

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

Thursday, May 26, 2011 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

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

Also Present:

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

I. Preliminary

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:34 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Eccles 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 April 28 and Special Meeting of April 29, 2011.

A motion was made and seconded to approve the Minutes of the Regular Meeting of April 28 and Special Meeting of April 29, 2011. Upon a voice vote, the motion passed unanimously.

- B. Board's Time

Director Terry commented that he and Director Treese have been in contact with several individuals from the County (Lisa Cizadtlo, Angela Dugan, Brandy Williams, Merv Bennett, Bernie Herpin, Jan Martin and Tim Leigh) regarding the nutrients issue. Three of these individuals (Lisa Cizadtlo, Angela Dugan and Brandy Williams) have requested additional information. Director Terry will

direct them to the CCMD website where there is information and links regarding the nutrients issue.

Director Lucia-Treese commented that she shared the pictures that were taken by Pedro of the road and creek bed damage in the Morning Sun area with Scott Turner who is on the HAC Board with Director Lucia-Treese. He is on vacation but when he returns he would like to walk the area with Director Lucia-Treese. They will present their concerns about this area to the HAC Board.

C. Changes to the Agenda

Since Mr. Anderson has another commitment he would like to present his legal report after the presentation of the 2010 Audit by Tom Sistare of Hoelting & Company.

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

No Public Comment.

E. Presentation of the 2010 Audit by Tom Sistare of 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 2009. He reported on the General Fund, Enterprise Funds, Water and Wastewater Fund-Cash Flow, Fund Balance, Fund presentation versus government-wide presentation, Long-term liabilities and Internal Controls. All present were supplied with a copy of the draft audit. Mr. Sistare commented that they spent quite a bit of time testing internal controls and found that internal controls are very strong and there are no negative internal control comments. Because of this strong internal control, Mr. Sistare stated that an unqualified opinion was received which is the highest level of opinion that can be received. Mr. Sistare was very complimentary and said that the CCMD audit is one of the cleanest and strongest in internal controls that his firm does. The Board thanked the staff for doing such an exemplary job. 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, 2011 deadline.

A motion was made and seconded to accept the audit for FY2010 prepared by Hoelting & Company, Inc. and directed Mr. Sistare to submit the audit to the State. Upon a voice vote, the motion passed unanimously.

I. Legal Report (Paul Anderson)

Mr. Anderson reported that a letter of loan approval was received from the Water & Power Authority on May 10, 2011 for the Lower Fountain project. Dr. Testa

commented that the State is waiting for Fountain Sanitation's letter stating that they have everything needed to secure the project.

Regarding the nutrient's issue both State Houses unanimously approved Marsha Looer's House Joint Resolution 11-1025 "concerning the promulgation of cost-effective rules for the control of nutrients in Colorado waters.....". The Board would like Mr. Anderson to draft a thank you letter to the House and Senate for approving this important Resolution. Mr. Anderson commented that work groups from each water shed area will be coming together to hopefully reach a solution with a goal of putting together nutrient regulations that fit specific sites. It is important to have site specific standards.

The nutrients coalition would like to have a face to face meeting with the Water Quality Control Division Director and will send the Division a letter requesting this meeting.

F. Review of District Finances (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of May 24, 2011 the District has \$3,878,783.19 in funds. The District's expendable funds are \$3,744,299.96.

- Budget Review – 2010 Closing with Audit Adjustments and April 2011 Budget

Ms. Monroe gave a report on the 2010 Closing with Audit Adjustments and April 2011 Budget.

- Bank Transfers and Other Banking Activities

A transfer check was signed to transfer funds from Farmers State Bank into Wells Fargo checking to cover payables and payroll. Also, a check from Wells Fargo checking was signed to transfer Availability of Service Fees into Farmers State Bank Escrow account.

G. 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.

H. District Operations

- Water, Sewer and Parks Operations (Pedro)

Mr. Velazquez reported that there has been extensive work in the parks and they are working on the prairie dog problem. They will have some summer help next month and at that time will cut down the dead trees along Horizonview and in the park areas. There has been a "bad smell" problem at the lift station so Mr. Velazquez closed the line and is dumping at Ohio and using ferric again.

- Water and Sewer Demand and Augmentation Reports (AI)

We produced approximately 7.2 million gallons of water this month. Our loss was 8.0% which is above normal for our system. Flushing of the mains would make our loss numbers not as accurate because the flushing amounts are not easily tracked.

The augmentation report was given for water paid in period November 2010 to October 2011 for augmentation period November 2008-October 2009. CCMD has over augmented its water for years and has a credit of 251 acre feet.

Dr. Testa has been conferring with the County regarding drainage issues and is trying to get our monies back that were spent on the slope stabilization project. He has met with the County Engineer, Andre Brakin, and will keep the Board apprised of the situation. Director Lucia-Treese mentioned that next month there will be a HAC workshop on wheels which could be a venue for drainage issues.

Dr. Testa reported that he had a call from Classic Investments and they may want to "wake up" the Case land project. Also he heard via the County that the church land project may begin. Regarding the sign site, Dr. Testa talked to Harris representatives and they weren't willing to share any costs for refurbishing the sign and landscaping. The site and sign will be cleaned up by our field personnel.

- Cuchares Water Augmentation Case Status (AI)

The water case is still ongoing. The State needs to make a decision by mid July. We don't want to leave anything in the decision that gives the State the right to re-open the case. The State wants to retain jurisdiction which is totally unacceptable. Cuchares cannot plat until the case is resolved. CCMD can handle 88 additional homes under our current water supply. Cuchares got approval for 57 additional homes under the current water supply availability. We are still awaiting a decision.

- Update on Cuchares Development (AI)

To date sixty (67) lots have been sold and the project is steadily moving ahead.

- Update on US Army Reserve Center (Pedro)

The US Army Reserve Center is moving forward. There are two buildings being built.

I. Legal Report (Paul Anderson)

The legal report was addressed earlier in the meeting to accommodate Mr. Anderson's schedule.

J. Emergency First Responder Services, Operations and Budget Report (Chief Tom Byes)

Chief Tom Byes reports that the CCFD responded to 13 alarms in May, 2011 which consisted of 9 medical alarms and a mix of fire and miscellaneous. The fire department was also dispatched to Marksheffel and Bradley for a "tornado".

Chief Byes has been negotiating with the City regarding getting a better radio/alarm system for the CCMD fire department.

We just received our CPR Anytime Kits and are scheduling dates and times for the indoctrination/class. Chief Byes obtained an EAS Grant to pay for the Kits and classes so the class and kit are free for participants. In other news, The CCFD will participate in an extrication event with Security Fire on June 11, 2011. The event will take place at the corner of Powers & Fontaine in the church parking lot. The event will have vendors and information booths along with the extrication exercise. Everyone is welcome to come and observe.

K. Fountain Mutual Irrigation Company – (AI)

No Minutes were made available for this meeting. Acquiring the number 4 and 17 water rights on the creek is moving forward with the City of Fountain. This would make entitlement of water more solid.

There was a District Board established fifteen years ago and this Board is taking a totally different direction to the detriment of Fountain Mutual (at the time Fountain Mutual helped organize the Board). Several of the members of Fountain Mutual deal with the communities down south and this creates a huge conflict of interest. Fountain Mutual needs to do what's right for Fountain Mutual.

Mesa Ridge filed a complaint about the "ditches leaking". There was a preliminary hearing on April 15, 2011 and the Judge allowed the case to proceed but disallowed any idea that a naturally leaking ditch is an issue.

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

Minutes of the April 14, 2011 meeting were included with the Board packets.

- Progress Report

The State agreed to the paper work submitted and the project has been resumed. They will be pouring concrete next week.

- Cost and Financing Issues – Loan Approval Letter (A1)

As stated earlier a letter was received on May 10, 2011 approving the loan. The loan was approved with conditions: 1. An increase in user rates, if necessary, sufficient to meet the Authority's rate covenant prior to loan execution; 2. The District must have all project financing in place prior to loan execution; 3. The Authority's legal counsel shall review the availability of the pledged revenues; 4. The District revenue pledged to the District's 1992 bankruptcy will not be pledged to repayment of the loan and such revenue will not be included in any calculations undertaken in connection with the loan covenants.

Dr. Testa mentioned that it could be beneficial to be our own contractor when putting in our line. The Board would like him to put together a cost analysis of how this scenario would work.

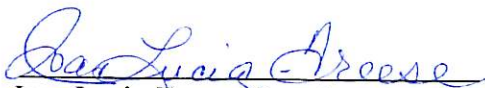
III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:15 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,



Michael Cantin, President



Joan Lucia-Treese, Secretary