

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
BMR METROPOLITAN DISTRICT
HELD AUGUST 3, 2010

A regular meeting of the Board of Directors of the BMR Metropolitan District was held on Tuesday, August 3, 2010 at 6:00 p.m. at Lowell Ranch, 2330 South I-25, Castle Rock, Colorado 80104. The meeting was open to the public.

Attendance

In attendance were Directors:

Jeanne Dassel
Alan Cobb
Kirk Fischer

Residents and others in attendance:

Al Hawkins; 1238 Riva Rose Circle, Castle Rock, CO
Bob Zimmerman; 1240 Glade Gulch, Castle Rock, CO
Lynne Norwood; 3590 Winterhawk Cir., Castle Rock, CO
Al Quist; 908 Glade Gulch Road, Castle Rock, CO

Also in attendance:

Jon Watson; National Meter and Automation, Inc.
Howard McCarthy; TetraTech Engineering
Tim Flynn, Esq.; Collins Cockrel and Cole
Matt Urkoski; R.S. Wells LLC / Clifton Gunderson LLP
Chuck Reid; R.S. Wells LLC / Clifton Gunderson LLP

Call to Order

Director Dassel, called the meeting to order at 6:02 p.m. and verified a quorum present. Upon a motion duly made by Director Cobb, seconded by Director Fischer and, upon vote, unanimously carried, the Board excused the absence of Directors Brabec and Grant.

Conflicts of
Interest

Mr. Flynn reported that all of the Directors had previously filed Disclosure of Potential Conflict of Interest Statements with the Board and with the Secretary of State in accordance with statutory requirements. Such conflicts arise because each Director is also a Director on the Consolidated Bell Mountain Ranch Metropolitan District. The Consolidated Bell Mountain Ranch Metropolitan District has entered into and may from time to time enter into additional agreements with the BMR Metropolitan District. Director Brabec disclosed that in addition to the foregoing he sits on the Board of Directors of the Bell Mountain Ranch Homeowners Association.

All Disclosure of Potential Conflict of Interest Statements, whether filed for this meeting or previously filed are deemed continuing in

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nature and are incorporated into the record of this meeting. All Directors stated that the participation of at least three of them in the meeting was necessary to obtain a quorum of the Board or otherwise enable the Board to act.

After each Director had summarily stated for the record the fact and nature of his or her respective private interest and stated that the determination to participate in voting or take any other action on any contract or other matter in which he or she may have a private interest would be made in compliance with Section 24-18-201(1)(b)(V), C.R.S., on an *ad hoc* basis, the Board turned its attention to the remaining agenda items.

Approval of Agenda

Following discussion, upon a motion duly made by Director Cobb, seconded by Director Fischer and, upon vote, unanimously carried, the Board approved the agenda as amended to include a water meter presentation by a representative of National Meter and Automation, Inc., a discussion under the Attorney's Items of Amendments 60, 61 and Proposition 101, and certain additional customer requests for reimbursements and/or credits on the water bill.

Administrative Matters

A. Review and Approval of July 6, 2010 Regular Board Meeting Minutes

Upon a motion duly made by Director Cobb, seconded by Director Fischer and, upon vote, unanimously carried, the Board approved minutes of the July 6, 2010 regular board meeting.

B. Review and Consider Approval of Claims

Following review and discussion, and upon a motion duly made by Director Fischer, seconded by Director Grant and, upon vote, unanimously carried, the Board approved claims totaling \$44,624.55, represented by check numbers 1954 through 1965.

C. Review and Consider Approval of Financial Statements as of June 30, 2010

The Board reviewed the Financial Statements as of June 30, 2010. The Board discussed the need to reconcile three reports received from the account and manager:

- Aging Accounts' Receivable Report;
- Consumption & Charges Report; and
- Current Cash

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Director Cobb and Mr. Reid will discuss this issue with John Simmons and Paul Goedecke. Following discussion, Director Cobb moved and Director Fischer seconded a motion accepting the Financial Statements as presented. The motion passed unanimously.

D. Consumption and Charges Report

Mr. Urkoski, CG's new Utility Billing Supervisor, introduced himself to the Board and the Board reviewed the information handed out at the meeting. Director Cobb is working with Mr. Urkoski to reconcile some incorrect meter readings that are included in the consumption report, and, as part of the report reconciliation discussed earlier in the meeting, Director Cobb asked that the Consumption Report be reconciled and the contractor agreed to do this when possible.

E. Discussion of 3847 Old Gate Road

Mr. Reid reported that he had heard from the Williams, residents at 3847 Old Gate Road, who were reporting concerns about sediment in their water. Mr. Reid has relayed the Williams' concerns to the District's system operator, Treatment Technology. He also informed the Williams of the possibility that flushing their individual service line may help and provided the Williams with the names of one or more contractors who provide that service. To date, it does not appear that the Williams have taken any recommended corrective action. Director Dassel will stay in touch with Treatment Technology and with the Williams and in addition will prepare a letter to the Williams outlining what they can do to correct the situation and what actions the District can take.

Action Items

A. Public Hearing to Consider the Preliminary Engineering Report for BMR Metropolitan District Alternate Point of Diversion Well

At 6:23, Chairman Dassel opened the public hearing to consider the Preliminary Engineering Report (PER) that recommends construction of an Alternate Point of Diversion Well that is intended to be funded by a State Revolving Fund Loan.

Mr. Flynn provided proof of publication advertising the public hearing, and it was noted that the PER has been submitted to the Colorado Department of Public Health and Environment (CDPHE) to qualify the District for a State Revolving Fund Loan.

The Preliminary Engineering Report considers the need for an additional alternate point of diversion well so that the District will have a redundant water supply source in the event of a failure of

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the one existing well currently providing potable water for the entire District. The Preliminary Engineering Report evaluates the adequacy of the present District water well and assesses alternatives and recommends that the only financial feasible alternative for providing redundancy to the District's system is the drilling of an additional alternate point of diversion well.

The Engineering Report evaluates the cost of the recommended new well and estimates the impact on District revenues and customer cost. Assuming a \$1,000,000 – 20 year State Revolving Fund Loan at 4%, the annual repayment would be \$73,580. The other ongoing annual costs associated with the new well are estimated at \$3,750 for pump maintenance and \$6,745 per year for a fund to replace the pump on a 15 year cycle. The total estimated additional District costs associated with the new well annually would be \$84,075. This represents a net increase in annual operating cost to the District of approximately \$34,075.

Copies of the Preliminary Engineering report are available for public review at the Clifton Gunderson / R.S. Wells' offices, 8390 E. Crescent Parkway, Suite 500, Greenwood Village, Colorado 80111. The contact for the BMR Metropolitan District is Chuck Reid, District Manager, (303) 779-4525.

There was no Board or public comments or questions about the PER, or the loan application. With no further comment, Chairman Dassel closed the public hearing at 6:33 p.m.

Attorney Items

A. Amendments 60 & 61, and Proposition 101

Mr. Flynn reported on Amendments 60 & 61, and Proposition 101, initiatives that will be on the November ballot and that individually harm local government funding, and will, collectively and dramatically affect local government funding and services.

B. Preliminary Engineering Report

Mr. Flynn noted that the PER is still being reviewed by staff at the CDPHE. The District received a positive credit report from the Colorado Department of Local Affairs as part of its loan application, and the hearing on the District's loan application is scheduled for August 25, 2010.

Water System

A. Monthly System Report

The Board reviewed the monthly report, provided separately by Treatment Technology. No Treatment Technology staff was present.

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- Following review and discussion, Chairman Dassel moved and Director Fischer seconded a motion approving a \$2,875 expense for a production system meter. The motion passed unanimously.
- It was noted that there was a “blown fuse” in July that caused an approximate 3-hour shut-down of water production in July. The Board and residents discussed emergency communication methods for situations like this, when water conservation is critical. The Board will continue evaluating communication options.

B. Water Meters

Jon Watson, from National Meter, was present to discuss the type of water meters that are currently used by the District to measure each customer’s monthly water consumption. Since the time these meters were originally installed, there have been significant advancements in meter technology and in the way data is collected and transmitted. He recommended that as and when the existing meters wear out, they be replaced with a more modern and reliable type of meter.

Most BMR homes have a Badger™ water meter and TRACE™ controllers. The controller “reads and reports” information from the water meter and provides this information to the meter reader. This information is downloaded by Clifton Gunderson, and is used to create bills.

TRACE™ ceased operations around 5 years ago. As controllers need replaced, they are being replaced by Orion™ controllers. Depending on many issues (water quality, meter pit, etc), the meter may need to be replaced at the same time the controller is replaced. While life expectancy for Badger™ and Orion™ components varies, 15 years of life should be expected from both components.

- Meter replacement costs are approximately \$210.
- Controller replacement costs are approximately \$275.
- Installation costs are currently \$55 per home.

It is possible that BMR may qualify for a discounted price on the components based on the number of units purchased.

National Meter sells other products that allow customers to calculate specific water usage (i.e. how much water a sprinkler system cycle uses, or a 16-year daughter’s shower, etc.)

BMR needs to consider replacing the 265 TRACE™ controllers, as the District will begin to see increasing numbers of meter

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failures in the future. The exact replacement combination is to be determined.

Chairman Dassel requested references from National Meter for utilities that have transitioned from TRACE™ to Orion™ controllers.

It is expected that this issue will be discussed as part of the 2011 Budget process.

Directors' Items

A. Request for Reimbursement / 4004 Enchantra Circle

Following review and discussion, Director Fischer moved and Director Cobb seconded the motion approving a \$1,207.30 credit for 4004 Enchantra Circle. The motion passed unanimously.

B. Request for Reimbursement / 1530 Glade Gulch Road

Following review and discussion, Director Cobb motioned and Director Fischer seconded the motion approving a \$571.50 credit for 1530 Glade Gulch Road. The motion passed unanimously.

C. Request for Reimbursement / 501 Young Circle

Following review and discussion, Director Cobb motioned and Director Fischer seconded the motion approving a \$740.70 credit for 501 Young Circle. The motion passed unanimously.

D. Request for Reimbursement / 4646 Starfire Circle

Following review and discussion, Director Fischer motioned and Director Cobb seconded the motion approving a \$128.30 credit for 4646 Starfire Circle. The motion passed unanimously.

E. Request for Reimbursement / 4628 Starfire Circle

Following review and discussion, Director Fischer motioned and Director Cobb seconded the motion authorizing a \$447.40 credit for 4628 Starfire Circle, with the credit to be ratified at the September Board meeting. The motion passed unanimously.

Community Items

A. Request for Update on District's Finances

Mr. Zimmerman requested information on how the District is allocating the revenues it has received as a result of the water rate increases that were enacted last year. The Board noted that the

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District is addressing deferred maintenance issues and is building its capital reserve fund. Work will continue on the identification of the District's fixed water production costs.

B. Water Issue / Mineral Build-Up

Mr. Quist has observed an increase in mineral build-up in his heating, air conditioning, and humidifier system which he attributes to the water. Following discussion, it was noted that homeowners each have different experiences with the water. Chairman Dassel noted that the District constantly tests its water and that the water meets all State water quality requirements.

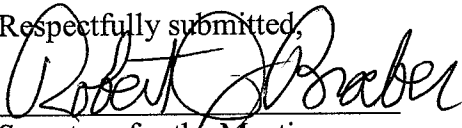
Adjournment

There being no further business to come before the Board, upon a motion by Director Cobb, seconded by Director Grant and, upon vote, unanimously carried, the Board adjourned the meeting at 8:02 p.m.

The foregoing minutes were approved by the Board of Directors on the 5th day of October, 2010.

The foregoing record constitutes a true and correct copy of the minutes of the above-referenced meeting.

Respectfully submitted,


Secretary for the Meeting