

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

Thursday, February 23, 2012 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin
Shawn Eccles
Joan Lucia-Treese
Karen Harvey

President, Chairman
Vice President, Vice Chairman
Secretary
Assistant Secretary/Treasurer

Also Present: Al Testa, Cynthia Monroe, Sandy Goad, Pedro Velazquez, Paul Anderson (via telephone)

I. Preliminary

- A. Call to Order
Director Cantin called the meeting to order at approximately 5:32 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Terry was absent.
- C. Acknowledgment, Notice and Consent to Regular Meeting-Entered with the minutes.

II. General Business Items

- A. Approval of the Minutes of the Special Meeting of December 29, 2011.

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

- B. Board's Time

Director Lucia-Treese attended the County Commissioners meeting on Tuesday February 21, 2012 regarding oil and gas regulation. A County permit won't be issued without a State permit. Diane May (Assistant District Attorney) will be the local government designee. Ultra (company who applied for drilling approval in El Paso County) has agreed that they have no problem with water testing.

Regarding County Road repairs Bramble Lane was repaired within the last two weeks. Other roads in Colorado Centre are on the County maintenance calendar.

The Highway Advisory Committee conducted officer elections and Director Lucia-Treese was elected Vice-Chairman.

Resident Andy Tuthill voiced concerns about the "Fracking" process in oil drilling and what the "Fracking" fluids consist of. He reiterates that we need to keep ourselves informed about the process and encourage our Representatives to do the same. Mark Waller is our new State Representative (replacing Marsha Loper) and he is actively involved with this issue.

C. Changes to the Agenda

Mr. Velazquez will give his report at this time. He will need to leave the meeting early for a class (Water & Wastewater Technology) he is attending. After Mr. Velazquez gives his District Operations report, Mr. John Wheeler will present his preliminary sketch plan for the proposed New Water Plant.

I. District Operations

- Water, Sewer and Parks Operations (Pedro)

Mr. Velazquez reported that water use is down this month. There are approximately 30 homes left that need the new remote meters. The homes without meters by the end of February will incur a \$15.00 a month trip fee beginning with the March, 2012 invoices. Next month we will start exercising the valves and flushing will occur in April, 2012.

Parks maintenance will begin in May, 2012. In February we were notified by Landscape Structures that the slide in the Mosko Park had been recalled because of safety issues. (Resident Andy Tuthill had read of the recall and brought in a pamphlet explaining the safety issues involved). We will have a \$4,000 credit to purchase another piece of equipment. The Board conferred that a "safe" slide would be the most desirable piece of equipment to get for the park. Mr. Velazquez will research what is available and report back to the Board.

- Sewer Spill Report (Pedro)

On October 5, 2011 CCMD began utilizing a bypass line to transport its bulk sewage to Widefield Water & Sanitation for treatment. In December 2011 the out of service force main incurred damage by a contractor working in the vicinity. The contractor completed repairs on the damaged main on February 6, 2012. On February 7, 2012 District personnel attempted to determine if the leaks had been sufficiently repaired by activating the pump at the District Wastewater Lift Station (7,400 gallons of sewage was metered entering the force main). Fountain Sanitation District notified CCMD that there was a sewer spill at the Valli Farm Road diversion manhole. CCMD District personnel estimated that 50% of the

7,400 gallons diverted into the Valli Farm bypass. The estimated 3,700 gallons of sewage that diverted into the bypass line hit a sewer plug and the thrust of the sewage dislodged the plug and this caused the sewage spill. The spill was contained and cleaned up. The State required Incident/Spill/SSO Release Reporting Five (5) Day Reporting Form was completed and submitted to the Colorado Department of Public Health and Environment Water Quality Division on February 8, 2012.

- Sketch Plan for New Water Plant (John Wheeler)

Mr. John Wheeler (architect) and Tom Wendland (PCI) presented a sketch plan for a proposed CCMD new water plant. The plant would be constructed at the end of Anvil Drive and would be approximately 10,000 square feet at an approximate cost of 3 million dollars. There would be two floors with the top being administrative offices and the bottom level the water treatment facility. The Board conferred that they like the concept and would like Dr. Testa to pursue construction of a new water plant and funding possibilities (grants, loans, etc.).

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

Mr. Carlos Cochran, owner of a rental home in Colorado Centre, expressed his concerns about the CCMD rule/regulation that each account is billed for fees on the property in any month in which both accounts are responsible for any part of that month. There is no proration of fees. The Board and District Manager explained that the process of starting/stopping any service is very time-consuming and takes a sizable amount of time and administrative work. It was suggested to Mr. Cochran that his rental home lease should begin on the first of the month and end on the last day of the month thereby resulting in only one account being billed for services. He thanked the Board and will set up his rental leases as advised.

- E. Review of District Finances (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of February 12, 2012 the District has \$5,696,553.02 in funds. The District's expendable funds are \$5,509,266.27.

- Budget Review – The budget review was given for the month of January, 2012.
- Bank Transfers and Other Banking Activities

Nothing reported.

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. 2012 Election Update and Cancellation Resolution 2012-02-23.1

Pursuant to State statutes, the Board of Directors of the Colorado Centre Metropolitan District is authorized to designate an election official to exercise authority of the Board in conducting a Special District election. Also the Board can authorize the Designated Election Official to cancel the election upon certain conditions. The Board named Sandy Goad as the Designated Election Official (DEO) for the Special District election scheduled for the 8th of May, 2012 and the Board authorized the DEO to cancel the election and declare the candidate elected if at the close of business on the sixty-third day before the election there were not more candidates for director than offices to be filled.

A motion was made and seconded to adopt Resolution 2012-02-23.1, Appointing a Designated Election Official and Authorizing Designated Election Official to Cancel Election. Upon a voice vote, the motion passed unanimously.

H. 457 Retirement Plan IRS Required Update and Resolution 2012-02-23.2

At this time Colorado Centre Metropolitan District's 457(b) Deferred Compensation Plan (Retirement Plan) for the benefit of its employees and their beneficiaries was discussed. Valic (the administrator of the Deferred Compensation Plan) has updated its 457(b) document for governmental plan sponsors per legislative updates. Ms. Monroe furnished a hand-out explaining the updates and this was discussed. The District established the 457(b) effective September 1, 1996 and after discussion the Board authorized execution of the amendment and restatement of the Deferred Compensation Plan effective January 1, 2011. The Board also requested that Ms. Monroe research Roth IRA options.

A motion was made and seconded to adopt Resolution 2012-02-23.2, a Resolution Authorizing Adoption of Colorado Centre Metro District's 457(b) Plan Restatement. Upon a voice vote, the motion passed unanimously.

I. District Operations

- Water, Sewer and Parks Operations (Pedro)

This item was discussed previously in the meeting.

- Sewer Spill Report (Pedro)

This item was discussed previously in the meeting.

- Water and Sewer Demand and Augmentation Reports (AI)

For the month of January, we produced approximately 4 million gallons and sold approximately 3.7 million gallons. The water loss is 7.2%. The report of the augmentation period November 2009 – October 2010 was presented.

- Update on Cuchares Development (Cindy & Sandy)

To date all 112 lots have been sold and the project is steadily moving ahead. Phase II has been divided into five sections. Eight lots have 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. They are connected to the system.

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

The project is now completed. The project came in at approximately \$230,000 for labor and materials. This amount is significantly under all the other bids.

- Sketch Plan for New Water Plant (John Wheeler)

This item was discussed previously in the meeting.

- J. Legal Report (Paul Anderson)

- Series B Bond Buy Back by Water Enterprise – Resolution 2012-02-23.3

On December 30, 2011 the CCMD Enterprise through its counsel sent correspondence to all Series B Bondholders regarding their interest in selling their Series 1992 B Bonds to the Enterprise for \$50 per each \$1000 principal amount of the Bond. Certain bonds are now held in “street name” by the Depository Trust & Clearing Corporation and these Bond numbers are listed under Cede & Company and such bonds are no longer in physical form. Based upon correspondence received by Mr. Anderson (District Counsel) it appears an offer to purchase the bonds held in “street name” by DTCC will be accepted by a majority and perhaps all of those bondholders. Based on this information the Enterprise has determined it is in the best interest of the Enterprise, and for the benefit of the District, to proceed with purchasing those bonds represented by the response received and to submit a formal offer to purchase for bonds held in “street name” by DTCC. The

District Manager is hereby authorized to take such actions as he deems reasonably necessary to carry out the terms of the bond purchase offer and the intent of the Resolution, and District staff are directed to assist in and otherwise take all actions necessary to carry out and/or implement the same.

Mr. Anderson and Dr. Testa will be having a telephone conference next Monday with Ryan Pollihan, our relationship manager from Bank of New York, to firm up correct procedures that need to be adhered to regarding the offer to purchase and the purchase itself.

A motion was made and seconded to adopt Resolution 2012-02-23.3, A Resolution of the Colorado Centre Metropolitan District Acting Through its Water Enterprise Regarding an Offer to Purchase Series 1992 B Bonds. Upon a voice vote, the motion passed unanimously.

Mr. Anderson commented that the Colorado Nutrient Coalition is moving forward with preparing for the Water Quality Control Commission March 12, 2012 Nutrients Regulations hearing. These hearings will commence on March 12, 2012 and continue for at least two days. He will report back to the Board regarding any updates pertaining to the nutrients regulations.

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

Captain Bob Throgmorton received a call and he gave his notes to Ms. Monroe to report on. She reported that for the month of February the Fire Department had 15 calls for service; 75% of those were medical related and the rest were a mix of miscellaneous calls. This month a Home Fire Safety presentation was scheduled for March the 17th at 10:00 a.m. In other news, the Colorado Springs FD will deliver a Suburban to the Fire Department near the end of March for use on Medicals. This should lengthen the life of the current apparatus. The Suburban will be equipped using a grant awarded by the El Paso County Medical Board.

The Board expressed gratitude and praise for our Fire Department's expertise and compassion.

L. Fountain Mutual Irrigation Company – (A1)

Minutes of the January 12, 2012 Regular meeting were included with the board packets. A signed Management Contract with Gary Steen, Manager for FMIC, has been approved/completed.

Lorson Ranch agreed that the settlement amount they owe will be collected by the County and conveyed to FMIC directly.

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

Minutes of the January 12, 2012 Board meeting were included with the Board packets plus the January 9, 2011 agenda.

- Progress Report

Director Cantin reported that the clarifiers and skimmers have been installed. Also, there has been significant progress in all the buildings and ground areas.

- Cost and Financing Issues

Director Cantin reported that unfortunately there are substantial cost over-runs. There is a need to scale back on some of the buildings and equipment. Part of the over-runs is the \$125,000 spent to date regarding the nutrients regulations. This cost is justified given the potential millions of dollars it would cost to be compliant with any nutrient regulations that could be approved. Dr. Testa has some real concerns about these funding issues and has meetings set up with the contractor, Roger Sams and Jim Heckman to discuss the cost over-run issues.

- Nutrients Issue

This was discussed earlier in the meeting.

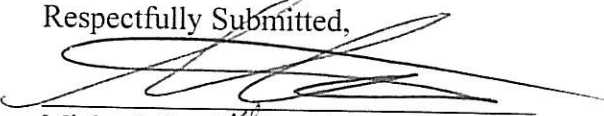
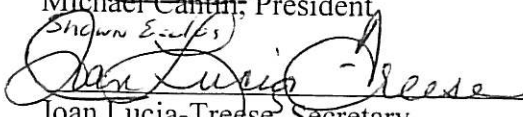
Captain Throgmorton returned from a call and commented on a mutual aid call that they had with Security in the last month. It was a car accident and the victim was trapped in the car and Security's jaws of life would not start so our jaws of life (power hawk) was retrieved and worked quickly and efficiently to release the victim. A call regarding a double shooting and double fatality was mentioned. The whole community was deeply affected by this tragedy.

N. Executive Session (if needed) - No Executive Session needed.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:55 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,


Michael Cantin, President
Shown E-mails

Joan Lucia-Treese, Secretary