

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

Thursday, January 25, 2007 at 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 5:05 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 December 8, 2006 and Special Meeting of January 3, 2007.

The Board reviewed the minutes presented.

A motion was made and seconded to approve the minutes of the Regular Meeting of December 8, 2006 and Special Meeting of January 3, 2007. Upon a voice vote, the motion passed unanimously.

- B. Review of District Finances

Dr. Testa reported that the District has approximately 2 million in funds with approximately 1.9 million unencumbered. The Fire Protection IGA account has approximately 954 thousand dollars. Those monies have been invested earning 5.16 percent. The monies have not been expended but per the IGA the monies were pre-paid for the year and any necessary adjustments will be made at the end of the year. Customer deposit liabilities are approximately \$70,000.

The Budget comparison was reported on without the final end of the year adjustments. Those adjustments are made after the audit is completed. The General Fund had a surplus and approximately \$229,000 was transferred into the Debt Service Fund for the Series A bondholder's payment. Left over in the General Fund was \$8,900 so as to not exceed the budget. This \$8,900 will be transferred to the Debt Service Fund to be paid out to the Series B bondholders. The Governmental Reserve Fund started the year at \$625,000 and ended with \$650,000. The allowed growth for the year is \$25,000. \$11,435 was transferred out of the Reserve Fund to the Sewer Fund for capital expenditures. Some larger bills haven't been received as yet, therefore the Debt Service Fund has a surplus which will be expended when all bills have been received giving us an end of the year balance.

Water operations closed the year at approximately \$139,000 which is capital improvement money. User charges were at 107 percent for the year and expenses were below budget. \$22,000 was transferred to the Wastewater Fund from the Water Fund. A water credit of approximately \$10,000 was allocated to customers for the month of December, 2006.

The Wastewater Fund without any transfers ended the year at approximately \$8,000. A transfer of \$22,000 from the Water Fund and \$11,435 from the Reserve Fund into the Wastewater Fund leaves an opening balance of \$46,310 for Wastewater Capital projects.

It has been an incredible year with all the changes taking place (Lower Fountain, Fire Station, Lorson, Cuchares, Rolling Hills, etc.). 2007 should prove to be an incredible year, also.

Three ColoTrust transfers were approved and signed by the appropriate Board members.

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.

D. Legal Report

Mr. Anderson reported that a Notice of Default letter was sent to Colorado Springs Utilities and the City of Colorado Springs regarding the annexation agreement. The City and CSU has until February, 22, 2007 to respond or cure the default. Basically a letter is requested stating that the City won't oppose the Lower Fountain site application so that Lower Fountain can move ahead with the project. Also, the City will not advertise or promote the Clear Spring site for the regional plant and will not apply for site approval of the Clear Spring Ranch

property as a regional facility. Also, the City must write a letter to all the annexor parties rescinding the November 15, 2006 letter and state that they (the City and CSU) would like to re-open all negotiations with all parties to attempt to move the regional plant location. An additional claim will probably be added claiming breach of the annexation agreement by the City of Colorado Springs and Colorado Springs Utilities and a Notice of Default letter will be sent.

Director Cantin inquired about the timeline for submitting the Lower Fountain site application. Mr. Anderson will check with Roger regarding this question. Mr. Anderson further reported that an information meeting took place on January 19, 2007 with the State Regulators of the Water Quality Division. The attorney for Fountain Sanitation, Mr. Scott Johnson, was in attendance. Also, Rich Muzzy of the Pikes Peak Area Council of Governments was in attendance. This meeting was an informational meeting and the State Regulators are aware of the two sites in question and their close proximity and made it clear that they only want one regional plant. Each side presented what had previously occurred in the negotiations and Mr. Anderson made it clear that Lower Fountain does not have the "time luxury" that Colorado Springs Utilities has.

H. Other Matters and Public Input

At this time, Director Cantin asked if there was any public input regarding discussions taking place in the meeting. One resident did have a question regarding the bond repayment timeline. Dr. Testa answered that the Series A payments will continue until 2027. The Series B will continue until 2032 and if there are 1500 homes in Colorado Centre at this time, then the payments will continue for 10 more years with no interest accrual. Mr. Anderson stated that Colorado Centre "made out very well" with the Bankruptcy Plan. The resident wanted to read the plan and was informed that it can be accessed on Colorado Centre's web site.

D. Legal Report

Director Terry inquired about the Colorado Water Authority Regulatory Agency and what powers they have? Mr. Anderson replied that the Water Quality Control Division is the approving agency for site approval. He further stated that per the annexation agreement Lower Fountain is the regional plant location and Clear Spring Ranch is not. Dr. Testa added that Lower Fountain is a "regional plant" which means LF does not preclude other people from using the plant. This is important because there are other people in the basin that are not part of Colorado Springs and Colorado Springs has made no allowance for them. Dr. Testa feels that LF has the "politics" on our side but Colorado Springs is the huge "gorilla" because the monies and population are on their side. Director Terry feels that Colorado Springs has made a major "PR blunder" by submitting the plant location change letter.

Directors Edwards and Cantin clarified to Director Terry that the City of Colorado Springs is not paying for this plant; Banning Lewis is paying for it. Dr. Testa added that now the City wants the developers (Banning Lewis) to also pay for most of the Southern Delivery System including the possible reservoir seven miles north of Colorado Centre.

Director Cantin reported that Lower Fountain had a special meeting on January 4, 2007 with the Cherry Creek Farms developers and homeowners who are located near the LF regional plant site. They had three major questions/concerns which were: 1. The Water Table 2. Odor and 3. Aesthetics. Lower Fountain assured the concerned parties that we would be "good neighbors" and address all their concerns in a positive manner and "win win" situation for all parties.

Dr. Testa and Director Cantin explained to the public in attendance that efforts for a regional plant have been an issue for years. Cherokee District and Widefield were initially involved but have gone their own way.

Mr. Anderson reported that the draft Cuchares Ranch service agreement will be filed with the service plan for the proposed Cuchares Ranch Metropolitan District in the near future. Dr. Testa will e-mail the completed agreement to all the Board members for editing and any additional input if needed.

E. District Operations

Dr. Testa reported that in regards to operations everything is going well. The District purchased approximately 2.4 million gallons of water from Widefield in 2006. The District produced 87 million gallons for a total produced or purchased of 89.5 million gallons for the year 2006. The District sold approximately 89 million gallons of water making a loss of 1.6 percent which is minimal. In comparison the City of Colorado Springs has a 10 percent loss. Our systems are aging but to date are working properly.

Wastewater pumped for the year was approximately 54 million gallons. The wastewater to water ratio is 60.8 percent. Approximately 40 percent is the consumptive water which needs to be paid through Fountain Mutual back into the creek. The District's water rights are junior which means any water that is fully consumed must be paid back to the creek. The augmentation chart displays the pay back part. The pay back is two years behind therefore this chart displays the pay back for 2003 and 2004. The charts show the diversions and what is allowed to be used. The chart shows that we have overpaid which means that we have water and a way to pay it back. The excess is 512.9 acre feet which is substantial and gives the District a lot of options in regards to excess water.

At this time discussion took place regarding the District's representation on the El Paso County Water Authority. A letter needs to be sent to the Authority

indicating Colorado Centre Metropolitan District's choice for representation to the El Paso County Water Authority.

A motion was made and seconded to approve the appointment of Alvaro J. Testa, District Manager, as the representative for Colorado Centre to the El Paso County Water Authority and Sandy Goad as alternate which will be indicated in a letter to the Authority. Upon a voice vote, the motion passed unanimously.

The roof replacement at the water booster station on Marksheffel has been completed. A new ceiling is needed and that will be completed at a later date.

F. Proposal for 2006 Audit by Hoelting & Company

Dr. Testa reported that Jim Giblin of Hoelting & Company, Inc., CPA's submitted their proposal for the 2006 audit. Dr. Testa stated that they have done an incredible job for a number of years and they have always been very reasonable. After brief discussion the Board agreed to retain Hoelting & Company for the 2006 Audit. The letter of acceptance was signed by the appropriate Board member and will be sent to Hoelting & Company.

A motion was made and seconded to accept the proposal from Hoelting & Co. for the 2006 Audit. Upon a voice vote, the motion passed unanimously.

G. Contract with Lonnie Inzer to become CCMD's Fire and Rescue Coordinator

Director Cantin reported that the Board has agreed to retain Lonnie Inzer as CCMD's Fire and Rescue Coordinator and Dr. Alvaro Testa will be the Fire Chief.

A motion was made and seconded to appoint Dr. Alvaro Testa as Fire Chief for CCMD Fire and Rescue. Upon a voice vote, the motion passed unanimously.

The Board reviewed and discussed the Fire Protection Coordinator Consulting Agreement between Colorado Centre Metropolitan District and Mr. Lonnie Inzer. Mr. Inzer will be paid a fixed monthly amount and Dr. Testa suggested that Mr. Inzer keep an ongoing tally of hours worked during the year and an adjustment will be made at the end of the year if there is a deficit or overage. Mr. Inzer would like an adjustment to be made every three to four months.

For the public in attendance, Director Cantin explained the history behind the re-opening of the CCMD Fire Station. CCMD will provide fire protection service for its area through a cooperative agreement with the Colorado Springs Fire Department and will provide such service beginning April 1, 2007 to the service

areas for the Lorson Ranch Metropolitan Districts No. 1-7 and the Rolling Hills Metropolitan District. Lorson and Rolling Hills have signed an inter-agency agreement and have funded the re-opening of the CCMD Fire Station. There will be two EMT's on 24 hour duty and four full-time fire fighters.

A motion was made and seconded to approve the Fire Protection Coordinator Consulting Agreement between the Colorado Centre Metropolitan District, by and through its Board of Directors, and Mr. Lonnie Inzer. Upon a voice vote, the motion passed unanimously.

Different logos for the fire engine were reviewed and Director Cantin suggested a picture of a fire engine be added. Mr. Inzer will complete the final logo using all suggestions and send to the Board for review.

Director Ingraldi inquired about different ways to get rid of trash build-up especially in the park areas. He wanted to know if a controlled burn would be safer if it was done in an enclosed area like a metal container. Mr. Inzer relayed that it would be a safer way but you still have the possibility of "inverse flying". Mr. Inzer recommended chipping and hauling away and Director Ingraldi said that Rocky Top will haul away all debris. Inquiries will be made concerning this trash problem.

H. Other Matters and Public Input

A resident in attendance inquired about the breakdown of the 25 mil tax for Colorado Centre. Director Cantin clarified that 20 mils is for the bankruptcy, 3 mils for fire protection and 2 mils for parks.

This resident also inquired about internet service in the Colorado Centre area. Dr. Testa explained that originally Colorado Centre wanted to go on its own but the costs didn't warrant going any further. The bigger companies are expanding in Colorado Springs areas so possibly they would expand to the Colorado Centre area. With the addition of Cuchares this would add more customers and make it more profitable for the bigger companies to expand into the Colorado Centre areas. There is broadband service at the Colorado Centre offices through Earthlink. Director Eccles has Qwest DSL service but other areas in Colorado Centre can't get the service. Director Edwards would like Dr. Testa to inquire about the possibility of getting service through Falcon broadband. Dr. Testa will make some inquiries about the possibility of establishing service throughout Colorado Centre.

Another resident in attendance inquired about the letter sent to all residents in close proximity to the Colorado Springs Airport and exactly what, if any, ramifications there will be to the residents. Director Cantin attended the Airport meeting and didn't get any clear answers about the letter's ramifications. Dr. Testa clarified that per the letter the Airport has decreased the size of their impact

area and also have "sterilized" some areas making the impact areas smaller. The area that will have the greatest impact on Colorado Centre is the cross runway #29. All of the impact is up in the air and there is minimal impact on the ground.

Also, the residents wanted to know exactly "what is growing around us". Dr. Testa explained that just to the south 102 homes are initially being built beginning this spring and a build-out of 7,000 homes is planned for Rolling Hills. The Cuchares development will have 420 homes.

Dr. Testa relayed that Banning-Lewis Ranch has had inquiries on the old Kwik-Way building across from Colorado Centre. It will have to be re-zoned from residential to commercial but possibly something could be worked out with the City and retail development would happen.

Director Edwards would like to facilitate another road repairs survey for all areas in and around Colorado Centre. After receipt he will hand carry the results to the Colorado Springs City Council and The El Paso County Board of Commissioners. The survey will be inserted into the February invoice mailing.

Director Terry reported that there are two options for the location of the Widefield School District bus barn. The most desirable option is north of the Olympic Training Center which would be of great benefit to Colorado Centre in regards to system improvement tap fees. The Widefield School District is negotiating for a price under market and a final decision is forthcoming.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 6:30 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary