand to operate in the other months of the year, and particularly in the first 3 months of every year. If we continue to engage in deficit budgeting, as has been required over the last 2 years to continue offering all current services, our decreasing reserves will not be enough to cover our cash flow requirements or, at some point our revenue requirements without a tax increase.

Saxby next discussed existing reserve amounts and suggested some options to establish emergency funding with restrictions on its usage and minimum fund balances. Since these long-range planning efforts are complex and deserve scrutiny by both the Board and the public, the Board concurred with a recommendation to hold one or more future sessions to work through the issues, assumptions, and the range of possible results before attempting to adopt specific paths forward.

## **Board Governance Issues/General Policies and Procedures**

Mr. Jasper described a Board inquiry that commenced in 2022 to determine the pros and cons of CMD adopting a set of by-laws and what subjects they might cover. The inquiry included consideration of the role that Board policies could play in achieving a desirable result. [Note: by-laws are intended to create a permanent or near-permanent governance structure, whereas policies are much more flexible and can be more easily changed from time-to-time as issues evolve.]

The review determined that mandatory provisions in state statutes govern special districts and serve as a comprehensive set of by-laws for CMD. Any attempt to reword or supplement the statutory language could cause confusion or create different interpretations which in turn could cause inadvertent violations of the law.

After research, review of sample and third-party by-laws, and discussions with counsel, the recommendation was to adopt a series of policies (all available in the Board packet) that address certain governance issues, financial issues, and issues regarding the CMD/CPOA relationship.

Foley asked for a motion to approve the General Policies, as explained by Director Jasper and included in the Board packet. Mr. Donovan made a motion, seconded by Mr. Myers. Motion passed unanimously.

## **Financial Policies**

President Foley reviewed 3 financial policies for which approval was requested today. The Debt Management Policy, the Reserve Study Policy, and the Long Term Financial/Capital Planning Policy. These policies were among those recommended by the Finance Committee and are generally regarded as best practice to aid management in its financial planning activities.

After discussion, President Foley asked for a motion to approve the designated Financial Policies. She explained that this policy had been considered by the Board in 2020 but had never been officially adopted. She explained that the policy tracked state law on special district cash management and was needed to ensure responsible investment practices. She also noted that CMD could formally adopt further limitations under the auspices of the proposed Investments Management Policy to describe its existing, conservative investment practices. After discussion, the Board requested that Margaret Henderson from CLA draft such a provision codifying CMD's current investment practices.

After discussion, President Foley asked for a motion to approve the designated Financial Policies. A motion was made by Mr. Saxby and seconded by Mr. Donovan. Motion passed unanimously.

## **Investment Management Policy**

Foley asked for a motion to approve the proposed Investment Policy. She explained that this policy had been considered by the Board in 2020 but had never been officially adopted. She explained that the policy tracked state law on special district cash management and was needed to ensure responsible investment practices. She also noted that CMD could formally adopt further limitations under the auspices of the proposed Investments Management Policy to describe its existing, conservative investment practices. After discussion, the Board requested that Margaret Henderson from CLA draft such a provision codifying CMD's current investment practices.

Mr. Saxby made a motion to approve the proposed Investments Management Policy and Mr. Donovan seconded the motion. The motion passed unanimously.

## **CMD/CPOA Policies**

After explaining the proposed policies regarding CMD's relationship with the CPOA and its management of future services, President Foley asked for a motion to approve the policies. Mr. Meyers made a motion to approve. Mr. Jasper seconded the motion. Motion passed unanimously.

## **CMD Director Election**

Board President Foley urged everyone to vote in the CMD director election by the May 2 deadline. The Candidate Forum was held on March 28, 2023, and the ballots have been sent out and should be received by May 2.

## **Public Safety**

President Foley noted that information describing the tasks and responsibilities of Cordillera's Public Safety function will be distributed to the public in the next couple of weeks including a short video. She urged everyone to review the material, which will form the basis of community discussions this summer. She noted that cost analyses and funding options will be part of future presentations.

## **Management Team Report**

General Manager Trevor Broersma gave the Management Report. He noted that CPOA has decided to contract with Vail Honey Wagon to conduct CPOA's 2023-yard debris pick-up program. Per this decision, CMD will no longer be providing debris pick-up service to homeowners, as it has in the past.

He discussed 2023 Capital projects and in general, budgets are on target.

The 2023 Traffic Calming initiative was discussed, and Broersma outlined a data collection process, and analysis of traffic calming measures throughout the year. There will be a monthly report card generated that will show detailed statistics. A monthly tracking and educational campaign will be initiated this summer. There will be new tactics and strategies involved.

Boersma discussed the topic of AED defibrillator locations, noting that the Starting Hearts app shows the locations of the AEDs around the Cordillera community. He stated that in addition, Narcan, an opioid overdose treatment medication, is available in most AED locations. An e-mail will be sent to staff and the community in the near future with more details on the AEDs and the Narcan topic.

Mr. Boersma spoke of the need to better organize years of CMD files and reported that a major organization and clean-up of over twenty years of files will begin.

Mr. Boersma also reviewed the equestrian center and the changing dynamic in the valley as there are fewer horses to board. Annie and her team are looking to partner with the community for other sources of revenue, with more lessons and services available to the public. Through February the operation is on budget. Annie is doing an excellent job of looking at her operation from a different perspective than what has been done in the past.

Boersma discussed general operations stating that the past several months has been challenging with finishing projects from 2022 and dealing with lengthy and severe winter weather conditions. The operations team will start working on general spring projects, sign repair, and a spring clean-up after a winter of never-ending plowing. There is an effort underway in conjunction with Eagle County to improve the condition of Squaw Creek Road up to Cordillera. Bike season is here, and an e-mail is being sent to bikers concerning the established policies such as staying in single file when riding through the community.

### **Thanks to Departing Board Members**

President Foley thanked Rob Myers and Bob Donovan as this will be their last meeting as Board members. She enjoyed collaborating with them and very much appreciated the expertise they brought to the Board. Mr. Boersma also thanked the two departing board members for all their help and professionalism. Mr. Donovan thanked Paula Kurz for all her hard work and efforts in keeping the finances straight. Mr. Myers thanked both Mr. Boersma and Ms. Kurz for their passion for the job and their hard work.

### **Public Comment**

Homeowner Steve Houk expressed several points which he felt were important for the Board to consider related to heavy equipment purchasing, and the need for a review of the Water Fund, *i.e.*, to report on the status and explain where the money went. He also suggested the reserve study should have a base level to identify what the cash balance would be at specific times moving forward.

### **Budget Amendment Hearing**

President Foley opened the Budget Amendment hearing to consider the proposed 2022 Budget Amendment. The Amendment is required under state law to appropriate funds to cover the 2022 operating fund deficiency and to close the bond accounting funds that are no longer needed due to the payment in full of our long-term debt in December 2022. Margaret Henderson, Principle at Clifton, Larson, Allan presented the four proposed amendments.

President Foley asked if there were any questions or comments from the Board. There being none, she opened the hearing for public comments. There were no questions or comments.

Foley asked for a motion to approve the amendments as presented. Mr. Saxby made a motion to approve, seconded by Mr. Donovan. The motion passed unanimously.

### **ADJOURNMENT**

There being no further business before the Board, President Foley closed both the Budget Amendment Meeting and the Regular Meeting. The meeting was adjourned at 11:55 a.m.