

MINUTES OF THE DECEMBER 19, 2005 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom; Haynes; Farley

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

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

With a quorum present, the Minutes of the November 16, 2005 Regular Meeting were reviewed. Farley moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

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

Bills – Sandstrom wanted it noted that COPAA desires to continue their lease agreement and will be paying us for the 2005 lease. Farley 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
\$ 751.40	Kidd Engineering, Tree & Brush Removal
\$ 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
\$10,739.95	Spaccamonti Excavating, Tree & Brush Removal
\$ 35.00	Vectra Bank, Safe Deposit Box Rental

Pasquin Access Request – Todd Pasquin was available to present their request. The COPAA property is west of the motor vehicle barrier to the railroad bridge. Pasquins want an easement along the west side of the Runyon parking lot, then eastward to Thomas Phelps Creek, and then a bridge across Thomas Phelps Creek. The current access from the north is across a railroad main line. Pasquins are trying to buy the Progress Rail MOP Yard. For development, they are considering leasable warehouse space on the westerly portion of their property, and then try a trade with either the Pueblo Conservancy District (PCD) and /or the County for the easterly portion. Their current access railroad crossing is blocked for up to 40 minutes at a time. The proposed southerly route would be uninterrupted. Pasquins would build a bridge to be at grade with the walk/bike path. The bridge design is not done. They would consider trading part of their property (East of green line on map provided) for the access.

Motion – Farley moved Pasquin to prepare a legal description of land to be traded, subject to review of path of road, will be approved for trading. Motion amended to include review of bridge plan also. Motion passed.

Additional discussion followed. The area should be traded to the PCD. The County controls the Runyon parking lot. Pasquin will need to get an easement agreement with them for the west side of the parking lot area. Sandstrom suggested that all lands to be traded should go to the PCD and the PCD work with the County.

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Trees, 310 Vista, Lora Bailey - Kidd reported that she requested the PCD to trim back trees that have limbs passing through the power lines and hanging over her carport. This is the same property where Kidd met Margurite Archuleta about a beehive concern last summer. It is also the same address where Lydia Archuleta had complained earlier about the dead brush and debris on the slope below. It was decided to refer her to Aquila. PCD will give them authorization, if they need it, if they believe that these trees need to be trimmed to protect their power lines.

HARP - Sandstrom said that HARP is going to request the PCD to assist with maintenance costs. Farley moved to give them \$10,000 for 2006. Motion passed.

Levee Piping - Kidd asked who he needed to talk to for approval to access the north side of the levee, for doing the ground penetrating radar investigations. Sandstrom said that need to talk to the operator at the yard tower. Let them know what we will be doing and that our contractor's name is Atkinson-Noland.

Alpha Beta Culverts - Sandstrom is to meet on the River with Kidd to try to determine what and where these culverts are.

Office Space - Sandstrom reported that there may be a possibility for us to rent space at the Heritage Center for less than we are paying now. This space would provide an area to keep the items and records that are currently in the storage unit, an office, area, and meeting space. The Board agreed that Sandstrom should pursue this and get final details.

The next meeting is to be held on Wednesday January 18, 2006, 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 9:00 a.m.

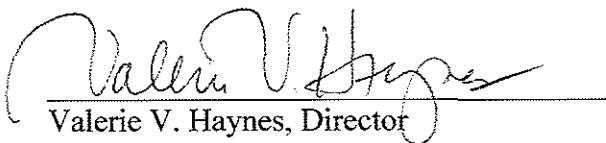
APPROVED:



Gus Sandstrom, Director



Kathleen Farley, Director



Valerie V. Haynes, Director

THE PUEBLO CONSERVANCY DISTRICT

NOTICE OF MEETING

DATE: DECEMBER 19, 2005 (Monday) 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 NOVEMBER 16, 2005 MINUTES
3. TREASURER'S REPORT
 - a. NOVEMBER 2005 ACCOUNTANT'S REPORT
 - b. PAYMENT OF BILLS
4. REQUEST FOR RIGHT-OF-WAY – TODD PASQUIN
5. BLUFF TREE AND BRUSH REMOVAL REPORT
6. LEVEE PIPING INVESTIGATION AGREEMENT
7. OTHER BUSINESS AS MAY BE BROUGHT BEFORE THE BOARD
8. JANUARY 2006 MEETING DATE
9. ADJOURNMENT

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

RECORD OF PROCEEDINGS

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



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 November 30, 2005 and December 31, 2004, and the related comparative statement of revenue and expenditures – actual and budget – general fund for the one month and eleven months ended November 30, 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

December 9, 2005

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
NOVEMBER 30, 2005 AND DECEMBER 31, 2004

	<u>11/30/2005</u>	<u>12/31/2004</u>
ASSETS		
VECTRA BANK CHECKING	\$ 30,973	\$ 12,149
VECTRA BANK MONEY MARKET	11,460	11,420
BROKERAGE MONEY MARKET ACCOUNTS	63,139	109,077
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	596,742	615,298
PIPER JAFFRAY INVESTMENT	344,397	356,459
ACCRUED INTEREST	4,790	4,790
BOOK INVENTORY	<u>6,290</u>	<u>6,429</u>
 TOTAL ASSETS	 <u>\$ 1,082,791</u>	 <u>\$ 1,140,622</u>
LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 712
PAYROLL TAXES PAYABLE	27	73
DEFERRED INCOME	<u>1,250</u>	<u>1,042</u>
 TOTAL LIABILITIES	 <u>1,277</u>	 <u>1,827</u>
RESERVE FOR EMERGENCIES	6,000	6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	111,176	52,090
UNDESIGNATED	<u>964,338</u>	<u>1,080,705</u>
 TOTAL FUND EQUITY	 <u>1,081,514</u>	 <u>1,138,795</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 1,082,791</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 ELEVEN MONTHS ENDED NOVEMBER 30, 2005
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2004

	ACTUAL				
	CURRENT MONTH	YEAR TO DATE	2005 BUDGET	UNUSED BUDGET	2004 ACTUAL
REVENUES					
INTEREST INCOME					
CERTIFICATES OF DEPOSIT	\$ -	\$ -	\$ -	\$ -	\$ 1,687
COLOTRUST	152	657	-	-	320
MONEY MARKET ACCOUNTS	107	2,165	-	-	336
WACHOVIA SECURITIES	-	19,333	-	-	31,045
PIPER JAFFRAY	1,134	12,624	-	-	14,208
UNREALIZED GAINS (LOSSES)	(8,220)	(26,138)	-	-	8,274
TOTAL INTEREST INCOME	(6,827)	8,641	50,000	41,359	55,870
LEASE PAYMENTS	208	2,291	2,500	209	5,308
OTHER INCOME	-	10,180	-	(10,180)	-
COST OF SALES	-	(138)	-	138	-
TOTAL REVENUES	\$ (6,619)	\$ 20,974	\$ 52,500	\$ 31,526	\$ 61,178
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 3,300	\$ 3,600	\$ 300	\$ 3,600
81 DIRECTORS FEES	180	1,980	2,160	180	2,220
82 FICA TAXES	-	124	166	42	170
83 ENGINEER/ADMINISTRATIVE	400	4,000	4,800	800	4,400
90 AUDIT & BOOKKEEPING	225	2,250	2,400	150	2,200
92 INSURANCE/BONDS	-	1,616	2,500	884	2,823
96 OFFICE EXPENSE	-	236	650	414	433
97 OFFICE RENT	100	1,884	1,800	(84)	1,189
100 PROFESSIONAL FEES	-	-	5,000	5,000	691
103 TRAVEL	-	-	-	-	40
105 REPAIRS & MAINTENANCE	115	12,020	45,000	32,980	21,920
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	-	845	25,000	24,155	-
111 PLANNING & DEVELOPMENT	-	-	-	-	-
112 HARP - O & M	-	50,000	50,000	-	200
113 SALES TAX	-	-	100	100	50
TOTAL EXPENDITURES	1,320	78,255	163,676	85,421	39,936
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (7,939)	\$ (57,281)	\$ (111,176)	\$ (53,895)	\$ 21,242

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
11/30/2005

12/9/2005 11:26 AM

<u>BROKER</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>RATE</u>	<u>PAR VALUE</u>	<u>BALANCE 12/31/2004</u>	<u>ADDITIONS</u>	<u>MKT VALUE CHANGE</u>	<u>REDEMPTION SALES</u>	<u>BALANCE 12/31/2005</u>	<u>INTEREST RECEIVED 12/31/2005</u>
<u>CASH ACCOUNTS</u>										
VECTRA BANK	Money Market Account				11,420.44	39.98	-	-	11,460.42	39.98
PIPER JAFFRAY	Money Market Account				21,407.33	3,693.02	-	20,000.00	5,100.35	406.16
WACHOVIA SEC.	Evergreen Money Mkt Fund				87,669.81	679,823.09	-	709,454.84	58,038.06	1,719.53
TOTAL CASH ACCOUNTS WITH BROKERS					120,497.58	683,556.09	-	729,454.84	74,598.83	2,165.67
<u>INVESTMENTS</u>										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,000.00	-	-	-	25,000.00	656.64
TOTAL COLOTRUST					25,000.00	-	-	-	25,000.00	656.64
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	(10,881.48)	136,830.17	291,809.36	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
	FHLMC 3040 CA REMIC MULTICLASS CMO	9/15/2019	5.000%	108,000.00	-	103,276.80	(1,451.26)	4,604.52	97,221.02	(185.53)
	FNMA 03-52 BD REMIC MULTICLASS CMO	3/25/1933	5.500%	28,000.00	28,301.28	-	(603.12)	-	27,698.16	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	-	(332.81)	27,000.00	33,478.71	2,370.84
	FHLMC 2688 DD RETAIL LOTTERY	11/15/2033	5.500%	36,000.00	35,817.84	-	(482.76)	-	35,335.08	1,650.00
	FHLMC 2804 UC REMIC MULTICLASS CMO	11/15/2033	6.000%	8,000.00	5,420.91	-	(26.44)	4,984.88	409.59	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	(5,194.80)	-	74,811.20	355.55
	FNMA 05-16 WD REMIC MULTICLASS CMO	1/25/2035	5.000%	56,000.00	-	54,107.26	84.31	18,212.52	35,979.05	1,077.54
	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	(17,363.54)	678,103.56	596,742.17	19,332.77
PIPER JAFFRAY	GNMA POOL #24920	6/15/2008	8.250%		4,536.97	-	(147.80)	1,149.81	3,239.36	286.95
	FEDL HOME LN MTG CORP FREDDIENOTES B/E	12/15/2009	3.000%	120,000.00	115,047.60	-	(2,938.80)	-	112,108.80	3,300.00
	FEDL NATL MTG ASSN INVT NOTES B/E	8/20/2010	4.000%	100,000.00	98,840.00	-	(1,840.00)	-	97,000.00	3,662.70
	FEDL NATL MTG ASSN INVT NOTES B/E	6/24/2011	4.000%	130,000.00	128,323.00	-	(3,471.00)	-	124,852.00	4,766.63
	FHLMC #170217	3/1/2017	8.000%		9,711.10	-	(377.15)	2,137.05	7,196.90	607.43
TOTAL PIPER JAFFRAY					356,458.67	-	(8,774.75)	3,286.86	344,397.06	12,623.71
TOTAL INVESTMENTS					996,756.87	676,911.07	(26,138.29)	681,390.42	966,139.23	32,613.12
TOTAL ALL ACCOUNTS					1,117,254.45	1,360,467.16	(26,138.29)	1,410,845.26	1,040,738.06	34,778.79

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		

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 crd 3 = 4720

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 \$7880 to 14,600
Actual \$10,739.95

PUEBLO CONSERVANCY DISTRICT

GPR PROPOSALS

CONTRACTOR	BASE	1-DAY	2-DAYS	ANTENNA	DEPTH	DAILY EQUIP RATE	CONCERNS
CONAM	\$ 4,231.75	\$ 4,231.75	\$ 5,463.50		3	\$ 1,000.00	ACCESS, WEATHER
ATKINSON-NOLAND	\$ 12,530.00		\$ 12,530.00	900 & 400		\$ 700.00	SATURATED SOILS
CONCRETE IMAGING	\$ 10,000.00	\$ 13,200.00	\$ 16,400.00	400	12	\$ 3,200.00	DAILY RATE INCLUDE PERSONNEL

THE PUEBLO CONSERVANCY DISTRICT
P.O. Box 234, Pueblo, CO 81002

BOARD OF DIRECTORS
GUS SANDSTROM, PRESIDENT
VALERIE HAYNES, SECRETARY
KATHY FARLEY, TREASURER

ADMINISTRATOR/ENGINEER
RICK KIDD, PE
(719) 544-5239

This letter sent to those listed below!!

December 13, 2005

Calvin Mason
Wachovia Securities
Mary Ann Kennedy
RBC Dain Rauscher
Mark Kennedy
Piper Jaffrey
Mike Salardino
Smith Barney

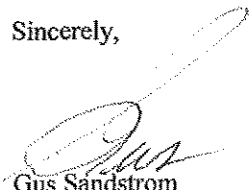
Dear

Thank you for the proposal on investing for the Pueblo Conservancy District. We are now in a planning phase that requires we delay selecting our investment strategy.

We have recently learned that the levy is experiencing what is called piping. Essentially we fear we have a leak. Until the firm we hired to do a radar photo scan of the area in question completes it work we cannot forecast the cost of repair. It is necessary to determine that cost before selecting an investment strategy.

We anticipate our final review of proposals in late January and will make further contact at that time. We appreciate you patience.

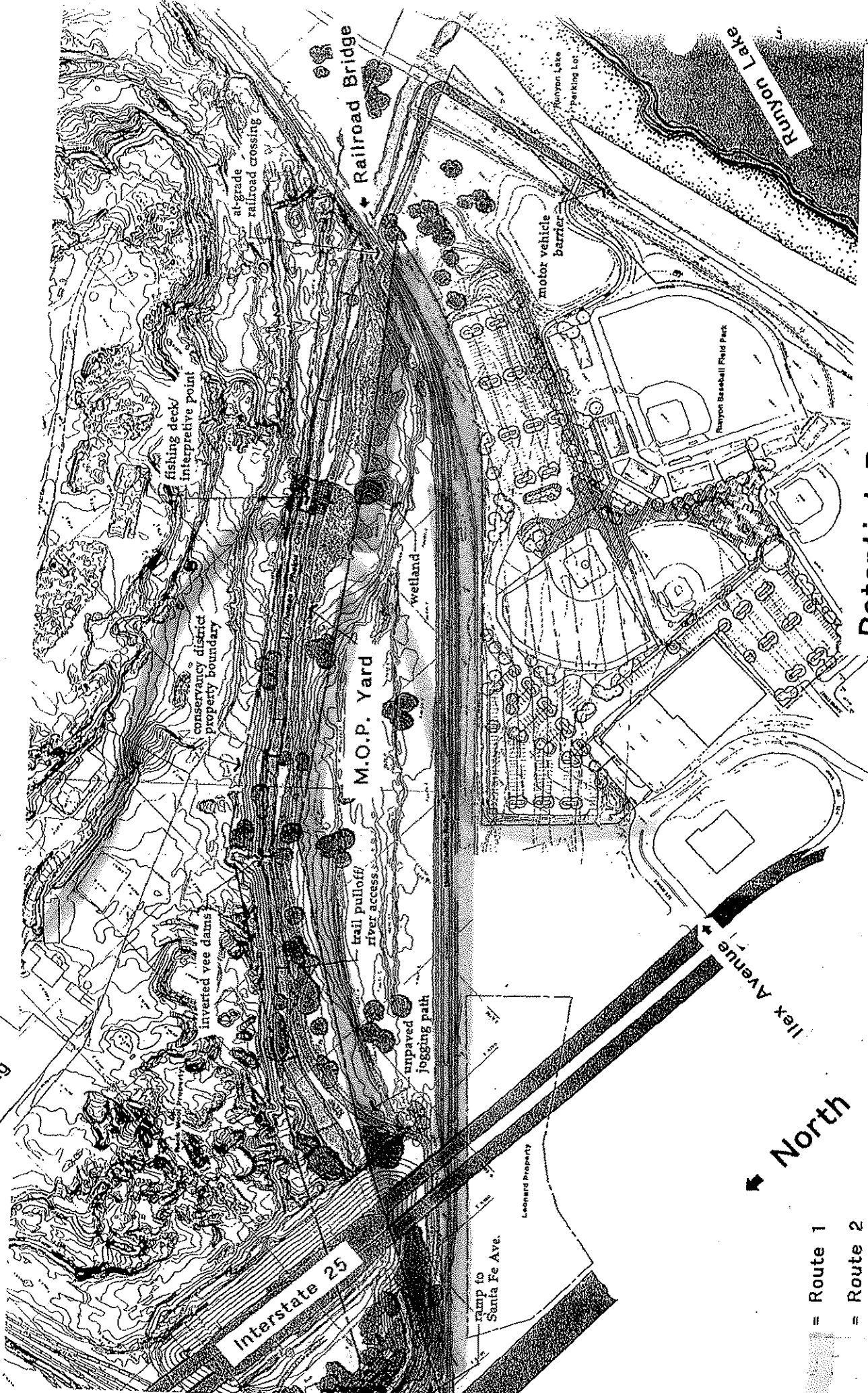
Sincerely,



Gus Sandstrom
President, Pueblo Conservancy District

City Police & Fire
Training Range

Rockwool
Building



Potential Rockwool Access Routes

