

**Santa Fe Trail Ranch**  
**Metropolitan Board and POA Board of Directors**  
**Special Meeting**  
**July 21, 2003, 6:00 PM**  
**Sullivan Room**  
**Trinidad State Junior College**  
**Minutes**

**Metropolitan Board members present**

Jim Davis  
Will Potter  
Tom Stephens  
John Woods

**Guests**

Ben Heath  
Michael Hughes  
Dan Jondron  
Patty Kinder  
Rick Kinder  
Michelle Minion  
Elizabeth Polasek  
Tony Riley  
Betty Ruward  
Don Ruward  
June Stephens  
Fred Vaugeois  
Bill Wenstrom  
Betty Withington  
Joyce Wolff  
Walt Wolff

**POA Board members present**

Ed Hockett  
Rick Johnson  
Monica Leche  
Bob Santoro  
Mike Shelton  
Harriet Vaugeois  
Jerry Withington

POA President, Rick Johnson called the gathering to order at 6:03 P. M. He explained that the purpose of this meeting would be to deal with a loan offer presented by International Bank. The Metropolitan Board would meet first to deal with the offer. Subsequently, the POA Board would meet to deal with issues resulting from the loan agreement that would affect the POA. He then turned the floor over to Jim Davis, President of the Metropolitan Board, to begin the meetings.

## **Metropolitan Board Meeting**

**I. CALL TO ORDER**

Metropolitan Board President, Jim Davis, called this special meeting to order at 6:05 P.M.

**II. PROOF OF NOTICE**

Mr. Davis noted that proof of notice of this meeting had been filed with the Las Animas County Clerk on July 18. Notice of the meeting had been posted on the Ranch and placed in the newspaper.

**III. OLD BUSINESS**

Mr. Davis continued by explaining handouts needed for these special meetings. This required Mr. Davis, as he has frequently had to do at past public meetings, to review the history of the Ranch's

efforts to build a water system. He first reviewed an agreement between the POA and Metropolitan Board created on March 19, 1999 and filed with the County on April 15, 1999. The agreement recognized that the Metro District does not have lien power, but the POA does. Therefore, the POA functions as a collecting agency for the Metro District.

He then recalled when the Metro District filed its notice of intent to sue both the contractor, OPEC, and the bonding company. At that time the bonding company asked the contractor, OPEC, and the Metro District to respond to questions. The District responded that OPEC had failed to complete the contract and deliver a system that met the agreed upon conditions: that met AWWA leak standards, had been sanitized, and had Health Department approval. OPEC had been in the process of leak testing the system when they stopped work. They contended in their response that the system was incorrectly designed, had been sanitized (they had dropped chlorine tablets in the main tanks even though lines were still open), and they felt work had been completed.

Last year the Metro District asked the POA for a transfer of funds. These funds allowed the District to hire an independent engineer to evaluate the system, and a new contractor to complete OPEC's work. The consultant found that the system was appropriately designed. The contractor's work produced evidence of faulty work, and also, allowed the Board to develop a per foot cost to complete the system.

Meanwhile, the District did proceed with filing the law suit. Shortly after filing the District found that that OPEC had filed for Chapter 11 Bankruptcy. The District then filed a claim with the Bankruptcy Court within the established deadline. We have asked that a trial date be set in District 3 court on Monday July 28. The Court has received our initial Disclosure. At all points, though, the bonding company has failed to step in to resolve the issue.

#### IV. NEW BUSINESS

Since legal resolution is unpredictable and possibly distant in time, the District still had to deal with the need to complete the system. Consequently, the District searched for alternate financing. Last Fall International Bank approved a loan, but it was not appropriate for a Metro District. A loan on a lease back arrangement was pursued with Banc One, but despite local approval this loan was denied at the national level because the District did not meet their profile. A loan was discussed with Wells Fargo Bank, but they were hesitant to become involved because of the remote, but possible involvement in the impending law suit. Finally, International Bank revised the loan agreement on the table for consideration tonight which has been written for our Metropolitan District.

The budget for the loan is as follows:

\$347,000	Construction (Based on \$1.00/foot)
\$21,000	Water (Testing/sanitizing)
\$17,000	Equipment (To bury above ground pumps)
\$12,000	Engineering (To reincorporate J-lots)
\$33,000	Contingency (10% of construction cost)
\$70,000	Legal Fees
\$50,000	Debt service reserve (To offset any delinquent loan payments)
<b>\$550,000</b>	<b>TOTAL</b>

The interest for this loan is 5.5% compared to 5.75% for the original bond financing that started the project. So, the terms are good.

The District will assess each property \$1,250 principal to be paid either as a lump sum up front or on an annual installment plan for seven years. The money collected as a lump sum from this assessment will help reduce the amount borrowed on time. Mr. Davis noted that this would be different from the coupon system currently in effect. The original debt financing has now been in place for over four years, and next September the remaining principal may be paid off in full by any property owners who wish to save on further interest charge.

In case of a shortfall of funds to make the new loan payments because of non-payment by property holders, the district can first apply funds from the debt service reserve fund. If this is not sufficient, the loan agreement asks the POA to supply funds from any reserves available. The POA should be able to replenish these funds in a years time when the delinquent payments are placed on County property tax bills. International Bank accepts that the District is in litigation, but wants to keep the account current at all times. In the event of successful litigation the recovered funds would first pay the loan balance with the remainder then distributed ratably to property holders. The law suit asked for \$430,000 in view of the fact that, at the time of filing, legal fees could not be included. The Court after reviewing testimony may determine otherwise.

At the the meeting of the POA Board to follow they will be asked to accept the condition that POA reserve funds may be used to keep the repayment account current if necessary. They must also reaffirm the responsibility for collecting unpaid assessments as agreed in the March 19, 1999 agreement. In addition, the Bank asks the POA to strongly consider moving POA accounts to International Bank.

Mr. Davis admitted that the District does have to reimburse \$7,500 legal fees for the Bank. He explained that this was a contentious point, but it would be capped at that amount. He also noted the Bank was creating specific loan packages to offer property owners for financing water hook-up charges.

Mr. Davis concluded his review at this point and entertained questions. Ms. Vaugeois asked if the loan was a loan or a line of credit. Mr. Davis responded that it would work as a line of credit for the first six months. It may well be that the District will not borrow the full amount requested.

Mr. Shelton wondered how much delinquency in payment would end up going to the County. Mr. Davis estimated 10%. He added that property owners are not required to be system customers, but they are all required to pay the assessment. They may still drill a well, if they wish. This comment was followed, however, by testimony of unsuccessful wells, and no reports of any recent success drilling.

The guests wished Mr. Davis to review the current water service agreement with the city of Trinidad. He noted the City has guaranteed 440 taps for 10 years. The agreement began in September of 1998. The agreement is now half-way through its term.

In response to pricing, Mr. Woods noted that the system is financially viable with 50 users using 2,500 gallons/month. Diane Rader's occupancy survey conducted last spring shows 58 full-time residencies with a similar number of part-time residencies. Mr. Woods' investigations indicate 2,500 is a rough average figure of usage by current residents. Michelle Minion observed that the construction of the

new Fire District sub-station on the Ranch could also create increased usage. Mr. Woods agreed. He noted that currently the Metro District expects a monthly bill to contain standard fees of \$27.50 for maintenance and \$2.00 for San Isabel to read meters. The remainder of the charge would depend on usage. He gave for examples 1,000 gallons of usage would produce a bill of \$38.02, 2,500 gallons - \$50.80, and 5,000 gallons - \$82.00. There would be a significant price structure increase after 5,000 gallons to encourage conservation.

Discussion had now ceased, so Mr. Potter moved that Metro District accept International Bank's loan proposal. Tom Stephens seconded. The motion passed unanimously. Mr. Potter then moved to establish the Santa Fe Trail Ranch Metropolitan District Water Enterprise [making this action and the tax exempt loan possible]. John Woods seconded. This motion also passed unanimously.

## V. ADJOURNMENT

Since Metro District business was complete, Mr. Stephens moved that the meeting be adjourned. Will Potter seconded. The motion passed, and the meeting ended at 7:05 P.M.

# POA Board of Directors Meeting

## I. CALL TO ORDER

After a brief break President Rick Johnson called this special meeting of the Board to order at 7:10 P.M.

## II. PROOF OF NOTICE

Mr. Johnson affirmed that notice of the meeting had been given on the web site and by posting on the Ranch last Tuesday.

## III. INTRODUCTION AND ROLL CALL

Mr. Johnson identified all the Board members present.

## IV. DETERMINATION OF QUORUM

Mr. Johnson found Board members Gonzalez and Rader absent, but that a quorum did exist, so that business could be conducted.

## V. NEW BUSINESS

Mr. Johnson read the section of the loan agreement approved by the Metro Board at the preceding meeting which affected the POA. Mr. Santoro questioned who would have priority over the reserve funds in times of simultaneous emergency. The response was that there is no stipulation about priority access in the loan agreement language. However, if a shortfall occurs and reserve funds are available, they will be assigned. It was further noted that any reserve funds that are tapped will be replenished through the collection process from delinquent property owners. There was additional discussion about the need to have the POA's lawyer draft an agreement and how this would affect a timely response to the Bank's proposal. Finally, Ms. Vaugeois moved,

The Santa Fe Trail Ranch Property Owners' Association reaffirms the agreement of March 19, 1999 and further agrees for the benefit of International Bank - Trinidad and Santa Fe Trail Metropolitan District to collect such delinquent water completion assessment fees imposed by the District "for payment of \$550,000 credit obtained to repair water line and

any related fees on legal expense". The Association also agrees to the extent that the (District's) cash flow and special reserve is not sufficient to service the semi-annual note payments with International Bank - Trinidad, (the Association) will use its reserves to make up any shortfall on the semi-annual payment.

The motion passed unanimously.

Mr. Shelton then moved that the Board investigate moving its accounts to International Bank. The motion passed.

#### VI. DATE OF NEXT MEETING

Mr. Johnson noted that the next regularly scheduled meeting of the Board has been moved from August to Saturday, September 6, 2003 at 9:00 A.M in the Sullivan Room on the Trinidad State Junior College campus.

#### VII. ADJOURNMENT - Mr. Johnson observed that in view of the importance of water to the Ranch this night was a historic moment. Apologizing for the omission of recognition to many valued volunteers in the effort to bring water to the Ranch, he particularly thanked and commended Jim Davis for his efforts and perseverance in seeing this project to its end. Mr. Johnson's comments were loudly applauded by all those present.

Ms. Vaugeois then moved that the meeting be adjourned. The motion passed, and the Board adjourned at 7:20 P.M.

[Click Here](#) to view the Metro Board minutes

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Submitted by Ed Hockett, Secretary Santa Fe Trail Ranch POA, July 22, 2003.

**Santa Fe Trail Ranch  
Metropolitan District Board  
Special Meeting  
October 6, 2003, 12:00 PM  
109 West Main St, Trinidad, CO  
Minutes**

**Metropolitan Board  
members present**

Jim Davis  
Will Potter  
Dennis Scott  
John Woods

**Metropolitan Board  
Members Absent**

Tom Stephens

**Guests**

Bob Scott  
Mike Shelton

1. Meeting was called to order at 12:20 PM
2. Minutes of the Special Board Meeting of the District on July 21, 2003 were reviewed. Approval was moved by Dennis Scott and seconded by John Woods. Approval was unanimous.
3. District financials, together with accounts payable were discussed. Priorities for payment, in anticipation of successful closing of a tax-exempt loan with International Bank were discussed and agreed upon.
4. The proposed Resolution to approve the Loan agreement between the District and International Bank of Trinidad, together with the related documents were discussed and considered. Dennis Scott moved to approve the Resolution, the Loan Agreement and related documents. Will Potter seconded. The motion passed unanimously.
5. Ratification of the establishment of the Completion Fee, based upon the terms of the Loan Agreement, was discussed and considered. It was determined to offer an option for payment of the Completion Fee in either a lump sum, representing the prorata share of principal for each property, or over time, in accordance with the amortization schedule and terms of the Loan. Will Potter moved to so ratify, Dennis Scott seconded and the motion passed unanimously.
6. The Board discussed the establishment of the Santa Fe Trail Ranch Metropolitan District Water Activity Enterprise, which was approved at the District Special Meeting on July 21, 2003, and which made the Loan possible.
7. It was determined that Jim Davis, Dennis Scott and Will Potter would represent the Metro District at the scheduled Loan closing at International Bank of Trinidad on Friday, October 10, 2003 at 3:30 pm. Ed Hockett, as President of the Santa Fe Trail Ranch POA, would appear on their behalf.
8. As no other business was brought before the Board, Dennis Scott moved to adjourn the meeting, seconded by Will Potter and the meeting adjourned at 2:00 pm.

# WATER COMMITTEE MEETING

THURSDAY, OCTOBER 23, 2003

HOLIDAY INN

8:30 AM

## ATTENDING:

Jim Davis, Will Potter, John Woods, Tom Stephens, Mike Shelton, Dennis Scott, Bob Scott

## AGENDA ITEMS:

1. Reviewed again the outstanding bills that were paid from the first draw on our loan and discussed how we will coordinate the accounting activities of Century Small Business going forward. Dennis Scott has requested a meeting with Century management to establish our protocol going forward.
2. Discussed the language of the letter to go to all property owners this month which will define the loan we obtained and each individual property owner's prorata share and how that share may be paid. The principal is \$550,000, as described in minutes from prior Board meetings. The interest rate is 5.50% amortized over 7 years. Property owners will have one opportunity between now and December 15th to pay their prorata share of principal, \$1250. with no interest costs. Property owners who do not make that payment and chose to pay on time will be billed once a year, with their POA dues, \$225.00, for seven years. We will include an amortization table along with the letter to illustrate these figures. The letter will also inform property owners that the payment is due at the same time the POA dues are due, but payment will be by separate check to the Metro District c/o Century Small Business.

Any payments not received timely will incur additional late fees. Any payments not received by June 30 each year will be added to the Property Tax Bill from Las Animas County and will be collected by the County in accordance with their procedures.

3. Discussed how record keeping and accounting will be handled going forward as a result of creating the Metro District Water Enterprise at the July 21, 2003 Special Board Meeting.
4. Discussed how we want to schedule and monitor the completion work and control the expenditure of the loan. Mike Shelton suggested implementing the same weekly process that the road committee has adopted under the road maintenance contract. Everyone agreed that we would do that. John Wood suggested a method for tracking each expense category under the loan.
5. Discussed the upcoming meeting on Monday, October 27, with Schrepfer Industries to formalize the work schedule, manpower and equipment required to complete the work in a timely and cost efficient manner. Work will resume after that meeting.
6. Discussed incorporation of the J Lots and former Ferguson Lots into the Metro District under the criteria discussed and established in the application hearings for the District with the Las Animas County Commissioners and subsequent 3rd District Court Hearing to establish the District and hold elections in 1998.
7. Discussed our interaction going forward with the POA in light of their recent changes in administrative

and accounting relationships and how to interface them with the Metro District. Dennis Scott will be contacting Diane Rader for her input and advice.

8. Discussed the steps necessary to prepare for providing water service with consideration of meter pit components, billing arrangements with San Isabel Electric, water tap fee processing to the City of Trinidad, and system operation and maintenance requirements. Tom Stephens agreed to update that information for the committee.
9. Discussed the sanitization and Health Department approval process. The committee will coordinate this with the City, the contractor and State Water Quality office.
10. Discussed the May 2004 election date for Special Districts and the fact that the term of office will expire for two Board Members, John Woods and Tom Stephens. As they do not intend to seek another term as Board members, we will have to seek candidates to fill their positions. Jim Davis stated that there is a State sponsored election workshop in Pueblo that one or more Directors should attend to prepare for May. Depending on the number of candidates interested, we may or may not have to incur the expense of an election. We look forward to John and Tom's continued valuable assistance as committee members.
11. Discussed the upcoming Mediation Hearing on December 3, 2003 at which a Mediator, Judge Robert E. Haeger of Walsenburg, will hear testimony and review evidence in an attempt to resolve the matter in avoidance of a Court trial. This step was ordered by 3rd District Judge Neunam, prior to setting any trial date. Discussed recent communications from our attorney, Robert Winter, which outlined the process and advised us of the disclosures of the bonding company, their expected witnesses and documents they intend to enter. Mr. Winter is making a similar submission on our behalf.

COMMITTEE ADJOURNED UNTIL MONDAY, OCTOBER 27 AT 8:30 AM WITH SCHREPFER INDUSTRIES

# Water Committee Meeting

November 5, 2003

**Attendees** Jim Davis  
Dennis Scott  
John Woods  
Tom Stephens  
Mike Shelton  
Bob Scott

**Schrepfer Indus.** Wade Stalker  
Monty Morgan

## AGENDA ITEMS:

1. Tom Stephens briefed us on what his records showed as where we left off when Schrepfer discontinued their work. It was consistent with what Shrepfer's daily work records showed. Known leaks were identified and prioritized for continued work. Mike Shelton and Bob Scott went over the road repair priorities to coordinate further leak testing to optimize the opportunity for road work.
2. Wade discussed the work to be done on the Starkville line and their strategy to isolate what is believed to be a leak. In discussing the meter readings at the City tap from April of this year whne they discontinued work and November 3rd, it was unclear if the City had actually shut off the tap (as they said they would) or not. It is clear that if they did, there is either a problem with the City's valve or we have a case of someone tampering it. The decision was made to have Wade work with Jim Fernandez to determine the facts, but in any case to secure that meter pit with a lock.
3. Wade reported that the line from pump 2 to the first storage tank is tight all the way. All six pump stations will be secured with locks. It is apparent from recent inspection that we must secure all vulnerable aspects of the system. The crew is currently completing unfinished preparatory work and an additional crew should be added next week.
4. The decision was made to get rid of the seatrain storage unit. It is an unnecessary expense as Schrepfer has similar storage that will be easier for them to access as they attempt to use what they can of the unnecessary over-purchasing OPEC made. Wade said that the City told him they may have a use for some of the iron fittings and valves we will never use in their gas and water line work.
5. Bill Grande is lining up materials, costs and protocol for getting the pump stations we have decided to put below ground and for the construction of secure and insulated pump station sheds for those we will leave above ground. The costs should fall within the budget he gave in the spring.
6. Wade will check each pump to get them prepared for colder temperatures until they are sunk or covered by a shed.
7. Recent communications with our lawyer were discussed along with correspondence received from the bonding company's attorney, outlining their disclosures for the mediation hearing.
8. A recent communication from a property owner was also discussed, but due to its nature and that

party's involvement in our litigation, it was referred to our lawyer and consulting engineer for their review and disposition.

9. Our next meeting will be held Wed, Nov. 12th, at 8:30 at the Holiday Inn.

# Water Committee Meeting

November 12, 2003

**Attendees:** Dennis Scott

Jim Davis

John Woods

Will Potter

Mike Shelton

Bob Scott

**Schrepfer:** Wade Stalker

## **Schrepfer Report:**

- A. In checking with Jim Fernandez at the City, it was determined that the City had not done anything in the meter pit at the site of the City's tap. Nor had they shut off the water, as we had requested, when completion work ceased in the spring. Thus it is clear that someone has been in the meter pit, turning the valve to our system on and off. The committee, the contractor and the City will develop a plan to find out what has taken place and why.
- B. Wade disassembled all the pumps to inspect for damage and presence of any water in them. They are fine and have been drained to prevent freezing. They will be given permanent freezing and tampering protection as we move forward with the completion work and put them back into service.
- C. The seatrain storage unit is nearly cleaned out. Dennis will contact the company and make arrangements for its removal.
- D. Wade related that his crew has been having trouble with the accuracy of the location work being done when they request it. It is a matter of the work ethic of the locator personnel and they are requesting a change.
- E. They have been finding a consistency of large, flat rocks on top of the water pipes adjacent to many services they are checking. Some of these have resulted in damage that must be repaired. It appears the contractor used the rocks to hold down the ends of a run of pipe while they backfilled, then just left the rocks in place, rather than removing them and properly backfilling those areas.
- F. Bill Grande's time is pretty much monopolized by his work with Evergreen, so Wade has contacted another pump contractor, that both they and Grande have worked with, so we will have a qualified person available when we need it.
- G. There are about 50 lots that are yet to be prepared for system testing and they should be done over the next ten days.
- H. An additional valve will be placed midway in the Starkville line as soon as the lot preparations are done.
- I. There is plenty of water in tank #1 for leak testing at this time.

- J. Wade agreed with the committee that his crews will not "buck the weather" and attempt to work when they can't get much accomplished. We reconfirmed the need to use our resources prudently.

**Committee Business:**

- A. The draft of the letter to property owners on the choices of owner payment on the completion loan was discussed. The letter was amended and Dennis will take it to Century Small Business for processing and mailing this week.
- B. Dennis presented a financial report and update and the committee discussed the method of verifying and processing the contractor and material billings. The first contractor billing was reviewed and approved for payment.
- C. The committee discussed communications received by the Metro District and its attorney from OPEC's bankruptcy attorney and the response our attorney will file.
- D. The committee discussed the status of our mediation hearing preparations.

**Next Meeting:** Wednesday, November 19, 8:30 am, Holiday Inn

# Water Committee Meeting

November 26, 2003

**Attendees:** Jim Davis

John Sanders

John Woods

**Schrepfer:** (none)

1. Decimated by the Colorado flu outbreak and Thanksgiving travel plans, we were probably lucky to have the three who attended.
2. Schrepfer personnel were not represented, as they were unable to return a crew to the Ranch last week, but in conversation with Pete Schrepfer yesterday, we expect to see at least one crew back the first of next week, with no known interruptions on the horizon.
3. Dennis Scott reported by e-mail yesterday that the storage container people removed the unit yesterday morning and will adjust their final bill downward.
4. Jim Davis reported on telephone calls and e-mails from property owners seeking clarification and historical information leading to the completion loan. Though most everyone expressed some frustration, nearly all understand the value and importance of the mission. Jim reminded each to be sure to register on the website to help keep pace with all important issues on the Ranch.
5. Jim Davis reported communication with Clyde Young, our consulting engineer, concerning a critique of his engineering study of the water system, which will no doubt come up in the legal process. He has prepared a response to that and stands ready to address it personally.
6. Jim Davis reiterated that the bonding company attorney has requested a delay of the mediation hearing until after the first of the year. Our attorney, Mr. Winter is checking with Judge Haeger in Walsenburg, the mediator, about the new date and emphasizing sooner than later. Our response to the Bankruptcy Court on the OPEC attorney's motion should be ready next week.
7. John Sanders, who we appreciated coming and keeping us company, took the opportunity to bring himself up to speed on where we are at and how we got there. Additionally, John had some technical questions on the telephone delivery system and its components we could not answer. We will obtain a source of information for him for next weeks meeting.
8. Lastly, the outrageous conduct of International Bank personnel to slide through the Metro's operating bank account, without notice or discussion, an equally outrageous legal bill, was discussed. Dennis Scott brought it to our attention last Friday, when alerted by Tina at Bill Quigley's office. Jim Davis has given the information to Tom Grimshaw, counsel to the District, who immediately questioned the legality of the action. Both Mr. DeGarbo and Mr. Schmeitz, presidents of the Trinidad and Raton branches respectively, point the finger at each other, but the long and short of it is, our account was drafted without our knowledge to pay a legal bill they had to know we would dispute.
9. On that unpleasant note, our meeting adjourned until Wednesday, December 3, 8:30 am, Holiday Inn.

# Water Committee Meeting

December 10, 2003

**Attendees:** Jim Davis  
Tom Stephens  
Dennis Scott  
John Woods  
Bob Scott

1. Grimshaw & Harring has drafted a letter to International Bank in Trinidad and its principal officers, asking for an explanation of the actions they took in drafting our operating account without notification and our concurrence. It was stressed that our intent is not to create a problem with the bank, but more to correct a very inappropriate procedure. Inquiry to the Colorado Banking Commission was discussed as well as inquiry to International's lawyers. It was determined that we would let G & H send the letter to the Bank, with a copy to their lawyers.
2. It was determined that the Metro District would hold its annual budget meeting on Monday, December 22, 2003 and that Jim Davis would arrange for proper notification and creation of the necessary documentation, agenda and paperwork. It was decided that the meeting would be at 6:00 pm, so property owners could attend and it would be at Bill Quigley's office conference room.
3. Dennis Scott reported that along with many lump-sum payments arriving for the completion loan, that there were a number of partial payments received, with no explanation of their intent or reason. Dennis will contact them to determine the intent and inform them that the complete lump-sum must be received by December 31, or the partial payment will be returned and they will be billed for the annual rate along with the POA dues.
4. It was reported that Clyde Young had responded to our call concerning the recent critique received on his engineering study. He has reviewed it and will prepare a written response for our use in the mediation and, if necessary, subsequent court action. We assume that the critique will end up as part of OPEC's and the bonding company's defense position. Clyde is confident in his original work and conclusions.
5. The POA received the bill from Schrepfer Indus. for the clearing out and transfer of storage materials belonging to Metro and Metro received the road maintenance bill belonging to the POA. Bob and Dennis will straighten it out with Schrepfer's billing department.
6. Dennis Scott gave a financial report which showed that as of December 5th, over 20% of the properties had made the lump- sum choice on the completion loan. He also reported that delinquent accounts had been cut in half and that the balance were being sent to the County Treasurer for inclusion with the 2004 property tax bill. The mobile mini-storage has been removed and the final bill is being adjusted for a partial month of use. Other bills to be paid are supplies from Trinidad Builders, the City water bill and accounting.

7. Tom Stephens is going to prepare an information document on use of cisterns, with or without hookup to the water system, and basic water tank maintenance for those who use them to haul water.
8. Discussion of Schrepfer's work schedule in light of his supervisor's eye surgery next week. It is their intent, weather permitting, to have a larger workforce after Monty gets back. He should only be off three days.
9. Verne Jaschke has provided Schrepfer with a topo map of the bore OPEC did under the Raton Creek bed, where Wade suspects there may be a leak between pump 1 and pump 2.
10. Next meeting is Thur, Dec 18th at the Holiday Inn at 8:30 am

# Water Committee Meeting

December 18, 2003

**Attendees:** Jim Davis      John Sanders      Monty Morgan  
Jim Davis      Jeff Mattick  
John Woods  
Tom Stephens  
Bob Scott

1. Monty reported that they started work in Starkville at pump 1. They pulled the pump and are preparing the site to install the cistern. In so doing, they found a leak in the piping below the pump, as well as a phone line the locator service had missed. In addition, they found a second line of 4" PVC pipe by ours. It appears that it may have been broken during the original installation and just discarded in the trench. They will have to order "reject" to properly bed and set the cistern, as the material taken out during excavation will not work. Pressure testing off pump 1 will resume when installation is completed. Bill Buhr, the new pump man, has leak detection equipment he feels will be effective on the Starkville line. Tank 1 is still over 3/4 full. They want to start checking the rest of the lines off tank 1 as soon as possible to make way for road basing and graveling needy roads in that area.
2. There was discussion of pressure variances detected at the City meter. Bill Buhr has brought up adding a pump in that vault to provide consistency. It will be considered later.
3. Jim Davis reported he had given Grimshaw & Harring the go-ahead on sending the letter to International Bank.
4. There was discussion and review of the response our attorney sent to the bankruptcy court, answering and requesting denial of OPEC's motion to dismiss our claim against their bankruptcy estate. We all agreed that it was clear and to the point and hope we get a favorable ruling, setting the way to bring them actively back into the litigation.
5. There was discussion of the agenda and proposed resolutions for the Metro District Board meeting on December 22nd. Postings of the meeting will be up tomorrow, the 19th, on the Ranch as well as the website.
6. Dennis Scott reported that he had contacted and resolved all but one of the people who had sent in partial payments on the completion loan. He also reported that over 25% of the properties had chosen the lump-sum payment to date.
7. As a result of our recent mailing, some new and old property owners who have not yet improved their properties, but are now making plans, are inquiring about moving the location of their water tap placements. The three who have made specific requests have been told we will do so, at their expense, when the meter pits are ready to be done, as it will be most cost efficient for them.
8. Dennis Scott reported that he had received, through Quigley's office, the complete text of our Metro

District's renewed liability policy. He noted that while we paid an annual premium of \$1750.00 when the policy was bound, the facing page of the policy actually issued shows an annual premium of \$1500.00. Jim Davis will contact the carrier for an explanation and possible adjustment.

9. A question was asked about the use of the monies collected from the lump-sum payments. It was explained that in May, when our first payment to the Bank is due, it is for interest only on what we have taken down of the \$550,000 loan. Thus, we will use the \$225 annual payments received to date to cover that interest. We will then use whatever necessary, if necessary, from the lump-sum payments to cover any shortfall. We will then reduce the amount of the \$550,000 loan by whatever amount in lump-sum payments left. This will reduce our borrowing and associated costs.
10. Next committee meeting will be Tuesday, December 30th at the Holiday Inn at 8:30 am.

**Santa Fe Trail Ranch  
Metropolitan District  
Board Meeting  
December 22, 2003, 6:00 PM  
109 West Main St., Trinidad, CO**

<b>Board members</b>	<b>Guests</b>
Jim Davis	Tina Woods
Will Potter	
Tom Stephens	
John Woods	
Dennis Scott	

1. Meeting was called to order at 6:10 pm by Jim Davis at 109 West Main St., Trinidad, CO 81082.
2. All Directors were present, a quorum was declared.
3. Disclosure of potential conflicts of interest - none to disclose.
4. Approval of the minutes for the Board Meeting held October 6, 2003, at 109 West Main St., Trinidad, CO 81082. The purpose of that meeting was to pass a resolution of approval of a tax-exempt water system completion loan with International Bank of Trinidad, CO. Also, the Board was to ratify the establishment of a Completion Fee to property owners in the District, based upon the terms of the Loan Agreement. The minutes were discussed and no additions or deletions were noted. Dennis Scott motioned to approve and Tom Stephens seconded. Motion was approved unanimously.
5. Financials:
  - A. A review of the current financials of the District, the year to date balance sheet, income and expense statements as well as our upcoming audit were discussed. A number of questions arose on both the balance sheet and income and expense statements as a result of adjustments made by a former employee of Century Business Solutions, reportedly at the direction of our auditor Dixon & Waller. As a number of these questions could not be answered by Tina Woods, who works on our account, it was recommended by the Board that we have a meeting with Century personnel and the auditor as soon as possible after January 1, 2004.
  - B. Amendment of the 2003 budget to reflect the addition of our Completion Loan with International Bank and the subsequent debt service collection and payment schedules was discussed. We will do so in completion of our required filing of the proposed 2004 budget with the Colorado Division of Local Government. Also, as the water system was not in operation in 2003, the amendment will so reflect no system operating expense and no system revenues.
  - C. John Woods made a motion to approve the year to date financials presented and the proposed amendment to the 2003 budget, with the stipulation that the board meet with Century's

accounting personnel and Dixon & Waller. Will Potter seconded the motion and it passed unanimously.

6. Adoption of 2004 budget proposal:

- A. As there have been no further changes or projected changes in the cost of water by the City of Trinidad and as there are no foreseen changes in the projection of system operation and maintenance from the 2003 budget, it was recommended that we adopt the same operating budget as 2003.
- B. It was added that because we anticipate the validation of the warranty period and requirements of the original construction contract and the underlying bond of that warranty period and the fact that the Ranch population continues to grow, the anticipated operating revenues and expenses are realistic.
- C. John Woods motioned to adopt the proposed budget as presented. Dennis Scott seconded and it passed unanimously.

7. Resolution calling for regular election on May 4, 2004:

- A. It was discussed that the terms of office for Directors Woods and Stephens expire in 2004. Although not term limited, neither Director has chosen to run for re-election.
- B. The proposed resolution concerning the regular election to be held May 4, 2004 was read and discussed.
- C. Director Davis stated that the 2004 election manual is on computer disk and is being mailed to the District by the Division of Local Affairs. He will coordinate the required notifications, nomination processes and County coordination with Susan Schledorn of the Grimshaw & Haring law firm, our Designated Election Official.
- D. Dennis Scott motioned to approve the Resolution. Will Potter seconded and it passed unanimously.

8. Old Business:

- A. There was discussion of our legal affairs with both OPEC's bankruptcy court petition and the pending mediation with the bonding company.

9. New Business:

- A. Director Scott brought up difficulties he was having in resolving the mechanics of the bookkeeping requirements resulting from the Completion Loan debt service options for property owners in the District. It was determined that Directors Scott and Davis would meet immediately with Bill Quigley to resolve those issues as billing for those choosing annual payments must go out very soon with the POA annual dues notice.

- B. Director Davis discussed the recent inquiry received by the District from the Division of Local affairs concerning our continued participation in the Conservation Trust Fund distributions that come as a sharing of revenues from the gambling industry. Our distributions, which are based on permanent population in the District, are used to provide the POA additional funds in maintenance of the Ranch Conservancy. In addition to refiling our qualifications for participation, Director Davis has asked that the State revise our permanent population of record to reflect our growth since the 2000 Census and thus, increase our share of revenues. If accepted, it will probably be realized in the 2005 cycle, as 2004 has already been established.
10. There being no further business brought before the Board, John Woods motioned to adjourn. Will Potter seconded and it passed unanimously.