

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

Thursday October 28, 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 5:40 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 September 23, 2010.

Paul Anderson noted that under Update on Cuchares Development the word "operating" should be deleted. The 45 mill levy imposed on the new residents is not totally for operating expenses.

A motion was made and seconded to approve the corrected Minutes of the Regular Meeting of September 23, 2010. Upon a voice vote, the motion passed unanimously.

- B. Appointment of New Director to Vacant Post

Karen Harvey, a former Board member, submitted her letter of interest to serve on the CCMD Board of Directors. She served on the Board from 1995-2005. After discussion the Board unanimously agreed to appoint Ms. Harvey to the vacant post. Ms. Harvey's letter of interest was the only one submitted to the Board.

A motion was made and seconded to appoint Karen Harvey as the new CCMD Director to the vacant post. Upon a voice vote, the motion passed unanimously.

Director Cantin administered the Oath of Office to Ms. Harvey.

C. Election of Officers

After discussion it was determined that the slate of officers will remain the same and Ms. Harvey will occupy the vacated Assistant Secretary/Treasurer officer position.

A motion was made and seconded to retain the current slate of officers and appoint Ms. Harvey to the vacated Assistant Secretary/Treasurer officer position. Upon a voice vote, the motion passed unanimously.

D. Board's Time

Director Lucia-Treese reported that the October 23, 2010 clothing swap was a huge success with approximately 100 children receiving clothing. She will be planning another clothing swap to take place in April, 2011 for everyone (men's, women's and children's clothing).

Director Terry received a response regarding County grants for the BMX and skateboard tracks. The only thing that is available are the GOCO Grants that we applied for in the past. If we apply for a GOCO Grant it is necessary to have public input or the grant process will not work.

E. Changes to the Agenda

No Changes.

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

No Public Comment

G. Review of District Finances – Cindy

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of October 26, 2010, the District has \$4,026,290.56 in funds. The District's expendable funds are \$3,948,710.06. Most of the funds were drawn out of ColoTrust and Great Western and placed in a higher yielding money market account at Farmers State Bank. At this time, Farmers State Bank will not allow Ms. Monroe and Ms. Goad to make inquiries or obtain information over the phone about deposits, interest

rates, etc. The Board needs to approve internet viewing only and phone inquiries for Ms. Monroe and Ms. Goad. Forms were signed by all the Board members for approval of internet viewing only and phone inquiries for Ms. Monroe and Ms. Goad.

A motion was made and seconded to approve the internet viewing only and phone inquiries for Ms. Monroe and Ms. Goad in regards to the Farmers State Bank money market account. Upon a voice vote, the motion passed unanimously.

- Budget Review – September, 2010

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

H. Approval of Payables – (Board)

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.

I. Public Hearing of Proposed 2011 Budget

The Public Hearing of Proposed 2011 Budget was opened at 6:02 pm.

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 it is subject to change based on input from the Board, residents, and other interested public.

The assessed valuation and the developer owned assessed valuation will be changed on the final budget. El Paso County neglected to include Cuchares in the county records and this will be revised. As far as the water tiers for usage, the District Manager may suggest changing the tiers and not raising the rates. The rates have not been increased since 2004. He has proposed that the First Responder fees may 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 by 5% 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.

Mr. Anderson commented at this time that he had a brief meeting with the County attorney and there was a "scriber error" in the County Resolution and Cuchares developers should not have charged an operational levy. Residents of Cuchares have remarked that their taxes are double what they are in Colorado Centre. The 45 mill levy imposed by the Cuchares developers should not have been put into place. This levy will eventually have a negative effect on the marketing of the properties in Cuchares Ranch.

Dr. Testa complimented Fire Chief Tom Byes regarding the excellent way he has handled the public safety budget. A suggestion would be to put any surplus monies back into the reserve because these monies were used for payoff of the two fire engines.

The Board conferred that they would like Dr. Testa to research building a water treatment plant sooner rather than later. Since Cuchares became current on their financial obligation to Colorado Centre this may open up possibilities for Lower Fountain funding and funding for a water treatment plant. The facility would include administration offices and field personnel bays. Dr. Testa will look into this and report back to the Board. The election results on Propositions 60, 61, and 101 will be a factor regarding any decision. Resident Andy Tuthill commented that a great amount of research must be done to make sure that any debt for Lower Fountain and/or additional debt for a water treatment plant can be fiscally doable and responsible. Dr. Testa and Director Eccles attended the last Lower Fountain meeting and Roger Sams assured them that all the costs for LF will be broken down more clearly with costs, time lines, current status, etc.

The Public Hearing of Proposed 2011 Budget was closed at 6:50 pm.

J. 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 174 new remote meters (30 per month). If we continue at this rate we will have all the meters installed in two years. The lines were flushed in October plus all the fire hydrants including eighteen hydrants in Cuchares Ranch. There has been regular maintenance on the sewer system. All the floats were replaced at the lift station. BOD/TSS has been down but may go up in the winter months because grease doesn't break down as efficiently in cold weather.

The sprinklers were shut off in the parks on October 1, 2010. Mr. Velazquez and Dr. Testa will talk to Pioneer Sand regarding bringing their excess dirt from the

US Army Reserve Center and placing it in the large Mosko Park area. The dirt can be used for trails, BMX obstacles, slope mitigation, etc.

Director Terry inquired if it was plausible to apply for GOCO Grants for the BMX trails and skateboard park. Dr. Testa reiterated that this process needs a large amount of public participation and feedback. Dr. Testa suggested that with all the dirt we could possibly be getting from Pioneer Sand, we could at little cost sculpture a rough BMX track. He will research the best way to do this.

- Water and Sewer Demand and Augmentation Reports (Al)

We sold approximately 9.3 million gallons of water this month. Our loss was 7.8%. Dr. Testa commented that the bigger losses started when the Widefield School District Bus Facility was completed. A new meter will be installed there and we will keep checking for possible leaks.

We are starting a new augmentation year (11/07-10/08). There is a 601.36 acre feet surplus of augmentation water which is excellent. In October, water was used by the Pikes Peak Community Foundation for the Venetucci Farm and water was sold by FMIC in September for Lower Fountain. Pikes Peak Community Foundation will be billed for the water used. Mr. Anderson is going to be working with them to facilitate better accounting for their water usage.

- Automatic Meter Reading Hardware Update (Cindy)

A new much improved hand held meter reading unit was delivered this month. This will make the meter reading process much easier by downloading readings from both the wired and wireless meters. To date we have installed 174 new remote meters.

- Accounting Computer Update (Al)

A new Dell computer was purchased for the accounting department (\$1,400.00). Ms. Monroe's computer hasn't been updated for seven years and it is extremely important to have a safe, efficient and updated current venue for the accounting data. Also, the system needs to be backed-up every day which this system is capable of doing.

- CCMD Sign and Tresmar Parcels Acquisition (Cindy)

Ms. Monroe attended the County tax auction on October 20, 2010 and purchased the tax lien on the Tresmar Parcels for \$7,322.80. In three years we will receive the Treasurer's Deed for the Tresmar Parcels.

All the paperwork was submitted for assignment of the lien on Parcel 55032-01-002 (Property at the corner of Drennan and Bradley where the CCMD sign is

located). A payment of \$1,587.79 was made for the assignment which included the cost of the tax deed. We will receive the tax deed on October 20, 2011.

- Update on Cuchares Development (AI)

The payment was received from the Cuchares developers making them current on their obligations to CCMD. To date there are thirty-eight lots sold in Cuchares Ranch to Premier Homes and Challenger Homes. Mr. Anderson commented that the water case is getting close to a conclusion. A trial has been set for next week. Two entities haven't signed the final papers (Chilcotte and City of Fountain) but Mr. Anderson and Dr. Testa stated that there should be no issues with them signing these final papers.

Director Cantin had a request from Mr. Huggins, a resident of Colorado Centre, for someone to request that the flag flown by Challenger Homes be taken down at dusk or a light installed if they fly it at night.

- Update on US Army Reserve Center (AI)

The US Army Reserve Center has started the dirt work for the project. They were informed that the fees need to be paid to Colorado Centre before they can continue with any work. They assured us that they will be coming in tomorrow (October 29th) to make the payment to CCMD.

- Approval and Acceptance of Final SWA/PP Plan (AI)

Copies of the final Source Water Protection Plan for CCMD were distributed to all Board members. After discussion all conferred that the Plan should be accepted and approved.

A motion was made and seconded to approve the Source Water Protection Plan for Colorado Centre Metropolitan District. Upon a voice vote, the motion passed unanimously.

- K. Legal Report (Paul Anderson)

An update on Cuchares development was addressed earlier in the meeting.

He stated that the nutrient issue is still an issue with Lower Fountain and his involvement is becoming greater. All the entities affected are taking a wait and see attitude until after the November elections. The State only needs a rational basis to pass the stringent nutrient standards. The entities involved need to form a coalition and reiterate how these standards if implemented would cost millions of dollars for the entities to comply. Given the potential million of dollars of cost it becomes cost effective to challenge this. Director Cantin has conferred with State Representative Marsha Looper and she feels that the EPA is the driving force

behind this nutrient standards issue. If adopted Lower Fountain costs would be an additional 30 million dollars (7 million for CCMD's part). He will be sending her all the data we have compiled and she will look into this as our State Representative. As stated earlier it will be cost effective to challenge this.

Mr. Anderson stated that the Cuchares Inclusion Agreement has now been recorded in El Paso County.

As discussed earlier the Pikes Peak Foundation used water in September for their Venetucci Farm. Due to poor record keeping they ended up using too much water and their wells were tagged to stop pumping by CWPDA (Colorado Water Protection and Development Association). The Pikes Peak Foundation will work with Dr. Testa and Mr. Anderson to implement better record keeping so that over pumping will not occur again. Their lease with CCMD needs to be renewed. The lease renewal will be addressed at the next CCMD regular board meeting.

L. Emergency First Responder Services Report – (Chief Tom Byes)

Chief Byes reported that the CCMDFD responded to thirteen alarms for the month of October, 2010. Six were medical; one traffic accident with injuries; and three public assists. Due to the weather changes a lot of household detectors are going off erroneously.

The American Heart Association has available a "CPR" Anytime program which allows families, friends and the general public (who most likely would not attend a traditional CPR course) to learn the core skills of CPR in 22 minutes using their own personal kit. The kit contains everything needed to learn basic CPR. Users practice CPR on a personal, inflatable manikin while watching these skills being taught and performed on a DVD. Chief Byes would like to know if there is any interest in our community to facilitate this program for a large community group setting. Something will be placed in the newsletter to inquire if there is any interest and, if we can generate enough interest, Chief Byes will apply for an ESA Grant to fund the course. The personal kits cost \$36.00 apiece (includes a personal, inflatable manikin (Mini Anne), a CPR Anytime Practice DVD, and skills reference cards.

M. Fountain Mutual Irrigation Company – (Al)

Dr. Testa has been in Court all week with the litigation with Lorson Ranch. There will be closing remarks given tomorrow (Oct. 29th) and the Judge will render a decision. To date \$250,000 has been spent on the Lorson Litigation issue. Dr. Testa's stance is that the shareholders should be informed of the Lorson Ranch litigation costs to date and become a more active part of the solution.

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

Minutes of the September 9, 2010 meeting were included with the Board packets.

- Progress Report

Director Eccles was the alternate for the last Lower Fountain Board meeting. The project continues to move forward. Payments were made for dirt and concrete work.

- Cost and Financing Issues

As stated earlier, Director Eccles reported that cost and financing status will be reported on with greater clarity enabling all involved to get a better financial and progress picture.

Director Lucia-Treese inquired about Dr. Testa's meetings with representatives from Banning Lewis Ranch. Dr. Testa stated that he has been conferring with BLR regarding even trade land swaps. This will be addressed at the November regular board meeting.

O. Christmas Gathering (Sandy)

After discussion the Board conferred that CCMD should go ahead and have a Christmas gathering. Sandy will make inquiries about using the Penrose House with catering, going to the Penrose Room, Crowne Plaza, etc. Given that it is so late in the year it will be organized to take place the week of December 13th to 17th. Sandy will organize this and inform the staff and board.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 8:28 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,

Michael Cantin, President

Joan Lucia-Treese, Secretary