

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

Thursday, September 27, 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 (Via Telephone) | 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 5:02 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Terry participated via telephone.
- 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 August 23, 2007 and Special Meeting of September 10, 2007.

A motion was made and seconded to approve the Minutes of the Regular Meeting of August 23, 2007. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to approve the Minutes of the Special Meeting of September 10, 2007. Upon a voice vote, the motion passed unanimously.

Dr. Testa noted that the Special Meeting minutes were very brief because most of the meeting was in executive session.

K. Public Comments

Due to a large number of concerned residents in attendance with concerns regarding water quality on Shining Star Drive, Dr. Testa requested that public comments discussion take place at this time. The resident's concerns were numerous and included bad smells and tastes; sediment in the faucets and water

heaters; having to replace major appliances frequently and lime buildup around the faucets, sinks and bathtubs. Dr. Testa explained that Shining Star is the longest dead end street in Colorado Centre and is not looped. Colorado Centre does have extremely hard water and one thing that will help is hooking up to the new Cuchares development which would facilitate additional circulation. Director Ingraldi explained that he has had the same problems with "silt" sediment and has had to replace numerous appliances because of the excessive buildup. Director Cantin commented that all residents have had similar problems because the water is hard and that has been ongoing for years. He stated that progress is being made in a fiscally responsible manner and asked that the residents be patient.

Dr. Testa will have the field personnel grab a sample at the end of Shining Star and have the sample tested by the El Paso County Health Department for coliform. Our weekly testing results have consistently met State standards for water quality. CCMD is working towards building a new water treatment plant to alleviate the manganese problem and this would greatly enhance the quality of the water. In the short term CCMD will flush more often on Shining Star (four times a year instead of two times a year). As in the past all flushing times will be announced in the monthly newsletters.

B. Review of District Finances

- Bank Balances

Cindy Monroe gave the report on bank balances at this time. Ms. Monroe reported that as of September 26, 2007 the District has \$1,852,304.93 in funds with \$1,696,636.06 unencumbered. The ColoTrust operational funds interest dropped from 5.8 percent to 4.8 percent and all other ColoTrust funds dropped from 5.17 percent to 5.13 percent. The landscape escrow funds (Richmond Homes funds for landscaping) were used for landscaping at the Horizonview/Bradley intersection and were exhausted.

- Budget Review

For August, 2007 tax revenues are at 91% and most of the other revenues are at or below budget. We received approximately \$1,671 in property taxes and \$4,800 in specific ownership taxes. Most expenses are right on target for the year. We didn't receive any lottery funds but will get a third quarter disbursement in September. Fees for the Widefield School District transportation center were re-allocated to the water and wastewater funds. Culture and recreation is slightly over budget (81%) because of the park maintenance expenses and will decrease as fall/winter approaches. YTD the General Fund has approximately \$268,787.

Ms. Monroe further reported that the Reserve Fund earned interest of approximately \$5,951 closing at \$709,137. The Debt Service Fund had no activity for the month of August and YTD has a deficit balance of \$9,808. The

Governmental Fund Enterprises are IGA Lorson, IGA Rolling Hills and IGA Cuchares. Expenses for IGA Lorson were \$67,536 leaving an ending balance of \$190,238. Expenses for IGA Rolling Hills were \$66,376 leaving an ending balance of \$193,293. Expenses in public safety were for kitchen items for the fire station and workmen compensation payments for the four full-time firefighters. Capital outlay was considerable because of payments to Avalon for fire station improvements, "jaws of life", air conditioner and furnace. The Cuchares District has not been formed as yet so there is no budget activity YTD.

The Water Fund-General had total revenues of \$42,987 and total expenses of \$28,541 leaving an ending YTD balance of \$26,828. The Water Fund-Capital YTD ended at approximately \$177,117.

The Wastewater Fund-General has a surplus balance of \$11,935. The Wastewater Fund-Capital has an YTD ending balance of \$231,629. The expenses in Capital outlay will need to be adjusted because we will temporarily suspend payments to Lower Fountain. Lower Fountain will be refunding all monies that were expended to them last year. The payments will resume when Lower Fountain is prepared to start the Lower Fountain project.

A transfer from ColoTrust to checking needs to be made to cover 9/27/07 payables, payroll and other expenses. Also, a transfer 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.

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. Legal Report

- Cuchares District and Development

Mr. Anderson and Dr. Testa had a meeting with Steve Meylan concerning the sewer tap issues and financing of the sewer taps. Concerning the status of the election for District formation, Mr. Anderson reported that the designated election official will need to be changed. Notice to direct the election will need to be changed reflecting the election official change. Mr. Anderson said that the last he heard was that the election will take place on October 23, 2007. The Notice of Election and Ballot for the election are prepared.

- Regional Sewer Plant Court Case

Mr. Anderson reported that Dr. Testa spoke with Jerry Forte, the CEO of Colorado Springs Utilities, regarding the settlement proposal that was sent to Colorado Springs. Received back was a proposed letter to Bradley A. Simons, Engineering Section Manager, of the Water Quality Control Division and signed by Mayor Rivera stating that the LFMSDD and Springs utilities have concluded that they are unable to proceed with the consolidated plant concept, and will proceed with plans for separate wastewater plants for the District and Springs Utilities to serve their respective service areas. Springs Utilities recommends and requests in this letter that there will be approval of the 208 plan amendment to include the LFMSDD facility on an expedited basis. Before any application for a new facility can be considered, the water quality management plan for the Pikes Peak Region Council of Governments, or "208 Plan", must be amended to reference the Lower Fountain District as a wastewater service provider. A hearing on the 208 Plan amendment is scheduled for November 13th in Breckenridge, Colorado before the Colorado Water Quality Control Commission. Mr. Anderson, Dr. Testa, State Representative Marsha Looper, Mayor Jeri Howells and Directors Cantin, Edwards and Terry are planning on attending this important hearing.

Dr. Testa has been in contact with Jerry Forte and he is possibly willing to do a "side agreement" stating that the LF site application should be submitted first. Possibly this could be incorporated into a formal settlement agreement dismissing the litigation. The goal is to get CCMD on equal footing in the site application process and let the parties' applications be considered on their respective merits. Dr. Testa did not like the idea of a side agreement but rather a settlement.

A Website and E-mail address for the Colorado Water Quality Control Commission will be posted in the next newsletter so that residents can submit their comments in support of the amendment of the 208 plan to allow for the construction of the LFMSDD project. Mr. Anderson will compose an informational flyer regarding the 208 Plan Amendment to be included with the newsletter.

- Jimmy Camp Creek Park Site Matter

Director Cantin requested that Mr. Anderson explain the history of the Jimmy Camp Creek Park Site Matter to the public in attendance. Per the Annexation Agreement the City was directed to prepare plans for the Jimmy Camp Creek Park site. Nothing was ever prepared and a Notice of Default letter was sent to the City and to date there has been no response. The reservoir could possibly be built on Jimmy Camp Creek seven miles north of Colorado Centre. More information will be posted on the website and in the newsletters so that the residents will be better informed about this issue. Any decision on a reservoir would have to go through the public process.

- Fire Protection IGA w/CSFD

Mr. Anderson included a draft of the Intergovernmental Agreement for Fire Services Automatic Response and Disaster Mutual Aid between The City of Colorado Springs and the Colorado Centre Metropolitan District. This is a general aid document that Mr. Anderson forwarded to Lonnie Inzer for review. This was discussed and it was determined that the document needs more work and editing which will be accomplished by Mr. Anderson, Dr. Testa and Mr. Inzer and the status will be reported on at a later date. Dr. Testa and Mr. Anderson are still researching the ISO rating and a letter will be composed regarding the ISO and fire protection and distributed to the residents so that they can contact their insurance companies.

E. District Operations

Dr. Testa reported that an additional Resolution needs to be approved for donations received regarding the Fire Station. Mr. Bill Kennedy of Hayden & Company donated \$500 as a discount on the sale price of a demo "Jaws of Life" equipment valued at \$6,500.

A motion was made and seconded to approve Resolution No. 2007-09-27.1 regarding a donation made by Bill Kennedy of Hayden & Company. Upon a voice vote, the motion passed unanimously.

- Water and Sewer Operations

Dr. Testa reported that in regards to operations everything is going well. For the month of August the District produced 8.9 million gallons and sold 8.8 million gallons. The water loss for August was 136,783 gallons which is about 1.5 percent. YTD the District produced/purchased approximately 53.2 million gallons and sold 52.2 million gallons. The water loss is .8 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 August and YTD 33.3 million gallons.

- Augmentation Report

The numbers were not submitted by the State so there is nothing to report at this time.

- Parks – John Wheeler

Dr. Testa supplied blown up of pictures of an improved park in the Phoenix area which has similar attributes to the Colorado Centre park area (dry area with similar terrain). The park has equipment, water features and picnic areas which would work in our park areas. Mr. Wheeler reported on potential park improvements and the timeline restrictions. Phase I would be North Park

improvements and consist of site preparation, concrete flatwork, a water feature, playground equipment, picnic tables, benches, lighting, cushion mat, etc. This first Phase would have a cost estimate of approximately \$94,000. Phase II would include site preparation, pavilion, toilets, picnic table, landscape, lighting. It was mentioned that the fields could be leased out so toilets would be necessary when the fields are in place. Phase II would have a cost estimate of \$125,000.

Phase I would have no vehicular access but that access would be included in the completed master plan. The water feature would have a buried storage tank so that the water used for the water feature could be used and stored to be released at night for irrigation. The master plan includes soccer and softball fields with dog parks at either end.

Dr. Testa reported that initially we have the monies to start Phase I. We can get the big rocks and have the park area graded and cleaned up. Some monies will be retained in case we get approval from the Corps of Engineers for the stabilization and reclamation of the creek bed. Mosquito controls will be researched also.

A motion was made and seconded to approve proceeding ahead with Phase I of Mr. Wheeler's North Park Improvement ideas for CCMD. Upon a voice vote, the motion passed unanimously.

F. Fire Station

- Progress of Project – John Wheeler

The fire station is completed except for receipt of blinds for the front office and window film for the inside front doors. There is a minor leak in the kitchen area ceiling which will be fixed. Ten percent was retained on the roof costs in case there are any problems that need to be taken care of.

- Staffing and Equipment progress – Lonnie Inzer

Mr. Inzer reported that the fire station is fully staffed and operational. To date there have been three alarms. The alarms consisted of a grass fire in Rolling Hills, a minor traffic accident, and a minor medical problem.

- Activity Report

Dr. Testa reported that there is a confidential event happening at Lorson Ranch next week and the Colorado Centre Fire Department will provide emergency services.

Director Eccles inquired of Mr. Inzer if there is anything that can be housed at the fire station in case of poisonous snake bites. Mr. Inzer replied that there is nothing that could be kept here but this is a quick response situation in which the firefighters would treat the symptoms and transport the victim to the hospital.

G. El Paso County Water Authority – Minutes

Minutes of the July 11, 2007 meeting and the September 5, 2007 were provided by Dr. Testa. Dr. Testa reported that most of the discussions are still concerning the organization of the Transit Loss Model and this will be finished soon. There are not a lot of other issues happening at this time and Dr. Testa feels that we could continue to keep our membership but doesn't see the necessity of attending all the meetings.

H. Fountain Mutual Irrigation Company – Minutes

Minutes from FMIC's August 16, 2007 meeting were provided by Dr. Testa. There is a lot of activity concerning FMIC and they are continuing to concentrate on dredging and maintenance of the Big Johnson reservoir. Colorado Centre has approximately 600 shares of FMIC and those shares are worth approximately \$12,000 for each share. If FMIC creates storage rights, the shares will become extremely valuable.

I. Lower Fountain Metropolitan Sewage Disposal District

- Minutes

Minutes from LFMSDD regular meeting of August 2, 2007, the special meeting of August 7, 2007 and the regular meeting of August 9, 2007 were provided by Dr. Testa.

Director Cantin reported that Lower Fountain will be refunding all monies that were expended to them last year. The payments will resume when Lower Fountain is prepared to start the Lower Fountain project. Dr. Testa has some concerns about discussions concerning changing the 2 MGD capacity to a 2.5 MGD facility. This was included in the submitted LF budget and other changes were mentioned which Dr. Testa is not comfortable with. He wants to have a special meeting called to discuss these changes and the poor management of the monies for this project.

- General progress update

Dr. Cantin reported that all the paperwork is moving towards the next process.

J. Presentation of the 2008 Draft Budget to the Board

Dr. Testa presented the 2008 Draft Budget at this time. Dr. Testa included a letter highlighting items of the 2008 Budget. The District's administration costs are allocated 10% to each of Lorson, Rolling Hills, Cuchares and the General Fund, and 30% to each of the water and sewer general funds. The letter also outlined the District's fire operations budget; Capital investments in parks; growth in the

District's Reserve Fund, water capital fund and sewer capital fund. Water administration and user charges will remain the same for 2008, but tap and System Improvement Fees are proposed to go up by 5% to \$5,775 each. Sewer administration charges will remain the same for 2008 but sewer user charges must go up from \$5.50 per thousand gallons (2006 and 2007) to \$6.00/kgal to keep up with the increasing cost of treating sewer and operations.

A draft copy of the budget is available at the CCMD offices. Budget hearings will be held at the regular meetings in October and November and the final budget will be submitted to the County and State before December 15, 2007. The notice of budget will be posted in the Gazette.

K. Public Comments

A resident inquired about the Widefield district school sites and if there will ever be schools built on that property. Dr. Testa explained that from all the information he has received there are no plans to ever build schools on those sites. Director Terry explained that discussions are preliminary with the Widefield school board but they are negotiating with the USOC owners to possibly purchase that building. The land west of the transportation center site is being considered as a future school site. Discussions are preliminary but Widefield is looking at future school sites in close proximity to Colorado Centre.

Director Cantin inquired about the status of the land north of the park and if any inquiries have been made by Dr. Testa regarding the possibility of the owner turning the land over to Colorado Centre. Dr. Testa has written one letter and will look into this further and report back to the Board. We could possibly get some availability of service fees from the owner because of the taps he has.

A resident inquired about the possibility of being able to recycle glass. Director Ingraldi stated that she should call her provider to set up this service. Director Cantin informed her that if she has any association with Ft. Carson, there is a recycling center for glass on post.

Other concerns of the residents are the numerous RV's parked on the streets, condition of the streets and a need for repairs. Director Edwards explained all that has been done to get some action involving street repairs and cleanup in and around Colorado Centre. He suggested that residents call the County to voice their concerns. A list of phone numbers is available at the business office.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 8:15 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Shawn Eccles