

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR JANUARY MEETING OF THE
PUEBLO CONSERVANCY DISTRICT ON JANUARY 30, 1997

DIRECTORS PRESENT: Sandstrom, Kelly and Farley

ALSO PRESENT : Banner and Koester

The meeting was called to order at 7:00 a.m. at the Districts office at 111 East 5th Street, on the above date, and the minutes of the December 31, 1996 meeting were approved after the deletion of the last part of Attorney Banners report from the word "work" to the end. The Treasurer's report was approved as prepared (copy attached) and the following bills were approved for payment:

Check No.	Vendor	Amount
1422	Colorado Trust (Transfer)	\$100,000.00
1423	Walkingstick (FIF Break)	79.42
1424	G. Sandstrom	55.41
1425	K. Farley	55.41
1426	P. Kelly	55.41
1427	Banner & Enck	200.00
1428	Engineer Koester	400.00
1429	KLH Partnership	100.00
1430	Westplains Energy	90.00
1431	NorthStar Engineering	2,537.50
1432	Pueblo Chieftain	131.04

The Board then heard the report on investments, and moved unanously to buy from Dain Bosworth, two Treasury Notes, each for \$100,000. one to mature in December 2001 with a yield of 6 1/4 % and one to mature in January 2002 with a yield of 6 1/8 %. Proceeds from a Note that matured on December 31, 1996 and a Note that retires January 31, 1997 will be used to fund the transactions.

The Board reviewed and agreed to the engagement letter for 1997 audit by McVPherson's MBLD, Certified Public Accountants, for a fee not to exceed \$2000. (copy attached)

Engineer Koester reported tha the HARP subdivision is ready to record, pending any last minute revisions or additions required as a result of the Quiet Title action not yet completed.

Attorney Banner reported that the Quiet Title action is not a simple one in this instance, but progress is being made and additional meeting with NorthStar Engineering and Surveying, TransNation Title, Koester and himself is scheduled so that title work can continue effectively.

Pat Kelly had asked Attorney Banner's comments on a Discussion Draft prepared on 1/10/97 of a proposed Intergovernmental Agreement between the City of Pueblo this District and others. Banner prepared a letter of comment (copy attached) for the Board members use in discussion of the contents of the Agreement. Banner pointed out some revisions of phrasing are needed in most portions of the agreement to keep the PCD's interest whole and to provide governance by an authority outside the City of Pueblo. Banner's comments will be shared with the drafters of the Agreement and Kelly and Koester (both members of HARP's Urban Government Committee) will be monitoring the progress of the Agreement.

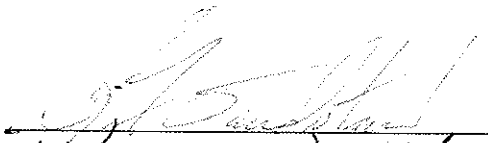
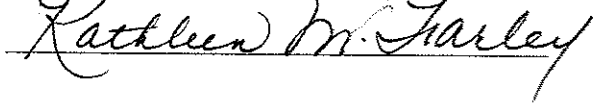
Banner has prepared a deed to convey excess property of Lot 14 to Mr. Don Vigil, and a Letter of understanding for Mr. Vigil to agree to the clean-up arrangement in lieu of any charges for the transfer of the lot; and delivered it to Mr. Vigil for his approval. No reply from Vigil at this date.

Engineer Koester reported the Plans for the Cross Connection of Runyon and Fountain Lakes with the new outlet works from Fountain are out to bid and will be ready for awarding at the next Board Meeting.

An election of Board Members was accomplished by unanimous vote that Sandstrom will serve as President, Farley will serve as Treasurer and Kelly will serve as Secretary until January 1, 1998.

There being no further business, the meeting was adjourned at 8:15 a.m. The January meeting is scheduled for Tuesday February 25, 1997, at 7:00 a.m. in the District Office, 111 East 5th Street.

APPROVED:


Secretary

NO. 108

pcd.296

THE PUEBLO CONSERVANCY DISTRICT

BOARD OF DIRECTORS
P. KELLY
K. FARLEY
G. SANDSTROM

111 EAST FIFTH STREET
544-6823
PUEBLO, COLORADO

MAILING ADDRESS:
P. O. BOX 234
PUEBLO, COLO. 81002

February 20, 1997

NOTICE OF FEBRUARY MEETING

DATE : February 25, 1997
TIME : 7:00 a.m.
PLACE : Districts Meeting Room at 111 East
5th Street

- A G E N D A -

1. Roll Call
2. Approval of Minutes of January (January 30) meeting.
3. Treasurers Report for February 1997.
 - a. Pay bills
4. Old Business
 - a. Hear Report on Construction Plans on the Runyon/Fountain Lakes connection (Koester)
 - b. Hear Report on Subdivision of HARP (Koester)
 - c. Hear report of Quiet Title on old River (Banner)
 - d. Hear Report on Purchase from Pumphrey (Koester/Banner)
5. New Business -
6. Set date for next regular meeting.
7. Adjourn

LAW OFFICES OF
BANNER, BUXMAN, ENCK & OHLSEN, P.C.

OF COUNSEL
WALTER J. PREDOVICH

FAX: (719) 546-3457
TAX ID #84-1091902

601 N. MAIN STREET, SUITE 200
P.O. BOX 1423
PUEBLO, COLORADO 81002-1423
(719) 544-5081

DONALD J. BANNER
DARRIN L. BUXMAN
DALE R. ENCK
MARK A. OHLSEN

DOUGLAS J. KWITEK
KATHY D. SHAPIRO

January 29, 1997

Members of Board of Directors
Pueblo Conservancy District

**Re: Discussion Draft of 1/10/97
Intergovernmental Agreement (Re: HARP)**

Dear Kathy, Pat, and Gus:

Pursuant to your request, I have reviewed the Intergovernmental Agreement referred to above. I offer the following observations concerning it:

1. As a general matter, because this Agreement contemplates the Pueblo Conservancy District transferring title to some of its property in accordance with this Agreement, I think we should condition our consent on obtaining approval from the supervising District Court to enter into this Agreement and thereafter to convey title to the property.

2. In Paragraph "C" of the Recitals on Page 1, there is a comma placed between the words "public" and "health", which I believe should be deleted.

3. In Paragraph 2.2, I believe it would be appropriate to have one of the two, three-year terms of office filled by someone appointed by the City Council and the second three-year term member appointed by either the District, County, or the Water Board. In my opinion, the second three-year term member should be appointed by the District since the District has been a significant participant in the creation of the HARP project.

4. Paragraph 2.3 provides that the affirmative vote of three of the five members of the Council is necessary to approve or authorize any action by the HARP Council. Consideration should be given to a provision requiring the affirmative vote of four of the five members during the first three to five years of the HARP Council's existence. Once the main body of decisions is made, perhaps then it is appropriate to have three of the five members vote for approval.

5. Consideration should be given with regard to the provisions of Paragraph 3.1(c) to require any attorney appointed, hired, or retained by the HARP Council to be an attorney other than someone who represents either the City, the County, the Water Board, or the District. This HARP Council should have a life of its own and should be given independent advice if it is going to make the best decisions for its future.

6. The provisions of Paragraph 3.1(f) and (g) greatly hamper the ability of the HARP Council to function. If their only authority is to make recommendations to the City Council, politics and other City issues will effect the development and operation of HARP. The HARP Council should operate outside the realm of politics and therefore, I think the Council itself should have the authority to contract, lease, and develop both the Public and Private Land.

7. The provisions of Paragraph 3.2 are ambiguous and could create a problem in the future. Is the HARP Council independent or is the HARP Council a division of the City of Pueblo Parks and Recreation Department?

8. Article IV assumes that the Pueblo Conservancy District will be making annual contributions to HARP. Is this really the Board's expectation? The Board is apparently willing to convey valuable real estate resources for the benefit of this project. Shouldn't that be a sufficient contribution? Article IV exempts the Board of Water Works from making annual contributions and perhaps it should exempt the Pueblo Conservancy District also.

9. With regard to the provisions of Paragraph 5.1, the portions of the land owned by the Pueblo Conservancy District within the HARP project are probably no longer needed for flood control purposes and that is why the District intends to convey them to the City. Is my understanding correct? If so, we'll need to change the language of 5.1 to reflect that fact. We should also consider a provision that provides that the Development Plan and Subdivision will be adopted only with the consent of the Board of Directors of the Pueblo Conservancy District. Otherwise, you are agreeing to convey the land with no understanding at the time of conveyance as to what will happen to the land. Lastly, consideration should be given as to whether or not you want to convey the land to the City of Pueblo with a reverter right that would require the land to be used in accordance with the approved Development Plan and Subdivision and if it ever was not used for that purpose, the land would revert back to the Pueblo Conservancy District.

January 30, 1997
Page 3

10. The provisions of Paragraph 5.2 would need to be modified if the HARP Council has the authority to make decisions concerning the use of the land.

11. It would seem appropriate to obtain an opinion from the City Attorney with regard to the provisions of Paragraph 5.3. At this point in time, in the City Attorney's opinion, are there any prohibitions by law or by City Charter that would prevent the City from segregating, holding, and using the funds exclusively for HARP? If there are, I think you should be aware of that before you sign this Agreement.

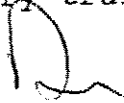
12. With regard to the provisions of Paragraph 5.4, a decision needs to be made as to whether or not the HARP Council will make the judgment call on the rules, regulations, fees, and rates charged on public lands within the HARP project or the City Council of the City of Pueblo will make those decisions.

13. Depending on the Board's decisions with regard to matters previously stated in this correspondence, the provisions of Paragraphs 9.5 and 9.6 may need to be modified.

14. Philosophically, I'm not sure the provisions of Paragraph 9.1 are appropriate in an Intergovernmental Agreement. Do we really want to spend taxpayer's money having one governmental entity litigate against another governmental entity? I can see perhaps removing a defaulting party, but I can't see litigating against a defaulting party particularly where attorney fees can be awarded.

Those are my thoughts concerning the Agreement. Should you have any questions, I'll be happy to respond to them.

Very truly yours,



Donald J. Banner

DJB:tr



McPherson,
Breyfogle,
Lichlyter &
Daveline, PC
Certified Public Accountants

740 Thatcher Bldg
Pueblo, CO 81003
Phone (719) 543-0516
Fax (719) 544-2849

January 24, 1997

Board of Directors
Pueblo Conservancy District
P.O. Box 234
Pueblo, CO 81002

We are pleased to confirm our understanding of the services we are to provide for the Pueblo Conservancy District for the year ending December 31, 1996. We will audit the financial statements of the District as of and for the year ending December 31, 1996.

Our audit will be made in accordance with generally accepted auditing standards and governmental auditing standards, as applicable. Our audit will include tests of your accounting records and other procedures we consider necessary to enable us to express an unqualified opinion that your financial statements are fairly presented in conformity with generally accepted accounting principles consistently applied. These procedures are principally confirmation of cash and investment accounts, inspection and support of disbursements, and a review of minutes, contracts and other pertinent information. If our opinion is other than unqualified, we will fully discuss the reasons with you in advance.

An audit is based primarily on the selective testing of accounting records and related data; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist you in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes the maintenance of adequate records and related controls, the selection and application of accounting principles, and the safeguarding of assets.

Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

Our invoice for these fees will be presented after the audited financial statements have been presented to you and are payable upon presentation. Based on our preliminary estimates, the fee will not exceed \$2,000. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,
McPherson, Breyfogle, Lichlyter, and Daveline, P.C.

Roy H. Breyfogle

Roy H. Breyfogle, CPA
Shareholder

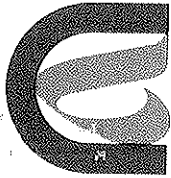
Accepted for:
Pueblo Conservancy District

By:

Signature: *[Signature]*

Title: President

Date: 1/30/97

**COLORADO COMPENSATION INSURANCE****INSURANCE BILL**

Page 1

Policy #	Doc #
0023825	03209913
Payment Due Date	
12/23/1996	

PUEBLO CONSERVANCY
DISTRICT
P O BOX 234
PUEBLO CO 81002

For Questions, Please Call:
CUSTOMER SERVICE DEPARTMENT
(303) 782-4000
1-800-873-7242

Date	Description	New Charges/ Credits	Balance	Minimum Due This Bill
03/14/1996	LAST ACTIVITY DATE		0.00	
12/02/1996	ADVANCE PREMIUM RENEWAL CHARGE 01/01/1997 - 01/01/1998	156.00	156.00	156.00
"Current Balance may not reflect all recent payments."				
*To avoid policy cancellation, Current Balance amounts from previous bills must be paid by the original payment due dates. Refer to bill documents for due dates.		0.00	156.00	156.00
		Prior Balance	+ New Charges/Credits	= Current Balance *
				Amount Due *

UPDATED 01/96 - 811LHD

BILL INFORMATION

Page 2

Policy Number	Bill Number	Policy Period	Bill Type
0023825	03209913	01/01/1997 01/01/1998	RENEWAL PREMIUM

THIS IS YOUR RENEWAL BILLING. THE PAYROLL IS THE ESTIMATED ANNUAL PAYROLL FOR THE UPCOMING POLICY PERIOD. IF THE ESTIMATED ANNUAL PAYROLLS ARE NOT ACCURATE, PLEASE CONTACT US. THIS RENEWAL REFLECTS RATES BASED ON NATIONAL COUNCIL ON COMPENSATION INSURANCE RECOMMENDATIONS AND APPROVED BY THE INSURANCE COMMISSIONER EFFECTIVE JANUARY 1, 1996.

BUSINESS LOCATION: 8460025060000 PUEBLO CONSERVANCY DISTRICT

MANUAL PREMIUM - EMPLOYEE CLASS COVERAGE

Description

Period of coverage (If different from policy period)

Class	Renewal Payroll	Rate	Premium charge
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EXCLUSIVELY OFFICE

08810-05 EM	128	0.44	1
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NON-SALARIED BD MEMBERS

08811-05 BD	59,730	0.05	30
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RENEWAL

MANUAL PREMIUM (SUBTOTAL)			31
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INCREASED LIMITS PREMIUM	%		
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SUBJECT PREMIUM (SUBTOTAL)			31
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EXPERIENCE MODIFICATION ADJUSTMENT			
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MODIFIED PREMIUM (SUBTOTAL)			31
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PREMIUM BEFORE CCIA ADJUSTMENT			31
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WEIGHTED LOSS RATIO ADJUSTMENT	%		
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NET ADJUSTMENTS (SUBTOTAL)			
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ADJUSTED PREMIUM (SUBTOTAL)			31
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ANNUAL POLICY FEE			125
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MINIMUM PREMIUM ADJUSTMENT			
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CCIA PREMIUM (SUBTOTAL)			156
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RENEWAL FIRST PREMIUM INSTALLMENT			156
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Policy Minimum Premium	140
Policy Plan type	Advance payment
Payments/year	1



COLORADO
COMPENSATION
INSURANCE

JANUARY 13, 1997
Policy No. 0023825

PUEBLO CONSERVANCY
DISTRICT
P O BOX 234
PUEBLO CO 81002

RE: RESCINDING PENDING CANCELLATION

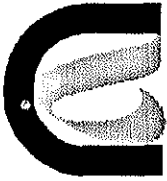
Dear Policyholder,

The notice of cancellation dated DECEMBER 30, 1996 is rescinded, and your policy is now in good standing.

If you have any questions, please contact your designated insurance agent listed above, if any, or our Customer Service Department at 782-4000, or outside the Denver metro area call 1-800-873-7242.

Sincerely,

CUSTOMER SERVICE
REPRESENTATIVE



COLORADO
COMPENSATION
INSURANCE

Have You Forgotten?

DECEMBER 30, 1996
Policy No. 0023825

PUEBLO CONSERVANCY
DISTRICT
P O BOX 234
PUEBLO CO 81002

INSURED IS:

PUEBLO CONSERVANCY
DISTRICT
P O BOX 234
PUEBLO CO 81002

RE: NOTICE OF CANCELLATION

Dear Policyholder,

According to our records we have not yet received premium of \$156.00 due on this policy. In order to avoid cancellation of your policy effective 12:01 A.M., JANUARY 01, 1997 for nonpayment, we must receive the premium payment on or before JANUARY 13, 1997.

If you feel this notice has been sent in error or if you have questions regarding your policy balance, please contact us immediately at (303) 782-4000 or 1-800-873-7242.

Sincerely,

CUSTOMER SERVICE
REPRESENTATIVE
(303) 782-4000

IMPORTANT NOTICE

If you want to discuss reinstatement of this policy, call immediately. In some circumstances, a reinstatement fee of \$150 will be charged.

If a new policy is necessary, you will not be covered until issuance of that policy and an additional surcharge of 10% will be assessed on your new policy.

cc: Division of Workers Compensation