

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

Thursday, October 26, 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:

Alvaro Testa, District Manager

**I. Preliminary**

- A. Call to Order  
Director Cantin called the meeting to order at approximately 5:03 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 September 28, 2006 and Special Meeting of October 10, 2006.

Director Terry commented that he would like to see more detail in the minutes. Dr. Testa explained that historically the minutes cover the highlights of discussion and any motions that are made are reported in detail. He commented that the tapes could be preserved for review by any interested party. After discussion, the Board concluded that they would request more detail to the minutes regarding highlighting specific issues that were discussed. The Board concluded that it would not be necessary to preserve the tapes for review.

**A motion was made and seconded to approve the minutes of the Regular Meeting of September 28, 2006 and Special Meeting of October 10, 2006. Upon a voice vote, the motion passed unanimously.**

D. Legal Matters – Paul Anderson

At this time, Paul Anderson reported via conference calling.

Mr. Anderson had a typo correction in the Minutes of September 28, 2006 Regular meeting. The correction is on the third page, third paragraph and the change is formally should read formerly. This will be corrected.

a. Cuchares District

Paul Anderson reported that he and Dr. Testa met with Steve Meylan and there are two main issues to be resolved. Steve requested all necessary development services for upfront water service from Colorado Centre. Water needs to be conveyed upfront from Cuchares Ranch; however the only water is Fountain Mesa Investments shares of Fountain Mutual and this would service 56 homes if the Fountain Mutual Shares were converted directly to municipal use. Dr. Testa explained that although the yield is less it would become a full supply upon conversion to municipal use. Fifty-six homes coupled with CCMD's remaining 60 taps would be 116 taps for homes. The school site has enough water which would solve the problems for Phase One and after conferring with the County Attorney, Paul notes Widefield School District would have to commit to not develop until the supplemental decree is approved. Mr. Anderson thanked Director Terry for his assistance in conferring with the Widefield School District. The Widefield School District is drawing up a three year interim release. Three years should be sufficient time to get Fountain Mutual shares changed over to augmentation use and to get the ground water lying under Cuchares land changed to municipal use. They indicated that the "trigger point" for a school development referendum is December, 2009 but other locations are a more likely choice. Dr. Testa also notes that the school site is subject to the Availability of Service Fees.

Mr. Meylan recently submitted preliminary utilities plans to El Paso County for review and approval, and requested the Dr. Testa review these plans to ensure they conform to Colorado Centre's standards. Al requested a letter saying that they will reimburse CCMD to review plans. The Board will need to approve Dr. Testa's review of Fountain Mesa's plans after the letter is received. Before a new District can be formed there needs to be a final approved plat. Timing wise they are trying to get final approval by January or February of 2007.

b. Rolling Hill's Fire Protection IGA

Dr. Testa and Paul Anderson met with Ingrid Richter of Oakwood Homes regarding Rolling Hill's Fire Protection IGA. With a few minor adjustments the Lorson IGA could be recreated with Rolling Hills. El Paso County has approved Lorson's agreement. Director Terry inquired about CCMD's liability. Dr. Testa

explained that Colorado Centre has liability responsibility for anything that happens in Colorado Centre. Colorado Centre does have adequate insurance to cover any liability occurrences.

Dr. Testa reported that Fire Consultant Lonnie Inzer has selected a fire engine and in order to get it delivered and operational by April 1, 2007, the monies must be received and the engine ordered in November. Dr. Testa sent an e-mail to Rolling Hills reiterating the deadlines for monies needed.

Paul Anderson met with Jim Reid to determine exactly what kind of Fire Code needs to be adopted. It is important not to burden the District with unnecessary constraints if these are not mandated by the State.

c. Water and Sewer Stand-by Charge

Notice will be provided to all taxpaying electors of the District, as required by law. Notice will be distributed with the November invoices and also via certified mail to property owners that do not get water invoices. Properties annexed to Colorado Springs will receive notice via regular mail. The Notice will state that the Board of Directors of the Colorado Centre Metropolitan District will consider adopting charges for Availability of Services or Facilities (ASF) for the District at its regular Board meeting scheduled for Thursday, November 16, 2006 at 5 PM at the District's fire station building meeting room. The District is a member of the Lower Fountain Metropolitan Sewage Disposal District (Lower Fountain) along with the Fountain Sanitation District. By January 1, 2012 the District expects to receive all of its wastewater service through the new regional wastewater treatment plant to be constructed on behalf of and operated by Lower Fountain. The District wants to adopt the ASF charges to help repay indebtedness the District will incur in connection with the new treatment plant construction. These charges would not take effect until the District actually incurs the debt and at this time, the District expects this to be no earlier than January 2007.

The ASF charges would only apply to property within the District's service area that is located within 100 feet of the District's water or sewer line that is not yet connected to the District's water or sewer system. All District customers who are currently connected to the District's wastewater system or that have been annexed to the City of Colorado Springs will not be subject to the ASF charges the District will consider adopting at the November, 2006 Regular Board meeting.

By statute, the ASF charges can be used only to repay the debt (principal and interest) associated with the District's share of the Lower Fountain treatment plant, and the charges can be no greater than one-half of the amount the District charges for water and sewer service. At this time the District expects to charge the maximum allowed by statute. Paul Anderson reported that after research he determined that there is no legal issue with regards to not going forward with water and sewer stand-by charges. Director Cantin requested that Dr. Testa move forward on this and develop water and sewer stand-by charges for the 3-4

undeveloped commercial properties in Colorado Centre. Another option for the properties in question would be to pre-purchase their taps, thereby giving Colorado Centre monies to facilitate building the wastewater plant. The school district sites would be subject to these ASF charges which could be a substantial monthly amount to be paid by the school district.

Dr. Testa met with a banker to facilitate getting a \$250,000 loan which CCMD will collateralize with its own money. We will have a debt for a year allowing us to do the charges. By the end of the year we will have incurred a 6 million dollar debt. The debt is needed to legally enable the District to levy the service charge.

B. Review of the District's Finances

a. Bank Balances

The District has approximately \$1,165,000 in funds with approximately \$1,079,000 unencumbered. Liabilities include approximately \$11,000 of funds held on behalf of developers and \$71,000 of customer deposits. Our investments are doing well and continue to grow. ColoTrust reserve funds are at approximately 5.13%. Lorson will need to contribute more monies as there is ongoing work pertaining to fire protection. Rolling Hills will need to make a substantial contribution to get their Fire Protection Agreement in place.

b. Budget Review

Most of the taxes are in. We will probably receive approximately \$15,000 more in sales tax before the end of the year. Seventy-five percent of the year has gone by and currently the budget is right on target. The General Fund currently has an ending balance of \$279,000 the General Fund will transfer \$264,950 before the end of the year to the Debt Service Fund for the two bondholder interest payments. Regarding the parks (culture & recreation), a new tractor has been purchased for the maintenance and building of trails. The parks need improvement and the new machine is better able to handle the bigger park areas. The Reserve Fund is accruing interest and year to date is approximately \$648,000. Anything that exceeds \$650,000 goes to the bondholders. Water revenue is good and possibly we could discuss capital outlay ideas and/or give consumers a break in December. Wastewater has had a lot of expenses. Revenue is on target but still only at \$6,500. Any major problem would take all the excess.

C. Approval of Payables

The Board reviewed the payables of the District. Dr. Testa explained that the \$10,000 for PCI was direct reimbursement for the down payment on the John Deere tractor, mower and attachments and the \$24,100 to Potestio Brothers was the balance due on the John Deere Tractor, mower and attachments.

Director Terry inquired about the Sam's Club gloves purchased. Dr. Testa said they were not the gloves for the clean-up but the gloves needed by personnel for monitoring and testing. The gloves for the clean-up were donated by Lowe's and purchased with Home Depot gift cards.

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

Dr. Testa requested and obtained necessary signatures from the Board to transfer monies for payables.

E. Operations Report

a. Water System

All parts of the system are working great. Capital outlay suggestions were discussed. Fixed based meters have been researched with a central station at the fire station and three poles for initial testing. We want to be certain that all areas can be read and we can get one good reading every 24 hour period giving us the ability to notify residents of any problem within a very timely period. Dr. Testa will do more research regarding the best way to go and feels that more research is needed before a final decision should be made. The City of Colorado Springs is installing a completely wireless service with signals coming through the internet. Possibly in the future, we would be able to "piggy back" onto the city's system.

A third well in production would be an asset to the system specifically Well 217. Dr. Testa received a quote for drilling, and three test holes. We are trying to put the well next to the water supply plant alleviating extra expense for piping, wires, etc. The Hamacher proposal for drilling (60 feet approximately) is \$150.00 a foot. The proposal is for \$25,493. The Pump and motor and 4 inch outlet pipe connecting to the six inch pipe is \$7,559. For approximately \$32,000 we will get the well. The final total will be approximately \$50,000 after additional costs of testing, etc. It will be finished by the end of December but not in service until April or May, 2007. Dr. Testa suggests that we go ahead with the well. The roof at the booster station repair quote is \$7,100. The total for the well and roof is approximately \$60,000. Dr. Testa has the Hamacher Well Contract and also the Aardvaark booster roof repair contract. The Board approved and signed both contracts, and will discuss metering, other capital outlay ideas and also consider a credit to the customers at the next regular board meeting.

In August the District has purchased or produced 7.3 million gallons and sold 6.9 million gallons with the difference being in the tank level. YTD the District has produced/purchased approximately 75 million gallons of water. There has been approximately a 1.7 percent YTD water loss which is minimal.

b. Sewer System

Approximately 4.3 million gallons of water has been pumped to Fountain Sanitation. Wastewater to water ratio is normal at 63 percent.

c. Parks

The addition of the new John Deere tractor will facilitate additional improvements and better maintenance of parks, trails, etc.

d. Fire Station Reactivation Effort

Lonnie Inzer (fire protection consultant) has been working and researching what needs to be done. He has recommended asking 5 percent more from each entity for fire protection personnel and operations.

F. El Paso County Water Authority

Most of the activities of the authority have revolved around certain bills that are circulating in the state legislature regarding water right. We continue to try to position the authority as a major force in the politics of "water" and we have excellent representation. Water issues are very complicated in the State of Colorado and the water authority is doing an excellent job of keeping informed on the issues that affect El Paso County. There is a big discrepancy between democrats and republicans in power which causes a lot of unnecessary problems with water issues between the western and eastern slopes of Colorado. Most of the water entities in El Paso County are members with the exception of the City of Colorado Springs.

G. Fountain Mutual Irrigation Company

A lot of activity is going on with the company. A district was formed by Fountain Mutual to take care of the trails along the ditch. This District is trying to work out a deal to buy the Big Johnson Lake and expand it for their benefit. Dr. Testa challenged this takeover attempt and this is causing a lot of dissension in the Company. Fountain Mutual is a member of the Transit Loss Model (tracking water down Fountain Creek) and we will be receiving a bill for that membership. This is important because our augmentation water is paid back out of Fountain Creek so it is important to know how it is tracking down the creek. Unless we are a member of the Transit Loss Model we can't prove how much water is lost downstream. Our Fountain Mutual shares give us full value for our water.

H. Lower Fountain Metropolitan Sewage Disposal District

Director Cantin reported that the budget has been completed and the costs have risen considerably. Next year we're looking at getting all the right-of-ways and plant design.

Dr. Testa met with Drew Hill from the City of Colorado Springs and feels that Lower Fountain seems to be in the most favorable position for a regional plant. The City has squandered a lot of opportunities to be in the best position.

I. Resolution to Clarify Employee Retirement Age and Benefits

The new resolution allows our employees to retire when they qualify for it under the SSA rules. In addition, if an employee qualifies at an earlier age for Medicare, then the employee must apply for that benefit and the District's insurance programs will no longer be offered. Any benefit that is not included under the standard benefits through SSA will still be offered to the employee by the District.

**A motion was made and seconded to approve the Resolution 2006-10-26.1 which is a Resolution to Clarify Employee Retirement Age and Benefits as presented. Upon a voice vote, the motion passed unanimously.**

J. 2007 Budget Hearing.

The 2007 Budget Hearing was opened at this time. Dr. Testa presented the 2007 Budget at this time. The most important part of the Budget comes out of the Resolutions that are approved in December. None of the customer rates are changing which is good news. Taxes are not changing a lot because the assessed valuation did not go up by a significant amount. Intergovernmental Revenue is estimated at \$15,100. Charges for lights are staying the same and charges for refuse disposal are staying the same. There is a slight increase in administration expenses because of the anticipated larger work load with the reactivation of the fire station. Public Safety, Public Works and Street lights, and refuse disposal will stay close to the same as last year. Part of the Transfers out will go to the Debt service fund to pay the bondholders. The Reserve Fund for next year will be capped at \$675,000.

Discussion continued around the park area and exactly what needs to be done to move forward on some type of park additions, improvements, etc. The problem of the bank around the park eroding away is of real concern. The Board would like to begin some preliminary work on the park land and also discuss exactly what they would like to see happen in the future in the park areas and lay down some initial guidelines. Dr. Testa will speak with Floyd of FT Sand and Gravel and possibly determine what could be done about the erosion problems.

The Governmental Fund Enterprises will be paid by the respective enterprises. Administration expenses will be helped with these funds possibly resulting in the administration fees in the general fund being subsidized with the enterprise funds

The Enterprise Funds are the water and wastewater funds. Dr. Testa has broken them both down into General Fund and Capital Fund keeping those monies totally separate. Sewer was self-sufficient in 2006 but the 2007 budget is taking into account that some monies made need to be transferred from water to supplement sewer.

K. Other Matters and Public Input

A resident in attendance had some inquiries about the historical happenings within Colorado Centre. It was explained that all information is available at the offices of Colorado Centre and any and all data can be checked out for review by any resident.

III. Adjournment

**A motion was made and seconded to adjourn the regular meeting at approximately 8:10 pm. Upon a voice vote, the motion passed unanimously.**

Respectfully Submitted,

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Michael Cantin, President

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Shawn Eccles, Secretary