

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

Thursday, September 22, 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	Treasurer
Karen Harvey	Assistant Secretary/Treasurer

Also Present:

Al Testa, Cynthia Monroe, Pedro Velazquez 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.
- 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 July 28, 2011.

Director Terry commented that there was a correction needed on page 1 under item B. Board's Time. The word Nutrients should be substituted with Nitrogen. Also, under the Emergency First Responder Services report "The Church site" should be identified as "The Circle Drive Baptist Church North Site". These corrections were made by hand.

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

- B. Board's Time

Director Lucia-Treese commented that since the Open House, the two potholes that were reported have been repaired. Also, Scott Turner of HAC has placed the

Morning Sun erosion issue on the list for County repair projects. The 150th anniversary of El Paso County will be celebrated at the Pioneers Museum on Saturday November 11, 2011. Director Cantin would like Director Lucia-Treese to inquire at the next HAC meeting about the possibility of making the entrance to St. Dominick's safer.

Directors Terry and Cantin met with City Council Woman Dougan and Jerry Forte of CSU regarding Nutrients issues. Basically, Ms. Dougan and Mr. Forte stated that they are tracking the regulatory effort and are not overly concerned at this point. They are satisfied that any decisions and recommendations that the Coalition comes up with will be sufficient to fight the implementation of the nutrients standards and will get involved if the coalition's recommendations are detrimental. Both Directors Cantin and Terry expressed that it may be too late at that time and feel that the City and CSU should be actively involved right now.

Director Terry and District Manager Al Testa attended the Colorado Water Conference in Steamboat Springs on August 23, 2011. They were present for the Cost Benefit Analysis of the Nutrients Standards. Director Cantin strongly feels that the EPA is "jamming this nutrients standards issue down our throats" with no scientific proof to justify the standards.

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 September 19, 2011 the District has \$3,260,784.48 in funds. The District's expendable funds are \$3,176,916.73.

- Budget Review – August 2011 Budget

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

Dr. Testa commented that we have created a surplus in the water fund. So, the District will not charge its customers the Tier 1 water usage fee for the month of September thanks to lower than expected costs and higher than expected summer

sales. There may be more savings next month and possibly continuing into December.

- Bank Transfers and Other Banking Activities

None.

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. Resolution 2011-09-22.1 Creating the Wastewater Enterprise

A resolution creating a Wastewater Enterprise was discussed at this time. Dr. Testa commented that as a part of getting the State wastewater loan it has been recommended that our District set up an enterprise fund. This will give the State the assurance of being paid back without repercussions from Tabor limitations. The governing body of the Enterprise shall be the Board of Directors of the District, and shall be subject to all of the applicable laws, rules, and regulations pertaining to the District. Whenever the District is in session, the Governing Body shall also be deemed to be in session and it shall not be necessary for the Governing Body to meet separately from the regular and special meetings of the District.

Director Cantin noted that per the paperwork all the Resolutions must be read in their entirety.

A motion was made by Director Lucia-Treese and seconded by Director Terry stipulating that the CCMD Directors have copies of the Resolutions 2011-09-22.1, 2011-09-22.2, and 2011-09-22.3 and all Board members have read them and approve as such. Upon a voice vote, the motion passed unanimously.

A motion was made by Director Terry and seconded by Director Lucia-Treese to approve Resolution No. 2011-09-22.1 establishing a Wastewater Enterprise under the Provisions of Title 37, Article 45.1, Colorado Revised Statutes; repealing all Resolutions or other acts in conflict herewith. The question being upon the adoption of the Motion, the roll was called with the following result: Those voting YES: President Michael Cantin, Board members Shawn Eccles, Michael Terry, Joan Lucia-Treese, and Karen E. Harvey; and those voting NO: None.

H. Resolution 2011-09-22.2 Approving the \$2 Million Loan Between the Wastewater Enterprise and the Colorado Water Resources and Power Development Authority

A resolution approving the \$2 Million Dollar Loan between the Wastewater Enterprise and the Colorado Water Resources and Power Development Authority was discussed at this time. The Board acting by and through the Enterprise has determined that it is necessary to participate in the construction of a wastewater treatment facility by the Lower Fountain Metropolitan Sewage Disposal District. In order to finance the project it is necessary that the Enterprise enter into a loan agreement with the Colorado Water Resources and Power Development Authority. The Authority will loan the Enterprise an amount not to exceed \$2,000,000 payable at 2% interest. The District through its Enterprise is authorized by Title 37 to issue revenue bonds authorized by action of the Board without the approval of the electors.

A Motion was made by Director Eccles and seconded by Director Terry to approve Resolution No. 2011-09-22.2 acting by and through its Wastewater Enterprise, approving a loan from the Colorado Water Resources and Power Development Authority for the purpose of completing and otherwise providing improvements and modifications to the Wastewater Treatment System of the District; authorizing the form and execution of the loan agreement and a bond to evidence such loan; pledging certain revenues to the repayment of such Bond; and prescribing other details in connection therewith. The question being upon the adoption of the Motion, the roll was called with the following result: Those voting YES: President Michael Cantin, Board members Shawn Eccles, Michael Terry, Joan Lucia-Treese, and Karen E. Harvey; and those voting NO: None.

I. Resolution 2011-09-22.3 Creating the Water Enterprise

A resolution creating a Water Enterprise was discussed at this time. The District has undertaken to acquire and develop or participate in the acquisition and development of certain properties and facilities for the collection, treatment, transmission and supply of water. It is the intent of the District to operate the facility as a water activity enterprise, and to formally establish a Water Enterprise under the Water Activity Law.

A motion was made by Director Lucia-Treese and seconded by Director Eccles to approve Resolution No. 2011-09-22.3 establishing a Water Enterprise under the Provisions of Title 37, Article 45.1, Colorado Revised Statutes; repealing all Resolutions or other acts in conflict herewith. The question being upon the adoption of the Motion, the roll was called with the following result: Those voting YES: President Michael Cantin, Board

members Shawn Eccles, Michael Terry, Joan Lucia-Treese, and Karen E. Harvey; and those voting NO: None.

J. Management Submittal of Proposed 2012 Budget for CCMD and its Enterprises

As required by State law to be done before October 15th of every year, Dr. Testa submitted the proposed 2012 Budget for CCMD and its Enterprises. The budget reflects a major change in that the General District Functions (General Operations, Parks, Fire, Refuse Disposal, Street Lights, etc., Reserve and Debt Services) are now separate from the newly formed Water and Wastewater Enterprises. However, the Board of CCMD is also the Board of the Enterprises. Dr. Testa has proposed lowering the water and wastewater administration fees from \$11.00 down to \$9.95 per month; increasing the trash fee to \$12.75 (2011-\$12.50) and lowering the First Responder Fees. The water and wastewater fees and minimum fees for capital improvements will remain the same. Tap fees will be increased to \$12,000 (\$11,500 – 2011). The Availability of Service Fees will be decreased. Dr. Testa will review all discussion items and continue working on the final proposed budget. The first 2012 Budget Hearing will take place during the October 27, 2011 Regular Board Meeting.

K. District Operations

- Water and Sewer Demand and Augmentation Reports (AI)

The District produced approximately 10.5 million gallons of water this month and sold approximately 9.9 million gallons. Our loss was 5.5%. We pumped approximately 3.6 million gallons to Lower Fountain for treatment.

The augmentation report is for augmentation period November, 2008-October, 2009. To date, there is a surplus of approximately 405 acre feet.

- Water, Sewer and Parks Operations (Pedro)

Superintendent Velazquez reported that residents are still using a lot of water so pumping is substantial. Last Wednesday night there was a heavy amount of rainfall which caused the lift station to have problems because of the excessive water. Mr. Velazquez called Widefield and was able to pump the excess to Widefield. The force main ended up with a break which was repaired by C & L Excavating.

Cutting and maintenance in the park is decreasing with the weather changes. We have been cleaning the culverts and ditches which have accumulated quite a bit of debris. To date there have been over 500 new AMR meters installed. The goal is to have all the meters installed by the end of the year.

- Cuchares Water Augmentation Case Status (AI)

No report at this time.

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

To date, ninety-three (93) lots have been sold and the project is steadily moving ahead. Phase II has been divided into four sections. The water lines are in and have been inspected. There was a small leak in one of the service lines which was repaired by the developer.

- Update on US Army Reserve Center (Pedro)

This project has slowed down but work continues.

- CCMD to LFMSDD Interceptor Sewer Project – Approval of RFQ and Authorization to Contract for Work, Materials and Supplies (AI)

Dr. Testa submitted RFQ's for the CCMD Interceptor supplier and contractor. Chris Alires submitted the best Contractor Quote and Firebaugh Precast for materials and supplies. A breakdown of all bids and quotes is included with the board packets. Dr. Testa requested that Mr. Alires have a payment bond with his contract.

A motion was made and seconded to approve the contract with Chris Alires for the CCMD to LFMSDD Interceptor Sewer Project. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to enter into a purchase agreement with Firebaugh Precast for \$19,198 for materials for the CCMD to LFMSDD Interceptor Sewer Project. Upon a voice vote, the motion passed unanimously.

A motion was made and seconded to authorize purchase orders for any additional materials and supplies needed for the CCMD to LFMSDD Interceptor Sewer Project. Upon a voice vote, the motion passed unanimously.

For the Interceptor Sewer Project, Widefield Sanitation has agreed granted the temporary construction easement next to the project site and which the Board will need to accept by motion. Dr. Testa inquired about moving our interceptor sewer line into the easement so that it would not be too close to Marksheffel, but that was not possible. Also, he asked about the possibility of temporarily pumping into their sewer line so that we don't have to keep our force main "live" which

could be a hazard during construction. Widefield agreed to this for the next few months. Dr. Testa will work out a mutual aid agreement with them.

A motion was made and seconded to accept the Widefield temporary construction easement for the CCMD to LFMSDD Interceptor Sewer Project. Upon a voice vote, the motion passed unanimously.

- Parks – (Pedro)

This item was discussed previously in the meeting under Water, Sewer and Parks Operations.

- Report on Four 10 hr-day Work Week

A report was submitted by Sandy Goad regarding the four 10 hr-day work week. To date it appears that the new work week is successful for the staff and customers of the District.

- Hearing on New Personnel Policies Manual

Dr. Testa commented that the New Personnel Policies Manual does not have the Language explaining our new 10 hr-day work week. After discussion the Board agreed that the language needs to be included in the personnel manual.

A motion was made and seconded to approve the New Personnel Policies Manual with the stipulation of adding the 10 hr-day work week language. Upon a voice vote, the motion passed unanimously.

- L. Legal Report (Paul Anderson)

Mr. Anderson was unable to attend the meeting. Dr. Testa pulled a current issues attachment that Paul submitted because Director Cantin would like to discuss the issue when Mr. Anderson is in attendance. He submitted a Legal Briefing Outline in the Board packets (Topics were Nutrients, BLR Bankruptcy, and the Cuchares Inclusion Agreement payment).

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

Chief Tom Byes reported that “all is great-his guys are happy- we are under budget, and since last meeting there have been twelve runs”. We did have a mutual aid run with Security. The town of Security had a gas leak and wanted the CCMD Fire Department to stand-by until they could get additional crews to the site.

N. Fountain Mutual Irrigation Company – (AI)

Minutes of the August 18, 2011 Regular meeting and September 6, 2011 Special meeting were included with the board packets.

They have been working on a management agreement. Gary Steen is the manager and comes under constant criticism and Dr. Testa feels that without a clear management agreement the manager has no guidelines of what is expected of him. The Board is still discussing the possibility of leasing storage in Big Johnson Reservoir. Dr. Testa commented that this sort of leasing agreement requires a preliminary business plan.

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

Minutes of the August 11, 2011 Board meeting were included with the Board packets plus the September 8, 2011 agenda.

- Progress Report

Director Cantin commented that two big caissons have been installed, framing of the operations building has started, and concrete installation is near completion. There has been no decision yet on whether to build the phosphorus treatment portion of the plant.

- Cost and Financing Issues

Director Cantin and Dr. Testa stated that we have spent 2.4 million dollars to date of our 6.1 million dollar commitment. By the end of the year we will have spent 2.8 million dollars.

- Nutrient Issue – Letter from Rep. Looper

State Representative Looper issued a letter on September 19, 2011 which is included in the Board packets. She stated “that during the last legislative session Jim Heckman, Michael Cantin and Harold Thompson from the Lower Fountain Metropolitan Sewage Disposal District notified her that the Environmental Protection Agency (EPA) was proposing extremely overreaching and costly regulations for controlling nutrients in Colorado waters.” As a result of the EPA’s threats, Ms. Looper and Senator King submitted House Joint Resolution 11-1025 to delay the implementation of the EPA’s nutrient regulation in Colorado until 2012. HJR11-1025 passed on May 23, 2011 and may have saved families and rate payers in Colorado hundreds of millions of dollars in costly waste water treatment upgrades.

Director Lucia-Treese stated that on September 29, 2011 there will be part 2 of the oil and gas workshop for the County. The meeting will be at the Regional Building at 1:00 pm. Commissioners Hisey, Lathan and Clark are committed to protecting Colorado water.

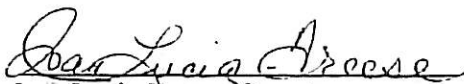
III. Adjournment

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,



Michael Cantin, President



Joan Lucia-Treese, Secretary