

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

Thursday, April 26, 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, 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 March 22, 2007.

Director Terry commented for the record in response to the motion made at the March 22nd BOD meeting that, "Since his election to the Board, Director Terry has had 20 BOD meetings that have been scheduled, as well as a special board meeting and an off-site. He attended all of the functions except for 4 meetings (Sept. 06, Nov. 06, Dec. 06, and March 07). Each of these absences were because of out-of-town (e.g. TDY) work commitments."

Mr. Anderson would like to clarify the comment on Page 4, last paragraph. It should read that "Dr. Testa asked Mr. Anderson to review the Rolling Hills Agreement....."

A motion was made and seconded to approve the minutes of the Regular Meeting of March 22, 2007 with the clarification made by Mr. Anderson. Upon a voice vote, the motion passed unanimously.

B. Review of District Finances

- Bank Balances

Cindy Monroe gave the report on bank balances at this time. Ms Monroe reported that as of April 20, 2007 the District has \$2,196,690.57 in funds with \$1,987,907.87 unencumbered. A new account has been added entitled Prepaid Taps. Dr. Testa requested that Widefield pre-pay the tap fees for the 13 acres where they are building their new transportation center. They are considered prepaid because they haven't platted yet. The last tap fees received were in 2001. The monies total \$117,750 and are in a ColoTrust escrow account earning 5.17 percent. Since they pre-paid the tap fees they will not be required to pay the Availability of Service charges. The Fire Protection IGA account has approximately 890 thousand dollars. Those monies have been invested earning 5.17 percent. Customer deposit liabilities are approximately \$69,000. The monies for landscape escrow (\$2,794.42) will be expended this year for the parks.

- Budget Review

The Budget comparison was reported on at this time by Ms. Monroe. The General Fund tax revenue is at 37% bringing in \$9,418 for the month of March. Lottery funds brought in were \$2,948 in March. Most expenses are right on target for the year (25%). Administration is at 14 percent which is a little lower because of Lorson and Rolling Hills share of some (10%) of the administrative expenses. At the end of the month the General Fund has approximately \$120,620 which is a substantial portion towards the first bondholder's payment on July 1, 2007.

Ms. Monroe further reported that the Reserve Fund earned interest of approximately \$10,000 closing at \$672,107. The Debt Service Fund brought in \$1,830 in developer taxes with an ending balance of approximately \$24,000.

The Governmental Fund Enterprises are IGA Lorson, IGA Rolling Hills and IGA Cuchares. Expenses for IGA Lorson were \$12,787 leaving an ending balance of \$407,524. Expenses for IGA Rolling Hills were \$12,852 leaving an ending balance of \$408,790. The expenses were for architectural/technical services for the design of the fire station remodel, loose fire equipment and fire hoses. The Cuchares District has not been formed as yet so there is no budget activity YTD.

The Water Fund-General had total revenues of \$19,468 and total expenses of \$19,268 leaving an ending YTD deficit of -\$35,153. This will even out as the year progresses because there are one-time first of the year payments that need to be expensed. We buy minimal water from Widefield to keep the line from going stagnant. Revenue will substantially rise as we approach the summer watering season. Expenses in the Water Fund-Capital totaled \$10,488 which included expenses for the water line and pump for Well 214 and the pump for Well 217. The Water Fund-Capital ended at \$157,265.

The Wastewater Fund-General had a surplus balance of \$10,631. Most of the expenses were for Lower Fountain in the Wastewater Fund-Capital and these expenses are approximately \$34,000 a month. Another substantial expense was the impeller for the standby pump. The Wastewater Fund-Capital has an YTD ending balance of \$249,000. Colorado Gold Chips is closing so this will substantially affect the sewage treatment expenses and revenues.

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

- Cuchares IGA

Mr. Anderson reported that Carl Schueler telephoned him today and relayed that the re-zoning request and preliminary plat were approved by the County Commissioners. The Planning Commission approved the Service Plan last week with standard conditions. According to Carl Schuler there are still some questions and clarification needed regarding fire protection for the district. The County Commissioners may bring up this issue at the next meeting on May 24th in which there will be final approval. After approval we will proceed forward with the petition to form the district. Director Cantin inquired as to whether the fire protection IGA with the City includes fire protection for the Cuchares property. Dr. Testa explained that the Cuchares property is not included in the IGA and Colorado Springs has been petitioned for modification of the agreement to include the Cuchares area. If the modification is not made Cuchares will need to have an agreement similar to what Lorson and Rolling Hills have with Colorado Centre. Mr. Anderson talked with Lonnie Inzer and he informed Mr. Anderson that he has had discussions with Colorado Springs Chief Cox and apparently there is a proposed IGA being submitted next week. Mr. Inzer is confident that an agreement will be reached.

Dr. Testa and Mr. Anderson met with Steve Meylan and their discussions involved additional issues on water and sewer taps, when payments will be made and life of the taps. As a consequence of these discussions, Mr. Anderson will need to make some additional changes to the draft services agreement. As part of the augmentation agreement that will be filed, our water attorneys asked that we either have the current owner of the Cuchares property be a co-applicant or get the water rights conveyed over to Colorado Centre. According to Steve Meylan, they own the water rights which were conveyed over to them when they bought the Cuchares property. He further stated that these water rights will be conveyed over to Colorado Centre. Mr. Anderson will draw up the deed and meet with Mr. Meylan to get this conveyance finalized.

- Dr. Testa reported there is a water supply issue brewing with the County. For all practical purposes Colorado Centre has sufficient water that can be used for the Cuchares development. This argument will definitely be going to the County Commissioners because the County Attorney will not support our views that we have sufficient water. His position is that we are already committed for all the water in our service area and if we are going to use other water for new customers we have to be able to treat that water immediately. Our argument is that we have excess water and taps available right now. This is an interim request and also any extra water needed can be bought from Widefield. Our arguments are well founded and the County Commissioners will hopefully and in all probability support our arguments.

- Rolling Hills IGA

A copy of the Rolling Hills IGA was included with the Board packet. The Board will table discussion of the IGA until the signed original is received from Rolling Hills. In the interim the Board will have the opportunity to review the copy.

- Regional Sewer Plant Court Case

Mr. Anderson reported that CSU filed a Motion to Dismiss our Motion and we replied and to date there has been no response to our reply. This past Monday Mr. Anderson and Dr. Testa met with Colorado Springs Utilities attorneys, Wayne Booker and Jeff Daniels. The meeting was requested to discuss coming to an agreement whereas CSU and Colorado Centre would support each other's site applications. CSU's argument to the State is that the State has no right to dictate that there can be only one plant. Our argument is that Colorado Centre's site is the only one that is regional and we have to take any entity into the plant. Colorado Springs doesn't have to take other entities and if they do they can make it economically difficult for that entity. Mr. Anderson has a draft Motion for Summary Judgment that he would like Dr. Testa to review so that it can be filed next week. Director Cantin expressed his frustration that all these meetings have come up short with no final decision being made. Mr. Anderson reiterated that by attending all these meeting we are demonstrating to the State that we have done everything necessary to come to a consolidation agreement with Colorado Springs.

- Jimmy Camp Creek Park Site Case

A letter was sent to the City of Colorado Springs on February 23, 2007 regarding Notice of Default per the Annexation Agreement dated September 23, 1988. The City had 20 working days from receipt of the letter to cure the default and to date there has been no answer. A satisfactory cure to Colorado Centre would include a copy of a Park Master Plan (which the City, per the Agreement, needed to prepare within the five-year period following annexation of the Banning Lewis Ranch

- property). The Park Master Plan needs to show the proposed reservoir and indicate that the plan was approved by the Annexor parties to the Agreement. If no approved Park Master Plan exists, a letter signed by Mayor Rivera on behalf of the City Council and the Colorado Springs Utilities Board needs to be written stating that no reservoir will be constructed on the Jimmy Camp Creek Regional Park property without the Annexor parties' approval as required by the Annexation Agreement. Mr. Anderson stated that there is time to file the Notice and he doesn't want to detract from the Regional Plant case.

Director Terry asked why we are pursuing our regional plant given the possibility of the Southern Delivery System being implemented. Dr. Testa explained that the regional plant is purely waste water and is driven by different forces than the SDS. They are on a parallel path but an independent parallel path. Banning Lewis is trying to delay a plant until 2012; Colorado Centre and Fountain need a treatment plant "now". Dr. Testa also explained that the Jimmy Camp Creek Drainage Study is getting close and that will be going through a public review process. When this study surfaces the City will be pushing the reservoir and this will possibly start a public outcry against a reservoir in the proposed location because of the dangers of breakage and extreme downhill residential flooding.

Mr. Anderson added that review of the CCMD Rules and Regulations needs to take place as soon as possible. Dr. Testa relayed that it is extremely important that the Board has a working knowledge of the Rules and Regulations so that any decisions that are made will be based on a complete knowledge and understanding of the District's Rules and Regulations. After discussion, it was decided that a special one day workshop will be planned for Saturday, June 2, 2007.

E. District Operations

- Water and Sewer Operations

Dr. Testa reported that in regards to operations everything is going well. YTD the District produced 13.9 million gallons and sold 12.9 million gallons. The water loss is one percent which is very minimal. The wastewater to water ratio for the month of March is 93 percent. Our systems are aging but to date are working properly. Wastewater pumped YTD is 12.7 million gallons. The lift station building is deteriorating. If everything happens successfully with Lower Fountain there is no need to repair or build a new lift station. If this changes in any way we can address the lift station needs at that time.

- Well 214 Collection line

The Well 214 Collection line has been constructed. The well will not be connected until all the required tests are completed.

- Augmentation Report

Dr. Testa reported on the augmentation report for period November 2004-October 2005. Colorado Centre Metropolitan District has already over paid what is owed for the entire year. CCMD is trying to use this credit to allow development to take place. The State authorizing CCMD to utilize the credit for Cuchares' development will prevent future negotiations on augmentation credits being used for development. Dr. Testa believes we have a very good argument to make this a reality.

F. Fire Station

Mr. Inzer was unable to attend tonight's meeting therefore, Dr. Testa gave the status report. Mr. Inzer informed Dr. Testa that he has been working with the County on the purchase of the pagers and radios. He is completing agreements with Pikes Peak Regional Communications Network and El Paso County Communications for radio operations. The Intergovernmental Agreement for Colorado Centre Fire Department Dispatch Services between El Paso County Government, Sheriff's Office, and Colorado Centre Metropolitan District Fire Department was completed by Mr. Inzer. Director Cantin commented that it essentially says that we will use their system to their standards. The cost occurs when the call is initiated. The radios are on the same frequencies as the City and County. The Firefighters will have two pagers, also. The radios are costly at a price of \$3,000 apiece.

A motion was made and seconded to approve the Intergovernmental Agreement for dispatch services between El Paso County Government, Sheriff's Office, and Colorado Centre Metropolitan District Fire Department. Upon a voice vote, the motion passed unanimously.

- Contract with Avalon

More information was requested from the two low bidders. After reviewing the information received back from the bidders, a contract was made with Avalon Construction. Avalon Construction has been doing contract work with Lorson developers and Dr. Testa received an excellent reference from Lorson. The final set of plans was submitted to the regional building department two weeks ago. The approval from regional will possibly occur within the next two weeks. The re-model project will be completed towards the end of June. Soil preparation work will begin next week since regional approval isn't necessary to begin the soil prep.

A motion was made and seconded to approve the contract with Avalon Construction. Upon a voice vote, the motion passed unanimously.

- Hiring and Equipment progress

Mr. Inzer is developing contacts for employee firefighters and also the position openings will be advertised. The fire engine will be completed at the end of May.

G. Park Schematics by John Wheeler

Mr. Wheeler gave a presentation on the park schematics he created for future development. The property is very lineal and consists of two connected parcels. Dog areas were placed at each end of the park. The central area with Anvil being the identifying entrance will have parking, shelter houses, picnic tables, restrooms, etc. Once the bank is stabilized it leaves an extensive upper central area for a soccer field. The lower end would be for softball fields and parking. There will be a connecting path from end to end. All activities are a good distance from the wells. Dr. Testa has sent a request to the Army Corps of Engineers for advice and help on reclaiming the land. The schematic map will be added to the CCMD website.

H. El Paso County Water Authority – Minutes

Dr. Testa included the Minutes of the April 4, 2007 EPCWA meeting. He was unable to attend so Sandy Goad attended in his place. Items discussed were formation of an enterprise for administration of the Transit Loss Model and status of the Southern Delivery System. Mary Lou Smith from Aqua Engineering was introduced and she described an upcoming conference being planned on ground water recharge. The conference will take place in Colorado Springs in September or October, 2007. Pat Ratcliff, Lobbyist for EPCWA, was absent but supplied a copy of key bills pending consideration in the State Legislature.

Dr. Testa is researching the idea of recharge by “sucking” the water out of Big Johnson Reservoir and bringing it over the hill north of our wells. In the process we could somehow treat the water and inject it into the aquifer. As a future project, we could say that we are not only paying back the water but we are replenishing the aquifer also. This could be a way to make our water more valuable and useful.

I. Fountain Mutual Irrigation Company – Minutes

Dr. Testa included the Minutes of the March 15, 2007 FMIC meeting. T-Bone Construction is going to remove the sludge in Big Johnson Reservoir at no cost to FMIC which will give FMIC additional storage. The additional storage could be leased to Colorado Springs, Fountain, etc. The additional storage and leasing possibilities makes our shares considerably more valuable.

J. Lower Fountain Metropolitan Sewage Disposal District

- Minutes

Minutes from LFMSDD were also provided by Dr. Testa. Director Cantin reported that the Lower Fountain Water Quality Management Association approved the LF site with the stipulation that Fountain closes their wastewater treatment plant. With approval from this board step one is finished with Pikes

Peak Water Quality Management Association being our second step for approval. Another issue is that we are attempting to convince Fountain to make a decision as to how they will pay their share of assets already purchased and also Roger Sams wants it to be stipulated that Jim Heckman will be the person to be in charge of the plant. The rest of the Board wants to be able to make another choice if Mr. Heckman is not well received by all. It was agreed that the plant manager issue should be resolved as soon as possible.

- Preliminary Financing Layout by AJT

Dr. Testa discussed a preliminary analysis of funding requirements for the LFMSDD's cost for CCMD. The analysis lists a yearly revenue stream in 2007 for system improvement charges of \$129,348; availability of service charges of \$123,555; system improvement taps from Widefield School District of \$38,500; and if Cuchares begins, a system improvement fee of \$2,410,00 will be generated (half at platting and the other half will come later). Short term and other funding will generate \$286,000. The first year we will not need any major financing. With expenses of approximately \$433,000 we could possibly generate \$2.5 million in 2007. Dr. Testa generated this revenue stream through 2011. Cuchares' development timetable will affect the actual analysis. By 2009 the costs are considerably higher which will require some financing options. By 2010, we will be paying back the financing loans and by 2011 fees could possibly be dropping. This is a preliminary analysis and will need some adjustments.

K. Public Comments

Dr. Testa reported that Colorado Gold Chips will be closing. He completed a Resolution recognizing the contributions of Colorado Gold Chips to Colorado Centre since 1990.

A motion was made and seconded to approve Resolution 2007-04-26.1 Recognizing the Contributions to the District by Colorado Gold Chips, Inc., Steve Eller and Staff. Upon a voice vote, the motion passed unanimously.

Director Edwards will be following up with the City on the trash issues in and around Colorado Centre. He will take more "trash" pictures and submit them to our City Council Representative, Margaret Radford.

III. - Adjournment

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

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary