

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
BMR METROPOLITAN DISTRICT
HELD
JULY 7, 2009

A regular meeting of the Board of Directors of the BMR Metropolitan District was held on Tuesday, July 7, 2009 at 6:00 p.m. at Lowell Ranch, 2330 South I-25, Castle Rock, Colorado. The meeting was open to the public.

Attendance

In attendance were Directors:

Jeanne Dassel
Alan Cobb
Bob Brabec
Kirk Fischer
Russell Grant

Also in attendance:

Chuck Reid; R.S. Wells L.L.C.
Tim Flynn, Esq.; Collins Cockrel and Cole
Jeff Sucher; Treatment Technology, Inc.
Bob Zimmermann; 1240 Glade Gulch, Castle Rock, CO
Al Hawkins; 1238 Riva Rose, Castle Rock, CO
Al Quist; 908 Glade Gulch Road, Castle Rock, CO

Call to Order

Director Dassel, who presided as Chair, called the meeting to order at 6:03 p.m., declared a quorum was present.

Conflicts of
Interest / Approval
Of Agenda

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

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.

Upon a motion duly made by Director Brabec, seconded by Director Grant, and upon vote unanimously carried, the Board amended the agenda.

Administrative
Matters

A. Review and Approval of June 2, 2009 Regular Board Meeting Minutes

Upon a motion duly made by Director Fischer, seconded by Director Grant and, upon vote, unanimously carried, the Board approved the June 2, 2009 regular board meeting minutes as submitted. The motion passed on a 4 – 0 – 1 vote with Director Brabec abstaining because he was not at the last meeting.

B. Financial Matters

1. Ratify Approval of Claims for June 2009

The June 2009 claims were ratified totaling \$3,660.63, represented by checks 1773 through 1775, with check number 1774 being voided.

2. Review and Consider Approval of Claims for June 2009

Claims were approved through June 2009 totaling \$35,588.10, represented by checks 1776 through 1788. Upon a motion duly made by Director Cobb, seconded by Director Grant and, upon vote, unanimously carried, the Board approved the claims for June 2009. The motion passed on a 4 – 0 – 1 vote with Director Brabec abstaining due to the fact that he serves on the HOA and some of the claims reimburse the HOA for joint shared costs.

RECORD OF PROCEEDINGS

3. Approval of Audit Extension

Upon a motion duly made by Director Fischer, seconded by Director Grant and, upon vote, unanimously carried, the Board approved the audit extension.

Action Items

A. Approval of the Resolution 2009-7-1 to Join the SDA Insurance Pool

Upon a motion duly made by Director Brabec, seconded by Director Grant and, upon vote, unanimously carried, the Board approved the resolution 2009-701 to join the SDA insurance pool.

Attorney Items

Mr. Flynn provided a brief update on Senate Bill 2009-87 which requires additional communications regarding the District. Many of the requirements under this new law are currently being met through the BMR Metropolitan District website. Director Dassel did note that she attempted to get an exemption from small Districts by working through Bell Mountain Ranch State Legislator but was not successful in this effort.

Manager

A. Consumption and Charges Report and Delinquent Accounts Report

Director Cobb noted that the District has minimal delinquencies at this time. Mr. Flynn noted that the District is involved with one bankruptcy claim that has been filed in the Texas court system and because of this and the costs involved, the District has requested payment for water consumption but will most likely not enter into the case in Texas.

Engineer

Director Dassel noted that the Board is interested into moving to a single engineering firm to work with both Consolidated Bell Mountain Ranch Metropolitan District and BMR Metropolitan District. Mr. Flynn noted that the existing contract with Johnston Engineering Associates, Inc. is terminable at any time. At that point and time there was a motion to terminate the contract with Johnston Engineering Associates and to retain Howard McCarthy who is also the Consolidated Bell Mountain Ranch Metropolitan District's engineer, by entering into a contract with TetraTech. The motion was made by Director Brabec, seconded by Director Fischer, and passed unanimously. Mr. Flynn will follow up with Mr. Johnston.

Water System

A. Issues

1. Water Meters

Mr. Sucher spoke with the National Meter Company and the BMR meters have not been calibrated for several years. Mr. Sucher is noted that it is not economical to calibrate meters and it will not be done at this time.

2. Consumer Confidence Report

Mr. Sucher noted that the consumer confidence report that was mailed had data that was for raw water, not treated water. A revised consumer confidence report will be posted on the website and an upcoming newsletter will reference the fact that the consumer confidence report had been revised and is available on the website.

There was a brief discussion regarding the fact that while iron levels are comparatively high within the BMR water system, iron is not reported in the consumer confidence report because it is not a regulated constituent or a health threat.

3. Pressure Reduction Valve

Mr. Sucher noted that the pressure reduction valve vault is being replaced on Old Gate Road next week and it is possible that a second pressure reduction valve at the other end of Old Gate Road will also need to be replaced. This will be evaluated after the first vault is replaced.

4. Resin Replacement

Treatment Technology is working with Siemens to take a look at replacing the resin in the reionators. This work may wait until the fall due to the high production need during the Summer.

5. Cathodic Protection

It is noted that cathodic protection was installed in the storage tank in June.

RECORD OF PROCEEDINGS

6. Chloramine

Mr. Sucher noted that he had done research on shifting to chloramine as a disinfectant product and that this would be a complex process. He is not recommending a switch at this time. The shift to chloramine was being explored in order to match what Castle Rock is looking at as a potential disinfectant product and potential blending of the two water systems.

At this point in time, the District will not be moving forward on this.

7. Valve Boxes

Mr. Sucher noted that the valve boxes still need to be repaired and requested the Board to authorize T&L Backhoe to do this work. Following discussion, the Board decided to hold on this work until this fall.

8. Other

Finally, there was a motion for Mr. Sucher to contact the resident on Autumn Sun and authorize Mr. Sucher to expend an amount not-to-exceed \$400 to blow off the resident service line and to use Pro Plumbing for this work in order to address line sedimentation issues. Upon a motion by Director Brabec, seconded by Director Grant, unanimously carried, the motion passed.

Directors' Items

Director Dassel did additional research regarding well permits and noted that the cost for well permits will not increase this year. As such the District intends to wait on pulling any new well permits until the ratification agreement is approved.

There is no new information to report regarding the District's phosphorous allocation. In addition to Director Dassel's work with the Chatfield Basin Authority, Mr. Flynn is also researching options for the District.

Director Fischer asked for information from Treatment Technologies on the pump that failed in 2008. He would like to review this information to determine whether or not the District can file a claim with the insurance company for the pump's failure. This is related to the second pump that was installed and failed.

RECORD OF PROCEEDINGS

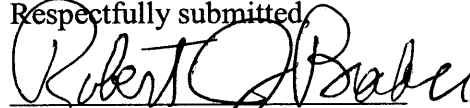
Adjournment

There being no further business to come before the Board, upon a motion made by Director Grant, seconded by Director Cobb and, upon vote, unanimously carried, the Board adjourned the meeting at 7:00 p.m.

The foregoing minutes were approved by the Board of Directors on the 4 day of August, 2009.

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

Respectfully submitted,


Secretary for the Meeting