

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

Thursday, May 24, 2007 at 5:00 PM  
4770 Horizonview Drive  
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin	President, Chairman
Floyd Edwards	Treasurer
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 5:01 pm.
- B. Roll Call - Determination of a Quorum.  
A Quorum was present. Director Ingraldi was absent.
- C. Acknowledgment, Notice and Consent to Regular Meeting-Entered with the minutes.
- D. Introduction of Special Guests – Commissioner Dennis Hisey

**II. General Business Items**

- A. Approval of the Minutes of the Regular Meeting of April 26, 2007.

Approval of the minutes was delayed for later in the meeting.

- B. Review of District Finances

- Bank Balances

Cindy Monroe gave the report on bank balances at this time. Ms. Monroe reported that as of May 18, 2007 the District has \$2,248,932.08 in funds with \$2,018,090.38 unencumbered. The ColoTrust rates have remained about the same at 5.16 %. We received approximately \$20,000 in developer taxes this month. The restricted developer taxes will be disbursed to bondholders on July 1, 2007.

- Budget Review

The Budget comparison was reported on at this time by Ms. Monroe. The General Fund tax revenue is at 56% bringing in \$68,343 for the month of April. All other revenues are at or below budget. Most expenses are right on target for the year. Culture and recreation is slightly over budget because of the architectural schematics for the park. At the end of April the General Fund has approximately \$179,108.

Ms. Monroe further reported that the Reserve Fund earned interest of approximately \$6,500 closing at \$678,596. The Debt Service Fund brought in \$21,959 in developer taxes with an ending balance of approximately \$45,506. The only expense in the Debt Service Fund was a treasurer fee of \$329 (1.5% for the collection and distribution of taxes).

The Governmental Fund Enterprises are IGA Lorson, IGA Rolling Hills and IGA Cuchares. Expenses for IGA Lorson were \$5,734 leaving an ending balance of \$401,790. Expenses for IGA Rolling Hills were \$5,604 leaving an ending balance of \$403,105. The capital outlay expenses were for architectural/technical services for the fire station expansion. The Cuchares District has not been formed as yet so there is no budget activity YTD.

The Water Fund-General had total revenues of \$19,882 and total expenses of \$13,681 leaving an ending YTD deficit of -\$28,952. This deficit is getting smaller. Most of the expense in the Water Fund – Capital was for the scada cable hook-up to Well 214 (approximately 2,800). The Water Fund-Capital ended at approximately \$157,000.

The Wastewater Fund-General has a surplus balance of \$16,391. Colorado Gold Chips closing had an effect on revenues (\$2,000 less) but treatment expenses were approximately \$2,000 less so this evened out. Most of the expenses were for Lower Fountain in the Wastewater Fund-Capital and these expenses are approximately \$30,000 a month. The Wastewater Fund-Capital has an YTD ending balance of \$234,322

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 the service plan was heard and approved by the County Commissioners. Once the Resolution is issued, Mr. Anderson will file the

Petition. The process will take approximately one month and the District will be officially formed and the Service Agreement in place. The water issues are part of the final plat process. Mr. Anderson talked with County Attorney Cole Emmons and he is waiting for information from the County Planning Department regarding how much water will be available. The County regulations state that the day of plat, the water must be potable. The County wants "quality" from the beginning and we have "quantity". Mr. Anderson and Dr. Testa are very encouraged and feel that the County is comfortable with Phase I and understands that this is an "interim" plan until Cuchares' water comes in. The Widefield School District transportation center will help because it gives the County an immediate comparison. We are waiting for a letter from County Attorney Cole Emmons regarding their position and what the County is willing to do. The augmentation plan case to be filed has been signed by Dr. Testa and Mr. Anderson has reviewed the application. The Fountain Mutual Shares have been conveyed to Colorado Centre with a Special Warranty Deed recorded. As owners this will give us the right to file with the State and our water attorney, Mr. Porzak, will be filing this next week.

- Rolling Hills IGA

The Rolling Hills IGA had one change which reflects their new boundaries. Widefield does not want to be included so the Widefield ownership is out.

**A motion was made and seconded to accept and sign the Rolling Hills IGA for Fire Protection. Upon a voice vote, the motion passed unanimously.**

- Regional Sewer Plant Court Case

Mr. Anderson reported that our Motion for Summary Judgment and CSU's Motion to Dismiss are both still pending. The Reply is due June 4, 2007 and Mr. Anderson will file a Motion for Expedited Consideration at the same time. CSU's Motion to Dismiss states that they are not separate from the City so shouldn't be made a separate part of the lawsuit. Dr. Testa reiterated that by attending all these meetings we are demonstrating to the State that we have done everything necessary to come to a consolidation agreement with Colorado Springs. It is in our records that Colorado Springs has attended meetings from the beginning and had agreed that the Lower Fountain site is the preferred regional site. Mr. Anderson is hoping that the Judge will grant a Motion in our favor regarding the three claims. The claims are that the annexation agreement is correct, Lower Fountain is the regional site, and all annexors have to agree if there are changes made to the annexation agreement. Mr. Anderson stated that a Trial is set for early January, 2008 and this will be moot once a Summary Judgment is decided.

- Jimmy Camp Creek Park Site Case

Mr. Anderson stated that there is time to file the Notice and he doesn't want to detract from the Regional Plant case, therefore this issue will be put on hold until later in the year.

E. District Operations

- Water and Sewer Operations

Dr. Testa reported that in regards to operations everything is going well. YTD the District produced 17.7 million gallons and sold 18.1 million gallons. The difference came out of storage. The water loss is 1.2 percent which is very minimal. The wastewater to water ratio to date is 94.6 percent. Our systems are aging but are still working properly. Wastewater pumped YTD is 17.7 million gallons.

- 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. Dr. Testa received a call from Bill Tyner of the State Division of Water Resources who would like to pass on our name to farmers/users down south that could possibly use some of our water. Dr. Testa said that we would be happy to talk with these users and this could possibly be another source of revenue.

- Parks

A new fence has been installed at the little park. The Army Corps of Engineers has been contacted by Dr. Testa's firm for assistance in reclaiming the creek bed land (5-6 acres) in the big park. Dr. Testa has talked with Commissioner Hisey about donating land along the creek to extend the trails throughout Colorado Centre.

F. Fire Station

Mr. Inzer reported that the fire engine will arrive in the latter part of June. He is identifying candidates for fire fighter positions. Colorado Springs Fire Chief Navarro has been very cooperative. The radio and pager bids came in 10-20 percent less than what was budgeted. The Agreement with El Paso County Sheriff Dispatch was corrected to indicate the proper title for Colorado Centre Fire Department. Dr. Testa reported that the 2006 Fire Code has been purchased and will need to be adopted. The County Fire Marshall, Jim Reid, will assist Mr. Inzer with reviewing and editing the Code to meet our needs. Also, Mr. Anderson will review the Code and it will be adopted within the next couple of months.

- Change to Project

The expansion has become very cost prohibitive with all the city permit fees and Mountain View Electric fees to re-locate the transformer cable; therefore we will remodel the existing building to accommodate the fire department. Parking will be added around the back of the building and a fenced storage yard for the tractor and mowing equipment. The remodel will be less money and if needed the expansion can be done at a later date.

- 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 June.

G. El Paso County Water Authority – Minutes

Dr. Testa included the Minutes of the EPCWA meeting. The main discussions involve formation of an enterprise for administration of the Transit Loss Model for Fountain Creek. The Transit Loss Model tracks the water that goes down Fountain Creek. Colorado Centre has an interest because it owns Fountain Mutual shares.

H. Fountain Mutual Irrigation Company – Minutes

Dr. Testa included the Minutes of the April 19th FMIC meeting. CSU wants to renew their lease of Big Johnson Reservoir so that nobody will touch this water. They also want the contractor that is removing the sludge to indemnify CSU so that they are not liable for any problems with the dredging. FMIC has said no to this indemnification and CSU has 30 days to give FMIC an answer regarding leasing the reservoir. 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.

I. Lower Fountain Metropolitan Sewage Disposal District

- Minutes

Minutes from LFMSDD were also provided by Dr. Testa. This item was discussed previously in the meeting.

- General progress update

This item was discussed previously in the meeting.

J. Public Comments

Commissioner Dennis Hisey is in attendance and made a brief presentation at this time. He supplied all in attendance with maps showing potential major development south and east of Colorado Centre. He stated that "Colorado Centre is the center of the universe down here in terms of new development".

Mr. Hisey toured the trashed area at FTZ and Aerospace and confirmed that those areas are in the City. He contacted the City regarding cleanup and they assured him that those areas would be cleaned up. He also stated that clean up issues and road issues are typically addressed on a "complaint basis". He gave all in attendance numbers that can be called for Code Enforcement, Motor Vehicle issues, Parks & Leisure issues, Planning issues and DOT issues such as snow plowing, pot holes, etc. He reported that there will be extensive changes along Marksheffel Road especially at the east entrance to Peterson AFB.

Commissioner Hisey has been extremely responsive to Colorado Centre and the Board thanked him for this. Mr. Hisey did state that the City and CSU are some times difficult to work with and from his attendance at all meetings regarding a regional plant, his understanding is that from CSU's standpoint there will not be a regional plant on the Lower Fountain site. He further stated that their stance is "if we can't drive the bus, we don't want to be on the bus". He also stated that from his observations regarding Banning-Lewis Development, he feels that the 2010-2012 timeline put forth by Banning-Lewis is not realistic.

Mr. Anderson reported that Cuchares/Fountain Mesa will have a separate stand alone agreement until functional. This agreement basically "formalizes what's been happening in fact". Mr. Anderson read..... "Fountain Mesa hereby agrees to be bound by the terms of the service agreement negotiated with Colorado Centre, to enjoy the benefits and accept the burdens of the service agreement, and on behalf of Cuchares to fund, carry out and/or perform the obligations set forth therein as described below. The parties agree that until the Cuchares district is formed, Fountain Mesa shall act on behalf of Cuchares in all respects, and that upon formation Fountain Mesa shall work with and on behalf of the Cuchares district to ensure the service agreement terms are fulfilled. Except as provided herein, the parties agree that Fountain Mesa shall fund, carry out and/or perform all obligations placed on Cuchares under the service agreement, in whole or in part, until such time Cuchares has the personnel and the financial means to carry out and fulfill those obligations on its own".

**A motion was made and seconded to approve the Agreement by and between Colorado Centre Metropolitan District and Fountain Mesa Investments II, LLC and FMI Cuchares Ranch, LLC (collectively "Fountain Mesa"). Upon a voice vote, the motion passed unanimously.**

Director Terry reported that State Representative Marsha Looper will be attending the next Board Meeting to discuss Water issues and Wastewater Project 2008

grants and loans. Director Terry and Dr. Testa will meet with Ms. Looper before the next Board to discuss grant possibilities. Director Terry feels that Representative Looper will be an excellent advocate for the District.

Director Terry stated that he feels that the Board should do some type of survey or public meeting to compile information from the residents regarding their opinions on annexation by the City of Colorado Springs. Director Terry feels that the residents should be aware of the pros and cons of annexation. Director Cantin stated that he feels we "should have our ducks in a row" in case annexation becomes an issue and "let's not turn over a rock until it needs to be turned over". Director Edwards stated that CSU uses annexation as a "hammer" as Mike Cantin says to shut us up. The idea behind the initial pros and cons was to have it available strictly "if needed".

**A motion was made and seconded to enter into Executive Session at this time (7:15 p.m.). Upon a voice vote, the motion passed unanimously.**

The Board came out of Executive Session and resumed the regular meeting.

In Item II. General Business Items A. Director Terry amended his statement regarding his attendance. The amended statement should read "Director Terry wanted to ensure his BOD attendance record was on the public record in response to the Motion made at the March 07 BOD meeting. 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".

**A motion was made and seconded to approve the Minutes of the Regular Meeting of April 26, 2007 with the amended statement made by Director Terry. Upon a voice vote, the motion passed with three votes in favor from Director's Cantin, Terry and Edwards and one opposed vote from Director Eccles.**

III. Adjournment

**A motion was made and seconded to adjourn the regular meeting at approximately 8:00 p.m. Upon a voice vote, the motion passed unanimously.**

Respectfully Submitted,

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Michael Cantin, President

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Shawn Eccles, Secretary