

Santa Fe Trail Ranch POA

BOARD MEETING

February 17, 2001

Trinidad State Junior College, Sullivan Room

Board Members:

Bill Bumstead
Jim Davis
Michael Hughes
Richard Johnson
Paul Miner
Carol Rawle
Harriet Vaugeois
Robert Walton
Bill Wenstrom

Accountant:

Bill Quigley

Assistant:

Lisa Stigall

- I. **CALL TO ORDER** ♦ Harriet Vaugeois called the meeting to order at 9:06 a.m. and then turned the facilitation of the agenda over to Bill Quigley.
- II. **PROOF OF NOTICE** ♦ BILL QUIGLEY gave proof of notice.
- III. **INTRODUCTION AND ROLL CALL** ♦ The Board Members present were Bill Bumstead, Richard Johnson, Paul Miner, Carol Rawle, Robert Walton, Bill Wenstrom, and Harriet Vaugeois. The Board Members absent were Jim Davis and Michael Hughes. The guests were Bill Quigley, Lisa Stigall, Vaughn Roundy, Fred Vaugeois, and Gene Downs.
- IV. **DETERMINATION OF QUORUM** ♦ It was determined that a quorum was present.
- V. **APPROVAL OF MINUTES OF PREVIOUS MEETING OF DECEMBER 16, 2000** ♦ A correction to the 12/16/00 minutes was requested that indicated Cris Quigley should not be listed as a Board Member. **Bill Wenstrom motioned to approve the minutes as corrected. Richard Johnson seconded the motion. There was no opposition and the motion carried.**
- VI. **OLD BUSINESS** ♦
 1. **Committee Reports** ♦
 - a. **Budget/Financial** - Bill Quigley reviewed the financials. At the request of Bill Wenstrom two changes were made to the financials: 1) Donation Income is now a separate line item. 2) The CBIZ fee, which was actually paid in January, was backed out of January and placed back into the December financials. Bill Quigley reviewed agenda items 6.3 and 7.1. Overall, between the tax refund and new insurance savings, the POA will receive/save close to \$12,000.00. In addition, it was noted that 73% of POA dues had been received so far this year. An addition to the payables was a \$58.26 bill from Bill Wenstrom for Federal Express charges related to obtaining information about a radio license for the ranch.
 - b. **Combined Emergency Services Committee** ♦ Richard Johnson requested "Combined" be removed from the Emergency Services Committee's name. Richard Johnson reviewed the committee report ([click here to view](#)). Either before or in conjunction with the "mock" evacuation, the Committee would like to schedule the forest service and/or fire department to come up and talk to residents about how to prepare their property for the fire season. The official(s) will be invited to attend the six (6) area meetings prior to the evacuation and then give a debriefing session immediately following the evacuation. The leaders, backups and area boundaries are listed on the web site. Harriet Vaugeois noted the high attendance,

participation and dedication of the ranch members to this committee. The medical packs have been updated as well.

- c. **Covenant Review** ♦ Discussion of this topic was tabled until the April meeting due to Jim Davis' absence. Harriet Vaugeois recommended the Covenant Review prepare a report for the April meeting.
- d. **Common Area** ♦ Vaughn Roundy reported in Michael Hughes' absence. A great deal of progress is being made on the roads. The snow plowing has progressively improved with each removal and the committee is very pleased with the last snow removal efforts. ([Click here to see the Road Sub-Committee report.](#)) Problem culverts at the shoulder of some of the roads have been identified and will need to be repaired/replaced. There will be gravel dumped in some of the particularly muddy areas. A big concern for the road committee is the speed in which some owners and particularly, contractors drive. The high speeds will cause the new road surface to deteriorate rapidly. Resurfacing the road costs \$12,000-\$14,000 per mile. The Board urges everyone to adhere to the 25mph speed limit throughout SFTR. Harriet Vaugeois volunteered to be the contact person for contacting contractors whose trucks are in violation of the speed limit and recommended that this issue be referred back to the Committee and have the Board provide support. It was noted that the Appearance Plan concept and budget was approved in the 12/16/00 Board Meeting. The Board also wanted to remind property owners to review the published maintenance schedule. Bill Bumstead commended the efforts of the Common Area Committee.
- e. **Communications** ♦ There were no modifications to the [Communications Committee Report](#). Bill Wenstrom requested reimbursement of \$58.26 for Federal Express charges for documents/communications regarding the pursuit of a radio license for the ranch, as discussed in the December Board Meeting. The Board was under the impression that there weren't any expenses associated with obtaining the radio license and voiced their concerns in retroactively paying this bill. Bill Wenstrom explained to the Board that the charges were for expeditiously sending and receiving information about the radio license to bring himself up to speed with the requirements and process involved, and not directly related to obtaining the license. **Bill Bumstead motioned to accept the bill from Bill Wenstrom for \$58.26. Robert Walton seconded the motion. Bill Wenstrom abstained. There was no opposition and the motion carried.** Harriet Vaugeois questioned the approval of the radio license proceedings since the topic was never discussed officially in a Board Meeting. It was her understanding that Todd Nathan was to give a proposal to the Communications Committee, which would then be officially discussed and voted upon at a Board Meeting. **Bill Bumstead motioned that all future discussions and actions regarding the pursuit of a radio license go through the Communications Committee. Harriet Vaugeois seconded the motion. There was no opposition and the motion carried.**
- f. **Water** ♦ Richard Johnson reported that we are moving ahead with the repairs. Torres was given the contract to do the repairs but will have to modify his bid slightly to include a bid to repair the damage caused by the pipes freezing a couple of weeks ago. The heaters have been installed and all but two of the pressure valves have now been insulated. There is an ADHOC Water Committee that meets every 3-4 weeks. The members are Richard Johnson, Harriet Vaugeois, Jim Davis, Michael Hughes, John Woods, Dave Schreopfer and occasionally Tom Stevens. The Board voiced significant concerns about the progression of the water system. It was suggested the Board take aggressive action on this issue. Previously, it was decided to wait to form the committee but this issue becomes more

pressing as time passes. There needs to be a way to officially establish a committee that will provide goals, due dates, and progress reports. The Water Committee is the only committee that does not submit minutes for public record and it was suggested that a report be submitted to be mailed with the minutes. To protect the interests of the property owners, Carol Rawle suggested the water system be treated as the budget and have the Board itself serve as the Water Committee just as the Board is the Budget Committee. Harriet Vaugeois voiced her concern that if we continue to wait to take action the system will only deteriorate beyond repair.

- **Summit Meeting - Bill Wenstrom motioned to draft a letter to request a joint meeting between the SFTR Board of Directors and the Metro District Board of Directors, on March 17, at 9:30 a.m. at TSJC Sullivan Room for a work session to discuss actions that need to be taken to get the water system up and running. SFTR Board of Directors will provide the agenda. A reply will be requested. Jim Davis will be asked to step down as President of the POA just for the purpose of this meeting. Bill Quigley will facilitate the agenda. Harriet Vaugeois seconded the motion. There was no opposition and the motion was carried.** Harriet Vaugeois and Richard Johnson will sign the letter. Bill Wenstrom will draft the agenda. Bill Quigley will post the notices.
- **On-going operation of the system and an employee to maintain** - Bill Bumstead is of the opinion that the water system cannot be run by committee but rather, it requires an employee who is qualified, authorized and paid to manage/maintain a running water system on a daily basis. This person would report to the governing body of the system. It was determined that this discussion will be tabled until some of the more pressing issues related to the water system can be resolved.
- **Sale of the equipment** - \$3000.00 of the equipment inventory was sent to Denver about two weeks ago to a company interested in purchasing it. Jim Davis found a web site that will only take a 1% commission on any sale and John Woods will list the remaining inventory on the site.

g. Updated Reports - none

2. **Review & Acceptance of Proposed Greenland Conservancy Contract** ♦ All Board Members have given their comments to Jim Davis. Fred Vaugeois is the chairman of this committee. **Bill Bumstead motioned that all conservancy issues go through the Conservancy Committee and then brought to the Board. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.**
3. **Review of Non-Profit Status** - The previously filed tax returns were incorrectly filed showing SFTR POA as an 1120H, which takes a 30% flat tax. Bill Quigley filed six (6) amended returns showing SFTR as a domestic non-profit corporation (1120C). This correction will bring the POA \$10,680.00 back from the government. Bill Quigley is also looking into recovering over \$600.00 in lost interest income due to the error made by the previous tax preparer. Bill Quigley noted that the POA is still required to pay property taxes.
4. **From the Floor** ♦
 - a. Gene Downs commented that only 50% of the petitions for inclusion of lands into the fire district have been received to date and the effort is struggling. Phone calls are being made to residents from the Southeast quadrant who have not responded. This effort is extremely important. The cost to the property owner to be included in the Fire District is less than \$11.00 per year. Bill Bumstead offered to write a letter to the residents in the SE quadrant

and the previous cover letter will be posted on the web site.

b. The Board welcomed Fred Vaugeois, Gene Downs and Vaughn Roundy.

VII. NEW BUSINESS -

1. **Presentation of Hix Insurance Company** ♦ Mr. Hix was not able to attend the meeting today. Bill Quigley briefly explained the new insurance policy for the POA. The POA will save almost \$1200.00 annually with the new insurance policy. The deductible is the same at \$250 per claim. The overall coverage went from \$1,000,000 to \$2,000,000. The coverage includes D&O (directors and officers), committee members and authorized volunteers. It also provides \$10,000.00 in medical payments and \$5,000.00 legal benefit as well. The Board asked Bill Quigley to find out what the exact definition of "Authorized Volunteer" means as it pertains to the insurance policy, as well as who gives the "authorization". Because the current insurance policy was about to expire, Bill Quigley completed the necessary paperwork to enroll the POA with Hix Insurance prior to this Board Meeting. In addition, the Greenland Conservancy lease requires they are named as co-insured. Bill Quigley will research what that statement entails. **Bill Bumstead moved to confirm Bill Quigley's actions. Harriet Vaugeois seconded the motion. There was no opposition and the motion carried.**
2. **911 Compliance** ♦ Harriet Vaugeois motioned to create a committee for a two-month period to investigate 911 compliance on the ranch and report the findings at the April meeting. Jim Davis, Michael Hughes, and Richard Johnson will be on the committee. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.

VIII. FROM THE FLOOR -

- IX. **DATE OF THE NEXT MEETINGS** ♦ The next Budget meeting will be held at 8:00 a.m. on March 17, 2001 at the TSJC Sullivan Room. The Joint Board meeting will be held at 9:30 a.m. on March 17, 2001 at the TSJC Sullivan Room. The April Board Meeting will be held on April 21, 2001 at 9:00 a.m. at the TSJC Sullivan Room.
- X. **ADJOURNMENT** ♦ Richard Johnson motioned to adjourn the meeting at 11:10 a.m. Bill Wenstrom seconded the motion. There was no opposition and the motion was carried.

Santa Fe Trail Ranch POA

BOARD MEETING

April 21, 2001

Trinidad State Junior College, Sullivan Room

Board Members:

Bill Bumstead
Jim Davis
Michael Hughes
Richard Johnson
Paul Miner
Carol Rawle
Harriet Vaugeois
Robert Walton
Bill Wenstrom

Accountant:

Bill Quigley

Assistant:

Lisa Stigall

Guests:

Carol Alfs
Steve & Carol Bolton
Gene Downs
Michelle Minion
Frances Purswell
Vaughn & Joanne Roundy
Mike & Mary Shelton
Jerry & Betty Withington
John Woods

Determination of Quorum

It was determined a quorum was present.

Approval of Minutes of Previous Meeting of 02/17/01

Harriet Vaugeois motioned to approve the 02/17/01 minutes. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.

OLD BUSINESS

Committee Reports

Budget/Financial Committee

Bill Quigley reviewed the financials. There was an allocation error under tax preparation. The correct amount for tax preparation is \$675.00. The budget is on track. Dues are timely this year and ahead of 2000. The \$200 under Refunds is for an overpayment. We are still waiting on a ruling from the IRS for the interest on the amended tax returns. Richard Johnson motioned to approve the financials as corrected. Harriet Vaugeois seconded the motion. There was no opposition and the motion carried.

Burlington Northern Railroad (BNRR) contacted Jim Davis about the crossing at exit 2. BNRR needs a service access from the SFTR property to a communication tower in the area. A double-lock chain will be placed on the gate after the crossing is repaired. SFTR residents will be able to use the crossing in emergency circumstances only. Jim Davis requested that BNRR meet with Emergency Services Committee to discuss their needs.

The committee is still working to install an external phone at the guard shack. The site's control box is about 3500 feet away and that is causing delays in bringing the service to the shack. The phone will have a combination lock box.

Covenant Review Committee

Jim Davis reported the Covenant Committee has not met. Last years' attempt to change the covenants fell short due to a lack of voting response. Jim Davis suggested the next attempt to change the covenants wait

until 2002. The effort must be very thorough yet simplified in presentation. Participants from the last vote will be poled for their sentiments. Bill Bumstead motioned to table the issue of rewriting the covenants and related documents. Bill Wenstrom seconded the motion and the motion carried.

Common Area Committee

Volunteer Weed Control Program - The outside bids received for the weed control efforts came in above budget. Some property owners have volunteered their time to save the POA the labor charges. The committee will also pursue cost sharing with Charles Baldwin and the Merrill family who own the Morley site to help bring down the over all cost to the POA.

The plan is to spray on Memorial Day weekend and the Weed Control Committee is in need of volunteers. For insurance purposes, volunteers will need to attend a short training session prior to spraying.

Carol Rawle is leading a weed-walk on Saturday, May 12, to show owners what weeds they will be looking for. There are also pictures of the noxious weeds on the web site. Harriet Vaugeois pointed out that if property owners do not perform weed control on their personal property, the weed control in the common area will be less effective.

Greenland Lease ♦ The five properties have been transferred to the Greenland Reserve, Inc. Howard Hallman, the field representative for Greenlands, requested that any modifications or suggestions for changes to the lease to be submitted to them for immediate review. Harriet Vaugeois motioned to have the Board respond to Jim Davis with any changes to the Greenland Lease no later than April 28, 2001, so the process can be finalized. Richard Johnson seconded the motion. There was no opposition and the motion carried.

The Conservation Trust Fund situation has been resolved. SFTR had been approved and should receive about \$142.00, as the populations in SFTR increases so will the distribution. This year Jim Davis expects to receive \$280-\$300 to apply to the lease payment.

Dumpsters ♦ Construction trash is becoming a big problem again. Harriet Vaugeois suggested education. Only household trash should be placed in the dumpsters. No furniture, toilets, construction trash, etc., should be placed in the dumpsters. The trash dumpsters are emptied on Tuesdays and Saturdays. Subsequent to the Board meeting, the Common Area Committee ordered a fifth dumpster for immediate delivery and use through the spring and summer.

Clean up Day ♦ This weekend volunteer crews will be pulling weeds, placing signs and painting the guard shack.

Speeders - Still a problem. If an owner encounters a violator they are asked to note the date, time, and any other pertinent information, talk to the individual if possible, and then report it to the Board. A memo will be sent to contractors including UPS and Federal Express. The women's group is having a couple of no-speeding days and will be stopping traffic to hand out a flyer and a cookie. ([Click Here](#) to read related article.)

Stray Pets ♦ A reminder will be placed on the web site about stray pets, primarily dogs, running around the ranch.

Communication Committee

The web page is being up-graded and loaded on a new server. It will have full text indexing and information will be sorted by "keyword". The web site will have a new "Forum" Section combining member comments and other bulletin board items. Fire danger rating will also be posted daily. The water system information will be located in the password-protected area of the site, as will monthly financial reports.

Please visit the web site for other updates. The Communication Committee is trying to send as much information as possible electronically and via the web site to help the POA save money. Currently the site receives in excess of 200 hits a day.

([Click Here](#) to view the Communications Committee Report to the SFTR POA Board of Directors.)

Water Committee

This topic will be discussed in a working session following the Board meeting.

911 Compliance

Las Animas County and U.S. West have different addresses. Some properties could not be identified to get phone service. Las Animas County has a serious addressing problem. This caused deficiencies in the 2000 Census, which caused them to lose revenue dollars from the Federal Government. The county is protesting the 2000 census results and has until about mid-May to submit the appropriate documents to the Census Bureau. U.S. West will change their Data Base to match the County once the problem is resolved.

SFTR is trying to get on the 911 grid. Volunteers are needed to verify addresses as well as identify any improved lots. The SFTR Women's Group has provided maps of the ranch to the area's emergency service providers. There is another Santa Fe Trail Ranch subdivision northeast of Trinidad. Some road names there are the same as road names here. To resolve the 911 problem, some address and road names here or there may need to be changed in the future. San Isabel has addresses but their information is not open to the public and so cannot be shared. Continue to call 911 in case of an emergency. There will be more information on possible re-addressing available as the county concludes its study of the problem.

([Click Here](#) to view the Emergency Services Committee Report.)

FROM THE FLOOR

Fire Petitions

About 24 lots have not responded to the petition for inclusion into the Fisher's Peak Fire Protection District. The list is on the web site. Jim Davis will call each of the owners.

Spring Grading

Regular maintenance of roads will take place possibly as early as the end of May, after the rainy season. The Common Area Committee will explore the idea of placing moveable barricades in front of cul-de-sacs that do not have full-time residents living on them and therefore, are not routinely plowed. This is an effort to keep unnecessary travel down the roads, which can cause more damage. Realtors and others that need access to the road can move the barricades and then replace them. Another idea to help the roads dry faster is to take out some key trees and allow the sun to hit the road.

NEW BUSINESS

Request to Change Status of Lot 23, Unit 8

Carol Alfs requested that the Board change the status of her lot from improved to unimproved on the grounds that the improvements made on her lot were done in January, 1997 in accord with the POA's 1995 definition of "improved."

The Board of Directors changed the definition of "improved" at a Board Meeting in July, 1997 specifically grand-fathering improvements of the type made by Ms. Alfs. Harriet Vaugeois motioned to change the status of lot 23, unit 8, back to unimproved based on the fact that the definition change made in 1997 contained the "grandfather" clause. Paul Miner seconded the motion. There was no opposition and the motion carried.

DATE OF THE NEXT MEETINGS

The next Budget Meeting will be held May 19, 2001 at 109 W. Main. The next Board Meeting will be held on June 16, 2001, at 9:00 a.m. at TSJC, Sullivan Room.

ADJOURNMENT

Michael Hughes motioned to adjourn the meeting at 11:20 a.m. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.

Joint Working Session
**SFTR POA Board of Directors and
SFTR Metro District Board of Directors**

April 21, 2001, 11:30am

Trinidad State Junior College, Sullivan Room

**Board Members from
either board:**

Bill Bumstead
Jim Davis
Michael Hughes
Richard Johnson
Paul Miner
Will Potter
Carol Rawle
Dave Schroepfer
Harriet Vaugeois
Robert Walton (by proxy)
Bill Wenstrom
John Woods

Assistant:

Lisa Stigall

Guests:

Carol Alfs
Steve & Carol Bolton
Gene Downs
Michelle Minion
Frances Purswell
Vaughn & Joanne Roundy
Mike & Mary Shelton
Jerry & Betty Withington

Three contractors who are still participating in the project performed the design and construction of the system. They are:

1. High Plains Engineering (design)
2. Fluid Automaton Systems (pump station design and fabrication), and
3. OPEC (waterline construction and pump installation)

While attempting to move forward with the water system last summer and fall, deficiencies were found that stopped the project from advancing any further. It is unclear as to the sequence in which the problems must be fixed and which contractors are responsible. The following issues are now being explored by the newly reformulated POA Water Committee to try to move the process forward. The committee consists of Rick Johnson, Chair, Jim Davis, Harriet Vaugeois, Michael Hughes, John Woods, Will Potter, and Mike Shelton. Other POA members are encouraged to join this committee or otherwise become involved.

The primary objective is to get to the point of testing to determine any other leaks for OPEC to fix and then get the system up and running.

Securing an expert analysis from an outside source

The committee received a bid from a local engineer recommended by the City of Trinidad. Jim Davis anticipates receiving another bid from a Pueblo engineer.

Jim Davis met with the Water Superintendent for the City as well as a gentleman that designs water systems to seek their assistance in looking at SFTR's current system and offering their opinion as to what needs to be done to get it up and running. They referred Jim Davis to a local engineer. It is possible, however, that at a later date, the City would be interested in assisting SFTR with maintenance and repair of the system.

Jim Davis met with the local engineer. He would approach the project with a model to evaluate the system and offer recommendations. His bid was very high and when approached by Jim Davis he offered to reevaluate the bid and resubmit.

The Rural Water Association recommended an engineer based in Pueblo. He would start at the beginning of the system and repair as he goes along.

Locating a potential operator

A retired city water worker was approached about being a contracted operator for the system. He is not interested at this time. However, the search will continue.

Complete repairs and modifications to address known problems

The immediate roadblock is the safe operation of the pump system. Strainers not put in place were an engineering deficiency that caused pump failure due to debris in the system. This has since been corrected at Pump 1 and Pump 5. The pumps also did not have cut off valves installed to allow work to be done on the pumps without having to drain all the water out of the lines. Specifications were drawn up and a local contractor was hired to modify Pump 1. The work has been initiated.

Our attorney recommended we stop further modifications for the moment until all the contractors agree to move forward with their share of the necessary modifications. This repair process has been halted until the attorney can get some questions answered.

Verify pumps will work automatically and fill the tanks

Fluid Automation came out and made necessary adjustments. One of the pumps went down during their assessment so they were unable to complete the process. Having since been repaired, Fluid Automation has agreed to return at some future date to observe system start-up and insure proper pump operation.

Leak testing and sanitizing the system

OPEC is responsible for this process as well as obtaining over-all Health Department approval. OPEC is also obligated to repair the sinkholes in the roads.

Analyzing current and future funding options

Current cash assets are very low. Selling unused supplies and plumbing components has yet been unsuccessful. A couple of new housing developments in town may be approached about purchasing the material. However, any money recovered will be minimal.

The \$12,000.00 loan from the POA's Emergency Reserve to METRO will be executed.

Other options under consideration are:

- Use of funds (+/- \$50,000) remaining in the original POA Power Account that requires a majority vote of the POA membership.
- Use of the remaining funds in POA's Emergency Reserve that requires approval of the POA Board.
- A "Special Assessment" of all POA members that requires a vote of the membership.
- Refinancing the original tax-free municipal bond issue by a secondary offering. For example, an additional \$200,000 on the existing 17-year loan would raise coupon payments by \$3.46 per month.
- Selling the system to a potential investor to operate as a for-profit business.
- Securing grant money from organizations like the Colorado Department of Local Affairs (DOLA) and the Rural Economic Development Corporation.

Attorney involvement

On April 5, 2001, Jim Davis had a conference call with John Mitchell, the attorney for the POA when the contract with OPEC was signed and his associate, Bob Winter, who specializes in construction contracts and litigation. Discussion revolved around their recommendations on how to proceed to reach our goals. They recommended that the POA contact the construction contractor's bond company and alert them to the deficiencies in the system. The bonding company may then take a more active role in getting the job done. Such a letter will be prepared and mailed.

Additional information

All meetings of the new committee are open to POA members. Information concerning the time and place of the first and subsequent committee meetings will be posted on the bulletin board and the website. The website currently supports a members' only section with additional water system information.

Santa Fe Trail Ranch POA

BOARD MEETING

June 16, 2001

Trinidad State Junior College, Sullivan Room

Board Members Present:

Bill Bumstead
Jim Davis
Michael Hughes
Richard Johnson
Paul Miner
Carol Rawle
Harriet Vaugeois
Robert Walton
Bill Wenstrom

Board Members Absent:

Paul Miner
Robert Walton

Accountant:

Bill Quigley

Assistant:

Lisa Stigall

Guests:

Linda Frost
Kristen Spinning
Vaughn Roundy

Call to Order

Bill Quigley called the meeting to order at 9:06 a.m.

Proof of Notice

Bill Quigley gave proof of notice.

Introduction and Roll Call

The Board Members present were Bill Bumstead, Jim Davis, Michael Hughes, Richard Johnson, Carol Rawle, and Bill Wenstrom. Absent were Paul Miner and Robert Walton. Also present was Accountant, Bill Quigley, Assistant, Lisa Stigall and guests, Vaughn Roundy, Kristen Spinning, and Linda Frost.

Determination of Quorum

It was determined a quorum was present.

Approval of Minutes of Previous Meeting of 04/21/01

Bill Wenstrom motioned to approve the minutes of the previous meeting. Richard Johnson seconded the motion. There was no opposition and the motion carried.

OLD BUSINESS

Committee Reports

Budget/Financial Committee

Bill Quigley reported that there would be a Year 2000 budget surplus carry-over in the amount of \$2,371 to Year 2001. Additionally, of the anticipated refund of prior year taxes paid in the amount of \$9,416, \$5307.85 has been received. The refund dollars will be classified under "Other Income" on the budget. There has not been a determination from the IRS with regard to reimbursement of interest lost.

The power lines are on the balance sheet and depreciated in a way similar to a leasehold improvement would be depreciated. SFTR is entitled to depreciate the expenditure.

To date we have not received a response to liens that have been filed.

OPEC has agreed to send a check for \$1100 toward the cost of trench-sink repairs paid by the POA on Metro's behalf last fall.

Emergency Services

([Click Here](#) to see report). Additionally, Neighborhood Watch was discussed at the last Committee meeting and a representative from the Sheriff's Department attended. A Neighborhood Watch sign will be erected near the entrance to the ranch. More information will be available at the July picnic.

Due to scheduling conflicts the mock evacuation is going to be rescheduled. The Committee is looking to target a date to allow maximum participation.

On July 7, 2001, Burlington Northern Railroad will meet with the Emergency Committee to discuss the use of Exit 2 as emergency egress from the ranch.

Covenant Review

This topic has been tabled per the April 21, 2001, meeting minutes.

Common Area

([Click Here](#) to see report). Many thanks to all of the volunteers for work the work they are doing at the entryway, which should be complete by the end of the summer.

Five (5) trash dumpsters are now in place. There still seems to be a problem with inappropriate disposal of construction trash in these bins. To keep the bears out it is very important to close and latch the lids to the dumpsters after each use.

The ranch bulletin board is in need of repair and will be a topic of discussion at the next Common Area Committee meeting.

The roads are being graded and will be complete in another 2-3 weeks. Material from the bar ditches is being used on the roads. The trenches are being filled in as well. The Committee intends to develop a problem list, prioritize it and use left over funds to concentrate on the problem areas. Many of the roads are nearly down to the foundation. In the future, surfacing will be the only option in these areas. All road issues should be directed to either the Board of Directors or the Common Area Committee. Property owners should not contact the contractor with road issues.

In excess of 30 residents volunteered for common area weed control. Spraying will continue throughout the summer. Additionally, the Weed Control Subcommittee has identified private properties with significant weed growth. Each owner will receive a reminder concerning his or her responsibility to take positive action to control weeds on his or her property. Burlington Northern Rail Road will also be contacted about the weeds in their right-of-way.

Vaughn Roundy hung the "no outlet" symbols on the street sign at each cul-de-sac.

Communications

([Click Here](#) to see report). Financial statements and minutes are now posted on the web site. Each owner for which we have an e-mail address is sent a note advising them of the availability of these documents on the web site. This has helped reduce the use of paper and mailing costs.

The domain name has been renewed until 2010. The cost was \$189.00.

The Committee was not successful in scanning old newsletter articles to the web site. The discs that held the information were damaged and the information lost.

Please post events on the website calendar to help keep owners informed of what's happening on the ranch and in the area.

Water

The committee meets every other Tuesday at 4:00 p.m. at Jim Davis' house. The Attorney for SFTR sent a letter to the bonding company that has generated some significant activity.

On 5/31 Water Committee Members and OPEC held a conference call to discuss expectations and progress. The process should follow a sequence:

- a. Road Repairs - OPEC is proposing a monthly retainer to a subcontractor for the remaining time and warranty period.
- b. Repair Pump #1 - Vern Jasche will sign off on the repairs to pump #1 and all future repairs and test results.
- c. Fill the System - Scheduled to take place the week of June 26. OPEC will be held to the AWWA standards.
- d. Hold Regular Meetings - Next meeting scheduled for June 27, 2001.
- e. Monitor progress - For liability purposes, Vern Jasche will monitor the progress. Two proposals for an Outside Engineering Analysis have been received. Security is also an issue. Although insurance covers all aboveground equipment, tampering and/or vandalism could present a problem.
- f. Purification of the system will be subcontracted.

Updated Reports

Budget/Finance

The July 21, 2001, budget meeting will be a work session for the 2002 budget. The anticipated budget surplus will be added to the budget and allocated appropriately.

Bill Bumstead motioned to accept all committee reports as presented. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.

FROM THE FLOOR

Linda Frost commended the Board on the conditions of the roads and commented on what a wonderful job she feels the Board is doing.

NEW BUSINESS

SFTR Addresses

It was previously agreed to form an ad-hoc committee to address the address issue. The long-term goal is to GPS locate every building in the County. All the roads, driveways, and houses on the ranch will have to be GPS located. It may be required to start over with new addresses and road names on the ranch to correct mistakes made earlier in assigning street numbers, eliminate duplicate road names, and eliminate names duplicated elsewhere in the County.

Other

Jim Davis received a recommendation from a logging company to consider having some of the trees on the property thinned out. Thinning will help reduce fire danger as well as give owners and firefighters access to the canyons. Jim Davis will obtain more information and talk to an attorney about whether or not the Board needs to obtain a variance to the covenants. Jim Davis will report at the annual meeting.

It was recommended that the Communication Committee address the election on the web site. There will be three (3) vacancies on the Board of Directors. Jim Davis suggested the formation of a temporary election committee. The members coming off the Board or up for reelection are Jim Davis, Carol Rawle, and Bill Bumstead.

Jim Davis will personally call the 17 remaining property owners that have not responded to the petition for inclusion of lands in the Fisher's Peak Fire District.

DATE OF THE NEXT MEETINGS

The next Budget Meeting will be held on Saturday, July 21, 2001, 8:00 a.m. at Century Small Business, 109 E. Main. The next Board Meeting will be held on Saturday, August 18, 2001, 9:00 a.m. at TSJC.

ADJOURNMENT

Bill Bumstead motioned to adjourn the meeting at 11:15 a.m. Bill Wenstrom seconded the motion. There was no opposition and the motion carried.

IMPORTANT NOTICE: Nominations are now being accepted for the annual election of new members to the SFTR Board of Directors. [Click Here](#) to submit a nomination from the web site. Nominations must be received by September 1, 2001 in order for the nominee to be placed on the ballot.

Santa Fe Trail Ranch POA

BOARD MEETING

August 18, 2001

Trinidad State Junior College, Sullivan Room

Board Members Present:

Bill Bumstead
Jim Davis
Michael Hughes
Richard Johnson
Paul Miner
Carol Rawle
Harriet Vaugeois
Robert Walton
Bill Wenstrom

Board Members Absent:

Robert Walton

Guests:

Kathleen Kelly
Michelle Minion
Vaughn Roundy
Joanne Roundy
Mary Jo Shelton
Mike Shelton

Accountant:

Bill Quigley

Assistant:

Gail Thomas
Tina Woods

1. **CALL TO ORDER** ♦ Gail Thomas called the meeting to order at 9:05 am.
2. **PROOF OF NOTICE** ♦ Gail Thomas gave proof of notice.
3. **INTRODUCTION AND ROLL CALL** ♦ Board Members present: Bill Bumstead, Jim Davis, Rick Johnson, Paul Miner, Carol Rawle, Harriet Vaugeois, Michael Hughes, and, Bill Wenstrom. Board Members absent: Robert Walton. Guests present: Vaughn Roundy, Joanne Roundy, Mike Shelton, Mary Jo Shelton, Kathleen Kelly, Michelle Minion, Tina Woods, and Gail Thomas.
4. **DETERMINATION OF QUORUM** ♦ With all board Members present except Robert Walton, it was determined that there was a quorum present.
5. **APPROVAL OF MINUTES OF PREVIOUS MEETING** ♦ Two changes was requested for the last minutes: Harriet Vaugeios' name was accidentally omitted and the OPEC check amount should be \$1000. A motion to approve the minutes from the 6/16/01 meeting, with these changes was called by Bill Wenstrom. Harriet Vaugeois seconded. No opposition. Motion passed.
6. **OLD BUSINESS**
 - A. **Committee Reports**
 1. **Budget / Financials** - Bill Wenstrom discussed issues concerning the 2002 budget, in particular, dues income. It was shown that there were 5 lots excluded from the dues income for 2001. Pending feedback from the Board, the extra money from the dues income will be placed in the budget for road surfacing. Bill wanted CBIZ to work on a system for redoing the way the lot numbering is done in the CBIZ database. This would be consistent with the numbering done by Santa Fe Trail Ranches. Tina Woods will check to see if this can be done using the current software at CBIZ.
 2. **Emergency Services** (See attached report). In addition to the written report from Rick Johnson, it was noted that an additional security camera would cost approximately \$700.00. And it was also decided that signage needs to be discussed with members of the Common Area Committee to avoid duplication of signs and/or other problems arising from lack of communication.
 3. **911 Compliance** - Jim Davis discussed this issue noting there has not being any progress from the County on this issue due to budget considerations. The fact that the 911 facility is in the process of relocating also contributes to the lack of progress. Through Michael

Hughes' efforts there is a complete breakdown of the readdressing of the Ranch and the reidentification of some duplicately named streets in the county and other areas. The County Administrator accepts the idea for SFTR to do the re-addressing and 911 identification themselves.

4. **Communication** - ([Click Here](#) to view report). Carol Rawle summarized the written report for Board. A question was posed concerning the ability to identify those persons posting items on the community calendar on the website. It was determined that the Webmaster has the capability to identify. Jim Davis asked if there were any statistics regarding the number of "hits" to the website. Bill Wenstrom stated that Pat Roehl has the ability to acquire stats from the server. The last time this was done, the website was getting **more than 200 hits per day**. However, there are those who come across the website by accident looking for history related sites. Vaugh Roundy asked how the information on the website is controlled. Bill Wenstrom said Pat Roehl scans for inappropriate messages and notifies the Board. All inappropriate material is removed.
5. **Covenant Review** - Jim Davis Stated that although assessments changes to lots, improved or unimproved, are published the old covenants make reference to that and have not be updated. He notes that this could be remedied by posting changes or amendments to the covenants on the website. Rick Johnson talked about covenant violations and the Board's lack of notification to owners. Jim Davis agreed that the policing of covenants has been lax. Some of the areas for concern include: correct classification of properties, health concerns, and County ordinances. Rick Johnson suggested that letters go out to those in violation. Or possibly go through the County for those who have health issue violations. Carol Rawle asked about the covenants in relation to stray or loose dogs. Michael Hughes stated that there is no covenant in relation to dogs. The closest is Article 5.10, which states: Nuisances. No noxious or offensive activity shall be carried on upon any part of the properties nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to any other owner. Jim Davis decided the best way to handle the dog problem was to give written notice to those property owners in violation, and, follow through with restraining orders if notice from Board goes unheeded. Bill Bumstead called for a motion to establish a sequence of events for handling differences between owners which stated: If an issue can not be settled between property owners and the issue deals with covenant violations, the parties can then ask the Covenant Committee to mediate. If that does not solve the issue, the Covenant Committee may take the issue to County Authorities. Carol Rawle seconded this motion. A vote was taken. 6 (six) in favor, 2 (two) opposed. Motion passed.
6. **Common Area** - (See attached report). Bill Bumstead asked for budget clarifications regarding the Conservancy Trust Fund. It was found that these monies were already in the budget. Bill Wenstrom discussed weed control. Weed Control will be focused on members adopting sections of the road to police for weeds. Also Bill stated that the use of ATV's and sprayers would be the effective and economical way to control weeds. Michael Hughes had no new reports from the Road Subcommittee. Discussions about fencing were also touched on. It was suggested by Bill Bumstead that during the next Common Area Committee meeting members should be appointed to research the fencing issues.
7. **Water** - (See attached report). Rick Johnson reported that the last meeting between the Water Committee and OPEC resulted in OPEC notifying the POA that they are seeking arbitration as called for in the contract to resolve any remaining disagreements between the parties. Primarily, these are issues relating to the acceptable leakage rate and the cost of

sanitizing the system. Jim Davis stated that he hopes these issues can be resolved through mediation instead of arbitration which would be a less costly process.

8. **Updated Reports** - No updated reports at this time.

B. **Exit 2/ Emergency Exits** - Jim Davis noted this issue was discussed earlier in the meeting.

7. NEW BUSINESS

1. **Accept Robert Walton's resignation / Appoint Replacement** - Bill Wenstrom motioned to accept Robert Walton's resignation. Rick Johnson seconded. No opposition. Motion passes. Carol Rawle motioned to appoint replacement. Harriet Vaugeois seconded. A vote was taken. 6 (six) in favor, 1 (one) opposed, and 1 (one) abstained. Vote is passed. Bill Bumstead motioned to appoint through nomination process. Harriet Vaugeois seconded. 7 (seven) approved. 1 (one) opposed. Motion carries. Kathleen Kelly was nominated by Bill Wenstrom. Mike Shelton was nominated by Harriet Vaugeois. Board members voiced their votes and Mike Shelton received 5 (five) votes, Kathleen Kelly received 2 (two) votes. There was 1 (one) abstention from voting. Mike Shelton accepts appointment to complete the 2 (two) year, 2 (two) month term.

2. **Potential Conflict of Interest ♦ Board Member** - After much debate as to whether Michael Hughes does or does not have a conflict of interest because of his association with the SFTR Board and OPEC, it was decided by Jim Davis that the Board will not act at this point but, if needed at a later date, a confidentiality agreement may be drawn up.

3. **Approval of 2002 Budget** - (See attached reports) Bill Wenstrom discussed the proposed 2002 budget. He stated that he did not receive the notes from the last budget meeting. It was decided that discussion on the budget would continue at the September Budget meeting. The budget would then be presented to the members at the Annual meeting for additional input. And the final budget will be approved in October. Paul Miner noted that Committee Chairs should discuss their financial needs with Bill Wenstrom so he can try to include their needs into the budget. Rick Johnson will contact members of the Emergency Services Committee regarding improvements or upgrades in order to get the correct dues amount for the January dues billing. Discussion moved to concerns regarding the surplus utilities funds as to whether or not members needed to be involved in the decision making process for reallocating the funds to other projects. Rick Johnson made a motion for the Board to determine whether or not the by-laws allow use of surplus money in a special assessment fund at the discretion of the Board. Paul Miner seconded. No opposition. Motion passes. Harriet Vaugeois motioned to approve the 2002 budget. Carol Rawle seconded. No opposition. Motion passes.

4. **Other** - Information regarding the Forestry Service to thin trees from the Ranch and create additional revenue for the POA by selling those trees to be presented at the Town Meeting. Other revenue generating options include: gas wells and other land plots to use for forestry. Rick Johnson proposed these issues for next year's Board objectives. Bill Wenstrom will look into the gas issues. Harriet Vaugeois will present to the POA if there is anyone interested doing research on the revenue generating ideas.

5. **Ballot Issues** - Election of 3 (three) new Board Members is the only ballot issue at this time.

6. **Election of 3 Board Members / Nominations** - 4 (four) nominations have been received so far. The names of the nominees are: Will Potter, Robert Santoro, Ed Hockett, and, Kathleen Kelly.

7. **Execution of Promissory Note from Metro District to POA** - Harriet Vaugeois motioned to approve Promissory Note. Bill Wenstrom seconded. A vote was taken. 6 (six) in favor, 2 (two) opposed. Motion carries. Note was signed by POA representatives.

8. **FROM THE FLOOR** - No new issues were brought from the floor.

9. **DATE OF THE NEXT MEETINGS** - Budget Meeting will be held on Saturday, September 15, 2001 at

8:00 am. Board Meeting will held on October 20, 2001 at 12:00 pm.

10. **ADJOURNMENT** - Rick Johnson motioned to adjourn meeting. Bill Wenstrom seconded. No opposition. Motion carried. Meeting was adjourned at 12:30 pm.

Reviewed by Bill Wenstrom, Michael Hughes, Rick Johnson
Sent to website 9/13/01

Annual Town Meeting Transcript

October 19, 2001

Following is the transcript of the annual town meeting.

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2001 SANTA FE TRAIL RANCH
PROPERTY OWNERS ASSOCIATION
ANNUAL MEETING/TOWN MEETING

OCTOBER 19, 2001, 7 P.M.

MASSARI AUDITORIUM, TRINIDAD, COLORADO

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* * * * *

MR. DAVIS: The first person I
would like to introduce is Clyde Young, president
of Clyde Young Company. Clyde has 38 years of
experience in the water industry in water system
analysis; site analysis; water system design;
water treatment plant design; storm drainage;
water rights; design review; project inspection,
administration and construction.

10 We contacted Clyde this past
11 summer with the intent of having an independent
12 engineering evaluation of our water system. He
13 was one of two consultant firms that we
14 contacted.

15 Clyde came down, spent some time
16 here on the ranch. Mike Hughes was kind enough
17 to spend a great deal of time with him,
18 familiarizing him with our system. As a result
19 of that, Clyde has submitted a bid for evaluation
20 work.

21 Subsequent to that, those bids
22 being received, OPEC came back to the table and
23 had made a verbal commitment to see this thing
24 through. And at that point we discussed whether
25 or not they felt -- working in conjunction with

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1 Vern Jasco, the existing engineer, and the POA
2 water committee -- if the job could get done, and
3 they felt it could after discussing an acceptable
4 protocol to everybody.

5 Well, we all know that didn't
6 work out.

7 After looking back on that
8 decision, it was determined that we would
9 recommend that Clyde Young provide us with the
10 first step of our action plan, which is to give
11 us an evaluation of what needs to be done.

12 And because of his knowledge of
13 the water system to this point, which is not
14 in-depth, granted, but with his experience and
15 his background, I wanted Clyde to come here
16 tonight as a third party to address the viability
17 of our system.

18 MR. YOUNG: I suppose you want to
19 know a little more about me. I actually started
20 in the construction business when I was 16, and I
21 worked for paving contractors, mechanical
22 contractors, pipe-liners, dirt-movers. I've also

23 been on the owner's end of it with Public Service
24 Company of Colorado. I was a construction
25 engineer there for five years.

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1 I started my business in 1976.
2 We presently have ten employees. There's three
3 registered engineers, three ITs and two people
4 with 20 or more years of experience.

5 The biggest water treatment plant
6 we have done is a 20-million-gallons-a-day plant
7 for Pueblo West. We opened bids on that for \$8.7
8 million to build half of it, a large pipeline.
9 We did 29,000 feet of 24-inch in the last two
10 years.

11 We are designing a 36-inch --
12 19,000 feet of 36-inch water lines. Smallest
13 plant we are working on is 50 gallons a minute
14 for the town of Karval.

15 Systems similar to yours, we have
16 done three: One of them was 75 miles of pipe,
17 another was 65 miles, another was 40.

18 We are presently redoing all the
19 infrastructure at the Colorado State Fairgrounds;
20 four-year, \$70 million project.

21 What we do is water. That's what
22 we like to do. We occasionally do some storm
23 drainage and hydrology, some street work, but
24 essentially what we do is water distribution,
25 storage tanks, pumping facilities. Same kind of

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1 system you have here.

2 Last May I came down and spent
3 probably half a day looking at your system.
4 There's some parts to the system that I would
5 consider to be Cadillac. The tanks in
6 particular.

7 Looking at the specs, looking at
8 several of the pump stations, I would recommend
9 some minor modifications there.

10 My general overall impression is
11 that it's a viable system, that it will work.
12 This is based largely on my experience and my
13 intuition.

14 I've looked at the schematic, if
15 you will, of the system. There may be some
16 problems in start up and getting it working. I
17 think that if the contractor -- my intuition and
18 experience tells me that if your contractor would
19 have finished the job per the plans and
20 specifications, we wouldn't be sitting here
21 tonight.

22 As to my specific role, we made a
23 proposal to the district to model the system, and
24 I recommended that just merely from a comfort
25 level standpoint to see if the system is

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1 hydrologically capable of supplying your water.
2 And then I offered to extend our services to
3 supervise or aid and assist in bringing the
4 system into working order, delivering safe and
5 potable water to the customers.

6 There's been some question about
7 the pressure testing, leakage testing and
8 disinfection. I think that can be accomplished.
9 The fact that the system has been idle for some
10 time, I don't think, has any dramatic impact on
11 its functionality in future years.

12 I really would like to give a lot
13 of credit to the board members that have worked
14 on the system. They have done what I consider to
15 be a lot of hard work. Although it probably
16 wasn't from a professional level, they have been
17 analyzing part of the system. I think they have
18 done a pretty credible job on that.

19 I think it's unfortunate the
20 scenario developed the way it did. Like I say,
21 if the contractor completed his contract, this
22 would not be an item for discussion tonight.

23 In looking over the contract
24 documents of where you are with your contractor,
25 I don't think you've done anything wrong. I

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1 think it's just unfortunate the way things
2 unfolded.

3 I think the system can be made to
4 work. I think it will -- it's capable of
5 delivering safe water to the people. And as a
6 matter of fact, you will be -- plans will be
7 approved by the Colorado State Health Department,
8 and there may be some conditions to that. But
9 nonetheless, I think that the system would work
10 the way it was designed.

11 I just want to emphasize that's
12 based on my experience and my intuition and
13 rather limited time I spent looking at it.

14 So does the board have any
15 questions?

16 MR. DAVIS: I think that Clyde,
17 when he refers to "the board," is referring to
18 all the people who have at one time or another
19 been a part of the water committee from the POA
20 membership, from the POA board and from the metro
21 board.

22 If you would like to ask any
23 questions, I would ask that you would go to the
24 mike and identify yourself so that Becky can get
25 all the information on who's who correctly.

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1 MR. OBRUY: What is the obvious
2 question: How long would it take to get the
3 system running?

4 And I read the report. There's
5 some questions about a saddle tap. What's a
6 saddle tap? How many do we have in the ground?
7 How many of them have failed and what the heck
8 does it really do? That was a major item in an
9 estimate of what this thing was going to cost to

10 fix.

11 MR. YOUNG: I don't know how many
12 saddle taps there were or what kind there were.
13 I've just heard mention that there had been some
14 problems with them.

15 How long it would take to fix
16 depends on how many leaks you've got, and we
17 don't know that. I guess that's not a real good
18 answer, but it's something I'm not aware of right
19 now.

20 MR. WOODS: Could you clarify
21 that answer, please, in the sense that -- these
22 things were designed to go in the ground and stay
23 in there, correct?

24 MR. DAVIS: John, I think it's
25 not been -- Clyde's function in this going

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1 forward is to evaluate what the problems are and
2 where they exist and what they may be.

3 Clyde was not a party to the
4 installation, in answer to your question, so
5 Clyde does not know how many saddles there were.

6 I believe the problems with the
7 saddles leaking -- Mike maybe has this on the top
8 of his head, but I believe some of those things
9 were not secure.

10 Would I be correct in saying
11 that? Of the leaks that were fixed, some of them
12 were found to be in the saddles at the T-off at
13 the properties?

14 MR. HUGHES: Most of the saddles
15 are connections to property-owned taps. The rest
16 of them are primarily the -- there's about 450
17 saddle taps associated with the property and
18 about 150 ARBs associated with the saddle taps.

19 Most of the T connections are
20 saddle tap connections.

21 MR. DAVIS: So in quantity --

22 MR. OBRUY: How many of them

23 failed out of the 450 that we have in the ground?

24 MR. DAVIS: We don't know how

25 many may fail, but the testing never got

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1 completed, Stan.

2 What we are doing is -- when we
3 started testing for leaks, we detected where
4 water was leaking, or approximately where water
5 was leaking. Where it was dug up and found to be
6 saddles, they were not -- all saddles were not
7 all the cause of it, no; they were a part of it.

8 MS. VAUGEOIS: This is Harriet
9 Vaugeois, V-a-u-g-e-o-i-s. I want to remind
10 everyone that because we are taking an official
11 record, if you will identify yourself.

12 And secondly, I know Mr. Young
13 cannot stay, and if we could address questions
14 that he could answer so that he could leave
15 rather than -- and then we can talk about these
16 other questions that he can't answer.

17 MR. DAVIS: Becky, the first
18 person who asked the question was Stan Obruy, and
19 that was Michael Hughes in the back and John
20 Woods.

21 MS. CHAI: I'm Morgan Tye, and my
22 question is -- because I'm not a technician, what
23 you said earlier kind of went over my head
24 because it seemed very vague. But could you
25 explain perhaps what you would do in comparison

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1 to what Michael Hughes has already submitted in a
2 very lengthy summation of the problems with the
3 water system.

4 I don't understand why he went to
5 so much work and time to do what he's done and
6 now you're coming on board, and I just don't
7 understand all this. What I would like to
8 understand is some of the financial aspects of
9 it.

10 MR. YOUNG: I don't remember all
11 the details of Michael's letter, but what I think
12 you should do is -- I understand that's partially
13 completed -- is start at the bottom and pressure
14 test it. That will reveal the obvious leaks.
15 When that's done, you do the leakage test and
16 there's certain criteria that will determine
17 whether that section of the water main is
18 acceptable or not.

19 I understand that the pills, we
20 call them, were put in the line when it was made.
21 When that section -- when that section of main is
22 satisfactorywise, then you will take a
23 bacteriological sample. If that turns out to be
24 safe, you move on to the next one.

25 In the process of doing that, I

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1 think any problems that might surface with the
2 pumps or control system, you would just have to
3 work those out when you get to them.

4 I think that you started out in
5 the right direction. I understand you're about a
6 third done with that process, and what my
7 recommendation would be is that you continue to
8 do that.

9 As to the expense, I don't know.
10 We don't know how much -- how many leaks you've
11 got.

12 But that's the system that was --
13 that the construction documents contemplated,
14 was a pressure leakage testing and disinfection
15 in the mains. I think until you get that done --
16 that's what we have to do next, in my analysis of
17 the system. Computer modeling of the system
18 would be the comfort level thing to make sure
19 hydrologically it's sound.

20 MR. HUGHES: In response to
21 Morgan's question, I recommended Mr. Young
22 primarily because I'm not a water system

23 engineer. Mr. Young has considerably more
24 experience than I do. I simply have two years of
25 fiddling with our system trying to figure it out.

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1 I recommended he find somebody
2 who knows exactly what they're doing and can
3 anticipate problems based on their experience
4 rather than my going, "Gee whiz," and trying to
5 dig them up. That's why I recommended Mr. Young.

6 MR. DAVIS: Are there any other
7 questions for Mr. Young? Are there any you feel
8 important?

9 MS. VAUGEOIS: There are a
10 couple, and I am asking -- there was a concern
11 that it's impossible to sanitize the system, that
12 it sat empty with leaking -- leaks that we are
13 not aware of. And I know you've said that you
14 think the system can be fixed, but can it indeed
15 be sanitized even though it's been vulnerable to
16 whatever underneath the earth.

17 MR. YOUNG: Yes. And the second
18 question?

19 MS. VAUGEOIS: The second
20 question: I know we keep talking about what will
21 it cost. I kept trying to nail you on that too
22 because I know that that's really something
23 that's important to us, and I know you told me
24 personally that you can't possibly estimate what
25 it will cost. So then I tried to get parameters

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1 and said, Will it cost \$1 million? So I ask
2 again, Will it cost \$1 million?

3 MR. YOUNG: No.

4 MS. VAUGEOIS: I don't mean to
5 make light of this, but when you were talking to
6 me about what it will cost -- if you will go
7 through that again in terms of the leak testing
8 and recommending some contractors who would --
9 I'm asking the question because I've already

10 asked it, and I want them to hear it from you.

11 Explain to me how we would know
12 what it would cost and how that costing out would
13 occur. You know what I'm talking about, the time
14 and labor?

15 MR. YOUNG: What I would
16 recommend is that I get two or three contractors
17 that are experienced in this kind of work, and
18 they would have the equipment to do the pressure
19 and leakage testing with a backhoe and a couple
20 of laborers. And we would pressure it up and
21 keep doing that until we get the leaks fixed,
22 disinfecting, get the bacterial tests and do that
23 until we get a safe bac-T test and move on to the
24 next one.

25 What I propose to do is contact

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1 two or three contractors and get a crew ready to
2 do that, and I think that's about as far as I can
3 go.

4 I don't know how much time you
5 spent on the first third of the system, but I'm
6 guessing the following two-thirds would be
7 somewhat equal to that.

8 This is not an uncommon thing.
9 This is the way we do these jobs. You pressure
10 test, you leak test it and disinfect it and move
11 on. There are contractors equipped to do that.

12 MS. VAUGEOIS: You mentioned
13 before that we should make sure we go with a
14 really good contractor and not try to save money
15 when we go to finish the system up.

16 I know Jim and our attorney are
17 going to talk to us about methods for funding and
18 how long we will recoup that investment.

19 That was your recommendation,
20 correct, in terms of what kind of money we might
21 be spending, that we go with a good contractor?

22 MR. YOUNG: I don't think you

23 want to skimp now. Again, my opinion is that
24 when push comes to shove, let's get this thing
25 fixed. And I would defer to Rick and the

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1 mechanism for working out the economics of this
2 thing.

3 Generally, the original
4 contractor is responsible for doing just what he
5 told you under his contract, and that's the way
6 we do it. We make sure he does that.

7 How that financing would work out
8 I would leave to the board and your attorneys.
9 But usually those expenses in getting the system
10 to function and produce safe water, that's what
11 you contracted for and that's what you should
12 get.

13 MR. WOODS: I have a question I
14 would like to address. I'm John Woods. This has
15 to do with your professional opinion about
16 sanitization. That seems to be one of the
17 biggest hang-ups in this entire project.

18 From your professional aspect, if
19 you were to simply drop some chemicals into three
20 tanks, drop a few pellets in a couple of the
21 sumps that we have and not provide a Department
22 of Health certificate, which to me is the
23 equivalent of a certificate of occupancy for your
24 house -- I'm just looking for clarification here
25 on what constitutes sanitation.

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1 I understand it's receiving
2 samples at the end of the road that are
3 acceptable. Is that correct, or not?

4 MR. YOUNG: No. If it would
5 proceed the way I'm recommending, you will have a
6 stack of bacteriological records that say the
7 system is safe and it has a chlorine residual.
8 And state law requires that there be a chlorine
9 residual in every tap and that you maintain that.

10 That's the responsibility of the district, and I
11 think now they call it a consecutive service
12 provider.

13 You are a public water supply
14 system and the state mandates that you maintain
15 that chlorine residual. The reason for that is
16 -- let's suppose that the telephone contractor
17 broke the line and he was not careful when he
18 repaired your line and for one reason or another
19 you have some bacteria in there. That chlorine
20 residual takes care of that -- any of those
21 problems. That's why you have to maintain that
22 residual.

23 The water you're getting from the
24 City of Trinidad meets all the other
25 requirements. It meets the organics, the

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1 organisms, BOCs, radiologicals. They're
2 providing you with good water at your meter.

3 It's up to you guys to maintain
4 that in a safe manner so that you don't have any
5 problems.

6 MR. WOODS: When you design and
7 put in a system, do you provide the people who
8 hired you with a certificate from the health
9 department saying it passed?

10 MR. YOUNG: We don't get a
11 certificate from the health department.

12 MR. WOODS: Or approval?

13 MR. YOUNG: The way it works is
14 that the plans and specifications are approved by
15 the Colorado Department of Health, and then any
16 deviation from those plans and specifications, we
17 have to report that to them.

18 There's also provision for a
19 final inspection by the health department. They
20 seldom do that. But it's our responsibility to
21 make sure that we have that stack of slips that
22 say that system was tested and it's safe, because

23 I don't want somebody that's had a bad experience
24 at Taco Bell coming back on us. I want these
25 slips that say this specific line was pressure-

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1 tested and here's the bac-T test saying it's safe
2 to drink.

3 MR. WOOD: You do have required
4 documentation from the state that says this.
5 Thank you.

6 MR. WATSON: I'm Darryl Watson.
7 I don't believe it was Michael's letter. I
8 believe I picked this up talking to several
9 people, and that has to do with the bed the
10 piping system is laid on.

11 Let's put it in the rumors and
12 speculation category right now, but I understand
13 the bed may not be good; i.e., over the years of
14 constant contraction, the pipe may have
15 additional leaks.

16 Did you have an opportunity to
17 evaluate that on the ranch and would you care to
18 comment on that?

19 MR. YOUNG: Generally speaking,
20 if the pipe's not bedded -- where you usually
21 find it is in wet or soggy conditions. When you
22 pressure test the line, if it's not properly
23 bedded you will blow a gasket or the pipe will
24 crink enough, or whatever, to develop a leak.

25 If the pipe's not properly

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1 bedded, over time a rock may work its way up to
2 the pipe material itself and cause some kind of a
3 fracture. But usually if the pipe is installed
4 reasonably well, then I wouldn't be concerned
5 about the bedding, per se.

6 If there's a serious problem, I
7 think it would appear during the pressure
8 testing.

9 There may be instances where they

10 were careless and there are rocks near the pipe
11 and we have a potential for some future problems.
12 But with all the pipe you have got, that wouldn't
13 be one of my major concerns, no.

14 MS. FROST: I'm Linda Frost.
15 I've been missing out on part of this water thing
16 by not being here and I now live here.

17 What is it that gives you the
18 idea that you're going to pressure test the
19 lines, find the leaks, fix the leaks and that it
20 won't reoccur 5 feet away and continue to do
21 this?

22 What is it that's going to stop
23 it from doing it over and over and over again?

24 MR. YOUNG: Hopefully -- not
25 hopefully, but the pipe material that was

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1 specified is adequate.

2 There's a provision in the
3 respect that you have a one-year warranty that
4 says that it has to meet the pressure and leakage
5 test requirements one year from the date of final
6 acceptance.

7 And it's been my experience that
8 once we get all the leaks fixed, then usually
9 you're done, usually you're done. That's not to
10 say that after it's used for a while and it
11 cycles back and forth, there might not be another
12 leak. I won't tell you that there won't. But my
13 experience would tell me that once we get it
14 fixed, that you should be essentially good for
15 quite some time.

16 MS. FROST: Have you dug up a
17 place where there's a leak?

18 MR. YOUNG: No.

19 MS. FROST: Does anybody in this
20 room have an answer? Was the bedding not put
21 down correctly?

22 And I know what that means. My

23 father owned a water company in Pasadena,
24 California.

25 What I'm asking is, Has anybody

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1 personally dug up a wet place to find out why
2 there was a leak there -- in this room?

3 MR. HUGHES: I have dug quite a
4 few leaks, yes.

5 MS. FROST: Is it the bedding?

6 MR. HUGHES: Typically not.

7 MS. FROST: What does the problem
8 seem to be?

9 MR. HUGHES: There's been a
10 number of different types of problems. Saddles
11 leak, pipes weren't completely put together,
12 holes were punched in the pipe in backfilling
13 with a backhoe or trackhoe.

14 MS. FROST: It's not a major
15 terrain thing?

16 MR. HUGHES: No, it's not.

17 MS. FROST: Or that it was bad
18 pipe manufacturing?

19 MR. HUGHES: No. Typically it's
20 either the materials or the installation.

21 MS. FROST: Thank you.

22 MS. CHAI: I'm Morgan Tye again.
23 You might think I'm a real pain, but I don't mean
24 to be.

25 I cruised this ranch the entire

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1 time these pipes -- the trenches were dug, the
2 pipes were glued, laid down and all this stuff.
3 And I'm not a technician, but I can tell you I
4 saw no special bedding brought in.

5 These pipes were laid back down
6 in their trench, and in some areas the rocks were
7 unbelievable. They were laid on the rocks and
8 dirt put back in. I'm sure a lot of other people
9 are seeing where the ground is caving back in on

10 it.

11 Can you explain to me this
12 bedding thing that maybe we should know more
13 about or --

14 MR. DAVIS: Clyde wasn't here.
15 You have to keep that in mind. He's coming in
16 after the fact and evaluating where we go from
17 here.

18 The way the trenching machine
19 worked is that as it dug the trench, it brought
20 the finer material -- as it dug the trench, the
21 finer material came alongside the road and the
22 large material was thrown off further to the
23 side. And then after they laid line in, they
24 brought the finer stuff back in on top. That's
25 the way that machinery worked.

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1 MS. CHAI: Supposed to work.

2 MR. DAVIS: I watched it work and
3 that's why we had to drive around.

4 The rural water association
5 people that were here last year also said that
6 the nature of our terrain, the nature of the
7 environment in which we live with ground
8 shifting, is going to from time to time create a
9 leak problem. That's just inherent to any water
10 system.

11 Trinidad Lakes, which is not near
12 the terrain that we have, has periodic leaks in
13 that system, but -- the only real bedding problem
14 that I'm personally aware of in my experience in
15 working with this process was at the very
16 beginning when the trenching was going up Little
17 Bear and there truly were rocks in there and the
18 contractor had to take out all that pipe and redo
19 the whole thing.

20 MR. SKONISH: My name is Dave
21 Skonish.

22 Revisiting the sanitation, my

23 understanding -- and I don't have a schematic of
24 the system, but the system is more or less a
25 spider with a main line with branches coming off

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1 of it.

2 Without having a provision for
3 recycling of the water, if you go in and sanitize
4 section by section as you go and show that each
5 section is sanitary, what provision is there then
6 for keeping flow in the system so that you can
7 maintain 1 ppm chlorine at the farthest tap?

8 If no one happens to be living on
9 a cul-de-sac, if you don't have any residence for
10 half a mile of pipe, wouldn't you have a dead-end
11 line and wouldn't that be a problem for further
12 recontamination of the system?

13 MR. YOUNG: Yes. The chlorine
14 only lasts for so long, and that's something that
15 you people on the dead-end lines have to be aware
16 of.

17 I'm reasonably sure in my own
18 mind that you're going to be able to boost the
19 chlorine at two or three places after it leaves
20 your master meter.

21 Where it's available, if you get
22 a bad test and it's below the minimums, what we
23 would do is run that system for a while and make
24 sure it comes back up and you have a residual.

25 There's really -- the dead ends

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1 are always a problem. We like to see good
2 systems.

3 I think the nature of the beast
4 here is you're going to be faced with some dead-
5 end systems. And when that chlorine gets to the
6 point it no longer has a residual, then the lines
7 are going to have to be flushed and get that
8 residual back up again. As individual customers,
9 that's something you will have to be aware of.

10 MR. SKONISH: Given the nature,
11 again, of our particular system, we probably have
12 a number of those situations throughout the
13 system. Are there provisions to isolate those
14 lines so that they won't have to be maintained
15 for, say, maybe five, six years where nobody is
16 going to occupy that part of the system and be
17 using that part of the system so that constant
18 maintenance, flushing of water -- presumably it's
19 going to take more than a few hundred gallons of
20 water to flush out one of these lines and get
21 chlorine levels back up again.

22 And the other question I would
23 have is, Given that some of these lines have been
24 -- and this could also pertain to the future. If
25 these lines sit stagnant and we develop a biofilm

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1 in the lines, do we have any provision for
2 scouring that biofilm?

3 Hydrochloride isn't going to
4 penetrate a biofilm very effectively, and there
5 should be some provision to scour that and get
6 the film out so that those lines can be
7 maintained and sanitized, especially if, for
8 instance, there's a section of line that may not
9 be brought on line for a number of years.

10 It would be many thousands of
11 gallons to keep that line purged and chlorine
12 level up to 1 ppm over the next five, six years.

13 MR. YOUNG: Part of the
14 requirement of being a water service -- public
15 water service is that you have an operator
16 licensed by the state. And as far as keeping
17 dead-end lines and services that are not being
18 used, that would be an operating procedure that
19 ought to be looked at.

20 MR. SKONISH: Do we have an
21 option as far as where we can isolate the lines
22 close to the trunk so we don't have --

23 MR. YOUNG: I don't know what the
24 valving arrangement is. I would assume so, yes.

25 MR. SKONISH: I have 20 years of
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1 experience in industrial chemistry and food
2 science and I've seen plant -- a lot of
3 experience in plants. And all it takes is 6 feet
4 of deadhead line to recontaminate if you don't
5 have enough out on that dead line.

6 MS. FROST: What is the stuff
7 you're talking about that contaminates?

8 MR. SKONISH: Microbial. If you
9 take a bucket of water and set it out, it's
10 stagnant water. That line, if there's no flow
11 through it, it's stagnant water.

12 We all know what happens to
13 stagnant water over time, and once that -- then
14 that can communicate with the water back in the
15 line that is moving and recontaminate the entire
16 system.

17 MS. FROST: I thought it got
18 green because there was light on it. I thought
19 it was green because photosynthesis turns it
20 green from light; not in a tube.

21 MR. SKONISH: What about the
22 flush valves at the end of the cul-de-sacs?

23 MR. DAVIS: That's the purpose,
24 so periodically you can flush those out. Those
25 lines can be isolated. There are shut-off

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1 valves.

2 MR. SKONISH: I think we need to
3 think about, over a period of time, how many
4 thousands of gallons, how many dollars it's going
5 to cost to keep these lines flushed and
6 maintained and do what we can to minimize the
7 maintenance, but then have some provision to come
8 back in and truly sanitize that line five, ten
9 years from now when it is brought back into the

10 system. That's my major concern.

11 MR. BUMSTEAD: In the
12 conversation I've heard tonight and the materials
13 that have been handed out, I hear several
14 mentions of a problem with the contractor. I've
15 heard no mention of the initial design end of the
16 engineer.

17 Is it your opinion, sir, that he
18 is to be completely exonerated for any
19 responsibility here, the engineer who designed
20 the system?

21 MR. YOUNG: My intuition and
22 experience says the design was adequate to
23 provide water to your customers. I have not had
24 an opportunity to examine it hydraulically.

25 MR. DAVIS: And to answer your

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1 question directly, Bill, what we hope to gain out
2 of this evaluation by Clyde's company is rather
3 than to take shots at any one particular -- as to
4 holding the blame, it's to be able to have an
5 independent evaluation that will establish
6 exactly what deficiencies exist and the cause of
7 those deficiencies, and that will tell us to what
8 extent it was engineering also.

9 Is that what you were looking
10 for?

11 MR. BUMSTEAD: I was wondering.

12 MR. DAVIS: Until he does his
13 hydraulic check -- Michael showed him some of the
14 system. I think the one thing he did say that
15 addressed that was that the pumps would probably
16 -- he would have -- how did you call it?

17 MR. YOUNG: Just --

18 MR. DAVIS: Valve placement would
19 be different. That's one thing he visibly could
20 see. But his hydraulic tests will prove a number
21 of the other questions that have come up as to
22 pressure points, for example.

23 Anything else?

24 UNIDENTIFIED SPEAKER: How long
25 will it take them to do the hydraulic test to

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1 come up with a model?

2 MR. YOUNG: Three weeks to a
3 month.

4 UNIDENTIFIED SPEAKER: When are
5 you going to start?

6 MR. YOUNG: As soon as you sign
7 the contract.

8 MR. DAVIS: Our recommendation
9 was that that would be the initial step we would
10 start immediately. We have one step to do
11 legally as far as a nullification situation,
12 which we can discuss in the next segment.

13 Nothing else?

14 Thank you very much, Clyde.

15 Our next guest is Rick Kron. I
16 work a great deal with Rick at Grimshaw & Harring
17 going back to 19- -- late 1997 after the property
18 owners voted in favor of forming a metropolitan
19 district, to do tax exempt lower rate interest
20 financing to put in a system.

21 There have been some questions
22 about -- well, how do I say this? There has been
23 speculation if the integrity of the metro
24 district, legality of it the way it was formed,
25 also the withholding of payment of the debt

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1 service.

2 And one thing that I keep wanting
3 to stress is the fact that 46 percent of the debt
4 service that is being paid on that bond issue is
5 for the telephone service that we all have. The
6 balance of it is for the water system that is not
7 operating.

8 But rather than have myself
9 talking about the metro district, its legal

10 standing, the importance of maintaining its
11 integrity and the importance of our service in
12 the debt as we work through our final problems, I
13 would like Rick Kron to address that.

14 MR. KRON: Good evening. First,
15 I will start the same way that Clyde did. I've
16 been doing this for 14 years, all with Grimshaw &
17 Herring up in Denver. Graduated from the
18 University of Colorado, CU up in Boulder. I've
19 also got a master's and bachelor's in urban
20 planning, so I have a government background. The
21 master's was the University of Wisconsin,
22 Madison.

23 To start, the metropolitan
24 district, it's a quasi-municipal corporate
25 subdivision of the state of Colorado. It's a

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1 local government. Think of it as a municipal
2 system that only has one power. Actually, in
3 this case it has two powers -- water and the
4 communications system. And that's the only thing
5 it can do right at the moment.

6 I think we might have put roads
7 in there too, so it may have three powers.

8 The district was organized after
9 a petition was circulated among the landowners
10 and residents. There was an election held. That
11 election included not only the question of
12 organizing the district, but electing the first
13 board of directors -- yes, it is an elected
14 board, elected by you -- and also the question of
15 whether or not to issue bonds in order to finance
16 the systems. That election was held in November
17 of 1997.

18 Why did we put it together? The
19 main reason was in order to get the advantages of
20 tax exempt financing.

21 Districts are primarily financing
22 mechanisms. They can operate systems such as the

23 water system after the thing is built, but the
24 primary purpose of the district is to issue bonds
25 and amass money and pay it over time.

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1 In this case, the district issued
2 \$1.8 million worth of tax exempt -- well,
3 \$1,720,000 general obligation bonds, \$80,000.
4 general obligation bonds in 1999.

5 The district bonds pledged a full
6 faith to the district. That was in order to make
7 them so they were marketable. You have to sell
8 bonds in order to collect the money.

9 The other thing that having
10 general obligation bonds did -- and I will
11 explain what that means in a minute -- is that it
12 allowed the interest rate to be lower than it
13 would otherwise be.

14 These bonds were intended to be
15 paid back through the property owner fees to the
16 POA.

17 There is an agreement between the
18 POA collecting fees from all of you, turning the
19 money over to the district and the district pays
20 off its bond. And that's been the primary --
21 that's been the only mechanism used to pay these
22 bonds off so far and that was the plan from the
23 start.

24 That way you all have a good idea
25 of exactly what your assessments would be on a

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1 property-by-property basis, and you would have a
2 good feel for exactly what the economic impact of
3 the district would be.

4 Also what that allowed you to do
5 was to have assessments that were equal and --
6 nearly equal per lot, or at least on a basis
7 where you could have a higher assessment on those
8 vacant lots than you would otherwise be allowed
9 to do if you had simply used property taxes to

10 pay the bonds. So that's where you currently
11 are.

12 MS. CHAI: Before you move past
13 this, you're saying a POA dues is paying the
14 bonds? I thought the I heard that.

15 MR. KRON: I will admit my error
16 on that. You're doing it from the district fee.
17 The district fee. Sorry about that.

18 So the deal was really structured
19 in order to make it a fee mechanism as opposed to
20 the property taxes.

21 In order to sell the bonds, they
22 had to have a property tax pledge on them to sell
23 them at all, or to be able to sell them at a
24 reasonable interest rate.

25 So what happens if the fees don't

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1 get paid to the district? Well, having pledged
2 the full faith to the district for the payment of
3 the bonds, it means that in order to pay those
4 bonds, you have to raise the property taxes in an
5 amount sufficient to pay those bonds off. Not
6 pay them all off at once, but to pay the annual
7 payments as they become due.

8 In this particular -- so have you
9 got that?

10 If you don't pay the assessment,
11 you're going to end up with a property tax. The
12 main characteristic of the property tax is one
13 rate for everybody. So if you have property that
14 isn't worth very much, like a vacant lot, for
15 example, they're going to pay less than the guy
16 who has the house. It's based on the value of
17 the property.

18 So if you quit paying the fees,
19 suddenly the house people -- people who actually
20 own houses out there -- are going to be paying a
21 lot more than they are now because you wouldn't
22 have the levelized assessments you have currently

23 with the individual lots as opposed to the
24 properties that have houses on them.

25 Now, how much are we talking

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1 about? The annual debt service on the bonds is
2 approximately \$155,000 a year. According to the
3 county assessor, the assessed value of the
4 district is \$1,013,830, to be exact.

5 Well -- and that 155- I was
6 talking about is really 154,382.

7 If you take that assessed value,
8 which is relatively small compared to that annual
9 payment, you end up with approximately 152 mills
10 to apply against the property. That's roughly
11 the equivalent of three school districts.

12 Now, what's that mean to the
13 owner of a \$200,000 actual value house? What we
14 found in going back through the assessor's
15 records, the assessments are unusually low. A
16 \$200,000 house is not being assessed for
17 \$200,000. But let's assume it is for the purpose
18 we are talking about.

19 \$200,000 house. The assessment
20 ratio, which is nothing more than witchcraft, is
21 9.15 percent times the mill levy. The mill levy
22 is .152 in this case, and it's roughly \$2,800 a
23 year in tax increase for the homeowners.

24 So that's, as you can see, a
25 major difference. Pay the assessments and pay

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1 the fees.

2 Now, that's basically where we
3 are with that.

4 MR. OBRUY: We are in this
5 together, all of us. If someone wants to make a
6 political statement by not paying a fee and
7 jeopardize everybody else that owns property here
8 and risk putting us in so that we face \$1.8
9 million, you have my attention, but you also will

10 get my revenge.

11 MS. CHAI: No more barbecues?

12 MR. OBRUY: If that happens, we
13 can open up lawsuits against you with 450 people,
14 and you'll face 450 attorneys' fees.

15 MS. CHAI: What are you saying,
16 Stan?

17 MR. OBRUY: Let's get on with
18 life, but don't put your fellow neighbors and
19 friends in jeopardy, because if you do that, we
20 can turn around and each and every single one of
21 our landowners can turn around and face you with
22 a lawsuit.

23 Now, we may not win, but you will
24 have to face 450 individual lawsuits. Get
25 yourself an attorney. Let's not play games.

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1 Let's get on with life.

2 MR. KRON: What we have here is a
3 horrible mess, and what you would end up with is
4 a -- I would certainly be reluctant to say at
5 least they would impose 152 mills. If they
6 didn't do it, the bondholders could sue you.

7 Would they win? Yeah, they
8 would. And what would they do? They would
9 require the board to impose the 152 mills and you
10 would be stuck. That's the way it is.

11 The district could conceivably
12 declare bankruptcy. It's very expensive. It's
13 not a Chapter 7 process where you liquidate
14 everything and get out. Local governments can't
15 do that. They have their special section of the
16 bankruptcy code called Chapter 9. Chapter 9 does
17 not allow liquidations. You would have to pay
18 the debt.

19 You pay it over a longer period
20 of time, perhaps, and maybe at a lower levy or
21 assessment mill, but it's not going to be a good
22 process, and the cost of that is going to be

23 astronomical in terms of attorneys' fees. They
24 make out okay, but that's not in your best
25 interest.

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1 Now that I know the district is
2 imposing the fee, I don't know that I missed
3 that. I read through documents and thought about
4 it. The district has perpetual lien on the
5 property for the payment of those fees. So if
6 you don't pay the fee, the district has a choice
7 there too in that the district can foreclose on
8 the perpetual lien on the property.

9 What that's mean? The perpetual
10 payment comes in first and prior to any other
11 encumbrance on the property other than general
12 property taxes. What that means is your mortgage
13 holders are in a second position. Even if you
14 think your mortgage is first, you're in a second
15 position on this lien.

16 MS. FRAZIER: Heidi Frazier.

17 I have a question to this. If
18 someone likes to put a lien on my property,
19 house, or whatever I have on Santa Fe Trail
20 Ranch, and it is somehow an agency like a
21 district attorney's office, or whatever, do they
22 not have to provide me with the proof that I
23 signed something?

24 MR. KRON: No.

25 MS. FRAZIER: Only because I have

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1 a parcel on the Santa Fe Trail Ranch and never
2 signed nothing in my life, never knew about the
3 district, they can put a lien on my land?

4 MR. KRON: And you didn't pay the
5 fee?

6 MS. FRAZIER: I pay. But if I
7 don't pay and I say, I never signed nothing, show
8 me my proof what you will be doing there, do I
9 have not the right, as an owner --

10 UNIDENTIFIED SPEAKER: We voted
11 it in.

12 MS. FRAZIER: I never got no
13 vote. I never got a vote. I have two parcels.
14 I never signed anything. Nobody mailed me
15 nothing. Where is my signature?

16 UNIDENTIFIED SPEAKER: It was
17 voted in by the general POA.

18 MS. FRAZIER: Not from the owner.
19 How can a district come to me now
20 and say, I put the lien on your land. They have
21 not to prove that I signed something?

22 MR. WOOD: This is a democracy.
23 In a democracy, all the landowners had a vote and
24 the majority voted for the district. Ergo, it's
25 legitimate.

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1 UNIDENTIFIED SPEAKER: I
2 understand that Heidi was not allowed to vote.
3 She was not allowed to vote in that election.

4 MR. KRON: The question is, Are
5 you registered to vote somewhere in Colorado, is
6 one of the base things. Are you registered to
7 vote?

8 MS. FRAZIER: I'm a German. I
9 don't vote in the United States.

10 MR. KRON: Then you're right.
11 You didn't have a vote.

12 MS. FRAZIER: My husband is
13 American. If he has one parcel, he could vote.

14 MR. KRON: If he would -- by the
15 way, it doesn't matter how many parcels you own.
16 It's one person, one vote. So if you own two
17 parcels or 50, it's still one vote for a person
18 registered to vote.

19 MS. FRAZIER: They can put a lien
20 on your land?

21 MR. KRON: If you have -- if you
22 don't pay. If you pay, it never comes up.

23 MS. FRAZIER: You don't have a
24 right as a particular owner here? They do
25 whatever the state has to do if we don't pay?

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1 MR. KRON: If I understand the
2 question, yeah, I think you're right.

3 MS. FRAZIER: They can put a lien
4 on your land?

5 MR. KRON: For nonpayment.

6 MS. FRAZIER: After how many
7 months do they start? After a couple of months
8 of not paying, where does the government come in
9 and say, We are going to do it now.

10 MR. DAVIS: How many months do
11 they give them?

12 MR. KRON: It's up to the
13 district board, and I don't know what it is. It
14 is a metro district board question.

15 Once it goes six months, there's
16 another interesting wrinkle. Once it goes six
17 months delinquent, since it is for furnishing
18 water service -- I know it's not furnishing water
19 service yet, but you're getting there.

20 Because it's for furnishing water
21 service, they can actually take that nonpayment
22 of fee, certify it to the county treasurer, and
23 the treasurer can collect it along with the
24 regular property taxes.

25 So in other words, part of your

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1 tax bill that you get from the treasurer would
2 include the fee for this district. It's by far
3 the easiest way.

4 Instead of liening the property,
5 typically you add it to the property tax bill.
6 If you don't pay that, the sheriff takes your
7 house away.

8 MS. FRAZIER: I hope the district
9 is doing it.

10 MR. KRON: I will let the metro
11 district address that one.

12 MR. DAVIS: Nobody wants to do
13 anything like that.

14 The whole concept is that we had
15 a tool available to us to finance the completion
16 of our utilities cheaply, and we voted in the
17 majority to use that.

18 The concept also was that in the
19 future we could use the metro district financing
20 again and that was to do all our roads.

21 The question was that there were
22 statements made about the water committee
23 integrating the water system in the roads, but
24 that wasn't fully explained. And at the time
25 that discussion took place, I failed to fully

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1 explain that -- what I meant by that was that
2 when we dispose of the water debt, which is
3 possibly due 2004, in the fifth year we can pay
4 off the balance of principal, save about \$1,800
5 per 35-acre lot in interest and pay the debt off.

6 If we choose to do that at that
7 time or at any time, even before we paid it off
8 -- if we decide to pay this out the full 20-year
9 term or any part of it, when the time was right
10 and the property owners decided, we could borrow
11 enough money to resurface all the roads at one
12 time and pay it off in the same manner over a
13 long period of time at very low interest rates.

14 That will never happen if the
15 integrity of our metro district that exists now
16 is lost, and that means if we were to default on
17 it.

18 What Rick didn't say is not only
19 are we confronted with the legal steps that we
20 have to take to service that debt one way or
21 another, but we also lose a tool that can be very
22 valuable to us as we go.

23 We've talked at board meetings
24 and committee meetings about making a community
25 building on the conservancy property. We have

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1 talked about a lot of things we could do in the
2 conservancy area -- putting in trails and
3 recreational facilities.

4 All that can be done because the
5 metro district has in its service plan the
6 ability to do those types of things in the
7 future, but all that goes by the wayside if we
8 don't keep our thinking clear and straight in
9 this matter.

10 UNIDENTIFIED SPEAKER: How many
11 people are actually behind on their assessment?

12 MR. DAVIS: The metro district's
13 financials were supposed to be posted on the web
14 site along with the September POA financials.

15 I had asked Bill Quigley's office
16 to do that. Bill called me back and said they
17 would. Joanne Roundy e-mailed me two days ago
18 and said that they had not been posted, the
19 September financials. I called Bill's office and
20 asked him what happened. It fell through the
21 cracks and it will be posted. In fact, it
22 probably will be on there maybe tomorrow or
23 Monday.

24 I also asked them -- the metro
25 district is required to have audited financials

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1 each year. Dixon-Waller in town are the
2 auditors. I asked Bill if he would ask
3 Dixon-Waller if they could put them in whatever
4 format that a web site will accept so they could
5 be usable on there also.

6 MR. KRON: I think we may have
7 gone through most of the notes that I had here.

8 MS. MONTROYA: My name is Francis
9 Purswell Montoya.

10 I wanted to know if -- can we put
11 liens on these people's properties, since it's
12 the metro district and not POA, if they refuse to
13 pay?

14 MR. KRON: The answer is yes.
15 What I'm saying is, it's much more efficient to
16 let them get six months delinquent and give them
17 to the county treasurer. It's cheaper as an
18 option.

19 MS. MONTOYA: It doesn't affect
20 us as homeowners in the event that --

21 MR. KRON: Yeah, it would be on a
22 delinquent-by-delinquent basis.

23 MS. MONTOYA: If there are a lot
24 of people doing this, is there any way to stop us
25 from losing the metro district, or those of us

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1 that have homes willing to do that, pay extra so
2 that we can catch that up until we can get
3 something to back that up from the people that
4 aren't paying, or get the water working and they
5 are willing to pay?

6 MR. DAVIS: There's a lot of
7 people -- in the first two years of our debt
8 service, there's a lot of people that prepaid a
9 year, two years, three years, as Bill had
10 referenced in his memo.

11 We pay debt service every six
12 months, March and September. Each pay period --
13 payment date that has come up, we have had excess
14 money available to meet that debt service by
15 virtue of people who have prepaid.

16 We have people that pay monthly,
17 we have people that pay in batches.

18 One of the questions that Morgan
19 had addressed me in an e-mail is, Where does that
20 \$31 go? How is it handled?

21 The \$31 payments, or any payments
22 in the debt service, go directly to an account at

23 Community First Bank. We get notification from
24 the Cherry Creek Bank in Denver 30 days before
25 the six-month debt service is due. That debt

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1 service is some principal and some interest.

2 At least 24 hours before that I
3 instruct Community First Bank to wire sufficient
4 funds to make that payment, but that payment goes
5 directly in and out of Community First National
6 Bank to Cherry Creek Bank, and Cherry Creek Bank
7 pays the investors that bought the bonds. That's
8 how that works.

9 In answer to your question about
10 the liens, the metro district board adopted the
11 same criteria of notification that the property
12 owners association does for delinquent dues.

13 I believe it's after 90 days they
14 get a written notice, and after 30 more they get
15 a certified letter, and after that a lien is put
16 on the property.

17 The idea was never to take a
18 delinquent metro district payment and take it to
19 the treasurer's office and add that into the
20 property tax. That was never the intent and
21 purpose.

22 It's a tool that can be used if
23 we have a serious situation. But the whole idea
24 of this was that POA, under agreement with the
25 metro district, would put the lien on the

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1 property owners in the event they're delinquent.

2 Last year we got down to the end
3 of the year and we had three delinquencies, and
4 they were cleared up shortly thereafter because
5 they got a letter of notification of intent to
6 foreclose on their property.

7 This year, as Bill mentioned in
8 his memo, we have a higher incident of people who
9 are behind in payments. However, if you look at

10 those, the majority are 60 days. We have some
11 that are in excess of 60 days, but I believe that
12 most of those properties are the same properties
13 that were chronically late last year.

14 The idea is not to use the metro
15 district as any kind of an enforcement
16 governmental tool, although it can be. It was
17 strictly a financing tool.

18 MR. KRON: Questions?

19 MS. CHAI: I have a statement.

20 Again, I make my car payments, I
21 make my house payments and all this stuff, and I
22 want to make a statement for the record. I will
23 not carry another delinquency on my back. It's
24 not right.

25 As you know, we are good friends.

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1 She knows I'm not attacking her. That's a
2 horrible idea, to think that anybody should share
3 somebody else's burden. We are all adults. It's
4 not even the right thing to think about.

5 MR. KRON: This gentleman
6 expressed it the best. You're all in this
7 together. What you've had is a horrible
8 experience with a rotten contractor.

9 The one thing the engineer
10 convinced me of is it's fixable. It's going to
11 take money and take some planning, but it's going
12 to be fixable.

13 If it all breaks apart on the
14 basis of the financing, I think you're really
15 causing yourself a lot more trouble than you need
16 to. It sounds to me like the system is going to
17 be operational. Not as fast as everybody wants
18 it to be, but it sounds to me like it's going to
19 get there.

20 I would like to talk a little
21 about the plan of action that was handed out.
22 This real briefly -- unless I have a question I

23 need to answer.

24 MS. MINION: Michelle Minion.

25 You'll maybe cover this in the

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1 next part. It seems to me like we withheld some
2 payment from OPEC as well as having the bond, and
3 I was wondering if you guys could discuss how
4 much that is and what our options are
5 financially.

6 MR. KRON: There's some retainage
7 and we know the amount.

8 MR. DAVIS: The amount yet to be
9 paid OPEC was \$61,000. And back when we thought
10 we were on the same page, that was going to be
11 offset by \$59,000 that they owed us for replacing
12 PVC pipe with poly pipe because it was going to
13 be economical for them to use it. It's easier to
14 put in and longer -- it's put in in longer
15 stretches. It's trenched in and saves labor
16 hours for them. We were not losing any quality
17 in material.

18 And they and the engineer told us
19 in areas where we are going down a canyon and
20 coming up -- the example they gave us was Rainbow
21 Springs -- that it would withstand greater
22 pressure.

23 I don't know anything about that
24 stuff, but it made sense, and the rest of the
25 people on the committee at that time agreed that

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1 it did.

2 OPEC said they would absorb the
3 increased cost because they would more than make
4 it up in their labor savings. We thought at the
5 end of this, that would be a wash, but the
6 correct amount is \$61,000 that we've not paid
7 them.

8 MR. KRON: That \$61,000 can be
9 used toward completing the system.

10 The other thing you have on the
11 job is a 100 percent performance and payment
12 bond. What a bond is, essentially, on a job like
13 this is an insurance policy. And what's supposed
14 to happen is if the contractor fails to complete
15 the job as promised in the contract, that bonding
16 company is supposed to pick up the slack and pay
17 to have it completed or actually hire a
18 contractor to go do the rest of the work.

19 This bonding company hasn't been
20 particularly cooperative so far, but hopefully we
21 will kick them around a little bit. Hopefully
22 we'll be able to get them to undertake their
23 obligation as promised and get them to pay.

24 The only problem is, it's likely
25 to take some time to do that. We want to get

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1 going at quickly as possible, and we recognize
2 that. It's a possibility you might end up
3 financing the system right away to get the
4 repairs done, and come in with possibly money
5 from the bonding company or the contractor
6 reimbursing one way or the other, and the whole
7 -- it's not a promise at this point.

8 The plan of action addresses
9 this, so if you look at the plan of action real
10 quick. The introduction, we don't need to look
11 at that at the moment, so beginning with A --
12 actually, there is a step before A, and this is
13 that legal step that -- we want to make sure we
14 have got the legal notice required to both the
15 contractor and to the bonding company right up
16 front, and I believe that's already been given.
17 We want to confirm that's been given.

18 John Mitchell's office has done
19 that, but we want to be sure before we proceed to
20 address this, probably, because the bonding
21 company is basically an insurance company. And
22 as you know, with an insurance company you have

23 to do it exactly as the insurance company says or
24 you will have trouble all the way down the line.

25 Letter A under the Plan of Action

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1 is to have the engineering evaluation done.

2 You've heard from the engineer.

3 Part B is to go talk to some
4 qualified contractor, which sounds to me like the
5 engineer intends to do that.

6 One of the items that I've heard
7 question of is, Do you have to bid it? Do you
8 have to bid the repair work, and the answer is
9 no.

10 What I would suggest is that you
11 see that your engineer gets several qualified
12 contract bids. Basically, public bidding is
13 simply advertising in the newspaper. Other than
14 that, there's no instructions for local
15 government on how to do it.

16 Essentially what you're going to
17 do is have prequalified contractors send in their
18 time and materials bids to you and you're going
19 to take a look at those. It's a combination
20 process. Not quite a public bidding process, but
21 more like a prequalified contractor process.

22 Let's see. C, figuring out the
23 total cost to complete and test the system.

24 I think your engineer is telling
25 you that's going to be an estimate. It's going

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1 to be difficult for that contractor coming in to
2 be able to tell what's in the ground.

3 Let's see. D is develop a
4 specific timetable. Again, it's possibly and
5 probably going to be an ongoing process. I don't
6 know if there's a possibility of having some of
7 it operational while the rest is being tested,
8 but that might be a possibility and one your
9 engineer should look at.

10 Under E, that's again notifying
11 the bonding company and giving them one last
12 chance. We don't expect them to take it, but
13 there's always a chance, so give them one last
14 chance.

15 Then under F, assuming they are
16 not going to come forward, we go ahead with the
17 chosen contractor under -- that was picked. Then
18 we will go to the metropolitan district with a
19 contract proposal, and then pretty much off to go
20 at that point.

21 How long will this take? You
22 heard the engineer say it's three or four weeks
23 to get his job done. I suppose it will take a
24 week to get him going, probably, just as a guess.
25 The rest of this I suspect is probably a pretty

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1 quick process. And he's going to be talking to
2 the engineering -- the construction firms as he
3 goes along.

4 The notification to OPEC, and all
5 that stuff, might have been done. If not, it's a
6 quick process -- a couple of letters -- then be
7 up and running as far as getting somebody in to
8 complete the thing.

9 On the John Mitchell letter,
10 there's one thing I need to address. I think
11 he's got it nailed down extremely well. I urge
12 you all to read through it. We need to add three
13 words, and that's in the third paragraph starting
14 with Concurrently. "Concurrently with the
15 negotiation of the construction contracts."
16 Right at the end it says, "Revenue bonds were
17 sold for construction funding."

18 Actually, that was revenue bonds
19 of the GO pledge, and the definition is general
20 obligation bonds. Since these were revenue --
21 they're intended to be paid from the revenue
22 through the system and through the assessments --

23 there's a general obligation.

24 That particular sentence is not
25 entirely accurate and I wanted to make sure you

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1 added that on there. Otherwise, he has it nailed
2 down.

3 MR. SCOTT: Could I ask a
4 question? Bob Scott.

5 Looking at Mitchell's letter,
6 second page, the fourth paragraph down. What I'm
7 reading here tells me if these pumps don't run,
8 OPEC is entitled to unilaterally go have a
9 picnic. Am I reading it incorrectly or is
10 everything null and void?

11 MR. DAVIS: In June of this year,
12 after John Mitchell's office had corresponded to
13 the bonding company notifying them that OPEC was
14 not completing their obligation under the bond,
15 that's when OPEC came back down here and said
16 that they wanted to get back and complete their
17 obligation and get the system done and get out of
18 here.

19 It was after that time that they
20 brought up their concerns about a couple of
21 things: concern about who was going to pay for
22 the water that was used during the testing, and
23 sanitization period. That was not an item
24 specifically addressed in the contracts. We
25 agreed -- the metro district agreed it would pay

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1 for that water.

2 Another concern they had was,
3 what if in the course of fixing these leaks we
4 determine that in an area of pipe the pressure
5 was miscalculated by the engineer and it blew
6 because there was not a pressure reduction valve.

7 We stated that we would agree
8 that we would not hold them responsible for any
9 engineering failure. That's something we would

10 have to take up with the original engineer.

11 There were a couple of items in
12 their proposal which they wanted to be able to
13 walk away from this on. That would have changed
14 the terms of the original contract.

15 What you're referring to is John
16 Mitchell's analysis of the OPEC-proposed
17 completion agreement that was never accepted.

18 What I did is I rewrote the
19 completion agreement, recognizing the items that
20 were not specifically addressed in the contract
21 and acknowledging the mutual agreement that we
22 had verbally between OPEC and the water committee
23 at our meetings in early June.

24 I also stated in there that all
25 other terms, specifications and required

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1 standards of the original contract, would stay in
2 place and must be met. The result of that was
3 OPEC did not agree to continue.

4 John, in there, was just
5 referring to their proposed completion agreement.

6 MR. SCOTT: They don't have the
7 ability to walk?

8 MR. DAVIS: In the opinion of our
9 attorneys, no.

10 The contracts are valid, the
11 bonds are valid. There was a clause in the
12 contract that said that if either party did not
13 agree on a point of contention, that they could
14 request arbitration.

15 And on August 10, when we thought
16 we were going to be discussing and hopefully
17 completing -- resolving the completion agreement,
18 they -- I wasn't at that meeting, but they
19 presented Rick Johnson, chairman of the
20 committee, a written statement that said that
21 they wanted to invoke the arbitration clause of
22 the construction contract and would seek

23 arbitration. As of this date, they have not.

24 MR. MINER: I'm Paul Miner.

25 We have been involved in a lot of

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1 discussions around the water system and with the
2 action plan. They're all good items, but we've
3 come to the point of where is the money and do we
4 have enough funding to do this?

5 Assuming your discussions with
6 litigation with OPEC or the bonding company is
7 going to take longer than perhaps we are willing
8 to wait in order to get the water system
9 operating, what option does the metro district
10 have for funding, either by adding to the
11 long-term bonds that they have sold or short-term
12 financing, so that we can go ahead and have the
13 operating funds that are needed to get the work
14 done and then resolve it at the time any
15 litigation is settled or some other method of
16 resolving funding?

17 MR. KRON: That's a good news/bad
18 news scenario, if you want to look at it.

19 The good news is that you were
20 really conservative when the district was set up.
21 You needed \$1.8 million, and that's what you
22 voted to allow the district to spend on the road
23 and the water system together.

24 They issued \$1.8 million worth of
25 bonds. That means there's no bonding capacity

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1 left in this district right now.

2 In order to get more bonding
3 capacity, we are going -- to issue bonds or any
4 kind of debt of longer than a year, you would
5 have to go back to the voters and ask if it's
6 okay. That would be an election.

7 There's two dates for an election
8 next year, May and November. I have no idea how
9 this is going to play out at this point to tell

10 you whether you will be asked any kind of debt
11 questioning on either of those two dates. I
12 don't know.

13 In terms of short-term financing,
14 as long as it's less than a calendar year, it can
15 issue all the debt it wants. But again, who's
16 going to buy it unless there's some kind of
17 revenue stream to pay it off. Most likely the
18 revenue stream would be another assessment or fee
19 put on.

20 Will the district do that? I
21 have no idea at this point.

22 Let's see. The other component
23 of that, if you did go to an election in, say,
24 May or November and you were looking for a
25 relatively small amount of money -- couple

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1 hundred thousand dollars is a relatively small
2 amount in this business. A couple million is a
3 small amount in this business.

4 You could do a bond type of thing
5 like you did for the last one, but it would be an
6 awful small issue and the issuance cost would be
7 horrible.

8 I think you would go to a bank,
9 which isn't as bad as it sounds, because some
10 banks -- Wells Fargo, for example, is set up to
11 do government financing like this on a small
12 scale, and so it's a relatively inexpensive
13 transaction as far as the types of legal fees and
14 costs you incur.

15 The interest rates are fairly
16 competitive on these things and you can get a
17 couple of banks to do these in Colorado. So it's
18 not a full-blown, big huge expensive bond issue
19 for a small amount.

20 MR. MINER: I didn't hear the
21 good news part.

22 MR. KRON: One of the good news

23 things is for a -- in order to pay the existing
24 debt, they can raise the mill levy. In order to
25 pay the new debt they would have to go to a vote.

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1 You will not have a mill levy increase to do any
2 of this stuff next year in terms of the way the
3 system operates.

4 MR. MINER: The reason we asked
5 the question is, we talked in terms of starting
6 sanitation and doing the leak testing and all
7 these kinds of things. From what I've seen in
8 the metro financials, there's not even -- there's
9 not sufficient funds there to really get started,
10 and waiting until May, rough estimate, eight
11 months away before you could start.

12 Is that a realistic -- is it
13 realistic to think -- can we get things done in
14 three or four weeks or a month? I don't hear
15 that in what I'm hearing.

16 MR. DAVIS: That, we can pay.
17 With the loan that the POA board has granted the
18 metro district, which they have not yet accessed,
19 we can pay the fee for Clyde Young to do his
20 evaluation and hydraulic model. That's what he
21 called it.

22 At that point we will know -- we
23 will have a very good idea of what's going to be
24 necessary to complete the project. At that
25 point, according to our plan, we would come to

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1 the POA with a proposal and the proposal will
2 have a menu of items that we can utilize to
3 finance this to get it done.

4 Now, the litigation aspect of it
5 is at the end of this. Everyone that I've talked
6 to has advised us, Finish your system and then
7 litigate.

8 The only thing we have to do from
9 a statute of limitations standpoint is to make

10 the proper filing against the other parties.

11 MR. MINER: If we had the
12 assessment with the money that's currently
13 available, I'm still concerned over the timing of
14 getting financing to actually do the fix. I'm
15 trying to get a realistic assessment of how long
16 we are talking about. And if we talk about all
17 these things we are doing, it seems like, Where
18 is the cash, is like the number one question.

19 MR. DAVIS: We have to quantify
20 the cash before we can look for it. As soon as
21 we know what we need, then we will look for the
22 sources.

23 Clyde said that there's a number
24 of projects that he's done that have been funded
25 40 percent or more by grant. He's done a lot of

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1 that work. He told me earlier this year, he
2 said, I can get you that grant money.

3 That would cut the total cost by
4 40 percent, approximately, if we can get it.

5 MR. BUMSTEAD: Are there two
6 other potential sources of income quicker to us
7 -- one being the \$61,000 we owe OPEC, second
8 being the funds left in the utility fund?

9 MR. DAVIS: Yes. Once again,
10 that's a matter that has to be taken up with the
11 POA board.

12 MR. BUMSTEAD: How much are
13 those?

14 MR. DAVIS: 50,000 or more.

15 You're absolutely right. One of
16 the things that I believe has to be -- I guess
17 has to be -- why don't you finish first.

18 MR. KRON: I had something on
19 another question that was raised, and that is,
20 Are the financial records of the district
21 available?

22 I want to take that and parlay it

23 into district things that might be useful. The
24 district is a local government. All the meetings
25 of the board are open to anybody who shows up, so

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1 they are public meetings.

2 Second, they are subject to the
3 public records laws of the state of Colorado;
4 therefore, the records are all available to the
5 public with very, very few exceptions like
6 attorney/client stuff. Individual records on
7 utility users, once you are connected, are
8 protected to some extent. A couple other minor
9 -- personal records, things like that.

10 But for the most part, the
11 minutes are all open to the public, the financial
12 records are all open to the public.

13 As Jim mentioned, there is an
14 annual audit check that has to be done. That
15 audit is available to the public. It's open
16 government as far as being able to hit this
17 stuff.

18 As far as records requests, we
19 prefer to have it in writing. The district has
20 the power, but I don't believe you're going to
21 charge a buck and a quarter a page, to recoup
22 that. They are required to do that by statute.
23 That is the rundown on that.

24 They do have an annual budget.
25 It must be adopted in open meeting. That notice

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1 of that meeting is published in the newspaper
2 each year.

3 The mill levy has to be certified
4 by December 15. That means that budget hearing
5 has to be before the 15th of December, because
6 the mill levy -- of course, we don't have one.
7 But the mill levy would be certified to the
8 county by the 15th.

9 If they don't have the mill levy,

10 they have to adopt the budget by the end of the
11 year, the 31st. That's the general rundown on
12 some of the aspects of being a public entity.

13 Any questions on that kind of
14 stuff?

15 MS. MINION: I remember the
16 election, I believe it was November of '97, when
17 we first elected four board members who were --
18 five. There were five nominations and five
19 elected. How long is the term?

20 MR. KRON: The ones elected in
21 '97 would be up for re-election in '98, in May.
22 It would have been two of them up for election at
23 that time. They would have been elected for a
24 four-year term.

25 Now, you're asking, Wait, I don't

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1 remember any election in May of '98. The reason
2 you don't remember an election is nobody ran
3 against anybody. If there's no contest, nobody
4 runs for those board positions.

5 If it was May of '98, that's the
6 answer there, in which case the terms are four
7 years.

8 Actually, the term for that first
9 board is not until the second -- if it's '98,
10 they're up for election in May of 2002 for two of
11 them, and May of 2000 -- 2000 would have been two
12 of them up and 2002 there would be three of them
13 up.

14 MR. DAVIS: The answer to your
15 question specifically, Michelle -- in 1998, in
16 May, two people were elected for a two-year term,
17 and then the other three people were elected for
18 a four-year term.

19 Their terms are up this coming
20 May, so we will have to have another election to
21 either reelect or replace three of the members on
22 the board. And then the people in November of

23 last year -- November of 2000, we had to -- in
24 1998 we were only able to get five people willing
25 to run for the metro board.

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1 In the year 2000, when we had to
2 replace two people -- one had left the ranch,
3 that was Ted Nolakowski -- John Woods stepped in
4 in his place. And we asked for people who were
5 willing to run, and Tom Stevens ran for
6 reelection and John Woods ran for election for a
7 full term. They now will be up for reelection in
8 2004.

9 Myself, Will Potter and Dave
10 Schrepfer, our terms end in May of next year.

11 MS. MINION: One other thing I
12 would like to mention, I know there have been
13 postings down by the gate periodically probably
14 72 hours before the meetings. I wonder if it
15 might not be wise to post them and notify the
16 property owners, who are the interested parties,
17 then maybe in the Chronicle newspaper.

18 MR. DAVIS: It's required by
19 statute to do it that way.

20 MS. MINION: Can't we make the
21 property owners aware more in advance? I think
22 there might be more interest and less confusion
23 if the meetings are better publicized.

24 MR. DAVIS: We can put them on
25 the web site also.

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1 MS. SCOTT: I have a question
2 and/or comment. Could you put metro districts in
3 perspective for people who might not know how
4 common they are.

5 We live at Heather Gardens as
6 well as here, and there is a huge metro district
7 there.

8 MR. KRON: I conveniently got
9 something from the Division of Local Government.

10 It's in little tiny print, one column, and
11 another whole page of this stuff.

12 This is a list according to the
13 Division of Local Governments, a state agency, of
14 every kind of local government in Colorado.

15 According to the Division of
16 Local Governments, there's 69 types of local
17 governments in Colorado, of which metropolitan
18 districts there are 380 in the state. Of that
19 380, there's probably 100 of them in Douglas
20 County alone, probably another 100 in Arapahoe.

21 Of the kind of district that this
22 is called, Title 32, Article 1 district -- that
23 includes the fire district, by the way, is one of
24 those, the water and sanitation districts. The
25 sanitation district and metropolitan districts

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1 and pure water districts, hospital districts and
2 also things like ambulance districts, there are
3 1,009 of those.

4 In a way, I realize nobody has
5 ever heard of them, but in a way they're
6 extremely common in Colorado, especially in new
7 land development, and it's because they can
8 finance these double tax exempt municipal bonds
9 like you've done here.

10 There's eight irrigation drainage
11 districts, but metropolitan districts, 380 of
12 them. As far as Colorado, there are 2,279 active
13 local governments in Colorado right now.

14 Some of them are huge. South
15 Metro Fire Rescue is a Title 32 district. It
16 covers all of Cherry Hills Village -- all of
17 Cherry Hills Village, Greenwood Village,
18 virtually all of the town of Centennial and a
19 large portion of Arapahoe County. Probably has
20 120,000 residents in it. And then they go down
21 to the very small districts.

22 Widefield water is a little water

23 district in southern Colorado Springs. I think
24 the district is only a half acre and serves
25 several hundred houses, I believe. It's pretty

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1 big, actually, in terms of the service area.

2 So it's a naturally well-used
3 mechanism, and they've been around for years and
4 years.

5 The statute was completely redone
6 in 1981, but they existed before that.

7 UNIDENTIFIED SPEAKER: You
8 mentioned the first legal step is notification to
9 a statute of limitations. Could you tell us when
10 this statute of limitations is up.

11 And secondly, what is your
12 feeling of why OPEC is stalling and
13 uncooperative? Are they totally incompetent or
14 incapable of doing this? Are they stalling to
15 try to run out of statute of limitations, and
16 what might we have as leverage?

17 They don't seem to care about
18 their bond rating because the bond company is not
19 being cooperative either. So when it comes to
20 trying to get money back from the bond company or
21 OPEC, what type of leverage do you think we might
22 be able to use.

23 MR. KRON: As far as the notice
24 goes, it's not so much to trigger the statute of
25 limitations, but you've fulfilled the

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1 requirements of the contract and notified them
2 that we believe they have breached the contract.

3 Statute of limitations on a
4 contract like this? I'm not an expert. At least
5 two years, so you have a fair amount of time.

6 UNIDENTIFIED SPEAKER: Two years
7 beginning when?

8 MR. KRON: Two years beginning
9 from when you knew or should have known it was a

10 breach of contract.

11 Right now we are still hoping
12 they are going to perform, so we are still at the
13 stage that until we are sure they're not going to
14 perform, I don't think the statute started to run
15 yet. But even if it has, it has run for six
16 months. You're still negotiating with them to
17 try to work the thing out. I think you're still
18 well within. You have a long time to go yet.

19 As far as why OPEC is not paying,
20 it's going to cost money. I suspect it's a
21 financial issue as far as the bond company.

22 I don't know if you have feelings
23 about that or not.

24 MR. DAVIS: I guess I definitely
25 have feelings about it.

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1 None of us expected this to
2 happen. Going back to last spring when major
3 construction was completed, all the lines and
4 everything were underground and leak testing
5 started. There was a gradual slow down of
6 activity.

7 The presence on the ranch wasn't
8 there because much of the construction crew was
9 laid off or sent elsewhere and it was a process
10 to determine the leaks.

11 Now, when you have a backhoe
12 sitting here and a couple people waiting to go to
13 work when a leak is found, it becomes an economic
14 question.

15 We had a lot of discussions with
16 OPEC about that. We all seemed to be on the same
17 page, but the situation deteriorated.

18 I can't speak for why they take
19 the position they have. We have asked our legal
20 counsel and Clyde Young, Do you have -- is there
21 any validity to the position that they're taking,
22 and neither one feels there are.

23 In June we thought we were all
24 back on the same page again. In March we created
25 kind of a marching order that never got

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1 fulfilled. In August I think we were pretty much
2 given full indication of where we weren't going
3 to go.

4 The leverage we have is the
5 validity of the contract and the validity of the
6 bonds.

7 * * * * *

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1 REPORTER'S CERTIFICATE

2
3 I, REBECCA L. ERHARDT, Registered
4 Professional Reporter within Colorado, do hereby
5 certify that the within and foregoing is an
6 accurate partial transcript of the Santa Fe Trail
7 Ranch Property Owners Annual Meeting/Town Meeting
8 held at the Massari Auditorium on October 19,
9 2001.

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In witness hereof I have hereunto
set my hand this 11th day of November, 2001.

Rebecca L. Erhardt, CSR, RPR
200 East First Street
Trinidad, Colorado 81082
719-846-3316, Ext. 29

My commission expires February 18, 2003.

REBECCA ERHARDT, CSR, RPR - 719-846-3316

**Santa Fe Trail Ranch POA
Annual Meeting
TSJC Massari Auditorium
October 20, 2001
MINUTES**

Board Members Present:

Bill Bumstead
Jim Davis
Michael Hughes
Paul Miner
Carol Rawle
Mike Shelton
Harriet Vaugeois
Bill Wenstrom

Board Members Absent:

Rick Johnson

- I. CALL TO ORDER - Meeting was called to order by Jim Davis.
- II. PROOF OF NOTICE - Bill Quigley gave proof of notice.
- III. INTRODUCTION AND ROLL CALL - Introduction of Board members present: Jim Davis, Bill Wenstrom, Harriet Vaugeois, Bill Bumstead, Michael Hughes, Mike Shelton, and Paul Miner.
- IV. DETERMINATION OF QUORUM - with 132 Lots represented in person, or by proxy, it was determined that a quorum was established. 10% (45 lots) of the total 444 lots is required to conduct business.
- V. APPROVAL OF MINUTES OF PREVIOUS MEETING - Bill Wenstrom moved to approve the minutes from the last Annual Meeting held on October 14, 2000. Harriet Vaugeois seconded. No opposition. Motion passes.
- VI. COLLECTION OF BALLOTS AND TALLY OF VOTES - Four nominees ran for three open Board positions: Kathleen Kelly, Ed Hockett, Jerry Whittington, and Bob Santoro. Results: Ed Hockett- 129 votes; Kathleen Kelly- 59 votes, Jerry Whittington- 130 votes; Bob Santoro- 98 votes. 2 abstentions. The new Board members are : Ed Hockett, Bob Santoro, Jerry Whittington.
- VII. OLD BUSINESS
 - A. **Committee Reports** - No questions from the floor regarding Committee Reports.
 - B. Other Old Business - Jim Davis explained the Metro financials. He noted that 11% of property owners are 30 days or more behind in payments. Jim reminded everyone that new coupon books for the next three years' payments will be going out around the beginning of 2002. He also stated that in September 2004, anyone who wishes may pay off their remaining balance to reduce interest charges. He also informed the members that the <\$426,000> amount under the Net Income section reflects the cost of materials the District paid to US West (now Qwest) for the phone system. The Metro District paid for these materials because as a governmental body it is exempt from sales tax, which saved approximately \$2,800.00.

Jim Davis gave a brief history of the telephone installation stating that originally the cost was quoted at \$4.4 million. In 1997 when the POA members took control from the developers, they researched this and found that if they arranged construction and paid for basic materials and conformed to US West's specifications, this could save money. Included in those terms, once completed and approved, the POA would then give the system back to US West for maintenance and up keep.

C. **Discussion** - None

VIII. NEW BUSINESS

A. SFTR Budget - Bill Wenstrom discussed the proposed 2002 Budget. He noted to the Members that the 2001 Budget will remain in effect until the end of this year. Mr. Wenstrom also stated that some changes will be made to the final budget closer to the end of the year. The possible changes are in the following areas:

1. CPI- These figures are not out yet, but are expected to be lower than last year.
2. Lot Improvements- Still need to get a complete tally of the number lots going from unimproved to improved status. This will raise the dollar amount of dues collected.
3. Interest Rates- Interest rates are falling. This will lower the interest income estimate. Currently the interest bearing accounts are getting 1.1%. Mr. Wenstrom is looking at other banking institutions for better rates at this time.

B. From the Floor

1. There was discussion of the Metro financials and coupon payment books. Bill Quigley explained how the financials are prepared and how to read them. Bill Quigley then explained there have been some problems at the bank assigning proper payment to some members and this could be straightened out by contacting the Century Small Business office. He also noted that the bank tends to have a slow turn around time on reporting these payments and that a payment could have been made, but because the report given to Century Small Business may not have been completely up to date, the report produced by Century still shows a payment due.
2. The discussion moved to new owners who are not getting accurate information about the coupon books from the title companies and some Realtors. Bill Quigley suggested that once SFTR knows of a new owner, someone needs to get that information to Century Small Business which would contact the bank to make sure they have the correct information. Jim Davis also suggested that those people who feel they have not been properly credited should bring their canceled checks to the bank. The question was asked about how the bank follows up with returned mail or incorrect addresses. Century Small Business will give a current mailing list to the bank to verify and/or change addresses.
3. Another question on the policy regarding late payment notification was brought up. Jim Davis explained the 30-60-90 day letter system Century Small Business has in place. After 30 days a friendly reminder letter is sent. If no response, after 60 days a letter notifying property owner that a lien will be filed, if they do not send payment. The third letter is sent after 90 days stating that a lien has been filed against the property. A copy of that letter also goes to the mortgage holder or lender.
4. Discussion moved to changing the Annual Meeting to coincide with the Annual Picnic in July. Some Members feel this will bring a bigger group to the meeting. Others feel there will not be enough room at the local motels to accommodate those who do not have homes built at SFTR. It was noted that the by-laws and covenants clearly state the Annual Meeting must be held in October due to fiscal year restrictions. It was suggested that the new Board do an analysis to determine the difficulties of such a switch and put out a report for the members. Currently the meetings, both the Annual and Board meetings are held towards the end of the month for account reconciling reasons and timetables.
5. A member asked if there are address and phone number lists available. Bill Wenstrom noted that these lists are posted on the web site under Emergency Services Reports.

6. Bill Wenstrom reminded new members to contact Century Small Business Solutions for their Water Coupon books.
 7. Jim Davis spoke about the need for expanded participation by property owners. He did appreciate the fact there were four (4) candidates for the three (3) Board positions. Jim also noted that he has appreciated working with everyone over the last four (4) years to help build a community and while he will no longer be on the Board, he will remain available to them.
- IX. DATE OF NEXT MEETING - To be determined by Board following the Annual Meeting.
- X. ADJOURNMENT - Bill Bumstead moved to adjourn the meeting at 10:10 am. Carol Rawle seconded. No opposition. Motion passes.

Reviewed by Ed Hockett
Mailed to Members w/ [Pres. Letter](#) 11/2/01

Santa Fe Trail Ranch POA

BOARD MEETING

October 20, 2001

Trinidad State Junior College, Sullivan Room

Board Members Present:

Michael Hughes
Ed Hockett
Paul Miner
Bob Santoro
Mike Shelton
Harriet Vaugeois
Bill Wenstrom
Jerry Whittington

Guests:

Barry Benware
Cheryl Benware
Jim Davis
Suzie Davis
Michelle Minion
Joanne Roundy
Vaughn Roundy
MaryJo Shelton
Fred Vaugeois
Betty Whittington

Also Present:

Bill Quigley
Gail Thomas
Tina Woods

Board Members Absent:

Rick Johnson

1. CALL TO ORDER ❖ Bill Quigley called the meeting to order at 10:35 am.
2. PROOF OF NOTICE ❖ Bill Quigley gave proof of notice.
3. INTRODUCTION AND ROLL CALL ❖ Board Members present: Harriet Vaugeois, Bill Wenstrom, Michael Hughes, Mike Shelton, Paul Miner, Bob Santoro, Ed Hockett, and Jerry Whittington. Board Members absent: Rick Johnson. Guests present: Jim Davis, MaryJo Shelton, Joanne Roundy, Vaughn Roundy, Michelle Minion, Betty Whittington, Suzie Davis, Fred Vaugeois, Cheryl Benware, and Barry Benware. Also present: Bill Quigley, Tina Woods, and Gail Thomas.
4. DETERMINATION OF QUORUM ❖ With all board Members present except Rick Johnson, it was determined that there was a quorum present.
5. ELECTION OF OFFICERS
 - A. PRESIDENT: Harriet Vaugeios is nominated by Rick Johnson via proxy. Rick Johnson was also nominated, however, he left written notice that he would decline this nomination. No other nominations. Bob Santoro moved to elect by acclimation to accept this nomination. Ed Hockett seconded. Motion passes.
 - B. VICE-PRESIDENT: Mike Shelton is nominated. No other nominations. Harriet Vaugeois moved to elect by acclimation to accept this nomination. Bill Wenstrom seconded. Motion passes.
 - C. TREASURER: Bill Wenstrom is nominated. No other nominations. Paul Miner moved to elect by acclimation to accept this nomination. Michael Hughes seconded. Motion passes.
 - D. SECRETARY: Ed Hockett is nominated. Bob Santoro is nominated, but he declines the nomination. Bill Wenstrom is nominated, but that nomination is withdrawn. Paul Miner moved to elect by acclimation to accept the nomination of Ed Hockett. Bill Wenstrom seconded. Motion passes.
 - E. ASSISTANT TREASURER: Ed Hockett is nominated. Paul Miner moved to elect by acclimation to accept this nomination. Bob Santoro seconded. Motion passes.

The new Officers for the Santa Fe Trail Board of Directors are: Harriet Vaugeois, President; Mike Shelton, Vice-President; Bill Wenstrom, Treasurer; Ed Hockett , Secretary / Assistant Treasurer.

6. 2002 BUDGET APPROVAL - Bill Wenstrom reported that approval can not be made at this time since he is waiting to get accurate numbers regarding improved and unimproved lots, CPI increases, and interest income. Discussion moved to the definition of improved versus unimproved lots. The definition adopted by the Board was any property with a driveway is considered improved, however, there are some cases where this is not applicable because the driveway was installed before the Board adopted this definition. Both Michael Hughes and Bob Santoro feel all members should pay the same dues regardless of status of their lots. Bill Wenstrom noted that a change in dues payments would require a vote from the members. Harriet Vaugeois wants the issue of improved/unimproved lots researched and assigned it to the Covenant and Budget Committees. Bill Wenstrom will put a statement together about what the action plan will be, what has been done so far, specific definitions, and other pertinent information regarding this issue. Bill Wenstrom discussed his findings regarding the low rate the interest bearing accounts are receiving at the present time. Mr. Wenstrom would like to research the other banks to find a better rate. **Paul Miner moved to change interest bearing accounts to "best rate" institution. Mike Shelton seconded. No opposition. Motion passes.**
7. APPROVAL OF MINUTES OF PREVIOUS MEETING ♦ **Bob Santoro moved to approve the minutes from the August 18, 2001 Board meeting. Jerry Whittington seconded. No opposition. Motion passes.**
8. APPROVAL OF MONTHLY FINANCIALS - **Paul Miner moved to approve the monthly financial statements. Mike Shelton seconded. No opposition. Motion passes.**
9. OLD BUSINESS
 1. Research on Revenue-Generating Ideas- It was determined that this issue will be an Action Item for the Budget Committee. Jim Davis did volunteer his time to pursue natural resources, such as forests and gas, as sources of revenue generation.
 2. Surplus Utility Funds Reallocation- It was determined that the Board can make the decision to reallocate surplus utility funds as long as the reallocation falls under the utility "umbrella". **Mike Shelton moved to make recommendation for money usage at the next Budget meeting. Jerry Whittington seconded. No opposition. Motion passes.**
 3. Committee Report Updates - None at this time.
10. NEW BUSINESS
 1. Committee Chairs- The new Committee Chairpersons are as follows: Common Area Committee: Michael Hughes Emergency Services Committee: Rick Johnson Covenant Committee: Bob Santoro Communications Committee: Harriet Vaugeois

Bill Wenstrom moved to approve the appointees. Ed Hockett seconded. Eight in favor. One opposed. Motion passes.
 2. Voting/ Proxy ♦ Concluding Date- By-laws on this issue state that voting must close "in meeting." Ed Hockett will look into this issue further and present a proposal to the Board at the December meeting.
 3. Meeting Dates for Upcoming Year - It was discussed by the Board to approve Board meeting dates only at this time. Budget meeting schedule will be discussed during the November work session for final discussion at the December Board meeting. **Paul Miner moved to approve only the six Board Meetings for the 2002 meeting schedule. Mike Shelton seconded. No opposition. Motion passes.**
 4. Annual Meeting Date - Bill Wenstrom stated to the Board that the SFTR Covenants clearly state that the Annual Meeting be held in October. Exact date to be determined at another time.
11. FROM THE FLOOR - None.

12. OTHER - Harriet Vaugeois called for a Board Work Session to be held on November 9, 2001 at 4:30 pm. The meeting will take place in the home of Michael Hughes. This meeting will give the Board an opportunity to set up action plans for the upcoming year.
13. DATE OF THE NEXT MEETINGS - Budget Meeting will be held at Century Small Business Solutions, Nov. 17,2001 at 8:00am. Board Meeting will be held at TSJC, Sullivan Room, Dec. 15, 2001 at 9:00am.
14. ADJOURNMENT - Bill Wenstrom moved to adjourn the meeting at 12:40 pm. Mike Shelton seconded. No opposition. Motion passes.

Reviewed by Ed Hockett
Mailed to Members 11/2/01

Santa Fe Trail Ranch POA
Board of Directors
Working Session
Michael Hughes' Home
November 9, 2001

Board Members Present:

E. Hockett
M. Hughes
R. Johnson
B. Santoro
M. Shelton
H. Vaugeois
B. Wenstrom
J. Withington

Board Members Absent:

P. Miner

President Vaugeois called the working session of the 2001-2002 Board of Directors to order at 4:30 P.M. **This was not an official meeting.** Its purpose was to allow all the Directors, returning and newly elected, to become familiar with each other and the tasks ahead. The President broke the ice by administering a short personality inventory which allowed each member to learn about the others, and simultaneously see how he would be perceived by the others.

Next, each of the committee leaders summarized for the group their committee's activities including assigned duties, membership, and anticipated issues. This orientation allowed the group to reflect on the mission of the Board of Directors, the relationship of the Board with the committees and other constituencies, and the possible issues the Board could face this year.

By this point, the need for clear communication was readily apparent. For this reason, the group paused to discuss the elements of effective internal and external communication, as well as conflict resolution.

Before the session concluded, the group reviewed issues that were presented, but not concluded at the Annual Meeting in October. Possible actions were suggested, but no conclusions were reached.

Ideas from this meeting may become agenda items for the regularly scheduled December 15 meeting. Such items will be published prior to the meeting. Anyone interested in discussing them is invited to attend the Board meeting and participate in the discussions.

Submitted by Ed Hockett, Secretary, November 11, 2001.

Approved 11.25.01 by H. Vaugeois

Santa Fe Trail Ranch POA

BOARD MEETING

December 15, 2001

Trinidad State Junior College, Sullivan Room

Board Members Present:

Ed Hockett
Michael Hughes
Rick Johnson
Paul Miner
Bob Santoro
Mike Shelton
Harriet Vaugeois
Bill Wenstrom
Jerry Whittington

Guests:

Gene Downs
Vaughn Roundy
MaryJo Shelton
John Woods

Also Present:

Gail Thomas

- I. CALL TO ORDER ♦ President Vaugeois called this regular meeting of the Board to order at 9:00 A.M.
- II. PROOF OF NOTICE - Gail Thomas gave proof of notice.
- III. INTRODUCTION AND ROLL CALL - The president passed a sign in sheet for all the directors present. She welcomed the guests and invited them to participate in the discussions.
- IV. DETERMINATION OF QUORUM - All Board members were present, so a quorum existed.
- V. APPROVAL OF MINUTES OF PREVIOUS MEETING - The President noted that the minutes from the last meeting had been distributed prior to this meeting. She called for any corrections or additions. R. Johnson moved that the minutes be accepted as written. The motion passed.
- VI. APPROVAL OF MONTHLY FINANCIALS - Treasurer B. Wenstrom reported that the November financials were published on the web site, and asked if there were any questions about them. He pointed out that the budget appears to be on track to produce a surplus for 2001 especially since inclement weather may prevent the Road Committee from completing their remaining approved projects. He cautioned that future years were unlikely to produce surpluses because the POA is becoming proficient at the budgeting process. J. Whittington moved that this report be accepted. The motion passed.
- VII. OLD BUSINESS
 - A. VOTING - In completion of an assignment given at the October meeting, E. Hockett moved that the POA's annual election be held on the web site. He added some of the procedures and arrangements necessary for this to happen. The motion, however, died for lack of a second. Subsequently, B. Santoro asked for clarification of the task because the Covenant Committee was discussing the same issue. It was recommended the secretary and the Covenant Committee pursue the issue jointly. A future proposal should provide detailed guidelines for members wishing to vote on the web site, as well as by mail, proxy, and in person. Discussion revealed mixed opinions about the utility of proxies. It was requested that this issue continue to be addressed. The issue of voting security must also be thoroughly addressed.
 - B. IMPROVED/UNIMPROVED LOTS - B. Wenstrom reported that since the last meeting the Emergency Services Committee's Area Leaders had classified the Ranch's properties into four categories for judging improvement. He, in turn, had used this information to mail and e-mail change of status letters to several property owners. he had received no response from his mailing,

but had received several return e-mail responses protesting the reclassification. They all claimed their alleged improvements had been grand fathered into acceptance. Mr. Wenstrom thus felt that the whole undertaking had been fruitless. M. Hughes observed that the property classification was ineffective and harmful. He suggested that dues be made equal for all members of the POA. There was considerable concern about the financial impact of such a change. In addition, guest Gene Downs urged caution toward a move in that direction because a decision to lower dues made by a Board of improved property owners might be misinterpreted as the pursuit of self interest. Guest John Woods, though, spoke of the need for fairness in this issue. The discussion caused Mr. Wenstrom to move to rescind the amendment to the definition of improved properties created by the 1997-98 Board which grand fathered property improvements made before that time. The motion failed. It was then resolved to continue the current practice and accept its defects.

- C. ALLOCATION OF SURPLUS UTILITY FUNDS - A letter written by Jim Davis on behalf of the Metropolitan Board ([Appendix A](#)) was read into the minutes. The letter requested use of funds from the Power Reserve Fund in order to move forward on work for the water system. There was initial hesitation because the \$63,000 requested exceeded the amount currently in the account. There were also questions about the amount needed when only payment to Clyde Young for diagnostic work appeared to be needed immediately. Some thought was given to making the funds available in a loan, but an accumulation of loan indebtedness would prevent the Metropolitan District from receiving grants to assist in completion of system. Furthermore, a legal opinion provided to the Board by John Mitchell stated that the Power Reserve Account was created to collect funds for the installation of telephone, electrical, and water services on the Ranch. Thus, application of the funds to other Ranch purposes is inappropriate. Since the directors mutually agreed that completion of the water system is the highest priority in Ranch business, P. Miner moved to assign the available funds in the Power Reserve Account to the Metropolitan District for the completion of the water system. The motion passed.
- D. REVENUE GENERATION IDEAS - In the absence of Jim Davis there was no report.
- E. COMMITTEE REPORTS - The President reminded all committee chairs to post committee meeting minutes on the web site and bulletin board.
 - 1. **Common Area** - M. Hughes reported that the Road Committee is attempting to complete road improvement projects, but the weather is hampering efforts. Red ash was approved for use in installing a culvert at Fisher Peak and Tin Cup Trace. The Road Committee is considering using additional red ash on the service road north of Cottonwood. Mr. Hughes wondered if he could negotiate with the Merrills on the use of their red ash. The Board affirmed the autonomy of committees to act in their area. Mr. Hughes also reported that the General Appearance Committee had identified eight projects and had requested \$10,000 to complete them. An additional report was filed after the meeting and can be found in [Appendix B](#).
 - 2. **Emergency Services** - R. Johnson reported that the committee would focus on two issues this year: 1) Improvement of neighborhood Watch, and 2) 911 Improvement. The 911 sub-committee will be chaired by Dennis Scott with M. Hughes, R. Johnson, and J. Davis serving as members. The next meeting will be 4:30 P.M. Monday, December 17 at the Johnsons'. Gene Downs added that 95/104 lots petitioned for inclusion into the Fire District have been approved through the November 6, 2001 Election.
 - 3. **Covenant** - B. Santoro reported that the committee will concentrate on Covenant articles 3.5 (Proxies) and 7.1.1 (number of votes needed to amend).

4. **Communication** - H. Vaugeois reported that the committee was in the process of changing the look on the web site, and creating a new section to be called Construction Connection. Roberto Jordan has been very useful in its creation.

VIII. NEW BUSINESS

- A. ANNUAL MEETING DATE - B. Santoro indicated he had no report, but interpreted the Covenants as allowing the Board to decide freely when the annual meeting would be held. President Vaugeois listed the possible choices as: 1) Hold a town hall meeting before the summer picnic and the annual meeting in the fall, or 2) move the annual meeting to coincide with the summer picnic. She called for a motion for the choices. When a motion did not appear she concluded that for lack of interest and until stronger member opposition surfaced the meeting will remain in October.
- B. BOARD MISSION STATEMENT - The president announced several items developed during the Board's working session held November 9. The first was the Board's mission statement: To follow the By-Laws and Covenants and take care of the Ranch. This was accepted by mutual consent.
- C. BOARD GOALS - By mutual consent the following were agreed to be the Board's goals for 2001-2002: 1) Completion of the water system 2) Find money for road improvement , and 3) Increase involvement in committees especially among new members. The increasing of revenue for road repair and future needs was mentioned as a possible goal. Since the most probable sources of additional revenue are our natural resources, this goal was referred to the Common Area Committee.
- D. FUNCTIONS AND DUTIES OF COMMITTEES - Next she announced the Board's policy on committees. All the directors recognized each committee's autonomy to work and legislate in its area of concern. Committee chairs agreed to take these generic actions: 1) Establish a clear mission statement, 2) Address the tasks of the previous year's committee. Complete, extend, or create new tasks, and 3) All action taken by a committee including prior discussion should be recorded in the committee's minutes. Documentation is a major priority. This was accepted by mutual consent.
- E. PROCEDURES FOR COMMITTEE OVERLAP DECISIONS - In the case of conflict between committees on dealing with a particular issue the following procedure was agreed by mutual consent to be followed: 1) The committee chairs need to consult, 2) The focus of the committees should be clarified, 3) If resolution can not be reached, a new committee should be formed to address the issue. This committee should be composed of members from the contending committees, 4) Should resolution still not occur, it will come to the Board of Directors for arbitration with the President breaking any tie in voting, 5) Take the decision back to the committees and move on.
- F. CONSERVANCY CONTRACT - The final contract will be available for signing at the first of the year. It will be signed in the new year to reduce our costs. The lease is \$500 and GOCO will pay \$350 of it. The signing will be done at a special meeting, or by mutual consent.
- G. 2002 BUDGET - B. Wenstrom presented the 2002 Budget ([Appendix C](#)). The income will be affected by the CPI which he found was 1.9% in November (the last month will be used as the index, so the next month's bills can be done.) Dues income is based on 120 improved and 329 unimproved properties. It was decided to make the General Appearance Committee's budget a line item under Common Area. It was also agreed to add \$500 to Emergency Services to account for expected expenses in improving signage for the 911 system. R. Johnson then moved that the Budget be accepted as amended. The motion passed. In light of previous discussion during the morning, B Wenstrom moved that the POA investigate the possibility of retaining local legal representation. The motion passed and he will assume the responsibility for research.

- H. WORKING SESSION PROPOSALS - At the working session it was agreed that in 2002 the Board would meet in regular session February 16, June 15, October 19, and December 21. All these meetings will be at 9:00 A.M. in the Sullivan Room at Trinidad State Junior College. Budget Committee meetings will take place on May 18 and September 21. These meetings will be at 9:00 A.M. at B. Wenstrom's home.
- I. BOARD RECOGNITION - E. Hockett moved that the recently departed Board members who completed three year terms be awarded a remembrance for their service. The motion passed. President Vaugeois assigned the task of picking the remembrance to the Communications Committee and the cost will be deducted from its budget.
- IX. FROM THE FLOOR
- A. Gene Downs alerted the Board that the Fisher Peak Fire Protection District is considering a sub-station for the Ranch. It has set aside \$28,000 for its construction, and additional grant money is available. The POA must decide if it wants it. It would probably be built in the conservancy above the middle pond on Gallinas close to a water supply on a flat area not in the flood plain. R. Johnson moved that the POA go on record as supporting the investigation of the feasibility of establishing a Fire District sub-station on the Ranch. The motion passed.
- B. John Woods advocated the advisability of having a Ranch planning committee to consider and plan for desired features on the Ranch. President Vaugeois designated Vice-President Mike Shelton to coordinate planning for the Ranch with the Metropolitan District, Fisher's Peak Fire Protection District, and the POA.
- X. ADJOURNMENT - The President asked if there was a motion to adjourn. It was moved, seconded, and passed. The meeting adjourned at 12:35 P.M.
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APPENDIX A

Board of Directors
Santa Fe Trail Ranch Property Owners Association
P.O. Box 830
Trinidad, Colorado 81082

Lady and Gentlemen:

On behalf of the Santa Fe Trail Ranch Metropolitan District and its Board of Directors, I present this request for financial assistance in funding the completion plan for the Santa Fe Trail Ranch water delivery system.

As we have discussed in prior POA budget committee meetings and more thoroughly at the Town Meeting and Annual Meeting of the POA in October of this year, the Metropolitan District is faced with a situation where the contractor hired to install and deliver a completed and sanitized water delivery system under AWWA and Colorado Department of Health and Water Quality standards has failed to complete the contracts. The Metropolitan District and its Water Committee have formulated a plan for completion of that system, whether or not the original contractor, OPEC, or the contract bonding company, Intercargo Insurance Company, fulfill their legal responsibilities. The Metropolitan District has notified both the original contractor and the bonding company, through its legal counsel, of their failure to perform to date and its intent to sue for compensation and damages if it is forced to complete this project through other means.

As OPEC has continued to create and use every excuse possible to avoid completion of their contract and as the bonding company apparently is creating its own reasons for avoiding their responsibilities under the current and valid bonds, it is imperative that the Metropolitan District, in protection of the integrity of the system that has been installed, but not completed, make the necessary arrangements to complete it itself, without further delay. To that end, the Metropolitan District has contracted with a water engineering firm, Clyde Young Company to complete an engineering analysis which will tell it what needs to be done to render it operable. In addition, with the assistance of Clyde Young Company, we have received bid proposals from four qualified contractors to complete leak testing and sanitization of the system in preparation for State Health Department testing, which the City of Trinidad Water Superintendent has offered to do for us.

The engineering contract is a "not to exceed contract" for \$8450.00. The remaining construction required (leak testing, fixing leaks and engineering adjustments) is estimated at approximately \$40,000.00. The original proposal for sanitization was \$15,000.00, however that was received over a year ago. One of the contractors currently bidding for the construction work also has the equipment and experience to sanitize. We feel there is an economy there that will hopefully offset any "inflationary" effect on the original bid.

Therefore, with an anticipated cost of approximately \$63,000.00 to get us to the point of being able to seek State Health Department approval, we are requesting that the POA Board assign the excess funds in the original Power Account to the Metropolitan District, under the format that the original Water and Telephone Account balances were assigned in early 1999 when the Metropolitan District Bonds were issued. The Metropolitan District pledges to use its best efforts and all available remedies to obtain reimbursement and compensation from both OPEC and Intercargo Insurance Company for the costs of completing our water system and rendering it operable, if it is necessary to do so. The Metropolitan District further pledges to reimburse the POA for the funds it assigns to the District from the proceeds of litigation, should it be necessary.

We ask that the POA Board consider and approve this request at the December 15, 2001 Board meeting, as the engineering report is due within 30 days and the Metropolitan District would like to award the construction contract as soon thereafter as possible. In the event OPEC and/or Intercargo Insurance Company step forward to fulfill their legal responsibilities, we will immediately advise the POA Board and the assigned funds returned.

On behalf of everyone, I thank you for your time, consideration and responsible action in this matter.

Respectfully,

V. James Davis, President
Santa Fe Trail Ranch Metropolitan District
P.O. Box 1003
Tinidad, CO 81082

APPENDIX B

Common Area Committee

Organizational Meeting Notice ♦ January 9, 2002

The Common Area Committee is responsible for the repair, replacement and maintenance of the Common Area. In order to distribute the workload and simplify the administration of this committee, the sub-committee organizational approach will be employed. At this organizational meeting, we will discuss and organize the following possible sub-committees and appoint a chair for each sub-committee. These sub-committees will meet on an as needed basis, maintain minutes of these meetings, and the sub-committee chair will attend monthly Common Area Committee meetings to report on the activities of their sub-committee. The Common Area Committee will meet monthly to administer these various sub-committees on the first Wednesday of every month beginning February 6, 2002 at 6:00 pm at the home of Michael Hughes (Lot B87 ♦ 32300 Spruce Lane).

Road Sub-Committee:

Michael Hughes chairs the current Road Sub-Committee. The responsibilities and policies of this sub-committee are outlined in a Road Sub-Committee Statement. The budget categories for which this sub-committee will be responsible are "Road/Bridge/Culvert" (\$130,717) and "Snow Removal" (\$10,000).

Weed Sub-Committee:

Bill Wenstrom chairs the current Weed Control Sub-Committee. The budget category for which this sub-committee will be responsible is "Weed Control" (\$1,700).

Ranching Sub-Committee:

The Ranching Sub-Committee will be responsible for interfacing with the cattle rancher and the administration and utilization of the Grazing Lease income budgeted under "Fence Repair" (\$12,900).

Services Sub-Committee:

Peggy Obrey and Jan Ferrero have volunteered to co-chair the General Appearance Sub-Committee. This sub-committee will assume the responsibility for the various common area facilities, including the entrance building, signs, mailboxes, bulletin board, and dumpsters. This sub-committee is financed under the budget item "Bldg/Equip/Signs" (\$10,000).

Conservancy Sub-Committee:

This sub-committee should be established to finalize and sign the Greenlands Lease and to manage the Gallinas Conservancy according to the terms and conditions of that lease. There is currently no budget available for this sub-committee.

Resource Sub-Committee:

This sub-committee should be formed to investigate the potential of various resource development, money-making ideas that have been suggested such as development of the gas well and timber harvesting. There is currently no budget available for these activities.

Other Issues:

Other subjects that have been discussed and reasonably fall within the Common Area Committee

responsibilities include jeep trail maintenance, POA equipment ownership, and a fire sub-station. A sub-committee to address these issues may be formed if appropriate.

Anyone seriously interested in chairing any of these various sub-committees should attend this meeting on January 9, 2002 at 6:00 pm at the home of Michael Hughes. For further information, please contact Michael Hughes at m.r.hughes@mindspring.com or call (719) 845-4080.

APPENDIX C

2002 BUDGET

Submitted by Ed Hockett, Secretary, December 20, 2001