

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

Thursday, August 23, 2007 at 5:00 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin
Floyd Edwards
Frank Ingraldi
Shawn Eccles

President, Chairman
Treasurer
Vice President, Vice Chairman
Secretary

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 5:02 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 July 31, 2007.

A motion was made and seconded to approve the Minutes of the Regular Meeting of July 31, 2007. Upon a voice vote, the motion passed unanimously.

- E. Legal Report

- Cuchares District and Development

Mr. Anderson reported that the election to form the district is supposed to be held next week but more likely will be postponed and a new date will be set. As far as he knows the Board of County Commissioners are still going to consider the first phase of the platting for the subdivision with the final plat approval set for tomorrow. Mr. Anderson received a call from Bruce Wright who is the real estate attorney for the Cuchares family. He requested a copy of the interim agreement between CCMD and the Fountain Mesa Investors and also a copy of the unsigned service agreement. The reason he requested these copies was because Steve Meylan had requested an extension on the payment of the promissory note. Mr. Meylan asked for the extension because of the real estate market conditions. Mr. Wright was going to confer with his clients but did say he didn't think there would be a problem giving the extension.

- Regional Sewer Plant Court Case

Mr. Anderson reported that Jim Heckman received a communication from Jerry Forte, the CEO of Colorado Springs Utilities, basically asking for having an agreement on a joint letter back to Brad Simons of the Water Quality Control Division. Based on the August 7th meeting between Colorado Springs and Lower Fountain it was decided that it would be a good idea to send a supplemental response to Brad Simons directly regarding all efforts to consolidate. That letter will hopefully go out soon. The second thing that Jerry Forte requested was that they would like Lower Fountain and Colorado Centre to sign off on the mutual support agreement that CSU revised. The mutual support agreement is basically a settlement agreement as well to the pending lawsuit. Mr. Anderson's recommendation is to not sign this agreement without substantial revisions. Colorado Springs is still hesitant to acknowledge that the annexation agreement needs to be amended stating that Colorado Springs wants to relocate their own regional plant facility on their property. There will be a short letter back to Mr. Forte that basically says thanks but we don't think it is appropriate to do the mutual support agreement. The letter to the Water Control Division has our support. Director Cantin and Mr. Testa commented that we need as much political clout as we can muster in regards to the November decision on the 208 Plan Amendment. The Board gave Dr. Testa and Mr. Anderson approval to pursue the "political clout" needed for a positive decision regarding the 208 Plan Amendment and the Lower Fountain regional plant.

Mr. Anderson reported that the Motion for Summary Judgment is back on the table. The Board requested that Mr. Anderson file a Request for Ruling.

- Jimmy Camp Creek Park Site Matter

Mr. Anderson stated that this matter is still on hold. Dr. Testa and the Board agreed that we need to continue arguing on this matter. Any decision on a reservoir would have to go through the public process.

J. Lower Fountain Metropolitan Sewage Disposal District

Dr. Testa stated that the Pikes Peak Area Council of Governments will review comments and consider adoption of the Water Quality Management Plan Amendment (208 Plan) concerning the treatment plant at their meeting of September 12, 2007. The amendment will be forwarded to the Colorado Water Quality Control Division. The WQCD will provide comments and possible recommendations to the Commission. The item is scheduled for consideration by the WQCC on or around November 13, 2007 in Summit County and Dr. Testa will be in attendance. If any of the Board would like to attend the meeting, Dr. Testa felt that this would be very beneficial.

Director Cantin thought it would be beneficial to have another public informational meeting with Colorado Springs and Lower Fountain answering questions regarding the status of consolidation efforts.

Director Cantin also wanted the Board to know that he abstained from voting on the MOU (Memorandum of Understanding). The MOU states that the LFMSDD intends to use Fountain Sanitation District's staff and resources to operate the LFMSDD system.

Director Eccles requested that Mr. Anderson furnish the Board with information concerning attendance at Board meetings. Mr. Anderson will comply in a timely manner.

G. Fire Station

- Progress of Project – John Wheeler

The Fire Station improvements are for the most part completed. The fence is in and landscaping will be completed within the next week. The park improvements need to be discussed and there is money to be spent before the end of the year. The Board will brainstorm and come up with ideas to be presented at the next Board meeting. Some ideas to consider at this time would be a fence constructed at the back side of the basketball court, a picnic structure, a playground area, and a dog park. Director Eccles would like Mr. Wheeler to research some type of low maintenance water attraction. Director Cantin would like some type of park rules to be posted. Mr. Anderson and Mr. Wheeler will research proper signage ideas. Director Cantin requested that the weeds be cut down by the entrance on Hazy Morning.

B. Review of District Finances

- Bank Balances

Cindy Monroe gave the report on bank balances at this time. Ms. Monroe reported that as of August 20, 2007 the District has \$1,878,443.71 in funds with \$1,725,776.54 unencumbered. Fountain Mesa is current because we did receive a check today which isn't reflected in the balances. The ColoTrust rates are at 5.26 percent. A transfer from ColoTrust to checking needs to be made to cover payroll and expenses. Also, a transfer of \$97,280 needs to be taken from the fire protection IGA accounts into the CCMD ColoTrust account for reimbursement of expenses. The appropriate letters were signed to facilitate the transfer of funds.

- Budget Review – Closing of 2006 and July of 2007

The Budget comparison was reported on at this time by Ms. Monroe. The 2006 General Fund ended at \$9,054 and this was transferred to the Debt Service Fund. This 2006 budget reflects period 13 adjustments and the only significant

adjustment made was a vacation accrual which added a little bit more expense. In the Debt Service Fund a period 13 entry included an accrual of \$3,015 for BNY expenses (this expense was for July, 2006 through December, 2006) which brought the balance down to \$1,807 in the Debt Service Fund.

For July 2007 tax revenues are at 90% and all other revenues are at or below budget. Most expenses are right on target for the year. Culture and recreation is slightly over budget (75%) because of the park maintenance expenses and will decrease as fall approaches. YTD the General Fund has approximately \$281,555.

Ms. Monroe further reported that the Reserve Fund earned interest of approximately \$10,748 closing at \$703,186. Tap Fee transfers from the water and wastewater into the Debt Service Fund totaled \$67,375 which will be used to pay the Series A Bondholders interest payment at the end of the year. The Debt Service Fund received \$12,955 in developer taxes and had an expense of \$10,748 for the Series B Bondholders interest payment leaving an YTD deficit balance of -\$9,808.

The Governmental Fund Enterprises are IGA Lorson, IGA Rolling Hills and IGA Cuchares. Expenses for IGA Lorson were \$49,080 leaving an ending balance of \$257,774. Expenses for IGA Rolling Hills were \$48,190 leaving an ending balance of \$259,669. The capital outlay expense was for Avalon Construction's draw. The Cuchares District has not been formed as yet so there is no budget activity YTD.

The Water Fund-General had total revenues of \$54,602 and total expenses of \$18,488 leaving an ending YTD balance of \$12,382. Ms. Monroe noted that the electric increase was not due to an increase of rates but rather to the fact that we need to pump during peak hours and because of this peak hour pumping we do not get the credit. It is necessary for us to pump almost 24 hours so these extra charges cannot be avoided. The Water Fund-Capital YTD ended at approximately \$174,823.

The Wastewater Fund-General has a surplus balance of \$4,052. Most of the expenses were for Lower Fountain in the Wastewater Fund-Capital and these expenses are approximately \$32,000. The Wastewater Fund-Capital has an YTD ending balance of \$245,738.

C. Approval of Payables

The Board reviewed the list 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. Recognition for Lloyd Shawcroft – Resolution, plaque and gift.

In recognition of Lloyd Shawcroft's 20 years with the District and his retirement from service to the District he was presented with a gift (Alaskan cruise for him and his wife) and a plaque thanking him for his faithful and professional service.

A motion was made and seconded to approve Resolution No. 2007-08-23.6 to honor Lloyd Shawcroft for his Retirement from service to the District. Upon a voice vote, the motion passed unanimously.

A barbecue dinner was planned for all in attendance to honor Lloyd's retirement from the District.

E. Legal Report

- Cuchares District and Development

This item was reported on and discussed earlier in the meeting.

- Regional Sewer Plant Court Case

This item was reported on and discussed earlier in the meeting.

- Jimmy Camp Creek Park Site Case

This item was reported on and discussed earlier in the meeting.

F. District Operations

- Water and Sewer Operations

Dr. Testa reported that in regards to operations everything is going well. YTD the District produced/purchased approximately 43.2 million gallons of water and sold 43.3 million gallons. The water loss is 0.7 percent for the year which is very minimal. Our systems are aging but to date are working properly. Wastewater pumped was 4.4 million gallons for the month of July and YTD 28.9 million gallons.

- Augmentation Report

The numbers came in through the month of June. This month the numbers are tight. Dr. Testa has been talking with the City of Fountain regarding an exchange of water which would be beneficial to both sides. He will keep the Board informed about these discussions.

Dr. Testa received an e-mail from Mr. Marty Wilson of Colorado Springs Utilities. CSU is the gas provider for the residents of Colorado Centre. CSU is

requesting a license to install a Cellnet Wangate Repeater at our communications site by the water tank located just NE of Bradley Road and Powers Blvd. Dr. Testa recommends working with them on this request. We would need to check with the Colorado Springs Airport to see if they would have any objections. The license would be renewable yearly and CSU would have to take care of any problems or interference with the airport. The Board gave Dr. Testa and Mr. Anderson approval to put together a license with CSU for permission to install their repeater.

- Parks

This item was reported on and discussed earlier in the meeting.

G. Fire Station

- Progress of Project – John Wheeler

This item was discussed and reported on earlier in the meeting.

- Staffing and Equipment progress – Lonnie Inzer

Mr. Inzer reported that the fire station is ready to go operational. We are waiting for the radio system to be put in place and we are programmed into the city and county systems. All medical and fire equipment is ready and a list of contract firefighters is available. The automatic aid IGA with the City of Colorado Springs is still with the city attorney. The ISO rating is not established yet and Mr. Inzer and Dr. Testa will be fielding inquiries regarding the ISO rating.

- Grand Opening – Floyd Edwards

Director Edwards has been working very diligently on preparations for the Grand Opening. He thanked all involved for their support and help during this process. Director Ingraldi will be on vacation the week before the Grand Opening so will be available to help with any last minute preparations.

- Approval of Resolutions for Donations Received

There are several thank you resolutions that need to be approved for all the contributors to the Grand Opening.

A motion was made and seconded to approve Resolution No. 2007-08-23.1 regarding a donation made by Tony, Jim and Virginia Cuchares. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to approve Resolution No. 2007-08-23.2 regarding a donation made by Steve Meylan on Behalf of FMI Cuchares Ranch. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to approve Resolution No. 2007-08-23.3 regarding a donation made by Connie Winters, on behalf of Coach House Gifts. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to approve Resolution No. 2007-08-23.4 regarding a donation made by Tonya Rowen of Charlie's Pit Bar B Que. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to approve Resolution No. 2007-08-23.5 regarding a donation made by AAa Rental Center. Upon a voice vote, the motion passed unanimously.

Another resolution will be compiled for a donation from Bill Kennedy of Hayden and Company. His donation consisted of a reduction of \$500 from the total sales price of the "Jaws of Life" extraction equipment purchased for the fire engine.

H. El Paso County Water Authority – Minutes

Dr. Testa reported that most of the discussions are still concerning the organization of the Transit Loss Model.

I. Fountain Mutual Irrigation Company – Minutes

Minutes from FMIC's July 10, 2007 meeting were provided by Dr. Testa. Any efforts to raze the dam and outside studies have been stopped and FMIC will only concentrate on dredging and maintenance of the reservoir. All studies needed in the future will be done in-house.

J. Lower Fountain Metropolitan Sewage Disposal District

- Minutes

Minutes from LFMSDD regular meeting of July 12, 2007 were provided by Dr. Testa. This item was discussed previously in the meeting.

- General progress update

This item was discussed previously in the meeting.

K. Public Comments

A resident in attendance had questions and concerns about road maintenance and who is responsible for the maintenance. Director Cantin explained that the capital improvement fees charged by CCMD are for needed improvements to the water and sewer systems. The County is responsible for road and sidewalk maintenance. Director Edwards informed the resident about all the surveys,

requests and efforts that have been made to the City and the County regarding the needed road improvements and trash pickups that are the responsibility of the City and County. Commissioner Hisey has been very supportive and encourages all residents to keep calling with their concerns because "the squeaky wheel gets the oil". Numbers to call have been posted in the newsletter, are available in the business office and are also posted on the CCMD website.

Another resident, Todd Beren, inquired about fire station and exactly how many engines are available. Director Cantin explained that when CCMD went through the bankruptcy, CCMD couldn't afford to keep the fire station up and running. At that time our fire engine was loaned to the City of Colorado Springs in exchange for fire protection. In 2005, the City gave the fire engine back saying it was no longer capable of service. CCMD bought another fire engine which was loaned to the City in exchange for 20 years of fire protection. The old engine was sold to a Costa Rican entity. Due to an inter-governmental agreement with Lorson and Rolling Hills Developers the fire station will be re-opened at no cost to CCMD residents. The Grand Opening will take place Saturday, September 8, 2007. The station will have two full-time fire fighters on duty at all times and a new fire engine was purchased. We still have automatic aid with the Colorado Springs Fire Department. Also, Mr. Beren asked if there would ever be a school built in Colorado Centre. Director Cantin explained that the Widefield School District has no plans to build on that site.

Director Cantin would like to set a date for the Fall Clean-up. After discussion it was decided that the clean-up would take place on Saturday, October 13, 2007.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 6:58 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles, Secretary