

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

Thursday September 23, 2010 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin	President, Chairman
Shawn Eccles	Vice President, Vice Chairman
Joan Lucia-Treese	Secretary
Michael Terry	Treasurer

Also Present:

Dr. Alvaro Testa, Cynthia Monroe, Tom Byes, Paul Anderson, Pedro Velazquez, and Sandy Goad

I. Preliminary

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:35 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Edwards submitted his resignation from the Board effective September 9, 2010.
- 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 26, 2010.

A motion was made and seconded to approve the Minutes of the Regular Meeting of August 26, 2010. Upon a voice vote, the motion passed unanimously.

- B. Resignation of Mr. Floyd Edwards – Discuss Vacancy Issues and Options

Floyd Edwards, who has been a Colorado Centre Metropolitan District Director for six and one half years submitted his letter of resignation on September 9, 2010. After discussion it was determined that if any resident or owner in the Colorado Centre Metropolitan District is interested in serving out Mr. Edwards's term (until May 2012) they need to submit a letter of interest to the CCMD Board of Directors by October 21, 2010. A decision will be made at the October 28th

regular Board Meeting. Anyone who submits a letter will be asked to speak at the October 28th Board meeting. This will be placed in the October, 2010 newsletter.

C. Board's Time

Director Lucia-Treese reported that she has had six phone calls from residents that are interested in participating in the clothing swap. The clothing swap will take place on October 23, 2010 at 9:00 am. Director Lucia-Treese has put together a flyer and she will distribute them in the neighborhoods.

Director Lucia-Treese attended her first HAC (Highway Advisory Committee) meeting. She is an associate member and can only vote in the absence of a regular member. The budget is extremely tight for roads and they have concerns about the impact if Propositions 60, 61, and 101 pass. If these propositions pass there will be no winter plowing of El Paso County roads.

Director Terry reported that he has been researching information for obtaining grants for funding a skateboard park and/or a BMX track. He will draft a letter for El Paso County Board of Commissioners and the Parks and Recreation Advisory Committee (James Mariner is the member from District 4) requesting a list of available grants.

D. Changes to the Agenda

No Changes.

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

Karen Harvey, a former Board member, spoke at this time regarding her interest in being on the Colorado Centre Board again. She served on the Board from 1995-2005. She will be submitting her letter of interest.

F. Review of District Finances – Cindy

- Bank Balances

Because of Director Cantin's concerns about interest rates, Dr. Testa requested that Ms. Monroe research other investment vehicles. Farmers State Bank was willing to give an annual yield of 1.01%. After discussion, the Board approved this investment.

A motion was made and seconded to approve Resolution 2010-09-23.2 authorizing the investment of \$1,500,000 of Colorado Centre Metropolitan District's Treasury to be invested at the Farmers State Bank located at 7025 Meridian Road, Falcon, Colorado into a premier money market with an

annual percentage yield of 1.01%. Upon a voice vote, the motion passed unanimously.

All the necessary paperwork was signed to remove Floyd Edwards from the Wells Fargo and Great Western Bank accounts and add Director Joan Lucia-Treese. The ColoTrust documents will be signed at a later date.

A motion was made and seconded to appoint Director Mike Terry as the Treasurer of the CCMD Board of Directors. Upon a voice vote, the motion passed unanimously.

Ms. Monroe reported that in order to participate in the Tax Auction on October 20, 2010 to acquire the Tresmar Parcel 5503106039, it is necessary to have certified funds in the amount of \$15,000 payable to the El Paso County Treasurer.

A motion was made and seconded to approve the certified funds of \$15,000 to participate in the tax auction for the Tresmar Parcel 5503106039. Upon a voice vote, the motion passed unanimously.

While researching the tax lien sales, a parcel was found at the intersection of Drennan and Markscheffel Road (Parcel 5503201002). This property is where the old CCMD sign is located. This property went through the tax auction in 1995 and was never purchased so CCMD can apply for assignment for the tax deed on this parcel. The assignment cost is \$1,237.79 (good through September 30, 2010). The tax deed can be applied for at the same time we pay the assignment at a cost of \$350.00. The tax deed will be sent to us in one year. The total cost will be \$1,587.79.

A motion was made and seconded to approve the funds of \$1,587.79 for an assignment and tax deed request on El Paso County Parcel 5503201002. Upon a voice vote, the motion passed unanimously.

Ms. Monroe gave the report on bank balances at this time. As of September 21, 2010, the District has \$2,179,629.19 in funds. The District's expendable funds are \$2,102,848.69.

- Budget Review – August, 2010

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

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. Presentation of Proposed 2011 Budget to Board (Al)

Dr. Testa supplied the Board with a letter of explanation regarding the drafting of the budget. As required by State law (before October 15th of every year) Dr. Testa made a presentation of the Draft 2011 Budget. This is a proposed draft of the 2011 budget and is subject to change based on input from the Board, residents, etc. He may make a decision to change the tiers and not raise the rates or leave the tiers and adjust the rates. The rates have not been increased for several years. He has proposed that the First Responder fees will be reduced to \$28.61 down from \$29.86 and the commercial entities will be \$171.63 down from \$179.11. The water and wastewater tap fees will increase to \$5,884.00 up from \$5,775.00. The sewer and water administrative fees will increase to \$12.55 up from \$11.95. Dr. Testa explained that the District uses the Modified Accrual Budgetary Basis of Accounting for its governmental and proprietary funds. The District intends to provide the following services during fiscal year 2011: potable water, wastewater collection, trash collection, fire protection, park and landscaping maintenance, and general government liaison. Certain surplus revenues of the District at the end of each fiscal year are pledged to repay the non-G.O. bonds resulting from the CCMD US Bankruptcy Case No. 89 B 16410 J.

The Budget Hearings will take place during the Regular Board meetings of October 28, 2010 and November 18, 2010. Dr. Testa also asked the Board by formal letter to authorize the District to advertise the two public hearings for this budget. These public hearings will facilitate public discussion of the budget and the ability of the public to file any and all arguments in favor of or in opposition to said proposed budget. The draft budget will be placed on the CCMD website.

I. District Operations

• Water, Sewer and Parks Operations (Pedro)

Mr. Velazquez reported that the District has been using approximately 300,000 gallons a day. To date we have installed 147 new remote meters (30 per month). If we continue at this rate we will have all the meters installed in two years. The park maintenance continues on a regular basis. We will be shutting off the park sprinklers on October 1, 2010 after we do our last cuttings.

Director Eccles brought in a sample of his "brown" water problem. Dr. Testa stated that this color is manganese staining and possibly his water softener is "decoding" the chemicals used to treat the manganese. The staff will work with Mr. Eccles to try and isolate the problem in order to find a solution.

• Water and Sewer Demand and Augmentation Reports (Al)

We sold approximately 10.4 million gallons of water this month. Our loss was 8.1% in July and 9.4% in August. Director Cantin suggested contacting all the

management companies that have vacant homes and have the homes checked for possible leaks. We are starting a new augmentation year (11/07-10/08). The State didn't get the augmentation report to Dr. Testa so this will be reported on next month.

N. Public Hearing for SWA/PP Report– 7 PM

The Public Hearing was opened at 7:00 p.m.

Director Cantin gave an overview of the source water protection planning process for CCMD. The Water Quality Control Division and the Source Water Protection Program has awarded to CCMD a source water protection planning grant in the amount of \$5,000. Director Cantin reported that Stakeholder's meetings have been held and a steering committee was set up to put together a source water protection plan. The steering committee has identified zones of protection around water intakes and potential problems. Through input from the CRWA, WQCD, the steering committee and stakeholders, the Source Water Protection Plan was compiled by CCMD District Manager, Dr. Testa. This plan was sent to all committee members for editing and presentation to the public. The final Protection Plan will be approved at the October, 2010 Board meeting and the Best Management Practices for the plan will be enacted so that we can invoice the State for the grant reimbursement. At that time the project will be complete. Colorado Centre will have a Source Water Protection Plan that will help protect the drinking water for our community.

The Public Hearing was closed at 7:16 p.m.

- Board's Direction on the Acquisition of CCMD Sign and Tresmar Parcels at County Auction.

This was reported on earlier in the meeting by Ms. Monroe under District finances.

- Update on Cuchares Development (A1)

There are a total of 30 lots sold in the Cuchares subdivision so the subdivision is progressing forward. They have asked us to look at the Phase II plans. The Cuchares Ranch Metropolitan District has imposed a 45 mill ~~operating~~ levy on the new residents of Cuchares Ranch which Dr. Testa says they are not authorized to levy. All operating services are provided by Colorado Centre Metropolitan District.

- Update on US Army Reserve Center – Approve Individual Plan to Add to the IGA with Colorado Springs Utilities.

Dr. Testa furnished copies of plans for the future Army Reserve Center. There

will be two buildings occupied by six full-time people 24/7. There will be several trainings a month with up to 200 people at each training. Exhibit B furnished by Dr. Testa is an Interim Utility Service Individual Plan for the United States Army Reserve Center between Colorado Springs Utilities and CCMD. He asked the Board to consider approving the Service Plan after some minor changes and after review by our attorney.

A motion was made and seconded to approve the Interim Utility Service Individual Plan For The United States Army Reserve Center after legal review and minor changes. Upon a voice vote, the motion passed unanimously.

J. Legal Report (Paul Anderson)

Mr. Anderson relayed that he had received a letter from FMI Cuchares' attorney and he replied immediately. The letter from the attorney came out of discussions the District has been having with Don Lester and essentially accused the CCMD District of being over-bearing. He has had no reply from his response to the letter. As Dr. Testa stated the Cuchares Ranch Metropolitan District is not authorized to levy an operating mill. He will keep us apprised of the situation. He has had no communication from Kevin Kinnear regarding the water case but feels that we are getting close to a conclusion.

Mr. Anderson had outlined a scenario for Enterprise Formation, one for water and one for wastewater as water activity enterprises at the last meeting. He commented that legally this formation will be possible to put into place and would be legally okay for the First Responder service as well. An Enterprise Formation can wait until results of the election are in. He stated that the nutrient issue is still an issue with Lower Fountain but the Water Quality Division may be more reasonable when reaching a final decision.

K. Emergency First Responder Services Report – Chief Tom Byes

Chief Byes reported that there were fourteen runs in the last month which included eight medicals, two fires and four public assists. All the firefighters have been trained on the new AED and suction units. As of today there is a no burn ordinance in effect for El Paso County. Former Director Floyd Edwards suggested that we donate the old AED and Suction units to the Pikes Peak Library District. All were in agreement that this donation to the library district would be a good idea.

L. Fountain Mutual Irrigation Company – (Al)

Minutes of the August 17, 2010 meeting were included with Board packets. The litigation with Lorson Ranch is still not settled and has been scheduled by the Court for late October. The City of Colorado Springs has started a lawsuit with

FMIC because we will not allow them to build a bridge across the Milton Proby Parkway which will change the location of the ditch through South Academy Boulevard. There will be a hearing on October 5, 2010. All the shareholder's may be added to the lawsuit.

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

Minutes of the August 12, 2010 meeting were included with the Board packets.

- Progress Report

Director Cantin and Dr. Testa have conferred with Roger Sams and the LF Board regarding CCMD's concerns about the vast difference in project costs from the original service agreement to the latest cost estimates. Mr. Sams relayed that most costs have increased (copper, materials, etc.). They are going to condense the size of the buildings to help get the costs back down a little. The project continues to move forward. Director Eccles will be the alternate for the Lower Fountain Board meetings.

- Cost and Financing Issues

As stated earlier in the meeting Dr. Testa will have a loan in place before the end of the year. After examining the LF budget CCMD is paid up for the year. Lower Fountain is 1.2 million short for the year.

N. Public Hearing for SWA/PP Report (Paul Hempel) – 7 PM

This Public Hearing was held at 7:00 p.m. and reported on earlier in the meeting by Director Cantin. Mr. Hempel was unable to attend the public hearing.

O. Executive Session – Litigation Issues

The Board of Directors, Dr. Testa and Paul Anderson entered into executive session at 8:10 p.m. to discuss litigation issues.

A motion was made and seconded to enter into Executive Session at 8:10 p.m. Upon a voice vote, the motion passed unanimously.

The Board of Directors, Dr. Testa and Paul Anderson came out of executive session and resumed the regular board meeting at 8:42.

A motion was made and seconded to file a lien against Cuchares Ranch Subdivision owners on October 1, 2010 if there is no resolution regarding the scheduled payment to CCMD as put forth in the Inclusion Agreement. Upon a voice vote, the motion passed unanimously.

P. Review Resolution 2010-09-23.1 for possible action.

This was addressed in execution session.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 8:43 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Joan Lucia-Treese, Secretary