

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

Wednesday, January 3, 2007 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:

Dr. Alvaro Testa, Paul Anderson, Cynthia Monroe and Sandy Goad

I. Preliminary

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:09 pm.
- B. Roll Call - Determination of a Quorum
A Quorum was present.
- C. Acknowledgment, Notice and Consent to Special Meeting.

II. General Business Items

A. Transfer of Monies/Specific Accounts

Dr. Testa reported that since we are purchasing the fire engine, it is necessary to transfer monies from ColoTrust to Wells Fargo Checking in the amount of \$66,000 for the chassis down payment. It is also necessary to open two specific accounts entitled "Wastewater Capital Fund" and "Fire Protection IGA". After the creation of the accounts the Board authorized transfer of \$250,000 from ColoTrust to the "Wastewater Capital Fund" account. It is important to open specific accounts for specific purposes and not co-mingle funds.

B. Water Usage Credit

Dr. Testa noted that the District will have a small amount of surplus in the water fund and suggested that the Board consider a water usage credit for December, 2006. After discussion, the Board of Directors approved a "water usage credit" for all the customers of the District for the month of December, 2006. This credit will apply only to all water used under the lowest rate tier of water. Higher tier

usage will be invoiced at the respective tiered rate. The credit will be \$23.50 (10,000 gallons of usage) or less. As stated above the higher tier usage will be invoiced at the respective tiered rate.

A motion was made and seconded to authorize a "water usage credit at the lowest tiered usage" for all customers of the District for the month of December, 2006. Upon a voice vote, the motion passed unanimously.

C. Resolution No. 2007-1-3.1 To Authorize The Filing of Legal Action.

Mr. Anderson reported on the events leading up to authorizing filing of legal action against the City of Colorado Springs and/or Colorado Springs Utilities to confirm the Lower Fountain site as the location for the new regional wastewater treatment plant. Director Cantin gave a history of the process stating that the District is a party to an Annexation Agreement with the City of Colorado Springs dated September 23, 1988 regarding the Banning Lewis Ranch property along with several other property owners and the Cherokee Water and Sanitation District.

The Annexation Agreement states that unless otherwise agreed by the City and Annexor parties, the new regional wastewater treatment plant contemplated by the Annexation Agreement shall be located on the site now owned by the Lower Fountain Metropolitan Sewage Disposal District. The District received a letter from Colorado Springs Utilities dated November 15, 2006 to solicit Annexor parties' consent to change the location of the regional plant to Clear Spring Ranch. Colorado Springs is attempting to change the Annexation Agreement with a letter which is not the legal way to attempt such a change. The District would need to file any legal action regarding the new regional plant location, while Lower Fountain could seek to participate as an interested party. The District has limited financial means to prosecute such legal action on its own, while Lower Fountain budgeted for this contingency in its 2007 budget.

Conditions regarding the filing of legal action are that Lower Fountain must agree to collect and appropriate funds currently budgeted, and to impose and collect special assessments as necessary, to adequately fund prosecution of the case and to pay the District monthly as invoiced for all litigation expenses incurred. Lower Fountain may seek to intervene as an interested party if it chooses. The District intends to consult and coordinate efforts with Lower Fountain and the Fountain Sanitation District in the case and attempt to reach consensus on prosecution of the case. The District shall be the primary plaintiff and shall have final authority over decisions made as to case direction and strategy in prosecuting the legal action, including any settlement.

Director Terry had several questions regarding the history of this process and his questions were clarified by Dr. Testa, Mr. Anderson and the other Board members. Clarification regarding the history states that the District and Lower

Fountain have shown continued effort to work with Colorado Springs and the District has a substantial "vested" interest in this process (\$500,000). Colorado Springs is attempting to manipulate ownership of the Plant with all others being customers. Dr. Testa stated that there are more contingencies with regard to the Colorado Springs Clear Spring Ranch site. Colorado Springs basically wants the control/power associated with changing the regional plant location to the Clear Spring Ranch location. Mr. Anderson stated that the filing of the legal action could take place within the next month with approximate costs of \$25,000 to \$30,000 with possible variables and appeals. Colorado Springs has been afforded all opportunities to work together. As stated previously, Colorado Springs is attempting to amend the annexation agreement with a letter which is not the proper legal process.

A motion was made and seconded to approve Resolution No. 2007-1-3.1 authorizing its counsel to file and prosecute legal action on the District's behalf to obtain legal and equitable relief against the City of Colorado Springs and/or Colorado Springs Utilities to confirm the Lower Fountain site as the location for the new regional wastewater treatment plant. Upon a voice vote, the motion passed unanimously.

D. Other Matters and Public Input

Director Terry gave an update on the Widefield School District's progress in purchasing a site for a bus barn. They are looking at a site near Marksheffel and the Apple Tree housing area. A second option is north of the Olympic Training Center in Colorado Centre which appears to be a better location for the school District. This would benefit Colorado Centre in terms of the Availability of Service Fees.

III. Adjournment

A motion was made and seconded to adjourn the special meeting at approximately 5:55 pm. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary