

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

Thursday, February 28, 2013 at 5:30 PM
4770 Horizonview Drive
Colorado Springs, CO 80925

Board Members Present:

Michael Cantin
Shawn Eccles
Joan Lucia-Treese
Karen Harvey
Michael Terry

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

Also Present: Al Testa, Cindy Monroe, Paul Anderson and Sandy Goad

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.
- 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 January 17, 2013.

A motion was made and seconded to approve the Minutes of the Regular Meeting of January 17, 2013. Upon a voice vote, the motion passed unanimously.

- B. Board's Time

Director Lucia-Treese reported that the County is working on installing another "temporary" speed bump on Anvil Drive.

Director Lucia-Treese also commented that she attended the last HAC meeting and was informed that just one street in Colorado Centre will receive repairs (Chieftan Drive bus stop area) on the broken concrete areas. In previous years, County personnel would visit areas in the County to survey areas where repair work was needed. The repair areas would be presented to the Board of County Commissioners and action taken. She was informed at the last HAC meeting that

the policy now is to repair areas that have been called in as a customer service complaint. She will attend the Board of County Commissioner's meeting when HAC makes their presentations and report back to the Board.

Director Terry wanted to "vent" about current political events involving the impact of "Sequester 2013" to our country. This was discussed and all agreed that the impact could be financially devastating to our entire country.

C. Changes to the Agenda

Dr. Testa commented that he added an example of a Park Sign to the Board packets. If the Board is comfortable with the final rendition of the Park Sign, then Dr. Testa will have them made for display in the CCMD parks.

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

No Public Comment.

E. Financial Review (Cindy)

- Bank Balances

Ms. Monroe gave the report on bank balances at this time. As of February 21, 2013 the District has \$4,142,259.46 in funds. The District's expendable funds are \$3,926,091.71.

Bradley Heights owner Randy Case submitted \$5,000 (half of the retainer fee) to Dr. Testa for his services regarding the residential development of Bradley Heights.

Ms. Monroe commented that she inadvertently didn't charge the Fire Department their 2013 allocation of administrative expenses for the month of January, 2013. Per the 2013 Budget, the allocation is \$1,000 per month so the next budget comparison will include the months of January and February, 2013 in the amount of \$2,000.

- Budget Review

Ms. Monroe presented the budget review for January, 2013.

- Financial Transactions

None.

F. Review and 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. District Operations

- Water, Sewer and Parks Operations (AI)

Dr. Testa gave the water, sewer and operations report because Mr. Velazquez is attending his continuing education class. Frankie Diaz is attending the same class. They are continuing with general maintenance around the District and everything is operating very well. The skateboard equipment arrived and will be installed in the park as soon as weather permits. The Board would like to plan some sort of Grand Opening event when the equipment is totally installed.

- Water and Sewer Demand and Augmentation Reports (AI)

For the month of December we produced approximately 4.1 million gallons and sold approximately the same amount. The water loss is minimal.

The report of the augmentation period November 2011 – October 2012 was presented. The Robinson Ditch purchase will greatly help our usage and augmentation data.

- Update on Cuchares Development (Sandy)

To date 98 lots have been sold in the current filings/phases. Cuchares has submitted all the plans for Filing 5 (they have been approved and platted) which Dr. Testa reviewed and all seems to be in order so they will be signed and distributed. He also commented that Filing 6 which includes the Cuchares Homestead has been filed.

- JCC Channel Improvements Design by Kiowa (AI)

The Kiowa Engineering design for the JCC Channel Improvements is completed and Dr. Testa signed the application for the Army Corp of Engineers. The designs have been presented to the City of Colorado Springs for review. The total cost for all the improvements is \$690,000. These costs all qualify for reimbursement from the County drainage fund. Dr. Testa will confer with County engineers Andre Brakin and Max Rothschild regarding the channel improvements and possible reimbursement of costs.

- Bradley Heights Update (AI)

Dr. Testa met with Randy Case regarding his desire to develop homes on that site. The City has all the 1200 acre feet of water to commit at no cost to Colorado Centre and they will need to pay for depletion water at no cost to Colorado Centre. They want to change the time frame and quantity of homes (500-600 homes up from 250 originally proposed). This will be interim service (10 years) so the rate structure of Colorado Centre will have to be considered with the knowledge that this interim service will eventually go away. Discussion included ways to use this substantial increase in revenue over the next ten years. This will be discussed further so a financially legal decision could be made in terms of CCMD's future budgets and the best way to incorporate the possible increase of revenue.

Director Terry inquired about the VA Cemetery proposed location in regards to Bradley Heights. Dr. Testa replied that apparently this is not a dead issue. There is a part of Bradley Heights that could still accommodate the cemetery. He will keep us apprised of any final decisions.

- Robinson Water Rights Update (AI)

Due to the drought situation in Colorado there are opportunities for all of our surplus water to make money for us. The Colorado Water Protection and Development Association are interested in buying some of our water. Dr. Testa will be conferring with the State regarding the best way to incorporate CCMD's reporting of the Robinson Ditch water right which is part of the CCMD augmentation plan. CCMD and Weldfield are working together to see how moving all or some of the ownership of water from Fountain Creek to Jimmy Camp Creek to the extent that the water would be fully consumable. If this can be worked out CCMD would not have to worry about the two year delay because CCMD would be paying back the water instantaneously, in full, and just below the depletion location. CCMD would still keep its augmentation plans in place in case of emergencies.

- Relocation of CCMD's Sewer Effluent from FSD to LFMSDD

Dr. Testa will be meeting with the State regarding this issue. Colorado Springs has not replied to Dr. Testa regarding this issue so a decision concerning the relocation of CCMD's sewer effluent needs to be made with the State's input.

Dr. Testa reported that FMI Cuchares Ranch would like to convey Filing 4 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 Filing 4 FMI Cuchares Ranch, LLC Water and Sewer Systems. Upon a voice vote, the motion passed unanimously.

H. Legal Report (Paul Anderson)

Mr. Anderson prepared the grant of easement conveyance (result of the Robinson Ditch purchase) and Dr. Testa presented it to Jim Heckman and it was passed on to the FSD attorney. Dr. Testa relayed that Mr. Heckman needs to present details of how it will be relayed from FSD to LF. Dr. Testa also commented to Mr. Heckman that FSD will need to carry 100 percent of the operations until CCMD is allowed to flow.

• Update to Rules and Regulations

Mr. Anderson met with Dr. Testa, Cindy and Sandy regarding the Rules and Regulations. After conferring about the changes, additions, etc. the final product will be completed by Dr. Testa and Mr. Anderson and submitted to the Board for approval. The basic document will remain intact. All new documents, resolutions, etc. will be incorporated into the new document and there will be some shifting of categories, clarification of operations, and a Table of Contents and/or Index will be added.

The County is coming up with draft rules for oil and gas development. The City Council addressed this issue at the January meeting and further discussions will continue at the March meeting.

Mr. Anderson commented that the Water Quality Control Commission's triennial review hearing is scheduled for June 2013. This will be a rule-making hearing on proposed modifications to the water quality standards and stream segment classification in the Arkansas River basin. They are considering more stringent standards on phosphorus, nitrogen, etc. Lower Fountain will ask for party status so that they can be a part of the meeting.

I. Emergency First Responder Services Report (Chief Tom Byes)

Captain Bob Throgmorton reported for Chief Byes who was unable to attend. There were 24 alarms since the last Board meeting consisting of one grass fire, a roll-over accident on Marksheffel and medicals.

J. Fountain Mutual Irrigation Company – (AI)

Minutes of the January 8, 2013 regular meeting were included with the board packets.

Dr. Testa reported that ongoing items include the No. 4 and No. 17 water rights owned by the City of Fountain, the Gray Family trust, Robinson Ditch and dredging of Big Johnson Reservoir. The construction of the augmentation station has been approved.

The design for the pipe through Lorson Ranch has been completed. This project is being paid for with the money collected from the Lorson litigation.

The water carriage agreement is on standby. The deposit has been paid to Fountain Mutual. This is for the Robinson Ditch water rights purchase.

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

Minutes of the January 10, 2013 Regular Board meeting and the January 25, 2013 Special Board Meeting were included with the Board packets plus the February 14, 2013 agenda.

Director Cantin reported that Mr. Sikes was appointed to the Board to replace Mr. Thompson who passed away last month. Elections were held and Mr. Phillips is the President, Mr. Cantin is the Vice-President and Jim Sikes is the Secretary.

- Cost Summary

A cost summary sheet was included with the Board packets. There is approximately \$508,000 of contingency and other undefined allowances. There are still ongoing issues with Ann Hanna and Jay Frost so possibly some of these monies will be allocated to solve these issues. Ann Hanna and Jay Frost still have concerns regarding the treated water discharge across Hanover Road through their ranches and into Fountain Creek. Dr. Testa commented that relocating the entry point (further north which will make the water flow further west) would be the best option. We would be crossing where we would use less of Ms. Hanna's property and there would be minimal impact for Mr. Frost. The area is being tested for stability. Dr. Testa commented that CCMD will be able to tackle this without budget modification. The final solution will be reported to the Board.

- Progress Report

Director Cantin reported that there is substantial electrical work in the Headworks building. The Operations building is pretty much completed. There are still ongoing management issues.

- Bio-solids Building Issue

There was a meeting on January 25, 2013 regarding construction of the Bio-Solids Building. Director Cantin commented on the CCMD's Board's

recommendations at this meeting. Director Lucia-Treese was also in attendance and voiced her concerns about the management performance of Weaver Construction under the current project. After extensive discussion the contract was awarded to Weaver Construction. They have 273 calendar days to reach substantial project completion. The total project cost is approximately 1.9 million dollars.

L. Executive Session (if needed)

No Executive Session needed.

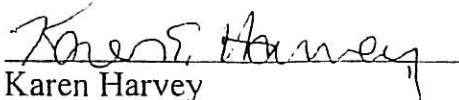
III. Adjournment

A motion was made and seconded to adjourn the regular meeting at approximately 7:30 p.m. Upon a voice vote, the motion passed unanimously.

Respectfully Submitted,



Michael Cantin, President



Karen Harvey