

MINUTES OF THE REGULAR APRIL MEETING OF THE PUEBLO CONSERVANCY DISTRICT ON APRIL 8, 2004

DIRECTORS PRESENT: Sandstrom Farley and Haynes

ALSO PRESENT : Banner and 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 of ~~February~~ ^{March} 16, were reviewed and approved. The Treasurers report for March was reviewed and approved to file. The following April bills were approved for payment:

3071	G. Sandstrom	Directors Fee	\$ 55.41
3072	K. Farley	Directors Fee	55.41
3073	V. Haynes	Directors Fee for March	55.41
3074	V. Haynes	Directors Fee for April	55.41
3075	BBCK&O	Banner Legal Fee	300.00
3076	Engineer Koester	Eng/Admin Fee	400.00
		Rental of Storage & Meeting	100.00
		Eng. Fees for Sewer	940.00
3077	MBDG, pc.	Bookpg Service	200.00
3078	AQUILA	Power at Runyon	106.93
3079	U.S. Treasury	1 st Qtr. Form 941	64.26

Chairman Sandstrom then noted that a Certificate of Deposit will be maturing at Vectra Bank on May 21, 2004 and special attention will be given to see if this \$80,000 should be invested in another CD at a local Bank, or be invested in our Hartford account at Wachovia Securities to be put into a Federal note. Further discussion may be required nearer to May 21st.

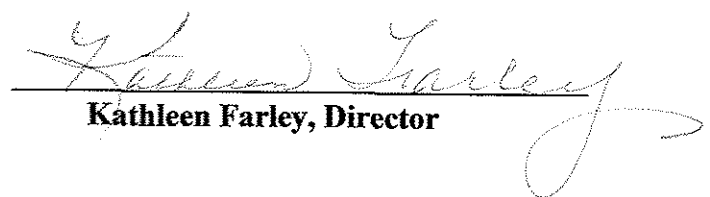
Chairman Sandstrom indicated the date set for the Walk of the Levee of April 15 needs to be re-scheduled so that all members of the Board can attend. The new date is May 13, immediately after a regular Board meeting at 7:30 a.m. and the walk will take about 2 hours, from 8:30 to 10:30 a.m. Further details will be announced in the ~~April~~ Meeting Agenda.

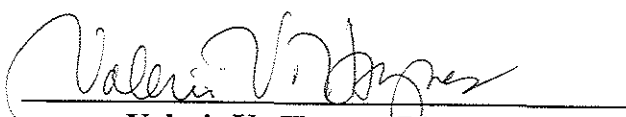
Some discussion took place regarding the HARP History Book, it's sales and promotion, and it was regularly moved, 2nd and approved to fund the HARP Foundation the amount of \$100 that will help provide a "booth" For sale of the Book and other marketing items the Foundation will have.

There being no further business to come before the Board, the meeting was adjourned at 7:55 a.m. The next regular meeting of the District will be on May 13, (Thursday) 2004 at 7:30 a.m. at NorthStar Conference Room.

APPROVED:


G. F. Sandstrom, Director


Kathleen Farley, Director


Valerie V. Haynes, Director

THE PUEBLO CONSERVANCY DISTRICT

111 EAST FIFTH STREET
P.O. BOX 234
PUEBLO, COLORADO 81002

NOTICE OF MAY MEETING

DATE : May 13, 2004 (Thursday) 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 April 8th meeting
3. Treasurers Report
 - A. For April 2004
 - B. Approve bills for May
4. Old Business-
 - a. Update on HARP History book sales
 - b. Set date for Levee Walk
5. New Business-
6. Set date for June meeting.
7. Adjourn

**NOTE: Levee Walk on May 13
Is cancelled. (Not all
Directors could attend)**

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PUEBLO CONSERVANCY DISTRICT

Accounts payable -----

April Accounts Payable to approve 4-8-04:

3071	G. Sandstrom	Directors Fee (Apr) (81)	\$ 55.41
3072	K. Farley	Directors Fee (Apr) (81)	55.41
3073	V. Haynes	Directors Fee (Mar) (81)	55.41
3074	V. Haynes	Directors Fee (Apr) (81)	55.41
3075	BBCK&O p.c.	Banner Legal Fee (Apr) (80)	300.00
3076	Engineer Koester	Eng/Admin (Apr) (83)	400.00
		Rental of Stor and Mtg (9 7)	100.00
		City Sewer Eng Fees (Oct to Mar)	940.00
3077	MBDG, p.c.	Bookeepg. Serv (Mar) (90)	200.00
3078	AQUILA	Power at Runyon (105)	106.93
3079	U. S. Treasury	1 st Qtr. Form 941	64.26

PAYABLE TOTAL: \$ 2332.83

LEASE WITH OPTION

THIS AGREEMENT is entered into this 16 day of March, 2004, by and between the **PUEBLO CONSERVANCY DISTRICT**, whose mailing address is P.O. Box 234, Pueblo, Colorado 81002, hereinafter referred to as "Lessor" and the **COLORADO OUTDOOR PERFORMING ARTS ASSOCIATION**, whose mailing address is P.O. Box 4440, Pueblo, Colorado 81003, hereinafter referred to as "Lessee".

For and in consideration of the following mutual covenants and conditions, the parties agree as follows:

1. Lessor hereby leases to Lessee the real property and improvements in Pueblo County, Colorado described on Exhibits "A" and "B" attached hereto and incorporated herein by reference, together with access for ingress and egress purposes across adjacent Conservancy District lands to public right-of-ways. This Lease is subject to Lessor's continued right to use the leased property for flood control purposes.

2. The term of this agreement shall be for a five-year period commencing on the date hereof and terminating five years from the date hereof.

3. Lessee agrees to pay Lessor the sum of One Hundred Dollars (\$100.00) per year for each year during the term hereof, the receipt for which is hereby acknowledged.

4. The parties acknowledge that the Lessee desires to develop the leased property and other property owned or controlled by Lessee into an outdoor theater complex. Lessee has estimated that it will take approximately Two Million Dollars to construct and develop the outdoor theater complex. Lessor is willing to allow the use of the leased property for this purpose and for purposes related to this use, but for no other use or purpose; Lessee agrees that the property shall only be used for an outdoor theater complex.

5. At such time during the term hereof as Lessee can demonstrate to Lessor's satisfaction that Lessee has acquired cash, grants or pledges totaling Two Million Dollars, Lessor grants Lessee the option to purchase the leased property described on Exhibit "B" at a purchase price of \$10,500.00, to be paid in cash or certified funds or on such other terms as may be acceptable to Lessor. This option must be exercised in writing by written notice to Lessor accompanied by a written statement from the Board of Directors of Lessee to the effect that Two Million Dollars in cash, grants or pledges have been obtained. Thereafter, Lessor shall have 30 days within which to request such additional documentation and review such records of Lessee as Lessor deems necessary to verify the Two Million Dollars financial commitment. Should Lessor determine that the Two Million Dollar financial commitment has been obtained by Lessee, the closing shall take place within 30 days thereafter, provided however, Lessor shall have no obligation to provide title work to Lessee and the conveyance shall be by Quit Claim Deed subject to a reservation for the benefit of Lessor and Lessor's successors and assignees that Lessor reserves the right to use said property for flood control purposes. The Quit Claim Deed shall include a right of reverter should the property ever fail to be used for an outdoor performing arts center.

Should this option be exercised by Lessee, Lessor agrees to continue to lease to Lessee, the real property described on Exhibit "A" for \$100.00 per year for 99 years, subject to Lessor's right to use the property for flood control purposes.

6. Lessee agrees to make no claims against Lessor for any damage that Lessee may suffer of any kind at any time, which results from the Lessee's use of the property described herein.

7. Lessee shall indemnify and hold Lessor harmless for any claims made against Lessor as a result of Lessee's use of the property described herein, including claims from trespassers or invitees of Lessee.

8. Lessee shall make no improvements to the property described herein without the written consent of Lessor, which consent shall not be unreasonably withheld.

9. This Lease and option is non-assignable and nontransferable and any attempt to transfer the interest of Lessee shall be null and void.

10. Lessee acknowledges that part of the leased property may be subject to a Lease Agreement with the Department of Natural Resources for the use and benefit of the Division of Wildlife and Wildlife Commission.

11. In the event either party to this agreement breaches any of the terms or conditions hereof, the non-breaching party shall be entitled to reasonable attorney's fees and costs in enforcing the non-breaching party's right pursuant to this agreement.

COLORADO OUTDOOR PERFORMING
ARTS ASSOCIATION

PUEBLO CONSERVANCY DISTRICT

By _____
President

By _____
G.F. Sandstrom, President

By _____
Secretary

By _____
Kathleen Farley, Secretary

EXHIBIT A

(LEASE ONLY)

A parcel of land situated in the NW1/4 NE1/4 and the NE1/4 NW1/4 of Section 6, Township 21 South , Range 64 West of the 6th Principal Meridian, in Pueblo County, Colorado, said parcel being a portion of the certain parcel of land conveyed by a deed dated December 29, 1951 from the Fountain Sand and Gravel Co., a Colorado Corporation , to the Pueblo Conservancy District, a Public Corporation, recorded on December 29, 1951 in Book 1172 at page 64 in the recorders office of Pueblo County, AND a portion of the 150 foot wide Old Arkansas River Channel, owned by the Pueblo Conservancy District , more particularly described as follows: Commencing at the most northerly corner of the said Fountain Sand parcel, that is on the south right-of- way line of the former Missouri Pacific Railroad Co. (Now Union Pacific Railroad Company), whence the North one-quarter corner of said Section 6, bears North 26-45 East, a distance of 567.0 feet; thence South 24-09 East, and along the westerly boundary line of said former Fountain Sand parcel (also the easterly line of the Old Arkansas River Channel) a distance of 230 feet, and POINT OF BEGINNING of the herein described parcel of land; thence South 65-51 West a distance of 125 feet; thence South 24-09 East a distance of about 75 feet, to the center-line of the existing Pueblo Conservancy District's flood protection levee, as presently located; thence Southeasterly, along the said centerline of the levee, and that line extended, approximately 735 feet to an easterly an easterly boundary line of the said former Fountain Sand parcel, 100 feet southerly of the northerly line of said parcel and the southerly right-of-way line of a spur track to the south of the said former Union Pacific right-of-way; thence in a Northwesterly direction in a straight line a distance of approximately 615 feet to a point on the westerly line of said former Fountain Sand parcel that lies a distance of 30.0 feet Southerly of the Point of Beginning of this parcel; thence North 24-09 West a distance of 30.00 feet to the POINT OF BEGINNING of this parcel. (Containing approximately 0.57 acre.)

EXHIBIT B

(LEASE/PURCHASE)

A parcel of land situated in the NW1/4 NE1/4 and the NE1/4 NW1/4 of Section 6, Township 21 South , Range 64 West of the 6th Principal Meridian, in Pueblo County, Colorado, said parcel being a portion of the certain parcel of land conveyed by a deed dated December 29, 1951 in Book 1172 at page 64 in the recorders office of Pueblo County, AND all of the railroad right-of-way, deeded by the Union Pacific Railroad Company (formerly the Missouri Pacific Railroad Co.), to the Pueblo Conservancy District, by a Quitclaim Deed , with a Reception No. 1416165, Pages 1, 2 and 3, recorded on February 19, 2002 in the recorders office of Pueblo County, Colorado ; and a parcel of land northerly and adjacent to the Union Pacific right-of-way , having been deeded from the American Smelting and Refining Co. To the Pueblo State Line Railroad Company (predessor to the Union Pacific), recorded in April 30, 1901 in Book 26 at page 250 in the recorders office of Pueblo County Colorado; ALL more particularly described as follows: BEGINNING at the northeast corner of the said Fountain Sand parcel, that is on the south right-of-way of the former Union Pacific Railroad right-of-way, whence the North One-Quarter Corner of said Section 6, bears North 26-45 East, a distance of 567.0 feet; thence North 40-57 West along the said boundary a distance of 158 feet more or less, to the northerly right of way line of the said Mo. Pac. Ry, main line; thence easterly curving to the left with a radius of 1860 feet, along said right of way line a distance of 382 feet, more or less, to the North-South centerline of said Section 6; thence North along said centerline of said Section 6, North 01-09 East, a distance of 55.00 feet; thence easterly curving to the left, with a radius of 555 feet, a distance of 228 feet; thence S. 78-59 East a distance of 158.8 feet; thence easterly curving to the left , with a radius of 669.8 feet, a distance of 333.70 feet to the westerly right-of-way line of the Colo & Southern Ry. Main line; thence S. 28-08 West, along said Colo & Southern Ry. Right-of-way line a distance of 100 feet more or less, to the southerly right-of-way line of the said Mo. Pac. Ry. Main line; thence westerly curving to the right with a radius of 1960 feet, along said right-or-way line a distance of 350 feet, more or less to the intersection of the south line of the Union Pacific railroad right-of-way, and the southerly line of a spur track; thence on a curve to the right and southerly, with a radius of 593.42 feet , a distance of 65 feet, more or lesss, to the northeast corner of the said former Fountain Sand parcel; thence South 01-30 East, a distance of

113.33 feet; thence westerly in a straight line through the said former Fountain Sand Parcel, approximately 615 feet to the westerly boundary of the said former Fountain Sand Parcel; thence North 24-09 West, a distance of 260 feet to the northeast corner of the said former Fountain Sand Parcel, and the POINT OF BEGINNING of this parcel. (Containing approximately 6 Acres.)



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

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

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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 March 31, 2004 and December 31, 2003, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and three months ended March 31, 2004, and the twelve months ended December 31, 2003, 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

April 6, 2004

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
MARCH 31, 2004 AND DECEMBER 31, 2003

	<u>3/31/2004</u>	<u>12/31/2003</u>
ASSETS		
VECTRA BANK CHECKING	\$ 21,086	\$ 3,483
VECTRA BANK MONEY MARKET	6,567	6,564
BROKERAGE MONEY MARKET ACCOUNTS	23,693	23,329
VECTRA BANK CERTIFICATE OF DEPOSITS	80,000	80,000
FNB COLORADO CERTIFICATE OF DEPOSIT	-	112,360
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	588,684	487,717
PIPER JAFFRAY INVESTMENT	365,984	361,730
ACCRUED INTEREST	11,329	11,329
BOOK INVENTORY	<u>6,429</u>	<u>6,429</u>
 TOTAL ASSETS	 <u>\$ 1,128,772</u>	 <u>\$ 1,117,941</u>
 LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 306
PAYROLL TAXES PAYABLE	<u>27</u>	<u>82</u>
 TOTAL LIABILITIES	 <u>27</u>	 <u>388</u>
 RESERVE FOR EMERGENCIES	 6,000	 6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	52,090	74,090
UNDESIGNATED	<u>1,070,655</u>	<u>1,037,463</u>
 TOTAL FUND EQUITY	 <u>1,128,745</u>	 <u>1,117,553</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,128,772</u>	 <u>\$ 1,117,941</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - GENERAL FUND
FOR THE ONE AND THREE MONTHS ENDED MARCH 31, 2004
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2003

	ACTUAL				
	CURRENT MONTH	YEAR TO DATE	2004 BUDGET	UNUSED BUDGET	2003 ACTUAL
REVENUES					
INTEREST INCOME					
CERTIFICATES OF DEPOSIT	\$ -	\$ 6,742	\$ -	\$ -	\$ 15,649
COLOTRUST	18	58	-	-	861
MONEY MARKET ACCOUNTS	9	23	-	-	231
WACHOVIA SECURITIES	2,912	6,967	-	-	15,031
PIPER JAFFRAY	1,210	3,645	-	-	13,831
UNREALIZED GAINS (LOSSES)	5,631	5,166	-	-	(33,726)
TOTAL INTEREST INCOME	9,780	22,601	58,000	35,399	11,877
LEASE PAYMENTS	-	-	500	500	-
OTHER INCOME	-	-	3,500	3,500	1,043
COST OF SALES	-	-	(500)	(500)	(800)
TOTAL REVENUES	\$ 9,780	\$ 22,601	\$ 61,500	\$ 38,899	\$ 12,120
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 900	\$ 3,600	\$ 2,700	\$ 3,600
81 DIRECTORS FEES	120	360	3,000	2,640	2,160
82 FICA TAXES	-	-	240	240	165
83 ENGINEER/ADMINISTRATIVE	400	1,200	4,800	3,600	4,800
90 AUDIT & BOOKKEEPING	200	400	2,100	1,700	2,400
92 INSURANCE/BONDS	-	2,044	2,000	(44)	1,143
96 OFFICE EXPENSE	-	-	650	650	587
97 OFFICE RENT	100	300	1,200	900	1,200
100 PROFESSIONAL FEES	-	-	5,000	5,000	2,766
103 TRAVEL	-	-	500	500	-
105 REPAIRS & MAINTENANCE	6,047	6,155	45,000	38,845	18,199
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	-	-	25,000	25,000	-
111 PLANNING & DEVELOPMENT	-	-	-	-	-
112 HARP - O & M	-	-	-	-	-
113 SALES TAX	-	50	-	(50)	115
TOTAL EXPENDITURES	7,167	11,409	113,590	102,181	37,135
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,613	\$ 11,192	\$ (52,090)	\$ (63,282)	\$ (25,015)

SEE ACCOUNTANTS' COMPILATION REPORT