

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
BMR METROPOLITAN DISTRICT
HELD March 1, 2011

A special meeting of the Board of Directors of the BMR Metropolitan District was held on Tuesday, March 1, 2011 at 6:10 p.m. at 2330 South I-25, Castle Rock, Colorado 80104. The meeting was open to the public.

Attendance

In attendance were Directors:

Jeanne Dassel
Alan Cobb
Bob Brabec
Russell Grant
Kirk Fischer

Residents and others in attendance:

David Foss, Wright Water Engineers, Inc.
Jack Shiker
Ron Bulmer

Also in attendance:

Tim Flynn, Esq.; Collins Cockrel and Cole
Howard McCarthy, TetraTech
Jeff Sucher; Treatment Technology, Inc.
Chuck Reid & Bob Blodgett R.S. Wells LLC

Call to Order

Director Cobb called the meeting to order at 6:10 p.m. and verified a quorum present. Director Cobb will serve as acting President of this board meeting.

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 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, and upon a motion duly made by Director Cobb seconded by Director Brabec, and upon vote unanimously carried, the Board approved the agenda as presented with the exception of Item 8A, Quality Controls and Efficiencies Audit Status – this information will be discussed at the Executive Session, and Item 4D – Cash Position Report, not available.

Administrative
Matters

- A. Review and Consider Approval of Minutes from the February 8, 2011 Special Meeting Minutes

Upon a motion duly made by Director Dassel, seconded by Director Fischer and upon vote unanimously carried, the Board approved the February 8, 2011 special meeting minutes as submitted.

- B. Review and Consider Approval for February 2011 Claims, Represented by Check Numbers 2066 through 2083, totaling \$100,390.58

Following discussion, upon a motion duly made by Director Dassel, seconded by Director Grant, and upon vote unanimously carried, the Board approved the February 2011 claims, represented by check numbers 2066 through 2083, totaling \$100,390.58.

- C. Review and Consider Approval of Requisition Number 2 in the Total Amount of \$23,597.89 for the Alternate Well

Following discussion, upon a motion duly made by Director Dassel, seconded by Director Brabec, and upon vote unanimously carried, the Board ratified, approved, and confirmed Requisition Number 2 in the total amount of \$23,597.89 for the Alternate Well Project Loan.

D. Review and Consider Approval of Cash Position as of March 1, 2011

This item was removed since the Cash Position Statement is not yet available.

E. Water Meter Monitors Update

After discussion, and upon a motion duly made by Director Brabec, seconded by Director Fischer and, upon vote, unanimously carried, the Board approved the purchase of the Orion Automated Meter Reading System and authorized the purchase of six of these meters for use by the residents at an approximate cost of \$87.50 each. A deposit equal to the cost of the meter will be required for each resident using one, as well as a \$25 administrative fee. The Board asked that Mr. Blodgett prepare guidelines for the use of these six meters for review at the April 12, 2011 meeting.

The Board noted that they would advertise the availability of these new water meter monitors through the District website and the next newsletter.

F. Shut-off Procedures for Two Properties

After discussion and upon a motion by Director Brabec, seconded by Director Fischer and, upon a vote unanimously carried, the Board authorized the manager to send two letters initiating shut-off procedures for two properties with delinquent accounts.

Mr. Flynn distributed draft copies of the BMR Metropolitan District's shut-off and late fee policy for Board review. The Board asked that he review this with the consultants and prepare a final draft for review at the April 12, 2011 board meeting. The Board asked that the fee schedule associated with shut-off and late fees also be reviewed and included in this policy.

G. Consumption and Charges Report

Not provided.

H. Other

A. Other

Engineer

Mr. McCarthy from Tetra Tech presented a March 1st memorandum report to the Board regarding the BMR Metropolitan District Denver Well update and the construction schedule for the alternate well. A step test to determine the production capability of the well is scheduled for March 2nd and water quality tests will be performed on March 4th. The water quality test results are necessary before treatment plant options can be finalized. The earliest date construction could begin on the new well is April 22, 2011.

Mr. McCarthy reviewed the technical memorandum dated February 23, 2011 from Tetra Tech to the Board regarding water coloration issues arising from iron and other non-hazardous elements in the water. It is important to determine whether iron is passing through the treatment plant or whether it is entering the water after the water has been in the distribution system for a period of time. After discussion, and upon a motion duly made by Director Brabec, seconded by Director Dassel, and upon vote unanimously carried, the Board authorized not to exceed \$5,000 for seismic testing to be conducted by C& L Backhoe to assist in determining whether the distribution system is ductile iron or PVC construction.

The Board also asked Mr. Blodgett to review R.S. Wells' files for prior invoices, board minutes or contractor construction reports related to the original construction of the water distribution system to determine whether the distribution system is ductile iron or PVC or some combination.

The Board also directed Mr. Sucher of Treatment Technology to include information on colored water complaints and locations in future monthly reports. Likewise, Utility Billing should document any water quality complaints from residents for Treatment Technology to investigate.

The Board thanked Mr. McCarthy for his report. Further discussion will ensue at the next board meeting.

Water
Operator

A. Monthly System Report

Mr. Sucher reported that a plan for replacing the transponders on customer's water meters is being formulated. He stated that Treatment Technology will contract directly with C&L Water Solutions to replace transponders within the District on a scheduled basis commencing with an authorized number of required units per annum connected with budget limitations.

Mr. Sucher and Mr. Reid are meeting this week to discuss the plan for transponder replacements for 2011. This will be presented at the April 12, 2011 board meeting.

Mr. Sucher recommended the approximate 200 valves in the District to be exercised annually at an approximate cost of \$22 per valve. The Board concurred with this recommendation.

Phosphorus discharge levels at the water treatment plant are continuing to decline. The Board discussed obtaining a phosphorus discharge exemption for the District from the Chatfield Water Authority. The Board will target submitting the exemption request to the Authority during the second week of April following the Board's April Board meeting.

Discussion
Items

A. Quality Controls and Efficiencies Audit Status

To be discussed in Executive Session.

B. Letter from Barry Gager, Director of Rural Water Authority of Douglas County

After discussion, the Board asked Mr. Blodgett to send a letter to Mr. Gager indicating the District would like a 60 day window to assess the benefits and cost of participation in the Rural Water Authority of Douglas County. The District needs to determine how they would be impacted by participation in the authority and what benefits would derive to the District.

C. Transponder Change Out Project

Mr. Blodgett reported there will be a plan submitted at the April 12, 2011 board meeting.

Action Items

None.

Attorney Items

A. Revisions to Treatment Tech Contract

Mr. Flynn will review Treatment Technology's contract and suggest revisions, if necessary to permit Treatment Technology to contract directly with C&L Water Solutions for performance of the District's transponder meter replacement program. Because Treatment Technology is the Operator in Responsible Charge of the District's water system, it is necessary that Treatment Technology be aware of, approve, and direct the

work of C&L Water Solutions. In addition, the Board wants to look solely to Treatment Technology for the performance of this work.

B. Directors Indemnification Resolution

This item is being deferred to the April 12, 2011 board meeting.

Directors' Items

A. Resolution Regarding Participation With Douglas County Water Conservation Program

Discussion ensued regarding the advantages and disadvantages to the District of participation in this program. After discussion, and upon a motion duly made by Director Dassel, seconded by Director Grant and upon vote unanimously carried, the Board authorized Mr. Blodgett to draft a letter for Director Dassel's signature to Mr. Board stating that the District would like to further understand, 1) what participation in the conservatory program means to the District; 2) what information is necessary to have a conservation plan prepared; and 3) is the implementation of the conservation plan mandatory? Mr. Blodgett will draft a letter for review by Director Dassel.

Other Business

None.

Community Items

None.

Executive Session

Executive Session Pursuant to Section 24-6-402(4)(e), C.R.S. for purposes of determining positions relative to matters that may be subject to negotiations.

Upon a motion duly made by Director Dassel, seconded by Director Grant and, upon vote unanimously carried, the Board went into Executive Session pursuant to Section 24-6-402(4)(e), C.R.S., for the purpose of determining positions relative to matters that may be subject to negotiations with respect to the overall efficiency and operation of the District's water distribution system.

Present during the Executive Session were all five Board members, David Foss from Wright Water Engineers, Inc. and Timothy J. Flynn, the District's legal counsel. The Board went into Executive Session at approximately 8:05 p.m. and returned to open public meeting at approximately 9:00 p.m. The Executive Session was electronically recorded as required by law. The Board did not adopt any proposed policy, position, rule, regulation, or take any formal action during the Executive Session.

Upon returning to open public session, David Foss and legal counsel stated that during the Executive Session they had received instructions from the Board and that they would proceed accordingly.

Adjournment

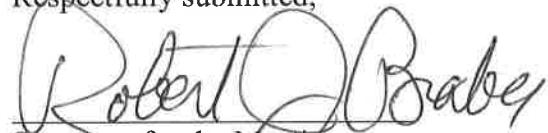
Having no further business to conduct, Director Dassel adjourned the meeting at 9:02 p.m.

The next meeting of the Board will be a special meeting April 12, 2011. Director Brabec will determine the location for the Tuesday, April 12th meeting. The April 5, 2011 board meeting is cancelled.

The foregoing minutes were approved by the Board of Directors on the 3 day of May, 2011.

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

Respectfully submitted,


Secretary for the Meeting