

SANTA FE TRAIL RANCH METROPOLITAN DISTRICT (SFTR)
BUDGET HEARING - DECEMBER 1, 2011
CENTURY FINANCIAL GROUP OFFICE
109 W MAIN
TRINIDAD, CO 81082

MEETING MINUTES

Meeting called to order by Bob L. Scott at 9:00 a.m.

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

Roll Call: Board Members: Robert L. Scott (Bob), R.C. Ghormley, Mike Shelton, Jerry Withington, and Rick Kinder - Guests: Lynn McCreight, John Noard and Nancy Allred

Determination of Quorum: Yes

Minutes: Mike moved and RC seconded to approve the minutes from the September 28, 2011 meeting. Motion passed.

After some discussion, Bob moved to add Appendix A to the May 5, 2010 minutes. Rick seconded the motion. Motion passed. The contents of the Appendix were discussed in the May 5, 2010 meeting.

2012 Budget: Mike stated that from the preliminary 2012 Budget discussed in the September 28th, 2011 meeting, Lynn raised the Maintenance income number due to 3 pending meter application she has in hand and the estimated 3 or 4 during the 2012 year. Lynn also lowered the estimated Bond Assessment income due to the high number of bond payoffs in 2011. Other items such as Repairs and System expansion were estimated close to the 2011 budget. RC asked for the definition of PIF Plant Investment Fees. It was explained those are the payments to the City of Trinidad for the taps. It supposedly represents the City investment required to service additional users. Bob made a motion to approve the proposed 2012 Budget as presented. Jerry seconded. Motion passed.

Treasures Report: Mike discussed the Financials. It was clarified that the principal portion of the Bond payments goes against the Bond Liability on the Balance Sheet vs. the Profit and Loss. On the Budget vs. Actual, the water sales are over budgeted presumed due to a calculation error. Mike and Lynn double checked 2010 and 2011 numbers to verify validity. Discussion followed. The Balance Sheet, Profit and Loss, Cash flow were discussed. The Delinquent list was discussed. Bob would like to see a Profit and Loss that excludes the bond numbers. Bond numbers are “pass thru” numbers that distort the true bottom line. Bob would also like to see the 2012 numbers in the cash flow. Lynn will add them in and email them now that the 2012 numbers have been approved. Nancy questioned why the fund balance was off from the Balance Sheet and also stated the budget vs. actual needs to be more “laymen” friendly. Lynn will have to amend the 2011 budget with the state by the end of December.

SCADA: RC Ghormley presented the following report:

The long-awaited completion of the remote monitoring system is up and running. We are now monitoring all tank levels and pump activity (P1, P5, and P6) real-time on the web screens. Several screens are available to help interpret what's happening at any given time. No need for the consultant that was authorized at the last Board meeting. John Sanders has put in several focused weeks to get us to this point. Good job, John.

The web display is still in flux, but the essentials are there as of last night. Each time an update to the software is uploaded; the trace erases and starts again. Have patience with the restarts while we get it tweaked up to meet everyone's desires.

Once everything is stable and has been running for a week or two, we need to calibrate the tank levels to match the trace indications. They're probably off by no more than a foot or two at present.

Next step after that is to cautiously begin to control pump activity with the SCADA system.

As a curiosity, note that the nominal water level drop over time in T1 is far less than the drop in T2 and T3.

Future plans: pumps 2, 3, 4 -- do we need to monitor them with the SCADA system? Maybe just P3 for now? [Board decision 12/1/11: do not monitor P2-4 at this time].

Issue: Temperature sensitivity of PLCs. We will likely spend some bucks for experimenting (\$2K???) to address this issue. May turn out to be not much of an issue. Evaluation continues.

Issue: ComSolWireless antennas on the tower at T1. The SCADA/Communications Committee (RC and John) needs to be consulted by ComSolWireless before any additional equipment or antennas are added at T1 and the tower.

It was confirmed that the tank levels are right on with the computer levels. Purchasing temperature sensors was discussed or 8 new PLC's at a cost of approximately \$600 ea.. Using the SCADA system at pumps 2, 3 and 4 was discussed. It was decided after the discussion that it was not necessary at this time as long as the buried wiring was still reliable. It would cost \$2000 - \$2500/pump to activate.

Voice Radio System: RC presented the following report.

The voice radio system is up and running on an IOC basis (Initial Operational Capability). The budget estimate of 5/31/11 was \$10K to \$11K depending on antenna needed. Nearly all the equipment has been purchased except for some odds and ends, and the system will be completed for right at the estimated \$11K amount including the better antenna.

Backup power will be connected after the SCADA system work has diminished.

All board members plus Sanders have a handheld. Bob, RC, and John have mobile units. Three mobile units (or base stations) are still available. Our objective in distributing radios should be to develop the capability we need to effectively support our daily operations.

Repeater coverage hasn't been tested extensively yet, but it appears that some areas would be better served with a more efficient antenna than the temporary one in use now. For example, at P1 a handheld is a bit noisy and drops out occasionally. I believe we'd like communication from that area to be more solid.

A better antenna at Jerry's place should make a noticeable improvement. I will pursue getting an industry-standard DB224 antenna for about \$800 including shipping. This can be mounted on a pole fairly simply and avoid the cost of a tower since it would be secured to the side of Jerry's shed.

As the system evolves, expect improvements in how user radios are programmed and used (buttons, channel names, etc). Both Sanders and RC will have the capability to program the repeater and all user radios via the Metro laptops we currently have.

Discussion followed: Mobiles in vehicles can only be heard when you are in the vehicle. Hand-helds work well. Bob suggested putting a mobile unit in his Ford which is used for maintenance. The POA has ordered 3 radios for road committee use. The Garretts (who maintain the roads) will possibly purchase a mobile unit for their truck.

RC will be reprogramming all the radios. It has been established that any radio user cannot use the Metro radio system for personal use. Robert Nelson (contractor doing repairs on the water system) will be loaned a radio if he is working with Metro personnel and needs to be in contact with that person. RC and John will be conducting tests with the radios.

RC motioned for the Board to allow RC and John to install communications equipment at any of the Metro sites to support Metro/POA activities or emergency communications. Such equipment would be used on a non-interference basis with Metro activities. Motion seconded. The motion passed (RC recused himself from the vote).

System Upgrades: It was discussed to possibly replace the gasketed river crossings-the decision was made to leave them alone until a problem arises.

Replacing pump 4 with a 70 gpm pump was discussed to eliminate the frequent cycling at pumps 1-3 . It could save us from replacing other pumps sooner than necessary. Bob will replace the pump and order a spare.

Bob purchased a diffuser that will read the GPM flow (pressure and volume). This allows the correct amount of water to be flushed during dead end line maintenance.

Old Business:

Regarding the request for a connection to the water system at lot J2: After discussion, the board decided that, because of the State requirement that there be detectable residual chlorine at any given point of connection, the only alternative is to offer a connection from the line on Oak Park above the J2 property. The last sentence in one of the State's emails says,

" As far as I can tell, it appears that it is up to SFTR Metro District to decide whether to allow this connection and where, as long as appropriate cross-

connection control and water pressure are provided and there is a detectable chlorine residual at the service connection."

The issue is that there is no practical means for the Metro to test and chlorinate water prior to Tank one, thus we can't guarantee a detectable chlorine residual at that point. The other area of concern is the possibility, however remote, of cross-connection contamination of the entire system, since this is our main and only transmission line. At this time, we see no way we can satisfy the State requirements.

Metro policy regarding frozen lines was discussed. The board affirmed there is no change to our policy, which is stated as follows:

The Metro's policy now is to continue to supply users with water even if their line is frozen. We are offering those users the option of hauling their own water or alternatively, the Metro will keep water in their cistern for them. With the first option, a user could haul the water themselves, or make arrangements to have someone of their choosing haul water for them and pay that hauler to do so. That user's monthly maintenance fees would be suspended while the line is frozen, and the water would be supplied from a Metro source at no cost. With the second option, the costs will be transparent to the user. The user would continue to pay the monthly maintenance fee and pay for all water used at the prevailing rate, but the Metro would make arrangements for someone to haul the water and would pay the hauler for doing so.

New Business:

There will be a fee increase for testing beginning in January. The fee will be \$20.00. All fees could be raised. Rick will share the new 2012 testing schedule when he receives it.

The first two meeting dates in 2012 will be Tuesday, March 6th and Wednesday, May 9th. The remaining two dates will be determined after elections.

Bob adjourned the meeting at 10:55.

APPENDIX A

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;|

\$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