

## RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MAY MEETING OF THE  
PUEBLO CONSERVANCY DISTRICT ON MAY 13, 2003

DIRECTORS PRESENT: Sandstrom, Farley and Kelly

ALSO PRESENT : Don Banner and Ray Koester

The meeting was called to order at 7:30 a.m. on the above date with a quorum.

The minutes for the Regular Meeting April 15th and Special Meeting April 29, were both reviewed and approved by a unanimous vote, and the Treasurers report for April was reviewed and approved to file. The following May bills were approved for payment:

|      |                       |                     |        |
|------|-----------------------|---------------------|--------|
| 2279 | Special District Dues | \$                  | 228.00 |
| 2280 | G. Sandstrom          | Directors Fees      | 55.41  |
| 2281 | K. Farley             | Directors Fee       | 55.41  |
| 2282 | P. Kelly              | Directors Fee       | 55.41  |
| 2283 | Banner                | Legal Fees          | 300.00 |
| 2284 | Engineer Koester      | Eng/Admin Fee       | 400.00 |
|      |                       | Rental Fees         | 100.00 |
| 2285 | MBDG, pc              | Bookkeeping Service | 200.00 |
| 2286 | Aquila                | Power at Runyon     | 90.00  |

No report on sales and progress with distribution of HARP books was made. Sandstrom will confer with HARP people about the availability of books to Guests.

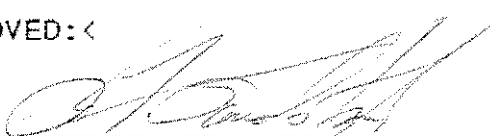
There are two items of Investment pending outcome of negotiations by Koester: A CD at Vectra Bank for \$185,000 matures May 18, 2003. If the roll over rate of interest would be at current rate (5.0%) the roll over of this account (\$183,008.15) till 05/18/05, then it will be done. If interest of prevailing rate is offered, the CD will be terminated and the money will be put in Vectra Money Market until the June meeting when a better investment opportunity would be presented. The second Investment change is to be made in ColoTrust as they are now paying 1.4% is to take place by calling in \$120,000 (and place in Vectra Money Market) leaving \$25,000 in the ColoTrust account. This results in having \$120,000 or \$305,000 when looking for a better investment opportunity at the June Meeting.

The Directors approved the Engagment letter to MBDG for another year of Bookkeeping service at the present rate of \$200.00 per month.

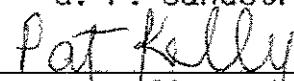
Mr. Banner reported on the progress of the agreements between HARP, the City of Pueblo and the District concerning the land transfer at Lake Elizabeth easements on HARP (without re-subdivision) (see April 29 special meeting of this Board)

The directors then set the next meeting of the board for June 9, 2003 at 7:30 a.m. at NorthStar Engineering office. There being no further business, the meeting was adjourned at 8.00 a.m.

APPROVED:<

  
G. F. Sandstrom, Director

  
Kathleen Farley, Director

  
Pat Kelly, Director

X

NOTICE OF JUNE MEETING

DATE : JUNE 9, 2003 (MONDAY) at 7:30 a.m.

PLACE : At NorthStar Engineering Conference Room  
(PCD Office)  
111 East 5th Street

- A G E N D A -

1. Roll Call
2. Approval of Minutes of May 13 meeting
3. Treasurers Report for May 2003
  - a. Accept reports
  - b. Approve bills for June
4. Old Business-
  - a. Update on HARP History Book of the sales, etc.
  - b. Update on land transfer to HARP at Lake Elizabeth
5. New Business -
  - a. Scott Hobson presentation on Legacy Project.
  - b. Consider Agreement Form and Easement requests-
7. Set date for July meeting.
8. Adjourn.

pcd00.bud

*Mass  
at Thomas  
Phelps  
Crest*



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

740 Thatcher Building  
P. O. BOX 918  
Pueblo, CO 81002-0918  
Phone (719) 543-0516  
Fax (719) 544-2849

## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
The Pueblo Conservancy District  
Pueblo, Colorado

We have compiled the accompanying balance sheet -general fund only of The Pueblo Conservancy District as of May 31, 2003 and December 31, 2002, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and five months ended May 31, 2003, and the twelve months ended December 31, 2002, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

*McPherson, Breyfogle, Daveline & Goodrich PC*

June 4, 2003

PUEBLO CONSERVANCY DISTRICT  
BALANCE SHEET - GENERAL FUND ONLY  
MAY 31, 2003 AND DECEMBER 31, 2002

|                                                  | <u>5/31/03</u>          | <u>12/31/02</u>         |
|--------------------------------------------------|-------------------------|-------------------------|
| ASSETS                                           |                         |                         |
| VECTRA BANK CHECKING                             | \$ 1,994                | \$ 6,407                |
| VECTRA BANK MONEY MARKET                         | 31,292                  | 2,057                   |
| BROKERAGE MONEY MARKET ACCOUNTS                  | 6,541                   | 23,546                  |
| VECTRA BANK CERTIFICATE OF DEPOSITS              | 360,804                 | 358,553                 |
| FNB COLORADO CERTIFICATE OF DEPOSIT              | 112,360                 | 106,000                 |
| COLOTRUST INVESTMENT                             | 145,000                 | 145,000                 |
| WACHOVIA SECURITIES INVESTMENT                   | 204,342                 | 208,744                 |
| PIPER JAFFRAY INVESTMENT                         | 263,005                 | 270,135                 |
| ACCRUED INTEREST                                 | 15,293                  | 15,293                  |
| BOOK INVENTORY                                   | <u>6,429</u>            | <u>7,229</u>            |
| <br>TOTAL ASSETS                                 | <br><u>\$ 1,147,060</u> | <br><u>\$ 1,142,964</u> |
| <br>LIABILITIES AND FUND EQUITY                  |                         |                         |
| ACCOUNTS PAYABLE                                 | \$ -                    | \$ 286                  |
| PAYROLL TAXES PAYABLE                            | <u>28</u>               | <u>110</u>              |
| <br>TOTAL LIABILITIES                            | <br><u>28</u>           | <br><u>396</u>          |
| <br>RESERVE FOR EMERGENCIES                      | <br>6,000               | <br>6,000               |
| DESIGNATED FOR SUBSEQUENT<br>YEAR'S EXPENDITURES | 74,090                  | 96,840                  |
| UNDESIGNATED                                     | <u>1,066,942</u>        | <u>1,039,728</u>        |
| <br>TOTAL FUND EQUITY                            | <br><u>1,147,032</u>    | <br><u>1,142,568</u>    |
| <br>TOTAL LIABILITIES AND FUND EQUITY            | <br><u>\$ 1,147,060</u> | <br><u>\$ 1,142,964</u> |

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT  
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -  
ACTUAL AND BUDGET - GENERAL FUND  
FOR THE ONE AND FIVE MONTHS ENDED MAY 31, 2003  
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2002

|                                                      | <u>ACTUAL</u>  |                |               |               |               |
|------------------------------------------------------|----------------|----------------|---------------|---------------|---------------|
|                                                      | <u>CURRENT</u> | <u>YEAR</u>    | <u>2003</u>   | <u>UNUSED</u> | <u>2002</u>   |
|                                                      | <u>MONTH</u>   | <u>TO DATE</u> | <u>BUDGET</u> | <u>BUDGET</u> | <u>ACTUAL</u> |
| REVENUES                                             |                |                |               |               |               |
| INTEREST INCOME                                      |                |                |               |               |               |
| CERTIFICATES OF DEPOSIT                              | \$ -           | \$ 11,976      | \$ 30,000     | \$ 18,024     | \$ 24,600     |
| COLOTRUST                                            | -              | 866            | 8,000         | 7,134         | 3,218         |
| MONEY MARKET ACCOUNTS                                | 34             | 111            | 4,000         | 3,889         | 490           |
| DAIN RAUCHER                                         | -              | -              | -             | -             | 521           |
| WACHOVIA SECURITIES                                  | 480            | 3,375          | 12,000        | 8,625         | 11,667        |
| PIPER JAFFRAY                                        | -              | 4,945          | 6,000         | 1,055         | 13,232        |
| UNREALIZED GAINS (LOSSES)                            | 998            | (4,426)        | -             | 4,426         | 2,645         |
| TOTAL INTEREST INCOME                                | 1,512          | 16,847         | 60,000        | 43,153        | 56,373        |
| LEASE PAYMENTS                                       | -              | -              | 500           | 500           | -             |
| OTHER INCOME                                         | -              | 1,040          | 8,000         | 6,960         | 600           |
| COST OF SALES                                        | -              | (800)          | (4,000)       | (3,200)       | (461)         |
| TOTAL REVENUES                                       | \$ 1,512       | \$ 17,087      | \$ 64,500     | \$ 47,413     | \$ 56,512     |
| EXPENDITURES                                         |                |                |               |               |               |
| 80 LEGAL FEES                                        | \$ 300         | \$ 1,500       | \$ 3,600      | \$ 2,100      | \$ 3,600      |
| 81 DIRECTORS FEES                                    | 180            | 900            | 3,000         | 2,100         | 2,340         |
| 82 FICA TAXES                                        | -              | 41             | 240           | 199           | 179           |
| 83 ENGINEER/ADMINISTRATIVE                           | 400            | 2,000          | 4,800         | 2,800         | 4,800         |
| 90 AUDIT & BOOKKEEPING                               | 200            | 800            | 2,100         | 1,300         | 2,400         |
| 92 INSURANCE/BONDS                                   | -              | -              | 2,000         | 2,000         | 1,878         |
| 96 OFFICE EXPENSE                                    | 228            | 250            | 650           | 400           | 381           |
| 97 OFFICE RENT                                       | 100            | 500            | 1,200         | 700           | 1,200         |
| 100 PROFESSIONAL FEES                                | -              | 50             | 5,000         | 4,950         | 4,740         |
| 103 TRAVEL                                           | -              | -              | 500           | 500           | -             |
| 105 REPAIRS & MAINTENANCE                            | 90             | 6,582          | 45,000        | 38,418        | 10,040        |
| 108 CONTINGENCIES                                    | -              | -              | 500           | 500           | -             |
| 109 EMERGENCY REPAIR                                 | -              | -              | 20,000        | 20,000        | -             |
| 110 CAPITAL IMPROVEMENTS                             | -              | -              | 25,000        | 25,000        | -             |
| 111 PLANNING & DEVELOPMENT                           | -              | -              | 25,000        | 25,000        | -             |
| 112 HARP - O & M                                     | -              | -              | -             | -             | 55,000        |
| 113 SALES TAX                                        | -              | -              | -             | -             | 21            |
| TOTAL EXPENDITURES                                   | 1,498          | 12,623         | 138,590       | 125,967       | 86,579        |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER EXPENDITURES | \$ 14          | \$ 4,464       | \$ (74,090)   | \$ (78,554)   | \$ (30,067)   |

SEE ACCOUNTANTS' COMPILATION REPORT

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PUEBLO CONSERVANCY DISTRICT.

ACCOUNTS PAYABLE - - - -

June Accounts Payable to Approve 06-09-03

|      |                                       |                             |             |
|------|---------------------------------------|-----------------------------|-------------|
| 2287 | Special Districts of CO -Ins. Premium | (92)                        | \$ 1,116.00 |
| 2288 | G. Sandstrom                          | Directors Fee (June) (81)   | 55.41       |
| 2289 | K. Farley                             | Directors Fee (June) (81)   | 55.41       |
| 2290 | P. Kelly                              | Directors Fee (June) (81)   | 55.41       |
| 2291 | BBK&O (Banner)                        | Legal Fee (June) (80)       | 300.00      |
| 2292 | Engineer Koester                      | Eng/Admin (June) (83)       | 400.00      |
|      |                                       | Rental of Stor and Mtg (97) | 100.00      |
| 2293 | MBDG, PC                              | Bookeepg Serv (May) (90)    | 200.00      |
| 2294 | AQUILA                                | Power at Runyon (105)       | 90.00       |

PAYABLE TOTAL . . . . \$2,372.23

If you do not want coverage continued, **The Original Policy** must be returned for cancellation.

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LAW OFFICES OF  
**BANNER, BUXMAN, KWITEK & OHLSEN**  
PROFESSIONAL CORPORATION

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601 N. MAIN STREET, SUITE 200  
P. O. BOX 1423  
PUEBLO, COLORADO 81002-1423  
(719) 544-5081  
FAX: (719) 546-3457  
WWW.PUEBLOLAWYERS.COM

May 13, 2003

DONALD J. BANNER  
DARRIN L. BUXMAN  
DOUGLAS J. KWITEK  
MARK A. OHLSEN  
JOSEPH D. BOWER  
J. E. CHOSTNER  
KATHY D. SHAPIRO

Thomas E. Jagger  
Office of the City Attorney  
127 Thatcher Building  
Pueblo, CO 81003

*Re: Easement-Pueblo Conservancy District*

Dear Tom:

Thank you for your correspondence of May 7<sup>th</sup>. In the third paragraph of the Easement, could you modify the language relative to the "right to access the adjoining property" to read "right to access, for emergency purposes only, the adjoining property . . . ."

In the last paragraph, you omitted the word "liabilities" after the word "expenses". Was this intentional or accidental? We would prefer the word to be inserted.

I'll look forward to hearing from you.

Very truly yours,



Donald J. Banner

DJB/tr

cc: Raymond F. Koester, Pueblo Conservancy District ✓  
Gene Michael, Director of Wastewater

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---

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May 13, 2003

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KATHY D. SHAPIRO

Ms. Susan G. Wheeler  
Marsh USA, Inc.  
P. O. Box 1539  
Portland, OR 97207-1539

Re: Pueblo Conservancy District

Dear Susan:

Enclosed herewith please find the following:

1. Resolution of the Board of Directors of the Pueblo Conservancy District of April 15, 2003
2. Intergovernmental Agreement for the Colorado Special Districts Property & Liability Pool

It is my understanding you will send a pro-rated bill for the insurance prorated to December 31, 2003 based on an estimated annual cost of \$1,470.

We are applying for membership and our application is being sent simultaneously with this correspondence to you.

Very truly yours,



Donald J. Banner

DJB:pm

Encl.

*cc Ray Koster*

AK  
Main

LAW OFFICES OF  
**BANNER, BUXMAN, KWITEK & OHLSEN**  
PROFESSIONAL CORPORATION

601 N. MAIN STREET, SUITE 200  
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PUEBLO, COLORADO 81002-1423  
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WWW.PUEBLOLAWYERS.COM

May 20, 2003

DONALD J. BANNER  
DARRIN L. BUXMAN  
DOUGLAS J. KWITEK  
MARK A. OHLSEN  
JOSEPH D. BOWER  
J. E. CHOSNER  
KATHY D. SHAPIRO

Thomas E. Jagger  
Office of the City Attorney  
127 Thatcher Building  
Pueblo, CO 81003

**Re: Easement-Pueblo Conservancy District**

Dear Tom:

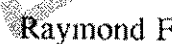
Thank you for your correspondence of May 15<sup>th</sup>. The revised form of easement is acceptable.

Very truly yours,



Donald J. Banner

DJB/aks

cc:  Raymond F. Koester, Pueblo Conservancy District (w/easement)  
Gene Michael, Director of Wastewater (w/easement)

## EASEMENT AND RIGHT OF WAY

THIS EASEMENT, granted this \_\_\_\_\_ day of \_\_\_\_\_, 2003, by Pueblo Conservancy District of the County of Pueblo, State of Colorado, a conservancy district organized under the laws of the State of Colorado, Grantor, to PUEBLO, a Municipal Corporation, Grantee:

WITNESSETH:

THAT IN CONSIDERATION of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by the Grantee, receipt of which is hereby acknowledged, Grantor hereby grants to Grantee, its successors and assigns, an easement and right of way for the purpose of sanitary sewer, in, through, over, under and across Grantor's property situated in Pueblo County, Colorado, commonly known as the south bank of the Arkansas River and more particularly described in the attached Exhibit "A" (the "Property").

TOGETHER WITH the right to enter upon the Property for the purposes of construction, installation, replacement, maintenance, control, and repair of the sanitary sewer, and the right to access, for emergency purposes only, the adjoining property of Grantor for said purposes. The Grantor reserves the right to use and occupy the Property to maintain or improve the Arkansas River channel for flood control purposes, provided, however, Grantor will, to the extent reasonably possible, conduct such maintenance and improvement activities in a manner that will not unreasonably interfere with or endanger any of Grantee's equipment or facilities or the use thereof.

This Easement And Right Of Way shall be binding upon \_\_\_\_\_ and shall inure to the benefit of \_\_\_\_\_.

PUEBLO CONSERVANCY DISTRICT.<

ACCOUNTS PAYABLE - - - -

May Accounts Payable to Approve 05-13-03

|      |                         |                        |       |    |        |
|------|-------------------------|------------------------|-------|----|--------|
| 2279 | Special Districts of CO | Member Dues            | (96)  | \$ | 228.00 |
| 2280 | G. Sandstrom            | Directors Fee (May )   | (81)  |    | 55.41  |
| 2281 | K. Farley               | Directors Fee (May )   | (81)  |    | 55.41  |
| 2282 | P. Kelly                | Directors Fee (May)    | (81)  |    | 55.41  |
| 2283 | BBK&O (Banner)          | Legal Fee (May)        | (80)  |    | 300.00 |
| 2284 | Engineer Koester        | Eng/Admin (May )       | (83)  |    | 400.00 |
|      |                         | Rental of Stor and Mtg | (97)  |    | 100.00 |
| 2285 | MBDG, PC                | Bookeepg Serv (Apr)    | (90)  |    | 200.00 |
| 2286 | AQUILA                  | Power at Runyon        | (105) |    | 90.00  |

PAYABLE TOTAL . . . . \$1,484.23









MINNEQUA MAIN BRANCH  
719-546-2345

|||||  
THE PUEBLO CONSERVANCY DISTRICT  
PO BOX 234  
PUEBLO CO 81002-0234

## Notice of Interest Credited

Dear Customer:

In accordance with instructions received from you when your certificate was issued, the interest earned on your certificate of deposit has been added to the certificate. The amount credited is shown below:

*Today's Date:* 05/13/2003  
*Certificate Account Number:* 453-011537-1  
*Interest Earned This Period:* 2,204.32  
*New Certificate Balance:* 183,008.15  
*Interest Payment Date:* 05/18/2003  
*Previous Certificate Balance:* 180,803.83  
*Interest Rate:* 5.000  
*Last Interest Payment Date:* 02/18/2003  
*Issue/Renewal Date:* 05/18/1999  
*Certificate Term:* 024 MONTH  
*Next Maturity Date:* 05/18/2003

Thank you for banking with Vectra Bank Colorado. If you have any questions concerning your account, please contact a Customer Service Representative at (303) 758-6000.

Sincerely,

Vectra Bank Colorado

Letter from Treas. asking to  
Close account (71)



**VECTRA BANK COLORADO, N.A.**  
**Deposit Rates**

Member FDIC

Current rates effective since June 3, 2003

| Public Deposits - All Regions        |  | Rate Sheet #176               |               | Page 1 of 2                         |
|--------------------------------------|--|-------------------------------|---------------|-------------------------------------|
| VARIABLE RATE ACCOUNTS               |  | Minimum<br>Opening<br>Deposit | Interest Rate | Annual<br>Percentage<br>Yield (APY) |
| Business Checking with Interest (1)  |  | \$1,000                       | 0.10%         | 0.10%                               |
| Money Market Account (1)             |  |                               |               |                                     |
| \$ 5,000.00 - \$9,999.99             |  | \$1,000                       | 0.25%         | 0.25%                               |
| \$ 10,000.00 - \$24,999.99           |  | \$1,000                       | 0.25%         | 0.25%                               |
| \$ 25,000.00 + \$99,999.99           |  | \$1,000                       | 0.25%         | 0.25%                               |
| \$ 100,000.00 + \$249,999.99         |  | \$1,000                       | 0.35%         | 0.35%                               |
| \$ 250,000.00 - \$999,999.99         |  | \$1,000                       | 1.00%         | 1.00%                               |
| \$ 1 Million +                       |  | \$1,000                       | 1.00%         | 1.00%                               |
| Indexed Money Market Account (1) (4) |  |                               |               | Margin                              |
| \$ 1,000.00 - \$24,999.99            |  | \$5,000                       | 0.25%         | 0.25%                               |



MINNEQUA MAIN BRANCH  
719-545-2345

Post Office Box 22479  
Denver, CO 80222-0479

|||||  
THE PUEBLO CONSERVANCY DISTRICT  
PO BOX 234  
PUEBLO CO 81002-0234

## Certificate Renewal Notice

Dear Valued Customer:

Your certificate of deposit is scheduled to mature soon. This certificate will renew on the maturity date at the then prevailing rate if not redeemed. The renewal rate is not available before the maturity date. Please call 800-232-8948 on or after the maturity date to find out your new certificate rate. Information about your certificate is provided below:

|                             |              |
|-----------------------------|--------------|
| Today's Date:               | 04/25/2003   |
| Certificate Account Number: | 453-011537-1 |
| Current Rate:               | 5.000        |
| Issue Date:                 | 05/18/1999   |
| Maturity Date:              | 05/18/2003   |
| Redemption Value:           | 183,008.15   |
| Next Maturity Date:         | 05/18/2005   |

Please read the disclosure on the back of this notice for important information regarding this account.

Thank you for banking with Vectra Bank Colorado. If you have any questions concerning your account, please contact a Customer Service Representative at 800-232-8948.

Vectra Bank Colorado