

SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
MEETING ON May 5, 2010
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082

Meeting called to order by Bob L. Scott at 8:55am.

Proof of Notice: was given in 3 public areas within the district and 2 public areas outside the district.

Roll Call - Board Members: Robert L. Scott (Bob), Rick Kinder, R.C. Ghormley, Jerry Withington – Guests: Lynn McCreight and Tom Stevens

Determination of a Quorum – A quorum was established.

Election of Officers: Bob opened nominations for President. Robert L. Scott was nominated. No other nominations for President. Robert L. Scott elected by acclamation. Bob opened nominations for Vice-President. Richard Kinder was nominated. No other nominations for Vice-President. Richard Kinder elected by acclamation.

Bob opened nominations for Secretary. Discussion followed. Mike Shelton was nominated. No other nominations for Secretary. Mike Shelton elected by acclamation.

Bob opened nominations for Treasurer. Mike Shelton was nominated. No other nominations for Treasurer. Mike Shelton elected by acclamation.

Secretary Report: Bob opened discussion of the March 2, 2010 minutes in Mike's absence – One change was given – Jerry moved to approve the minutes as corrected, Bob seconded, motion carried.

Treasurers Report: Lynn presented monthly financials in Mike's absence. She pointed out one year ago the Receivables were approximately \$166,000. After working the receivables and writing off closed account balances and some small uncollectible amounts, the receivables are down to just under \$44,000. \$19,000 of that amount is on the delinquent list. The cash flow and delinquent list were discussed. The System Repair item on the profit and loss needs to be split between Modifications and repairs for budget vs. actual purposes for the state. Lynn will do her best to split the amounts for Bob's approval. Monthly billing was discussed. Lynn stated the Richter/Rader foreclosure-bankruptcy sale did not happen. Nancy Allred is checking the status of their bankruptcy.

It was discussed in the future we may need to raise the price charged for the water to cover our costs. Future analysis of these costs will help with this decision.

SCADA report: R.C. presented the SCADA progress/status. FCC license is in hand. John Sanders is waiting on an address to ship our current radios to. Turnaround time to get the six new radios is unknown. Ground wire/ground rods/antenna masts on hand now. Coax and adapter are due 5/5. ComSolWireless will make up coaxial cables for us. All antennas on order, shipping May 17th?. The next steps are as follows: Install antennas/ground wire at all tanks and Install radios at all 3 tanks. John and R.C. will share the tasks. A couple of weeks thereafter to get T2 and T3 on line IF the new radios

have the same protocol and interface as the existing ones. So that comes out to mid-June at the earliest for T2 and T3 levels on-line.

New Officer Oaths: Oaths were signed and notarized.

New Officer Signature Cards: Discussion was held reminding R.C. Ghormley and Jerry Withington to take a copy of their oaths to the Bank of the West and International Bank and sign the signature cards for the Metro accounts.

System Upgrade: Bob discussed the upgrades to the system that are in the process. The panels are being redone. A discussion on using dual pumps vs. a larger 10HP pump took place. The pros and cons were discussed. A 10HP pump has more power and greater capacity. Pricing was also discussed. After all discussions, it was decided to try the 10HP pump on cistern 1 to see if it makes a difference. Water and electric measurements/reads will be taken before and after to help with the determination. No motion is necessary because the budget has already been approved for this type of upgrade.

Kipp is making progress on the PRV replacements. He is over half finished. Some came in on budgets, some exceeded budget.

Rick asked about ideas for water leak detection. Bob stated that flow meters could be installed, the valve closed and meter checked for small leakages.

CUSI: Lynn mentioned the implementation phase of the new billing software ended April 30th but some training hours were available to her. Discussion followed.

Rick's Water Reporting: He is taking a sample to Pueblo today. He is checking the cost of implementing the Gas or bottled Chlorine system. Discussion followed. Lynn should be receiving the City of Trinidad's consumer confidence report that Rick needs to turn into the state by July 1st.

R.C. and Bob are testing for water certifications to back up Rick's job.

Indemnification Resolution: Present board members signed the resolution. Mike (as secretary) will need to sign. Lynn will then file the resolution with the county clerk's office and copy the lawyer.

Different options for paying: Lynn presented 3 different bids for credit card processing and ACH thru International Bank online banking. Discussion followed. Bob moved to use International Bank's online banking ACH system and sign up with Capital Bankcard credit card processing. Lynn made it clear during the earlier discussion; it was her son representing Capital Bankcard. Rick seconded. Motion carried.

Monthly billing was discussed a little further.

It was discussed to put the credit card option and ACH for paying on the billing form.

Owner email discussion: An email was received from an owner in regards to his water line that had frozen. Owner asked for some type of relief with his current bill, due to the expense of the water damage on his property after the water unthawed due to the line being left open. Discussion followed and was determined to allow the owner to have extended time to pay off that specific bill.

The Santa Fe Trail Ranch Metropolitan District's responsibility for the water line ends at the meter. The line past the meter on the owner's property is the owner's responsibility.

Miscellaneous: Tom brought to the attention of the board that the metro name on the checks was misspelled.

The next meeting will be Tuesday, July 13th, 2010 at 9am at 109 W. Main, Trinidad, CO, 81082.

R.C. moved and Jerry seconded to adjourn the meeting at 10:55 a.m. Motion carried.

SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
MEETING ON July 13th, 2010
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082

NOTE: Due to meeting room conflict, the meeting was held across the street from Century Financial in the Bell Block Building, LAC Chamber of Commerce office room #106.

Meeting called to order by Bob L. Scott at 9:00 a.m.

Proof of Notice: was given in 3 public areas within the district and 2 public areas outside the district.

Roll Call: Board Members: Robert L. Scott (Bob), Rick Kinder, R.C. Ghormley, Jerry Withington, Mike Shelton – Guests: Lynn McCreight and John Noard

Secretary Report: NOTE: In the future the heading “Secretary Report” will be eliminated. Jerry moved and R.C. seconded to approve the minutes from the May 5, 2010 meeting. Motion passed.

Treasurers Report: Mike explained the new bad debt number on the profit and loss was due mainly from “zz” accounts (lots sold and not reconciled) including finance charges automatically posted in QuickBooks. Lynn stated in the future we should have very little bad debt. A bad debt category needs to be added to the budget when amended. See budget amendment discussion further in minutes. Mike talked about the cash flow being sufficient for the upcoming bond payments. Lynn is tracking all bond payments that come in. We currently have \$90,000+ for the next bond payment due September 1, 2010. Mike stated he will contact the bond company in the next few days (45 days before payment due date is required) to let them know how much we are paying. The balance sheet and profit and loss categories were discussed and since the budget is being amended for the state, some modifications were suggested to the financials. Lynn will make the modifications to the financials and make the amended budget categories match the financials and email all of the revised reports to the board members for their approval. Discussion took place about any mention of OPEC not needed in the books.

Lynn stated Richter/Rader’s second bankruptcy was declined and the property is up for foreclosure July 28th. Carraher’s property is up for foreclosure July 29th. No change on the Trainer bankruptcy. Lynn placed liens on 5 properties to protect us if they go bankrupt or foreclose. There has been no communication from these owners. The rest of the delinquent owners are communicating and paying payments. R.C. asked about the water shut off policy. The Metro Board’s written policy states that after 45 days past due on water and maintenance bills, a shut off notice is sent. The owner has 15 days to pay the water and/or sign a contract for the remainder of the delinquent account. Carrahers

paid the water bill but was not asked to sign a contract due to the fact that a foreclosure is scheduled.

There was extensive discussion on amending the budget. It was concluded that revised budget numbers would be discussed after the revised reports were emailed to the board members. At that time a budget hearing will be scheduled. (see discussion in the financials paragraph above)

UNFINISHED BUSINESS:

SCADA Report: R.C. stated the antennas and radios should be up and running in 4-6 weeks. The incorrect antenna was shipped back and the new custom made antennas shipped last Friday. There is no ship date on the new radios (6). John Sanders is hopeful they will be shipped within the next week. When they arrive, John will test them and if all is working will then install them on the tanks. Rick asked where we stand on the SCADA budget. We budgeted \$30,000 and have spent approximately \$10,000+ to date.

Signature Cards: All the new signature cards have been signed and Lynn will keep a copy of both International Bank and Bank of the West in the fire proof safe.

System Upgrade: All PRV's are upgraded except 6. Kipp will finish when he is free. \$ 500. /per was projected. The average cost has been \$643.16. \$10,933.00 to date. The reason for the upgrades is due to the age of the water system and corroded piping. We are now using brass. The above cost does not include material costs.

Rick's Report: No progress has been made on the chlorine project. Plan to begin soon. The state lead and copper report is being mailed and faxed today to the state. The Colorado Rural Water association has classes occasionally for individuals to earn their 2.1? credit hours to keep their certification current. Rick will make sure that Bob and R.C. are aware of these opportunities. Further discussion was held on the chlorine project. The possibility of pre-built, self-contained units was discussed. Due to the fact that volunteers would be building the required enclosed unit, we should just purchase the pre-built unit and just have to plumb it. Locating this unit at pump 3 was discussed. If we have a system custom built, we need to make sure it meets our specs so we do not have to modify our system to someone else's specs. Mike suggested getting competitive bids. It was concluded that Chlorine tablets are not a good alternative.

NEW BUSINESS:

Rate Adjustment: Bob read the following from the annual audit: "The Metro District will purchase water from the City of Trinidad under a water service contract. The District will meter water usage by individual customers and bill users in amounts adequate to pay for the water purchase as well as defray the costs associated with reading meters, billing, collecting and system maintenance and operations". To further clarify, the rates have to cover our daily operating costs to comply with the terms of the bond issuance documents.

Over the last 54 months, the financial statements show that we have lost approximately \$40,000. The main expenses in the formulas are the Electricity to run the pumps and the actual cost of the water usage.

Further discussion on rate adjustment can happen at the planned budget hearing. It is possible to increase the maintenance fees also, not all owners that have taps (177) actually use water. Electricity costs could be reduced over the long run by installing 3 phase pumps. There is a 3 phase line that runs thru the ranch that we could possibly tap into. John Noard stated that the cost of running on 3 phase is $\frac{1}{4}$ the cost. The payback period would need to be analyzed. Bob confirmed the process to make an increase is basically board approval. R.C. stated the facts needed to be laid out for the owners, income vs. expenses. Mike suggested a ladder rate increase, but this would not satisfy the bond issuance commitment.

Bloomberg request for financials: The Metro received a request from Bloomberg (a global financial news and media company) requesting the last 5 years of audited reports. The district is required to comply per the bond agreement.

Amendment 60, 61, 101: These amendments are an enhancement to the current Tabor. The district cannot pro-actively fight a political issue but can resolve to oppose an issue. It was decided that the SFTR Metro district would oppose the stated amendments because they would drastically cut special district funds statewide. Lynn will send the resolution to the Special District Association opposing the amendments.

NOTE: The board can correct the minutes, by vote, at any time. Lynn will email the minutes first to the board and within the next few days send them to Pat Roehl (ranch webmaster) for publication on the website.

Adjournment: Rick moved to adjourn the meeting at 10:40, R.C. and Mike seconded, motion passed.

SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
SPECIAL MEETING ON July 28th, 2010
BUDGET HEARING AND RATE ADJUSTMENT
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082

Meeting called to order by Bob L. Scott at 9:00 a.m.

Proof of Notice: was given in 3 public areas within the district and 2 public areas outside the district.

Roll Call: Board Members: Robert L. Scott (Bob), R.C. Ghormley, Jerry Withington, Mike Shelton – Guests: Lynn McCreight, Ernest Parker and John Parker

Determination of Quorum: Yes

Minutes: Jerry moved and R.C. seconded to approve the minutes from the July 13th, 2010 meeting. Motion passed.

UNFINISHED BUSINESS:

Revised Budget: Approved new budget expense categories from the July 13th meeting were reviewed. Revised budget numbers were discussed. Revised numbers are based on current expenditures and estimated expenditures through the end of 2010. (See the original and revised budgets attached).

Lynn pointed out that the final completion income was billed in 2009. (Although all of the “J” lots are included in the Metro District, none has bought into the system yet). Only if a “J” lot opts to participate in to the Metro water system, will completion income be shown as a line item in the future. Therefore, the decision was made to remove the entire category from the budget.

Rate Adjustment: The board had lengthy discussion on current rates vs. a rate increase. The key points in the discussion included the following:

- 1) In analyzing the Metro’s costs since the system became more stable, there has been a net operating loss of approximately \$2700 per month. This does not count completion repairs and upgrade costs.
- 2) The bond issuance documents stipulate the Metro water rates must cover all operational costs. Failure to meet this commitment could place us in default on the bonds. (See July 13th minutes). The only way to meet this commitment is to increase water rates.

- 3) It was the Board's decision to reserve the monies invested in the CD's for emergency situations, rather than risk a future special assessment.
- 4) It was pointed out that the duties of a Certified System Operator are currently performed by Board members, and at some point, it may be necessary to hire an individual for this job.
- 5) It was decided to keep the sliding water usage rates for water conservation purposes.

Bob moved: Based on financials to date, satisfying the bond issuance and our own fiduciary responsibility, effective July 1st, 2010 the water usage rates per gal will be increased to the following:

Cost per 1000 gallons	Consumption gallons per month
\$ 12.00	1-5,000
\$ 19.00	5,000-10,000
\$ 24.00	10,000 and up

Jerry seconded: motion passed.

Bob moved: Subsequent to annual budget review, the Board will conduct an annual rate review. RC seconded: motion passed.

For an average user, based on 9,000 gallons per quarter, their water bill will increase \$31.32, or about \$10.40 per month.

Adjournment: Jerry moved to adjourn the meeting at 11:47, Mike seconded, motion passed.

SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
BUDGET HEARING, DECEMBER 17TH, 2010
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082

MEETING MINUTES

Meeting called to order by Bob L. Scott at 9:00 a.m.

Proof of Notice: was given in 3 public areas within the district and 2 public areas outside the district.

Roll Call: Board Members: Robert L. Scott (Bob), R.C. Ghormley, Jerry Withington, Rick Kinder-Guests: Lynn McCreight

Determination of Quorum: Yes

Minutes: Rick moved and R.C. seconded to approve the minutes from the July 28th, 2010 meeting. Motion passed.

Treasurers Report: Lynn discussed the Profit and Loss, Balance Sheet, Budget vs. Actual, Delinquent List, Ageing by service, cash flow and Income vs. Expense Chart. Lynn agreed to change the formulas in the difference column of the Budget vs. Actual to remove the negative signs if more than the budget was spent or income received. R.C. questioned the need for the Ageing by service. The purpose being to show the bulk of the delinquent is bond and there is very little leverage for collection. We have collected \$81,063.28 in bond money since our last payment in February. We estimate our repair and maintenance costs will be reduced in 2011.

System disinfection: Rick and Bob toured the water system with Monique Morey from the State. She recommended cleaning an area around the tanks, removing all organic material for fire safety. Also, for ease in spotting leaks. She also recommended putting a trench around the cisterns. The existing mesh in the tank vents meets state requirements. She was informed of the new stainless steel hatch covers planned.

System Status:

SCADA: All parts have been installed for tank 2 and 3 for reading levels. The electrical power might need to be upgraded at tank 2 for sufficient radio power. Also, John Sanders has some programming and software changes to make. Bob will discuss this with John to determine when this can be accomplished and also Bob will get with San Isabel to get a new quote on supplying the needed power. The possibility was discussed to use solar power.

System Upgrades: The remaining scheduled system upgrade materials have been purchased and will be installed as soon as weather permits. More discussion followed.

New Business:

Terms – Election: Lynn discussed the terms of the current board members. The next regular election will be May 8th, 2012, when the terms of Bob and Mike expire. Further discussion and clarification continued.

Meeting Postings: The meetings posting sites will remain the same in 2011.

Meeting Schedule: It was decided to schedule a meeting the 1st Thursday in March, June, September and December in 2011. All meetings are subject to change.

Legal Fees: Grimshaw and Harring's rates will not increase in 2011 and some of the rates have been lowered.

Water Tap Costs: The current water tap fee is \$6320.00. Following is the breakdown of the current fee: \$5150.00 to the City of Trinidad, \$320.00 to Robert Nelson and Sons for installation (he has agreed to keep this cost the same in 2011), \$850.00 to cover the Metro's cost for materials. Following discussion of the current costs of the materials (breakdown attached), Bob moved to increase the water tap fee by \$250.00, effective immediately, from \$6320.00 to \$6570.00 based on the current increased pricing of material needed to install the meters. Jerry seconded, motion passed. We now have 13 meter pits in stock.

Audit 2010: Lynn stated the audit with Tim Dixon will be the 3rd week in January, 2011. She will need to have the information to him by the 14th of January.

Colorado Conservation: Bob asked Lynn what the letter from the state (Tamera Hooper) was in regards to. Lynn stated it was her report following the review of the Colorado Conservation funds. It is requesting that we amend the existing agreement to include a more complete description of the common areas. Lynn will put that together.

Robert Nelson and Sons (Kipp) rate increase request: Kipp has requested a rate increase for the work he performs for the Metro. District as follows: Backhoe - from \$85. to \$90.

Dozer – from \$95. to \$115.

Labor (owner) – from \$35. to \$40.

Labor (helper) – from \$25. to \$27.50

After short discussion, Jerry moved and R.C. seconded to approve the rate increase. The motion carried.

Fire Hydrants: One of the land owners has asked about the possibility of having a fire hydrant installed close to his home, at his expense. Discussion followed with regards to the Metro charging to install the hydrants. A short discussion followed in regards to the limitations in arbitrarily adding hydrants due to system configuration. If hydrants were to be installed, it would be solely at the discretion of the Metro, based on an evaluation of whether the distribution system would be capable of supporting the necessary flow to the hydrants. The requesting lot owners would not have control over the hydrants. It was agreed to defer the discussion until the next meeting in March. More details will be available at that time. A policy would need to be put in place for this type of request.

Budget Approval: Following a brief discussion on the proposed budget for 2011 (attached), it was agreed to increase the budget for Bank Fees from \$800.00 to \$1200.00 due to the increase in credit card payments, decrease the budget for legal fees from \$5000.00 to \$3000.00 and decrease the SCADA project budget from \$27500.00 to \$17,500.00. R.C. moved and Rick seconded to approve the 2011 budget as amended. The motion carried.

Adjournment: Bob moved and it was seconded to adjourn the meeting at 10:45 a.m.