

**MINUTES OF REGULAR MEETING
THE BOARD OF DIRECTORS OF
PUEBLO WEST METROPOLITAN DISTRICT
February 10, 2009**

The Board of Directors of the Pueblo West Metropolitan District met in regular session at 109 East Industrial Boulevard, Pueblo West, Colorado, on February 10, 2009 at the hour of 6:30 o'clock p.m.

ROLL CALL: On roll call, Stan Hren, Chair; Director's Bill Vickers, Steven Abel and John Van Auken were present. Director Sloan was excused.

Also present were Brian Caserta, Acting District Manager; Judy Leonard, Administrative Assistant; Tom Mullans, Attorney for the District; Tammy Jameson, Finance; and 23 citizens.

FINANCIAL REPORT: Members of the Board had been provided with a check register dated February 10, 2009, listing the bills for payment. On motion by Director Vickers, noting the large payments, the outstanding bills of \$180,025.86 are approved for payment, vote unanimous.

The investment report consisted of \$6,540,016.59 in Certificate of Deposits; \$15,753,694.22 in Money Market; \$592,466.03 in Bond Reserve; \$73,965.50 Year-to-Date Interest; \$238,148.43 Cash on hand; and Total Investments \$23,124,325.27.

Director Vickers is concerned with approximately 70% of the District money in the same bank for CDs and suggested that when they mature the money should be spread out to other banks. Finance Director Jameson explained that some of the CDs had matured and were put in different banks as stated on the report, and some of the money was put towards the main operating account for expenses to pay bills. Chair Hren suggested that Director Vickers discuss this with District Manager Saling and find out what he thinks.

The agenda was amended to reflect the minutes.

Director Van Auken made a motion to amend the agenda to include minutes for January 13, 2009 and January 27, 2009, vote unanimous.

MINUTES: On motion by Director Van Auken, the two regular meeting minutes of January 13, 2009 and January 27, 2009, were approved, vote unanimous.

DIRECTOR'S COMMENTS: Director Vickers questioned the beginning fund balances of the General Fund, Water, and Wastewater and the discrepancies in the amounts on the investment reports. He asked if he could get a report reflecting the differences and where they came from. Finance Director Jameson explained the figures would not be available until the books are closed for 2008 sometime in March or after the audit is completed, in case there is anything else that will cause them to change. She explained the amounts are based on the auditing figures of December 31, 2007, plus the 2008 revenue less expenditures. As of December 31, 2008 nothing has been backed in. For November and December 2008, she had to guess at what she thought the expenditures would be and the totals are a best guess.

Chair Hren reminded everyone of the meeting of February 24, 2009 with the County Commissioners at 4:00 p.m. and topics that will be discussed. He mentioned his involvement and concerns with animal control in Pueblo West and urged the residents to attend.

LAND SALES REPORT: Acting District Manager Caserta reported there were no closings for January, 2009; total sales year-to-date are \$0.00.

DISTRICT MANAGER REPORT: None

COMMITTEE OF ARCHITECTURE: Acting District Manager Caserta reported the Committee of Architecture's approvals for January, 2009 were 10 single family homes, 3 mobile home, zero multi-family, and zero commercial. In January, 2008 there were fourteen single family homes, zero mobile homes, 1 multi-family, and 1 commercial approved.

Director Vickers asked if Acting District Manager Caserta could inform the Board on the dust abatement complaint from Mr. Lucero. He explained the e-mail Chair Hren forwarded to him from Commissioner Chostner with Mr. Lucero's dust abatement concerns on the Industrial road project and felt the contractor was not doing what they were supposed to do to abate dust; in addition, Mr. Lucero felt that erosion control not being done properly. Rick Morgan, Public Works Director was contacted and has assured him that everything has been done properly by CDOT standards and has numerous complaints on these issues from Mr. Lucero. At one time the grading was being done without a water truck due to mechanical issues. The re-vegetation will not take place until the project is completed. Director Vickers stated that Rick Morgan said we are following state regulations and Mr. Lucero's complaints have been that some contractors are not following protocol as others are made to do but there is no foundation to these accusations.

CITIZEN COMMENTS: Mr. Adley talked about his concerns and how Pueblo West should be cautious in dealing with Colorado Springs as partners with them in the SDS project. He feels that Pueblo West should be sure they detail everything

they say and fix the roads that will be affected to the needs of Pueblo West. He mentioned all the construction that will take place with this big project involving traffic and other issues. He mentioned that the costs involved in this project and what the District should do to make sure the District gets everything spelled out in detail what Colorado Springs plans to do with the SDS project through Pueblo West. He also said that our Legal Counsel needs to thoroughly go through the contracts.

Chair Hren mentioned his involvement on the Joint Task Force Committee and has discussed the District's concerns with this project. With the ongoing negotiations on the 1041 permit with the County and Colorado Springs all the details have not been resolved but Chair Hren has been assured by Greg Serverance and Commissioner Cordova that everything will be negotiated on a point to point basis and will have a handle on issues.

Director Vickers pointed out that the District is partners with Colorado Springs and does not have much of a bargaining power as the County has. The District has been given a road list of the roads that will be affected and what standards the County is requiring Colorado Springs to do. He also feels that by becoming a partner in this project it gave away lot of the bargaining power the District can make. The cost for this project was also discussed and not knowing the bottom line cost is a great concern.

Director Abel thinks the information is hard to come by and he is gravely concerned that the District does not have any clue about total cost. He does not think Colorado Springs has not done their job in giving a total cost of the District's portion. He mentioned a figure of \$2.4 million with the District's cost a percentage of that. He still has concerns on ongoing costs that may happen in the future and there are no specific answers to what the extra cost obligations would be.

Mr. Adley thinks the concept of more water for the District is a good idea and needed but is also concerned with costs.

Therapeutic Riding and Education Center:

Ms. Steckman gave a PowerPoint presentation on her center and discussed a brief history on how her center was started, what it does, staff, number of clients, and how it fits in the community. She explained what her center does with her clients as to how horses help with their disabilities. She mentioned the successes that have helped with these disabilities and the impact it has for these clients. She explained her distress of not having an indoor riding arena to continue with lessons due to inclement weather. Ms. Steckman talked about what has been done on the property. She feels an arena would be a benefit for the community to use for other events. She explained how she will obtain financing, building materials, and the impact on the property. She also talked about using youth for community service and possibly being the only one, which is not totally correct, because the Fire Department does use some. She talked about her successes, fund raisers, and without an indoor riding arena a decision will have to be made as to the continuation of the program. Her plea to the Board is to get their support for a 70 x 100 ft. steel structure approved. She feels it will fit on her 3 acre property and had a scale model of how it would set on her property as to her house, barn, etc. She feels with the COA restrictions she needs this support.

Chair Hren inquired if the center had approached COA with a variance request. Ms Steckman has approached the COA and was told that no structures on less than 5 acres would be allowed outside the 30 x 40 ft. guidelines, which was 2 years ago. The pitch of the roof will not be higher than the house because the land is lower where the structure will be placed. Director Vickers asked if this was on an A-3 parcel and if it would conform to County standards. Ms. Steckman mentioned her article in the paper and was contacted by the County and they suggested going to them and they would help push it through COA but feels she needs community support for this project too. Chair Hren is in full support of this project and will talk to District Manager Saling. Chair Hren explained with the recent changes made in COA he is now the Executive Director of COA. Director Abel inquired as to how many soldiers the center had. Ms. Stckman stated she has 2 and is limited to accept many more due to the other classes. Ms. Steckman did say this is a pilot program and due to classes and other programs she only has room for 4 veterans but the ones she does have, has seen improvements. Director Vickers gave the location where this center is.

Comments from the audience were both positive and said this program should be supported and what is accomplished for these clients and this building should be supported and approved.

Director Van Auken thinks it is a wonderful thing she is doing but would like more information on the center as to parking and other things on the property for community events. Ms. Steckman suggested the Board come to the property and walk it to visually see where the building will be placed. She will get information to the Board on those issues.

Director Vickers informed the Board and audience of the meeting that took place with Director Sloan, District Manager, Finance Director, Auditor Larry Daveline, and himself. The discussion was on the upcoming audit and having an auditor do the preparation and another auditor do the audit because of new auditing standards. He explained that by having the same organization do the audit prep and the audit, the District would be required to accept a deficiency in process. Finance Director Jameson explained that the deficiency would be communicated verbally, not in writing as in the past. After further discussion on this topic, Director Vickers and Director Sloan feel there should be 2 auditors, one for the preparatory work and one to do the audit. Director Van Auken asked for

clarification on who made the auditing rules. Director Vickers explained that they came about after the Enron incident and were issued by the State. Finance Director Jameson stated it is an auditing standard that are nationwide rules and regulations set up by accountants. Legal Counsel explained these standard rules and regulations are not set up by the State, but used by accountants for certifications and not governmental regulations. Director Vickers feels that audit preparation and the audit itself should be segregated to conform with standards and to maintain separation of the functions. Chair Hren inquired about the cost difference and was told there would be approximately \$12,000 to \$14,000 for the audit and \$8,000 for the prep work. This was incorrect; preparation would be \$12,000 to \$14,000 and the audit would be \$8,000. The difference would be approximately \$2,000 to \$4,000 to segregate audit preparation and audit. Finance Director Jameson informed the Board that when the audit was put out to bid that only 2 bids were received, with Larry Daveline's firm being the lowest. She is worried that because of the time frame that the District might not get a good response from an RFP. Director Vickers found advertisement for services on the Special Districts site and will look into them. Director Van Auken explained the 2 parts to the audit and how that is done and thinks 2 auditors is a good idea but feels trying to do it this year is a waste of taxpayer money. Director Van Auken thinks the District should move to that procedure for sure next year but is a waste for this year. Director Vickers asked what the difference between this year is or next would be for spending the extra money. Director Van Auken stated that the contract with Larry Daveline's firm is for 3 years and the District would break that contract and next year it would be up and it does not matter what the outcome will be because it does not put any more money in the coffers. Director Van Auken mentioned that the District has been operating for 35 years and spending more taxpayer money is a waste as there is nothing negative with the present audit. Chair Hren commented on his research done on the audit and compliance of the generally accepted auditing standards that have been established. Chair Hren thinks that a long-range plan should be to have 2 auditors, and with all the questions from the budget committee that this needs to be done. Director Abel stated he does not have to be convinced that 2 auditors are needed from findings on the audit that two separate auditors is needed for one doing the preparatory and the other for the audit and should not accept a deficiency. He made references to appeals and inspections being done by the same people and then the same people approving them finds this unacceptable as it relates to the auditing procedures of the District. He thinks with all that has happened in other entities with unscrupulous business deals this would be money well spent to be without deficiencies and as responsible Board members to the community having 2 auditors is a better business practice. He also thinks issuing RFPs now is a good idea, and if the District gets no response then we should definitely plan for 2 auditors next year. Chair Hren did summarize the contract with Larry Daveline being for a 3-year contract for \$20,000. Director Vickers would like to make a motion to put out RFPs and see what happens. Chair Hren inquired on the timeline and was told the audit has to be submitted by June or July. Legal Counsel told the Board that extensions are granted if needed if not submitted by July. Finance Director Jameson explained the audit process and what takes place.

Director Vickers made a motion to put out an RFP to hire another auditing firm for the 2008 audit, vote unanimous.

EXECUTIVE SESSION: None

ADJOURNMENT: There being no further business to come before the Board, Director Abel adjourned the meeting. The next regular meeting is scheduled for February 24, 2009, at the hour of 6:30 p.m., presently set for the meeting room of the Board of Directors, 109 East Industrial Boulevard, Pueblo West, Colorado.

Secretary
