

MINUTES OF THE JULY 26, 2006 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Haynes; Farley

Also Present: Administrator Rick Kidd

With a quorum present, the Pueblo Conservancy District board meeting was called to order at 8:05 am.

Farley suggested that the discussion on the Collins Cockrell & Cole report be tabled until the full Board and Counselor Banner were present for discussion. It was so moved and the motion passed. This item is to be put on the August meeting agenda.

The Minutes of the June 21, 2006 Regular Meeting were reviewed. Haynes moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

The accountant's reports for June were reviewed. Farley moved to receive and file the June reports. Motion passed.

Bills – The following bills were posted for review and approval

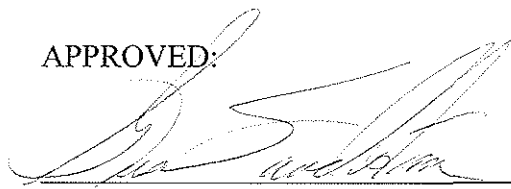
\$ 225.00	MBD&G, Accountant fees
\$ 118.52	Aquila, Electricity
\$ 300.00	Don Banner, Attorney fees
\$ 400.00	Kidd Engineering, Administrator/Engineer fees
\$ 55.41	Sandstrom, Director's Fee
\$ 55.41	Haynes, Director's Fee
\$ 55.41	Farley, Director's Fee
\$ 4,933.00	Collins Cockrell & Cole
\$ 128.00	Chem-Way Lawn Care

Farley moved to approve payment of the monthly bills with the exception of Collins Cockrell & Cole. Farley's concern was the importance of the District's funding and that the report was not prepared by a principal of the firm. Motion passed.

After discussion, it was decided that the future meeting dates should not be scheduled until the full Board was present.

There being no further business to come before the Board, the meeting was adjourned at 8:25 a.m.

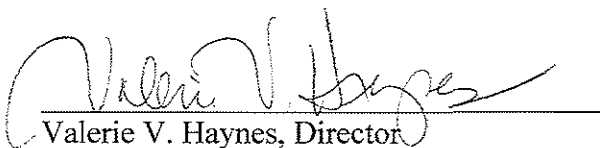
APPROVED:



Gus Sandstrom, Director



Kathleen Farley, Director



Valerie V. Haynes, Director

THE PUEBLO CONSERVANCY DISTRICT

NOTICE OF MEETING

DATE: JULY 26, 2006 (Wednesday) AT 8:00 A.M.

PLACE: SOUTHEASTERN COLORADO HERITAGE CENTER,
201 WEST B STREET, PUEBLO, COLORADO

AGENDA

1. ROLL CALL
2. APPROVAL OF JUNE 21, 2006 MINUTES
3. TREASURER'S REPORT
 - a. JUNE 2006 ACCOUNTANT'S REPORTS
 - b. PAYMENT OF BILLS
4. COLLINS COCKREL & COLE SPECIAL DISTRICTS REPORT
5. FUTURE MEETINGS SCHEDULE
6. OTHER BUSINESS AS MAY BE BROUGHT BEFORE THE BOARD
7. ADJOURNMENT

August meeting date is on the 23rd.

*UBS AG buyout of
Piper Jaffray*

MINUTES OF THE JUNE 21, 2006 REGULAR MEETING OF THE PUEBLO CONSERVANCY DISTRICT

Directors Present: Sandstrom; Haynes; Farley

Also Present: Counselor Don Banner; Administrator Rick Kidd

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

With a quorum present, the Minutes of the May 17, 2006 Regular Meeting were reviewed. Farley moved to approve the Minutes. The Minutes were approved as posted.

Treasurer's Report:

The final accountant's reports for April and May were reviewed. Farley moved to receive and file the April and May reports. Motion passed

Bills – The following bills were posted for review and approval

\$ 225.00	MBD&G, Accountant fees
\$ 116.77	Aquila, Electricity
\$ 300.00	Don Banner, Attorney fees
\$ 19.32	Don Banner, Postage
\$ 400.00	Kidd Engineering, Administrator/Engineer fees
\$ 450.00	Kidd Engineering, Levee Certification Meeting
\$ 8.84	Kidd Engineering, Postage
\$ 55.41	Sandstrom, Director's Fee
\$ 24.74	Sandstrom, Photo copies
\$ 4.61	Sandstrom, Postage
\$ 55.41	Haynes, Director's Fee
\$ 55.41	Farley, Director's Fee
\$ 720.00	Whitt Transfer & Storage, Move to Heritage Center
\$ 132.00	US Postal Service, Box Rental, 12 months

Farley moved to approve payment of the monthly bills. Motion passed

Investments – Sandstrom reported that the Wachovia money market account has approximately \$65,000 in it and the amount could go up to \$80,000 in the next few days. Calvin Mason is recommending purchasing some 5-year AAA Bonds. After discussion it was moved that \$50,000 of AAA Bonds be purchased and an additional \$25,000 put into Certificates of Deposit if the balance does increase to \$80,000. Motion passed. Farley is to contact Mason.

Special District Attorney - Banner said that there had not been a report yet.

Purchase Proposal, John Starr – Board agreed that Starr is to do the survey to determine actual amount and location of land to be purchased. Kidd to have First American Heritage research apparent ownership conflict.

Levee Certification – CWCBC letter summarizing the April 17, 2006 meeting was reviewed. Sandstrom still needs to write a letter to Dennis Maroney explaining the District's position. This is a follow-up from the May 17 meeting and an affirmation of Kidd's report to the levee group during the June 29th conference call. Haynes is concerned about PCD responsibilities to the people, above our general maintenance responsibilities. After discussions it was decided to hold back on the letter to Maroney. PCD may want to use the certification requirements to our benefit for seeking new funding. The certification requirements are not yet known. We will know more about how we want to respond after we receive Anderson Consulting / FEMA recommendations for the certification requirements.

June 21, 2006 Minutes, Page 2 of 2

COPPA – They are going to stake out their approximate property location. Amella Surveying has volunteered to do this work. COPPA hopes that marking out their property will help facilitate their fund raising activities. They may be holding some small events there to help draw awareness.

The next meeting will be held at the Southeastern Colorado Heritage Center on July 26 at 8:00 am.

There being no further business to come before the Board, the meeting was adjourned at 9:53 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
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ACCOUNTANTS' COMPILATION REPORT

Board of Directors
The Pueblo Conservancy District
Pueblo, Colorado

We have compiled the accompanying balance sheets – general fund only – of the Pueblo Conservancy District as of June 30, 2006 and December 31, 2005, and the related comparative statements of revenue and expenditures – actual and budget – general fund for the one month and six months ended June 30, 2006, and the twelve months ended December 31, 2005, 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

July 19, 2006

PUEBLO CONSERVANCY DISTRICT
BALANCE SHEET - GENERAL FUND ONLY
JUNE 30, 2006 AND DECEMBER 31, 2005

	<u>5/31/2006</u>	<u>12/31/2005</u>
ASSETS		
VECTRA BANK CHECKING	\$ 34,137	\$ 24,754
VECTRA BANK MONEY MARKET	11,521	11,475
BROKERAGE MONEY MARKET ACCOUNTS	7,677	93,353
COLOTRUST INVESTMENT	25,000	25,000
WACHOVIA SECURITIES INVESTMENT	567,928	571,301
PIPER JAFFRAY INVESTMENT	334,997	343,428
ACCRUED INTEREST	5,032	5,032
BOOK INVENTORY	<u>6,290</u>	<u>6,290</u>
 TOTAL ASSETS	 <u>\$ 992,582</u>	 <u>\$ 1,080,633</u>
 LIABILITIES AND FUND EQUITY		
ACCOUNTS PAYABLE	\$ -	\$ 740
PAYROLL TAXES PAYABLE	83	82
DEFERRED INCOME	<u>2,292</u>	<u>1,042</u>
 TOTAL LIABILITIES	 <u>2,375</u>	 <u>1,864</u>
 RESERVE FOR EMERGENCIES	 6,000	 6,000
DESIGNATED FOR SUBSEQUENT YEAR'S EXPENDITURES	156,376	111,176
UNDESIGNATED	<u>827,833</u>	<u>961,593</u>
 TOTAL FUND EQUITY	 <u>990,209</u>	 <u>1,078,769</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$ 992,584</u>	 <u>\$ 1,080,633</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
COMPARATIVE STATEMENT OF REVENUE AND EXPENDITURES -
ACTUAL AND BUDGET - GENERAL FUND
FOR THE ONE AND SIX MONTHS ENDED JUNE 30, 2006
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2005

	<u>ACTUAL</u>				
	<u>CURRENT</u>	<u>YEAR</u>	<u>2006</u>	<u>UNUSED</u>	<u>2005</u>
	<u>MONTH</u>	<u>TO DATE</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
REVENUES					
INTEREST INCOME					
COLOTRUST	\$ 103	\$ 559	\$ -	\$ -	\$ 782
MONEY MARKET ACCOUNTS	181	816	-	-	2,346
WACHOVIA SECURITIES	3,643	16,292	-	-	25,159
PIPER JAFFRAY	1,124	6,770	-	-	13,529
UNREALIZED GAINS (LOSSES)	<u>(4,163)</u>	<u>(27,689)</u>	<u>-</u>	<u>-</u>	<u>(22,500)</u>
TOTAL INTEREST INCOME	888	(3,252)	40,000	43,252	19,316
LEASE PAYMENTS	208	1,450	2,500	1,050	2,499
OTHER INCOME	-	-	-	-	10,180
COST OF SALES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(138)</u>
TOTAL REVENUES	\$ 1,096	\$ (1,802)	\$ 42,500	\$ 44,302	\$ 31,857
EXPENDITURES					
80 LEGAL FEES	\$ 300	\$ 1,800	\$ 3,600	\$ 1,800	\$ 3,600
81 DIRECTORS FEES	180	1,080	2,160	1,080	2,160
82 FICA TAXES	-	-	166	166	165
83 ENGINEER/ADMINISTRATIVE	400	2,000	4,800	2,800	4,800
90 AUDIT & BOOKKEEPING	225	1,125	2,700	1,575	2,700
92 INSURANCE/BONDS	-	2,034	2,500	466	1,616
96 OFFICE EXPENSE	190	205	650	445	271
97 OFFICE RENT	720	1,420	1,800	380	1,984
100 PROFESSIONAL FEES	-	3,462	5,000	1,538	751
103 TRAVEL	-	-	-	-	-
105 REPAIRS & MAINTENANCE	567	23,631	80,000	56,369	22,991
108 CONTINGENCIES	-	-	500	500	-
109 EMERGENCY REPAIR	-	-	20,000	20,000	-
110 CAPITAL IMPROVEMENTS	-	-	25,000	25,000	845
111 PLANNING & DEVELOPMENT	-	-	-	-	-
112 HARP - O & M	-	50,000	50,000	-	50,000
113 SALES TAX	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,582</u>	<u>86,757</u>	<u>198,876</u>	<u>112,119</u>	<u>91,883</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,486)</u>	<u>\$ (88,559)</u>	<u>\$ (156,376)</u>	<u>\$ (67,817)</u>	<u>\$ (60,026)</u>

SEE ACCOUNTANTS' COMPILATION REPORT

PUEBLO CONSERVANCY DISTRICT
INVESTMENTS
6/30/2006

7/19/2006 8:26 AM

<u>BROKER</u>	<u>DESCRIPTION</u>	<u>MATURITY DATE</u>	<u>RATE</u>	<u>PAR VALUE</u>	<u>BALANCE 12/31/2005</u>	<u>ADDITIONS</u>	<u>MKT VALUE CHANGE</u>	<u>REDEMPTION SALES</u>	<u>BALANCE 12/31/2006</u>	<u>INTEREST RECEIVED 12/31/2006</u>
<u>CASH ACCOUNTS</u>										
VECTRA BANK	Money Market Account				11,474.56	46.86	-	-	11,521.42	46.86
PIPER JAFFRAY	Money Market Account				5,678.95	1,547.58	-	-	7,226.53	131.11
WACHOVIA SEC.	Evergreen Money Mkt Fund				87,673.99	216,153.01	-	303,376.10	450.90	637.77
TOTAL CASH ACCOUNTS WITH BROKERS					104,827.50	217,747.45	-	303,376.10	19,198.85	815.74
<u>INVESTMENTS</u>										
COLOTRUST	Acct. 7081 - PLUS		6.240%		25,000.00	-	-	-	25,000.00	558.80
TOTAL COLOTRUST					25,000.00	-	-	-	25,000.00	558.80
WACHOVIA SEC.	FNMA 05-27 GA REMIC MULTICLASS CMO	4/25/2034	5.500%	450,000.00	271,260.34	-	(2,556.49)	87,490.06	181,213.79	7,179.69
	FHLMC 3040 CA REMIC MULTICLASS CMO	9/15/2019	5.000%	108,000.00	93,900.44	-	(2,699.80)	91,200.64	-	1,901.96
	FNMA 03-52 BD REMIC MULTICLASS CMO	3/25/2033	5.500%	28,000.00	27,732.04	-	(400.94)	27,331.10	-	633.10
	FHLMC 2646 LL RETAIL LOTTERY	8/15/2033	5.000%	78,000.00	32,888.88	-	(1,390.32)	-	31,498.56	1,054.17
	FHLMC 2688 DD RETAIL LOTTERY	11/15/2033	5.500%	36,000.00	35,844.84	-	(2,163.60)	-	33,681.24	1,155.00
	FHLMC 2804 UC REMIC MULTICLASS CMO	11/15/2033	6.000%	8,000.00	181.59	-	(0.57)	181.02	0.00	3.10
	FHLMC 3004 GG RETAIL LOTTERY	7/15/2034	5.000%	80,000.00	75,336.00	-	(111.20)	-	75,224.80	2,333.31
	FHLMC 3133 MB REMIC MULTICLASS CMO	3/15/2036	6.000%	150,000.00	-	152,368.50	(7,690.50)	-	144,678.00	1,525.00
	FNMA 05-16 WD REMIC MULTICLASS CMO	1/25/2035	5.000%	56,000.00	34,157.34	-	(2,319.61)	8,850.52	22,987.21	803.74
	GNMA 06-27 WE REMIC MULTICLASS CMO	6/20/1936	6.000%	50,000.00	-	50,006.00	(1,361.50)	-	48,644.50	(241.67)
	NATIONAL CITY CD	6/15/2007	5.150%	30,000.00	-	29,979.90	20.10	-	30,000.00	(55.03)
TOTAL WACHOVIA SEC.					571,301.47	232,354.40	(20,674.43)	215,053.34	567,928.10	16,292.37
PIPER JAFFRAY	GNMA POOL #24920	6/15/2008	8.250%		3,032.38	-	(56.84)	585.96	2,389.58	114.82
	FEDL HOME LN MTG CORP FREDDIENOTES B/E	12/15/2009	3.000%	120,000.00	112,555.20	-	(1,815.60)	-	110,739.60	1,800.00
	FEDL NATL MTG ASSN INVT NOTES B/E	8/20/2010	4.000%	100,000.00	96,480.00	-	(1,990.00)	-	94,490.00	1,999.98
	FEDL NATL MTG ASSN INVT NOTES B/E	6/24/2011	4.000%	130,000.00	124,436.00	-	(2,990.00)	-	121,446.00	2,599.98
	FHLMC #170217	3/1/2017	8.000%		6,924.88	-	(162.46)	830.51	5,931.91	255.01
TOTAL PIPER JAFFRAY					343,428.46	-	(7,014.90)	1,416.47	334,997.09	6,769.79
TOTAL INVESTMENTS					939,729.93	232,354.40	(27,689.33)	216,469.81	927,925.19	23,620.96
TOTAL ALL ACCOUNTS					1,044,557.43	450,101.85	(27,689.33)	519,845.91	947,124.04	24,436.70

PUEBLO CONSERVANCY DISTRICT

JUNE 2006 - JULY 2006

RECEIPTS

VENDOR	ITEM	AMOUNT
First Clearing, LLC	Interest Payment	\$ 1,058.09
Piper Jaffray	Interest	\$ 1,122.16
Wells Fargo - Colotrust	Dividend	\$ 102.30
		\$ 2,282.55

DEBITS

VENDOR	ITEM	AMOUNT	CHECK	Code
MBDG, PC	Bookkeeping	\$ 225.00	3336	90
Aquila	Electrical Billing	\$ 118.52	3335	105
Don Banner -- BB&C, PC	Attorney Fees	\$ 300.00	3337	80
Kidd Engineering	Engineer/Admin Fees	\$ 400.00	3338	83
Director Sandstrom	Fees	\$ 55.41	3339	81
Director Farley	Fees	\$ 55.41	3340	81
Director Haynes	Fees	\$ 55.41	3341	81
Collins Cockrell & Cole	Financing Strategy Report	\$ 4,933.00	3342	80
Chem-Way Lawn Care	Weed Spraying	\$ 128.00	3343	105
		\$ 6,270.75		

July 13, 2006

Pueblo Conservancy District
PO Box 234
Pueblo, CO 81002

Dear Pueblo Conservancy District,

I am writing to you to provide additional information about the sale of the Piper Jaffray Private Client Services branch network to UBS AG.

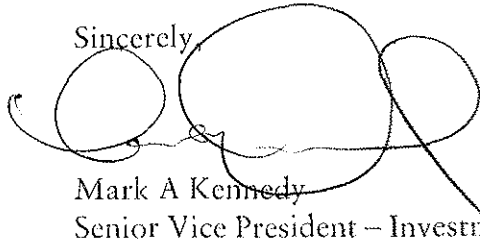
The agreement was announced in April and includes a plan for Piper Jaffray financial advisors to join UBS. As a result, I will become part of the UBS team after the sale closes and will continue to serve as your financial advisor—bringing the considerable resources UBS offers to our relationship and my understanding of your financial goals and needs.

Before any transition takes place, you will receive information from Piper Jaffray about the process and your choices relative to your Piper Jaffray accounts. Both Piper Jaffray and UBS are committed to making the transition seamless for clients and to ensuring you receive the same high level of service in the interim.

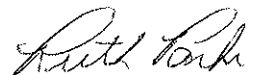
I am excited about the partnership with UBS. As one of the world's largest wealth management firms with more than 140 years of experience, UBS shares my commitment to providing you comprehensive wealth management resources. More information about UBS and its wealth management services is available online at www.ubs.com/financialservicesinc.

I look forward to continuing to serve as your financial advisor throughout our transition to UBS. As always, please call me or Ruth at 719-546-0470 with any questions you may have.

Sincerely,



Mark A Kennedy
Senior Vice President – Investments
Branch Manager



Ruth Parker
Investment Assistant