

MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF DIRECTORS OF THE  
BMR METROPOLITAN DISTRICT  
HELD SEPTEMBER 14, 2010

A special meeting of the Board of Directors of the BMR Metropolitan District was held on Tuesday, September 14, 2010 at 6:00 p.m. at MedVed AutoPlex, Chevy Building, 156 S. Wilcox St., Castle Rock, Colorado 80104, in lieu of the Board's September 7, 2010 regular meeting that was cancelled due to the Labor Day Holiday. The meeting was open to the public.

Attendance

In attendance were Directors:

Jeanne Dassel  
Alan Cobb  
Kirk Fischer  
Bob Brabec  
Russell Grant

Residents and others in attendance:

Al Hawkins; 1238 Riva Rose Circle, Castle Rock, CO  
Lynne Norwood; 3590 Winterhawk Cir., Castle Rock, CO  
Pam Enz; 286 Starburst, Castle Rock, CO  
Al Quist; 908 Glade Gulch Road, Castle Rock, CO

Also in attendance:

Tim Flynn, Esq.; Collins Cockrel and Cole  
Chuck Reid; R.S. Wells LLC / Clifton Gunderson LLP  
Howard McCarthy; RTW Engineering  
Benson Smith; Treatment Technology, Inc.

Call to Order

Director Dassel, called the meeting to order at 6:15 p.m. and verified a quorum present.

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 Brabec, seconded by Director Cobb and, upon vote, unanimously carried, the Board approved the agenda as amended to include a loan approval status under Attorney Items; Frontier Fire letter and emergency interconnections under Directors' Items; and setting the public hearing date for 2011 budget.

### Administrative Matters

#### A. Review and Approval of August 3, 2010 Regular Board Meeting Minutes

Upon a motion duly made by Director Brabec, seconded by Director Fischer and, upon vote, unanimously carried, the Board approved minutes of the August 3, 2010 regular board meeting as amended, with the amendments clarifying the Board's direction on billing processes and private service line flushing.

#### B. Review and Consider Approval of Claims

Following review and discussion, and upon a motion duly made by Director Grant, seconded by Director Brabec and, upon vote, unanimously carried, the Board approved claims totaling \$55,192.53, represented by check numbers 1966 through 1982.

#### C. Review and Consider Approval of Financial Statements as of August 31, 2010

The Board reviewed the Financial Statements as of August 31, 2010. Following discussion, Director Fischer moved and Director Grant seconded a motion accepting the Financial Statements as presented. The motion passed unanimously.

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D. Review and Consider Approval of Cash Position

Following discussion, Director Fischer moved and Director Grant seconded a motion accepting the Cash Position as presented. The motion passed unanimously.

E. Consumption and Charges Report

The Board reviewed the information handed out at the meeting. The Board took no action on this item.

F. Follow-up on Items Identified in State TMF Report

Mr. Flynn will work with Howard McCarthy on three items identified by the State in the Technical Managerial and Financial Report that the State has required be addressed as part of the loan packages. Mr. Flynn noted that a new letter will be issued from CDPHE identifying the three items.

G. Other

The Board discussed the Accounts Payable process and setting a cut-off date for processing invoices. Following discussion, upon a motion duly made by Director Brabec, seconded by Director Cobb and, upon vote, unanimously carried, the Board set the Accounts Payable cut-off for invoices at 5:00 p.m. on the Thursday prior to the first Tuesday of each month.

Action Items

None.

Attorney Items

Mr. Flynn reported that the loan was approved for the alternate well project. The loan is a 20 year, 2% interest loan in the amount of \$1,034,840.

Loan documents are being reviewed by general counsel and by the District's bond counsel, Tom Peltz. Certain modifications are required to the standard loan provisions to accommodate the construction phasing anticipated by the District's engineer. For example, the engineer does not contemplate finalizing the final design for the well casing and pumps until the well has been successfully drilled.

Engineer

Howard McCarthy distributed a proposed construction timeline for consideration. The Board would like to expedite the construction process so that the well is on-line before summer of 2011. The

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engineer indicated that he would work with the Board to shorten the time it will take to get the well drilled, constructed and on line.

Mr. McCarthy informed the Board that Douglas County is requiring that the District obtain a special use permit prior to starting construction of this project.

Mr. Benson noted that it would be beneficial for the operator to have consistent vendors and equipment whenever possible in the alternate well construction plans. The Board directed the engineer and operator to work toward this goal, and requested that Treatment Technology be involved with Tetra Tech's design.

### Water System

#### A. Monthly System Report

Mr. Benson Smith reviewed the report with the Board. He also reported that the distribution meter was not working and that a new meter was installed on August 20, 2010. Mr. Benson walked through the response when the motor failed in August. While disappointed that the District faced this challenge, the Board was generally pleased with the response to the challenge. The Board decided to check with the Town of Castle Rock to see if the District could leave an on-going security deposit with them to hasten future response times.

### Directors' Items

#### A. Ratify Reimbursement of \$447.40 for 4678 Starfire Circle

Following review and discussion, Director Brabec moved and Director Cobb seconded the motion ratifying approval of a \$447.40 credit for 4678 Starfire Circle. The motion passed unanimously.

#### B. Leak Adjustment Request of \$204.90; 4559 Bell Mountain Drive

Following review and discussion, Director Brabec moved and Director Cobb seconded the motion approving a \$204.90 credit for 4559 Bell Mountain Drive. The motion passed unanimously.

#### C. Leak Adjustment Request of \$110.90; 4118 Serenade Road

Following review and discussion, Director Brabec moved and Director Cobb seconded the motion approving a \$110.90 credit for 4118 Serenade Road. The motion passed unanimously.

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D. Leak Adjustment Request, Amount Pending; 286 Starburst Circle

The Board requested that Mr. Reid follow up on this request, and bring back in October with additional data.

E. Letter from Frontier Fire Protection re: Accelerant Issue

Director Dassel had a recent test of her home's fire suppression system done by Frontier Fire Protection that showed 9 percent antifreeze compound in the system, where in a letter from Frontier Fire explaining her test results, they noted that Federal studies have indicated that anti-freeze may be a fire accelerant. She would like to disclose this information in the community newsletter.

F. Bromley Wells

Director Dassel recently conferred with the District engineer and Bromley representatives regarding emergency interconnection options with the Bromley Wells in Bell Mountain Ranch. It was suggested that special hydrants would be installed at interconnect locations with Tetra Tech working on the interconnection design.

G. Annual Certification of Fire Suppression

Director Dassel reiterated the need for Bell Mountain Ranch residents to have their homes' fire suppression systems tested annually, and stressed the need for Clifton Gunderson / R.S. Wells to have a tracking and filing system of receipt of these tests.

H. Set Public Hearing to Consider Adoption of 2011 Budget

The Board set November 2, 2010 at 6:00 p.m. for the public hearing to consider adoption of the 2011 budget.

Other Business None.

Community Items None.

Adjournment There being no further business to come before the Board, upon a motion by Director Brabec, seconded by Director Grant and, upon vote, unanimously carried, the Board adjourned the meeting at 7:09 p.m.

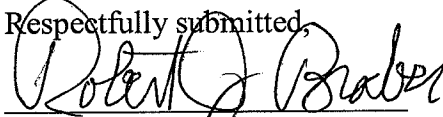
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The foregoing minutes were approved by the Board of Directors on the 5<sup>th</sup> day of October, 2010.

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

Respectfully submitted,



Secretary for the Meeting