

MINUTES OF THE NOVEMBER 16, 2005 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom; Haynes; Farley

Also Present: Councilor Don Banner; Administrator Rick Kidd
Carl Pasquin

President Sandstrom called the Pueblo Conservancy District board meeting to order at 8:00 am.

With a quorum present, the Minutes of the October 11, 2005 Regular Meeting were reviewed. Haynes moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

The accountant's October 2005 Compilation Report was discussed. Farley moved to receive and file the Accountant's report. Motion passed.

Bills – Sandstrom reported that 2005 was the last year that the District is to be paying HARP \$10,000 for operation and maintenance. The agreement does include another \$50,000 payment in 2006. HARP is to justify, via an annual report, the District paying operation and maintenance money for Thomas Phelps Creek trash removal. Steve Arveschoug is to come speak to the Board after the first of the year. Haynes moved to approve payment of the following monthly bills. Motion passed.

\$ 225.00	MBD&G, Accountant fees
\$ 115.31	Aquila, Electricity
\$ 100.00	HARP Authority, 10-20-05 Lease
\$ 300.00	Don Banner, Attorney fees
\$ 400.00	Kidd Engineering, Administrator/Engineer fees
\$ 55.41	Sandstrom, Director's fee for October 2005
\$ 55.41	Haynes, Director's fee for October 2005
\$ 55.41	Farley, Director's fee for October 2005

Pasquin Access Request – Carl Pasquin said that they would like to have an access agreement across District Property and Thomas Phelps Creek so that they could construct another access route into the Rockwool property. This access would also serve the Pueblo Police firing range. It would be a second access road. Pasquin said that it may be possible to use the existing railroad bridge, after the tracks are removed, but that it is too far east for optimum access. Sandstrom said that we need to determine where the COPAA site is before we could evaluate potential locations for this new access. Pasquin said that this would not be a high traffic route but that it needs to be planned for two-way traffic and eventual paving. Pasquin believes the access would serve as an emergency route for the Rockwool property and possibly a primary route to the firing range. Kidd is to get mapping for the District ownership and the COPAA site. It was moved to table this until the next meeting when Todd Pasquin could attend.

Investment Strategy – Reviewed packages received from RBC DainRauscher, Piper Jaffray, Wachovia, and Smith Barney. Sandstrom is to approach Senator Tapia and Representative Butcher to get the State legislature to look at government allowed investments. The currently allowed investments are quite restrictive and are not allowing us the opportunity to invest in higher yielding, yet conservative, instruments.

Sustaining Revenue – The District needs to look at upcoming maintenance to see where the future needs may be. We need to assess what repairs are eminent, annual operation and maintenance expenses, and what construction may be necessary within the next 10 years. These budget issues will provide a basis for determining how much revenue must be generated for the

November 16, 2005 Minutes, Page 2 of 2

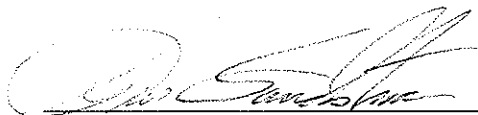
District to fulfill its responsibilities. Sandstrom said that there are two ways for taxpayer money to be collected on behalf of the District. One is through an assessment and the other is a mil levy. The assessment would be charged to everyone in the County, whereas a mil levy would apply only to those property owners within the District. An assessment is based upon a three panel appraisal of the District and the value of the benefit supplied by the District. Other expenditure items that need to be considered are any construction projects from the Master Plan, and the relationships with the City and County on the kayak course.

Levee Piping – Kidd reported that two proposals were received. A third was supposed to be coming but had not yet been received. One of the proposals received was less than half of the cost of the other. It was decided to extend the solicitation period and offer an amendment that would help standardize our expectations. Haynes and Kidd are to make a final selection after the revised and additional proposals are received. Farley moved for approval. Motion passed.

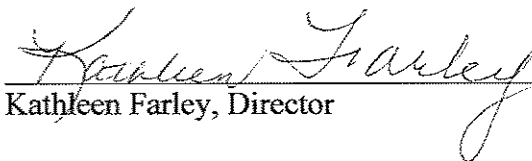
The next meeting is to be held on Monday December 19, 2005, at 8:00 am. The meeting will be held at the HARP Authority Conference Room.

There being no further business to come before the Board, the meeting was adjourned at 9:20 a.m.

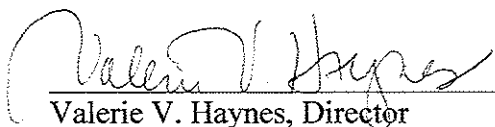
APPROVED:



Gus Sandstrom, Director



Kathleen Farley, Director



Valerie V. Haynes, Director

THE PUEBLO CONSERVANCY DISTRICT

NOTICE OF MEETING

DATE: NOVEMBER 16, 2005 (Wednesday) AT 8:00 A.M.

PLACE: VECTRA BANK, 200 1ST STREET, PUEBLO, COLORADO
HARP FOUNDATION OFFICE, 3RD FLOOR CONFERENCE ROOM
(Off elevator, go right to hallway, left to HARP Foundation)

AGENDA

1. ROLL CALL
2. APPROVAL OF OCTOBER 11, 2005 MINUTES
3. TREASURER'S REPORT
 - a. OCTOBER 2005 ACCOUNTANT'S REPORT
 - b. PAYMENT OF BILLS
4. REQUEST FOR RIGHT-OF-WAY – TODD PASQUIN
5. INVESTMENT STRATEGY PROPOSALS
6. BLUFF TREE AND BRUSH REMOVAL REPORT
7. OTHER BUSINESS AS MAY BE BROUGHT BEFORE THE BOARD
8. DECEMBER MEETING DATE
9. ADJOURNMENT

MINUTES OF THE OCTOBER 11, 2005 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom; Haynes

Also Present: Councilor Don Banner; Administrator Rick Kidd

President Sandstrom called the Pueblo Conservancy District board meeting to order at 8:05 am.

With a quorum present, the Minutes of the September 14, 2005 Regular Meeting were reviewed. Haynes moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

The accountant's September 2005 Compilation Report was discussed. Haynes moved to receive and file the Accountant's report, with the investment listing for Wachovia Securities FNMA 03-52 BD MULTICLASS CMO needs the maturity date changed from 1933 to 2033. Motion passed.

Bills - \$50,000 needs to be credited to the checking account for the HARP 2005 M&O Agreement. It was decided to take \$20,000 from the PiperJaffray account and \$30,000 from the Wachovia account. Sandstrom is to make these withdrawals and the deposit. He will give HARP their check after the deposits have been made. Kidd Engineering's published rate that is included in their State of Colorado As-Needed Services contract will apply to "extra" services provided by Kidd Engineering. Haynes moved to approve payment of the following monthly bills. Motion passed.

\$ 225.00	MBD&G, Accountant fees
\$ 194.00	Belmont Self Storage
\$ 113.51	Aquila, Electricity
\$ 100.00	HARP Authority, 10-20-05 Lease
\$ 300.00	Don Banner, Attorney fees
\$ 400.00	Kidd Engineering, Administrator/Engineer fees
\$ 55.41	Sandstrom, Director's fee for October 2005
\$ 55.41	Haynes, Director's fee for October 2005
\$ 55.41	Farley, Director's fee for October 2005
\$ 30.24	Pueblo Chieftain, Budget Hearing Notice
\$50,000.00	HARP Authority, 2005 M&O Agreement
\$ 91.80	IRS, 3 rd Quarter FICA W/H
\$ 845.00	Kidd Engineering, District Boundary Mapping

Budget Hearing -- Kidd reported that he had not received any public comments about the proposed budget. The other members present had not received any comments either. The budget hearing closed. Haynes moved for approval of the 2006 budget as posted. The motion passed.

Brush and Tree Removal -- Haynes moved to accept Spaccamonti Excavating's proposal based upon using inmate labor. Motion passed. Sandstrom informed that the Sheriff's Department will need approximately two weeks advanced notice.

Investment Strategy -- The last budget investment strategy was about four years ago. Sandstrom will solicit proposals from local brokers. Our goal is to have \$500,000 in a reserve pool and \$600,000 in working capital. The District's investments must be restricted to government investments.

October 11, 2005 Minutes, Page 2 of 2

The next meeting is to be held on Wednesday November 16, 2005, at 8:00 am. The meeting will be held at the HARP Authority Conference Room.

There being no further business to come before the Board, the meeting was adjourned at 8:45 a.m.

APPROVED:

Gus Sandstrom, Director

Kathleen Farley, Director

Valerie V. Haynes, Director

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
10/31/2005

11/14/2005 11:41 AM

BROKER	DESCRIPTION	MATURITY DATE	RATE	PAR VALUE	BALANCE 12/31/2004	ADDITIONS	MKT VALUE CHANGE	REDEMPTION SALES	BALANCE 12/31/2005	INTEREST RECEIVED 12/31/2005
CASH ACCOUNTS										
VECTRA BANK	Money Market Account				11,420.44	39.98	-	-	11,460.42	39.98
PIPER JAFFRAY	Money Market Account				21,407.33	3,166.88	-	20,000.00	4,574.21	376.74
WACHOVIA SEC.	Evergreen Money Mkt Fund				87,669.81	654,000.45	-	709,454.84	32,215.42	1,642.41
TOTAL CASH ACCOUNTS WITH BROKERS					120,497.58	657,207.31	-	729,454.84	48,250.05	2,059.13
INVESTMENTS										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,000.00	-	-	-	25,000.00	504.78
TOTAL COLOTRUST					25,000.00	-	-	-	25,000.00	504.78
WACHOVIA SEC.	GNMA 03-54 MA REMIC MULTICLASS CMO	7/20/2033	5.000%	183,000.00	28,815.31	-	245.56	29,060.87	-	406.48
	FNMA 05-27 GA REMIC MULTICLASS CMO	4/25/2034	5.500%	450,000.00	-	439,521.01	(6,631.00)	120,545.64	312,344.37	7,427.01
	FHLMC 2831 JJ RETAIL LOTTERY	1/15/2033	5.500%	9,000.00	9,036.36	-	(36.36)	9,000.00	-	178.76
	FHLMC 2841 AA RETAIL LOTTERY BOND	9/15/2034	5.500%	10,000.00	10,045.60	-	(45.60)	10,000.00	-	261.24
	FNMA 03-52 BD REMIC MULTICLASS CMO	3/25/1933	5.500%	28,000.00	28,301.28	-	(447.44)	-	27,853.84	1,283.30
	FHLMC 2810 KC REMIC MULTICLASS CMO	5/15/2033	5.500%	13,000.00	6,892.26	-	55.54	6,947.80	-	161.36
	FHLMC 2646 LL RETAIL LOTTERY	8/15/2033	5.000%	78,000.00	60,811.52	-	(3.28)	25,000.00	35,808.24	2,370.84
	FHLMC 2688 DD RETAIL LOTTERY	11/15/2033	5.500%	36,000.00	35,817.84	-	(826.92)	-	34,990.92	1,650.00
	FHLMC 2804 UC REMIC MULTICLASS CMO	11/15/2033	6.000%	8,000.00	5,420.91	-	(26.78)	4,579.48	814.65	191.60
	FHLMC 2810 AA RETAIL LOTTERY	3/15/2034	6.000%	12,000.00	6,012.66	-	(12.66)	6,000.00	-	110.00
	FNMA 04-50 DA RETAIL LOTTERY	6/25/2034	6.000%	79,000.00	19,198.45	-	(3.26)	19,195.19	-	285.27
	GNMA 04-39 AH REMIC MULTICLASS CMO	5/20/2032	5.500%	20,000.00	3,095.88	-	(11.04)	3,084.84	-	56.68
	BANK OF AMERICA 04-8 1A1 MULTICLASS CMC	9/25/2034	5.500%	28,000.00	18,494.17	-	(64.32)	18,429.85	-	321.57
	FHLMC 3004 GG RETAIL LOTTERY	7/15/2034	5.000%	80,000.00	-	80,006.00	(3,782.00)	-	76,224.00	355.55
	FNMA 05-16 WD REMIC MULTICLASS CMO	1/25/2035	5.000%	56,000.00	-	54,107.26	52.45	15,761.45	38,398.26	1,077.54
	FHLMC 3040 CA REMIC MULTICLASS CMO	9/15/2019	5.000%	108,000.00	-	103,276.80	(1,500.09)	-	101,776.71	(185.53)
	HARTFORD MUT FDS INC, INFLATION PLUS FD			389,693.00	383,355.96	-	1,396.96	384,752.92	-	3,381.10
TOTAL WACHOVIA SEC.					615,298.20	676,911.07	(11,640.24)	652,358.04	628,210.99	19,332.77
PIPER JAFFRAY	GNMA POOL #24920	6/15/2008	8.250%		4,536.97	-	(140.01)	1,056.08	3,340.88	264.87
	FEDL HOME LN MTG CORP FREDDIE NOTES B/E	12/15/2009	3.000%	120,000.00	115,047.60	-	(2,042.40)	-	113,005.20	3,000.00
	FEDL NATL MTG ASSN INVT NOTES B/E	8/20/2010	4.000%	100,000.00	98,840.00	-	(1,640.00)	-	97,200.00	3,333.30
	FEDL NATL MTG ASSN INVT NOTES B/E	6/24/2011	4.000%	130,000.00	128,323.00	-	(1,846.00)	-	126,477.00	4,333.30
	FHLMC #170217	3/1/2017	8.000%		9,711.10	-	(609.70)	1,734.06	7,367.34	558.65
TOTAL PIPER JAFFRAY					356,458.67	-	(6,278.11)	2,790.14	347,390.42	11,490.12
TOTAL INVESTMENTS					996,756.87	676,911.07	(17,918.35)	655,148.18	1,000,601.41	31,327.67
TOTAL ALL ACCOUNTS					1,117,254.45	1,334,118.38	(17,918.35)	1,384,603.02	1,048,851.46	33,386.80

PUEBLO CONSERVANCY DISTRICT

OCTOBER - NOVEMBER 2005

RECEIPTS

VENDOR	ITEM	AMOUNT
First Clearing, LLC	Interest Payment	\$ 675.51
First Clearing, LLC	Interest Payment	\$ 1,878.08
PiperJaffray	Interest Payment	\$ 1,133.59
Wells Fargo, COLOTRUST	Dividend	\$ 72.58
Wells Fargo, COLOTRUST	Dividend	\$ 79.28
		\$ 3,839.04

DEBITS

VENDOR	ITEM	AMOUNT	CHECK	Code
MBDG, PC	September Bookkeeping	\$ 225.00	3255	90
Belmont Self Storage	Storage Rental	Paid through April 2006		97
Aquila	Electrical Billing	\$ 115.31	3254	105
HARP Authority	11-20-05 Office Lease	\$ 100.00	3256	97
Don Banner -- BB&C, PC	Attorney Fees	\$ 300.00	3257	80
Kidd Engineering	Engineer/Admin Fees	\$ 400.00	3258	83
Director Sandstrom	Fees	\$ 55.41	3259	81
Director Farley	Fees	\$ 55.41	3260	81
Director Haynes	Fees	\$ 55.41	3261	81
		\$ 1,306.54		



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 October 31, 2005 and December 31, 2004, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and ten months ended October 31, 2005, and the twelve months ended December 31, 2004, 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 mentioned above, 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

November 14, 2005

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
OCTOBER 31, 2005 AND DECEMBER 31, 2004

	<u>10/31/2005</u>	<u>12/31/2004</u>
ASSETS		
VECTRA BANK CHECKING	\$ 30,994	\$ 12,149
VECTRA BANK MONEY MARKET	11,460	11,420
BROKERAGE MONEY MARKET ACCOUNTS	36,790	109,077
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	628,211	615,298
PIPER JAFFRAY INVESTMENT	347,390	356,459
ACCRUED INTEREST	4,790	4,790
BOOK INVENTORY	<u>6,290</u>	<u>6,429</u>
 TOTAL ASSETS	 <u>\$ 1,090,925</u>	 <u>\$ 1,140,622</u>
LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 712
PAYROLL TAXES PAYABLE	14	73
DEFERRED INCOME	<u>1,458</u>	<u>1,042</u>
 TOTAL LIABILITIES	 <u>1,472</u>	 <u>1,827</u>
RESERVE FOR EMERGENCIES	6,000	6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	111,176	52,090
UNDESIGNATED	<u>972,277</u>	<u>1,080,705</u>
 TOTAL FUND EQUITY	 <u>1,089,453</u>	 <u>1,138,795</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,090,925</u>	 <u>\$ 1,140,622</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - GENERAL FUND
FOR THE ONE AND TEN MONTHS ENDED OCTOBER 31, 2005
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2004

	<u>ACTUAL</u>				
	<u>CURRENT</u>	<u>YEAR</u>	<u>2005</u>	<u>UNUSED</u>	<u>2004</u>
	<u>MONTH</u>	<u>TO DATE</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES					
INTEREST INCOME					
CERTIFICATES OF DEPOSIT	\$ -	\$ -	\$ -	\$ -	\$ 1,687
COLOTRUST	-	505	-	-	320
MONEY MARKET ACCOUNTS	373	1,836	-	-	336
WACHOVIA SECURITIES	1,840	19,555	-	-	31,045
PIPER JAFFRAY	1,140	11,490	-	-	14,208
UNREALIZED GAINS (LOSSES)	<u>(14,538)</u>	<u>(17,918)</u>	<u>-</u>	<u>-</u>	<u>8,274</u>
TOTAL INTEREST INCOME	(11,185)	15,468	50,000	34,532	55,870
LEASE PAYMENTS	208	2,083	2,500	417	5,308
OTHER INCOME	-	10,180	-	(10,180)	-
COST OF SALES	<u>-</u>	<u>(138)</u>	<u>-</u>	<u>138</u>	<u>-</u>
TOTAL REVENUES	\$ (10,977)	\$ 27,593	\$ 52,500	\$ 24,907	\$ 61,178
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 3,000	\$ 3,600	\$ 600	\$ 3,600
81 DIRECTORS FEES	180	1,800	2,160	360	2,220
82 FICA TAXES	46	124	166	42	170
83 ENGINEER/ADMINISTRATIVE	400	3,600	4,800	1,200	4,400
90 AUDIT & BOOKKEEPING	225	2,025	2,400	375	2,200
92 INSURANCE/BONDS	-	1,616	2,500	884	2,823
96 OFFICE EXPENSE	30	236	650	414	433
97 OFFICE RENT	394	1,784	1,800	16	1,189
100 PROFESSIONAL FEES	-	-	5,000	5,000	691
103 TRAVEL	-	-	-	-	40
105 REPAIRS & MAINTENANCE	114	11,905	45,000	33,095	21,920
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	845	845	25,000	24,155	-
111 PLANNING & DEVELOPMENT	-	-	-	-	-
112 HARP - O & M	50,000	50,000	50,000	-	200
113 SALES TAX	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>	<u>50</u>
TOTAL EXPENDITURES	<u>52,534</u>	<u>76,935</u>	<u>163,676</u>	<u>86,741</u>	<u>39,936</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (63,511)</u>	<u>\$ (49,342)</u>	<u>\$ (111,176)</u>	<u>\$ (61,834)</u>	<u>\$ 21,242</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT

NOVEMBER - DECEMBER 2005

RECEIPTS

VENDOR	ITEM	AMOUNT
First Clearing, LLC	Interest Payment	\$ 1,093.06
First Clearing, LLC	Interest Payment	\$ 1,752.30
PiperJaffray	Interest Payment	\$ 1,134.20
Wells Fargo, COLOTRUST	Dividend	\$ 80.70
		\$ 4,060.26

DEBITS

VENDOR	ITEM	AMOUNT	CHECK	Code
MBDG, PC	November Bookkeeping	\$ 225.00	3263	90
Belmont Self Storage	Storage Rental	Paid through April 2006		97
Aquila	Electrical Billing	\$ 115.31	3262	105
HARP Authority	11-20-05 Office Lease	\$ 100.00	3264	97
Don Banner -- BB&C, PC	Attorney Fees	\$ 300.00	3265	80
Kidd Engineering	Engineer/Admin Fees	\$ 400.00	3266	83
Kidd Engineering	Tree & Brush Removal	\$ 751.40	"	100
Director Sandstrom	Fees	\$ 55.41	3267	81
Director Farley	Fees	\$ 55.41	3268	81
Director Haynes	Fees	\$ 55.41	3269	81
Spaccamonti Excavating	Tree & Brush Removal	\$ 10,739.95	3270	105
Vectra Bank	Safe Deposit Box Rental	\$ 35.00	3271	96
		\$ 12,832.89		



Aquila

PO BOX 219703
KANSAS CITY, MO 64121-9703

24 hour Customer Service call 1-800-303-0752
24 hour Emergency Service call 1-800-303-0357

Helpful Information

As of Dec. 30, 2005, Aquila will discontinue its Western Union Quick Collect (\$12.95 fee) payment option. We will continue to accept Western Union Convenience Pay (\$1 fee) after December at our walk-in locations.

Questions or comments about your bill? Visit www.aquila.com, call us at 1-800-303-0752 or write to P.O. Box 11660, Kansas City, MO 64138. Please send payments to the address on front of the payment stub.

If you have a previous balance, that amount is due immediately; the remaining balance is due on the due date.

Customer Charge covers part of the fixed costs of delivering your energy, regardless of usage.

Supply Cost - Your bill may include an adjustment or rate change due to the cost of purchasing energy from suppliers. The charge may appear as PGA, GCR, ECA or ICA dependent upon the state you reside in.

Save time and money with CheckLINE, a free service that pays your bill automatically from a selected bank account. Visit www.aquila.com for details.

PUEBLO CONSERVANCY_DIST

Account Number: 9182 9025 44
Amount Now Due: \$115.31
Billing Date: 11/29/05
Please Pay By: 12/14/05

Previous Account Balance	\$115.31
Payments Received	115.31 CR
Previous Balance Due	0.00
Fees/Adjustments	0.00
Current Charges	
Electric	\$115.31
Total This Bill	115.31
New Account Balance	\$115.31

Please Pay By Dec 14 \$115.31
Pay \$117.04 after Dec 14
Make checks payable to :
Aquila

3262
12-12-05

McPHERSON, BREYFOGLE, DAVELINE & GOODRICH, PC
CERTIFIED PUBLIC ACCOUNTANTS
511 N. MAIN ST., SUITE 740 THATCHER BUILDING
P. O. BOX 918
PUEBLO, CO 81002-0918

Pueblo Conservancy Dist
P. O. Box 234
Pueblo, CO 81002

Client # : 14355

Invoice Date : Wednesday, November 30, 2005

FOR PROFESSIONAL SERVICES RENDERED

October, 2005 bookkeeping	225.00
Current Billing	<u>\$225.00</u>

SUMMARY OF ACCOUNT

Beginning of the Month Balance	<i>Paid</i> \$225.00
Billing for the Month	<i># 3263</i> 225.00
Ending Balance - Amount Due	<i>12-19-05</i> <u>\$450.00</u>

0 to 30	31 to 60	61 to 90	91 to 120	Over 120	Total Due
450.00	0.00	0.00	0.00	0.00	\$450.00

Amount due is payable upon receipt of bill. Past due accounts will be assessed interest at 1.5% per month.

McPHERSON, BREYFOGLE, DAVELINE & GOODRICH, PC
CERTIFIED PUBLIC ACCOUNTANTS
511 N. MAIN ST., SUITE 740 THATCHER BUILDING
P. O. BOX 918
PUEBLO, CO 81002-0918

Pueblo Conservancy Dist
P. O. Box 234
Pueblo, CO 81002

Client # : 14355

Invoice Date : Monday, October 31, 2005

FOR PROFESSIONAL SERVICES RENDERED

September, 2005 bookkeeping	225.00
Current Billing	<u>\$225.00</u>

SUMMARY OF ACCOUNT

Beginning of the Month Balance	\$225.00
Billing for the Month	225.00
Payments Received	(225.00)
Ending Balance - Amount Due	<u>\$225.00</u>

0 to 30	31 to 60	61 to 90	91 to 120	Over 120	Total Due
225.00	0.00	0.00	0.00	0.00	\$225.00

Amount due is payable upon receipt of bill. Past due accounts will be assessed interest at 1.5% per month.

**Proposal to The Pueblo Conservancy District
Pueblo, Colorado**

**Ground Penetrating Radar Services
Arkansas River Levy**

November 14, 2005

Atkinson-Noland & Associates
2619 Spruce Street
Boulder, CO 80302
(303) 444-3620

Qualifications

Atkinson-Noland & Associates is a consulting engineering company specializing in the use of nondestructive evaluation. Atkinson-Noland & Associates has provided structural engineering services for Federal, State, and private organizations since it was founded in 1975. The firm has developed unique qualifications to address problems relating to masonry and concrete materials.

The experience and education of our professional and support staff provides a strong capability for handling difficult and challenging material and structural engineering problems.

Atkinson-Noland & Associates, Inc., has operated Ground Penetrating Radar equipment since 1999 and owns and operates a Geophysical Survey Systems Inc. (GSSI) SIR-3000 system. The firm owns and occupies office and laboratory space in Boulder, Colorado. The office is equipped with complete structural analysis and CAD software, while the laboratory can support both in-house experimental studies and field evaluation studies.

Current certificates of insurance will be provided as necessary.

Pricing and Fee Structure

Total costs for the investigation will be **\$12,530**, inclusive of all labor, travel, and equipment costs. Additional tasks beyond the listed scope of work will be conducted at the direction of the client, and will be charged at our standard billing rates per the attached rate sheet.

Atkinson-Noland & Associates, Inc.
Consulting Engineers
2619 Spruce Street
Boulder, Colorado 80302
(303) 444-3620 • FAX (303) 444-3239
<http://www.ana-usa.com>



Kidd Engineering and Construction Management Services, Inc.
44811 E. US Hwy 50
Avondale, CO 81022-9704
(719)544-5239

Invoice

DATE	INVOICE #
12/16/2005	2314

BILL TO:

Pueblo Conservancy District
P.O. Box 234
Pueblo, CO 81003

P.O. NUMBER	TERMS	PROJECT
	Due on receipt	

QUANTITY	DESCRIPTION	RATE	AMOUNT
1	NOVEMBER ENGINEER/ADMINISTRATOR FEES	400.00	400.00
6.5	TREE & BRUSH REMOVAL COORDINATION AND OVERSIGHT	100.00	650.00
169	MILEAGE	0.60	101.40
<i>#3266</i> <i>12-18-05</i>			
		TOTAL	\$1,151.40



Spaccamonti Excavating, Inc.
1805 Aspen Circle
Pueblo CO 81006
719 544-8943

License:

Progress Billing

Application: 1

Period: 11/21/2005

Owner: Conservancy Dist.
Rick Kidd
PO Box 234
Pueblo CO 81002

Job Location: Conservancy District
River Trail Clean-up

Application For Payment On Contract

Original Contract.....	10,739.95
Net Change by Change Orders.....	0.00
Contract Sum to Date.....	10,739.95
Total Complete to Date.....	10,739.95
 Total Retained.....	 0.00
Total Earned Less Retained.....	10,739.95
 Less Previous Billings.....	 0.00
 Current Payment Due.....	10,739.95
 Balance on Contract.....	 0.00

Contractor's Certification of Work

The undersigned contractor certifies that, to the best of the contractor's knowledge, the work on the above named job has been completed in accordance with the plans and specifications to the level of completion indicated on the attached schedule of completion.

Contractor: Joe Ewen

Date: 11/21/05

#3270
1279-05

Terms: Invoices are due and payable 30DY from the date of invoice. All overdue amounts will be charged a service charge of 18.00 % per anum. Please make checks payable to: Spaccamonti Excavating, Inc.

Thank you for your prompt payment.

PROGRESS BILLING

Application: 1

Period: 11/21/2005

Schedule of Work Completed

Description of Work	Scheduled	Changes	Contract	Previous	Current Comp.	Stored Mat.	Total Comp.	%	Balance	Retained
19590.000	10,739.95		10,739.95		10,739.95		10,739.95	100.00		
Totals:	10,739.95		10,739.95		10,739.95		10,739.95	100.00		

**SPACCAMONTI EXCAVATING INC.
EQUIPMENT COST**

DATE

SPACCAMONTI JOB # 26001

EQUIP. NO.	DESCRIPTION	HOURS	COST	HOURLY RATE
415	1993 KENWORTH	13	\$ 975.00	\$ 75.00
AC-1	SCHRAMM AIR COMP.	0	\$ -	\$ 20.00
AC-2	LE ROI AIR COMP.	0	\$ -	\$ 23.00
BC-1	1975 975 BOBCAT	0	\$ -	\$ 55.00
BC-2	1992 763 BOBCAT	20.5	\$ 1,127.50	\$ 55.00
BC-3	GEHL SKID STEER	0	\$ -	\$ 55.00
BH-5	1997 310 E 4 X4 BACKHOE	0	\$ -	\$ 75.00
BH-6	1997 410 E 4 X4 BACKHOE	6.5	\$ 487.50	\$ 75.00
BH-7	436 CAT HOE PAC	0	\$ -	\$ 75.00
BL-1	1982 770A JOHN DEERE BLADE	0	\$ -	\$ 80.00
BL-2	1995 770 BH JOHN DEERE BLADE	0	\$ -	\$ 85.00
CP-323	CP323 CAT ROLLER / RENTAL/8hr minimum	0	\$ -	\$ 82.00
CW-1	LARGE COMP. WHEEL	0	\$ -	\$ 8.00
CW-2	SMALL COMP. WHEEL	0	\$ -	\$ 6.00
D-65	DOZER 24 HOUR NOTICE 8 HOURS MINIMUM	0	\$ -	\$ 140.00
DT-2&3	1986 FORD F-600 DUMP TRUCK	16	\$ 960.00	\$ 60.00
FWT-1	7020 4X4 JOHN DEERE TRACTOR & DISC	0	\$ -	\$ 75.00
G-1	1980 MULTI QUIP GENERATOR 10 KW	0	\$ -	\$ 23.00
G-2	2001 MULTI QUIP GEN. / WELDER 10 KW	0	\$ -	\$ 27.00
L-2	1978 950 LOADER	12.5	\$ 1,000.00	\$ 80.00
L-3	1990 TROJAN LOADER	0	\$ -	\$ 85.00
L-4	1994 644 G LOADER	0	\$ -	\$ 85.00
L-5	WA-320 KOMATSU	0	\$ -	\$ 85.00
L-6	WA-380 KOMATSU	0	\$ -	\$ 85.00
P #s	ALL PICK-UPS / DAY	3	\$ 150.00	\$ 50.00
*P-14	1977 F-350 2X4 SERVICE TRUCK	0	\$ -	\$ 35.00
R-1	FERGUSON 9 WHEEL	0	\$ -	\$ 43.00
R-2	WALK BEHIND ROLLER	0	\$ -	\$ 10.00
R-5	DYNA PAC ROLLER	0	\$ -	\$ 85.00
SC-1	1966 621J SCRAPER	0	\$ -	\$ 120.00
ST-1	1986 INTERNATIONAL SERVICE TRK.	0	\$ -	\$ 55.00
T-1	1970 CHEVY 2 TON & TRAILER	0	\$ -	\$ 45.00
T-2	1985 FORD 2 TON	0	\$ -	\$ 50.00
TB-1	TRENCH BOX	0	\$ -	\$ 8.00
TH-1	1990 EL 200 TRACKHOE	0	\$ -	\$ 120.00
TH-2	1991 EL 240 TRACKHOE	0	\$ -	\$ 120.00
TH-3	1994 320L TRACKHOE	0	\$ -	\$ 120.00
TR-8	1984 HYSTER LOWBOY 3 AXLE	0	\$ -	\$ 15.00
WT-2	1971 WHITE WATER TRUCK 3,000 GAL.	0	\$ -	\$ 70.00
WT-3	1972 FORD WATER TRUCK 1,000 GAL.	0	\$ -	\$ 50.00
WT-4	1978 FREIGHTLINER 3,000 GAL.	0	\$ -	\$ 75.00
WMT-1	WEED MOWER AND TRACTOR	0	\$ -	\$ 55.00
	LABOR/ TECHNICIAN/ 40HR OSHA CLASS	127.5	\$ 4,462.50	\$ 35.00
	OPERATOR/ TECHNICIAN/ 40HR OSHA CLASS	0	\$ -	\$ 40.00
	CHAIN SAW / DAY	6	\$ 390.00	\$ 65.00
	DUMP FEE	1	\$ 1,187.45	\$ 1,187.45
	Equipment costs include operators			
*	Pickups do not include operators			
			\$ 10,739.95	

Spaccamonti Excavating, Inc.

"A woman owned,
Disadvantaged Business Enterprise"

1805 Aspen Circle
Pueblo, CO 81006
(719) 544-8943 FAX (719) 544-6688

BUDGET PROPOSAL

To: Pueblo Conservancy District
Phone: 250-1881
Fax: 583-1216
Address
City / State:
Attention: Rick Kidd

Date: 9/13/2005

Work To Be Performed At: Conservancy Dist. Property
Location of Project: Along the Arkansas River

We hereby propose to furnish all equipment and perform all labor for the clean up along the following sites:

A crew consisting of 4-5 laborers, 1-10 ton dump truck (for transportation of material), 1-skid steer (for loading larger material), chain saws and a supervisor is what I estimate it will take have the areas cleaned in the amount of time that I have quoted.

West bank of the Arkansas River between 4th Street and Main Street \$ 8,675.00
By using county inmate labor there could be a savings of \$ 4,200.00
5 WORKING DAYS

West side of Corona Street just North of Union Street \$ 3,470.00
By using county inmate labor there could be a savings of \$ 1,680.00
2 WORKING DAYS

Along bank North of the Towers \$ 1,735.00
By using county inmate labor there could be a savings of \$ 840.00
1 WORKING DAY

Work will include dead tree removal and trash removal. These prices are only an estimate and could vary due to the differing amounts of material in the areas and the time it will take to clean each area. Dump fees are not included in the pricing. *Estimate 240 crew 3 = 720*

You are reminded that I believe my estimated prices of time and fees to be accurate; it is merely my interpretation of the site assessments *Estimate 97880 to 14,600*
Actual 410,739.95



SAFE DEPOSIT BOX RENTAL NOTICE

PUEBLO NORTH BRANCH
PO BOX 5160
DENVER, CO 80217

DATE OF THIS INVOICE: 11-01-05
RENTAL PERIOD: 12-01-05 TO 12-01-06
SAFE DEPOSIT BOX: 000455 1727

Please send your payment with this invoice
to the address shown above.

0000545 01 AT 0.292 **AUTO T3 1 8302 81002-023434 485 1M1



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

RENTAL RATE: \$35.00
BALANCE DUE: \$35.00

#3271
12-17-05

511111111111 455 00172 7



November 15, 2005

Bob Schilling
President, Pueblo City Council
1 City Hall Place
Pueblo, Colorado 81003

Dear Bob,

HARP Board
Of Directors

Gus Sandstrom
Chairperson

Alan Hamel
Vice Chairperson

Claudia Robinson
Secretary

Sam Corsentino
Treasurer

Matt Peulen

Executive Director
Steve Arveschoug

The HARP Authority is preparing for the marketing and development of the current police building site as the next major lot available for sale and development in the Riverwalk project. Preliminary estimates are that the site will provide 1 acre for commercial development directly adjacent to the third Phase of the Riverwalk—Gateway Park. I've attached a preliminary lot plan for your review.

As we prepare for this effort it is important that we start from the same understanding of the HARP Intergovernmental Agreement (IGA) and its charge to the HARP Authority regarding the marketing of HARP Lots. The HARP Authority has been given the responsibility to market all Riverwalk lots that have been designated and approved in the HARP Program Diagram, as originally adopted by City Council in 1996 and made a part of the HARP Authority IGA December 1, 1997.

The approved HARP Program Diagram (see attached copy) designates 7 pad sites for commercial development including the current location of the police building. All these lots are owned by the City of Pueblo with the exception of the land that is presently the location of Schuster's Printing, which is now owned by the Urban Renewal Authority. The HARP IGA designates these city-owned lands as "Private Land" for development within the scope of the Riverwalk project (Articles I, III, and V), and grants the HARP Authority the power to market and negotiate for their commercial development.

Further, when the HARP "Private Lands" are sold, the IGA directs that the net proceeds from such sale or disposition of these lands will be segregated in a "Special Fund" to be expended for the "improvement, maintenance, development, and renovation of HARP." (Article V, Section 5.3).

Therefore, the HARP Authority will begin work on the marketing and future development of the police building site, in cooperation with the Urban Renewal Authority, understanding that the agreements that were reached in the 1997 HARP Intergovernmental Agreement will direct the development approval process, and further direct the monies from the sale of the police building site to the HARP Special Fund. It has always been recognized that as the Riverwalk is successful the City of Pueblo benefits, which was the spirit behind the HARP IGA.

HARP AUTHORITY

200 West First Street, Suite 303
Pueblo, Colorado 81003

Telephone: (719) 595-0242 • Fax: (719) 583-4696
www.puebloharp.com

HARP BOATHOUSE

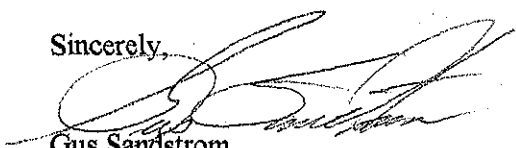
101 S. Union Avenue
Pueblo, Colorado 81003

Telephone: (719) 595-1589 • Fax: (719) 595-1592
www.puebloharp.com



It had been suggested recently that the marketing and development of the current police building site would somehow fall outside the agreements that had been reached in the HARP IGA. The HARP Authority Board of Directors has concerns with such suggestions, and therefore asks the City of Pueblo to please confirm its intent regarding continued agreement with the HARP IGA requirements as it relates to the development of the police-building site.

Sincerely,



Gus Sandstrom

HARP Authority, Board President

cc: HARP Authority Board of Directors

Steve Arveschoug, HARP Executive Director

David Lytle, HARP Legal Counsel

HARP IGA Parties

Directors Board of Water Works of Pueblo

Directors Pueblo Conservancy District

Pueblo County Commissioners

Pueblo City Council

Pueblo City Council Members-Elect

Dave Galli, City Manager

Tom Jagger, City Attorney

Jim Munch, City Planning

HARP AUTHORITY

200 West First Street, Suite 303

Pueblo, Colorado 81003

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HARP BOATHOUSE

101 S. Union Avenue

Pueblo, Colorado 81003

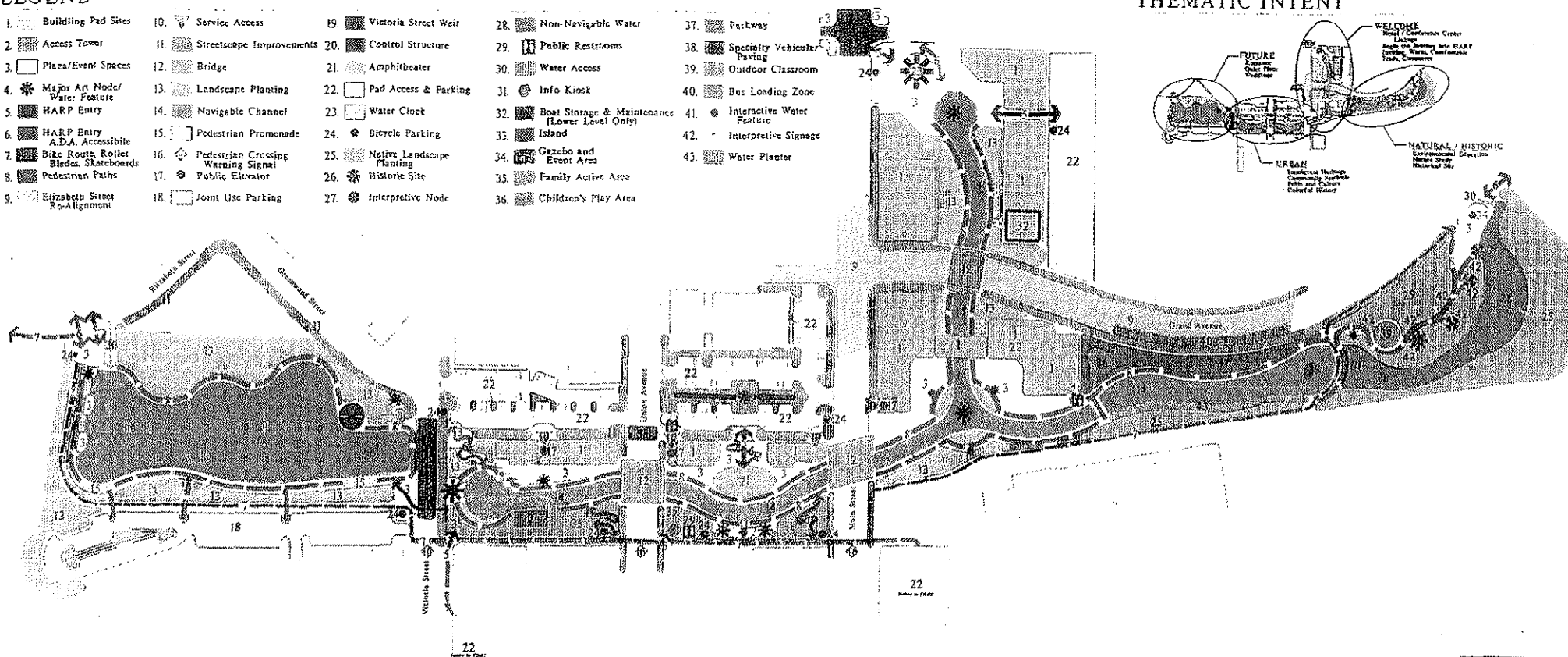
Telephone: (719) 595-1589 • Fax: (719) 595-1592

www.puebloharp.com

1. Building Pad Sites	10. Service Access	19. Victoria Street Weir
2. Access Tower	11. Streetscape Improvements	20. Control Structure
3. Plaza/Event Spaces	12. Bridge	21. Amphitheater
4. Major Art Node/ Water Feature	13. Landscape Planting	22. Pad Access & Parking
5. HARP Entry	14. Navigable Channel	23. Water Cloak
6. HARP Entry A.D.A. Accessible	15. Pedestrian Promenade	24. Bicycle Parking
7. Bike Route, Roller Blades, Skateboards	16. Pedestrian Crossing Warning Signal	25. Native Landscape Planting
8. Pedestrian Paths	17. Public Elevator	26. Historic Site
9. Elizabeth Street	18. Joint Use Parking	27. Interpretive Node

The diagram illustrates a conceptual framework for the 'Future of the Pacific'. At the center is a hub labeled 'FUTURE'. Four lines radiate from this hub to four distinct thematic areas, each enclosed in an oval:

- WELCOME**: Hospitality Center. Includes: Regs. the Journey into H.A.R.T. (Hospitality, Arts, Recreation, Tourism); Dining, Water, Comfortable; Trade, Commerce.
- NATURAL / HISTORIC**: Cultural Sites. Includes: Natural Sites; Historic Sites; Waterways; etc.
- URBAN**: Urbanization. Includes: International Migration; Community Planning; Urban and Culture; Cultural Sites.
- FUTURE**: Future Planning. Includes: Future Planning.

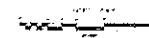


HISTORIC ARKANSAS RIVERWALK PROJECT

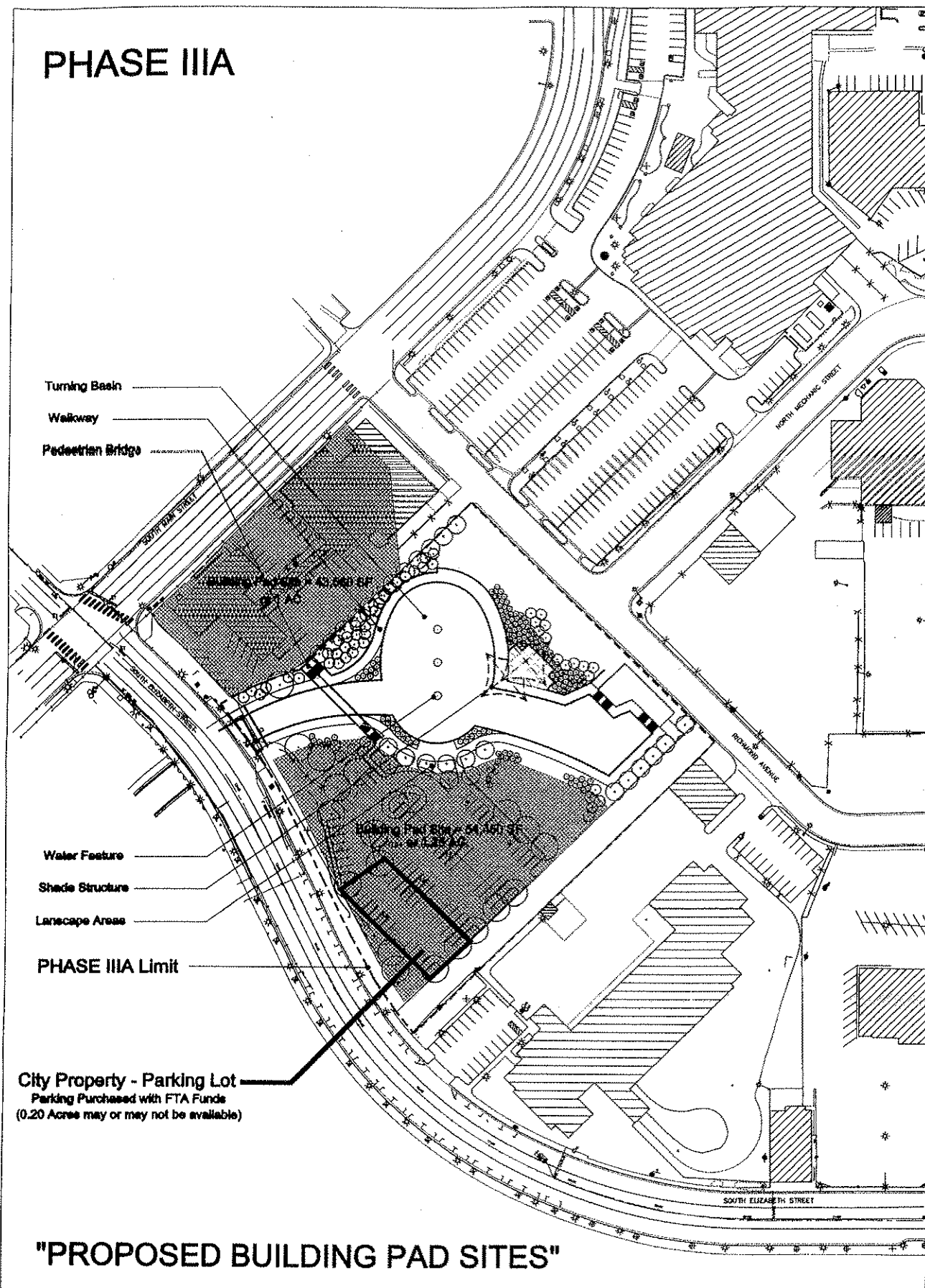
HARP PROGRAM DIAGRAM

26 NOVEMBER 1996

26 NOVEMBER 1996



PHASE IIIA



"PROPOSED BUILDING PAD SITES"

HISTORIC ARKANSAS RIVERWALK of PUEBLO CITY OF PUEBLO, COLORADO PHASE III

November 14, 2005

The Pueblo Conservancy District
Attn: Gus Sandstrom
Po Box 234
Pueblo, CO 81002

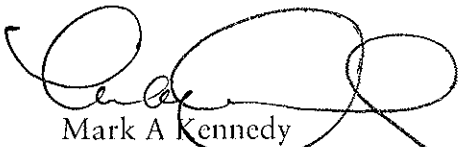
Dear Gus:

I appreciate that I have had the opportunity to assist the Conservancy District with their investments for the past 12 years and look forward to assisting the District with its total investment strategy in the future. Enclosed please find our proposal for your consideration. I have also included a copy of the Colorado State Investment Statutes that I assume govern legal investments of public funds for the District.

I will point out that in the first paragraph (24-75-601.1 Legal investments of public funds) it states that your organization has a five year or less maturity restriction, or if the governing body of the public entity authorizes investment for such period in excess of five years. Ray Kester, as Conservancy Representative, had indicated to me that indeed the Conservancy District had authorized investments longer than five years. I would recommend you check to see that documentation is on file and updated if that is still the case. If it is, then we can extend maturities past my portfolio maturity recommendation. Essentially, my recommendation is to wrap a bond ladder around the bond positions we already hold for the District. Some of the holdings you may own that are held elsewhere may fit into this maturity ladder as well. This would be an excellent time to consolidate all of your holdings from other securities firms into the Piper Jaffray account to assure a consistent performance driven strategy going forward. This is a simple procedure that requires about five minutes of paperwork.

I work with numerous foundations, endowments and non profit organizations in Pueblo and will provide you a list of references upon request. Please do not hesitate to contact me should you have questions or need more information.

Sincerely,



Mark A Kennedy
Senior Vice President - Investments
Branch Manager

enclosures: Investment proposal
state statutes

Document 1 of 1**Source:**

Colorado Statutes/TITLE 24 GOVERNMENT - STATE/STATE FUNDS/ARTICLE 75 STATE FUNDS/PART 6 FUNDS - LEGAL INVESTMENTS/24-75-601.1. Legal investments of public funds.

24-75-601.1. Legal investments of public funds.

(1) It is lawful to invest public funds in any of the following securities if the period from the date of purchase of such security to its maturity date is five years or less or if the governing body of the public entity authorizes investment for such period in excess of five years:

(a) Any security issued by, guaranteed by, or for which the credit of any of the following is pledged for payment: The United States, a federal farm credit bank, the federal land bank, a federal home loan bank, the federal home loan mortgage corporation, the federal national mortgage association, the export-import bank, or the government national mortgage association;

(b) (I) Any security issued by, guaranteed by, or for which the credit of the following is pledged for payment: An entity or organization which is not listed in paragraph (a) of this subsection (1) but which is created by, or the creation of which is authorized by, legislation enacted by the United States congress and which is subject to control by the federal government which is at least as extensive as that which governs an entity or organization listed in paragraph (a) of this subsection (1).

(II) No security may be purchased pursuant to this paragraph (b) unless, at the time of purchase, the security is rated in its highest rating category by one or more nationally recognized organizations which regularly rate such obligations.

(c) (I) Any security issued by, guaranteed by, or for which the credit of any of the following is pledged for payment: The world bank, the inter-American development bank, the Asian development bank, or the African development bank.

(II) No security may be purchased pursuant to this paragraph (c) unless, at the time of purchase, the security is rated in one of its two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations.

(d) (I) Any security that is a general obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities.

(II) No security may be purchased pursuant to this paragraph (d) unless:

(A) At the time of purchase, the security is rated in one of its three highest rating categories by one or more nationally recognized organizations which regularly rate such obligations; or

(B) At the time of purchase, the security is issued by the state of Colorado or any political subdivision, institution, department, agency, instrumentality, or authority of the state of Colorado; the issuer is rated in one of its three highest rating categories by one or more nationally recognized organizations that rate such issuers; and the security is secured by a pledge of loans, loan participations, or other assets that are insured or guaranteed by the United States or other entity identified in paragraph (a) of this subsection (1) or for which the credit of the United States or any such entity is pledged.

(e) (I) Any security that is a revenue obligation of any state of the United States, the District of Columbia, or any territorial possession of the United States or of any political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities.

(II) No security may be purchased pursuant to this paragraph (e) unless, at the time of purchase, the security is rated in one of its two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations.

(f) (I) Any banker's acceptance that is issued by a state or national bank which has a combined capital and surplus of at least two hundred fifty million dollars.

(II) No security may be purchased pursuant to this paragraph (f) unless:

(A) The deposits of such bank are insured by the federal deposit insurance corporation; and

(B) At the time the security is purchased, the long-term debt of such bank or the holding company of such bank is rated in one of its three highest rating categories by one or more nationally recognized organizations which regularly rate such obligations.

(g) Commercial paper that, at the time of purchase, is rated in its highest rating category by one or more nationally recognized organizations which regularly rate such obligations;

(h) Any security of the investing public entity or any certificate of participation or other security evidencing rights in payments to be made by the investing public entity under a lease, lease-purchase agreement, or similar arrangement;

(i) Any interest in any local government investment pool organized pursuant to part 7 of this article;

(j) Any repurchase agreement concerning any securities referred to in paragraph (a) or (b) of this subsection (1) that can otherwise be purchased under this section if all of the conditions of subparagraphs (I) to (IV) of this paragraph (j) are met:

(I) The securities subject to the repurchase agreement must be marketable.

(II) The title to or a perfected security interest in such securities along with any necessary transfer documents must be transferred to the investing public entity or to a custodian acting on behalf of the investing public entity.

(III) Such securities must be actually delivered to the public entity or to a third-party custodian or third-party trustee for safekeeping on behalf of the public entity.

(IV) Except for investments by the state treasurer, the collateral securities of the repurchase agreement must be collateralized at no less than one hundred two percent and marked to market no less frequently than weekly.

(k) Any money market fund that is registered as an investment company under the federal "Investment Company Act of 1940", as amended, if, at the time the investing public entity invests in such fund:

(I) The investment policies of the fund include seeking to maintain a constant share price;

(II) No sales or load fee is added to the purchase price or deducted from the redemption price of the investments in the fund;

(III) The investments of the fund consist only of securities with a maximum remaining maturity as specified in rule 2a-7 under the federal "Investment Company Act of 1940", as amended, or any successor regulation under such act regulating money market funds, so long as such rule 2a-7 is not amended to, or such successor regulation does not, increase the maximum remaining maturity of such securities to a period that is greater than three years, and if the fund has assets of one billion dollars or more, or has the highest current credit rating from one or more nationally recognized organizations that regularly rate such obligations, or consists of the following:

(A) Securities listed in paragraphs (a) to (j) of this subsection (I); or

(B) Perfected reverse repurchase agreements which mature within thirty days and which provide for the simultaneous sale and repurchase by the fund at a future date of securities listed in paragraphs (a) to (i) of this subsection (I); or

(C) Any securities not listed in paragraphs (a) to (j) of this subsection (I) the interest on which is not includable in gross income for federal income tax purposes if such securities do not exceed fifteen percent of the investments of the fund, based on the purchase price of all securities held by the fund; and

(D) (Deleted by amendment, L. 95, p. 772, § 1, effective May 24, 1995.)

(IV) The dollar-weighted average portfolio maturity of the fund meets the requirements specified in rule 2a-7 under the federal "Investment Company Act of 1940", as amended, or any successor regulation under such act regulating money market funds, so long as such rule 2a-7 is not amended to increase the dollar-weighted average portfolio maturity of a fund to a period greater than one hundred eighty days.

(I) (I) Any guaranteed investment contract, guaranteed interest contract, annuity contract, or funding agreement if, at the time the contract or agreement is entered into, the long-term credit rating, financial obligations rating, claims paying ability rating, or financial strength rating of the party, or of the guarantor of the party, with whom the public entity enters the contract or agreement is, at the time of issuance, rated in one of the two highest rating categories by one or more nationally recognized securities rating agencies that regularly issue such ratings.

(II) (Deleted by amendment, L. 2004, p. 950, § 7, effective May 21, 2004.)

(III) A contract or agreement may be purchased under this paragraph (I) only if such contract or agreement is purchased with proceeds of the sale of securities of a public entity and proceeds of certificates of participation or other securities evidencing rights in payments to be made by a public entity under a lease, lease-purchase agreement, or other similar arrangement or if purchased by revenues pledged to the payment of such securities or certificates; except that no contract or agreement may be purchased pursuant to this paragraph (I) with the proceeds of any of the foregoing that are held in an escrow or otherwise for the purpose of refunding bonds or other obligations of a public entity.

(m) (I) Any United States dollar denominated corporate or bank debt issued by a corporation or bank which is organized and operated within the United States and has a net worth in excess of two hundred

fifty million dollars; except that the notes evidencing the debt must mature within three years from the date of settlement and, at the time of purchase, the debt must carry at least two credit ratings from any of the nationally recognized credit rating agencies and must not be rated below "AA- or Aa3" by any credit rating agency.

(II) At no time shall the book value of a public entity's investment in notes evidencing a debt pursuant to this paragraph (m) exceed the following:

(A) Thirty percent of the book value of the public entity's investment portfolio; or

(B) Five percent of the book value of the public entity's investment portfolio if the notes are issued by a single corporation or bank.

(n) A securities lending agreement using any securities authorized in paragraph (a) or (b) of this subsection (1) if all of the following conditions are met:

(I) The securities lending agreement is entered into with a qualified provider;

(II) The securities lending agreement requires the qualified provider to provide and maintain collateral with a mutually agreed-upon custodian. Such collateral shall be in the form of either cash, which the qualified provider may invest in a permitted investment stated in the securities lending agreement, or securities that are authorized investments for the public entity. Such collateral shall have a value that is equal to or greater than one hundred two percent of the value of the securities lent by the public entity plus any accrued interest. If the collateral is in the form of corporate securities, the collateral shall have a value that is equal to or greater than one hundred five percent of the value of the securities.

(III) Either the custodian or the qualified provider if verified by the custodian marks to market daily the value of the collateral with all differences in valuation resolved on a daily basis; except that, if all of the collateral is cash, the difference in valuation need only be resolved at such time as the value of the collateral is less than one hundred percent of the value of the securities;

(IV) With respect to permitted investments purchased with cash received as collateral to a securities lending agreement:

(A) A minimum of twenty percent of such permitted investments matures or is redeemable on any business day;

(B) A permitted investment in the form of an instrument that is issued or guaranteed by the United States government or any agency thereof and that has a variable rate of interest set off of a money market index, readjusted no less frequently than every ninety-five days, is treated, for purposes of this paragraph (n), as having a maturity equal to the period remaining until the next readjustment of the interest rate;

(C) A permitted investment in the form of an instrument that is issued by a corporation that has a variable rate of interest set off of a money market index, readjusted no less frequently than every ninety-five days, is a final maturity not to exceed four hundred thirty days or an unconditional put back to the issuer not to exceed ninety-five days;

(D) The maximum maturity on any fixed rate investments or repurchase agreements does not exceed

one hundred ninety days; and

(E) The investment maturity or reset date for such permitted investment is not greater than ninety-five days unless the securities lending agreement term and the permitted investment are matched to each other.

(V) In the case of local government, the securities lending agreement is approved and designated by written resolution duly adopted by a majority vote of the governing body of such local government, which resolution shall be recorded in its minutes.

(1.3) (a) Except as provided in paragraph (b) of this subsection (1.3), public funds shall not be invested in any security on which the coupon rate is not fixed from the time the security is settled until its maturity date, other than shares in qualified money market mutual funds, unless the coupon rate is:

(I) Established by reference to the rate on a United States treasury security with a maturity of one year or less or to the United States dollar London interbank offer rate of one year or less maturity, or to the cost of funds index or the prime rate as published by the federal reserve; and

(II) Expressed as a positive value of the referenced index plus or minus a fixed number of basis points.

(b) A municipal index may be used for the investment of bond or note accounts from issues with coupons linked to the same index.

(c) For purposes of this section, "maturity date" means the last possible date, barring default, that principal can be repaid to the purchaser.

(1.5) Any firm that sells any financial instrument that fails to comply with the provisions of this section, except for instruments representing interests in a money market fund covered by the federal "Investment Company Act of 1940", as amended, to any public entity in the state of Colorado shall, upon demand of the public entity through the state treasurer, repurchase such instruments for the greater of the original purchase principal amount or the original face value, plus any and all accrued interest, within one business day of the demand.

(2) Investments made pursuant to this section shall be made in conformance with the standard set forth in section 15-1-304, C.R.S.

(2.5) (a) If a public entity invests public moneys through an investment firm offering for sale corporate stocks, bonds, notes, debentures, or a mutual fund that contains corporate securities, the investment firm shall disclose, in any research or other disclosure documents provided in support of the securities being offered, to the public entity whether the investment firm has an agreement with a for-profit corporation that is not a government-sponsored enterprise, whose securities are being offered for sale to the public entity and because of such agreement the investment firm:

(I) Had received compensation for investment banking services within the most recent twelve months; or

(II) May receive compensation for investment banking services within the next three consecutive months.

(b) For the purposes of this subsection (2.5), "investment firm" means a bank, brokerage firm, or other financial services firm conducting business within this state, or any agent thereof.

(3) Nothing in this section is intended to limit:

(a) The power of any public entity to invest any public funds in any security or other investment permitted to such public entities under any other valid law of the state; or

(b) The power of any home rule city, city and county, town, or county to invest any public funds in any security or other investment permitted under the charter or ordinance of such home rule city, city and county, town, or county; or

(c) The authority of the state board of regents to invest any funds available to the board in any security or other investment otherwise provided by law.

(3.5) Notwithstanding the limitations stated in the introductory portion to subsection (1) of this section, the securities subject to a repurchase agreement authorized in paragraph (j) of said subsection (1) and the securities authorized in sub-subparagraph (B) of subparagraph (II) of paragraph (d) of said subsection (1) may have a maturity in excess of five years.

(4) Nothing in this section is intended to apply to public funds held or invested as part of any pension plan, full or supplemental retirement plan, or deferred compensation plan.

Source: L. 89: Entire section added, p. 1102, § 2, effective July 1. L. 91: (4) amended, p. 1917, § 39, effective June 1. L. 93: (1)(k)(II), IP(1)(k)(III), and (1)(k)(III)(C) amended and (1)(k)(IV) added, p. 1260, § 7, effective June 6. L. 94: (1)(k)(III) amended and (1)(m) added, p. 449, § 1, effective March 29. L. 95: IP(1)(j), (1)(k)(III), (1)(k)(III)(C), and (1)(k)(III)(D) amended and (1.3) and (1.5) added, p. 772, § 1, effective May 24. L. 2000: (1)(n) added, p. 182, § 2, effective August 2; (3.5) added, p. 811, § 1, effective August 2. L. 2002: (1)(d)(II) and (3.5) amended, pp. 258, 259, §§ 2, 3, effective April 12. L. 2003: (1)(l)(I) amended, p. 623, § 40, effective July 1; (2.5) added, p. 674, § 3, effective August 6. L. 2004: (1)(j)(I) and (1)(l) amended, p. 950, § 7, effective May 21.

Cross references: For the legislative declaration contained in the 2002 act amending subsections (1)(d)(II) and (3.5), see section 1 of chapter 94, Session Laws of Colorado 2002.

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Leading investment strategy since 1895.

Your financial journey is important. That's why it demands one of life's most serious choices—the guide who will lead you. At Piper Jaffray, we have been leading investment strategy since 1895. Do you want to enjoy a comfortable retirement? Finance a child's education? Build your personal wealth? We will guide you on your financial journey and help you reach your investment goals.

WE KNOW THE TERRAIN

Ready to serve you

We have more than 900 financial advisors in offices throughout the Midwest, Mountain, Southwest and Pacific states. They are ready to meet your needs.

Superior financial guidance

Using a disciplined advisory process, our financial advisors develop customized solutions to help you achieve your personal investment goals.

Bond market expertise

As the top municipal bond underwriter* in the Midwest for 12 consecutive years, we offer a broad selection of municipal bonds and continually monitor the markets to identify value and opportunity for you.

Respected research

We have a reputation for expertise in fundamental and technical research, and research on small- and mid-cap companies. Our analysts provide you with independent, high-quality analysis and investment ideas.

A national presence in investment banking

We have a national reputation for meeting the financing and mergers and acquisitions needs of growth company clients.

* Source: Thomson Financial Securities Data, 2002. Based on number of issues and by par in the Midwest.

WE HAVE THE RIGHT TOOLS

Your goals are our top priority. We will help you identify your investment objectives and select the right products, programs and services to achieve them.

- **Comprehensive financial planning**
Meet your retirement and estate planning, education funding, wealth enhancement and other financial goals.

- **Portfolio management and review**
Ensure your asset allocation and diversification strategies reflect your objectives, time horizon and risk tolerance.
- **Traditional and alternative investment products**
Choose from our wide assortment of competitive products to meet your financial and investment needs.
- **Asset management accounts**
Enjoy the convenience of combined investment, banking and credit services.
- **Separately managed account programs**
Ensure your assets are receiving the attention they deserve from experienced money managers.

WE'LL KEEP YOU ON COURSE

A journey rarely follows a straight line. That's why we constantly measure your portfolio's performance and look for opportunities for improvement. We offer a number of tools to help you stay on course.

Investment research tools

Learn about stock market strategies, the economic climate, companies and sectors, and asset allocation models through our investor-friendly publications.

Online account services

Enjoy convenient, 24-hour access to important information and account activity, research statistics and reports, and planning calculators.

Account statements

Review account information with our easy-to-read, customizable statements.

Performance reporting

Monitor your portfolio's performance and measure it against the overall market with our portfolio performance reports.

Continued ...

WHAT WILL IT TAKE TO REACH YOUR DESTINATION?

Your financial advisor will help you develop a comprehensive plan and select from an array of competitive investment products and solutions based on your wealth enhancement and risk management goals.

FINANCIAL PLANNING SERVICES

- ☐ **Wealth building strategies**—Accumulate, preserve and transfer your wealth over the long term.
- ☐ **Retirement planning**—Realize your retirement dreams with sound investment advice and tax-smart strategies.
- ☐ **Estate planning**—Ensure your current financial security while preparing for the preservation and transfer of your wealth.
- ☐ **Education funding**—Evaluate your options and create a strategy tailored to your goals.
- ☐ **Insurance planning**—Protect yourself with wealth transfer and long-term care.
- ☐ **Investment review**—Ensure your portfolio supports your investment objectives with appropriate asset allocation and diversification strategies.
- ☐ **Stock option planning**—Realize the wealth that may be tied up in your business.
- ☐ **Charitable planning**—Support your causes in the most tax-effective manner.
- ☐ **Small-business planning**—Choose from an extensive array of products and services tailored to your business needs.

BANKING SERVICES & ASSET MANAGEMENT

- ☐ **Piper Jaffray Prime AccountSM**—Experience the best of investing and banking.
- ☐ **Margin accounts**—Enjoy continuous access to cash based on the value of your brokerage account and a revolving line of credit.
- ☐ **Cash & money market accounts**—Keep your money working for you with our cash management accounts.
- ☐ **Mortgages**—Take advantage of our home-financing solutions through Piper Jaffray Mortgage, LLC, an affiliate of Piper Jaffray.

ALL-INCLUSIVE FEE-BASED ACCOUNTS

- ☐ **Piper Jaffray PremierSM program**—Simplify your financial life with a broad range of investment services and financial guidance in one customizable program, all for one simple fee.

SEPARATELY MANAGED ACCOUNTS

- ☐ **AdvisorSM and CounselorSM programs**—Select from a wide variety of professional investment managers who are suited to your investment style based on factors such as your time horizon and risk tolerance. Your financial advisor will guide you through a disciplined process to ensure you will find the manager who best meets your needs.

INVESTMENT PRODUCTS

- ☐ **Stocks (*domestic and foreign*)**—Enjoy the rewards of equity investing.
- ☐ **Bonds (*municipal, corporate, government*)**—Achieve stable, steady income and preservation of wealth.
- ☐ **IRAs (*Roth, Traditional, SEP and SIMPLE*)**—Save toward your retirement with tax-advantaged IRAs.
- ☐ **Unit investment trusts**—Choose from equity and fixed-income UITs.
- ☐ **Mutual funds**—Pool your money with other investors to buy stocks, bonds or securities.
- ☐ **Annuities**—Save for retirement while enjoying tax-deferred growth and protection for beneficiaries.
- ☐ **Insurance**—Protect yourself and your heirs.
- ☐ **Coverdell Education Savings Account (*ESA*)**—Choose from a number of investment options.
- ☐ **529 college savings plans**—Save more for college and keep control of your money.
- ☐ **Trusts**—Provide order to your financial affairs, assist with tax planning and simplify estate settlement.
- ☐ **Business retirement plans**—Choose from 401(k), profit-sharing, SEP IRA, SIMPLE IRA and 403(b) plans.
- ☐ **Alternative investments**—Select from a range of investment vehicles that offer enhanced diversification for suitable investors*.

For more information about our products and services, call your financial advisor or visit piperjaffray.com.

*Alternative investments may not be suitable for all investors and carry risks and concerns not always associated with other investments.

Piper Jaffray does not provide legal or tax advice.

November 14, 2005

Qty (000)	Cusip	Moody/S&P Issue	Coupon	Maturity	Price	YTM	YTC	Settlement	Principal	Accrued Interest	Net Amount
150	3133XDXA4	NR/AAA Federal Home Loan Bank Callable 06/06@100	4.700%	12/14/06	\$100.000	4.700%	4.700%	12/14/2005	\$150,000.00	\$0.00	\$150,000.00
150	3133XDD99	Aaa/AAA Federal Home Loan Bank Callable 01/06@100	4.500%	10/19/07	\$99.529	4.757%	7.157%	11/15/2005	\$149,294.18	\$487.50	\$149,781.68
150	3133XDXB2	-/- Federal Home Loan Bank Callable 06/06@100	5.000%	09/08/08	\$100.000	5.003%	5.000% (c)	12/08/2005	\$150,000.00	\$0.00	\$150,000.00
100	3133XDUV1	Aaa/AAA Federal Home Ln Bks Callable 02/06@100	5.250%	02/27/09	\$100.000	5.253%	5.248% (c)	12/01/2005	\$100,000.00	\$43.75	\$100,043.75
120	3133F0S91	Aaa/AAA Federal Home Ln Mtg Corp Callable 11/05@100 - Conditional Puts - Death of holder	3.000%	12/15/09	\$93.328	4.803%	517.941%	11/15/2005	\$111,993.60	\$0.00	\$111,993.60
100	3136F24R6	Aaa/AAA Fannie Mae Callable 11/05@100	4.000%	08/20/10	\$96.000	4.944%	160.666%	11/15/2005	\$96,000.00	\$277.78	\$96,277.78
100	3133XDN23	Aaa/AAA Federal Home Loan Bank - Callable 02/06@100	5.500%	11/15/10	\$100.000	5.500%	5.500%	11/15/2005	\$100,000.00	\$0.00	\$100,000.00
130	3136F3FK7	Aaa/AAA Fannie Mae Callable 11/05@100	4.000%	06/24/11	\$95.910	4.834%	164.339%	11/15/2005	\$124,683.00	\$303.33	\$124,986.33
100	31331VFF8	Aaa/AAA Federal Farm Cr Bks Cons Callable 02/06@100	5.625%	11/02/11	\$100.000	5.624%	5.614% (c)	11/15/2005	\$100,000.00	\$203.13	\$100,203.13

Weighted Averages and Totals	4.589%	3.63 yrs	\$98,361	\$1,081,970.78	\$1,315.49	\$1,083,286.27
	Avg Coupon	Avg Yrs Maturity	Avg Price	Total Principal	Total Accrued Interest	Total Investment

Bold = YTW

[illegible]



GUIDES FOR
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Laddered Portfolio

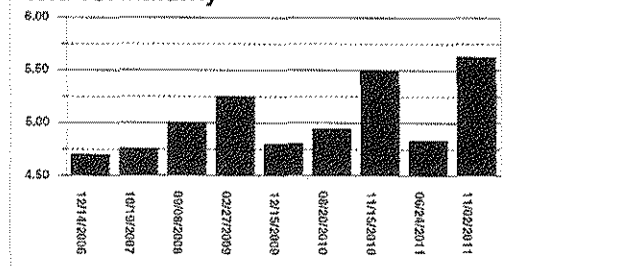
November 14, 2005

Monthly Coupon Payments	Dec/05	Jan/06	Feb/06	Mar/06	Apr/06	May/06	Jun/06	Jul/06	Aug/06	Sep/06	Oct/06	Nov/06	First Year
Federal Farm Cr Bks Cons						\$2,813						\$2,813	\$5,625
Total Monthly Coupon Payments	\$1,067	\$1,067	\$2,365	\$1,067	\$4,442	\$6,629	\$8,342	\$1,067	\$3,692	\$1,067	\$4,442	\$6,629	\$41,873

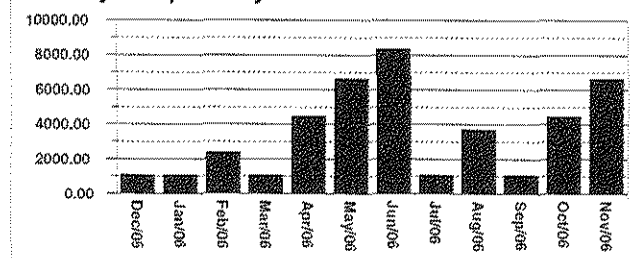
Ladder Summary

Total Principal	\$1,081,970.78	Average Coupon	4.589%
Total Accrued Interest	\$1,315.49	Average Maturity	3.63 yr
Total Investment	\$1,083,286.27	Average Price	\$98.361
First Year Income	\$41,872.84	Annualized Current Yield	4.665%
Maturity Value	\$1,100,000.00	Average Yield to Maturity	5.005%
		Average Yield to Worst	5.004%
		Average Duration	2.30

Yield vs. Maturity



Monthly Coupon Payments





GUIDES FOR
THE JOURNEY

PiperJaffray

Laddered Portfolio

November 14, 2005

YTM=yield to maturity, YTC=yield to call, YTW=yield to worst, TEY=tax equivalent yield, (c)=yield to call, (p)= yield to par call , (n)=floating/variable rate (w)=yield to middle call

The above investments are subject to availability and price change. Bond prices fluctuate as general interest rates change, so you may receive more or less than you paid if you sell prior to maturity. The longer a bond's period to maturity, the greater its price sensitivity. Generally, with bonds of similar maturities, the higher the return, the higher the risk. Any increase in principal value may be taxable. For zero coupon bonds, interest is paid at maturity, but is subject to annual taxation. Please keep in mind fixed income securities offer varying degrees of credit risk, interest rate risk, reinvestment risk and liquidity. Other call features may apply. This information is not intended to be used as the primary basis of investment decisions. Because of individual client requirements, it should not be construed as advice designed to meet the needs of the investor. Please consult your Piper Jaffray financial advisor for more information. Interest earned on U.S. Treasury securities is subject to federal taxation. U.S. Treasury securities are guaranteed as to the payment of principal and interest by the U.S. Government. Government agency securities are not direct obligations of the U.S. government. Brokered CDs are FDIC insured up to \$100,000 per depositor per institution and are quoted yield to maturity. Certain issues may be callable by the issuer. Some municipal issues may be subject to state and local taxes and/or the alternative minimum tax.

Piper Jaffray & Co. Since 1895. Member SIPC and NYSE.

BOND LADDER STRATEGY

Do you depend on your investments for income? Do you plan to help your children or grandchildren pay for college? Are you investing toward retirement or other long-term goals? Are you investing with the goal of preserving your new wealth? If your answer is yes to any of the above, our Bond Ladder Service may be an appropriate investment strategy for you.

WHAT IS A BOND LADDER?

A bond ladder is a strategy for managing fixed-income investments, such as certificates of deposit (CDs), U.S. Treasury notes and bonds, agency securities, municipal bonds, corporate bonds and zero coupon bonds.

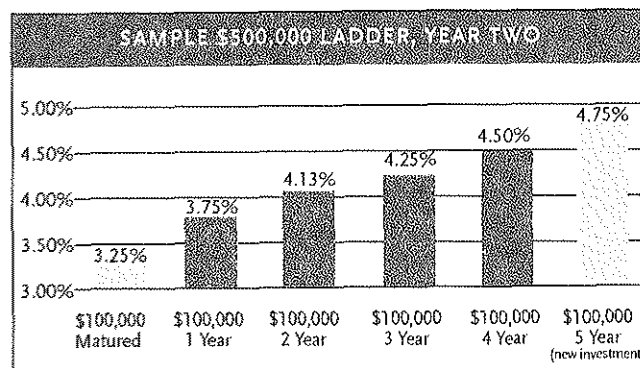
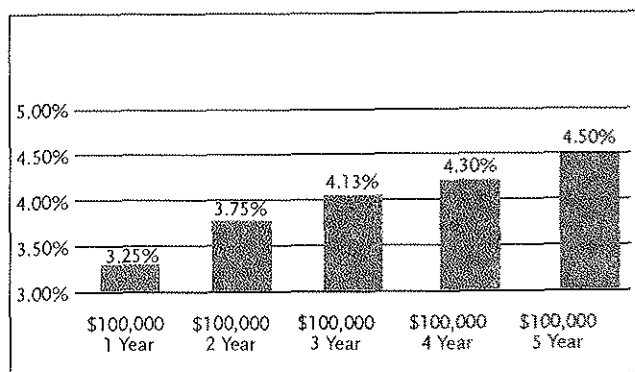
To build a ladder, simply divide your investable dollars evenly among bonds or CDs that mature at regular intervals, for example, every six months or once a year.

In the example below, we divided \$500,000 into five \$100,000 investments, with the first bond maturing in one year and the fifth in five years.

Now let's look at our sample bond ladder after one year.

When the first bond matures, the principal is reinvested in another bond at the long end of the ladder. This process continues year after year, as long as the investor's goals remain the same.

As you can see, the fundamental idea behind a bond ladder is diversification by maturity. Diversification is one of the cornerstones of sound investment management.



Continued ...

THE BENEFITS OF A BOND LADDER

The bond ladder strategy, while simple, offers you many benefits:

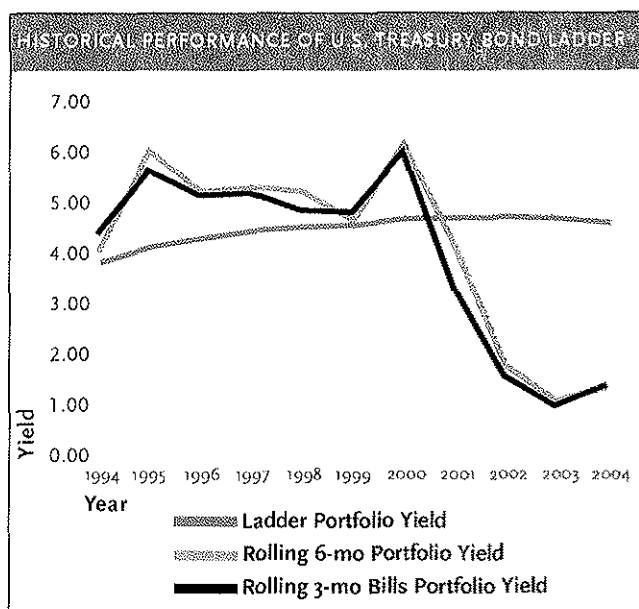
Higher Average Yields

Generally, the longer a bond's maturity, the higher the yield. A bond ladder can combine the higher yields of longer-term bonds with the liquidity of shorter-term bonds.

More Consistent Returns

If interest rates rise, your maturing bonds take advantage of improved rates. If interest rates fall, your prior laddered holdings will most likely produce more income than could be achieved at the current levels. The result is a more consistent yield.

As shown in the graph below, a one-year to five-year Treasury bond ladder smoothes out interest rate cycles. With few exceptions, the graph shows the one-year to five-year Treasury ladder typically outperforming investments in three-month and six-month Treasury investments.



Source: Bloomberg Financial Markets

Lower Expenses

There are no costs other than normal commission charges or managed account fees, yet you receive many benefits. For example, our portfolio valuation service gives you a detailed analysis of your ladder's projected cash flow and maturity schedule. And unlike some mutual funds, with bond ladders there are no back-end loads or other fees.

Less Reinvestment Risk

With a bond ladder, you lessen reinvestment risk—the risk that all your income assets mature when yields are lower, forcing you to accept less income or choose riskier, higher-yielding investments. A bond ladder strategy can reduce the impact of this risk. However, this requires an ongoing commitment to the program.

Added Diversification

In addition to diversifying your principal in bonds with different maturities, you can also build your bond ladder with different issuers and credit ratings. By doing so, you have the potential to benefit from the additional diversification.

Ongoing Liquidity

With a bond ladder, you'll have one or more bonds maturing on a regular basis. You can choose to reinvest your principal in another bond or redirect the proceeds for another purpose. Should you need additional funds, liquidating your shorter maturities should have minimal impact on your portfolio's overall yield.

Risks

Every investment involves a risk/reward trade-off. The less risk you are willing to assume, the lower the yield or return you can typically expect from an investment. Generally speaking, bond investors demand higher yields for shouldering market risk and credit risk.

Market risk is simply another way of describing the inverse relationship between bond prices and interest rates. If interest rates are rising and you don't want much fluctuation in your bond portfolio, stay short-term. Although rising interest rates push all bond prices down, in general, the longer a bond's time to maturity, the greater its price sensitivity. By concentrating on short-term bonds, you'll be less exposed to market risk—a comfortable posture for many.

**Past performance is no assurance of future results. This graph represents constant maturity Treasury yields. The yields do not reflect any transaction costs, changes in principal or call features. The three-month Treasury bill yield is the yield as average of each respective year. The one-year Treasury bill is the average of yields as of December 31 of each year. The yield for the five-year Treasury ladder is the average of a rolling ladder of Treasury obligations as of December 31, beginning with the one- to five-year maturities on January 1, 1994. Generally, with bonds of similar quality, longer maturities will have greater price volatility.*

Continued ...

On the other hand, if interest rates are falling from currently high yields, income-oriented investors may want to purchase longer-term securities. This strategy allows you to own an attractive yield that may not be available in the future. Because interest rates are difficult to predict with accuracy, you may want to own short- or intermediate-term bonds (up to 10 years) and simply hold them to maturity. Bond ladders can be structured with short-, intermediate- or long-term bonds. The bond ladder concept is an excellent strategy to minimize market risk.

Credit risk is the risk that the issuer won't make timely interest or principal payments. If you are concerned about defaults, construct your bond ladder with government securities, CDs, high-quality or insured municipal bonds, or high-quality corporate bonds. Although you may sacrifice some yield, you'll have comfort of knowing you own high-quality securities.

TYPES OF BOND LADDERS

Our "Check-a-Month" Ladder

Most bonds pay interest semi-annually, six months apart. To get a monthly check, simply invest in six bond issues, each with a different interest payment cycle.

If you anticipate annual reoccurring expenditures in certain months, you can design your ladder for more income during that period. For example, the ladder below is structured to pay more in April (for taxes) and in December (for the holidays). When one of your issues matures, we'll help you find another issue that pays on the same schedule.

"CHECK-A-MONTH" LADDER				
Bonds Maturing In	Price	Coupon Rate	Interest Paid In	Interest Paid Each Period
1 year	\$50,000	4.50%	Jan/July	\$1,125.00
2 years	\$50,000	4.75%	Feb/Aug	\$1,188.00
3 years	\$50,000	5.00%	Mar/Sept	\$1,250.00
4 years	\$200,000	5.25%	Apr/Oct	\$5,250.00
5 years	\$50,000	5.375%	May/Nov	\$1,344.00
6 years	\$100,000	5.50	June/Dec	\$2,750.00

This chart is for illustrative purposes only and does not represent the performance of any specific investment. For added diversification and to lessen reinvestment risk, the two largest positions can be divided into \$50,000 investments in different bonds to achieve the investor's objectives.

Piper Jaffray does not provide legal or tax advice.

Our Zero Coupon Bond Ladder

You can also create a bond ladder out of zero coupon bonds. Zeros are issued by corporations, the federal government or municipalities at a deep discount from their face value. At maturity, you receive all interest that has accrued since your purchase date, plus the principal.

Zeros and Taxes

With corporate or government zeros (taxable zeros), taxes are due annually on interest earned even though you don't actually receive regular interest income. For retirement planning, taxable zeros are best in an IRA, where your earnings grow tax-exempt, until withdrawn. Outside of an IRA, you should consider tax-exempt zero coupon municipal bonds for a long-term financial goal such as retirement or college planning.

WORKING TOGETHER WITH PIPER JAFFRAY

The Piper Jaffray Bond Ladder Service adds value to your portfolio. While the concept of a bond ladder is simple, implementing this strategy often is not. There are many factors to consider when building your bond ladder.

We'll begin by reviewing our broad inventory and select investments that match your objectives. We offer a comprehensive selection of U.S. government, corporate and municipal bonds. If you invest in CDs, we carry a variety of yields and maturities from financial institutions across the country. All of our CDs are federally insured up to \$100,000 per depositor, per institution. Investment alternatives to CDs may not be federally insured and will involve greater risk to principal.

We will provide a written bond ladder proposal tailored to your goals. It's as simple as talking to your financial advisor about your investment objectives—including your requirements for income, time horizon, and the amount you have to invest.

Preserving wealth ... maximizing income ... planning for the future. Let your Piper Jaffray financial advisor show you the possibilities.

Monday, November 14, 2005

FIXED INCOME STRATEGY

William J. Merz
Fixed Income Strategy
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william.j.merz@pjc.com

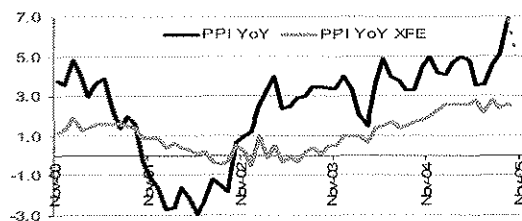
Courtney L. Madden
Fixed Income Strategy
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cortney.l.madden@pjc.com

FIXED INCOME DAILY UPDATE

Commentary

The 10-year Treasury has consolidated around the 4.55% to 4.60% yield levels in recent weeks. If the 2-year yield continues to trudge higher as the Fed continues with their rate increases, the long end will have to sell off if the curve is to avoid inversion. After the strong 10-year auction on the heels of two weaker auctions last week, the prospect of an inverted curve remains a possibility. In the past, curve inversion has often preceded recessions, but Fed Chairman Alan Greenspan insists that the market has changed enough that this is not necessarily the case any longer. Ben Bernanke, the man George Bush nominated to be Alan Greenspan's replacement when his tenure ends January 31, is scheduled for his confirmation hearing with the Senate Banking Committee tomorrow. Despite the current rocky relations between Democrats and Republicans, we do not expect much dissent towards Bernanke, as he is seen as a quality selection by the majority of observers.

October's Producer Price Index figures are scheduled to be released tomorrow morning. We can see from the graph at right that PPI and PPI ex-food and energy have experienced a major divergence in recent months. While consensus estimates are calling for a reduction in the difference between the two (4.9% estimate on PPI, 2.4% estimate on PPI XFE), it is apparent that energy prices have had a major impact on producers input costs.



	Treas OTR	Callable Agency Spreads/Coupon			FNMA Bit Yld	FHLMC Bit Yld	FHLB Advnc	Swap Sprds	Agency Discount Notes	
		3 mo	6 mo	1 yr					Yield	Sprd to Treas
3m	3.960						4.39%		4.09	13.0
6m	4.285						4.61%		4.31	2.5
1y							4.80%		Investment Grade Corp	
1.5y							4.87%		AA Finance	A Industrial
2y	4.426	49	4.92	46	4.89	41	4.84	43.8	4.75	4.65
3y	4.459	69	5.15	65	5.11	58	5.04	44.8	4.80	4.70
5y	4.482	100	5.48	95	5.43	88	5.36	49.0	5.14	5.04
10y	4.565	133	5.90	132	5.89	127	5.84	53.3	5.43	5.31
30y	4.741				5.15%	5.12%		53.5	5.95	5.85

Key Rates	Close
Fed Funds	4.000
Prime Rate	7.000
1m LIBOR	4.120
3m LIBOR	4.340
6m LIBOR	4.550
1yr LIBOR	4.801

This Week's Economic Calendar

November 14, 2005 Monday
No Major Releases

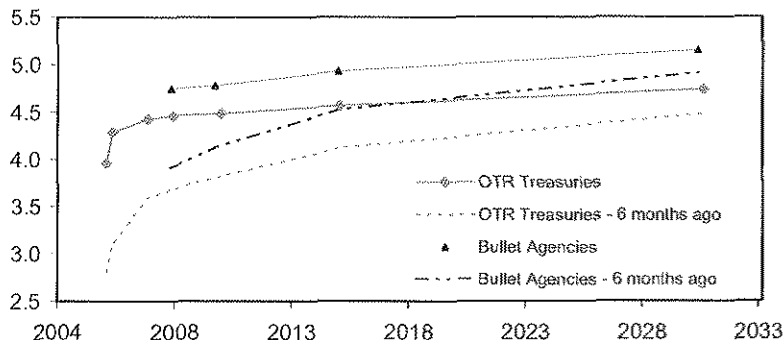
November 15, 2005 Tuesday
Empire Manufacturing Last 12.1, Survey 15.5, Actual
PPI Last 1.0, Survey 0, Actual
PPI Less Food & Energy Last 0.3, Survey 0.2, Actual

November 16, 2005 Wednesday
MBA Mortgage Apps Last 2.3, Survey N.A., Actual
Foreign Net Transactions (\$B) Last 91.34, Survey 70, Actual
Business Inventories Last 0.4, Survey 0.2, Actual

November 17, 2005 Thursday
Jobless Claims Last 326, Survey 322, Actual
Continuing Claims Last 2816, Survey 2100, Actual
Philly Fed Outlook Last 17.3, Survey 15, Actual

November 18, 2005 Friday
No Major Releases

On-the-Run Treasury/Agency Yield Curve



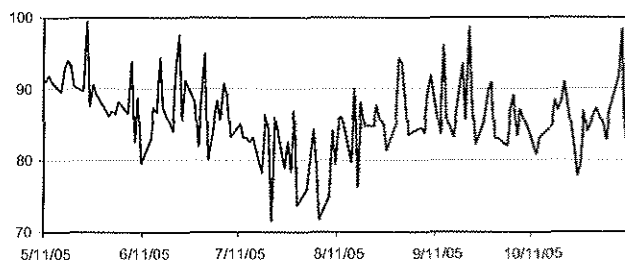
On-the-Run Benchmark Agencies				
Issuer	Maturity	CUSIP	Price	Yield
FNMA	9/15/2007	31359MYZ0	99.23	4.60
FHLMC	11/16/2007	3134A4VF8	99.33	4.69
FNMA	12/15/2007	31359MWQ2	99.29	4.74
FHLMC	6/15/2008	3134A4VA9	97.90	4.71
FNMA	8/15/2010	31359MYN7	97.60	4.78
FHLMC	10/18/2010	3134A4VE1	96.78	4.84
FNMA	10/15/2014	31359MWJ8	95.50	4.93
FHLMC	11/17/2015	3134A4VG6	98.21	4.91
FNMA	11/15/2030	31359MGK3	120.06	5.15
FHLMC	7/15/2032	3134A4KX1	115.71	5.12

IMPORTANT DESCRIPTIONS AND SOURCES CITED ON PAGE 2

This information is a product of the Fixed Income Trading Department and should not be construed as research or a research report. It is for informational purposes only.

ALL PRICES AND YIELDS ARE PIPER JAFFRAY'S ESTIMATES OF GENERAL MARKET LEVELS. SHOULD NOT BE CONSTRUED AS AN OFFER TO SELL.

15yr FNMA Current Coupon vs. UST 5yr (in basis points)



MARCs	
7 day	2.75%
35 day	2.80%

VRDNs	
Non-AMT	2.80%
AMT	2.85%

	MM Pfd Taxable	MM Pfd Tax Free
7 day \$25MM	3.75	2.50
28 day \$25MM	4.00	2.60

	Brokered CDs		Direct CP	Dealer CP
	Amount	Disc Rate	Yield	Yield
90 day	\$100,000	3.85%	4.22%	4.23%
180 day	\$100,000	4.15%	4.43%	4.44%
1 year	\$100,000	4.50%		

Description of Terms:**Treas OTR**

On-the-run Treasury yields. On-the-run securities are the most recently auctioned note or bond at each maturity and are used as a benchmark. Source: Bloomberg

Callable Agency Spread/Coupon

Time to call listed in the row heading, with time to final maturity listed in side column. ALL LEVELS ARE FOR BERMUDAN CALL STRUCTURES (callable on specific dates). Coupon levels are spread plus OTR Treasuries. Source: Piper Jaffray

FNMA and FHLMC Bullet Yld

Fannie Mae and Freddie Mac bullet Agency debt yields. Source: Bloomberg

FHLM Advnc

The rate at which one can receive advance fixed rate funding from the Federal Home Loan Bank of Chicago. Discount of five basis points for advances of \$5 million or more.

Levels as of Thursday, November 10, 2005 Source: Federal Home Loan Bank of Chicago

Swap Spreads

Source: Bloomberg

Agency Discount Notes

Yields are general market levels. Spreads calculated using on-the-run Treasuries.

Source: Piper Jaffray

Investment Grade Corp

Source: Piper Jaffray

Key Rates

Source: Bloomberg

This Week's Economic Calendar

Calendar is not all-inclusive. Some economic data may not be displayed. Source: Bloomberg

Treasury & Agency Yield Curve Graph

Source: Piper Jaffray, Bloomberg

On-the-Run Benchmark Agencies

Source: Bloomberg

15yr Fannie Mae Current Coupon vs. UST 5yr

Spread of 15-year current coupon Fannie Mae pass-through mortgage-backed security versus 5-year on-the-run Treasury. Source: Piper Jaffray, Bloomberg

Bank Qualified Munis			Non-Bank Qual Munis		
Maturity	Yield	% Treas	Maturity	Yield	% Treas
2006	3.00	69.2%	2006	3.04	70.1%
2007	3.10	70.0%	2007	3.17	71.6%
2008	3.20	71.8%	2008	3.28	73.6%
2009	3.30	73.8%	2009	3.39	75.8%
2010	3.40	75.9%	2010	3.50	78.1%
2011	3.45	76.7%	2011	3.60	80.0%
2012	3.55	78.6%	2012	3.70	81.9%
2013	3.60	79.4%	2013	3.80	83.7%
2014	3.65	80.2%	2014	3.89	85.5%
2015	3.70	81.1%	2015	3.97	87.0%
2016	3.75	81.9%	2016	4.04	88.2%
2017	3.80	82.8%	2017	4.10	89.4%
2018	3.85	83.7%	2018	4.15	90.2%
2019	3.90	84.6%	2019	4.20	91.1%
2020	3.95	85.4%	2020	4.25	91.9%
2021	4.00	86.3%	2021	4.30	92.8%
2022	4.05	87.2%	2022	4.35	93.6%
2023	4.10	88.0%	2023	4.40	94.4%
2024	4.15	88.9%	2024	4.44	95.1%
2025	4.20	89.7%	2025	4.48	95.7%
2030	4.40	92.9%	2030	4.58	96.7%
2035	4.55	96.0%	2035	4.59	96.8%

Pass-through Yields & Spreads

Pass-through	Yield	Spread
FNMA 30 yr	5.951%	147 /5y
FHLMC 30 yr	5.967%	149 /5y
GNMA 30 yr	5.708%	123 /5y
FNMA 15 yr	5.447%	97 /5y
FHLMC 15 yr	5.483%	100 /5y
GNMA 15 yr	5.301%	82 /5y
FGLMC 7yr Balloon	5.339%	88 /3y
FGLMC 5 yr Balloon	5.037%	61 /2y

MARCs & VRDNs

Municipal Auction Rate Certificates and Variable Rate Demand Notes.

AMT interest is a preference item for the Alternative Minimum Tax calculation. Source: Piper Jaffray

MM Pfd Taxable & Tax Free

Money Market Preferred rates, \$25MM min. Source: Piper Jaffray

Brokered CDs

Certificates of Deposits issued by brokers, backed by FDIC-insured banks. Source: Piper Jaffray

Direct CP and Dealer CP

Commercial paper issued directly by corporation, or commercial paper sold through a dealer backed by the corporation, respectively. A1+P1/P1+ rating. Source: Bloomberg

Bank Qualified Munis

Insured, A underlying, General Obligation Bank Qualified (BQ) municipal scale. Source: Piper Jaffray

Non-Bank Qual Munis

Generic General Obligation AAA municipal scale. Yields for maturities of 6, 8, 11, 13, 16 and 18 years are interpolated. Source: Bloomberg

% Treas

Yields in BQ and non-BQ general obligation municipal bonds as a percent of U.S. Treasury yields. Source: Piper Jaffray, Bloomberg

Pass-through Yields & Spreads

Source: Bloomberg

Disclaimer

This material regarding the subject company is based on data obtained from sources we deem to be reliable; it is not guaranteed as to accuracy and does not purport to be complete. This information is not intended to be used as the primary basis of investment decisions. Because of individual client requirements, it should not be construed as advice designed to meet the particular investment needs of any investor. It is not a representation by us or an offer or the solicitation of an offer to sell or buy any security. Further, a security described in this release may not be eligible for solicitation in the states in which the client resides. Past performance is not indicative of future results.

The above investments are subject to availability and price change. Bond prices fluctuate as general interest rates change, so you may receive more or less than you paid if you sell prior to maturity. Generally, the longer a bond's period to maturity, the greater its price sensitivity. Generally, with bonds of similar maturities, the higher the return, the higher the risk. Any increase in principal value may be taxable. For zero coupon bonds, interest is paid at maturity, but is subject to annual taxation. Fixed income securities offer varying degrees of credit risk, interest rate risk, reinvestment risk and liquidity. Other call features may apply. Interest earned on U.S. Treasury securities is subject to federal taxation. U.S. Treasury securities are guaranteed as to the payment of principal and interest by the U.S. Government. Government agency securities are not direct obligations of the U.S. government. Brokered CDs are FDIC insured up to \$100,000 per depositor per institution and are quoted yield to maturity. Certain issues may be callable by the issuer.

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WATTS, MASON, SHARP
& ASSOCIATES
of Wachovia Securities

Calvin B. Mason

Vice President
Investment Officer

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Fax (719) 584-2531

11/09/05

The Pueblo Conservancy District
P.O. Box 234
Pueblo, Co 81002

To: Mr. Gus Sandstrom and Board of Directors

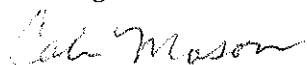
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It is now time to modify the strategy and prepare for the end of Fed rate hikes. See enclosed Wachovia report.

I would counsel the Board of Directors to take advantage of the recent run up in interest rates and lengthen maturities. The Board should move to lock in longer term government bonds or certificates of deposit.

Your new assumption should be that the 4th quarter of 2005 could very well be the high point for interest rates in the current cycle and interest rates may peak before actually going down by late 2006. The most efficient strategy would be to create a "Barbell" of 50% short term government debt instruments and 50% long term instruments. Longer term government bonds are now yielding nearly 6%.

Best regards,



Calvin B. Mason
Vice President/Investment Officer



Fixed Income Weekly

ADVISORY SERVICES: FIXED INCOME STRATEGY

November 7, 2005

Tim Anderson, CFA, Chief Fixed Income Strategist (804-782-6660)

Preparing For The End Of Rate Hikes

- We believe that it is safe to say that the Fed is now closer to the end than the beginning of the current interest rate hike period. The Fed is now almost one and a half years into its current rate hike cycle, and it has raised rates one-quarter point at each of its last 12 meetings, bringing the Fed Funds Rate to 4% from 1% during the period.
- The consensus forecast is for the Fed Funds Rate to peak at 4.5% during 2006, according to a Bloomberg survey of 70 economists conducted between 10/3 and 10/10. We currently agree with the consensus forecast, and if it turns out to be correct we believe that longer-term interest rates may not rise much further and could even fall slightly during 2006.
- We believe that the housing market remains a key factor for economic growth during 2006 and thus ultimately for the Fed Funds rate. The Fed has specifically identified the unsustainable growth rate in home prices as a threat to the economy and has taken steps to slow the housing market. These steps include rate hikes and calls for tighter lending standards. Any slowdown in the housing market could quickly flow through into the economy (as was evident recently in the United Kingdom). We believe that the Fed's actions will ultimately slow the housing market (we have already seen some anecdotal evidence of this) and will lead to lower economic growth during 2006.
- Interest rates have backed up sharply over the past 2 months, with the 10-year Treasury Yield ending the week at 4.66%, near the top end of our Investment Strategy Group's projected trading range of 3.75% to 4.75%.
- We would counsel investors to consider taking advantage of the recent run-up in interest rates to lengthen the duration of their fixed income portfolios. We would consider neutralizing the duration of a fixed income portfolios if 10-year yields approach 4.75% level, and would probably look at increasing portfolio durations to longer than their benchmark if yields back up to the 5% level.

To determine one likely scenario for the U.S. yield curve going into 2006, we once again review the reaction of the U.K. yield curve during its most recent period of rate hikes (11/03-8/04). During this period the Bank of England (BOE) raised its base rate five times in 25 basis point ("bps" = 1/100 of 1%) increments from 3.5% to 4.75%. The BOE began to raise rates due in part to increasing inflationary pressures and concerns about a housing bubble (U.K. housing prices had been rising at double-digit rates in recent years). The BOE then left its base rate at 4.75% for one year before cutting it to 4.5% on 8/4/05. The BOE cut the base rate because economic growth had slowed to a 1.7% annual rate in the second quarter (the slowest since 1993); in addition, U.K. house price inflation slowed to 2.3% in July, its lowest level in nine years (according to HBOS, plc).

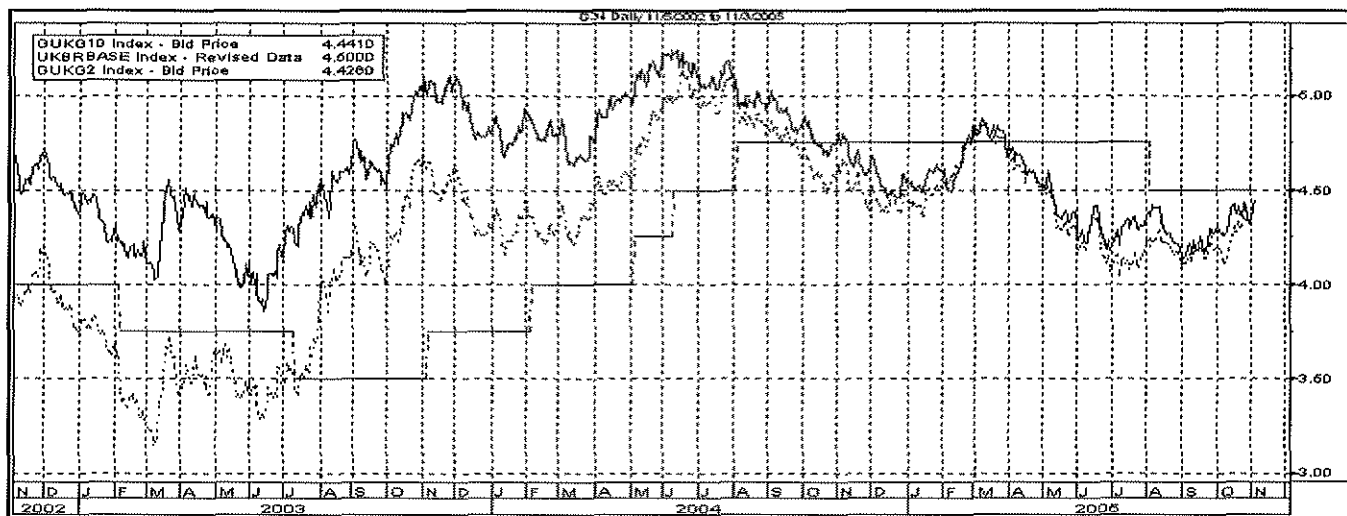
The chart below shows the movement of the U.K. yield curve during its recent rate cycle. The yield on the U.K. 10-year Gilt rose from a low of 3.86% in June 2003 (before the rate hikes began) to a high of 5.25% (50 bps above the peak in the Base Rate) in June 2004, about two months before the last rate hike. From trough to peak, the U.K. 10-year yield rose about 1.39%, slightly more than the increase in the base rate. Soon after the last rate hike, the 10-year yield began to trade below the bank rate, even after the recent rate cut. The U.K. 2-year yield rose from about 3.5% (before the rate hikes began) to a high of 5.17% (42 bps above the Base Rate), also in June 2004. So the 2-year yield increased about 1.67% from trough to peak. The 2-year also quickly began to trade beneath the base rate soon after the last rate hike. The beginning U.K. yield curve (2-10 years) was not as steep as in the U.S., because the U.K. base rate had only fallen to 3.5% versus 1.0% in the United States. The U.K. yield curve (2-10 years) was only about 0.50% when the rate hikes began, flattened quickly, and averaged less than 10 bps over the past year with a couple periods of brief inversion.

ANALYST CERTIFICATION: The Chief Fixed Income Strategist who prepared the report hereby certifies that the views expressed in this report accurately reflect his personal views about the subject companies and their securities. The Strategist also certifies that he has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendation(s) or view(s) in this report.

Timothy E. Anderson, CFA

Please see Page 4 of this report for important disclosure information.

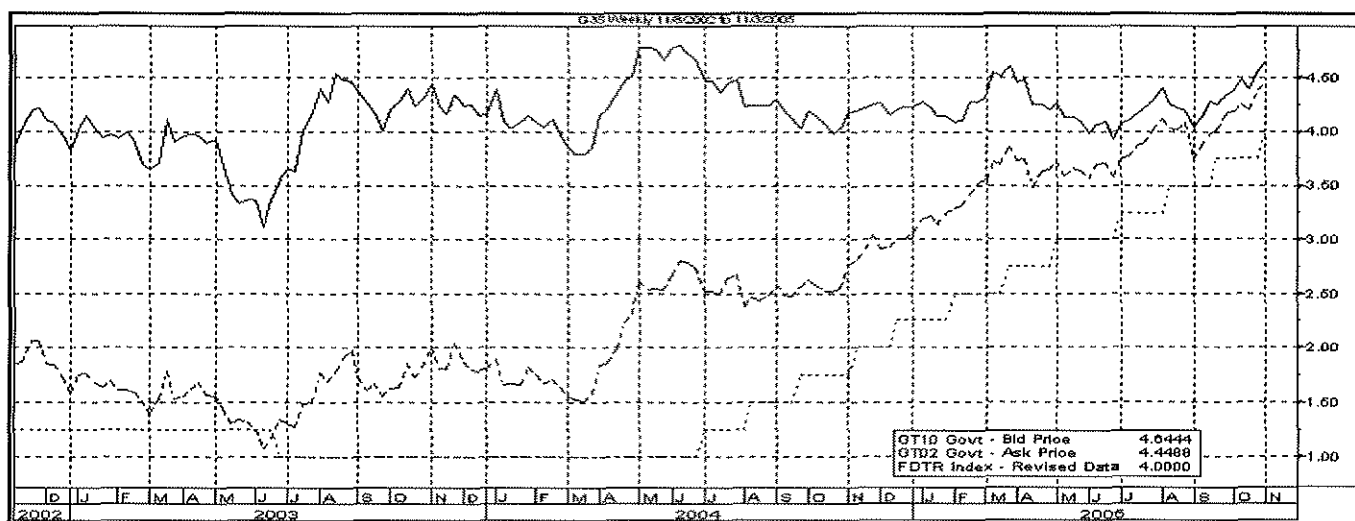
U.K. Yield Curve (Base Rate, 2-Year, 10-Year)



Source: Bloomberg

The U.S. 10-year Treasury yield has risen from 3.68% on 3/16/04, which was about three and a half months before the U.S. rate hikes began (and only about 20 bps lower than the UK 10-year yield before their rate hikes began), to a near-term high of 4.87% in June 2004 (+1.19%) as the Fed raised rates for the first time. Since its 4.87% peak, the 10-year yield has traded as low as 3.87% on 6/1/05 and is currently trading around 4.66%. The U.S. 2-year yield has risen from a low of 1.45% on 3/11/04 to a high of 4.47% on 11/04/05, an increase of more than 3%. The U.S. yield curve (2-10 year) has flattened from around 225 bps and is currently about 20 bps. So, if U.S. interest rates were to follow the same course as in the U.K., they could peak before the last rate hike at slightly above the ultimate Fed Funds rate. Since the consensus forecast is for the Fed Funds Rate to peak at 4.50% during 2006, it is possible that the U.S. 10-year yield could peak at around 4.75%, to 5%, and could then quickly fall below 4.50% and the U.S. curve could remain fairly flat or slightly inverted for some time.

U.S. Yield Curve (Fed Funds, 2-Year, 10-Year)



Source: Bloomberg



Inspection & Engineering Services.

November 15, 2005

Pueblo Conservancy District
P.O. Box 234
Pueblo, Colorado 81003

Re: Ground Penetrating Radar (GPR) of the Arkansas River Levy under the 4th street Bridge.

Mr. Rick Kidd,

Conam Inspection is pleased that you contacted us for your inspection needs. With the information provided it is estimated that a total of 2 days may be required to perform the inspections depending on the results obtained. We will be utilizing a one man crew. He will drive down the evening before; it will take approximately three hours of driving. We will be on site for approximately 12 hours a day for 2 days if needed. The estimated cost of the inspection includes equipment costs and personnel cost.

Estimated cost for inspection for 1 day: **\$3,609.25**

Estimated cost for inspection for 2 days: **\$4,788.50**

The safety aspect of this inspection is that personnel and equipment will be anchored either to the bridge or to the ground. The anchoring system will be provided by Conam Inspection.

Please do not hesitate to call me if additional information is needed regarding this proposal. We look forward to the opportunity of working with the Pueblo Conservancy District.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kelly B. Fulton".

Kelly B. Fulton
Operations Manager
Conam Inspection

6753 East 47th Avenue, Suite E • Denver, CO 80216 • Phone: (303) 393-9689 • Fax: (303) 393-9760 • Internet:

Hqts: 195 Clarksville Road • Princeton Junction, NJ 08550 • Phone: (609) 716-4000 • Fax: (609) 716-0706 • Email: sales.conaminsp.com • Internet: www.mstresholdings.com
Locations: Chicago, IL • Boston, MA • Philadelphia, PA • Columbus, OH • Denver, CO • Houston, TX • Los Angeles, CA • San Francisco, CA • Springfield, MA • St. Louis, MO

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DCO-022-05



Inspection & Engineering Services.

A Division of Mistras Holdings Inc.

1. Attached you will find a sample Certificate of Insurance. If Conam Inspection is awarded the contract a certificate of insurance will be issued to Pueblo Conservancy District.
2. Pricing and Fee structure is based off of our normal T & M rates.
 Travel Time and straight time - \$55.00 per hour for the individual
 Overtime - \$82.50 per hour for the individual.
 GPR Unit - \$1000.00 a day.
 Vehicle - \$50.00 a day.
 Anchoring System - \$30.00 per day.
 Per-Diem - \$38.50 per day.
 Hotel - \$63.25 per day.
 Mileage is \$0.75 per mile
3. We have been performing Ground Penetrating Radar for the last year and a half. Most of the work performed has been to find Rebar, Post tension cable, and conduit in concrete structures. We have performed GPR for Hewitt Packard in Longmont to find and identify where there piping systems ran below the surface of the buildings. We have also found buried pipes for other firms as well.

References:

Duro Electric	720-335-0446	Contact: Brett
Kenny Electric	303-944-2484	Contact: Jerry
Saunders Construction	303-598-4146	Contact: Ed
Trinity Mechanical	303-442-3175	Contact: David
Adams County Plumbing	303-548-2554	Contact: Mike
Wireless Construction	303-638-0734	Contact: George

4. Commencement of work will be agreed upon after awarding of the contract. As long as we are given at least 48 hour notice we will be able to complete the work with in 2 days.
5. The scans will be performed as needed. We will look at the worst area first to determine what will be required, how much of an area will be inspected and approximately how long it will take to inspect. The biggest and most important item will be the safety of the inspector and the equipment. Anchoring system will be provided by Conam Inspection.
6. The bid is based off of normal T&M rates. If the job does not take as long as expected then the total amount will reflect the lower cost. The quote is based off of the information provided to us by Mr. Rick Kidd. Depending on the damage and how many areas need to be inspected will depend on how long it will take to perform the inspection. Another factor that we will have to take into consideration will be the weather and access to the areas that need to be inspected. If there are any further questions please feel free to contact me at my office or on my cell phone at 720-219-4330. Again thank you for contacting Conam Inspection.

6753 East 47th Avenue, Suite E • Denver, CO 80216 • Phone: (303) 393-9689 • Fax: (303) 393-9760 • Internet:

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Client#: 81415

CONAMINSPEC

ACORDTM CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)												
PRODUCER Banc of America Corp. Ins. Agy., LLC 7111 Valley Green Road Fort Washington, PA 19034 215 836-3887		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.												
INSURED CONAM Inspection & Engineering Services 6753 E 47th Avenue, Suite E Denver, CO 80216		<table border="1"> <tr> <th>INSURERS AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A: American Home / AIG</td> <td></td> </tr> <tr> <td>INSURER B: Natl Union Fire of Pittsb</td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	INSURERS AFFORDING COVERAGE	NAIC #	INSURER A: American Home / AIG		INSURER B: Natl Union Fire of Pittsb		INSURER C:		INSURER D:		INSURER E:	
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INSURER D:														
INSURER E:														

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A		GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC	3602514	10/07/04	10/07/05	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (EA occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COM/PROP AGG \$2,000,000
A		AUTOMOBILE LIABILITY ☒ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ☒ NON-OWNED AUTOS	7204711	10/07/04	10/07/05	COMBINED SINGLE LIMIT (EA accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY AGG \$
B		EXCESS/UMBRELLA LIABILITY ☐ OCCUR ☐ CLAIMS MADE ☐ DEDUCTIBLE ☒ RETENTION \$ 10,000	BE2681395	10/07/04	10/07/05	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU- TORY LIMITS OTH- ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		OTHER				

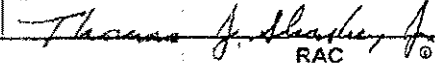
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



RAC

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

WATTS, MASON, SHARP
& ASSOCIATES
of Wachovia Securities

Calvin B. Mason

Vice President
Investment Officer

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11/09/05

The Pueblo Conservancy District
P.O. Box 234
Pueblo, Co 81002

To: Mr. Gus Sandstrom and Board of Directors

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Fixed Income Weekly

ADVISORY SERVICES: FIXED INCOME STRATEGY

November 7, 2005

Tim Anderson, CFA, Chief Fixed Income Strategist (804-782-6660)

Preparing For The End Of Rate Hikes

- We believe that it is safe to say that the Fed is now closer to the end than the beginning of the current interest rate hike period. The Fed is now almost one and a half years into its current rate hike cycle, and it has raised rates one-quarter point at each of its last 12 meetings, bringing the Fed Funds Rate to 4% from 1% during the period.
- The consensus forecast is for the Fed Funds Rate to peak at 4.5% during 2006, according to a Bloomberg survey of 70 economists conducted between 10/3 and 10/10. We currently agree with the consensus forecast, and if it turns out to be correct we believe that longer-term interest rates may not rise much further and could even fall slightly during 2006.
- We believe that the housing market remains a key factor for economic growth during 2006 and thus ultimately for the Fed Funds rate. The Fed has specifically identified the unsustainable growth rate in home prices as a threat to the economy and has taken steps to slow the housing market. These steps include rate hikes and calls for tighter lending standards. Any slowdown in the housing market could quickly flow through into the economy (as was evident recently in the United Kingdom). We believe that the Fed's actions will ultimately slow the housing market (we have already seen some anecdotal evidence of this) and will lead to lower economic growth during 2006.
- Interest rates have backed up sharply over the past 2 months, with the 10-year Treasury Yield ending the week at 4.66%, near the top end of our Investment Strategy Group's projected trading range of 3.75% to 4.75%.
- We would counsel investors to consider taking advantage of the recent run-up in interest rates to lengthen the duration of their fixed income portfolios. We would consider neutralizing the duration of a fixed income portfolios if 10-year yields approach 4.75% level, and would probably look at increasing portfolio durations to longer than their benchmark if yields back up to the 5% level.

To determine one likely scenario for the U.S. yield curve going into 2006, we once again review the reaction of the U.K. yield curve during its most recent period of rate hikes (11/03-8/04). During this period the Bank of England (BOE) raised its base rate five times in 25 basis point ("bps" = 1/100 of 1%) increments from 3.5% to 4.75%. The BOE began to raise rates due in part to increasing inflationary pressures and concerns about a housing bubble (U.K. housing prices had been rising at double-digit rates in recent years). The BOE then left its base rate at 4.75% for one year before cutting it to 4.5% on 8/4/05. The BOE cut the base rate because economic growth had slowed to a 1.7% annual rate in the second quarter (the slowest since 1993); in addition, U.K. house price inflation slowed to 2.3% in July, its lowest level in nine years (according to HBOS, plc).

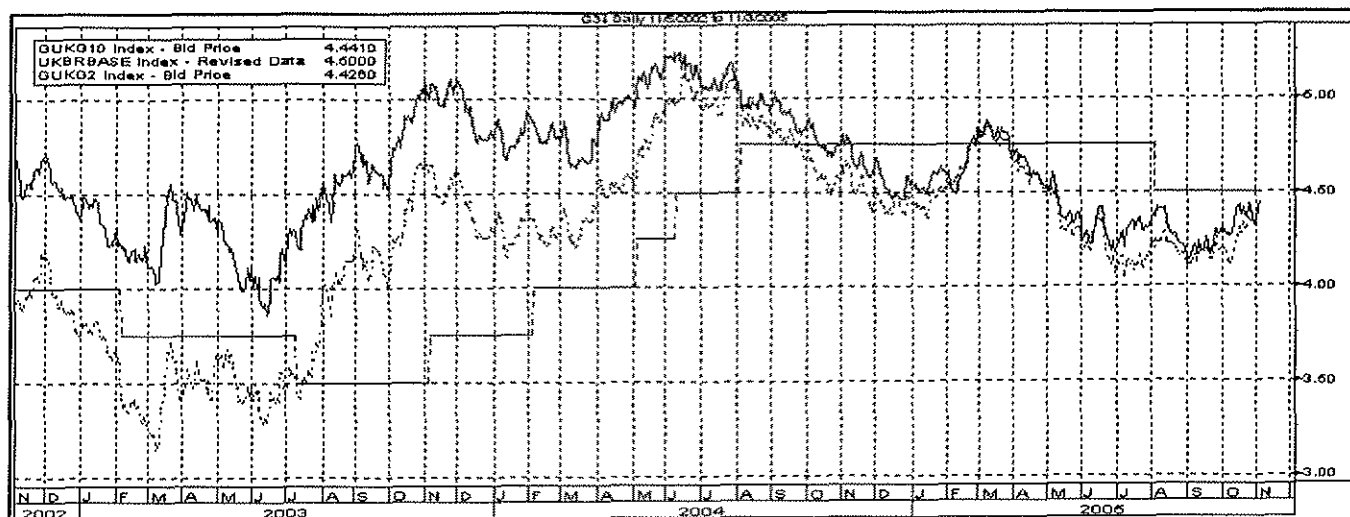
The chart below shows the movement of the U.K. yield curve during its recent rate cycle. The yield on the U.K. 10-year Gilt rose from a low of 3.86% in June 2003 (before the rate hikes began) to a high of 5.25% (50 bps above the peak in the Base Rate) in June 2004, about two months before the last rate hike. From trough to peak, the U.K. 10-year yield rose about 1.39%, slightly more than the increase in the base rate. Soon after the last rate hike, the 10-year yield began to trade below the bank rate, even after the recent rate cut. The U.K. 2-year yield rose from about 3.5% (before the rate hikes began) to a high of 5.17% (42 bps above the Base Rate), also in June 2004. So the 2-year yield increased about 1.67% from trough to peak. The 2-year also quickly began to trade beneath the base rate soon after the last rate hike. The beginning U.K. yield curve (2-10 years) was not as steep as in the U.S., because the U.K. base rate had only fallen to 3.5% versus 1.0% in the United States. The U.K. yield curve (2-10 years) was only about 0.50% when the rate hikes began, flattened quickly, and averaged less than 10 bps over the past year with a couple periods of brief inversion.

ANALYST CERTIFICATION: The Chief Fixed Income Strategist who prepared the report hereby certifies that the views expressed in this report accurately reflect his personal views about the subject companies and their securities. The Strategist also certifies that he has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendation(s) or view(s) in this report.

Timothy E. Anderson, CFA

Please see Page 4 of this report for important disclosure information.

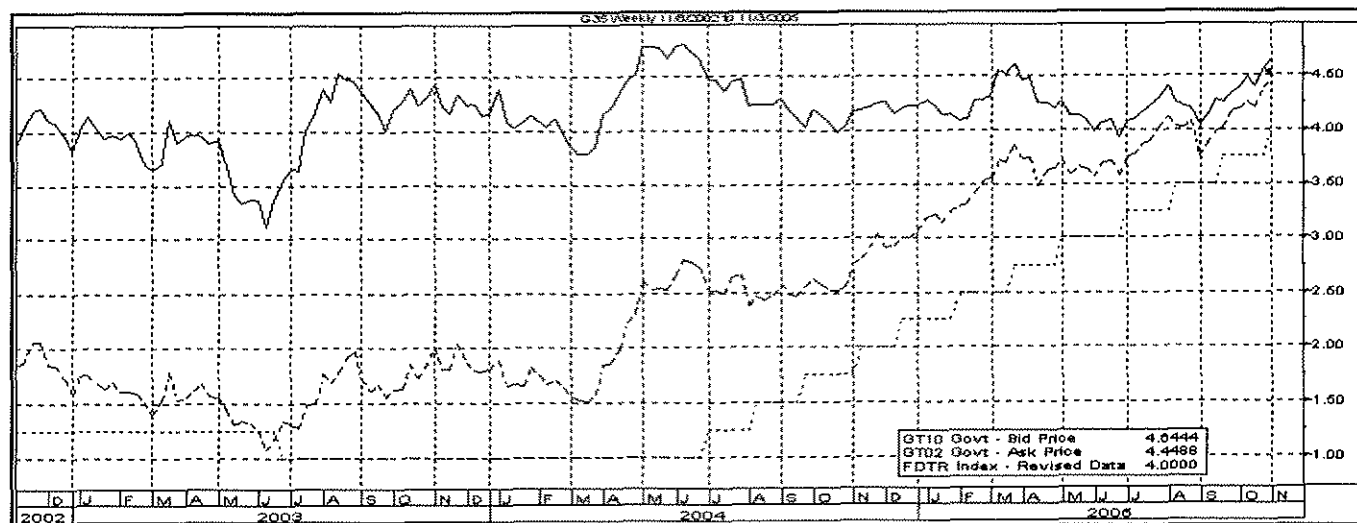
U.K. Yield Curve (Base Rate, 2-Year, 10-Year)



Source: Bloomberg

The U.S. 10-year Treasury yield has risen from 3.68% on 3/16/04, which was about three and a half months before the U.S. rate hikes began (and only about 20 bps lower than the UK 10-year yield before their rate hikes began), to a near-term high of 4.87% in June 2004 (+1.19%) as the Fed raised rates for the first time. Since its 4.87% peak, the 10-year yield has traded as low as 3.87% on 6/1/05 and is currently trading around 4.66%. The U.S. 2-year yield has risen from a low of 1.45% on 3/11/04 to a high of 4.47% on 11/04/05, an increase of more than 3%. The U.S. yield curve (2-10 year) has flattened from around 225 bps and is currently about 20 bps. So, if U.S. interest rates were to follow the same course as in the U.K., they could peak before the last rate hike at slightly above the ultimate Fed Funds rate. Since the consensus forecast is for the Fed Funds Rate to peak at 4.50% during 2006, it is possible that the U.S. 10-year yield could peak at around 4.75%, to 5%, and could then quickly fall below 4.50% and the U.S. curve could remain fairly flat or slightly inverted for some time.

U.S. Yield Curve (Fed Funds, 2-Year, 10-Year)



Source: Bloomberg

**PUEBLO CONSERVANCY DISTRICT
2006 BUDGET**

	2004 Budget	2004 Actual	2005 Budget	2005 Estimate	2006 Budget
REVENUES					
Interest	\$ 58,000	\$ 47,597	\$ 50,000	\$ 42,090	\$ 40,000
Leases, Books, Other	\$ 3,500	\$ 5,308	\$ 2,500	\$ 12,500	\$ 2,500
Unrealized Gains	\$ -	\$ 8,273	\$ -	\$ (10,305)	\$ -
Total Revenues	\$ 61,500	\$ 61,178	\$ 52,500	\$ 44,285	\$ 42,500
EXPENDITURES					
Legal Fees	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Directors Fees	\$ 3,000	\$ 2,220	\$ 2,160	\$ 2,160	\$ 2,160
FICA Taxes	\$ 240	\$ 170	\$ 166	\$ 166	\$ 166
Engineer/Administrative	\$ 4,800	\$ 4,400	\$ 4,800	\$ 4,800	\$ 4,800
Audit & Bookkeeping	\$ 2,400	\$ 2,200	\$ 2,400	\$ 2,700	\$ 2,700
Insurance/Bonds	\$ 2,000	\$ 2,823	\$ 2,500	\$ 2,400	\$ 2,500
Office Expense	\$ 650	\$ 433	\$ 650	\$ 300	\$ 650
Office Rent/Storage	\$ 1,200	\$ 1,189	\$ 1,800	\$ 1,790	\$ 1,800
Professional Fees	\$ 4,700	\$ 691	\$ 5,000	\$ -	\$ 5,000
History Book Pub. & Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 500	\$ 40	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 45,000	\$ 21,920	\$ 45,000	\$ 12,200	\$ 80,000
Contingencies	\$ 500	\$ -	\$ 500	\$ -	\$ 500
Emergency Repairs	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 20,000
Capital Improvements	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 25,000
Planning & Development	\$ -	\$ -	\$ -	\$ -	\$ -
HARP - O&M	\$ -	\$ 200	\$ 50,000	\$ 50,000	\$ 50,000
Sales Tax	\$ -	\$ 50	\$ 100	\$ -	\$ -
Total Expenditures	\$ 113,590	\$ 39,936	\$ 163,676	\$ 80,116	\$ 198,876
Excess of Revenues Over (Under) Expenditures	\$ (52,090)	\$ 21,242	\$ (111,176)	\$ (35,831)	\$ (156,376)
Beginning Reserve Fund Balance	\$ 1,117,553	\$ 1,117,553	\$ 1,142,486	\$ 1,138,795	\$ 1,142,486
Ending Reserve Fund Balance	\$ 1,065,463	\$ 1,138,795	\$ 1,031,310	\$ 1,102,964	\$ 986,110

November 14, 2005

The Pueblo Conservancy District
Attn: Gus Sandstrom
Po Box 234
Pueblo, CO 81002

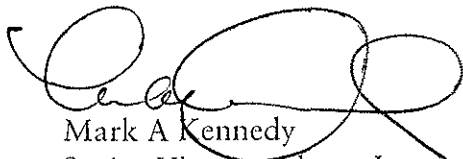
Dear Gus:

I appreciate that I have had the opportunity to assist the Conservancy District with their investments for the past 12 years and look forward to assisting the District with its total investment strategy in the future. Enclosed please find our proposal for your consideration. I have also included a copy of the Colorado State Investment Statutes that I assume govern legal investments of public funds for the District.

I will point out that in the first paragraph (24-75-601.1 Legal investments of public funds) it states that your organization has a five year or less maturity restriction, or if the governing body of the public entity authorizes investment for such period in excess of five years. Ray Kester, as Conservancy Representative, had indicated to me that indeed the Conservancy District had authorized investments longer than five years. I would recommend you check to see that documentation is on file and updated if that is still the case. If it is, then we can extend maturities past my portfolio maturity recommendation. Essentially, my recommendation is to wrap a bond ladder around the bond positions we already hold for the District. Some of the holdings you may own that are held elsewhere may fit into this maturity ladder as well. This would be an excellent time to consolidate all of your holdings from other securities firms into the Piper Jaffray account to assure a consistent performance driven strategy going forward. This is a simple procedure that requires about five minutes of paperwork.

I work with numerous foundations, endowments and non profit organizations in Pueblo and will provide you a list of references upon request. Please do not hesitate to contact me should you have questions or need more information.

Sincerely,



Mark A Kennedy
Senior Vice President - Investments
Branch Manager

enclosures: Investment proposal
state statutes

*Find portfolio
in file under
PiperJaffray
Accounting Records 2006*