

**SFTR METRO DISTRICT
BOARD OF DIRECTORS MEETING
At Century Financial Group
August 3rd, 2009 9:00 AM**

1. CALL TO ORDER - Robert L. Scott called the meeting to order at 9:00am.
2. PROOF OF NOTICE - was given in 3 public areas and the requirement was fulfilled.
3. ROLL CALL - Board members present included: Rick Kinder Bob T, Donna, Bob Scott, Mike Shelton - All present. **Guests included:** Kelli Dochter, Lynn McCreight, RC Ghormley and John Sanders
4. DETERMINATION OF A QUORUM - A quorum was established.
5. SECRETARY'S REPORT - - Mike moved to approve the December 2008 minutes as written, seconded by Rick, majority in favor, motion carries.
6. TREASURER'S REPORT - Mike recognized Kelli Dochter and Lynn McCreight, and explained the challenges to resolve the issues that have occurred in the past and currently. Mike explained that Lynn has worked on the 2007 and 2008 books while Kelli has worked on 2009 books.
 - A. **Monthly Financials** - Kelli reviewed the financials in detail including the profit and loss, balance sheet, and budget vs. actual. Questions about the accounts receivable were answered and finance assessments were discussed. Significant water loss was also discussed.
 - B. **Lynn McCreight's Report** - The breakdown of Lynn's accomplishments was discussed. Currently, Lynn is working on reducing the accounts receivable, applying payments correctly, and billing correctly. Lynn discussed that she is working on systematic errors and is talking with customers about resolving their past due amounts. Lynn would also like to set up files by lot numbers to keep a life record of each lot, which would make the accounting more accurate. The audit requirements for 2007 and 2008 are being submitted today August 3, 2009. Moving forward a system of checks and balances has been implemented to improve the overall status of the Metro.
 - C. **Century's Proposal Letter** - - Mike talked about the past, current, and future position of the SFTR metro, and the struggles that have occurred within the metro. The concept of inequality was discussed meaning that Century is requesting more compensation to meet the needs of the Metro. Bob T. Scott discussed the lack of service level by Century, and during Gail's time performance was quantified by service level and not quantity level. Discussion ensued regarding the details of the proposal. After much discussion, Bob T Scott recognized the future growth of the account. It was discussed that Lynn McCreight's employment will play a large role in the overall success of the Metro's account currently and as the account grows. Bob T. Scott made a motion to accept Century's proposal as is, considering a review/readdress of the proposal will occur at the December 2009 Meeting, Rick seconded, all in favor.
7. UNFINISHED BUSINESS

- A. **SCADA Project** - Two Excel spreadsheet were passed out to the board and John reviewed each one in detail. One report showed what has been purchased, the model number, and the cost. John discussed the expenses to date of the system. John also discussed the second report, which showed how the money has been spent on each tank. Certain things need to be monitored through visual monitoring not through the website. John requested that the board ask any questions regarding the project and the budget vs. actual. A typo was pointed out and Bob T. wanted to know if a license has been issued yet, and so far a license has not been issued. Questions regarding lightning strikes took place. Surge suppressors are in place to protect the system. The ultimate goal is to have control of the system remotely via a computer.

8. NEW BUSINESS

- A. **System Modifications Report** - The rubber items in the PRVs are deteriorating and there is a serious corrosion problem. All of the PRVs need to be rebuilt and the rough cost of doing such is \$25,000 total or \$1100 a pit to replace the galvanized pipe with copper pipe. Pump upgrades also need to be considered. Tandem pumps may need to be installed in the cistern along with surge tanks. To do this the approximate cost is \$26,400. Bob T. Scott discussed the Clyde Report and how many gallons they should be able to pump compared to what is being pumped. The possibility of putting a pump in the Holiday Inn's pump tank was considered to relieve the workload of the pumps.
- B. **Pueblo Health Department** - Rick has attended several water seminars, and Rick relayed that during these seminars most water districts are under-charging. The Metro is basically breaking even in regards to water sales.
- C. **Monthly Billing** - Bob T. Scott expressed the inconsistencies with monthly billing such as estimating, and the elderly not checking their meters. Bob L. Scott reported that monthly meter readings will possibly eliminate the amount of present leaks, and Mike agreed with Bob T. Scott that issues will occur, but this will relieve the disputes between the board and water users. Bob T. Scott disagrees with monthly meter reading. Lynn highlighted the various features associated with the new software and how this might assist in the monthly billing. Bob L. Scott stated at this point we move forward with the software implementation before discussing the details of the monthly reading.

9. **ADJOURNMENT** - Mike moved to adjourn the meeting at 11:05 a.m.

**SFTR METRO DISTRICT
BOARD OF DIRECTORS MEETING
At Century Financial Group
November 16, 2009 9:00 AM**

Meeting called to order by Rick Kinder at 8:58 AM.

Roll Call- Bob T. Scott, Donna Scott, and Rick Kinder

Special Guests- See Attached [Roster](#)

Rick explained to those present that a meeting was held in December of 2008 to appoint Mike Shelton and Bob L. Scott as the regular election of 2008 was declared void by DOLA since the proper paperwork was not filed. At the December 2008 meeting, Rick Kinder stated that we believed that they appointed Mike Shelton and Bob L. Scott.

Bob T distributed a copy of the minutes from 2008. Bob T Scott brought up the fact that Bob L and Mike S appointed themselves, which was contrary to the document (assuming bylaws) distributed by Bob L. Rick explained that he as well as Bob L and Mike S believed that they were conducting business correctly and therefore he believes the business they conducted during this time was in good faith and valid.

Bob T explained that the letter received from DOLA stating that the election process was not complete was not presented to the board in December 2008. Kelli brought up that she did receive the letter and presented the letter to Dave Grove, but it may have not been distributed to the board.

Jesses Manzanraes further discussed that an appointment and cancellation of election are two different situations.

Mary Dye explained that she is concerned about the way business is being handled by the current board members and further discussed that several of those in attendance appreciate Bob L Scott and Mike Shelton for their dedication to the Metro.

Discussion ensued regarding the communication on the website forum over the weekend.

Jesse explained that the election was cancelled and by law it would seem reasonable to believe that Bob L and Mike S were appointed.

Discussion ensued between those in attendance and the board regarding the animosity that exists between Bob T, Bob L, Mike Shelton, Donna Scott and Rick Kinder.

A new community member voiced that he would like to see the air clear between the current board, and he would like to see the board establish a functioning board that is responsible for maintaining the water system.

Donna discussed her resignation as secretary because she didn't feel that the minutes she was taking were accepted by the current board at the time when she was secretary.

Bob T explained that he was not getting cooperation when he was taking care of the water system and that

he removed himself from maintaining the water system due to non-communication between board members. Bob T also explained that he didn't feel comfortable as treasurer due to the fact that some financial disagreements occurred between board members that were not resolved as he requested.

The question on the table is to establish whether or not to appoint Bob L and Mike S. Bob T Scott said he would like to establish more details before considering the appointment of Bob L and Mike S and that he had received calls of individuals expressing their interest in serving.

Lynn McCreight stated she was hired by Century Financial Group in May 2009 to reconcile and correct the 2007 and 2008 Santa Fe Trail Metro book and exemption from audit was approved by the State in 2007 and audit was performed and approved on the 2008 SFTR Metro books by Dixon and Waller Company.

Rick agreed that Lynn is taking care of the financials and it would be very difficult to continue business without Bob L and Mike S.

Carol Rawle explained that appointing Mike S and Bob L is a viable solution and she would like to see that happen.

Jesse explained that having elections cancelled are not unusual and that it is common to have incomplete elections. Jesse stated that it is very unlikely that anything that was done is not valid. He reiterated that this is not an uncommon event.

Rick explained that Grimshaw and Harring recommended appointing Mike S and Bob L Scott.

Bob T Scott brought up that Kevin Blake is interested in holding a position with SFTR. Kevin Blake was present at the meeting. Kevin also agreed to reinstate Bob Land Mike S until the next election. At that time Kevin expressed interest in running for a board position in May 2010.

Bob T Scott posed the question if all of those at the meeting are in favor of appointing Bob L and Mike Shelton. The general consensus seemed that all of those present were in favor of Bob L and Mike S (see roster for those in attendance)

Rick Kinder opened up the floor for nomination for the current board vacancies

Rick Kinder nominated Bob L. Scott to fill one of the vacant board positions, Donna seconded, all in favor, motion passed.

Rick nominated Mike Shelton to fill the second vacant board position, this was not seconded, motion failed.

Bob Dye discussed that by not appointing Mike Shelton this would send the message that his services have not been appreciated and that it would be insulting not to appoint him. A fellow property member agreed with this statement and said he felt that those present would not object to having Mike S serve the board.

RC asked those in attendance if anyone present felt that Mike was not an acceptable candidate for this vacancy. Those present agreed that Mike S is serving the board. One gentleman present stated that respecting Bob and Donna's opinions as board members is important. RC also continued to explain that reinstating Mike S would allow for the Metro to continue operating.

RC and Bob Dye asked for a plea to have Mike Shelton appointed which will allow for unity and betterment

of the community.

Bob T explained that he has received some positive feedback from the board for the duties he has performed. Another community member expressed his gratitude to Bob T to help install his first water tap. He also explained he was concerned over any contractual or legal issues that might be a risk for the Metro.

Discussion ensued regarding the appointment of Mike Shelton. RC brought up the information that was retrieved from legal counsel to appointment Mike S. until the 2010 meeting.

Donna suggested the meeting call the attorney and verify his position. At this point Rick Kinder called Grimshaw and Harring to speak with Russ Dykstra the lawyer for Santa Fe Trail Ranch.

Grimshaw and Harring. Russ Dykstra was contacted and counseled the board as follows:

Rick called Russ during the meeting and asked him to state his opinion regarding how to handle the appointment of the current vacancies. The lawyer stated he recommended Bob L Scott and Mike Shelton fill the current vacancies until the May election. Bob T Scott asked Russ if there any legal ramification at this time, Russ explained that if board members are serving in good faith then all business is valid. However, now that Bob L and Mike S know their vacancies are invalid business cannot be conducted by Bob L and Mike.

Donna Scott made a motion to have Mike Shelton fill the second board vacancy, Bob T. seconded, all in favor, motion passed.

Lynn talked about her status as the election official. Bob and Donna commended her on her work. The consensus of the board was to allow Lynn to remain as the election official.

Bond- Lynn presented the bond application to have the current board positions bonded which is \$1000 for each board member and a \$5000 bond on the treasurer's position. The board will consult with Lynn to fill out the application and get in compliance with bond requirements.

Donna made a motion to have Mike Shelton serve as the treasurer for the SFTR board and Bob L Scott serve as the SFTR Metro President, Bob T. Scott seconded, all in favor, motion passed.

Bob T Scott explained that currently the Metro is breaking even with the water system, but having community members look for leaks will minimize the amount of leaks on the ranch. Rick suggested sending out information regarding how to prevent leaks to all the property owners.

Bob T Scott asked for feedback from the community members not for just large problems but for all issues. Bob T Scott brought up a message received from Mr. Gonzales recommending Bob L Scott and Mike S to serve the board and he also received messages requesting new board members.

General and mixed discussion took place

Motion to adjourn made by Donna, seconded by Bob T. Scott, motion passed 10:29 a.m.

Roster of Guests

Nancy Allred

Sue Downs
Joyce Wolff
Walter Wollf
June Stephens
Tom Stephens
Bets Withington
Robert Dye
Mary Dye
Carol Rawle
Frances Purswell Montoya
Jerry Withington
Wes Young
W.D. Phillips
RC Gormley
Fred Vaugeois
Jesse Manzanares
Dennis Scott
Greg Beaumont
Carolynn Johnson
Phil Dunn
Kevin Blake
Allen Medina
Val Allred
Lynn D. McCreight
Kelli Dochter-Van Matre
Norma Brandon

**SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
MEETING ON DECEMBER 28, 2009
CENTURY FINANCIAL GROUP OFFICES
109 W MAIN
TRINIDAD, CO 81082**

Meeting called to order by Bob L. Scott at 9:00 A.M.

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

Roll Call – Board members: Mike Shelton, Robert L. Scott, Rick Kinder, Robert T. Scott, Donna Scott: Guests: RC Ghormley, Dave Grove, Lynn D. McCreight, John Sanders, Marc Brandon, Jerry Withington, Norma Sue Downs, Frances Purswell-Montoya, Tom Stephens, W.D. Phillips, Rudolfo Reveles

Determination of a Quorum – A quorum was established

Secretary Report: Discussion of the August 3, 2009 minutes – Corrections were made – Rick Kinder moved to approve the August 3, 2009 minutes as corrected – Mike Shelton seconded – motion carries.

Discussion of the November 16th, 2009 Special Meeting minutes – Corrections were made – Mike Shelton moved to approve the November 16th, 2009 minutes as corrected – Donna Scott 2nd – motion carries.

Treasures Report: Mike Shelton discussed the financials, including the Balance Sheet, Profit and Loss and Budget vs. Actual. Mike pointed out that Lynn D. McCreight brought to his attention that the SCADA costs will be moved to fixed assets, per the auditor to be depreciated. Further discussion on the CPA costs (for auditing) on the Budget vs. Actual was included in the Accounting and Auditing and on the Profit and Loss they were split out.

Robert T. Scott suggested that the District pay back the owners a portion of the 7 year completion loan proceeds, stemming from promises made to the owners at the loan's origination. Significant discussion took place on the subject. Robert L. Scott made the point that there is no way of knowing what amount is remaining of the completion monies, since they nor the XL Surety settlement monies were set up as separate accounts. There is also, in his opinion, much work remaining before the OPEC related repairs are behind us. He also stated that the Board has a responsibility to provide safe drinking water to the Ranch, as well

as a fiduciary responsibility to assure that the funds are available to do so and that an arbitrary refund would be poor stewardship.

Mike Shelton stated the cash flow forecast shows our reserves depleting over the next few years.

RC Ghormley announced the arrival of John Sanders and asked if he could present the SCADA report while John was present to answer questions.

Reporting on the SCADA system. [SCADA stands for Supervisory Control and Data Acquisition, it's a term used to describe how equipment is controlled remotely; usually the term is associated with utility applications]

Next physical activity is to temporarily link Tank 3 with Tank 1 via radios to demonstrate a successful radio link and to provide proof of concept of the general approach we are taking to implement our SCADA system. Hope to have this done by the end of January.

Next administrative action (done in parallel with the above) is to do all the actions required to get an FCC license for the SCADA system and for mobile radios that will be used to help troubleshoot the SCADA installation, and to maintain the water system. Hope to have the frequency assigned by mid-February.

Once the frequency is approved, the initial set of radios can be ordered. Once these are received, the next phase can be implemented, which will give us the ability to monitor T1, T2 and T3 levels remotely. Mid-March is the target date.

RC glossed over many details that need to happen to support the above -- this is only a brief summary of the next several steps in the process.

Continued discussion on refunding the owners. A possible solution was suggested to put a cap on the monies and when that cap is reached, then refund some of the monies. Sue Downs said she did not want any money back to possibly prevent future assessments by the district. Further discussion was tabled to future meetings to conduct more research on future expenses relating to repairs, etc. and analysis of the cash flow.

Lynn D. McCreight will provide a copy of the updated cash flow to all board members.

Mike talked about the A/R Aging and instructed board members to make an appointment with Lynn D. McCreight to discuss the aging and informed the general public that details on the aging were private but TOTALS and procedures could be discussed with Lynn.

Mike announced he would check into CD rates with the local banks toward the end of January, 2010. The district's CD is maturing January 28, 2010. He will share his findings via email for a board decision on the best deal.

Mike announced that owners will be reading their own meters on a quarterly basis. The board will read them in June for the yearly board reading. Discussion followed.

UNFINISHED BUSINESS:

System Operator Report: Rick Kinder stated the system is up and running after a leak in pump #5, failed pump and tank 3 leak. All water tests are good. He has not received the test sheet to date. Robert L. Scott stated more district members will be certified. Rick said the state requires certified operators to oversee repairs, etc. It was suggested that all owners keep their cisterns full. Continued discussion on system improvements and repairs and SCADA.

Election and Appointments: Lynn D. McCreight discussed the required forms, reports and minutes that she sent to DOLA, Lawyer, District Court and County Clerk. These included: Oaths of office for Mike Shelton and Robert L. Scott, Certificates of Appointment for Mike Shelton and Robert L. Scott, Bond covering all District board positions (vs. members), and minutes of the special board meeting November 16, 2009.

Lynn also discussed the research done, continued research, Election 101 class, duties and timing of her duties as election official. Rudolfo Reveles (Rudy) suggested having an audit of district functioning laws by having legal representation at a meeting once a year or so. Discussion followed. Rudy read several Colorado state statues in regards to special districts. Who was eligible to vote was discussed. Questions on one vote per lot or more than one qualified voter per lot. Lynn will clarify with the question with the lawyer.

Robert L. Scott read off several election deadlines. He will handle the mapping requirement. Discussion followed. Robert L. Scott made a motion that the "Election Notice" be posted on the SFTR Bulletin Board, SFTR Guard Shack, SFTR Fire Station, County Clerks office, and the SFTR website 24 hours (as stated in the information at hand) prior to the election. The 24 hours was questioned. Lynn will verify that it is 24 hours vs. 72 hours as in past elections. Robert T. Scott seconded the motion. Motion carries. Lynn stated the notice will also be posted in the Century office. Robert L. Scott stated that this resolution on the "Election Notice" will be posted on the Special District Association website. The District is now a member of the S.D.A..

Robert L. Scott moved that the "Transparency Notice" be posted on the S.D.A. website and the SFTR website. Robert T. Scott seconded. Motion carries. What is included in this transparency can be obtained on the internet or contacting Lynn. This notice is due by January 15, 2010.

Further election deadlines were discussed. The next board meeting has been set for March 1, 2010 at 9am at the Century Financial Business office, 109 W. Main, Trinidad, CO 81082. Rudy Reveles quoted Colorado statute on special districts needing to have regular meetings. It was suggested having the meetings at a different time to accommodate more owners to be able to attend. Discussion followed.

Lynn D. McCreight had stated the board needed to make a resolution to have either a "Mail in Election" or a "Polling Place" election. The mail in election is more inclusive but more expensive, depending on the number of eligible voters. Discussion followed. Robert L. Scott moved to have a "Mail in Election". Robert T. Scott seconded. Motion carries. Lynn will confirm the terms of this type of election with the lawyer. Lynn stated that a Mail Ballot Plan had to be filed with the Colorado Secretary of State as soon as possible but no later than 65 days prior to the regular election.

NEW BUSINESS:

Lynn D. McCreight announced that Dave Grove from Century was in attendance to discuss a new contract with the SFTR Metro District. Discussion followed. Robert T. Scott asked Dave to put together a proposal that clearly defines the expectation of both sides and email the proposal to the board members.

Mike Shelton presented the proposed 2010 Budget. Discussion followed. Changes were made to Mike's original proposed budget. Robert L. Scott moved to approve the 2010 Budget as amended. Mike Shelton seconded. Motion carries. Copy attached.

In the discussion of the budget numbers, Rick mentioned that some owners wanted to have notice of any leaks in the water system. Discussion followed.

Mike Shelton stated that Lynn has requested a \$100.00 petty cash fund to pay for filing the liens, lien releases, etc. Discussion followed. Mike Shelton moved to set up a \$100.00 petty cash fund for Lynn to pay for filing liens, lien releases, etc. Robert L. Scott seconded. Motion carries.

ADJOURNMENT:

Robert L. Scott moved to adjourn at 11:44 pm. Seconded. Motion carries.

REVENUE**2010 proposed Budget**

Water Sales	40000
Maintenance Fees	65490
City Tap Fees	25750
Metro Meter Fees	5500
System 2nd loan payments	40000
Owner Bond Assessments	150000
Finance/ Interest Charges- All	3500
Other- Misc. Income	1000
Carry over for 2007 for 2009	400000
TOTAL INCOME	731240

EXPENSES

Bank Fees	400
Legal Fees	10,000
Accounting	35,000
CPA Costs	3,500
Utilities - Water	30,000
Utilities - Electric	13,000
Mileage Reimbursements	5,500
Insurance	4,000
Maintenance Repairs- Non OPEC	26,000
Completion Repairs- OPEC	26,000
Sanitation Expenses	7,000

Bond Principle & Interest	150,000
City Tap Fees	25,750
Metro Meter Fees	5,500
System Modifications/SCADA	45,000
Emergency reserve	15,000
	401,650