

**BATTLEMENT MESA SERVICE ASSOCIATION
SPECIAL MEETING OF THE BOARD OF DIRECTORS
November 11, 2008 Minutes**

PRESENT:	Chuck Hall	President
	John Shepherd	Vice President
	Ron Schelling	Secretary/Treasurer
	Jay Haygood	Director
	Frank Oakley	Director
	Gordon Elliott	Director
	Ray Barbour	Director
	Mike Stiers	Director
	Eric Schmela	Director
	Dan Cohen	Director

Also Present: Jane Chapman Association Manager

The **meeting** was called to order at 10:01 am by Chuck Hall, President.

The purpose of this meeting is to further review the forming of a Special District as proposed by the Joint Advisory Committee.

Chuck Hall passed out a packet with copies of his presentation slides. The first slide gave an overview of the Special Meeting of the Board of Directors from June 27, 2008. At that meeting, the Board agreed to pursue option "B" for implementing a Special District, which entailed; (a) selecting an appropriate name for the district, (b) Battlement Mesa Service Association would contract with CMD to manage all services, (c) BMSA would continue to collect assessments, (d) the Consolidated Metro District Board would handle business, (e) CMD would hire a professional community manager, (f) an organizational structure would be developed, and (g) work teams would be created to deal with the details of the conversion. The second slide showed the current BMSA organizational chart, which everyone was familiar with. Chuck then went over the Special District Statutes that were revised in 2004. A special district can now perform security services, covenant enforcement, and design review within their boundaries. The potential advantages of this include governmental immunity, efficiency, and lower insurance costs. With a proper relationship, the Consolidated Metro District may enforce covenants and implement design review policy only if BMSA and CMD entered into a contract to define the duties and responsibilities of each of the contracting parties, or if the declarations and rules

and regulations containing the covenants to be enforced for the CMD area name the CMD as the enforcement and design review entity. Next, the organizational chart proposed by the Joint Advisory Committee was reviewed. Ultimately, a new special district tentatively named Battlement Mesa Metropolitan District would head up everything. From BMMD, a community manager would oversee a public works department, covenants and standards, planning, utilities, recreation and cultural activities, and accounting and finance. For now, BMSA has agreed to a short-term interim organization that would define the relationship between BMSA and CMD and would establish interim organizational requirements. BMSA would contract with CMD to manage the Master Association with a complete transition time of two to three years. If CMD takes over as BMSA manager, the fiscal year will need to be adjusted. The Association's fiscal year currently runs April 1 through March 31 while CMD's fiscal year runs January 1 through December 31. In order to align the fiscal years, budget adjustments for the next fiscal year will be required based on potential implementation dates. Within the transition, existing contracts would be continued through the end of the current contract. The CMD would also continue to contract with Battlement Mesa Company for work. The final slide gave a list of actions required. This includes defining the transition organizations, defining each Board's duties for each organizational change and defining the financial responsibilities of each.

Gordon Elliott reiterated the advantages of the new special district to Battlement Mesa. There would be one organization to listen to and speak for the community. Management would be proactive through interaction with other organizations by jointly looking for opportunities. Staff would be consolidated and resources would be better utilized. There would be reduced liability exposure. Finally, the special district would have access to grants, have the ability to issue bonds as well as levy taxes.

Lynn Shore attended the meeting and discussed the tentative first year implementation plan.

- A date needs to be set for implementation.

- A contract acceptable to both parties needs to be written.

- With the contract in place, personnel to oversee functions will need to be identified.

- Arrangements will need to be made for the transfer of data from Battlement Mesa Company to Battlement Mesa Metro District.

- Public meetings to inform residents of the changes will need to be held.

- The contract will need to be implemented.

- Periodic reviews to evaluate progress versus the plan will need to take place.

Ray Barbour said that he considered the public informational meetings and the periodic reviews to be the most important items on the implementation list.

Recently, the Joint Advisory Committee has met with two communities, in Aspen and Silverthorne, where this merging process has taken place. The meetings reinforced to the JAC that this process is the right direction, especially since those communities faced similar funding and growth issues to Battlement Mesa. Chuck Hall mentioned that the amount of development in the two communities was much less than is left in Battlement Mesa. Those communities were pretty much built out but Battlement Mesa still has a lot of developer interaction in the community.

Eric Schmela asked if the Board decides to switch to Consolidated Metro as the management company, can CMD perform the management functions better and more cost effectively. Battlement Mesa Company operates in the red for the Service Association by not charging the full amount they could for staff and other functions. CMD would most likely have to charge the fees that BMC does not, resulting in higher expense for BMSA. In addition, if Battlement Mesa Company stops managing the Association, the resources will be restructured and the Association may not be able to go back to having BMC provide management if things don't work out with CMD. Eric feels that the developer is not being considered in this joint venture. The developer is not ready to give up design review as part of their business and will need convincing that developer interests will be taken care of. In addition, BMSA needs to look at this from the point of view of shopping for any management company to find the best fit to run the Association. BMSA should also continue to use the developer as a resource, even if not as management.

Gordon Elliott said that the purpose of the proposed approach is to give the Battlement Mesa Service Association the opportunity to evaluate the Consolidated Metro District as a manager. The purpose is not to oppose Battlement Mesa Company but to promote the process of becoming independent that was started by BMC. BMSA needs self-management without the developer because the developer will eventually be gone. Another factor in the decision is homeowner apathy. The Association has difficulty filling Board Member positions and other roles that need to be taken on in the community.

Ray Barbour wanted to know how a smooth transition of accounting could happen. Ron Schelling responded that the short year issues will have to be taken care of but that the residents and cash flow would be very minimally effected, if at all. Jay Haygood asked what the impact to property owners would be as he hopes that large monetary increases would be avoided. Mill levies

would have to be voted in by registered voters, so increases cannot go into effect against the will of the residents.

Chuck Hall opened discussion on what steps need to be taken to get started with the transitional organization. The implementation dates are targets set by the Consolidated Metro District, but can CMD do what they say they can? The current management contract with Battlement Mesa Company is through March 31, 2009. The Board needs to know what budget to set up. If management switched to CMD on April 1, 2009 then a nine month budget needs to be set up. Someone asked if the lining up of the fiscal years is important and Ron Schelling responded that doing so would be helpful to management.

A transitional organization needs to be decided on for the interim. It was suggested that four committees to determine needs and actions need to be set up; one for management, one for supervision of maintenance, one for financial operations, and one for covenants/architectural review. If other issues need to be studied or resolved, then suggestions are needed from both sides. Mike Stiers suggested that the Joint Advisory Committee needs to meet again and jointly devise (with the existing manager) a plan for the transitional situation. An interim structure committee would need to be created in order to determine what needs to be done and to decide who will do it. Lynn Shore stated that these are all contract issues and suggested that the Joint Advisory Committee plus two people from Battlement Mesa Company form a contract committee in order to put together the contract with transitional stages outlined in it.

Eric Schmela noted that the declarant has ultimate design review until the last lot is sold. Under the current system, the declarant maintains the largest number of votes and he is not willing to walk away from these rights.

Chuck Hall will take an action to meet with Bill Nelson of Consolidated Metropolitan District to discuss these issues with him. The Joint Advisory Committee and Battlement Mesa Company will meet to talk about contract issues. Chuck asked if there was truly a need to identify a transitional date. Gordon Elliott responded that April 1, 2009 was chosen because of the new fiscal year start. This question should be addressed at the meeting between the JAC and BMC. Gordon Elliott asked if January 1, 2010 should be the new transition date. This would give more time for questions to be answered and for observation of the Metro District. The JAC and BMC will tentatively meet on November 19, 2008 at 11:00 am in the BMC board room.

A **motion** was duly made by Gordon Elliott and seconded by Jay Haygood to set a target implementation date as January 1, 2010. **Passed.** Opposed by Eric Schmela.

With no other business to come before the Board, the meeting was adjourned at 11:34 pm.