

## Water Committee

### Meeting Minutes

April 25, 2001

#### Present:

Jim Davis

Rick Johnson

Mike Shelton

Harriet Vaugeois

#### Absent:

Michael Hughes

John Woods

This was the first "official" meeting of the newly appointed Water Committee. It is the intention of the Committee to continue its mission of completing the water system even though the Committee will not be formalized until POA Board approval at the June 16th board meeting.

Although the Committee will establish a normal, monthly meeting schedule in the future, it was decided that the group should meet more frequently in the beginning due to the urgency of the tasks with which they are charged and the large number of issues to be addressed during this stage of the project. Therefore, until further notice, the Committee agreed to meet every other Tuesday at 4 p.m. at Jim Davis' house.

The following items were discussed and assignments made at the meeting:

1. Rick Johnson is to schedule a meeting a.s.a.p. with Clyde Young at the Ranch to further discuss our water system and request an engineering analysis proposal. In order to avoid delays (due to Committee members' schedules) it was agreed that the meeting could be scheduled with a minimum of two members.
2. The "verified statement of claim/demand on bonds" from the Santa Fe Trail Ranch attorney's office to the bonding company and OPEC is to be re-drafted with recommended changes and sent out by Monday, April 30, 2001. Jim Davis will approve the final draft on behalf of the Committee.
3. Repairs to Pump #1 are to proceed as previously approved. Mike Hughes has agreed to order the necessary pressure valve from Kessler. Torres will install.
4. All other repairs and/or modifications are on hold pending review by the engineer that is to be chosen for the analysis.
5. The due date for High Plains Engineering to respond with "as-builts" is April 26, 2001. If our attorney receives no response on that date, a demand letter will be sent seeking a refund of the \$15,000 fee for this information.
6. As a good faith effort, the Committee agreed to make a partial (1/3) payment to Kessler towards the outstanding balance of approximately \$11,000.
7. As an interim budget, the Committee is to draw upon the monies available from the loan received from the POA. Bill Quigley and Jim Davis will draft the necessary promissory note.
8. Regarding the search for a water system manager, Will, Rick and Jim agreed to serve as a recruiting sub-committee. Possible sources are Bill Quigley's network, Trinidad Lakes POA and the City of Trinidad Water Department. Anyone with any other suggestions should contact Rick Johnson.
9. The excess inventory needs to be returned from Denver. The Committee is seeking a volunteer who may be in the Denver area in the near future and could bring this material back to the Ranch. This would necessitate a small pick-up size capability. Please contact Rick Johnson if you can be of assistance.

## Water Committee

### Meeting Minutes

May 1, 2001

#### Present:

Jim Davis

Rick Johnson

Mike Shelton

Harriet Vaugeois

#### Absent:

Michael Hughes

Will Potter

John Woods

Rick, Jim and Harriet met just prior to the committee meeting with Clyde Young and Scot Burbidge of the Clyde Young and Company consulting engineer group from Pueblo. Clyde was brought up to date on the status of the Santa Fe Trail Ranch water system and was given a tour of the Ranch including a look at our pump stations and water tanks. Clyde requested a list of information on the history and design of the system he would need to develop a proposal for an engineering analysis. Rick and Jim are in the process of compiling this information and will forward it to Clyde as soon as possible.

Mike Shelton agreed to take responsibility for coordinating the return of the excess parts inventory from Denver.

The promissory note and modifications to the draft bond letter will be completed by Friday, May 4th.

Rick reported on his telephone conversation with Bill Schafer who is interested in the water system manager position. Bill will be asked to forward his resume of qualifications before a face-to-face meeting. In addition to Bill, one other candidate has been identified and Rick will have a preliminary conversation with that person in the next week.

It does not appear that the Pump one part has been ordered. Jim Davis agreed to take care of this when he contacts Kessler regarding the partial payment decision.

Vern Jaschke has been in contact with Rick and reported that he is almost finished with the "as built" drawings. He indicated that they would be ready for pick up on Monday, May 7th. Rick will forward this information to our attorney's office.

The next scheduled meeting is **Tuesday, May 15th at 4:00 p.m. at Jim Davis' house.**

## Water Committee

### Meeting Minutes

May 15, 2001

#### Present:

Jim Davis  
Rick Johnson  
Mike Shelton  
Harriet Vaugeois

#### Absent:

Michael Hughes  
Will Potter  
John Woods

The meeting was opened with an update on the status of several assignments and follow-up items from the May 1st meeting. Highlights are:

- The valve for completing repairs to pump one was ordered by pump contractor Kessler. He also indicated that he is standing by to be present when the system starts up.
- Vern Jaschke, system engineer, delivered what, in his opinion, are the "as-built" drawings. These will be checked for accuracy before being accepted as meeting our contract with him. Mr. Jaschke also expressed willingness to work with us through needed repairs and system start-up.
- On Tuesday Jim Davis received a call from Don Canella of OPEC. Don said he had received a copy of our letter to the bonding company and that the bonding company had requested a written response from OPEC. He expressed an interest in finishing the water system without either parties involving any legal expense. Jim and Don discussed OPEC's remaining responsibilities on the project, with particular emphasis on the repair of trench sinking. Jim referenced Michael's repeated e-mails to OPEC in which those trench sinks were identified. Jim also told him of the imminent start of road grading and suggested he contact Matt Ciarlo to discuss a combined working arrangement. Don voiced his recognition of OPEC's responsibility and said he has been waiting for instruction. Jim reminded him that he has been in possession of the trench information for months which is one of the reasons our attorney initiated action with the bonding company.
- Jim Davis is waiting for a return call from our attorneys to see if they have communicated with or received any insight from the bonding company.
- The two potential candidates for the water system manager position have submitted resumes, remain interested, and were asked to stand by until the appropriate time for an interview with the committee.
- Clyde Young and Associates forwarded their proposal to perform an engineering analysis of the Santa Fe Trail Ranch water system. Their approach would provide the following services:
  1. Prepare computer model of the Santa Fe Trail Ranch water distribution system
  2. Model several loading scenarios to determine effectiveness of existing system
  3. Prepare report with modeling results, conclusions and recommendations
  4. Make available professional services for bringing the system into operationClyde Young was recommended by Colorado Rural Water Association and brings a wealth of practical experience to this project.
- Completion of pump 1 repairs will proceed as soon as the needed valve arrives, and evaluation of outside engineering analyses and operations manager applicants will proceed as per the response and advice of the bonding company.

The next scheduled meeting is **Tuesday, May 29th 4:00 p.m.** at Jim Davis' house.

**Water Committee**

Meeting Minutes

May 29, 2001

**Present:**

Jim Davis

Rick Johnson

Will Potter

Harriet Vaugeois

**Absent:**

Mike Shelton

John Woods

Rick reported on a follow-up meeting with Vern Jaschke concerning questions about the "as-built" drawings. At the meeting, Vern reiterated his willingness to participate in overseeing the start-up of the system after repairs to Pump #1 are completed.

Rick reported that Kesler confirmed the order of the replacement valve for Pump #1 and acknowledged receipt of his partial payment.

It was agreed that the committee would contact the bonding company or OPEC directly as a follow up to the letter from our attorney. This discussion will focus on the urgency of trench sink repairs to the roads and OPEC's plan to begin leak testing in under the supervision of our representative.

The next scheduled meeting is for **Tuesday, June 12th 4:00 p.m.** at Jim Davis' home.

**Water Committee**  
Meeting Minutes  
June 13 and 15, 2001

**Present:**

Jim Davis  
Rick Johnson  
Will Potter  
Mike Shelton  
John Woods  
Harriet Vaugeois

**Also Present on the 15th:**

Don Canella  
Vern Jaschke  
Dave Olson

This Committee met on Wednesday, June 13th to plan for the meeting on Friday, June 15th. The following are the results of the meeting on the 15th.

Jaschke presented a document outlining his recommended protocol and requisite data for the completion of leak detection and repair of leaks in the water system to get us to the point of sanitization and testing for approval for use. He also presented a suggested method for measuring the amount of storage tank leakage to enhance the process. Jaschke's plan calls for testing of 5,000 to 8,000 or more feet of pipeline at a time, adjusted for existing positions of valves. The first step is to run the pumps and fill tank #1. Then fill each of the other two tanks at least half full.

From the data provided by Vern, OPEC would be held accountable for the AWWA allowable leakage rate targeted at 1,277 gallons per day, based on the size and amounts of pipe used in our system. It was suggested that the actual allowable leakage rate might be adjusted upward to reflect the demographics and topography of our system versus a typical municipal system.

The following priority outline was established:

1. Replace the broken valve in pump #1 so the pumps can be operated. The part has arrived and will be installed ASAP. In his role as the project engineer, Jaschke will sign off on the repairs to pump #1.
2. Fill the tanks half way by manually operating the pumps. Jaschke says we should not attempt to test the automatic operation of the pump system until all major leaks are determined and fixed. Pump #1 will be turned on manually and then pumps #2, 3 and 4 will work "semi-automatically" by design. Since tank #2 ended up sitting a little lower than it should have, it needs to be filled at least half way for tank #3 to begin filling.
3. Start checking for leaks. Begin by the line from the City tap to pump #1, then the balance of the line from pump #1 to tank #1. Once that is done with satisfactory results, the lines from the three tanks can be checked, beginning with the main line connecting the tanks. This must be done very methodically. Jaschke will illustrate on a map, using color-coding, the sequence in which the lines from each tank are to be tested. John Woods reported that Tom Stephens had set up such a schedule and Jaschke will review it when designing his schedule. It was noted that from pump #4 to tank #1 there are three or four feeder lines that must be isolated to complete the test of the main line to tank #1.

OPEC will return on June 27th to begin work. OPEC will send two qualified people that Jaschke will orient to the protocol. OPEC will be responsible for testing, leak detection and fixing of the leaks. Jaschke will approve the final test results of the system. OPEC will document all work done on the pipelines. On the lines

from tank #1, Canella proposed filling all the lines feeding from it because most of the testing of those lines has already been completed and major leaks fixed. OPEC will then test the leak rate and if it is not in the allowable rate, they will go back and test the lines individually, according to Jaschke's designated schedule for that tank. This proposal was acceptable to Jaschke and the Committee. Lines from tanks #2 and #3 will be tested individually according to Jaschke's protocol.

The question of adding additional strainers and gate valves was raised. Jaschke responded that if his protocol for fully flushing the lines is followed as a preliminary to the testing process neither item is required to complete the job.

Canella then expressed his concerns about the security of the system. He does not want access to the process in "too many hands". It was determined that four specific areas need to be secured with restricted access. The hydrants, pump boxes, tank hatches and seatrain storage units will have their current locks replaced by OPEC and the access will be turned over to the Water Committee after the work is completed. During the process, only OPEC, Jaschke and the Water Committee observer will share access.

Jaschke made two closing observations: First, we need to be conscious of how much water we are using in this work so we are not wasteful of water or money; second, he advised exploring the opportunity of getting approval to allow household taps to be hooked up as each segment of the system is checked and approved. That would begin continuous flow of water through the system and help cover water costs. The Committee will determine if the Health Department allows such a concept.

The subject turned to roads and trench sinkings from the construction. Canella stated that he had talked to Cairlo Excavating (the POA road maintenance contractor) and they are about to enter discussions on an agreement between them. Canella stated that OPEC is willing and prepared to pay Cairlo a monthly fee to cover OPEC's contractual obligation under the terms of the construction contract to repair trench sinkage now and for the term of the warranty period. Canella also said that upon his return to his office, he would see that the reimbursement for road material expenses incurred by the POA last year would be paid. As the Metro District invoiced OPEC, they will pay the Metro District and Metro will, in turn, reimburse the POA.

Davis will send a letter summarizing the meeting results to OPEC with a copy to the bonding company.

The next regularly scheduled Water Committee meeting is **June 26th at 4:00 p.m. at Davis'**. This meeting will be used to prepare for the "kick off" meeting with OPEC and Jaschke on **June 27th at 10:00 a.m. at Johnson's**. Jaschke will have the map of the system outlining the testing protocol available on June 27th.

## Water Committee

### Meeting Minutes

June 27, 2001

#### Present:

Jim Davis

Rick Johnson

Will Potter

Mike Shelton

John Woods

Harriet Vaugeois

#### Also Present:

Don Canella

Vern Jaschke

Dave Olson

#### Absent:

Mike Shelton

Dave Olson formally accepted the role of water system manager during this period of start-up and testing. He will work with both Vern Jaschke and the OPEC representatives. Details on compensation will be finalized in the next week or so.

In an effort to keep Kesler informed of developments with the water system, Rick agreed to forward him copies of our recent "letter of understanding" to OPEC.

Don Canella of OPEC was concerned about the exact date that the warranty begins on road repairs. The Committee agreed to respond to OPEC promptly after a review of the contract or other documentation to verify this date.

Also, Don indicated that it was important from OPEC's perspective that the Metro District "clear the air" on any old claims regarding OPEC work prior to commencing with leak detection and repairs. Jim Davis indicated that a letter would be forwarded to this effect.

The issue of who is responsible for the cost of water during the leak detection and repair process was raised. After a short discussion, it became apparent that this was unclear and that the parties should refer to the original contract to make this determination. This review will be completed prior to the next meeting.

Rick reported that the repairs to Pump #1 were completed. Vern then reviewed his updated protocol for the completion of leak detection and repair of leaks in the water system to get us to the point of sanitization and testing for approval for use. Vern also indicated that he would test and adjust all PRV's as OPEC checks the lines.

OPEC set the date of Monday, July 9th at 9 a.m. for the start of their work. Vern, Dave Olson and members of the Water Committee will be on site also.

The next meeting of the Committee will be on **July 12, 2001 at 10:30 a.m.** at the Johnson's guesthouse followed by a lunch meeting at **11:30 a.m.** with OPEC and Vern to discuss progress of the testing process and follow-up on other business. The regularly scheduled meeting of the Water Committee on **July 10th has been cancelled.**

## Water Committee

### Meeting Minutes

July 12, 2001

**Present:**

Jim Davis

Rick Johnson

Will Potter

Mike Shelton

Harriet Vaugeois

**Also Present:**

Dave Olson

**Absent:**

John Woods

Rick Johnson opened the meeting with a brief summary of the meeting with OPEC on July 9, 2001. The key topics discussed at meeting include:

- OPEC hiring of Michael Hughes as their project manager to oversee the completion of the Santa Fe Trail Ranch water system
- OPEC agreed to follow the protocol developed by Vern Jaschke
- Agreement was reached that the road warranty period began on June 12, 2000
- The issue of which party covers the cost of water during testing and repair is not clear in the original contract and will be resolved at or before our next meeting
- Fluid Automation Systems (Kesler) will be asked to OK the operation of the pumps by OPEC during the testing period
- As built drawings will be made available to OPEC
- PRV adjustments will be made by OPEC and the Santa Fe Trail Ranch water system manager under the direction of Vern
- The Santa Fe Trail Ranch will be responsible for the cost of miscellaneous parts
- An on-going meeting schedule will be established after work has began

Rick then presented a draft of the duties to be performed by the water system manager, which was approved by the Committee.

Jim Davis presented a "completion agreement" proposed by OPEC through Mike Hughes and indicated he will forward this to our attorney for review and comment. This information also addresses the issue of water costs during the testing and sign-off process.

Rick stated his opinion that every effort should be made to retain the services of Vern Jaschke to guide us through OPEC's operation. However Vern has raised an issue of a previous financial obligation that must be resolved. Rick will arrange for a meeting with Vern and members of the Metro District Board to resolve this matter as well as clarifying and documenting the precise role that Vern would play.

The next meeting of this committee will be announced.



## Water Committee

### Meeting Minutes

July 27, 2001

#### Present:

Jim Davis  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

#### Also Present:

Michael Hughes  
Vern Jaschke  
Dave Olson

#### Absent:

Don Canella of OPEC  
Rick Johnson

## Agenda, Reports, Discussions, Action Plans

### I. System testing progress report

Dave and Michael have deemed that the line from the Holiday Inn to pump station #1 is sufficiently free of leaks to meet Colorado Rural Water Assn standards, based on data from system gauges. Vern is concerned that the Trinidad meter might not be providing an accurate reading. This issue must be resolved before the first section of pipe is accepted.

OPEC brought in an expert to test the quality of the water in the line from the Holiday Inn to pump #1. OPEC rep. Michael Hughes, POA Water Manager-in-training Dave Olson, and System Engineer Vern Jaschke worked for some time to get water flowing through the system to complete leak testing up to tank #1 and to provide for the sanitization test. Although the pump appeared to be working properly, air locked in the line prevented water from flowing through the pump and on into the system. This problem will be addressed Mon. at 2 pm when Michael, Dave, and Vern meet again. The sanitization report taken on a small amount of water indicated that bacteria are currently present in the line.

Jim Davis will contact Jim Fernandez of the Trinidad Water Dept. to discuss the possibility of a faulty backflow preventer in the Trinidad system and also to suggest that water might need testing in the Trinidad line going to the Holiday Inn.

In preparation for Monday's work on moving water into the SFTR lines, Michael and Rick will come prepared to take whatever actions are necessary, including change order forms and parts.

### II. Installation of valves and meters in tanks

Vern has agreed to OPEC's suggestion of adding meters in all three tanks during the testing process. Existing incoming valves will be used. Tapping saddles will be added to each side of the existing valves and a minimum sized meter will be installed to monitor water loss and prevent huge losses of water during the testing phase.

Michael has emptied tank 1 for the installation of the above meter. Water was let out into all lines connected to Tank one which has had the dual advantage of allowing for leak testing in those lines.

Michael will install the first meter this weekend. Meters and installation parts have been purchased and will be paid through the Metro fund.

### III. Meeting with Rural Water Association rep

Three important results from the meeting:

1. Some type of filter should be installed before each pump
2. The State Health Dept should be involved in the sanitization process in an advisory capacity as soon as possible
3. Sanitizing the system could be a fairly simple process despite the length of time the system has been idle

#### **IV. Confirm roles in testing and sign-off protocol**

System testing remains as agreed upon in prior meetings:

1. System will be filled in sections, tested for leaks in sections, repaired as needed by OPEC.
2. System will be monitored by Michael Hughes for OPEC and Dave Olson for SFTR. When sections have been tested and deemed in acceptable condition, engineer Vern Jaschke will be contacted for concurrence.
3. Ultimate acceptance of the system will be based on total allowable leakage rates and performance, as approved by Vern and outlined in the construction contract.

#### **V. Confirm communication process during testing and signing-off**

Dave and Michael will work together during the testing and sanitization phases. Michael will report progress to Don Canella and Dave will report same to Rick Johnson. Vern will be involved as much as possible in all testing, recording, and sanitization stages. At all times, Rick, Don, and Vern will be included in all system-related communications. Rick will keep David Kesler and the bonding company apprised of all system-related activities.

#### **VI. Other items**

All parties agree that a detailed Completion Agreement Plan must be written and signed by all parties and on file at Quigley's office. This document has been initiated by OPEC via Michael Hughes and has been reviewed by SFTR attorney to insure that the original contract is maintained. Jim Davis will present a revised Completion Agreement within the next couple of days. This document will include decisions concerning use and payment for water, definition of "allowable leakage rates," date of roads sign-off, protocol for leak testing, standards for sanitization as established by the Colorado Department of Health, waiver of all past grievances on record between OPEC and SFTR Metro District, protocol for final acceptance of system.

Rick will ask Vern to keep Kesler informed about potential changes necessary to purge air in the lines prior to pump #1.

A Change Order will be created to address the addition of meters in water tanks.

Jim will discuss with Jim Fernandez the appropriate connection with the state Health Department at this stage of the system development.

Will will send a Meeting Follow-up letter to Don Canella with a copy to the bonding company.

**Next meeting:** Will be scheduled once the action items above have been facilitated.

## Water Committee

### Meeting Minutes

August 10, 2001

#### Present:

Rick Johnson  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

#### Also Present:

Don Cannella  
Michael Hughes  
Dave Olson

#### Absent:

Jim Davis

This joint meeting between the Water Committee and OPEC was held with the goal to discuss the draft "Completion Agreement". This document was originally proposed and drafted by Michael Hughes on OPEC's behalf and was designed to address the steps to be taken for the completion of the water system, to establish certain facts not specifically addressed in the original contract, and to outline the protocol and responsibilities of each party in carrying out the steps in the completion of the system.

Rick Johnson began the meeting with a request of OPEC to respond to the most recent draft of this agreement and to inform the Committee of the issues the group needs to resolve in order to keep the momentum going towards completion of the system. Don Cannella stated that he saw major problems with the most recent agreement draft and feels that the only solution for OPEC at this point is to go to arbitration as called for under the contract.

Rick Johnson asked where the problems are in the proposed completion agreement. Don Cannella responded by stating that there are two major problems: one is the leakage rate, and the second is the sanitization.

Don Cannella stated that the 1200 gallons per day leakage rate cannot be obtained. He also stated that 8000 gallons per day is obtainable, but not much less. He reiterated that the problem have been caused by the system sitting so long with no water pressure. Harriet Vaugeois restated that the proposed completion agreement sets the leakage rate at 1509 per day as a modified AWWA standard. She asked what leakage rate would be reasonable for OPEC. Mr. Cannella stated that he feels uncomfortable with establishing a specific rate.

Harriet Vaugeois read Article 13.5 of the contract about the sanitization of the system which reads that the contractor should pay for sanitization of the completed system and obtain certification from the Health Department. Don Cannella stated that this was correct 1-1/2 years ago, but because of inactivity he no longer has responsibility. John Woods remarked that the leaks were present at the time of initial installation and that we still have no certificate from the Health Department.

Michael Hughes noted that the contract was completed 1-1/2 years ago. The engineer was notified. The POA should have to pay for the certification. John Woods pointed out that the contract was not complete without a Health Department certification. Don Cannella stated that he never obtained the certificate from the Health Department and that the job was completed. "I will not talk about the contract anymore without an attorney." Michael stated that OPEC had completed the sanitization according to the AWWA standard during initial construction.

Harriet Vaugeois read from AWWA Standard C651 that states that standards are set through final flushing, bacteriological testing, re-disinfection, final connections to existing mains, and disinfection procedures when

cutting into or repairing existing mains.

Rick Johnson stated that he wanted to see the problems resolved and asked if there was any way to continue with the project while we continue to negotiate these two issues. Don Cannella stated what he was willing to do at this point, which is to have Mike Hughes fix the system and get it running but that's all; not be held to any leakage rate or any sanitization standard.

Michael Hughes stated that a leakage rate would be discovered over time. The saddle taps are temporary connections, and that is where the leaks will take place. Mike Shelton asked Don Cannella what he would consider to be an acceptable leakage rate. Don Cannella would not answer the question. Michael Hughes stated that one of the problems is that the contractor did everything that was supposed to be done and the problems are really the POA's.

At this point Don Cannella presented a prepared letter stating OPEC's decision to notify the Santa Fe Trail Ranch POA of a demand for arbitration by OPEC Corporation in accordance with Article 16 of the General Conditions to the Agreement between Owner and Contractor.

The meeting was then adjourned.

**Water Committee**  
Meeting Minutes  
September 2, 2001

**Present:**

Jim Davis  
Rick Johnson  
Harriet Vaugeois

**Absent:**

Will Potter  
Mike Shelton  
John Woods

Very brief meeting to discuss feedback from attorneys on current work stoppage and actions from OPEC. Calls to the American Arbitration Board indicate OPEC has not filed for arbitration. Learned a lot about the arbitration process. Learned that it is fairly inexpensive initially but can become quite costly if protracted over a long period of time. No way to predict.

Attorney Bob Winter, expert on contract law, has requested a meeting with POA members who have an intimate knowledge of the water system contract and the history of the construction process. Jim Davis will try to put together this information sharing meeting as soon as he can get all the parties together. The purpose of this in-depth meeting is to provide a clear picture of what forms and types of litigation might be possible and what they would entail for the SFTR property owners.

An initial contact has been made with OPEC's new attorney in Denver.

Established a proposed budget for operating the water system once it is operational and accepted by the Metro District for submittal to the Budget Committee at its next meeting.

Part-time manager salary	\$12,000
Vehicle for manager on site	5,000
Miscellaneous spare parts	5,000
Water	2,000
Storage shed rental	1,000
Testing	Handled by Trinidad water dept.
Pump repairs, if needed	3,000
Legal services	2,000
Insurance	700
<b>TOTAL</b>	<b>\$32,700</b>

Still investigating the possibility of using money in the Power Account to cover these expenses rather than impacting the regular POA budget.

Mike Shelton will be asked to work with Michael Hughes to prepare the system for the winter months.

**Water Committee**  
Meeting Minutes  
October 11, 2001

**Present:**

Rick Johnson  
Jim Davis  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

**Also Present:**

Tom Stephens

This is a summary of two meetings of the Water Committee held on October 4th and October 11th, 2001.

The focus of the Committee for these meetings was on the preparation for and review of discussions with Robert Winter and John Mitchell, the attorneys representing the Ranch with regards to the water system and the OPEC contract.

The Committee agreed to draft a written communication to be posted on the Santa Fe Trail Ranch web site and be available as a hand-out at the October 19th town meeting and distributed with annual meeting minutes. This document is intended to clarify the current state of the project, remedies available for resolving the current stalemate with OPEC and cost estimates going forward. The goal is to have this information posted by Tuesday, October 16, 2001.

A number of assignments were made within the Committee in order to keep the project moving forward:

- Rick Johnson will confirm that Clyde Young will be present at the town meeting to address his assessment of the system as an outside water system engineer.
- Will Potter will confirm John Mitchell's appearance at the town meeting to speak about our legal options.
- Jim Davis will confirm that Rick Krone, with the firm of Grimshaw and Harring, will be available to discuss the importance of maintaining the integrity of our Metropolitan District and debt financing.
- Mike Shelton will take the responsibility of winterizing and securing the system.
- Rick Johnson will contact POA Board candidates to update them on status of the water system.
- Jim Davis will prepare the initial draft of the communication piece and the Committee will approve this via e-mail on Monday, October 15th.
- In the absence of Rick Johnson in the coming weeks, Jim Davis will serve as Committee chair.

The next meeting of the Water Committee will be 4 p.m. on October 31, 2001 at Jim Davis' house.

# Metropolitan District Water Committee

## Minutes for Meeting

October 31, 2001, 4pm

Jim Davis' home

### Members Present

Jim Davis

Will Potter

Mike Shelton

Harriet Vaugeois

John Woods

### Members Absent

Rick Johnson

Mr. Davis reported on progress toward accomplishing the System Completion Action Plan:

Action Plan	Current Status
A. Immediately commence an independent engineering evaluation of what is necessary to complete the water system as is and bring it to the point of operation....	Clyde Young's contract for providing an outside assessment of the water system will be confirmed at a special meeting of the Metro Board Nov. 6 or Nov. 10 after proper public notice has been given.
B. Based on the evaluation, recommendation and specifications of the engineering company, obtain bids from qualified contractors to complete the work required and render the system operational....	Monday Nov. 5, Mr. Young will deliver to the Metro Board 3 bids from different contractors for time and material repairs and leak testing to the water system which will also be discussed at the Board meeting.
C. Make a determination of the total cost to complete and test the system. Simultaneously research all possible sources of funding for both the completion work and subsequent litigation, should it be warranted.	No concrete information available until Young completes his assessment and leak testing has occurred, but will use a ballpark figure of \$200,000 to research sources of additional funds. John Woods and Jim Davis will investigate the grant monies that might be available as discussed by Mr. Young. Other funding possibilities were discussed including short-term interim bank loans and Metro District low interest loans. After Mr. Young's hydraulic study and leak testing has been completed, a more accurate budget can be reported to the POA.
D. Develop a time table specific as to when work shall be commenced and completion achieved with the engineer and contractor chosen.	A discussion occurred about the committee's desire to move this process forward as quickly as possible. Mr. Young has stated that his assessment would take three weeks to complete. A date of December 1 was thought to be a best-case scenario for the commencement of leak testing considering all of the above-mentioned processes. Projected time table: Nov. 5. - Contractor bids in

	<p>Nov. 6 or 10 - Board meeting. contract awarded Young &amp; Assocs for system assessment, new contractor bid accepted.</p> <p>Nov. 12 - 30 Young performs assessment</p> <p>Dec. 3 - Leak testing begins.</p> <p>Dec. 11 - Estimate of add'l repairs possible.</p>
<p>E. Notify the bonding company, OPEC and its parent company, of our findings and intention to proceed with completion of the project and to give them a final opportunity to agree to perform the balance of their responsibilities under the existing contracts and bonds by the same specific date.</p>	<p>Immediately following the Nov. Metro Board meeting, Davis will notify our attorneys. The attorneys will refile our intentions to both OPEC and the bonding company as to their failure to complete the water system and the Board's decision to complete the system using Mr. Young's company and the chosen contractor. The expected dates for commencement of leak testing and repairs will be cited, and OPEC will be given the option of completing the system or reimbursing us for costs involved. They will be given 10 days to respond.</p>
<p>F. Upon determination of whether or not the bonding company and/or OPEC intend to fulfill their respective responsibilities, either initiate a completion agreement with them as an addendum to the original contract or execute a new contract with the chosen bidder to proceed. ... initiate law suits against OPEC, its parent company, the bonding company and any contributing entities to protect the financial investment of the property owners and recover the costs incurred to complete.</p>	<p>No action at this time.</p>
<p>G. If a new contract is required, submit a recommendation to the Metro. District of a plan of financing for completing the project. The Metro District will submit a proposal to the POA Board, along with a request for a vote of the membership, if required, for approval of the plan.</p>	<p>No action at this time.</p>
<p>H. If the bonding company and/or OPEC decide to carry out their responsibilities, the completion agreement will commit them to the terms of the original contracts and bonds and require completion by a specified date.</p>	<p>No action at this time.</p>

**Other business:**

Jim Davis reported that he has had two different discussions with Mr. Jaschke in the past two weeks. Mr. Jaschke reported that he will be of whatever assistance is necessary in our pursuit of a completed water system. Jaschke will work with Davis to complete all necessary State and Utilities Commission report forms.



In an effort to save some money, Jim Davis reported that he will talk to Quigley about changing the Metro Board's accounting reporting period from 30 days to quarterly.

**The next water committee meeting is set for Nov. 12th 4pm at Jim Davis' home.**

# Santa Fe Trail Ranch Metropolitan District Special Meeting Minutes

November 10, 2001, 8:00 am  
Century Small Business Systems

<b>Members Present</b>	<b>Members Absent</b>	<b>Assistants</b>
Jim Davis	Dave Schroepfer	Gail Thomas
Will Potter		Tina Woods
Tom Stephens	<b>Accountant</b>	
John Woods	Bill Quigley	

1. CALL TO ORDER- Jim Davis called the meeting order at 8:00 am.
2. PROOF OF NOTICE- Jim Davis gave proof of notice.
3. INTRODUCTION AND ROLL CALL ♦ Board Members present: Jim Davis, Tom Stephens, John Woods, Will Potter. Board members absent: Dave Schroepfer. Guests present: Rick Johnson, Mike Shelton, Jerry Whittington, Bob Santoro, Rhonda Mundy, Bill Wenstrom, Harriet Vaugeois, June Stephens, Gene Talon, Michael Hughes, and Gail Thomas.
4. DETERMINATION OF QUORUM ♦ With all Board members present, except Dave Schroepfer, a quorum was established.
5. DISCLOSURE- POTENTIAL CONFLICT of INTEREST- At this time there is no potential conflict of interest.
6. PLAN of ACTION- Jim Davis spoke with the attorneys to make sure the Metro District is in line with the contract and the bond. The Metro Board needs to adopt a resolution for a plan of completion using identified contractors, engineers, and terms. No decision needs to be made now in choosing a contractor, the possible contractors only need to listed in the resolution at this time. The procedure is to have the resolution proceed today. They will notify OPEC and require a 10 day response time. If there is no response from OPEC , the Board will initiate Clyde Young for the engineering evaluation. Subsequent to that, will initiate the contract with the chosen contractor. Michael Hughes asked if OPEC would be given the opportunity to be the contractor once the engineering evaluation is complete. Jim Davis stated that OPEC and the bonding company must respond in the 10 day time frame or they will be notified the Board will be retaining other parties to complete this project. No contracts can be initiated until resolution drawn up and the 10 day response time has past.
7. CLYDE YOUNG- Mr. Young has proposed to do the engineering study for a fee of \$8,000. Mr. Young was recommended by the Colorado Rural Water Association. RG Consulting also placed a bid of \$25,000. The purpose of the study is to determine hydraulic accuracy of the system as it stands. Pressure calculations and distances between air reduction values will also be determined.

Discussion moved to the registration of the water system with the State. Vern Jaschke was involved with the Developer, Mr. Baldwin in regards to this issue. Mr. Jaschke stated that he had filed registration with the County Health Department, however, no documents have been found. New forms will be filed with the State. Mr. Jaschke will complete the new forms in conjunction with Clyde Young to ensure accuracy. Registration has be delayed due to a new requirement for a longer form that needs

to be completed.

Jim Davis has also spoken with Dave Knope, District Director of Colorado Public Health and Environment, Water Quality Control Division, about the use of cisterns for the water system. In the Water Service Agreement with the City, there can be no direct tap into the Ranch's main service lines. All water comes to the homes on the Ranch via the cisterns. There are advantages to this including: residents will not be cut-off from the water supply in case repairs need to be done, residents will have water storage capacities, and the Ranch will have firefighting capabilities. Mr. Knope advised Jim on the need to educate residents about cistern usage. Residents should use up the water in the cisterns and shut off their water meters Should they be away for extended periods of time.

Along with registering the water system with the State, the Metro District will have a membership in the Utility Notification Center of Colorado (Locator Service) at a cost of \$ 25.00. This will be done at the same time as registering with the State.

**Will Potter motioned for a resolution to hire Clyde Young to perform the engineering analysis if OPEC and the bonding company do not comply. John Woods seconded. No opposition. Motion passes.**

8. BIDS and CONTRACT AWARD - Clyde Young received three bids from contractors and has faxed them to Jim Davis. These are "time & materials" quotes which include: a 3 person crew, backhoe, leak testing equipment, and , if needed, barricades and traffic control. There are hourly rates for the crews and equipment. Materials is cost plus 15%. The Metro District would like to purchase the materials themselves to save sales tax. The range of bids for crew and equipment was between \$173 ◆ 182 per hour. At this time, the project is expected to take 200 hours to complete.

The question was raised concerning Clyde Young overseeing the project to keep costs in check. Jim Davis felt this would be possible for a fee. Other possible equipment needs could include trench boxes and chlorinating devices.

Another question was raised on how to evaluate the different contractors. Jim responded by saying the District would require them to bond their work, and will also check references. Jim reminded those present that these contractors are professionals that Mr. Young has worked with before. A performance clause will be included in the drafted contract.

**John Woods motioned to seek bids and award contract for completion of the water system should OPEC and the bonding not comply and award to the best bid. Tom Stephens seconded. No opposition. Motion passes.**

9. ATTORNEY SELECTION- Bob Winter is a Litigator in construction contract disputes. He is the Attorney who wrote the Letter of Notification to the bonding company stating the difficulties in getting the system completed. Bob Winter works with John Mitchell who has represented the POA in contract matters with the system with OPEC. Mr. Mitchell was a party to the negotiations of the contract, the final discussions of the contract, and the signing of the contract.

Members of the Water Committee meet with Bob Winter and John Mitchell in Denver before the Town and Annual Meetings presentations.

Bob Winter has done this type of litigation for many years, however, it is not known exactly what types

of cases he has represented, whether it is homeowner verses contractor, contractor verses contractor, etc.. Jim feels this is a unique situation as it is a Special District. Jim also feels that it could be a waste of money to go into litigation and not win.

Jim has worked with Rick Krome, who did the legal work on the Metro District financing, he discussed with him the situation and asked him to come down and talk with the property owners as a third party expert in the ramifications of not maintaining the integrity of financing and the Metro District. Rick Krome passed this information on to Dick Haring. Mr. Haring has reviewed the contracts and has contacted Jim and said he would like to be considered as the Attorney for the District. He sent information to Jim on his background in litigating this type of work along with an engagement contract, should the District decided to hire him. He also sent a list of all the decisions he has had in this area. The list includes 59 cases which involved Special Districts or other governmental agencies.

Jim Davis will request similar information from Bob Winter. He will also request a detailed rate proposal from both Haring and Winter. Jim Davis will also talk to Dennis Malone and check his experience in these types of issues.

**Will Potter motioned to seek bids for legal representation against OPEC and the bonding company, if necessary, and accept the best bid. John Woods seconded. No opposition. Motion passes.**

10. FINANCING PLAN- John Mitchell performed a review of past history of the purchase agreement and subsequent notes for providing of utilities that accompanies the purchase of property on Santa Fe Trail Ranch to determine if it was possible to utilize the excess money in the power account to complete the water system. Mr. Mitchell says this can be done. There is currently about \$60,000 in the power account. These funds could be used minus the monies left to pay off balance to San Isabel Electric.

The immediate need funds could run \$8,000 for the engineering analysis, \$40,000 for leak testing and repairs, and \$15,000 for sanitization, for a total of \$63,000.

The District will bring this proposal to the SFTR Budget meeting on November 17, 2001 for the POA Board to make a decision at the December Board meeting.

There is also the possibly of pursuing State and Federal grant monies. John Woods has been doing some research on this. In his preliminary research there appears to funds available from the US Department of Agricultural. He has also contacted the local Council of Governments office for grant writing services and other help in this area. However, Mr. Woods has found that these types of agencies need to have more concrete information, like the engineering analysis, before any money allocation could be determined.

11. 2002 BUDGET FORMULATION- It is a requirement for the District to file a budget with the State. This budget is divided into two categories: general operating budget and debt service budget. This budget needs to reviewed at a public hearing by December 15, 2001. Budget needs to be filed with the State by December 31, 2001. Jim Davis will work with Bill Quigley to formulate budget and will get copies to the District Board for review before December 15th.

Discussion moved to questions concerning the Water Service Agreement and the time limit for hooking up to the system. It was determined that the limit was 10 years from the contract date which was September 1, 1998. The other question was whether or not the City could raise the tap fees. The answer

to that was yes, however it would have to be by resolution and would effect every extraterritorial customer they have.

12. MAY 2002 ELECTION- Jim Davis, Will Potter, and Dave Schrepher's terms are up in May, 2002. Jim and Will plan to run again. It is not known if Dave will. Jim discussed an Election Seminar that will be held in Pueblo in December, 2001 at a cost of \$35.00 per person. Jim Davis and Tom Stephens will attend the seminar and report to the Board.
13. NEW BUSINESS
  - A. Sale of Water System- Jim Davis said there are possibly 2 people interested in purchasing the water system. However, this would need to be a joint decision between the SFTR POA and the Metro. At this time, however, it would not be logical to consider a sale until 2004. The reason for this is that a purchase prior to the first call date on the bonds would render the bonds taxable and the interest rate would go from 5.75% to 11%. However, the system could be leased until that time and then purchased in 2004.

There was much discussion on the maintenance of the system. Jim Davis will contact Clyde Young to give a cost estimate on preparing an operating and maintenance manual.

Jim Davis asked those present if they wished him to pursue offers regarding the purchase of the system. Will Potter stated that the District should not actively pursue, but should consider any offers that come up.
14. OTHER- Bill Wenstrom had requested copies of the Metro District by-laws. Jim Davis explained that as a governmental body, the District does not have by-laws. The District operates on a Service Plan and is guided by State statues. Jim has a book called " Special District Board Member Manual". He will make copies for all those interested in receiving it.
15. ADJORNMENT- **Will Potter moved to adjourn the meeting at 9:55 am. Tom Stephens seconded. No opposition. Motion passes.**

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Reviewed by Jim Davis

# Metropolitan District Water Committee

## Minutes for Meeting

November 12, 2001, 4pm  
Jim Davis' home

**Members Present**

Jim Davis  
Rick Johnson  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

Committee members reported on progress toward accomplishing the System Completion Action Plan:

Action Plan	Current Status
A. Immediately commence an independent engineering evaluation of what is necessary to complete the water system as is and bring it to the point of operation.	At its meeting on Sat., Nov. 10, the Metro District Board passed a resolution to hire Clyde Young for the water system assessment if OPEC and its bonding company fail to respond to the notification letter of the Board's intention to complete the system.
B. Based on the evaluation, recommendation and specifications of the engineering company, obtain bids from qualified contractors to complete the work required and render the system operational.	<p>Bids for Time and Materials have been received from the following contractors. If OPEC and its bonding company fail to respond, the Metro Board will sign a contract with the best bid for completing the system.</p> <p>Spaccamonti Excavating Inc. of Pueblo</p> <p>K.R. Swerdfeger Construction, Inc. of Denver West, Pueblo, and Albuquerque</p> <p>Pate Construction Co., specialists in underground systems, of Pueblo West.</p>
C. Make a determination of the total cost to complete and test the system. Simultaneously research all possible sources of funding for both the completion work and subsequent litigation, should it be warranted.	No concrete information available until Young completes his assessment and leak testing has occurred, but will use a ballpark figure of \$200,000 to research sources of additional funds. John Woods reported on his research into appropriate grants for special district water systems. He is working with grant writer Carrie Gabrielson and meeting with TSJC Grant Writer instructor Mimi Zapanti. After Mr. Young's hydraulic study and leak testing has been completed, a more accurate budget can be reported to the POA.

<p>D. Develop a time table specific as to when work shall be commenced and completion achieved with the engineer and contractor chosen.</p>	<p>At its recent meeting, the Metro Board officially approved all aspects of this Action Plan.</p> <p>Nov. 14. ♦ Attorney Bob Winter will mail a letter of intention to OPEC and its bonding company with a 7-day from date of receipt response deadline.</p> <p>Approx. Nov. 22 ♦ Start final negotiations with OPEC or sign contract with Clyde Young.</p> <p>Approx. Nov. 22 ♦ Dec. 21 - Young performs assessment</p> <p>Jan. 1 - Leak testing begins.</p> <p>Jan 21 - Estimate of add'l repairs possible.</p>
<p>E. Notify the bonding company, OPEC and its parent company, of our findings and intention to proceed with completion of the project and to give them a final opportunity to agree to perform the balance of their responsibilities under the existing contracts and bonds by the same specific date.</p>	<p>See above timetable. Letter sent by registered mail Nov. 14.</p>
<p>F. Upon determination of whether or not the bonding company and/or OPEC intend to fulfill their respective responsibilities, either initiate a completion agreement with them as an addendum to the original contract or execute a new contract with the chosen bidder to proceed. ♦ initiate law suits against OPEC, its parent company, the bonding company and any contributing entities to protect the financial investment of the property owners and recover the costs incurred to complete.</p>	<p>Decision available by approximately Nov. 22.</p>
<p>G. If a new contract is required, submit a recommendation to the Metro. District of a plan of financing for completing the project. The Metro District will submit a proposal to the POA Board, along with a request for a vote of the membership, if required, for approval of the plan.</p>	<p>No action at this time.</p>
<p>H. If the bonding company and/or OPEC decide to carry out their responsibilities, the completion agreement will commit them to the terms of the original contracts and bonds and require completion by a specified date.</p>	<p>Decision available soon after Nov. 22.</p>

**Other business:**

Jim Davis reported that he has received the transcript from the Oct. 19 POA Town Hall Meeting. He and Water Committee members are proofreading the 84-page transcript that will be available for all property owners via the SFTR Website.

The procedure for addressing property owners who are 6 months in arrears of paying their monthly bond payments will follow current practice, which is to place a lien on property and then call for foreclosure if payments are not made current. If the problem continues, the Metro Board will turn the outstanding amounts over to the county to be added to owner Property Tax bills.

Engineer Vern Jaschke is currently completing all State forms for registration of the SFTR Metro Water System. Jaschke continues to affirm his willingness to spend whatever time is needed to assist a supplemental engineer and a new contractor if used to complete the system.

We now have credentials from two law firms to help the choice of counsel for a potential lawsuit against OPEC and its bonding company.

**The next water committee meeting is set for Mon., Nov. 26, 4 pm at Jim Davis'.**



**Water Committee**  
Meeting Minutes  
November 28, 2001

**Present:**

Rick Johnson  
Jim Davis  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

**1. Legal Review:**

Bob Winter sent a second notification to the bonding company and OPEC of our intention to contract with Clyde Young Company and choose another contractor to complete the system if they did not assume their responsibilities by a date specific. OPEC has not responded, but in a letter dated November 15, the bonding company did respond requesting specific information, which we and Winter's office are providing, to assist them in their investigation of the matter. They will also want to see the report from Clyde Young, which we believe will eliminate the OPEC contention that faulty engineering and time lapse is their "out". Mr. Winter has talked to the bonding company and in his response is stating that we will allow them a time (brief) to review the information before signing with a new contractor.

**2. Clyde Young:**

Clyde Young has been asked to send us a new contract for his services for us to sign. We expect to receive it by Dec. 1. We have also asked him for two other proposals. One is for acting as our "inspector" when OPEC or another contractor completes the work and the second is for preparing a operating and maintenance manual to use going forward. Clyde Young has received an additional bid from a Trinidad area contractor with water system construction and sanitization experience that has the equipment and experience. We will evaluate that bid, especially in light of the economy of it being local.

**3. Water System Registration:**

On Friday, Nov. 30, Jim Davis, John Woods, Tom Stephens and Vern Jaschke are going to Pueblo to meet the State of Colorado Department of Health and Water Quality to go over the registration of our water system so that we make sure nothing is missed.

**4. Winterization of system:**

Mike Shelton reported that he had completed the work, but expressed a concern that additional heaters may be needed. Those assigned to monitor the exposed pump stations reported that during the recent cold spell, the pumps warm when checked. It was decided that we would add our extra heaters to be safe. It was also decided that Clyde Young will review this aspect also.

**5. Disposition of Legal Bills:**

It was determined appropriate to add any legal bills paid or accrued that were or are generated by OPEC's refusal to complete their work to the receivable we are due from them.

**6. Letter of Request to POA:**

The Metro District Board will present a letter requesting transfer of the funds in the POA power account for use in paying for the services of Clyde Young company, for the cost of a new contractor to complete the work if OPEC has to be replaced and to initiate litigation to recover the expenses of

completion, if it is necessary to file suit.

7. **Grants and Loans:**

John Woods has done extensive research on the availability of these resources to the project and has been in communication with the Office of Rural Development as well as the Council of Governments which both have offered their assistance. John has also been in touch with the Rural Development Office on the State level. Each of these entities have informed us that we need to have our engineering study completed and available to them before we can apply and process paperwork.

8. **Storage Unit:**

John Woods pointed out that the company we rent the storage from had stated that after two years they would apply half the rent paid towards purchase. John will contact them to confirm the terms and determine if it can be purchased as "used" at a depreciated price.

9. **Quigley Meeting:**

John Woods, Jim Davis and Will Potter will meet with Bill Quigley on Tuesday, Dec. 4, to compile the financial information requested by the bonding company and get it to Mr. Winter to send to them.

The next meeting of the Water Committee will be 4 p.m. on December 4, 2001 at Jim Davis' house.

**Water Committee**  
Meeting Minutes  
December 4, 2001

**Present:**

Jim Davis  
Will Potter  
Mike Shelton  
Harriet Vaugeois  
John Woods

**1. Engineer's Contracts:**

Clyde Young Company has submitted three contracts to the Metro District and Water Committee. The first is for the engineering evaluation of the system, which will set forth the work to complete the system and get it operational. It is consistent with the proposal they made to us in August of this year, not to exceed \$8450.00. The Committee asked to have two parts of the contract clarified and recommended that it be signed thereafter. Mr. Young stated he is prepared to start immediately, so his report will be available around Christmas. The second contract was his proposal to act as supervisor/examiner over the completion work as it is being done. The Committee will consider that contract further at its next meeting. The third contract is a proposal to create an "operation and maintenance" manual for the system, (except for the water pump operation aspect), when it is operational. The Committee will consider that proposal at its next meeting also.

**2. State Department of Health Meeting:**

On Friday, November 30, a meeting was held in the Pueblo office of the State Department of Health and Water Quality for Southern Colorado and it's Director, David Knope. Jim Davis, Tom Stephens, John Woods and Verne Jaschke attended. At the meeting, the State outlined the requirements to register our water system and we updated them on the history and status of our system, the conduct of OPEC and our plan for completion going forward. The Director has spoken with Clyde Young Company and the Colorado Rural Water Association, in addition to the information we have provided. The Director offered his assistance in getting our system registered. Verne Jaschke is completing the engineering section, the Metro District is completing the financial section, and Clyde Young will be adding his report. We will be a "Small Water Service" provider and will have to have a Class D certified water quality tester designated. Members of the Committee are seeking an outside source for this requirement. The State, which has a concern over the use of cisterns in water systems like ours, is going to work with us to help us preserve the intent and value of our design, while addressing safety concerns to their satisfaction.

**3. OPEC Account Reconciliation:**

On Tuesday, December 4, a meeting was held at Bill Quigley's office to assemble the financial information requested by the bonding company in their recent letter to Attorney Bob Winter. Jim Davis, Will Potter and John Woods attended. The information was put together and forwarded that day, by mail, to Mr. Winter.

**4. Use of Water From Flushed Hydrants:**

The Committee discussed the fact that there may be a valuable use for the water that will be required to be flushed from hydrants periodically at various areas of the Ranch. Evidentially, at a POA meeting, the idea was brought forth that that water, when mixed with a chemical, could be very effective in suppressing dust on our roads in dry weather. The Committee felt it would be an excellent use of that

water and will explore with area contractors, just how that is done and what would be required to do it.

5. **Next Meeting:**

The Committee set the next meeting for Thursday, December 27, at 4pm at Jim Davis' house. It is hoped that a report, complete or near complete, will be available from Clyde Young and the results of the Metro District's request to the POA Board will have been determined.

**Water Committee**  
Meeting Minutes  
December 27, 2001

**Present:**

Jim Davis

Will Potter

Mike Shelton

Harriet Vaugeois

John Woods

1. Mike Shelton reviewed the balance payable to San Isabel Electric on the power poles installed to bring power to the water pump stations. This information had been researched for the last POA Board meeting, where assignment of the power account was discussed and approved.
2. Jim Davis reviewed an update from Clyde Young Company on the engineering study currently underway and reported that Young was awaiting arrival of some information from Vern Jaschke necessary to move forward. Jim reported that he had talked to Vern about that information and that it had been sent priority mail by Vern to Young on December 26. Clyde Young said he hopes to have the report done soon after receipt, but offered no specific date.
3. Jim Davis reported that in his conversation with Vern Jaschke, Vern stated that the engineering aspect of the application to register our water system was complete and that he will attach Clyde Young's report, together with his system drawings and "as built". The Metro District will then add the financial data and submit it to the State for approval.
4. The committee reviewed the document submitted to the bonding company by OPEC's attorney. In summary, it contends that OPEC had no responsibility to deliver a water system in compliance with American Water Works Association leakage guidelines, nor a sanitized system capable of delivering potable water through the system. It further contends that this was the responsibility of the Metro District, acting as "general contractor". Additionally, it suggests that the system was engineered incorrectly by Vern Jaschke and that the system, as it stands today, will not work. With the assistance of all those who have worked on the project that are able and willing to help, and along with the industry professionals we have had and are now working with, the Metro District will prepare its presentation to the bonding company. However, merely reading the contract signed by OPEC refutes their contentions. We believe the balance of their position reflects speculations born of the fact that they had little "corporate" involvement in the field and are grasping at straws and opinions to make a case.
5. Jim Davis reported that our attorney, Bob Winter had called to request additional documentation of billing, payment, purchasing and problem reports. John Woods will obtain the accounting data from the files at Bill Quigley's office and progress notes from weekly meetings will provide the balance of information. OPEC has, naturally, neglected to provide the bonding company with any of the volumes of information on their construction, installation and procedural flaws.
6. The committee discussed the approved transfer of power account funds to the Metro District and how that would take place. Jim Davis stated that the Metro District will have an "assignment" document prepared for execution by the POA and Metro District, as was done originally with the water and telephone accounts. It will then be recorded with the County Clerk and Recorder's office as the others were. Funds will then be transferred from the POA to the Metro District's construction escrow account for use in this completion process.

The next meeting of the water committee was set for Monday, January 7, at 4pm at Jim Davis' home.