

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

Thursday, November 17, 2011 at 5:30 PM  
4770 Horizonview Drive  
Colorado Springs, CO 80925

Board Members Present:

Shawn Eccles  
Joan Lucia-Treese  
Karen Harvey

Vice President, Vice Chairman  
Secretary  
Assistant Secretary/Treasurer

Also Present:

Al Testa, Cynthia Monroe, Tom Byes, Paul Anderson, Frankie Diaz and Sandy Goad

**I. Preliminary**

- A. Call to Order  
Director Eccles called the meeting to order at approximately 5:34 pm.
- B. Roll Call - Determination of a Quorum.  
A Quorum was present. Directors Cantin & Terry were absent.
- 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 October 27, 2011.

**A motion was made and seconded to approve the Minutes of the Regular Meeting of October 27, 2011. Upon a voice vote, the motion passed unanimously.**

- B. Board's Time

No Comments.

- C. Changes to the Agenda

No Changes.

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

Resident Andy Tuthill thanked the Board and staff for all of their efforts in discouraging oil and gas “fracking”. Director Lucia-Treese has been in contact

with Commissioner Hisey and Mr. Hisey is definitely in support of something having to be done if the area of influence to our water supplies is tapped for future drilling. According to state law drilling cannot be banned only regulated. The commissioners and city council cannot stop drilling or fracking. Commissioner Hisey stated that "he appreciates the concerns of Colorado Centre Metro District which also supplies water to Cuchares Ranch. The equation changes if drilling begins on Banning Lewis. The boundaries of Banning Lewis Ranch are roughly the boundary of the upper portion of the Jimmy Camp Creek Basin". Colorado Centre Metropolitan District needs to be vigilant and make sure there is a mitigation plan in case the oil/gas drilling company ends up polluting the CCMD community's only water source.

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. This is Director Lucia-Treese's big concern (what could happen in that 24-48 hour period in terms of polluting CCMD's only water source).

E. Review of District Finances (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of November 14, 2011 the District has \$4,663,721.13 in funds. The District's expendable funds are \$4,579,303.38.

- Budget Review – October 2011 Budget

Ms. Monroe gave a report on the October, 2011 Budget.

Dr. Testa commented that we have created a surplus in the water fund making it possible to eliminate revenue for all water usage. The District will not charge its customers any water usage fee during the months of November, 2011 thanks to lower than expected costs and higher than expected summer sales. Also, there will be no administrative water charges.

**A motion was made and seconded to approve no water usage fee and no administrative water charges for the month of November, 2011. Upon a voice vote, the motion passed unanimously.**

Since we have been pumping wastewater to Widefield, there has been a substantial savings making it possible to eliminate the sewer administrative charges for November, 2011.

**A motion was made and seconded to approve no administrative sewer charges for the month of November, 2011. Upon a voice vote, the motion passed unanimously.**

The loan agreement executed on October 31, 2011 between Colorado Centre Metropolitan District and the Colorado Water Resources and Power Development Authority mandates that the District's Wastewater Enterprise maintain an Operations and Maintenance Reserve in an amount equal to three months of operation and maintenance expense of the System. The 2012 annual operations and maintenance expense for the System is budgeted in the amount of \$381,600 or \$95,400 per quarter. The \$95,400 of the Wastewater Enterprise treasury shall be invested at the Farmers State Bank located at 7025 Old Meridian Road, Falcon, Colorado. Signature cards from the bank were signed and transfer checks were signed to open the two Certificates of Deposit (\$50,000 and \$45,400).

**A motion was made and seconded to approve Resolution 2011-11-17.1 authorizing the investment of \$95,400 of the Colorado Centre Metropolitan District Wastewater Enterprise Treasury. Upon a voice vote, the motion passed unanimously.**

- Review Draft Resolution 2011-12-09.8 for 2011 Supplementary Budget and Appropriation.

Draft Resolution 2011-12-09.8 for 2011 Supplementary Budget and Appropriation was reviewed at this time. The 2011 appropriation for the General Fund will be increased from \$779,557 up to \$810,557 for the purposes of increasing the amount of funds available to transfer to the reserve fund at the end of the fiscal year. This is one of several resolutions that will be approved at the December, 2011 Regular Board Meeting. We will be able to bring the reserve fund up to the maximum amount of \$775,000.00.

- Bank Transfers and Other Banking Activities

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).

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. Final Public Hearing of Proposed 2012 Budget for CCMD and its Enterprises (AI)

The final Public Hearing of Proposed 2012 Budget was opened at 6:01 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 3rd and final 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 minimum fees for capital improvements will remain the same. The wastewater per One Thousand Gallons Use Charge will be decreased to \$5.39 (2011-\$6.25) The Availability of Service Fees will be decreased. There is a possibility that CCMD will be able to begin construction of the Water Treatment Plant next year.

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 2012: 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 6:04 pm.

H. District Operations

- Water, Sewer and Parks Operations (Frankie)

Field Technician Frankie Diaz reported that installation of the remote wireless meter averages approximately two per day (629 installed to date-98 left for installation). They have been continuing daily maintenance at the water plant and distribution system. There are service line inspections every day at Cuchares Ranch. The sewer by pass into Widefield is working very efficiently and they have daily inspections regarding the progress of the CCMD interceptor construction.

Director Cantin had voiced concerns that the heavy rainfall has caused heavy erosion around the park areas. These areas have been repaired. There is still regular daily maintenance at the parks. The ditch next to Flagstone has been cleaned of all the debris that had accumulated there.

- Water and Sewer Demand and Augmentation Reports (AI)

We produced approximately 7.5 million gallons of water this month and sold approximately 6.6 million gallons.

The augmentation report is for augmentation period November, 2008-October, 2009. To date there is a surplus of approximately 505 acre feet. This final for the year (Oct., 2009) will be sent to the State.

- Update on Cuchares Development (Cindy, Sandy)

To date 106 lots have been sold and the project is steadily moving ahead. Phase II has been divided into five sections. One lot has been sold in Filing 2.

- Update on US Army Reserve Center (AI)

This project has slowed down but work continues. It is scheduled to be completed by April, 2012.

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

This is steadily moving forward and we are close to the half way point.

- Parks – (Frankie)

This item was discussed previously in the meeting.

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

Mr. Anderson reported that the stringent nutrient standards/regulations proposed by the Water Quality Control Division continues to be an issue of real concern. Mr. Anderson stated that there is no data or evidence to apply the standards in every location. The major source of pollutants is urban and agricultural runoff. 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 Division's 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. There is a Public Rulemaking Hearing before the Water Quality Control Commission on March 12,

2012 (the Hearing will take place at the Department of Public Health and Environment, 4300 Cherry Creek Drive South in Denver, Colorado).

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 closing of this sale has not occurred yet.

The County is coming up with draft rules for oil and gas development as discussed earlier by Director Lucia-Treese.

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

Chief Tom Byes reported that the CCFD had an average amount of alarms/responses for the first two weeks of November. The alarms were all medical calls. There was a Cub Scout Troop tour of the Fire Station in November. The City of Colorado Springs made some minor repairs on our fire engine and while they were doing the repairs, they loaned us a Suburban. After conferring with Colorado Springs Fire Chief Brown, Chief Byes was able to get a Suburban donated in 2012 to the CCMDFD by the City. We will receive the Suburban after the first of the year when the City's new vehicles arrive. A logo for the Suburban will need to be ordered and the medical gear from the brush truck will be placed in the Suburban. Having the Suburban for the non fire runs will definitely add to the life of the Fire Engine and having a back-up vehicle is definitely a plus for the Fire Station.

K. Fountain Mutual Irrigation Company – (AI)

Minutes of the October 20, 2011 Regular meeting were included with the board packets. Per the Lorson Ranch settlement agreement, they will have to enact a 10 mil surcharge to pay Fountain Mutual the \$500,000. Management of the District is still an ongoing issue. Mesa Ridge has started installation of the pipeline.

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

Minutes of the October 13, 2011 Board meeting were included with the Board packets plus the November 10, 2011 agenda.

• Progress Report

Dr. Testa reported the Lower Fountain is steadily progressing. There was a Design Construction Conference. We are 2/3 into the project on paper and 60% time wise. Two months were lost in February and March. Dr. Testa has expressed his concerns to Jim Heckman (Lower Fountain and Fountain Sanitation



Manager) and the construction manager about the fact that they are behind schedule.

- Cost and Financing Issues

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 closed on Monday, October 31, 2011 (\$2,000,000 at 2 percent interest).

- Nutrients Issue

The nutrients issue was discussed earlier in the meeting.

Director Lucia-Treese commented that the Board and Dr. Testa conferred that the office will be closed at noon on Wednesday, November 23, 2011 so that the staff can enjoy the Thanksgiving Holiday a little earlier with their families and friends.

M. Executive Session

**A motion was made and seconded to enter into Executive Session. Upon a voice vote, the motion passed unanimously.**


The Board entered into Executive Session at 6:45 pm.

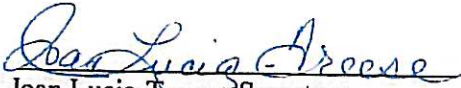
The Board came out of Executive Session at 7:02 pm.

**III. Adjournment**

**A motion was made and seconded to adjourn the regular meeting at approximately 7:03 p.m. Upon a voice vote, the motion passed unanimously.**

Respectfully Submitted,

  
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Michael Cantin, President

  
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Joan Lucia-Treese, Secretary