

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

Thursday, March 22, 2012 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Shawn Eccles	Vice President, Vice Chairman
Joan Lucia-Treese	Secretary
Michael Terry	Treasurer
Karen Harvey	Assistant Secretary/Treasurer

Also Present: Al Testa, Cynthia Monroe, Sandy Goad, Frankie Diaz, and Michael Cantin (via telephone)

I. Preliminary

- A. Call to Order
Director Eccles called the meeting to order at approximately 5:35 pm.
- B. Roll Call - Determination of a Quorum.
A Quorum was present. Director Cantin 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 February 23, 2012.

Director Terry noted that there is a typo on page two, second paragraph, line four. The word "out" should be "our".

A motion was made and seconded to approve the corrected Minutes of the Regular Meeting of February 23, 2012. Upon a voice vote, the motion passed unanimously.

- B. Board's Time

Director Terry commented that he had attended the Joint Ag Committee Meeting. Mr. Steve Gunderson of the WQCC presented the Cost Benefits Analysis. There was virtually no feedback or questioning about the study. Representative Looper was the only opposing voice. Director Terry commented that he wasn't surprised about the voting outcome (they voted 8-5 to approve forwarding the bill to the Appropriations Committee with little change). If the bill passes that Committee,

it goes to the full House for a vote and is expected to pass there, and then on to the Senate where it may meet with resistance.

Director Lucia-Treese commented that there was a Town Hall Meeting at the CCMD Fire Station on March 10, 2012. Commissioner Hisey and Representative Waller answered questions, etc. There were approximately twelve people in attendance. Directors Lucia-Treese and Cantin were in attendance. Most of the questions/concerns were regarding oil and gas drilling, the “fracking” process and water safety.

C. Changes to the Agenda

None.

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

None.

E. Review of District Finances (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of March 15, 2012 the District has \$5,927,754.81 in funds. The District’s expendable funds are \$5,701,491.24.

- Budget Review

The budget review was given for the month of February, 2012. Ms. Monroe noted that Fire Chief Tom Byes applied for and received a Grant from ESA in the amount of \$1,526.00. These monies will be used to equip the Suburban we are receiving from the City of Colorado Springs.

- Bank Transfers and Other Banking Activities

A transfer check (\$8,500.00) was signed to transfer the remainder of the Availability of Service fees into the Farmers State Bank 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. 2012 Election Update and Cancellation Resolution 2012-03.22.1

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. This was the case for this election (there were not more candidates for director than offices to be filled); therefore, Sandy Goad (DEO) will cancel the election.

A motion was made and seconded to adopt Resolution 2012-03.22.1, Appointing a Designated Election Official and Authorizing Designated Election Official to Cancel Election. Upon a voice vote, the motion passed unanimously.

H. District Operations

- Water, Sewer and Parks Operations (Pedro)

Mr. Velazquez was unable to attend; therefore, field technician Frankie Diaz reported on this item. Mr. Diaz commented that they are finishing up with the AMR meter installations (there are approximately 23 more homes needing the new meters); maintenance continues at the water plant; exercising of the valves will start next month; and inspections are ongoing at the Cuchares Ranch.

Water has been turned on at all the parks. Next week we will be cleaning along Horizonview Drive. The new slide will be here in July and will be installed in the Mosko Park.

- Water and Sewer Demand and Augmentation Reports (Al)

For the month of February, we produced approximately 3.9 million gallons and sold approximately 3.7 million gallons. The water loss is 4.3%. We pumped approximately 3.6 million gallons of wastewater. The report of the augmentation period November 2009 – October 2010 was presented. There is an excess of 172 acre feet. Dr. Testa has been researching and conferring with CSU about the selling of excess water. He will report back when any final decisions are made.

Dr. Testa is working on an application to acquire grant monies from the State for our proposed water plant. Director Terry inquired about the water plant (he was unable to attend the meeting when the sketch plan for the new water plant was

presented by architect John Wheeler). Dr. Testa explained that the CCMD water 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. The Board conferred at the February 23, 2012 Board meeting that they like the concept and authorized Dr. Testa to pursue construction of a new water plant and funding possibilities/options.

- Update on Cuchares Development (Cindy & Sandy)
 - Acceptance of Phase II filing 2 Water and Sewer Systems
 - Acceptance of Phase II filing 3 Water and Sewer Systems

Dr. Testa reported that two years ago FMI Cuchares Ranch conveyed all Phase I water and sewer facilities of the Cuchares Ranch development. They now desire to convey Phase II filing 2 and 3 Water and Sewer Systems to the Public Water system of Colorado Centre Metropolitan District. If accepted Dr. Testa will notify FMI Cuchares Ranch, LLC that the two year warranty begins today.

A motion was made and seconded to approve the Acceptance of Phase II filing 2 and 3 FMI Cuchares Ranch, LLC Water and Sewer Systems. Upon a voice vote, the motion passed unanimously.

Phase II has been divided into 5 sections. Sixteen lots have been sold in Filing 2.

- Update on US Army Reserve Center (AI)

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

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

The project is now completed. Dr. Testa has promised the County that the shoulders would be graded. He is talking to Schmidt Construction about doing this work.

- Sale of Water for Oil/Gas Drilling Activities – Discussion Item

Dr. Testa inquired if the Board would want to sell any water for oil/gas drilling activities. The cost would be \$15.00 per thousand gallons. After discussion the Board conferred that an open forum or meeting with Ultra Oil would be desirable so that information could be acquired about any repercussions of oil/gas drilling in terms of contamination, etc. The City and County should have some involvement in this, also. Director Lucia-Treese will make inquiries with some of her City and County contacts, and she and Sandy Goad will plan some sort of informational forum. The residents should be involved so that their feedback

could be obtained. Director Eccles stated that there is an abundance of information already compiled and posted on websites that the individual Board members should look into and become better educated about.

- Update on VA Cemetery

Dr. Testa met with and commented that representatives trying to construct a VA Cemetery are very interested in Case's Bradley Heights land for the Cemetery. Dr. Testa said that we could sell the "gray water" out of Big Johnson Reservoir. Initially they will have to use the CCMD regular water until the Reservoir is doable for their water needs. The City is in favor of this location also for the Cemetery. He will keep us apprised of this situation.

I. Legal Report (Paul Anderson)

Mr. Anderson was unable to attend the meeting but furnished an outline of legal issues. His outline covered the nutrients issues, BLR bankruptcy, Ultra Resources, etc.

- Series B Bond Buy Back by Water Enterprise

Letters will be mailed on April 2 to the accepting bondholders with instructions to notify the Bank of New York for payment and conveyance.

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

Chief Byes reported that for the month of February there were 15 alarms consisting of 5 medicals, 3 traffic accidents, 3 fires and the rest miscellaneous. The Suburban will be arriving anytime from the City. The Fire Safety demonstration held on March 17, 2012 was a big success. There were approximately 15 adults and a dozen children in attendance. Sparky the Fire Dog was a big hit.

A representative from Ultra Oil talked with Chief Byes about the possibility of Fire Protection and medical assistance for their drilling sites. Chief Byes will research this and report back to the Board.

K. Fountain Mutual Irrigation Company – (AI)

Minutes of the February 16, 2012 Regular meeting were included with the board packets. Dr. Testa reported that FMIC is having problems with getting someone to sell their water. Big Johnson is at 50% capacity. FMIC could store more water instead of dumping it down the creek. If the opportunity presents itself FMIC will buy more water.

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

Minutes of the February 9, 2012 Board meeting were included with the Board packets plus the March 15, 2012 Agenda.

Director Cantin suggested that CCMD look into buying a conference phone for Board members that are calling in for the meeting.

- Progress Report

Director Cantin commented that all the leak testing has been completed. The clarifier equipment is being installed and all of the foundation work on the maintenance and storage building is complete. They are looking at combining the operations and maintenance buildings as a cost saving measure.

- Cost and Financing Issues

Dr. Testa met with Jim Heckman, Roger Sams and Weaver Construction regarding the fact that the budget is significantly over the contract amount. There are items being evaluated for cost cutting measures. The finalization of the design and actual costs will be accomplished within the next month. Dr. Testa will keep the Board apprised of this situation.

- Nutrients Issue

Director Cantin and Commissioner Hisey attended and testified at the Commission meeting on March 26, 2012. Director Cantin summarized that the exorbitant costs associated with the nutrient regulations are not justified and backed up by scientific data. There were approximately 47- 50 entities that testified and the majority expressed that these regulations are a "bad idea" and not justifiable by scientific data. Commissioner Hisey made a good point in that the storm water issues in Colorado Springs will make it difficult to get the regulations approved given the fact that there is no scientific justification. The residents would not be willing to pay for all these extra costs.

Dr. Testa composed a letter thanking Commissioner Hisey for his efforts and support in defense of the interest of CCMD and other communities with respect to the nutrients regulation issue that could significantly affect the cost of treating our sewer effluent.

A motion was made and seconded to approve, sign and mail the Thank You letter to Commissioner Hisey. Upon a voice vote, the motion passed unanimously.

Dr. Testa reported that we received a letter today from El Paso County inquiring about the potential use of the Colorado Centre Metropolitan District as a polling place for the 2012 General Election. After discussion the Board conferred that this would be a good idea. The County will be notified of the decision.

A motion was made and seconded to approve offering the use of the Colorado Centre Metropolitan District as a polling place for the 2012 General Election on Tuesday, November 6, 2012. Upon a voice vote, the motion passed unanimously.

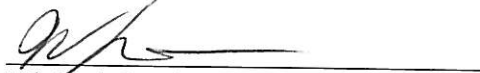
M. Executive Session (if needed)

No Executive Session needed.

III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:27 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,



Michael Cantin, President



Joan Lucia-Treese, Secretary