

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

Thursday, July 28, 2011 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

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

Also Present:

Al Testa, Cynthia Monroe, Pedro Velazquez, Paul Anderson, 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. 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 June 23, 2011.

Director Terry commented that there was a correction needed on page 3 under Update on Cuchares Development. The word "sixty" should be replaced with the word "seventy-six" before (76) lots. This correction was made by hand.

A motion was made and seconded to approve the corrected Minutes of the Regular Meeting of June 23, 2011. Upon a voice vote, the motion passed unanimously.

- B. Board's Time

Director Terry commented that there will be a meeting in City Council Woman Dougan's office on August 9, 2011. Jerry Forte of CSU will be in attendance. The issues discussed will be the ~~Nutrients~~ and Phosphorus issues. Director Terry will send an e-mail with details about the meeting. Mr. Anderson cautioned that

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if three CCMD Board members attend this meeting it will need to be noticed as a work session. Directors Lucia-Treese and Harvey will not be able to attend the August 25, 2011 Board meeting. Director Lucia-Treese cannot phone in and Director Harvey will let the Board know if she will be able to phone in. To have a quorum there must be three Board members in attendance.

Dr. Testa has been compiling the Personnel Manual for the District which he will send to the Board members to go over before the next meeting. Director Lucia-Treese has already reviewed the manual. After review and editing it will be adopted at the September 22, 2011 regular Board meeting.

C. Changes to the Agenda

No Changes.

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

No Public Comment.

E. Review of District Finances (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of July 21, 2011 the District has \$3,608,645.67 in funds. The District's expendable funds are \$3,522,327.33.

Dr. Testa commented that at some point the District will be creating surpluses that will need to be distributed to the Bondholders per the bankruptcy plan. This was discussed and the Board conferred that the District needs to legally (per the bankruptcy plan) spend the monies on the District before the monies are distributed to the bondholders. Dr. Testa would like Mr. Anderson to research what's reasonable, necessary and legal per the bankruptcy plan in regards to surpluses. There is a section of the bankruptcy plan that states "manner in which monies can be spent" with exclusions and limitations.

- Budget Review – June 2011 Budget

Ms. Monroe gave a report on the June 2011 Budget.

- Bank Transfers and Other Banking Activities

A check for \$12,142.60 was signed to transfer the Availability of Service Fees to the Farmer's State Bank escrow account.

F. 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.

G. District Operations

- Water, Sewer and Parks Operations (Pedro)

Superintendent Velazquez reported that the prairie dogs were euthanized with gas pellets. Hopefully this will get rid of the problem. Water use has been high this month. We had to purchase a new sensor for one of the wells and the lift station (without a working sensor there is a danger of a spill at the lift station). The copper, lead and nitrates testing were accomplished this month. The results will be sent to the State.

We have one summer worker and he spends all his time in the parks. Signs were made to place in the park areas regarding park hours, restriction of motorized vehicles, keeping dogs on a leash and their waste picked up.

- Water and Sewer Demand and Augmentation Reports (AI)

We produced approximately 13.8 million gallons of water this month and sold approximately 12.9 million gallons. Our loss was 8.0%. There have been over 300 new AMR meters installed to date. Once the installation is complete this will hopefully lessen the losses. There was approximately 300,000 gallons of discrepancy when some of the old meters were replaced this month. The process will be accelerated and the residents will be notified by letter that installing a new AMR meter is mandatory and they need to call and make the appointment for the installation.

The augmentation report is for augmentation period November, 2008-October, 2009. To date there is a surplus of 289.53 acre feet. Fountain Sanitation and Pikes Peak Foundation haven't requested the water yet. Dr. Testa said the requests for augmentation water will probably occur in October, 2011.

- Cuchares Water Augmentation Case Status (AI)

Dr. Testa reported that one issue remains before the stipulation can be sent to the State. The issue directly relates to the Lower Fountain Wastewater Treatment Plant location. Per the 1986 Decree, all language was accepted and according to the decree there must be 60 days notice to all objectors before water is pumped to the plant and there are three ditches affected by this. Options are being studied

and Dr. Testa has talked to the City of Colorado Springs, CSU, and the City of Fountain. The problem is for CCMD to solve. This is not a Cuchares problem. Dr. Testa will be conferring with the State tomorrow and will report back to the Board.

- Update on Cuchares Development (Cindy, Sandy, Pedro)

To date eighty-two (82) lots have been sold and the project is steadily moving ahead. Dr. Testa stated that Cuchares is working on Phase II and III. They will file the plats in October, 2011.

- Update on US Army Reserve Center (Pedro)

This project is steadily moving forward. Hopefully all the lines will be completed within the next two weeks.

- CCMD to LFMSDD Interceptor Sewer Project (Al)

Dr. Testa commented that PCI undertook a full review and pricing of the cost to complete the CCMD interceptor connection from the lift station to the future connection to the LFMSDD's delivery point using CCMD as the main contractor. The results indicate that CCMD can expect to construct the line with all appurtenances for approximately \$70 a foot. The entire line measures 4,161 feet; therefore, the expected total price, without contingencies, would be approximately \$291,270. Based on this information Dr. Testa proposed that the Board allow CCMD to act as its own Construction Manager and contract the work. He will distribute a Request for Quotes to three or four contractors and obtain pipe supplier estimates. Dr. Testa will have Mr. Anderson research/review the limitations and legalities of this situation.

A motion was made and seconded to authorize CCMD to act as its own Construction Manager for the CCMD to LFMSDD Interceptor Sewer Project pending legal review of limitations and legalities. Upon a voice vote, the motion passed unanimously.

- Parks – What to improve next?

Discussion included ideas for ways to improve the CCMD parks. Some ideas suggested were trees around the basketball court, a fence behind the basketball backboard, relocation of the basketball hoops, skateboard area, etc. Kris Guerra, a teenage resident of Colorado Centre was in attendance and when asked about his thoughts, stated that the young people would really use and like to have a grassed field for soccer, baseball, etc. Dr. Testa will do some research on the costs of putting in a grassed field. Director Eccles stated that the Boy Scouts have badge earning projects that may be beneficial to the park areas. He will be

attending a Eagle Scout class regarding funding for such projects. He would like to schedule a terrain walk for ideas. Any information he compiles will be reported to the Board. A suggestion box will be set up at the Open House soliciting ideas for the parks.

- Extended Hours of Operation and/or Four-day Work Week?

Dr. Testa reported that a request was made from staff to discuss the option of having CCMD go from a 5-8 hr. day work week to a 4-10 hour day work week. After discussion it was decided that starting August 15, 2011 the CCMD office will have extended hours Monday-Thursday (7:30 am-6:00 pm) and the office will be closed on Fridays.

A motion was made and seconded to approve Extended Hours of Operation (7:30 am - 6:00 pm Monday - Thursday and closing the office on Fridays) which will begin on August 15, 2011. Upon a voice vote, the motion passed with Directors Cantin, Lucia-Treese, Eccles and Harvey voting Yes and Director Terry voting No.

H. Legal Report (Paul Anderson)

Mr. Anderson reported that the Nutrients Standards is still an ongoing issue. The Water Congress will have a Budget Analysis on August 23, 2011 in Steamboat. State Representative Marsha Looper recommended that Lower Fountain and CCMD have a presence at this meeting. Director Cantin will attend as a representative of LF and CCMD. Hopefully Dr. Testa can attend with Director Cantin. The Coalition still wants to come up with very specific standards. The next meeting of the Nutrient Coalition will take place on August 29, 2011.

Lower Fountain will ask for additional augmentation water this year because of the extreme drought conditions.

JV Ranches property was sold to Woodmoor Water and Sanitation. This is more of a Fountain Sanitation issue rather than a Lower Fountain Issue.

Ultra Industries has purchased 18,000 acres of the Banning Lewis Ranch and would like to get the annexation agreement vacated. They want to do oil and gas exploration on the property. A big concern is using "fracking" (a procedure to insert chemicals into the underground oil and gas areas to break up the oil and gas for easier extraction). This could potentially contaminate the water supplies. The City of Colorado Springs would like to get the BLR bankruptcy case referred back to Colorado. Mr. Anderson will keep the Board apprised of this situation because of the potential impact to CCMD and Lower Fountain.

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

Captain Roddy Bartlett reported for Chief Byes who was unable to attend the meeting. He reported that for the month of July, Colorado Centre Fire responded to 10 calls (4 medical and 6 fire related). The Church had their fireworks display on their property across the street from Colorado Centre on the 4th of July with no incidents. The fire ban has been lifted for the City and County.

CIRCLE DR. BAPTIST CHURCH N.

Physician advisor Dr. Ross from Penrose Hospital made a visit to the Fire Station to get better acquainted with our Fire Department and Fire Personnel. He is an outstanding resource for our fire department. Captain Bartlett will ask him if he would be available to attend our Open House on August 6, 2011.

The fire department has taken over the landscaping around the fire station.

Director Cantin inquired about arrangements for the Open House. Sandy replied that all arrangements have been made. Information centers will be set up regarding Lower Fountain, nutrients, SWAP, the Fire Department, etc. Jim Heckman from Lower Fountain and Commissioner Hisey will be in attendance. State Representatives Looper and King have been invited but to date there has been no response concerning their attendance. The event will take place on Saturday, August 6, 2011 from 10:00 am – 2 pm. It will be catered by Happy Maguire of Another Catered Affaire.

J. Fountain Mutual Irrigation Company – (A1)

Minutes of the June 9, 2011 were included with the board packets.

Dr. Testa reported that the litigation with Mesa Ridge has been resolved. They realized they were not going to win so they settled and will pay Fountain Mutual approximately \$20,000 for costs and they will put a pipe in the ground to stop the ditch leakage.

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

Minutes of the June 9, 2011 Board meeting were included with the Board packets plus the July 14, 2011 agenda.

- Progress Report

Director Cantin reported that there continues to be extensive progress with construction. A leak test was implemented this month. Most of the concrete work has been finished. Director Eccles filled in for Mike Cantin at this month's

meeting. He referred the Phosphorus issue to Dr. Testa for an explanation (see below).

- Cost and Financing Issues

Mr. Anderson reported that regarding the SRF approval status, the Denver Bond counsel is recommending forming an enterprise and having it be the contracting party rather than the District for the loan agreement. The basis of this recommendation is that bond counsel believes the prior debt question passed in 2008 only allowed the District to obtain a loan in FY2009, which obviously it didn't. Forming an enterprise only requires a resolution of the Board, so not a big deal to put in place. There are also a number of issues being worked through with the Water Resources and Power Development Authority concerning what revenues will be available to service the loan.

- Phosphorus

Dr. Testa stated that a big item was proposed at the LF meeting concerning a Biological Nutrient Removal Facility to remove phosphorous from wastewater. Since we are in the construction phase it was proposed to go ahead and spend the money now to add a treatment phase to take out the phosphorous. This would be a change order of around 2 million dollars of which \$500,000 would be our cost. Since the plant site is still relatively wide open and construction crews are mobilized, installing a BNR system now would be more economical than waiting five years.

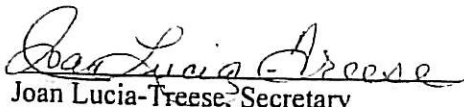
III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 8:05 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,



Michael Cantin, President



Joan Lucia-Treese, Secretary