

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
BMR METROPOLITAN DISTRICT
HELD SEPTEMBER 6, 2011

A regular meeting of the Board of Directors of the BMR Metropolitan District was held on Tuesday, September 6, 2011 at 6:00 p.m. at Lowell Ranch located 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
Kirk Fischer
Russell Grant

Residents and others in attendance:

Doug Luallen; 4559 Bell Mountain Drive
Kathy Java; 4559 Bell Mountain Drive

Also in attendance:

Tim Flynn, Esq.; Collins Cockrel and Cole
Bob Blodgett; Clifton Gunderson, LLP
Howard McCarthy; Tetra Tech, Inc.
Jeff Sucher; Treatment Technology, Inc.

Call to Order

Director Dassel called the meeting to order at 6:00 p.m. and verified a quorum was present.

Upon a motion duly made by Director Fischer, seconded by Director Cobb and, upon a vote, unanimously carried, the Board excused the absence of Director Brabec.

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.

All Disclosures 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 Fischer, seconded by Director Grant, and upon a vote, unanimously carried, the Board approved the agenda as submitted.

Administrative
Matters

- A. Review and Consider Approval of Minutes from the August 2, 2011 Regular Meeting Minutes

Director Dassel recommended several changes to the Board meeting minutes. The Board concurred.

Upon a motion duly made by Director Fischer, seconded by Director Grant, the Board approved the August 2, 2011 regular meeting minutes as amended.

- B. Review and Accept Cash Position Report as of August 31, 2011

Director Cobb reviewed the Cash Position Report with the Board.

After discussion, and upon a motion duly made by Director Grant, seconded by Director Cobb the Board accepted the August 31, 2011 Cash Position Report.

- C. Review and Consider Approval of Claims for August 2011
Totaling \$41,810.86 Represented by Check Numbers 2160 through 2172 and Direct Pays to IREA Totaling \$7,952.25, Grand Total of \$49,763.11.

Mr. Blodgett reported the amended claims total is \$41,810.86. There are no changes to the direct pay to IREA total.

Upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote, unanimously carried, the Board approved the August 2011 Claims totaling \$41,810.86 represented by checks number 2160 through 2172 and Direct Pays to IREA totaling \$7,952.25 for a grand total of \$49,763.11.

The Board requested a copy of the Clifton Gunderson LLP management services bill detail in advance in the future and to be included in the Board packet.

- D. Review and Consider Ratification of Requisition Number 9 in the Amount of \$5,154.00 Represented by Check Number 2173 for the Alternate Well

Mr. Blodgett reported this is for budgeted work performed by Tetra Tech for the alternate well.

Upon a motion duly made by Director Cobb, seconded by Director Grant, and upon a vote, unanimously carried, the Board approved the ratification of Requisition No. 9 in the amount of in the amount of \$5,154.00 represented by check number 2173 for the alternate well.

- E. Approve Consumption and Charges Report

Director Cobb reviewed the report with the Board.

Mr. Sucher reported his records indicated 5.8 million gallons were utilized in August. The discrepancy between the 5.8 million and 5.3 million gallons of consumption is explained by the amount used in the irrigation meters at the park and the entryway and medians.

After discussion, and upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote, unanimously carried, the Board approved the August Consumption and Charges Report as submitted.

- F. Status of Water Meter Monitor Usage Plan Test with Residents

The Board will provide information in the next Bell Mountain Newsletter regarding the water meter monitor and ability of residents to utilize the monitor in the future.

G. Review 2012 Budget Process – Bob Blodgett

Mr. Blodgett discussed the 2012 budget process with the Board. The Board confirmed that it intends to consider adoption of the 2012 budget at a meeting to be held in November of this year. Director Cobb will draft the budget for the District upon receiving a template from Mr. Simmons. A draft budget will be submitted to the Board by October 15, 2011.

H. Accept Flush Credit History Report

Mr. Blodgett and Mr. Sucher reviewed the Flush Credit History Report with the Board. Eleven credits have been granted since 2010. Mr. Sucher reported eight of the eleven flush credits were granted to home owners on cul-de-sacs.

I. Set Date and Form of Announcement for Termination of Flush Credit Program

After discussion, and upon a motion duly made by Director Fischer, seconded by Director Cobb, and upon a vote, unanimously carried, the Board decided to cease the flush credit program as of December 31, 2011. Any requests for flush credits must be submitted by that date.

The Board decided this would be announced in the next Bell Mountain Newsletter.

Engineer

A. Alternate Well Update

1. Discuss Final Payment to Layne Christensen Engineering For Well Construction - \$17,226 (Requisition No. 8)

Mr. McCarthy recommended a final payment to Layne Christensen Engineering for the well construction. The problem identified at the August meeting has been corrected. The Board asked that Tetra Tech inspect the well one final time to ensure compliance with standards. Mr. McCarthy will ensure the well is inspected and provide written confirmation that it was properly constructed.

Upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote, unanimously carried, the Board approved the final payment to Layne Christensen Engineering and authorized two Board members to sign the check.

Mr. Blodgett reported the payment of retention has been advertised (August 21, 2011) and no claims for contractors were received.

- B. Consider Approval of Low Responsive Bid for Alternate Well Equipment – Jennison Construction Company, Inc. - \$561,969

Mr. McCarthy reviewed the bids with the Board. He recommended approval of Jennison Construction as the low responsive bid.

Upon a motion duly made by Director Grant, seconded by Director Cobb, and upon a vote, unanimously carried, the Board approved the bid for the alternate well equipment with Jennison Construction Company, Inc. in the amount of \$561,969 and authorized the Notice of Award as of this date.

- C. Review Description of Fire Suppression and PRV Applications in Homes

Mr. McCarthy distributed pictures of diagrams of typical fire suppression system components and domestic systems with PRV's. The Board reviewed the information. Board members noted that the recommendations from fire suppression companies to homeowners are not consistent from one technician to another.

Mr. Luallen and Ms. Java discussed their concerns regarding a spike in their fire suppression system in May. They noted they have filed a claim and are still awaiting results of the investigation by the Pool. Mr. Flynn noted the Pool has not yet completed its investigation. He stated he will call and urge the Pool representatives to expedite this process.

The Board thanked Mr. McCarthy for the information and explanation regarding these systems.

- D. Update on Water Color Issues in Distribution System

No recent complaints have been received.

Water
Operator

- A. Monthly System Report

Mr. Sucher distributed copies of his August 2011 System Report with the Board.

He reported the data loggers installed on five hydrants and one home are providing useful information for the District. They have been removed as of September 1st. Mr. McCarthy recommended the Board continue to

collect the data on fire hydrants so that pressure throughout the District can be better monitored. Mr. Sucher noted there are 117 hydrants within the District.

The Board expressed concern about the labor costs associated with continually installing, removing and monitoring data with the loggers.

After discussion, the Board asked that Mr. Sucher provide his recommendations regarding future use of the data loggers for discussion at the October Board meeting.

Mr. Sucher also reported he will contact the State Engineers Office and seek approval for the use of sodium chloride (rather than potassium chloride) at the plant which will save about 55-60% per bag.

B. Status of Transponder Replacements

Mr. Sucher reported 45 change outs have taken place to date. National Meter has identified five meters that should be replaced in addition to the six meters on the original list, and 10 meters on Glade Gulch Road that will mean a total of 66 new meters and transponders replaced.

Mr. Sucher is working with Mr. Urkoski at Clifton Gunderson to provide a recommendation for meter and transponder change outs during 2012 with the budget process.

C. Discuss Meter Change Out Schedule

Previously addressed.

D. Other

Mr. Sucher reported that Wagner Equipment has recommended the generator at the plant have a fuel injection pump repaired and resealed. The estimated cost is \$1,300. The Board asked Mr. Sucher to ensure this was not included in their original proposal of \$3,151 for repair work at the plant.

Upon a motion duly made by Director Cobb, seconded by Director Grant, and upon a vote, unanimously carried, the Board approved the expenditure of \$1,300 pending an answer to the question by Mr. Sucher of why this was not included in the \$3,151 bill from Wagner Equipment for work recently performed.

Mr. Sucher recommended an annual service contract with Wagner. Wagner has proposed to provide annual service at \$1,075 based on a two year contract. Mr. Sucher believes they are providing useful preventative maintenance work.

The Board asked that Mr. Sucher ensure the annual service contract provides for cost effective work that could not otherwise be performed at the same rate on an hourly basis.

After discussion, and upon a motion duly made by Director Fischer, seconded by Director Grant, and upon a vote, unanimously carried, the Board approved an annual service contract with Wagner Equipment at \$1,075 annually, not to exceed \$2,500 over a two year period, subject to annual appropriation and subject to an agreement prepared by Mr. Flynn.

Director
Discussion Items

None.

Attorney Items

A. Status of High Pressure Repair Claims Filed With SDA Insurance Pool

Mr. Flynn reported the three claims received to date are still pending a pool response. He will urge the pool to expedite their review and provide recommendations to the District for discussion at the October Board meeting.

B. Approve Policy/Resolution Regarding Meter Change Outs

Mr. Flynn distributed copies of Resolution 2011-9-1 to the Board stating a policy of the BMR Metropolitan District regarding the changing out of customer water meters.

After discussion, and upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote, unanimously carried, the Board approved the resolution.

C. Approve Policy/Resolution Regarding Granting of Flush Credits Pressure Repair Claims

Mr. Flynn reported a resolution is not needed.

- D. Approve Agreement With Wagner Equipment for Generator Repair Services

Mr. Flynn will draft this agreement for review at the October Board meeting.

- E. Status of Phosphorus Exemption Request to Chatfield Water Authority: Contact with Lockheed Martin Regarding Allocation Transfer/Purchase

Ms. Dassel provided a report on the August 11, 2011 meeting. The Authority has requested additional information from the District prior to approving the request for an exemption. If the District has to purchase phosphorus, 15 pounds will be required and it must be secured from other entities who have available phosphorus credits for sale.

Further report at the October Board meeting.

- F. Status of Request to CDPHE for Additional Grant Funds for the Alternate Well

Mr. Flynn reported that after further review, his August 15th letter request has been withdrawn. The District decided it was not worth the potential time and expense to acquire the funds.

- G. Status of Construction Administration Services Agreement with Tetra Tech - \$45,000

Mr. Flynn distributed copies of the agreement for professional engineering services between the District and Tetra Tech, Inc. for construction administration services in the amount of \$45,000. The Board asked that the work be done on a time and material basis. Mr. McCarthy reported he will review the agreement by tomorrow. Mr. Flynn reported the agreement is the same scope as approved by the Board at the August Board meeting.

After discussion, upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote, unanimously carried, the Board approved the agreement in substantial form subject to any final comments from the Board of Directors and Mr. McCarthy, and subject to final legal review.

H. Status of Quality Control Testing Agreement with Tetra Tech -
\$3,940

Tabled to a future Board meeting.

Other Business None.

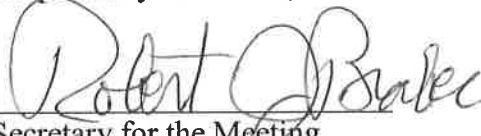
Community Items None.

Adjournment Upon a motion duly made by Director Cobb, seconded by Director Fischer, and upon a vote unanimously carried, the Board adjourned the meeting at 8:15 p.m.

The foregoing minutes were approved by the Board of Directors on the 4 day of Oct, 2011.

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

Respectfully submitted,


Secretary for the Meeting