

**MINUTES OF THE BOARD OF DIRECTORS
COLORADO CENTRE METROPOLITAN DISTRICT
REGULAR MEETING**

Thursday, July 20, 2006 5:00 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin	President, Chairman
Floyd Edwards	Treasurer
Frank Ingraldi	Vice-President, Vice-Chairman
Shawn Eccles	Secretary
Michael Terry	Assistant Secretary/Treasurer

Also Present:

Jim Giblin, Alvaro Testa, Paul Anderson, Cynthia Monroe, and Sandy Goad

I. Preliminary

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:07 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present.
- C. Acknowledgment, Notice and Consent to Regular Meeting-Entered with the minutes.

II. General Business Items

- A. Approval of the Minutes of the Regular Meeting of June 22, 2006

A motion was made and seconded to approve the minutes of the Regular Meeting of June 22, 2006. Upon a voice vote, the motion passed unanimously.

- B. Presentation of 2005 Audit by Hoelting & Company

Dr. Testa introduced Mr. Jim Giblin from Hoelting & Company at this time. Mr. Giblin presented the results of the audit for fiscal year 2005 to the Board. The District is limited/restricted because of the bankruptcy plan but is doing very well and continues to improve in spite of the restrictions.

Director Terry had some clarification questions and Mr. Giblin informed the Board that in 2004 the audit format had changed. This was a required change for all governmental entities. One of the differences was the implementation of an MDA (Management, Discussion Analysis). Also, in the statements everything is in full accrual basis as opposed to modified accrual. In full accrual accounting an

entity is accruing interest even though nothing is paid out. Another change is that all general fixed assets were depreciated not just the water and wastewater assets. Note 16 of the audit explains that the District adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures as of January 1, 2005. GASB 40 establishes and modifies disclosure requirements related to investment risks. Adoption of GASB 40 had no effect on beginning net assets or changes in net assets. The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. These changes resulted in many hours of extra work on the part of Mr. Giblin, Dr. Testa and the CCMD office staff. Dr. Testa will submit the Management Report to Mr. Giblin and the final audit report will be submitted to the State by the July 31, 2006 deadline.

Director Terry excused himself from the meeting at 5:30 pm because of a school Board meeting taking place at 5:45 pm.

Dr. Testa commented that historically we “don’t spend what we don’t have”. Director Cantin inquired if Mr. Giblin had any recommendations for the District as far as how our budget and accounting procedures could be improved (before Director Terry left, he had asked for any recommendations from Mr. Giblin). Mr. Giblin reported that CCMD’s methods of accounting and budget processing are very effective and he has no recommendations for improvements.

A motion was made and seconded to accept the audit for FY2005 prepared by Hoelting & Company, Inc. Upon a voice vote, the motion passed unanimously.

J. Other Matters and Public Input

At this time, Director Cantin asked the residents in attendance (Bennetts) if they had any questions or concerns for the Board. Their first concern is the rising number of prairie dogs in and around the neighborhoods. This is a County problem and the County Health Department will be contacted regarding this issue. Another concern is the fire protection. Director Cantin explained the fire protection agreement we have with the City of Colorado Springs. Extensive research was completed and the IGA with the City was determined to be the most fiscally responsible arrangement for CCMD.

Dr. Testa commented that he has met with Chief Navarro of Colorado Springs and there is a possibility of making an agreement with the City to open this as a fire station again. This meeting came about because of Lorson and Rolling Hills developers expressing interest in arranging some type of fire protection for their developments. Obtaining an IGA with Lorson and Rolling Hills allows CCMD to

pass the fire station debt to Lorson and Rolling Hills. He stated that it is very important not to jeopardize or compromise our IGA with the City.

The Bennetts commented that the open space areas are really an asset and the park areas are looking very good because of all the field personnel's hard work. Director Cantin noted that there will be another Community Fall Clean-up. Mr. Giblin commented that Home Depot has some type of program to help out with park area development. Home Depot will be contacted to see if CCMD would qualify for Home Depot funds.

C. Review of the District's Finances

a. Bank Balances

The District has approximately \$1,060,000 in funds with approximately \$985,000 unencumbered. Liabilities include developer taxes and customer deposits. Our investments are doing well and continue to grow. ColoTrust reserve funds are at approximately 5.1%. Reserve fund CD's are the collateral for the fire truck loan.

b. Budget Review

Taxes are at approximately 90 percent for the year and expenses are on target. The SO taxes are up this year because of the Mil increase. Dr. Testa doesn't budget for these taxes because it is such an unknown, but our taxes will possibly be over 100 percent because of the increases. The actual bottom line for the General Fund is approximately \$260,000 and when the audit is completed, the final transfers will be made to the budget. The 1992 A Bondholder's payment of \$132,476.52 was disbursed on July 1, 2006.

The Reserve Fund is at approximately \$639,000. Earned interest YTD is approximately \$12,600. We have collected some restricted taxes in the Debt Service Fund. These restricted funds are strictly to pay the bondholders and any additional monies will be transferred from the General Fund at the end of the year. The lottery funds collected were \$3,778 and \$7,502 YTD.

Under water operations, revenue is up probably because of residential and commercial irrigating taking place and even though consumption is up our systems are keeping up with the demands. Revenues and expenditures are starting to even out and are pretty much on budget year to date. There is approximately \$233,000 in the capital reserve fund.

Wastewater operations are on target and there will be a surplus of \$4,000 when the audit is completed and transfers are made. Lower Fountain continues to be a big expense. The paperwork will be submitted in September or October for the Lower Fountain project low interest loan. A positive aspect of the loan is that we only pay interest on what is taken out ("pay as we go").

A motion was made and seconded to transfer \$12,000 from the CCMD checking account to the higher interest ColoTrust Account. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to transfer monies from the Fountain Mesa Escrow account to the CCMD checking account for reimbursement of expenses. Upon a voice vote, the motion passed unanimously.

Paul Anderson and Cindy will contact Steve Meylan regarding replenishment of the Fountain Mesa Escrow account.

D. Approval of Payables

The Board reviewed the payables of the District.

A motion was made and seconded to approve the current list of payables as presented. Upon a voice vote, the motion passed unanimously.

E. Legal Matters

a. Cuchares District

Paul Anderson reported that he is continuing to work with Steve Meylan, who is the representative for the Cuchares inclusion project. Dr. Testa and Mr. Anderson met with Mr. Meylan last week and the service draft agreement is near completion. Dr. Testa and Mr. Anderson met with Carl Schuller who is with the County land use department. He provided Mr. Anderson with a copy of the County's land use requirements which Mr. Anderson will incorporate into the service agreement. The land use process must be completed before the service agreement can be accepted and before the formation of a new district.

b. Campbell's Case

Mr. Anderson reported that he talked with Mr. Campbell's attorney, Ms. Muzzio and the Campbell's have agreed to pay the reduced amount. As soon as payment is received, the lien will be released.

F. Operations Report

a. Water System

All parts of the system are working great. The District has purchased or produced 13.5 million gallons and YTD the District has produced/purchased approximately 50 million gallons of water. YTD approximately 49.2 gallons have been sold There has been approximately a 1.2 percent water loss which is minimal.

b. Sewer System

Approximately 4.4 million gallons of water has been pumped to Fountain Sanitation. The manhole at Fontaine and Marksheffel needs to be repaired. Dr. Testa has spoken with CNL to get the repair done, and they have estimated a cost of \$1900 to repair this manhole.

c. Parks (Discuss ROW Private Fences)

Dr. Testa and the Board commented on how good Horizonview looks. The field personnel have been working many hours on the clean-up of Horizonview. CNL came and worked for two days and was able to haul off most of the cuttings. The rock still needs to be replaced. Dr. Testa asked for comments regarding the aging fences in and around the District. Director Eccles commented that he doesn't think the District should repair any of the fences because they are the private responsibility of the resident. Director Cantin would like to investigate planting some type of drought resistant shrubbery along the exterior fences.

d. Fire Protection Service – CCMD/Lorson/Rolling Hills

As discussed previously in the meeting, Dr. Testa met with Fire Chief Navarro of the City of Colorado Springs and he expressed an interest in staffing our fire station with two firemen and a quick response truck. Dr. Testa is still working with Chief Navarro to come to a possible agreement and as stated before pass the fire station debt to Lorson and Rolling Hills. Some type of agreement could probably be reached within 90 days. He reiterated that it is very important not to jeopardize or compromise our IGA with the City.

e. Update on Truck Parking Along Bradley (Cindy)

Cindy made numerous calls to the County and City regarding the truck parking along Bradley. The trucks can legally park along Bradley because it is considered a truck route. They cannot leave them running and if this is the case, call the authorities and they will be ticketed. The City may put "No Parking" signage along Bradley but this could take up to 45 days. Trucks can park inside the neighborhoods as long as the truck is properly licensed and registered. If any truck is causing a safety hazard or blocking entrances they could be ticketed.

f. Discuss a Stronger Water and Sewer Stand-by charge

Dr. Testa and Mr. Anderson have had discussions regarding the large tracts of land in Colorado Centre and the fact that these land areas are tying up a substantial amount of water. If these land owners are going to keep their commitments to the water, possibly we could charge a service charge per equivalent single family home. If the land owners do not want to pay the high

fees, possibly they could release the water at this time and we would have the water available when needed. Mr. Anderson and Dr. Testa will research this stronger water and sewer stand-by charge and report back to the Board.

G. El Paso County Water Authority (July Meeting Cancelled)

H. Fountain Mutual Irrigation Company

The District is still on the Board and not much is going on at this time. They are still pursuing the Fountain Creek water rights. Dr. Testa will keep the Board apprised of any developments concerning water rights and the implications for Colorado Centre. The City wants to re-negotiate the lease regarding Big Johnson Reservoir.

I. Lower Fountain Metropolitan Sewage Disposal District

Roger brought in maps showing the possible sites for the interceptor. Widefield is still saying they "may want" to come in on the project. A FAQ fact sheet was put together to educate all entities on the project. The filings will be submitted in September or October. The goal for the project is 2010-2012. Director Cantin reported that CSU sent a "mutual agreement letter". LF made changes and signed the letter and sent it back with the stipulation that this is how it is going to be and LF is going forward on their own.

J. Other Matters and Public Input

Public input from the Bennetts was discussed earlier in the meeting.

Dr. Testa reminded everyone that after the August 24th regular board meeting, all will go to dinner to honor Cindy's 20 year anniversary with CCMD. The dinner will be at Bennett's Barbecue at 6:45 pm.

A motion was made and seconded to enter into Executive Session at this time. Upon a voice vote, the motion passed unanimously.

The Board came out of Executive Session and resumed the regular meeting.

A motion was made and seconded to resume the regular meeting at this time. Upon a voice vote, the motion passed unanimously.

Election of Officers was discussed at this time.

A motion was made and seconded to maintain the CCMD Officers as is. Upon a voice vote, the motion passed unanimously.

The Board of Directors and their positions are listed as follows:

Michael Cantin	President, Chairman
Floyd Edwards	Treasurer
Frank Ingraldi	Vice-President, Vice-Chairman
Shawn Eccles	Secretary
Michael Terry	Assistant Secretary/Treasurer

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:30pm. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary