

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

Thursday, November 16, 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

Also Present:

Alvaro Testa, Paul Anderson, Cindy Monroe, Sandy Goad

I. **Preliminary**

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:00 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Terry was absent.
- 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 October 26, 2006.

Paul Anderson noted that there were a couple of minor typos that will be corrected. He also had a clarification question regarding Colorado Centre's liability insurance coverage in regards to fire protection for Lorson and Rolling Hills. Dr. Testa noted that those areas would be included in Colorado Centre's liability coverage. He also wanted clarification on whether or not CCMD is purchasing a "fire engine or a fire truck". Dr. Testa and Lonnie Inzer clarified that the proper name is "fire engine". Mr. Anderson also clarified that his meeting with Jim Reid was concerning the Lorson IGA and not specifically Fire Code issues. Mr. Reid will meet with Lonnie Inzer regarding the Fire Code. Also, under Section D. c. (Water and Sewer Stand-by Charge), the last sentence of the last paragraph needs to state "the debt is needed to legally enable the District to levy the service charge". "Legally enable" is substituted for "to qualify". Next, on page seven, the word "see" needs to be inserted before "happen" in order to grammatically correct the sentence.

A motion was made and seconded to approve the minutes with the changes suggested by Paul Anderson of the Regular Meeting of October 26, 2006. Upon a voice vote, the motion passed unanimously.

E. Operations Report

d. Fire Station Reactivation Effort-Introduce Lonnie Inzer (Fire Protection coordinator for CCMD)

Dr. Testa introduced Mr. Lonnie Inzer at this time. Mr. Jim Reid, Fire Marshal for El Paso County Sheriff's Office, had recommended that Dr. Testa talk to Mr. Inzer regarding the position of Fire Protection coordinator for CCMD. Mr. Inzer accepted the position and has been actively working at this position. Mr. Inzer supplied the Board and staff with an extensive resume. He is currently the Fire Science Technology and Homeland Security-Emergency Management Programs Coordinator at Pikes Peak Community College in Colorado Springs. He has been at this position since 1988. His education includes an B.S., in Environmental Interpretation from Colorado State University in 1981 and an M.L.S., Master's in Organizational Leadership from Fort Hays State University in 2004.

Mr. Inzer relayed that he has been with Fire Protection services for 20 years. He began his service at the Ft. Carson Fire Department in 1979 and went on to the Colorado Springs Fire Department from 1986 to 2003. He retired from the Colorado Springs Fire Department with the rank of Captain in 2003. He expressed appreciation for the challenging and interesting opportunity of working with CCMD. Director Cantin asked about his experience with wild land and structure. Mr. Inzer replied that he has worked both venues. He graduated from Colorado State University with a forestry degree and has worked as a Park Ranger and Forestry Technician.

Dr. Testa supplied the Board and staff with a complete package regarding the fire engine and asked Mr. Inzer to explain exactly what type of fire engine will be purchased. Mr. Inzer explained that with the \$200,000 budget, a complete full service "real" fire engine could be purchased. The fire engine decided upon is a four door Rosenbauer Central Division Pumper Apparatus mounted on a Freightliner M2 Chassis at a cost of \$184,000. The Fire Engine will be purchased from Max Fire Apparatus, Inc. whose bid was approximately half of the other bids solicited.

Mr. Inzer has had several meetings with Colorado Springs Fire Chief Navarro regarding Colorado Centre. The City will continue with their responses and what will be very beneficial is that CCMD will have at least two fire fighter personnel and an engine that can respond immediately. If there is a fire the City will be responding with two engines and a truck and if medical, the City will be coming with an engine and a paramedic. CCMD will have basic life support EMT's and possibly could have some paramedics with ALS life support. "Down the road", Chief Navarro is pretty open to additional collaboration with CCMD. Mr. Inzer and Chief Navarro agreed that this is a "win win" situation for both sides.

Personnel is the biggest issue surrounding the Fire Station reactivation effort. Mr. Inzer has been devoting a substantial amount of time in researching the best and most economical options in regards to personnel issues. One option that might be feasible would be to hire Colorado Springs fire fighters to work on their days off. The Colorado Springs fire fighters are already trained, compatible with Colorado Springs and they could even possibly use their own "bunker" gear which would be an economic plus for Colorado Centre.

The projected opening date will be April 1, 2007. Dr. Testa stated that the monies from Lorson and Rolling Hills has been committed (will be received in January, 2007) and it is necessary to order the Fire Engine with the chassis payment due January of 2007. If we order the fire engine now, hopefully it will be ready by April 1, 2007 but most likely it will be ready closer to mid May, 2007. Dr. Testa and Mr. Inzer reiterated that standards are changing in 2007 and if we wait to order the engine, the cost will increase due to more stringent EPA and DOT standards coming into effect. Max Fire Apparatus, Inc. has submitted a proposal and is holding the chassis upon approval of the purchase. The proposal includes a Freightline M2 Chassis (\$66,205.00); Central States Pumper Apparatus (\$98,961.00); Loose equipment as specified (\$18,644.00). They included Four (4) Scott SCBA (self-contained breathing apparatus) at a cost of \$20,619.00.

A motion was made and seconded to approve the purchase of the fire apparatus per the proposal submitted by Max Fire Apparatus, Inc. Upon a voice vote, the motion passed unanimously.

At this time, Dr. Testa introduced Mr. John Wheeler, a Colorado Springs architect. Mr. Wheeler has extensive experience with fire stations, schools, etc. in Vail, Telluride and Colorado Springs. Mr. Wheeler received data from Dr. Testa and toured the building on Monday of this week. Given the budget, he determined that the logical way to proceed with minimum monies is with a small addition on the back side of the building. The kitchen would be opened up with an entrance from the back side into the hallway to the bathrooms. If the present furnace cannot handle the additional space, then a residential furnace would be added in a mechanical room behind the existing mechanical room. This would be the most economical solution. Electrical additions would be at a minimum. There would be 2 separate rooms for a co-ed type situation with a common area. The original plans to add on a bigger area on the other side of the bays could be utilized in the future and the smaller addition could be used as a larger board room or community room.

Mr. Inzer commented that he feels that the smaller addition by the kitchen area would be the most effective way to proceed. Mr. Wheeler has talked to a small contractor in the Colorado Springs area that could be contracted for the addition and would be interested in doing the project. Mr. Dave Cocolin who is with Lorson Ranch expressed interest in contracting to do the addition and stated that

this could be a “team concept build”. A bidding process is not mandated and would be too time consuming thereby making the start up date unnecessarily delayed. The Board requested that Dr. Testa meet with all interested contractors and make the final decision regarding a contractor for the addition.

A motion was made and seconded to appoint Dr. Testa to schedule the negotiations with interested contractors and make the final decision on selection of a contractor for the fire station addition. Upon a voice vote, the motion passed unanimously.

Director Eccles excused himself (5:35 p.m.) at this time because of a prior commitment.

D. Legal Matters – Paul Anderson

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. There is no formal Rolling Hills District as yet, therefore the IGA will be with HC Development & Management Service, Inc. (“HC”) for the Rolling Hills service area. With a few minor adjustments the Lorson IGA was recreated with Rolling Hills. El Paso County has approved Lorson’s agreement. When the Rolling Hills District is formed, the “HC” IGA will be assigned over to Rolling Hills. Dr. Testa and Paul Anderson have requested that they be able to review all final documents and current financials for the new District before any assignment takes place.

A motion was made and seconded to approve the Fire Protection Agreement between Colorado Centre Metropolitan District and HC Development & Management Services, Inc. Upon a voice vote, the motion passed unanimously.

At this time, Mr. Dave Cocolin of Lorson Ranch expressed thanks and appreciation to CCMD for being able to work together so well and experience such good communication and rapport with Dr. Testa and feels that this is a “win win” situation for both parties. His hopes are for a good relationship for years to come. The Board expressed that it has been an equal pleasure working with him and Lorson Ranch.

B. Review of the District’s Finances

a. Bank Balances

The District has approximately \$1,120,000 in funds with approximately \$1,033,000 unencumbered. Our investments are doing well and continue to grow. ColoTrust reserve funds are at an excellent rate of 5.17%. There are enough

funds to pay the 1992 A bondholder's payment in December, 2006. Purchase of the fire engine has been worked out as a loan at six (6) percent interest and First Community has given us a CD interest rate of five (5) percent giving us a loan for one (1) percent.

b. Budget Review

Cindy Monroe discussed the budget review at this time. Most of the taxes are in and we will probably receive approximately \$7,000-\$8,000 more in sales tax before the end of the year. The lottery fund will receive one last disbursement in December which will be approximately \$3,000. Ten months of the year has gone by and currently the budget is at approximately 83 percent. Expenses are a little under budget. The General Fund currently has an ending balance of \$244,000. The General Fund will transfer approximately \$193,000 before the end of the year to the Debt Service Fund for the two bondholder interest payments due on January 1, 2007. 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. A new hot water heater was purchased for \$1,637. The Reserve Fund is accruing interest and year to date is approximately \$653,000. Anything that exceeds \$650,000 goes to the bondholders. Water revenue dropped approximately \$7,000 because residents have stopped irrigating. The water fund has a surplus but that will be diminished when the approved wells are purchased next month. The new roof at the lift station will be paid by our insurance company minus the \$500 deductible. Wastewater expenses are a little under budget and revenue is right on target.

Capital outlay suggestions were discussed and Dr. Testa is researching a copier that does all functions and would be networked. For the park and open areas Dr. Testa suggested purchasing benches to place in different open space areas where residents hike and also place more in the park and basketball areas. The field personnel would install them in concrete. Director Cantin suggested doing some type of re-grading on the park cliff area to help stop the erosion and reclaim some our land. Dr. Testa suggested concrete rubble be dropped there along with doing the grading. He will research the best and most economical way to do the reclamation of this area.

Director Ingraldi would like to find a way to clean up the trash that is still significant in the open space and park areas. A "controlled burn" was suggested but there is a significant amount of liability and danger with burning. If all debris could be piled in one area (specifically the wood items) then it could be chipped for use in the parks. Dr. Testa and Lloyd will discuss the best way to clean up these areas. The new tractor will be of great benefit for this project.

c. Bridge Loan for LFMSDD's Project – Resolution 2006-11-16.1

Dr. Testa explained that 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. 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. Dr. Testa has negotiated a one-year loan agreement with First Community Bank for \$250,000 to commence January 1, 2007, secured by a cash deposit by the District. As stated, the maximum loan amount shall be for \$250,000 for a one-year term. The annual loan interest rate shall be no greater than 6% and the loan shall be secured by a Certificate of Deposit obtained by the District yielding no less than 5% annual interest. Interest only payments shall be made on the loan principal being paid in a lump sum on or prior to December 31, 2007. The loan proceeds shall be used exclusively for funding the District's continued participation in the Lower Fountain Metropolitan Sewage Disposal District, including but not limited to funding the design and construction of a new Lower Fountain regional wastewater treatment facility.

The District anticipates obtaining a long term loan in 2007 from the Colorado Water and Power Development Authority to fund the District's participation in constructing the Lower Fountain regional wastewater facility. The First Community loan is an interim loan enabling the District to meet their financial contribution to the Lower Fountain regional wastewater treatment facility.

A motion was made and seconded to approve Resolution 2006-11-16.1 of the Board of Directors of the Colorado Centre Metropolitan District to approve an interim loan for Lower Fountain Expenses. Upon a voice vote, the motion passed unanimously.

d. Approval of Year-End payment to bondholders

A motion was made and seconded to approve the December 31, 2006 payment of \$132,476.52 to the Series "A" interest only bondholders. Upon a voice vote, the motion passed unanimously.

C. Approval of Payables

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

A motion was made and seconded to approve the transfer of \$10,000 from ColoTrust to Wells Fargo checking in order to pay the payables. Upon a voice vote, the motion passed unanimously.

D. Legal Matters – Paul Anderson

a. Cuchares District

Paul Anderson reported that he and Dr. Testa have been diligently working on the service agreement. El Paso County is requiring that Colorado Centre must provide a commitment up-front to service the Cuchares District and Colorado Centre will not do this unless the water is “in hand” and adequate enough to serve the first phase of the Cuchares Ranch development. Mr. Anderson had been working with Widefield School District to negotiate an interim release. Those negotiations “fell through” making it necessary to research other avenues to cover phase one. A back-up plan would be to buy water from Widefield and they are willing to sell more than enough. Colorado Centre has 60 taps and the remainder could come from Widefield which would cover Phase one. Mr. Anderson will ask Widefield to submit a letter committing to sell water to Colorado Centre for a number of years. The preferred option would be releases from some of the commercial property owners.

It is necessary to accelerate the transfer of Fountain Mesa shares of Fountain Mutual in order to get the water case filed and into the court system as quickly as possible. There is a two month period for objections to be filed and once that period ends, the case is referred to the water Judge. We need to be very aggressive in regards to timelines. If we remain very aggressive the case would take approximately two years to complete. Mr. Anderson has conferred with Mr. Meylan regarding an agreement for transfer of Fountain Mesa shares to Colorado Centre Metropolitan District. Fountain Mesa owns 40 shares of stock in the Fountain Mutual Irrigation Company that Colorado Centre will need to use under the supplemental augmentation plan, including any temporary substitute water supply plan, to be able to legally provide water service to the anticipated Cuchares service area.

A motion was made and seconded to accept the Agreement by and between Colorado Centre Metropolitan District and Fountain Mesa Investments which in consideration of Colorado Centre’s willingness to provide water service, Fountain Mesa conveys and transfers to Colorado Centre all of Fountain Mesa’s right, title and ownership interest in the 40 shares of FMIC. Upon a voice vote, the motion passed unanimously.

b. Rolling Hill's Fire Protection IGA

This item was discussed previously in the meeting.

c. Availability of Service Charge

Dr. Testa and Mr. Anderson expressed surprise that no parties were in attendance to address their concerns regarding the proposed charges. Notices were provided to all taxpaying electors of the District, as required by law. The Notice was distributed with the November invoices and also via certified mail to property owners that do not get water invoices. The Notice stated 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 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.

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.

Dr. Testa provided a memorandum regarding the Availability of Service Charge. His analysis is based on "real world" data. He computed the average water demand per single family equivalent because all the properties that have not developed have a current lock on District water or may impose the burden when they plat (only one parcel meets the latter). Since the requirements are that the ASC be made on the basis of 50 percent of what a SFE (single family equivalent) pays for user charges on a monthly basis, he is using the usage figures during the month of January of the past four years excluding any commercial usage, to come up with the SFE for water and sewer use. Per Dr. Testa's calculations the average SFE cost is \$26.08 per month. With the exception of one parcel all the other parcels are platted and represent an active imposition on the available water of Colorado Centre Metropolitan District. The five platted parcels will be charged at 50 percent ASC/month and the un-platted parcel at 25 percent ASC/month. These charges represent approximately \$17,000 per month of additional revenue. The parcel owners have the option to purchase system improvement taps up-front. Dr. Testa's calculations, data and parcel maps are available at the District office for review by any interested party. Mr. Anderson will prepare a Resolution regarding the availability of service fees for approval at the December regular Board meeting.

E. Operations Report

- a. Water System
 - Usage Report

In September the District purchased 300,000 gallons of water from Widefield and produced 5.2 million gallons of water. YTD the District has produced/purchased approximately 80 million gallons of water. There has been approximately a 1.7 percent YTD water loss which is minimal. Wastewater pumped was approximately 4.5 million gallons of sewage to Fountain Sanitation.

- Augmentation Report

The State hasn't sent the data to close out the year, therefore the augmentation report will be submitted at the December regular board meeting.

- Discuss wells 214 and 217 – Need approval for Additional Well

Superintendent Lloyd Shawcroft reported that all parts of the system are working great. Five test holes were drilled by Hamacher Drilling to locate possible sites for new wells. Two sites were found to replace 217 and 214. 214 would be straight north of 211 closer to Hazy Morning and 217 would be just south of the basketball courts on E. Anvil Drive. Dr. Testa received the data from Hamacher and he sent the permit application to the State.

Dr. Testa requested that the Board approve drilling a second well to have it ready for production. With this additional well, there would be 4 wells available. Superintendent Shawcroft said that 217 will be drilled and capped. The Board thought this would be a good idea and gave their approval.

- Review proposal from National Meter & Automation, Inc.

After reviewing remote meter possibilities, Superintendent Shawcroft doesn't feel as though this is a very promising addition at this time. The line of sight from the towers to individual homes creates a problem and the meters are not cost effective at this time. After discussion, the Board concluded that it would be better to hold off until remote meters are more economical and justifiable considering the enormous costs. Director Cantin suggested putting the monies into the water treatment plant to possibly solve the manganese and hardness issues. The Board would like Dr. Testa to research the hardness and manganese issues and report back to the Board.

b. Sewer System

Mr. Shawcroft reported that the system is working very efficiently with no problems at this time.

c. Parks

Park and open area clean-up ideas were discussed previously in the meeting under Budget Review. The addition of the new John Deere tractor will facilitate additional improvements and better maintenance of parks, trails, etc.

d. Fire Station Reactivation Effort-Introduce Lonnie Inzer (Fire Protection coordinator for CCMD)

This item was discussed previously in the meeting.

F. El Paso County Water Authority

Most of the activities of the authority have revolved around the Transit Loss Model. Fountain Mutual is definitely a member now and since they are a private company, they will be billed through the City of Fountain. All members of Fountain Mutual Irrigation Water have access to the Transit Loss Model (tracking water down Fountain Creek all the way to Pueblo). 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. The fee for next year will be \$2,900.

G. Fountain Mutual Irrigation Company

The City of Colorado Springs wants to extend their contract to restrict the use of Big Johnson Reservoir to non human contact. The contract will be \$125,000 for five years. Fountain Mutual has already signed a dredging contract with the City which is an exchange for whatever they dredge therefore we get our capacity. Fountain Mutual is in a very good position in terms of the contract with Colorado Springs regarding the Big Johnson Reservoir.

H. Lower Fountain Metropolitan Sewage Disposal District

Director Cantin reported that the easement for Venezia will be completed within 30 days. Local site approval will be completed between December, 2006 and April, 2007. The Geotech work regarding the best spot for the plant is moving forward. The budget and loan process is moving forward. Director Cantin noted that the "sooner we get this project going, the less chance that Colorado Springs will throw in a monkey wrench". Dr. Testa had a discussion with Drew Sloat from the City of Colorado Springs and she feels that there needs to be further discussions regarding the Clear Springs site which the City prefers. Dr. Testa

noted 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. Dr. Testa suggested to Ms. Sloat that the City representatives should attend the LF Board meetings if they want to have any further discussion regarding a regional plant.

- I. Discussion on Retention of Al Testa as District Manager and Paul Anderson as District Counsel for Fiscal Year 2007.

The Board expressed their complete support and approval of retaining Dr. Testa and Mr. Anderson for Fiscal Year 2007.

A motion was made and seconded to retain Al Testa as District Manager and Paul Anderson as District Counsel for Fiscal Year 2007. Upon a voice vote, the motion passed unanimously.

- J. 2007 Budget Hearing.

The 2007 Budget Hearing was opened at this time (7:15 p.m.). There was no public present for any discussion or questions. Director Cantin closed the meeting (7:16 p.m.). Dr. Testa will have all the budget resolutions prepared for approval at the December regular board meeting.

- K. Christmas Party

The CCMD Christmas Party will be held on December 8, 2006 at the Embassy Suites Hotel, Cripple Creek Room, and beginning at 7:00 p.m.

- L. Other Matters and Public Input

None.

- III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:25 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary