

**SANTA FE TRAIL RANCH METROPOLITAN DISTRICT
MEETING ON MARCH 2, 2010
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082**

Meeting called to order by Bob L. Scott at 9:05 A.M.

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

Roll Call - Board Members: Mike Shelton, Robert L. Scott, Rick Kinder Guests: June Stephens, Chuck Austin, Linda Austin, Tom Stephens, RC Ghormley, Jerry Withington, Ernest Parker

Determination of a Quorum – A quorum was established

Secretary Report: Discussion of the December 28, 2009 minutes – Mike Shelton moved to approve the minutes as written – Rick Kinder seconded – motion carries

Treasurers Report: Mike presented monthly financial and encouraged all board members to review – If any questions, contact Lynn McCreight or Mike Shelton –

Cash Flow was discussed – Maintenance fees are main support for operations, breaking even on water (due to leakage), Lynn was asked to check the tap relocate expense side.

An additional CD was purchased thru International State Bank. Both CDs now earning 2.3%. FDIC coverage is \$250,000.

Trainer Bankruptcy sale has been put on hold for an unknown reason.

Mike made a motion that when the new board is sworn in, May 5, 2010, the signature cards at both the International State bank and Bank of the West need to be updated and that Robert L. Scott and Rick Kinder can currently be added to the Bank of the West signature card. Discussion followed. Mike Shelton is the only current board member on that bank. Bank of the West is used to wire transfer monies to pay the bi-yearly bond payments. Motion passed.

Delinquent list was discussed. Currently we have 2 accounts in bankruptcy, several are paying regularly, we have a few under contract.

Unfinished Business:

SCADA Project: RC Ghormley updated the board on the progress of the FCC licenses. F.I.T., an FCC frequency assigned coordinator has been hired to process the application for the frequency assignment for the radios that will be hooked to the water tanks and

eventually the pumps on the water system for wireless control of the water system. Once the FCC assigns the Metro a frequency, the radios can be ordered and set up. Currently Tank One is the only water tank being monitored in this manner. The cost to set up phase one of this project, is estimated at \$1000.00 or less.

Election Update: Lynn McCreight announced that the district received 5 Self-nomination forms; therefore she was able to cancel the election. The original Election resolution designated Lynn as DEO, with permission to cancel the election. RC Ghormley opened discussion suggesting a synopsis of the election process be posted on the website for the owners benefit. Robert L. Scott volunteered to handle the task. Lynn also named the new board members as of May 5, 2010 as follows:

Mike Shelton	2 year term
Robert L. Scott	2 year term
RC Ghormley	4 year term
Rick Kinder	4 year term
Jerry Withington	4 year term

Lynn will process all the proper paperwork with the Secretary of State, Division of Local Government and the County Clerk and Recorder to close out the process, including Oaths of Office of the new members and bonding.

Audit Update: Lynn McCreight announced that the 2008 audit that was presented to the state auditor in September of 2009 was verbally approved last week. The 2009 audit was completed last week as well from Dixon, Waller and presented to the state auditor Monday, March 1, 2010. Per the state auditor, it will be June or July before that auditor is looked at for approval. It was suggested that this information also be referenced in the website synopsis referenced above.

System Completion Report: Robert L. Scott opened discussion on the previously discussed possible refund from the system completion monies. See Appendix A for his research and report.

C.U.S.I. System Update (New billing system): Lynn McCreight discussed the few kinks with the first billing out of the new system that need to be corrected in the April billing. Her goal is to have the past due and open credits researched and transferred to the new system by the April billing. On the current Balance Sheet, there are two sets of receivables. Eventually, all the receivables will be together.

Rick's Report: Tank 3 emptied out. The amount of chlorine used has doubled, due to going from .5 to .7 on chlorine levels. The chlorine is currently introduced into the system at pump 2. Samples are taken from all tanks. The samples are taken to Pueblo.

An automated chlorine system in the future was discussed. Robert L. Scott asked Rick to research a liquid system vs. a gas system.

Recording Device: Robert L. Scott made a motion not to order a recording device for recording meetings. Rick Kinder seconded. Discussion followed. Motion carried.

Fire Safe: Robert L. Scott made a motion to order a fire safe and subscribe to an online backup service. Rick seconded. The statutory requirements were discussed. Motion carries.

New Business:

Freezing lines: Robert L. Scott made a motion to waive the monthly maintenance fees for all owner's whose water lines are frozen, preventing them from receiving water and for the owners not to incur costs for water until their water lines are unfrozen. Mike Shelton seconded. Discussion followed. Motion carried. Hydrants are currently slightly open for dripping. Linda Austin asked what the board's intention was in the spring to correct this problem. Discussion followed. One idea is to bleed those lines and open them occasionally to fill owner's cisterns.

Century Contract: Mike Shelton presented the proposed Century contract asking for \$600.00 above Lynn McCreight's hard costs currently being paid. This will help cover Century's overhead costs, such as lights, heat, office supplies, etc. Discussion followed. Robert L. Scott made a motion to sign the new contract and pay the \$600.00 fee retroactive back to January 1, 2010. Rick Kinder seconded. Motion carried.

Vendor updates: Lynn McCreight discussed the need to update vendors that delivered product to the ranch on who to call for delivery information, etc. Line locates were discussed. It was decided that Lynn could update the vendors, especially Trinidad Builders, Big R, UPS and Raton Builders Supply, giving them Robert L. Scott and Jerry Withington as first contact and Lynn McCreight as alternate contact.

Alternate Options for Owners to Pay: Lynn McCreight mentioned several owners have asked for alternative pay options such as credit card, debit card or automatic withdrawal. Discussion followed. The board gave Lynn permission to check pricing on the costs of the above options.

The next meeting will be May 5, 2010 at 9 A.M. at Century Financial Group, 109 W Main, Trinidad, CO 81082

See Appendix A below.

Rick Kinder moved to adjourn the meeting at 10:20 A.M. Robert L. Scott seconded. Motion carried.

APPENDIX A

**SFTR WATER SYSTEM 1 JAN 2008
UPDATE 28 FEB 2010
SYSTEM COMPLETION TASKS REMAINING**

Lines to be pressurized and entered into service:

1. Squirrel Lane	12,840 Feet	Now in service, leakage unknown
2. Puma Ct.	404	
3. Coyote Track Trail	4,552	Now in service, leakage unknown
4. Big Bear Dr	620	
5. Grey Fox Dr	1,660	
6. Yucca Ct.	1,052	Now in service, leakage unknown
7. Locust Ct.	1,650	Now in service, leakage unknown
8. East Old Mission	5,043	Now in service, leakage unknown
9. Timber Wolf	1,814	Now in service, leakage unknown
10. Engleman	4,143	
11. Eagle Nest Overlook	2,010	
12. Wild Plum	1,345	
13. Ptarmagin Ct.	1,245	
14. Currant Ct.	1,274	
15. Cedar Ridge Ln.	1,340	
16. Hiddenwood Ln.	2,580	
17. Squaw Creek Ln.	1,938	Now in service, leakage unknown
18. Wildlife Run	3,809	Now in service, leakage unknown
19. Pine nut Dr	1,971	
20. Pinon Ct.	2,475	
TOTAL	56,358 Feet	

Our current leakage rate is approximately 300,757 gallons per month. AWWA standards specify 45,000 gallons per month. The cost of achieving this goal is unpredictable at this time.

Radio control of pumps 1, 5 and 6 with internet access to controls and tank levels.

Equipment installed must be compatible with Motorola Canopy equipment currently in use on the SFTR. This will replace the high maintenance buried Romex control wiring originally installed.

At a bare minimum, we need to be able to see tank levels from any computer connected to the internet.

Additionally, it would be advantageous to see the state of each pump and be able to control it remotely.

In the future, additional features may or may not be contemplated.

Estimate for Equipment and installation \$
32,546

Automatic Sanitation

This is scheduled to become a Statewide requirement in the next few years. \$
18,000

Poly/PVC transition leak repair

System leakage rates indicate a strong possibility that the glue/gasket joints transitioning from PVC to poly and poly to PVC are likely problem areas that need to be replaced before the system completion efforts can be considered finished. There are at least 24 of these joints to be located, excavated, and replaced. The number of fusion joints required in the course of this repair would justify the purchase of a basic 1" to 4" poly fusion machine, which could also be used for future system repair. 2/5 of the system piping is poly.

Estimate for Materials and excavation
\$55,000

TOTAL (not including leakage location and repair) \$105,546

AMOUNT REFUNDABLE TO DISTRICT CUSTOMERS/OWNERS

1. EXCERPT FROM METRO MEETING 30 DEC 02

Jim Davis also mentioned that under this resolution, they would assess an equal fee for each 35-acre lot to pay the cost to complete the water system. It does not address the return of those funds, which the **Metro District will reimburse to each property owner, from the proceeds of any successful litigation.** They will give the bank a copy of this resolution as part of the closing process of a completion loan.

2. EXCERPT FROM WATER SYSTEM STATUS REPORT 27 JAN 03

Contractor's leak testing and repair estimate	\$347,000
Sanitizing, bacteria testing, and certification	15,000

Water for leak testing and sanitization	5,900
10 percent contingency allowance	36,790
Legal fees	69,500
Making 2 above ground pumps submersible	11,000
3 pump rebuilds @ \$1,500 each	4,500
Engineering consultation (current and on-going)	12,000
Administrative fees	1,800
Initial tank inventory for customers	1,370
Parts storage	500
TOTAL	\$505,360

To secure the pay back for the Bank and the DOLA loans, the Metro District Board passed a resolution at its December 30 Budget Meeting to assess a Water System Completion Fee on each 35 acre property in the District. The fee will be determined by the final amount that we must borrow. We anticipate that we will **prevail in our lawsuits, in which case all or a large majority of the fees paid will be reimbursed to the** property owners. Our attorney expects the trial to begin this summer.

3. EXCERPT FROM JOINT POA AND METRO MEETING 21 JULY 03

at all times. **In the event of successful litigation the recovered funds would first pay the loan balance with the remainder then distributed ratably** to property holders. The law suit asked for \$430,000 in view of the fact that, at the time of filing, legal fees could not be included. The Court after reviewing testimony may determine otherwise.

The estimated completion costs were never considered as being excessive and allowing for a possible refund upon system completion. Every penny was required and the estimate will eventually prove to be low. Thus, the only funds which were ever considered as eligible for return were the proceeds of a successful lawsuit.

The actual numbers to date are shown below;l

\$550,000.....Estimate to complete system (and loan amount)
\$356,250.....Total amount drawn against loan, with interest
\$193,750.....Amount still needed to complete system

\$255,000.....Amount of settlement from XL Surety
\$ 42,000.....Legal fees
\$203,000.....Net from lawsuit
\$193,750.....Completion money not drawn from bank loan
\$ 9,250.....Balance remaining from lawsuit proceeds and refundable to
customers per commitments recorded in minutes listed above.
\$ 13.76.....Amount remaining refundable per lot

Reviewing the System Completion Tasks Remaining, which are attached to this report will give the reader an idea of the expenses still faced by the Metro in order to have a compliant and safe water supply system.

The question of refunds to customers/owners becomes somewhat academic when tempered with the reality of past promises and future challenges.

Bob Scott
28 Feb 10