

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS

OF

BATTLEMENT MESA METROPOLITAN DISTRICT

Held, Thursday, the 24th of January 2013 at 401 Arroyo Drive, Battlement Mesa, Colorado.

Attendance

A regular meeting of the Board of Directors of Battlement Mesa Metropolitan District, Garfield County, Colorado was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following Directors present and acting:

Michelle Foster
Sara McCurdy
Lynn Shore
Jason Fletcher

Steve Rippy, Sandy Yeager, Anne Huber and Amie Martin were also in attendance.

Call to Order

Director Foster called the meeting to order at 9:05 am.

Excuse Absent Board Members

A motion was made by Director Shore and seconded by Director Fletcher to excuse absent Board member Director Richards.

Conflict/Disclosures

Director McCurdy disclosed that she is a Board member of the BMSA Board of Directors.

Director Fletcher disclosed that he is a Board member of the BMSA and Parachute/Battlement Mesa Park and Recreation District Board of Directors.

Public Comments

Director Fletcher stated that the 1st Annual Winter Fest is scheduled for Saturday, January 26, 2013 from 4:00 to 7:00 pm.

December 20, 2012 Regular Meeting Minutes

A motion was made by Director McCurdy and seconded by Director Shore to approve the December 20, 2013 regular meeting minutes as presented. The motion carried unanimously.

Accounting Manager
Report

A motion was made by Director McCurdy and seconded by Director Shore to approve the financials for November 2012 and December 2012; subject to audit. The motion carried unanimously.

Ms. Yeager reported that the annual audit is schedule for February 11, 2013 for BMMD and Battlement Mesa Service Association.

Grand Valley
Recreation Center
Report

See attached report.

District Manager
Report

See attached report.

Resolution 13-01 To
Appropriate Sums of
Money

A motion was made by Director Shore and seconded by Director McCurdy to approve Resolution 13-01 to Appropriate Sums of Money. The motion carried unanimously.

Approval of 2013
Board Meeting Dates

A motion was made by Director McCurdy and seconded by Director Fletcher to approve the 2013 Board Meeting Dates. The motion carried unanimously.

Approval of 2013
Official Notice
Posting Locations

A motion was made by Director McCurdy and seconded by Director Fletcher to approve the Grand Valley Recreation Center as the official notice posting location. Notices will also be posted at the BMMD office and Clark's Market. The motion carried unanimously.

Ruedi Reservoir
Water Cost
Agreement

A motion was made by Director McCurdy and seconded by Director Shore to approve the West Slope Cost-Share Agreement for Ruedi Reservoir Repayment Contracts. Also, pay \$1,191.16 of BMMD's share of the National Environmental Policy Act compliance so BMMD can amend their contracts and take advantage of the perpetual term. The motion carried unanimously.

Battlement Mesa
Partners Prepaid Tap
Fee Discussion

Mr. Rippy stated that he was contacted by Battlement Mesa Partners to notify him that they wished to sell some of their prepaid water and sewer taps for the new clinic to be built by the Grand River Hospital District. Per the tap fee agreement between the BMMD and BMP, they have the option to sell their prepaid taps first until all of their taps have been sold.

Mr. Rippy explained that this offered an opportunity to accelerate the buy down of the BMP taps if the Board wished to use the \$4,000 Capital Reserve fees to be paid to the BMMD for the new clinic to purchase additional water and sewer taps from BMP.

Director Shore asked Mr. Rippy why he thought buying the extra prepaid taps would benefit the BMMD.

Mr. Rippy stated that gaining control of all the water and sewer taps in the PUD was beneficial to the BMMD. The agreement is written in a way that could possibly create competing interests in the sale of taps that could potentially make it difficult for a developer to know exactly what his fees are when developing in the community. In addition, the market price of taps should reflect the increasing costs of construction to insure funds are adequate to construct infrastructure in the future. Any increase in tap fees would provide no benefit to the BMMD as long as they do not own the taps.

A motion was made by Director Shore and seconded by Director McCurdy to authorize payment of capital reserve fund fees, at the rate of \$4,000 (.8) per eqr, received from Grand River Hospital District, be paid to Battlement Mesa Partners to purchase additional prepaid taps. The motion carried unanimously.

Other Business

Mr. Rippy explained that BMMD's EQR calculation under the District's rules and regulations does not have a specific formula for medical clinics. The total EQR's for the facility needs to be determined to establish the tap fees to be paid. The rules and regulations call for review by the District's engineer and utilizing other sources in this situation to help determine the proper EQR with the Board of Directors making final approval.

Westwater Engineer, Steve LeBonde reviewed EQR qualifications for clinics in Grand Junction and Mr. Rippy reviewed actual EQRs assigned to clinics in Rifle and Silt as well as actual water use in the facilities. Based up this review, Mr. Rippy recommended using BMMD's formula for an office facility to calculate the EQRs to be assigned to the medical clinic. The office formula equates to 24 EQRs.

A motion was made by Director McCurdy and seconded by Director Shore to charge Grand River Hospital District 24 eqr's for their new medical clinic at the rate of \$5,000 per eqr for water and sewer and \$4,000 per eqr for capital reserve funds. The motion carried unanimously.

Director Fletcher stated that the Board of Directors had discussions at a Board meeting a couple of years ago about studying the idea of the Grand Valley Recreation Center becoming a part of the Parachute/Battlement Mesa Parks & Recreation District. He would like to review this issue again and begin discussions with the recreation district.

Mr. Rippy stated that he recently had discussions with Board Director, Bruce Richards, about this issue and had done some preliminary estimates on the amount of property taxes homeowners would pay to operate the center. These estimates seem to indicate homeowners in Battlement Mesa would benefit from the GVRC becoming part of the recreation district and the GVRC would be able to solve its funding issues.

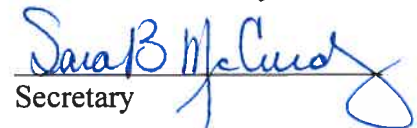
The Board agreed that they are interested in revisiting the issue with the Parachute/Battlement Mesa Parks & Recreation District.

Director Fletcher will discuss this with the Park and Recreation Board at their next meeting.

Adjournment

There being no further business to come before the Board, and upon a motion made and carried, the meeting adjourned at 9:55 am.

The foregoing constitutes the true and correct minutes of the above referenced meeting and was approved by the Board of Directors of the Battlement Mesa Metropolitan District on the 28th day of February 2013.


Secretary

**Grand Valley Recreation Center
Battlement Mesa, CO 81635**

Memo: Battlement Mesa Metropolitan District Board of Directors
From: Anne Huber
Subject: Monthly Report January 17, 2013

Federal Mineral Lease Project

Kruger Roofing has completed replacement of base material, insulation and exterior steel. The workers will finish the trim work when the snow melts.

Lighting Project

O'Dwyer Electric has completed installation of all lights in this project except for one light in a racquetball court. Mr. O'Dwyer is waiting for the company to send the last bulb. He said that the company that supplies the bulbs is overwhelmed with orders as municipalities around the country are ordering LED replacements for large projects. For the GVRC project, 73 400-watt halogen bulbs were replaced with 100-watt LED bulbs; 18 250-watt bulbs were replaced with 60-watt LED bulbs.

Ryan Mercer submitted the rebate request to Xcel Energy for the lighting project.

The December 2012 Xcel bill reflects the first significant savings since GVRC started the lighting project. Replacement of the parking lot lights, gymnasium, racquetball and pool complex lighting was completed in December.

	KwH	AVG TEMP	
2007	53768	26	
2008	43726	27	\$3,821.58
2009	42166	19	\$3,552.39
2010	44232	37	\$3,549.02
2011	45512	30	\$3,919.62
2012	35852	28	\$3,295.79

Note that December 2009, the Center closed from Christmas Eve through January 1, 2010 as part of adversity budgeting; accounting for lower electricity usage than other Decembers with higher average temperatures.

Landscape Project

Brian Whiteley picked up elevation plans and existing landscape diagrams. I do not have any details to report at this time.

Programs

Parachute Parks and Recreation Winter Co-Ed Volleyball; Tuesday evenings, January 15 – March 5; 8 teams

Crown Peak Men's Pick-up Basketball, Thursdays, 6:30 PM

Parachute Branch Library will bring reading time to GVRC on February 4th

Grand Valley Early Childhood Center will bring kindergarten and 1st grade classes to GVRC for a fitness tour and activity in the gym; Tuesday, March 5

Mid-Winter Swim lessons will begin February 25th for Preschool and Level 5

Anything Goes Art Show for Youth

We sent announcements and registration forms to all of the schools. We are hoping to have good participation.

Name Change

Staff is gradually getting used to answering the phone Grand Valley Recreation Center. New door signs have been ordered and sign overlays will be ordered for the outdoor sign.

Equipment

GVRC obtained two hybrid Matrix brand stationary bicycles from the Snowmass Recreation Center. Each bike is equipped with a television. A hybrid cycle has a seat like a recumbent; with back and arm rests but sits in a more upright position than a full recumbent. First indication is that these will be popular.

Manager Report

Date: January 24, 2013
To: Board of Directors, Battlement Mesa Metropolitan District
From: Steve Rippy, District Manager

2012 Year End Recap: I am recapping 2012 to identify those projects or items undertaken or completed as well as provide a quick commentary on the District's operations. Overall the operations of the District were efficient and productive.

2012 Operating Revenues and Expenditures:

Expenditures were below 2012 budgeted projections and revenues exceeded budgeted levels. Overall operating revenues exceeded expenditures by \$347,683.

<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>
\$2,488,850	\$2,272,746

<u>Budgeted Revenues</u>	<u>Actual Revenues</u>
\$2,582,000	\$2,620,429

2012 Operating Revenues and Expenditures in the 3 major departments:
Water / Wastewater / Activity Center

Revenues in the Water Department were up \$137,899 (14%) over 2011 revenues. This was primarily the result of a dryer irrigation season compared to a wet season in 2011 and a slight increase in monthly water rates. Wastewater revenues were up \$24,353 (3.5%) over 2011 revenues. This was a result of the increased monthly service rates. Revenues in the Activity Center fund were up \$14,622 (2.1%) over 2011 revenues. This was primarily the result of increased room rentals and increased activation fees.

Expenditures in the Water Department increased \$57,959 (6.3%) over 2011 expenditures. This was primarily the result of distribution system repairs which accounted for nearly \$40,000 of the increased expenses. The 2012 Water Department expenditures were 3% below 2009 expenditure levels. Wastewater expenditures increased \$40,246 (6.8%) over 2011 expenditures. This was primarily the result of wastewater plant maintenance and repairs which accounted for over \$16,000 of the increase. The 2012 Wastewater Department expenditures were 4.1% below 2007 expenditure levels. Expenditures in the Activity Center Department increased \$5,579 (1%) over 2011 expenditures. The 2012 Activity Center expenditures were 14.4% below 2007 expenditure levels.

Capital Projects:

In 2012 the construction of a new de-chlorination system at the wastewater plant was started. The project was needed as the result of regulations implemented by the Colorado Department of Public Health and Environment. The project has been managed, coordinated and partially constructed by BMMD water/wastewater staff, reducing engineering costs associated with the project. The project is nearing completion and should be operational in the spring of 2013.

Activity Center Director, Anne Huber, submitted a \$185,780 grant request to the Garfield County Federal Mineral Lease District to replace the roof over the Center's pool complex, LED retrofit of existing lights in the Center and parking lot and design a water conservation landscape plan for the Activity Center grounds. The grant was awarded and the roof and LED retrofit are nearly complete as of this date. The landscape plan is currently being designed and should be completed in the spring of 2013.

Activity Center Director, Anne Huber, also submitted a \$23,250 mini grant request to the Garfield County Federal Mineral Lease District to install a 2" asphalt overlay over the existing driveway to the lower level entry of the Activity Center as well as the lower level parking lot. The grant was awarded and the project should be started in the summer of 2013.

BMSA Management:

2012 marked the third year of management of the BMSA by the Battlement Mesa Metropolitan District. BMMD staff has become very familiar with the management requirements and operations continued to run smoothly. The management of the 2012 BMSA budget resulted in an additional \$50,000 of assessment placed into the reserve fund. BMMD also managed the bid process and asphalt overlay of 2.4 miles of existing pedestrian trails and the dedication of the new Library Trail. BMMD managed the acquisition of a 2.6 acre property on behalf of the BMSA Board of Directors and the LED retrofit of 10 sample street lights in the community.

Contract Services:

The District has several contracted professional services to assist the Board and staff in conducting business, meeting statutory requirements, or completing projects or upgrades. To remind or familiarize the Board I have listed for you the more significant contracted services and the contractors providing those services for the District.

Auditor:

McMahan & Associates
Nick Graham – Auditor

State statutes require an audit by a third party independent be completed annually. McMahan & Associates has been the auditor of record for the BMMD since 2002. McMahan has become very familiar with the District's financials and therefore is able to conduct their work in a very thorough and efficient manner. McMahan also does the audit for the BMSA. Below, I have listed for you the annual fees paid to McMahan for their services over the past 4 years.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$13,896	\$14,016	\$13,700	\$13,700

Liability-Property-Casualty Insurance:

Canyon Insurance & Financial Services:
Bruce Camilletti – Agent

The BMMD has used the Canyon Insurance Agency out of Rifle to provide insurance services for several years. Travelers Insurance is the insurance provider.

As you may recall in 2010 I requested a quote through SDA from an insurance agency out of Denver to see if insurance costs could be reduced. In addition I requested Canyon Insurance provide a quote from Travelers to see if their fees could be reduced. The result was a reduction in insurance costs and the retention of Travelers as the District's insurance provider.

In 2011 and 2012, I requested Canyon Insurance provide a quote from both SDA and Travelers. The results has been total insurance costs have remained relatively flat while the District has added a new maintenance building in 2010, new drying beds and administration office in 2011. I have listed below the insurance costs to the District the past 4 years.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$62,726	\$64,928	\$61,500	\$63,762

Employee Health Insurance:

Glenwood Insurance
Jim Harris – Agent

In an effort to reduce employee health insurance costs the BMMD switched in 2011 to the Glenwood Insurance Agency and changed providers to Starmark. Insurance costs were reduced and employees feel they are receiving much improved service. I have listed below the last 3 years of costs associated with health insurance.

<u>2010</u>	<u>2011</u>	<u>2012</u>
\$173,817	\$134,771	\$151,436

Legal Services:

Spencer Fane & Grimshaw
Matt Dalton – Attorney

You may recall that in 2012 Spencer Fane & Grimshaw acquired, Grimshaw & Haring, the long time law firm that provided legal services for the BMMD. Attorney, Matt Dalton, continued on with the new firm and has been providing legal services for the different Battlement Mesa water and sanitation districts for over 20 years.

Matt Dalton specializes in special district law and provides legal services for several different districts in Colorado. During the 4 years I have worked with Matt I have found him to be very knowledgeable about Colorado law as it pertains to special districts as well as historical knowledge of BMMD operations.

Matt Dalton along with associate attorney, Ron Fano, are very experienced in personnel policy and regulations and have written much if not all of the District's Employee Personnel Handbook.