

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

Thursday, October 27, 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, 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.
- 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 22, 2011.

**A motion was made and seconded to approve the Minutes of the Regular Meeting of September 22, 2011. Upon a voice vote, the motion passed unanimously.**

- B. Board's Time

Director Lucia-Treese commented that she had attended the County gas and oil workshop today and wanted to report on details of the workshop. Colorado Oil & Gas Conservation Commission Director Neslin was in attendance and his message is "all is well – we'll be safe" (in regards to oil/gas drilling). The operators have the responsibility to begin remediation if an emergency is declared but there is a 24-48 hour period before the state declares an emergency. According to state law drilling cannot be banned only regulated. If there is any contamination it is going to affect Colorado Centre very quickly because Colorado Centre's water is

alluvium water (it flows just below the surface which makes it especially vulnerable to contamination). Our District needs to make sure there is a mitigation plan in case the oil/gas drilling company ends up polluting the CCMD community's only water source. Director Lucia-Treese will follow-up and e-mail Colorado Centre's concerns to El Paso County.

Director Lucia-Treese reported to Director Cantin about the intersection at St. Dominick's in Security which he had asked her to check into at the next HAC meeting (he feels that it is a hazardous intersection). Apparently the intersection meets County safety standards and there is no plan to make any changes.

Director Lucia-Treese and Scott Turner of HAC conferred with County Engineer Andre Brakken and he informed them that in order to get reimbursed for any of the monies expended on the slope stabilization, Dr. Testa must submit an invoice to the County Drainage Board and get on the list for any reimbursement. When the County and HAC had their tour on wheels workshop, Scott Turner was able to show Commissioner Hisey the area in Morning Sun that needs to be addressed. Commissioner Hisey will get with Dr. Testa and try to set a date to walk the area that needs attention.

Director Terry reiterated that he and Dr. 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 Terry feels that there are numerous problems with the analysis effort and the analysis is flawed in many areas (only addresses point of source; subjective cost benefits for recreational areas even though all the recreational areas are up north and the treatment facilities are down south). Mr. Anderson commented that a set formula is being used across the State making no differential between the diverse areas. Director Terry commented that it was mentioned that there are real concerns about collection of data and the validity of that data.

Director Terry further stated that CSU is deferring to the Coalition and have faith that the coalition will represent CSU's best interests. Director Terry has conferred with City Council Woman Angela Dougan on numerous occasions and emphasized that he feels that CSU and the City should take a more proactive stance and not totally rely on the Coalition's efforts.

#### C. Changes to the Agenda

No Changes.

Dr. Testa commented that the Executive Session will take place in the field personnel office because Cuchares Ranch home owners have requested the use of the CCMD Board room for a meeting.

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 October 21, 2011 the District has \$5,000,546.75 in funds. The District's expendable funds are \$4,912,594.95.

- Budget Review – September 2011 Budget

Ms. Monroe gave a report on the September 2011 Budget. Due to the fact that interest rates are so low at this time our monies will remain liquid. (No new money market accounts or CD's will be opened).

- Bank Transfers and Other Banking Activities

Due to the Lower Fountain expense a transfer of \$400,000 from Farmer's Bank into Wells Fargo checking needs to be made. The availability of service fees collected in October, 2011 need to be deposited into the Farmers Bank escrow account. A transfer from the ColoTrust Cuchares escrow account needs to be put into our Wells Fargo Checking to pay for Porzak water attorney expenses (Cuchares augmentation/water case).

Dr. Testa commented that we have created a surplus in the water fund making it possible to eliminate revenue for Tier 1 water usage. The District will not charge its customers the Tier 1 water usage fee during the months of September and October thanks to lower than expected costs and higher than expected summer sales. There may be more savings next month and possibly continuing into December.

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.**

F. Public Hearing of Proposed 2012 Budget for CCMD and its Enterprises (A1)

The Public Hearing of Proposed 2012 Budget was opened at 6:05 pm.

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 (this is the 2<sup>nd</sup> draft). 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 to \$24.94 (2011-\$27.66) for residential and \$149.61 (2011-\$165.96) for commercial. The water and wastewater fees and minimum fees for capital improvements will remain the same. The Availability of Service Fees will be decreased. Dr. Testa will review all discussion items and continue working on the final proposed budget. This is a proposed draft of the 2012 budget and is subject to change based on input from the Board, residents, etc. The 3<sup>rd</sup> draft will be presented at the November 17, 2011 regular board meeting (Budget Hearing).

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 Public Hearing of Proposed 2012 Budget was closed at 6:15 pm.

G. District Operations

- Water, Sewer and Parks Operations (Pedro)

Superintendent Velazquez was unable to attend the meeting. Dr. Testa reported that cutting and maintenance in the park is decreasing with the weather changes. To date there have been over 600 new AMR meters installed. The goal is to have all the meters installed by the end of the year. There will be a \$15.00 Manual Water Meter Reading Fee for each account not on Automatic Meter Readers beginning January 1, 2012 (this fee will be included in the 2012 budget).

Flushing took place in October and one area was in need of multiple flushing to clear up the water/pipes. Residents in attendance expressed concerns about flushing and the lack of a more specific time that the field personnel will be flushing in a specific area. Because of feedback from residents, the next flushing time will be more specific as to what areas they will be flushing on a particular

day of the week and an approximate time. Also, signs will be posted on the streets that are being flushed.

The warranty period will end in February, 2012 for Phase I (Cuchares Ranch) so Dr. Testa will TV the lines one more time before the warranty ends.

The sewer bypass to Widefield has been completed and Widefield will extend the contract until we hook up to Lower Fountain. The Force Main will remain intact "just in case" we will need to use it again to pump to Lower Fountain. The sewer interceptor project is continuing but going very slowly at this time.

Director Cantin voiced concerns that the heavy rainfall has caused heavy erosion around the park areas and deep rutted areas. Dr. Testa will inspect this area.

- Water and Sewer Demand and Augmentation Reports (AI)

We produced approximately 9.8 million gallons of water this month and sold approximately 9.3 million gallons. Our loss was 2.9%.

The augmentation report is for augmentation period November, 2008-October, 2009. To date there is a surplus of approximately 463 acre feet.

Dr. Testa has been conferring with CSU regarding water exchanges. Also, he has talked with the Veterans Administration regarding a VA cemetery and water needed for the cemetery. These talks could lead to a mutual agreement with CSU regarding water and a national VA cemetery in close proximity to Colorado Centre. Dr. Testa will keep the Board apprised of this situation. All talks are in the beginning stages at this point.

- Cuchares Water Augmentation Case Status (AI)

Dr. Testa stated that finally nobody objected to the plan and it is now final. The filing date of the Decree was September 8, 2011.

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

To date 102 lots have been sold and the project is steadily moving ahead. Phase II has been divided into five sections.

- Update on US Army Reserve Center (Pedro)

This project has slowed down but work continues.

- CCMD to LFMSDD Interceptor Sewer Project – Progress of Work (A1)

As stated earlier this is steadily moving forward.

- Parks – (Pedro)

After numerous phone calls to different sod farms, Cindy Monroe received a donation from Templeton Gap Turf Farm. On October 4, 2011 Templeton Gap Turf Farm delivered 4,634 square feet of Kentucky bluegrass sod to CCMD. For a small fee they installed the sod in the Mosko Park which greatly enhanced the park area. The field personnel installed a sprinkler system for the sod area and replaced rock on the hill above the park. A thanks will be posted in the November newsletter and a thank you letter will be mailed to Templeton Gap Turf Farm with the Resolution.

**A motion was made and seconded to approve Resolution 2011-10-27.1 regarding a donation made by Templeton Gap Turf Farm. Upon a voice vote, the motion passed unanimously.**

#### H. Legal Report (Paul Anderson)

Mr. Anderson stated that the Colorado Nutrient Coalition and the Colorado Rural Communities Coalition sent a letter to the Water Quality Control Division requesting a deferral of rulemaking hearing regarding Nutrient Criteria. The Division recommended that the Commission deny the request for deferral and the matter will be discussed at the Commission's November 14, 2011 meeting. At that time they will set up a rule making schedule. The meeting will take place at the Colorado Department of Public Health and Environment in Denver, Colorado (4300 Cherry Creek Dr. S.).

Director Cantin suggested that we need to get the Governor's office involved via e-mails, letters, and meetings. Representative Looper is very involved and a great asset for the concerned Districts. A substantial amount of work still needs to be done on the Cost Benefit Analysis.

The Woodmoor Water and Sanitation District approved the purchase of JV Ranches property. The Woodmoor Water and Sanitation District wants the water rights and will not develop the property. JV Ranches is leasing back the property and the water rights in the interim.

The County is coming up with draft rules for oil and gas development as discussed earlier by Director Lucia-Treese. Mr. Anderson has been conferring with the County Attorney regarding this situation. He will keep the Board informed regarding information obtained from meetings with the County Attorney.

Director Cantin and Director Eccles inquired about using monies for the parks so that we don't have to pay any to the bondholders. Dr. Testa reiterated that changing the pattern of expenditures sends up a red flag and this could be detrimental to the District per the Bankruptcy Plan. This item will be discussed further in Executive Session.

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

Captain Bob Throgmorton reported that the CCFD had an average amount of alarms/responses for the month of October. October was Fire Prevention Month. Two major projects were finished which included major landscaping around the Fire Station and installing an 800 MHZ base radio in the station. Dr. Ross (County physician advisor) gave the firefighters training on Basic Life Support. Dr. Ross complimented the CCFD stating that "this is a really nice operation that you run out here". The firefighters attended a defensive driving class in Security. Chief Byes wanted the Board to know that the Fire Department is under budget.

J. Fountain Mutual Irrigation Company – (AI)

Minutes of the September 22, 2011 Regular meeting were included with the board packets. There have been some management issues at FMIC. A Management Agreement was created and distributed for review so hopefully this will alleviate some or all of the unnecessary management issues.

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

Minutes of the September 8, 2011 Board meeting were included with the Board packets plus the October 13, 2011 agenda. Also included was a copy of the LFMSDD 2012 proposed budget.

- Progress Report

Director Cantin commented that two big caissons have been installed in the operations building and a seep test was performed on the last section. Hopefully, we will be treating our sewer there by the end of next year.

- 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. The loan will be closing on Monday, October 31, 2011 (\$2,000,000 at 2 percent interest).

- Nutrients Issue


The nutrients issue was discussed earlier in the meeting. Lower Fountain has spent \$93,000 in legal fees regarding Regulations 31 and 85 (effluent limits for nutrients, nitrogen and phosphorus). If the Water Quality Control Divisions stringent nutrient standards/regulations are passed there will be major rate and financial impacts to District customers that will need to be justified showing nutrient control as having sufficient benefits.

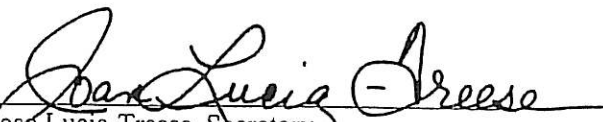
L. Executive Session

The Board entered into Executive Session at 7:25 pm.

**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.**

  
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~~Michael Cantin, President~~  
~~Shawn Eccles, Vice-President~~

  
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~~Joan Lucia-Treese, Secretary~~