

**Santa Fe Trail Ranch
Metropolitan District
Special Meeting
Meeting Minutes
May 12, 2005 9 AM
109 East Main St., Trinidad, CO**

Agenda

1. Call to Order
2. Roll Call, Proof of Quorum
3. Certification of Posting
4. Approval of Minutes of Last Meeting
5. Discussion and Approval of Mediation Agreement with OPEC Corporation and Intercargo Insurance Company, Now Doing Business as XL Specialty Insurance Company.
6. Other Business
7. Continuation/ Adjournment

Minutes

Board Members Present

Robert L. Scott
Mike Shelton
Will Potter, Secretary
R. T. Scott, Treasurer

Guests

Dennis Scott
Steve Smith

Board Members Absent

V. James Davis, President

R. T. Scott provide the proof of posting; North Door of the Las Animas County Court House, SFTR Guard Shack, and the SFTR Bulletin Board. Minutes of the last meeting were not available and will be presented for approval at the next Board meeting.

R. T. Scott turned the meeting over to Will Potter to address the agenda item of the Mediation Agreement. The following motion was made by R. T. Scott:

Motion of Settlement

I, R. T. Scott, Treasurer for the Santa Fe Trail Ranch Metropolitan District as an Officer of the Board of Directors make the motion to accept an amount of \$255,000.00 (two hundred fifty-five thousand dollars) as a mediated settlement over the completion of the Water System and Warranty in accordance with the terms and conditions of the **MUTUAL FULL AND FINAL RELEASE** to be executed this Month of May, 2005 and to authorize my signature as executor of this document in the absence of the Metro President.

The following are points in support of this MOTION:

1. The Contractor, OPEC, is insolvent, and
2. The Surety is the only means of financial support for the completion of the System, and
3. The Surety limits of liability are \$875,000, and
4. The Surety intends to file an Offer of Judgment increasing settlement risks to the Metro, and
5. The lawsuit against OPEC/Surety is limited in value to only the amount expended (\$373,000.00) to complete the System, and
6. Depositions in support of the continuation of the lawsuit may total \$13,000, and
7. Attorney fees can exceed \$100,000, and
8. The presiding Judge has limited Civil suit experience, and
9. The earliest the trial would commence would be July, 2006, and
10. The Jury pool may not provide jurors sympathetic to the Metro's position, and
11. Any appeals process would lengthen the time for settlement and increase the risk and cost to the Metro, and
12. Interest expenses from May, 2005 to July 2006 is \$25,000.

The direct cost to the Metro to continue with its legal position would be a minimum of \$113,000 with a maximum judgment ruling in favor of the Metro of \$373,000. The maximum gain thus is \$260,000. The potential the jury ruling would be 100% in the Metro's favor is very weak based upon documents the Metro created during the construction phase with OPEC. Any jury ruling of less than \$255,000 would require the Metro to compensate the Surety for it's legal expenses for the difference. The above MOTION is the optimum choice for the Metro and will provide it the opportunity to retire its Completion Loan early and reduce interest expenses of \$25,000 over the minimum period of continuation.

Robert L. Scott seconded the Motion. The elements as listed in the Motion were reviewed with expanded discussion on the "Offer of Judgment" portion. This element was one factor in the decision of acceptance as recent legislation instituted a ruling that if a mediation settlement was not reached and one party issued an "Offer of Judgment" and the suit went to trial legal fees would pass to the other party if the ruling was less than the offer that was last made. Will Potter brought the Motion to vote. The vote carried with all voting in favor of the acceptance.

Will Potter turned the meeting back over to R. T. Scott for the continuation of the Agenda. Robert L. Scott confirmed the total number of installations to be 33 with ones that were submitted the day of the meeting. Will Potter offered his appreciation to those who had brought the Water System Completion project to closure. Robert L. Scott made the motion to adjourn the meeting and the motion was seconded by Mike Shelton.

Meeting was adjourned.

Minutes submitted for review and approval at the next Board meeting by R. T. Scott, Treasurer, May 12, 2005.

**Santa Fe Trail Ranch
Metropolitan District
Board of Directors Meeting
August 19, 2005 9 AM
109 East Main St., Trinidad, CO**

Board Members: Jim Davis, Bob T. Scott, Bob L. Scott, Mike Shelton, and Will Potter

1. CALL TO ORDER

Jim Davis called the meeting to order on Friday August 19, 2005 at 9:40am at 109 West Main Street, Trinidad, CO 81082.

2. ROLL CALL & QUORUM DETERMINATION

Board members present: Jim Davis, Bob T. Scott, Bob L. Scott and Mike Shelton. Board members absent: Will Potter. With 4 board members present, a quorum was established. Guests present: Donna Scott. Also present: Gail Thomas from Century Financial Group.

3. DISCLOSURE OF POTENTIAL CONFLICTS OF INTERESTS

This refers to any transactions with the District that may be considered by the board members as a possible conflict of interest.

There are no conflicts of interest at this time.

4. APPROVAL OF MINUTES FROM LAST MEETING

Bob T. Scott moved to approve the minutes from the May 2005 meeting with correction to the meeting place address. Mike Shelton seconded. All were in favor. Motion passes.

5. FINANCIAL REVIEW

Bob T. Scott reviewed the current financials with the Board. He noted that the International Bank loan had been paid off completely. Bob also asked that a formal motion be made for the record adopting the 2005 budget, as notes for the December 2004 were lost. Bob T. Scott moved to adopt the 2005 budget. Mike Shelton seconded. All were in favor. Motion passes.

Bob T. Scott reviewed the current budget line items and expected operating expenses in the future. There are expected increases in system sanitation and testing, system maintenance and repairs, and accounting and administration fees. It is estimated it will cost approximately \$58,000 per year to operate the Metro District. Currently with plant investment fees and water sales, the District would operate at a deficit. The recommendation of the Board, at this time, based on future analysis of income, expenses and operation, is NOT to rebate any funds back to the subscribers.

6. ACCOUNTS RECEIVABLE UPDATE

Bob T. Scott noted that he would be working with the County Assessors office in October to attach property tax liens to those accounts seriously in arrears. These accounts have been notified that this

action will be taken if their accounts are not brought current.

One member has put a request before the Board asking that 3 years of finance charges and late fees be dismissed from his account provided that he gets his accounts current. It was the consensus of the Board to notify this member stating that there is no avenue for the Board to take to satisfy his request.

7. WELL DRILLING

Jim Davis noted that two requests have been received regarding well drilling. A letter from State addressing one of the water well application sited the landowner must get authorization from the District before they would proceed on approving the application. Because this landowner would be able to receive water from the District, the application could be denied. Jim Davis will contact the State Engineer and get clarification on the wording of the letter before making a decision on this issue.

8. OTHER BUSINESS

- A. Water Consumption- Bob T. Scott reviewed water usage for 2005 including water purchased from the City; water sold to subscribers, tank levels and known water leaks. Bob would like to see tighter controls over water usage and loses. He suggested installing hour meters at strategic locales and sealing bleeder pipes below ground. Bob L. Scott can do the hour meter installation and suggested using expanding foam insulation around bleeder pipes.
- B. Maintenance & Repair Policy/Procedure- Bob L. Scott is currently working on this.
- C. Fuel Reimbursements- Bob L. Scott moved that the District would reimburse board members for allowable expenses incurred while conducting Metro business upon receipt of the appropriate documentation. Mike Shelton seconded. Three votes in favor, one abstention. Motion passes by majority.
- D. City Water Tap Contract- Jim Davis attended the City Council meeting to request an extension to the current City water contract. There is currently a moratorium on new water taps and this could be a conflict with the extension. Gene Duran, the City's attorney, will review the contract and update the City and the Metro District.

Members who wish to connect to the water system should consider purchasing taps before the end of the current contract (2008) because taps may not be available at that time if the City moratorium is still in effect.

- E. Regular Board Meeting Schedule - Bob T. Scott moved to hold regular board meetings three times per year. The meetings would be held in April, August and December with specific dates to be determined later. Bob L. Scott seconded. All were in favor. Motion passes.

Bob T. Scott also noted that he would like to see the Metro District report annually to the SFTR POA at the membership meeting instead of the monthly POA Board meetings. A majority of the District Board members felt was important to keep communication open through out the year and reporting at the POA Board meeting was a "good neighbor" policy. The Metro District will continue to attend the SFTR POA Board meetings.

F. Fire Department- The Fisher's Peak Fire Department was given keys to access the SFTR water. A majority of the Metro District Board members would like to a written policy between the District and the Fire Department. Jim Davis will attend the next Fire Department meeting to discuss putting together a protocol and written policy on water issues.

9. ADJOURNMENT

Bob T. Scott moved for adjournment at 12:40 pm. All were in favor. Motion passes.

Minutes submitted for review and approval at the next Board meeting by R. T. Scott, Treasurer.

**Santa Fe Trail Ranch
Metropolitan District
Board of Directors Meeting
Monday, November 7, 2005**

Minutes - DRAFT

Board Members: Jim Davis, Bob T. Scott, Bob L. Scott, Mike Shelton, and Will Potter

I. CALL TO ORDER

Jim Davis called the meeting to order at 9:00am at 109 West Main Street, Trinidad, CO 81082.

II. ROLL CALL & QUORUM DETERMINATION

Board members present: Jim Davis, Bob T. Scott, Bob L. Scott and Mike Shelton. Board members absent: Will Potter. With 4 board members present, a quorum was established.

Guests present: Rick Kinder and Tom Stephens.

III. APPOINTMENT OF BOARD MEMBER

Bob T. Scott moved approve Will Potter's resignation. Mike Shelton seconded. All were in favor. Motion passes.

Notice of the vacancy was posted and one letter of interest was received from Rick Kinder. Bob L. Scott moved to appoint Rick Kinder to the Metro Board to complete Will Potter's term. Mike Shelton seconded. All were in favor. Motion passes.

Mike Shelton has accepted the office of Secretary vacated by Will Potter.

IV. APPROVAL OF MINUTES FROM LAST MEETING

It was the consensus of the Board to approve the minutes from the August 2005 meeting.

V. FINANCIAL REVIEW & 2006 BUDGET

Bob T. Scott reviewed the current financials with the Board. He will also finalize the 2006 budget numbers and hold the budget public hearing in December.

VI. ACCOUNTS RECEIVABLE UPDATE

42 liens have been filed with the Las Animas County Clerk's office. Copies of these recorded liens will be forwarded to the Assessors office for attachment to County tax bills.

VII. PENDING BUSINESS

- A. **Water Consumption** - Check valve installation at each tank was discussed to quantify water usage. To ensure reading accuracy the Board is considering reading all meters in Jan. 2006.

Particulars will be discussed at the December meeting.

- B. **Maintenance & Repair Policy/Procedure** - Bob L. Scott is currently working on this.
- C. **City Water Tap Contract** - Gene Duran, the City's attorney, has been unable to review the current contract due to time constraints. When time permits he will review the contract and update the Board.

Members who wish to connect to the water system should consider purchasing taps before the end of the current contract (2008) because taps may not be available at that time if the City moratorium is still in effect.

- D. **Fire Department** - Jim Davis attended the Oct. FPPFD meeting with the intent of putting a water policy in place, but there was no quorum of the Board at that meeting, so he will attend their November meeting to discuss this issue.

VIII. NEW BUSINESS

- A. **Special District Elections** - Elections are held in May of even numbered years. Two Board member terms are up. If more than two nominations are received, the District will coordinate with Las Animas County to proceed with the election.
- B. **Areas of System Responsibility** - The following is a list of system operations and assignment of responsibility:
 1. Meter Pit applications from receipt to City submission- Bob T. Scott
 2. Meter Pit installation- Bob L. Scott
 3. System mechanical maintenance, modification, repair- Bob L. Scott
 4. State testing compliance & sanitization- Bob T. Scott
 5. Day-to-day system operations- Bob L. Scott, Bob T. Scott
 6. Key control- Bob L. Scott, Bob T. Scott
 7. Electrical system maintenance, modification and repair- Bob L. Scott
- C. **Bill Paying Procedures** - The Board discussed setting up procedures to ensure validity of invoices received at the business office. It was decided that each invoice would need some sort of signed purchase order or other approval from a Board member before check will be issued for payment. Procedures will be finalized at the December meeting.

- IX. **ADJOURNMENT** - Mike Shelton moved for adjournment at 11:30 am. All were in favor. Motion passes. Date of the next regular Board meeting to be determined later.

**NOTICE OF BUDGET 2006 PUBLIC HEARING
SFTR METRO DISTRICT
BOARD OF DIRECTORS MEETING
109 W. MAIN ST.
TRINIDAD, CO.
December 30, 2005**

Board Members: Jim Davis, Robert T. Scott, Robert L. Scott, Mike Shelton, Rick Kinder

Minutes

1. CALL TO ORDER-Jim Davis called the meeting to order at 9:00 am.
2. PROOF OF NOTICE - Yes
3. INTRODUCTION AND ROLL CALL- Board members present: Jim Davis, Bob T. Scott, and Bob L. Scott. Board members absent: Mike Shelton and Rick Kinder. Also present: Nancy Allred and Gail Thomas.
4. DETERMINATION OF A QUORUM - Yes
5. SECRETARY'S REPORT

Approval of the Minutes from the Previous Meeting - Robert T. Scott moved to approve the minutes from the last meeting. Robert L. Scott seconded. All were in favor. Motion passes.

6. TREASURER'S REPORT

Approval of Monthly Financials-Bob T. Scott moved to approve the financial reports. Bob L. Scott seconded. All were in favor. Motion passes.

7. APPROVAL OF 2006 BUDGET - The public hearing was opened at 9:20 am. No public input on the 2006 budget. Bob T. Scott moved to approve the 2006 budget. Bob L. Scott seconded. All were in favor. Motion passes. Bob T. Scott will get the required paperwork to DOLA before the deadline of Jan. 31, 2006. The public hearing was closed at 9:30 am.

8. OTHER

1. Jim Davis will prepare May 2006 election information and have ready for the next Board meeting. There will be three board positions open at that time (Bob T, Jim, Rick)
2. Last year the POA turned over the San Isabel rebate check to the Metro District. However in reviewing the known contracts, this may not be money that belongs to the Metro District. The Board will review these contracts and do more research with San Isabel to determine ownership of these rebates.
3. Jim Davis talked with Gene Duran regarding the possible extension of the City water contract. Mr. Duran will research this issue and report back to Jim as information becomes available.

4. Bob T. Scott noted that the system sanitation log is up to date with all water bacteria tests passed. He also noted that copper/lead testing had been completed.
 5. A resolution was passed calling for the May 2, 2006 Metro District Board election to fill the expired terms of Will Potter and Jim Davis. Subsequent notice, calling for nominations, is to be posted in the local newspaper, with nomination forms due by February 24, 2006.
9. ADJOURNMENT - Bob L. Scott moved for adjournment at 10:00 am. All were in favor. Motion passes.