

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

Thursday June 24, 2010 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin	President, Chairman
Floyd Edwards	Treasurer
Shawn Eccles	Vice President, Vice Chairman
Joan Lucia-Treese	Secretary
Michael Terry (Via Telephone)	Assistant Secretary/Treasurer

Also Present:

Dr. Alvaro Testa, Cynthia Monroe, Pedro Velazquez, and Sandy Goad

I. Preliminary

A. Call to Order

Director Cantin called the meeting to order at approximately 5:30 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 May 27, 2010.

Director Eccles stated that he did not take part in the District Tour that took place before the regular meeting on May 27, 2010. He was listed as one of the participants in the meeting minutes.

A motion was made and seconded to approve the corrected Minutes of the Regular Meeting of May 27, 2010. Upon a voice vote, the motion passed unanimously.

C. Changes to the Agenda - E. 2009 Audit presentation by Hoelting & Company

Director Cantin introduced Mr. Tom Sistare from Hoelting & Company at this time. Mr. Sistare presented a one page summary of what the audit entails including a comparison to 2008. All present were supplied with a copy of the draft audit. The audit includes an Unqualified Opinion, a Balance Sheet, Cash Flows from Operations, a Reporting Letter and an Internal Control Letter. Mr. Sistare stated that an unqualified opinion was received which is the highest level of opinion that can be received. He stated that the books are as clean as he has ever seen and the CCMD District Manager Al Testa and staff did an exemplary job with their books and are a pleasure to work with. Copies of the audit are available at the CCMD offices and on the CCMD website. The audit will be submitted to the State by the July 31, 2010 deadline.

A motion was made and seconded to accept the audit for FY2009 prepared by Hoelting & Company, Inc. Upon a voice vote, the motion passed unanimously.

H. District Operations

- Source Water Assessment/Protection Status Report (A1)

Director Cantin introduced Mr. Paul Hempel at this time. Mr. Hempel is with the Colorado Rural Water Association and is providing training and technical assistance to Colorado Centre Metropolitan District in developing a Source Water Assessment and Protection Plan. This program is built off a \$5,000 grant and Colorado Centre has come a long way in a short amount of time. Colorado Centre has had to "start from scratch" because a State assessment was never done for Colorado Centre. The steering committee has identified zones of protection around water intakes and potential problems. Two large Stakeholder meetings have been held and smaller steering committee meetings. A draft Source Water Protection Plan has been compiled by Dr. Testa. This process will be wrapped up by the end of summer or early fall.

The next committee meeting will be July 22, 2010 at 3:00 pm at Colorado Centre Metropolitan District. The committee members are Michael Cantin (CCMD Board President and resident); Joan Treese (CCMD resident and consumer); Pedro Velazquez (CCMD Superintendent); Eric Howell, (CSU/City of Colorado Springs); Mike McCarthy (EPC Health Department); and Elaine Kleckner (EPC Planning Department).

- Authorization to Notify Public Meetings for SWA/PP for July and August Regular BOD's meetings.

Director Cantin stated that the steering committee will be meeting next on July 22, 2010. Public meetings will be noticed for August and September Regular BOD's meetings.

B. Board's Time

- Discuss Info on Nutrient Criteria Circulated by Mr. Cantin.

Director Cantin circulated information regarding EPA's effort to pass new drinking water standards. He advised possibly sending a letter to the Water Quality Control Commission with recommendations as to what the standards should be. At this point the EPA can't prove that changing the standard would give us any benefits and if passed every wastewater facility in the State would be non-compliant.

- Discuss Issues on Proposed Amendments 60, 61, and Proposition 101.

Lower Fountain Metropolitan Sewage Disposal District approved a resolution stating that they are not in support of these propositions. The Board requested that Mr. Anderson and Dr. Testa research the implications of these propositions and report back to the Board at the July Board meeting with a Resolution stating our position on these important issues. These issues have the potential of making the costs for the new wastewater treatment plant to greatly skyrocket.

Resident Andy Tuthill suggested that the Board, in making any suggestions and recommendations to the residents, be careful in making sure that they come across as a voice for the benefit of the residents. With all the negative opinions against any kind of governmental

decisions, it is important to educate the public that their Board is making decisions for the benefit of all involved.

C. Changes to the Agenda

The Audit and SWAP reports were addressed at the beginning of the meeting to accommodate the schedules of Mr. Sistare and Mr. Hempel.

D. Public Comments – Maximum of 5 minutes per person who has signed in.

No Public Comments.

E. 2009 Audit Presentation by Hoelting & Company

This item was reported on earlier in the meeting.

F. Review of District Finances – Cindy

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of June 22, 2010, the District has \$2,554,351 in funds. The District's expendable funds are \$2,428,065.55

- Approval of Payment to Series A – Interest Only Bondholders.

The restricted developer taxes will be disbursed to bondholders on July 1, 2010 per the Bankruptcy plan. Discussions followed regarding the authorization and disbursement to BNY for the Bondholders.

A motion was made and seconded to approve the transfer and payment of \$132,476.52 to the Bank of New York for the July 1, 2010 payment of the interest on the Series "A" bonds. Upon a voice vote, the motion passed unanimously.

Director Eccles asked Dr. Testa about "what situation needs to occur so that the Series A bond payment would not have to be paid?" Dr. Testa reiterated the importance of making this payment per the bankruptcy plan and failure to do so would create far greater problems for the District. This item will be a topic of discussion at the July 10, 2010 work session and all the legal implications of not paying the Series A bond payments will be analyzed and discussed. There was no surplus at the end of the year; therefore, the B Bonds will not receive any money.

- Budget Review – Closing Figures for 2009

Ms. Monroe gave a report on the closing figures for 2009.

- Budget Review – May 2010

Ms. Monroe gave the budget report for May, 2010.

- Results of solicitation process for next three years of audit work for CCMD.

The solicitation process for the next three years of audit work resulted in receiving one response. This proposal came from our current auditor, Hoelting & Company, Inc. Their proposal came with a five percent decrease in fees. Dr. Testa will request an engagement letter from Hoelting & Company.

A motion was made and seconded to accept Hoelting & Company, Inc.'s audit proposal for years 2010, 2011 and 2012. Upon a voice vote, the motion passed unanimously.

G. Approval of Payables - Cindy

The Board reviewed the list of payables.

A motion was made and seconded to approve the current list of payables. Upon a voice vote, the motion passed unanimously.

H. District Operations

- Water, Sewer and Parks Operations (Pedro)

Mr. Velazquez reported that the field personnel have been extremely busy with the summer activities. We have been pumping about 140,000 gallons a day so usage is way up. We have been installing two to three new meters a day. Parks maintenance continues with extensive mowing and fertilizing. We have hired two summer helpers and they are very good workers. We have finished the blocks/rocks placement in Mosko Park. The slide in the small kiddy park is broken and will need to be replaced and/or repaired.

- Water and Sewer Demand and Augmentation Reports (AI)

As Mr. Velazquez stated, the infiltration repair was made therefore the sewer is back to normal numbers. We are starting a new augmentation year (11/07-10/08). We have a 326 acre feet surplus.

The BOD/TSS is going up probably because the infiltration problem has been solved and the water is not as diluted. A new refrigerated sewer sample machine was purchased and hopefully keeping the samples cold will help the BOD/TSS. Director Cantin suggested putting an article in the newsletter explaining why anything that is put into the system greatly contributes to higher BOD/TSS and consequently greater costs.

- Update on Cuchares Development (AI)

There are a total of 22 lots sold in the Cuchares subdivision (Premier Homes/18 and Challenger Homes/4). Five homes are now owner occupied. Dr. Testa commented that the Cuchares Ranch water case keeps dragging on with no current information from Kevin Kinnear. He did speak with Mr. Kinnear and feels that the water case needs to go back to court. Cuchares cannot go to Phase II without an agreement. Possible ways to move forward is to use other taps or a substitute plan using Fountain Mutual shares.

- Trash Service Contractor Recommendation from Management

Dr. Testa and Ms. Monroe met with representatives from the top two companies (Springs Waste and Bestway). The final negotiations were Bestway rates would be \$10.75 and \$5.00 for recycling. The recycling customers would set up their own service with Bestway. Springs Waste rates would be \$9.85 which includes recycling. After discussion the Board voted four to one to contract with Bestway. Directors Cantin, Terry, Edwards and Lucia-Treese all voted yes and Director Eccles voted No.

- Source Water Assessment/Protection Status Report (A1)

This item was addressed earlier in the meeting.

- Authorization to Notify Public Meetings for SWA/PP for July and August Regular BOD's meetings.

This item was addressed earlier in the meeting.

I. Legal Report (Paul Anderson)

Mr. Anderson was unable to attend the meeting. He provided a hand-out listing items he is currently working on for the District. These items include Cuchares Ranch; Revised Total Coliform Rule; Proposed Drinking Water Regulation Amendments; LF Project; Propositions 60, 61, and 101. Other ongoing pending matters include draft park rules amendments; restitution issues; platted parcels SDS; Jimmy Camp Creek Regional Park; Library District and park funds.

J. Emergency First Responder Services Report – Chief Tom Byes

Captain Bob Throgmorton reported for Chief Byes who was unable to attend. He reported that there were 11 alarms in the last month. There was one small structure fire on Bramble Lane; one fully involved arson (car fire); two traffic accidents with injury (one was a roll-over); three automatic alarms; and four medicals. Director Lucia-Treese needed to be transported back to the hospital three days after she was released. She is very thankful for the First Responders and their excellent help to her and her husband. The auto extrication training is finished and the Flight For Life made a landing this month. The Circle Baptist Church will be having a fireworks display on their property at Bradley and Marksheffel. They have all their permits and a professional company is in charge of the display. If a Red Flag Day is called by Fire Marshall, Jim Reid, the display will be cancelled.

K. Fountain Mutual Irrigation Company – (A1)

Minutes of the May 20, 2010 meeting were included with Board packets. The City of Fountain still wants to sell FMIC more water rights but this is at a standstill because Fountain doesn't want to negotiate a fair deal. Dr. Testa stated that the price, etc. is not feasible for FMIC to purchase these water rights so this issue may die. The litigation with Lorson Ranch is still not settled with the costs reaching \$180,000. There is need for a \$9,000 contribution/cost from

CCMD to help pay for the litigation (All shareholders will pay their proportionate allocation of additional contributions).

A motion was made and seconded to approve the \$9,000 cost for the FMIC/Lorson Ranch litigation. Upon a voice vote, the motion passed unanimously.

L. Lower Fountain Metropolitan Sewage Disposal District (Mike Cantin)

Minutes of the May 13, 2010 meeting were included with the Board packets. Director Cantin reported that the interceptor is completed. The proposed permit issues/EPA requirements are the only concerns at this time. These proposed EPA requirements could potentially significantly increase the costs for the Waste Water Treatment Facility.

They have been debating whether to install electricity underground or aerial. Director Cantin prefers aerial as this reduces the cost.

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,

/s/

Michael Cantin, President

/s/

Joan Lucia-Treese, Secretary