

MINUTES OF THE NOVEMBER 16, 2004 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT AND BUDGET HEARING

Directors Present: Sandstrom; Farley; Haynes

Also Present: Don Banner; Administrator Rick Kidd

The meeting was called to order at 7:40 a.m. on the above date.

With a quorum present, the Minutes of the October 19, 2004 regular meeting were reviewed and with one correction to note that Northstar Engineering was paid \$125.00/month rent rather than the \$100.00/month that was noted. Chairman Sandstrom motioned to accept the Minutes of October 19, 2004 with the correction noted. The motion passed unanimously.

Treasurer's Report:

Chairman Sandstrom moved that the Board approve payment of the following bills:

\$111.83	Aquila
\$118.00	Belmont Storage (through 11/30/04 for 2 units)
\$ 70.00	Labor charges for two men moving items out of storage
\$ 55.41	Sandstrom Director's Fee for 11/16/04 Meeting
\$ 55.41	Farley Director's Fee for 11/16/04 Meeting
\$ 55.41	Haynes Director's Fee for 11/16/04 Meeting
\$300.00	Attorney's Fees
\$400.00	Administrator/Engineer Fees
\$200.00	Accountant Fees

The motion passed unanimously.

Chairman Sandstrom moved that the Board pay the membership dues to the Special Districts Association and that the Board authorize him to complete the application. The motion passed unanimously.

Kathy Farley moved the Board accept the Accountant's Compilation Report dated 11/30/04 and the investment report dated 11/5/04. The motion passed unanimously.

Chairman Sandstrom reported on the request by the Pearl Street Project. The Board misunderstood their request. Rick Kidd met with Jay and expressed his concerns regarding the placement of the parking lot entrance to the new housing project. The project needs our consent to the street becoming publicly accessible again and need a Deed from the District to the developer as a permanent right-of-way for our one-half of the street. The developer will be responsible to have the documents prepared for the Board's approval. Kathy Farley moved that subject to their preparation of the legal documents, at their expense, the Board should approve execution of the Deed. The motion passed unanimously.

Mr. Kidd reported that he met with Michael Wenzel of the Ghandi Peace Garden Project and they want to pay for the construction of a metered water line into the peace garden area for the purposes of watering. This construction would involve drilling through the levy and through Thomas Phelps Creek. They will need an easement to water the garden area. They have a \$50,000.00 grant for the project and have contracted with a company for the work. The Director's discussed the obligation the Peace Garden Project has to keep the area clean at all times.

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Chairman Sandstrom moved that the Board authorize an easement, with the cost of preparation of the legal documents to be provided by the Peace Garden Project, and subject to indemnification of the District by the Peace Garden Project, for the placement of a metered water line and permission to come onto the property for the purposes of watering the Peace Garden area. Any further costs required due to the need to identify other utilities in the area will also be at the Peace Garden Project's expense. The motion passed unanimously.

Budget Hearing:

Kathy Farley presented a draft of the 2005 Proposed Budget. She explained that she removed the year 2002 figures as they are old and no longer needed for projection purposes.

Kathy Farley moved to amend the 2004 budget and transfer \$300 from the Professional Fees line item to the Audit/bookkeeping line item to reflect a total of \$2400 and \$4700 respectively. The motion passed unanimously.

Kathy Farley moved that the line item for tax from the history book be deleted as it is already accounted for elsewhere in the budget. The motion passed unanimously.

Chairman Sandstrom moved to increase the Office rent/storage line item to \$1800 in the 2005 budget based on actual expenses to be incurred in the new meeting place of the HARP conference room in 2005.

Chairman Sandstrom moved to increase the line item for Repairs and maintenance in 2005 to \$45,000 due to the increase in need for more repairs. In 2004, the Legacy Project improvements caused maintenance expenses to be less than typically needed. The motion passed unanimously.

Chairman Sandstrom moved to approve the 2005 budget with the changes discussed and that a final draft (with changes) be presented at the December 2004 meeting/budget hearing for final approval and submission to the Department of Local Affairs. The motion passed unanimously.

Attorney Issues:

Mr. Banner reported that draft changes to the IGA with the City and County are currently being prepared by the City. Chairman Sandstrom reported that he did ask the City and County to provide weed control along the maintenance road and on the cement levy between 11th Street and Runyon for 10 years. The City and County are concerned about the cost. Because weed control has been paid by the District for all of the District property, the Board asked Mr. Kidd to get a quote from Chem-way for weed control on these particular areas only. Chairman Sandstrom also reported that the District received a "warning" ticket from the City due to the tumbleweed buildup in the area of 400 Spring Street.

The Director's discussed the future solvency of the District and other possible revenue sources. Mr. Banner advised that if the District were to run out of funds, it could ask the District Court to dissolve the District. Chairman Sandstrom noted that the future need for the District may diminish due to the reduced need for flood protection due to improvement at the dam and water rights which have been determined over the years.

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Mr. Kidd advised that the contract he was tendered had some typographical errors and he would like to correct the document before signing. The Board will review the contract at the next meeting.

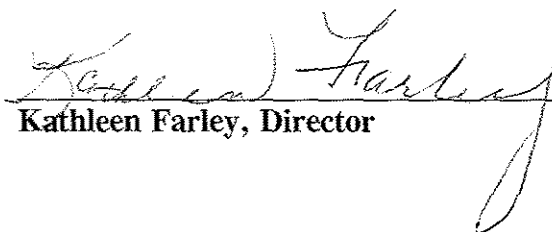
The next regular meeting of the District was scheduled for 8:00 a.m. on December 7, 2004 at the Vectra Bank Building, 200 1st Street, Third Floor Conference Room, Pueblo, Colorado. This meeting will also involve the District's annual budget hearing.

There being no further business to come before the Board, the meeting was adjourned at 9:10 a.m.

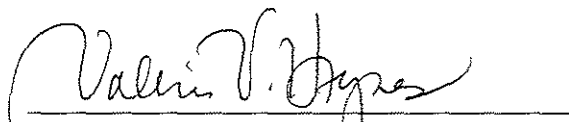
APPROVED:



Gus Sandstrom, Director



Kathleen Farley, Director



Valerie V. Haynes, Director



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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 November 30, 2004 and December 31, 2003, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and eleven months ended November 30, 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

December 3, 2004

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
NOVEMBER 30, 2004 AND DECEMBER 31, 2003

	<u>11/30/2004</u>	<u>12/31/2003</u>
ASSETS		
VECTRA BANK CHECKING	\$ 12,248	\$ 3,483
VECTRA BANK MONEY MARKET	11,416	6,564
BROKERAGE MONEY MARKET ACCOUNTS	32,063	23,329
VECTRA BANK CERTIFICATE OF DEPOSITS	-	80,000
FNB COLORADO CERTIFICATE OF DEPOSIT	-	112,360
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	690,879	487,717
PIPER JAFFRAY INVESTMENT	359,604	361,730
ACCRUED INTEREST	11,329	11,329
BOOK INVENTORY	<u>6,429</u>	<u>6,429</u>
 TOTAL ASSETS	 <u>\$ 1,148,968</u>	 <u>\$ 1,117,941</u>
 LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 306
PAYROLL TAXES PAYABLE	22	82
DEFERRED INCOME	<u>1,042</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>1,064</u>	 <u>388</u>
 RESERVE FOR EMERGENCIES	 6,000	 6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	52,090	74,090
UNDESIGNATED	<u>1,089,814</u>	<u>1,037,463</u>
 TOTAL FUND EQUITY	 <u>1,147,904</u>	 <u>1,117,553</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,148,968</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 ELEVEN MONTHS ENDED NOVEMBER 30, 2004
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2003

	<u>ACTUAL</u>				
	<u>CURRENT</u>	<u>YEAR</u>	<u>2004</u>	<u>UNUSED</u>	<u>2003</u>
	<u>MONTH</u>	<u>TO DATE</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES					
INTEREST INCOME					
CERTIFICATES OF DEPOSIT	\$ -	\$ 8,049	\$ -	\$ -	\$ 15,649
COLOTRUST	36	259	-	-	861
MONEY MARKET ACCOUNTS	26	215	-	-	231
WACHOVIA SECURITIES	4,782	29,089	-	-	15,031
PIPER JAFFRAY	1,174	13,135	-	-	13,831
UNREALIZED GAINS (LOSSES)	<u>5,076</u>	<u>10,102</u>	<u>-</u>	<u>-</u>	<u>(33,726)</u>
TOTAL INTEREST INCOME	11,094	60,849	58,000	(2,849)	11,877
LEASE PAYMENTS	-	5,308	500	(4,808)	-
OTHER INCOME	-	-	3,500	3,500	1,043
COST OF SALES	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>(800)</u>
TOTAL REVENUES	\$ 11,094	\$ 66,157	\$ 61,500	\$ (4,657)	\$ 12,120
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 3,300	\$ 3,600	\$ 300	\$ 3,600
81 DIRECTORS FEES	180	2,040	3,000	960	2,160
82 FICA TAXES	-	133	240	107	165
83 ENGINEER/ADMINISTRATIVE	400	3,600	4,800	1,200	4,800
90 AUDIT & BOOKKEEPING	200	1,800	2,100	300	2,400
92 INSURANCE/BONDS	479	2,823	2,000	(823)	1,143
96 OFFICE EXPENSE	19	371	650	279	587
97 OFFICE RENT	118	1,140	1,200	60	1,200
100 PROFESSIONAL FEES	-	691	5,000	4,309	2,766
103 TRAVEL	40	40	500	460	-
105 REPAIRS & MAINTENANCE	182	19,718	45,000	25,282	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	100	100	-	(100)	-
113 SALES TAX	<u>-</u>	<u>50</u>	<u>-</u>	<u>(50)</u>	<u>115</u>
TOTAL EXPENDITURES	<u>2,018</u>	<u>35,806</u>	<u>113,590</u>	<u>77,784</u>	<u>37,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 9,076</u>	<u>\$ 30,351</u>	<u>\$ (52,090)</u>	<u>\$ (82,441)</u>	<u>\$ (25,015)</u>

SEE ACCOUNTANTS' COMPILATION REPORT