

APPROVED

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS

OF

CONSOLIDATED METROPOLITAN DISTRICT

Held Thursday, the 25th day of October 2007 at 9:00 a.m. at 398 Arroyo Drive, Battlement Mesa, Colorado.

Attendance

A regular meeting of the Board of Directors of the Consolidated 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:

George Cathey
Fred Inman
Bill Nelson
Frank Lancaster
Bill Wilde

Lynn Shore, Roger Bulla, Bob Jasper, Anne Huber and Sandy Yeager were also in attendance.

Call to Order

Director Inman called the meeting to order at 9:00 a.m. and established that a notice of the meeting had been posted as required by statute. Director Inman noted that a quorum was in attendance.

No potential conflict of interest disclosures were noted or filed on behalf of any of the Directors.

September 2007 Meeting Minutes

A motion was made by Director Wilde to accept the September 27, 2007 meeting minutes as presented; Director Lancaster seconded the motion and the motion carried unanimously.

September 2007 Financial Statements

The September 30, 2007 financial statements were reviewed. A motion was made by Director Nelson to accept the financials as presented, subject to audit; Director Lancaster seconded the motion and the motion carried unanimously.

Activity Center Information

Anne Huber reported that the completion of the weight room is getting close and the new area may be ready by Thanksgiving.

Ms. Huber also reported that the Grand Valley Fire District is interested in receiving the universal multi-station weight machine once we have received our new equipment.

John Lyons Symposiums has donated \$2,000 to the Center. The gift is greatly appreciated and will be used next year for one of the children's programs.

Transferring the housekeeping duties from internal staff to an outside contractor was discussed. A motion was made by Director Wilde to award the cleaning contract to U.S. Cleaning Professionals, Inc. for a period of one year, beginning January 1, 2008; Director Nelson seconded the motion and the motion carried unanimously.

Joint Venture Committee Report

Director Lancaster reported that the joint venture committee, comprised of members from the CMD and BMSA Boards, met on October 10, 2007. The group noted that Battlement Mesa is undergoing rapid change and that several groups are looking at ways to manage those changes: 1) Garfield County and DOLA are forming a group to lobby western Colorado issues; 2) the strategic planning committee is looking into what can be done about the I-70 interchange; 3) CMD and the BMSA joint venture committee is working for the betterment of Battlement Mesa as a whole, suggesting that CMD perform the public works tasks (roads, street lights, parks, trails, etc.), while BMSA manages the covenants and architectural regulations. The joint venture committee decided it would be best if both Boards of Directors met on November 27 to form a steering committee made up of two members from each Board. The advantages of forming this committee are: 1) it fosters a team effort between the BMSA and CMD; 2) it could generate the possibility of a mill levy and DOLA grants to raise funds which are currently not available to the BMSA; 3) it would present a unified front to the Town of Parachute on issues; 4) it would allow the committee to represent Battlement Mesa during meetings with the county regarding roads and other issues.

Street Maintenance

Director Lancaster also reported that he had put together some numbers for street maintenance. He determined that \$281,000 is needed for the first year. The county has said they would pay \$200,000 the first year, but Director Lancaster suggested that they could be approached for additional funding. For the work that absolutely needs to be done next year with our own forces, he came up with a cost of \$37,000. He reported that the county has spent about \$18,000 per year for the past three years on road

maintenance in Battlement Mesa. He suggested that the District hire one person at approximately \$50,000 per year, plus \$6,000 in benefits. This employee could spend 500 hours sweeping streets and 500 hours plowing them, with the additional 1080 hours being spent working with the water and sewer departments. Director Nelson asked Director Lancaster what the time line on overlay is for the majority of the roads, since the projected cost of this project was around \$4 million. Director Lancaster responded that we could do 1/40 per year, since most roads have a 40-year life, at a cost of approximately ~~\$5,000~~^{103,512.00} per year. He also mentioned that there is a 7-year cycle on the sealant. Director Wilde mentioned that our current roads are approaching the 40 years (within 13 years), which would calculate to roughly \$310,000 per year. He would still like an independent engineer to evaluate our streets before we agree to anything with the county. He restated that we would have the equipment purchase expense, equipment maintenance expense, a maintenance shop expense, and he believes the \$6,000^{in benefits} for the proposed new employee to be too low. Director Wilde recommended that District Manager Jasper contact Schmueser, Gordon and Meyer to evaluate the streets. He also stated that Mr. Jasper needs to prepare an entire department proforma and to show how we get there and how we will fund it. The Board agreed that Mr. Jasper should proceed with the engineer evaluation of the streets.

District Manager
Report

District Manager Bob Jasper reported that Battlement Mesa Partners has applied to the county for a change in zoning on some of their undeveloped parcels. He mentioned that if you own property in the county that is already zoned for what you want to develop, you simply go through the plat process. However, if you want to change the zoning, it is an entirely different process. Garfield County has asked for the District's input regarding BMP's zoning change request. In their request, business zoned acres would be reduced by 38.8% and the central residential area would be reduced to 112 acres. Some of these areas we cannot serve due to low water pressure. Mr. Jasper mentioned the BMP will not be developing these parcels, but would instead sell them to other developers once the zoning is changed. He also reported that BMP refuses to apply for inclusion into the District those parcels they are wanting zoning changes on. The county planning commission will hear BMP's request on November 14 and our comments need to be to them by November 6 in order to be considered. Director Wilde suggested that WestWater Engineering take a quick look at this in relation to providing water, fire protection and sewer lines. He believes it is doable. We need to let the planning commission

know that we need to do a master evaluation of existing water and sewer lines and service before we can supply any input. District Manager Jasper mentioned that he has a meeting at WestWater Engineering on October 26 and he doesn't know why we are bothering because he has told Eric Schmela from BMP that we will not serve them unless they apply for inclusion into the District. Director Wilde responded by telling Mr. Jasper that he may have told Mr. Schmela that, but the Board has not and he feels too big a deal is being made out of them including at subdivision time. Mr. Jasper asked why do it eleven times when it can be done once. We should make it a condition that they must be a part of the District before we will serve them. Director Inman suggested that the application for inclusion be done once for all the parcels and not one at a time. Mr. Jasper will send a letter to the county stating that in order for us to provide service, they must be included in the District. He asked what he should say to the planning commission regarding the zoning. Director Inman stated that he would like to see medium density housing at the lower end of their numbers, with no multi-level apartments. Director Wilde responded that this is a separate process altogether. District Manager Jasper was directed to draft a letter to the planning commission stating our concerns about density. The letter will be emailed to the Board for review prior to being sent.

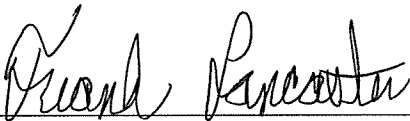
Budget Workshop

The revised preliminary 2008 budget was discussed. District Manager Jasper reported that he has received quotes for employee health insurance from Aetna and the rates are better and the coverage will remain close to what we now have with Rocky Mountain Health Plans. A motion was made by Director Wilde to make the change from Rocky Mountain Health Plans to Aetna at the December 1 renewal; Director Cathey seconded the motion and the motion carried unanimously. Mr. Jasper also mentioned that the sewer department repairs and maintenance line item includes the repair of three manholes and the repair of the RV lift station. It was noted that the BMAC room rental revenues remained the same in the 2008 preliminary budget as they were in the 2007 budget. With the opening of one additional meeting room, it was suggested that this be increased. Ms. Huber will reevaluate this line item. A motion was made by Director Wilde to established the 2008 budget public hearing on Thursday, November 15, 2007 at 9:00 a.m.; Director Nelson seconded the motion and the motion carried unanimously.

Adjournment

There being no further business to come before the Board, and upon motion made by Director Cathey and seconded by Director Nelson and unanimously carried, the meeting was adjourned at 12:15 p.m.

The foregoing constitutes the true and correct minutes of the above referenced meeting and was approved by the Board of Directors of the Consolidated Metropolitan District on the 15th day of November, 2007.


Secretary