

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
FOREST VIEW ACRES WATER DISTRICT
AND THE BOARD OF DIRECTORS OF THE
WATER ACTIVITY ENTERPRISE
HELD
JULY 27, 2006

A regular meeting of the Board of Directors of the Forest View Acres Water District and the Board of Directors of the Water Activity Enterprise (referred to hereafter as "Board") was held on Thursday, the 27th day of July, 2006, at 5:30 P.M. at the Tri Lakes Fire Department, Station No. 1, 18650 Highway 105, Monument, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Barbara Reed-Polatty, Chairman
Eckehart Zimmermann
Richard Crocker

Upon motion duly made and seconded, the absences of Jeff Walker and Kajetan Nowacki were excused.

Also In Attendance Were:

Lisa Johnson and Deborah D. McCoy; Special District Management Services, Inc.

Mike Bacon; Community Solutions, Inc.

Dan LaFontaine; Operations Manager

See attached list for others in attendance.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's Regular Meeting. Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Crocker and, upon vote, unanimously carried, the Agenda was approved.

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Minutes: The Board reviewed the minutes of the June 22, 2006 regular meeting and the June 26, 2006 reconvened regular meeting. Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Crocker and, upon vote, unanimously carried, the Board approved the minutes of the June 22, 2006 regular meeting, as amended and the June 26, 2006 reconvened regular meeting, as amended.

Public comments on agenda items: No comments were made.

Engineering Services Agreement with ASCG Incorporated: Discussion was deferred to the next meeting. The Board requested staff to obtain additional information.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending July 27, 2006, totaling \$181,660.05.

Following discussion, upon motion duly made by Director Crocker, seconded by Director Zimmermann, and upon vote, unanimously carried, the Board approved payment of claims for the period ending July 27, 2006, totaling \$181,660.05, as presented.

Financial Statements: The Board reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending June 30, 2006. Following review, upon motion duly made by Director Zimmermann, seconded by Director Crocker and, upon vote, unanimously carried, the unaudited financial statements were accepted as presented.

2005 Audit: Following discussion, upon motion duly made by Director Zimmermann, seconded by Director Crocker and, upon vote, unanimously carried the Board ratified approval of the Request for Extension of Time to File the 2005 Audit.

RECORD OF PROCEEDINGS

Unger Settlement Fund: Director Reed-Polatty reported on the disposition of the Unger settlement funds.

BILLING MATTERS Billing Report: The Board reviewed the Balances Due Report as of July 20, 2006.

LEGAL MATTERS Red Rock Reserve development: Mr. LaFontaine reported on the status of the installation of the water main.

ELECTION November 2006 Election: Following discussion and upon motion duly made by Director Zimmermann, seconded by Director Crocker and, upon vote unanimously carried the Board adopted the Election Resolution. A copy of the Resolution is attached hereto and incorporated herein by this reference.

OPERATIONS REPORT Water Operator report: Mr. LaFontaine distributed and reviewed the Operational Report and the Production Report for June 2006.

Clean-up at booster station. Mr. LaFontaine reported that the clean-up at the booster station has not been completed at this time.

Upgrades to Water Treatment Plant: Mr. Bacon presented a report on the costs for the proposed upgrades to the water treatment plant.

Dawson Well water testing: Mr. Bacon reported that the estimated cost of the testing of the Dawson Well is \$12,000.

Variable Frequency Drive ("VFD"): Mr. Bacon reported that the estimated cost for replacement of the VFD is \$9,000.

Following discussion, upon motion duly made by Director Crocker, seconded by Director Zimmermann the Board authorized replacement of the Variable Frequency Drive for an amount not to exceed \$9,000.

RECORD OF PROCEEDINGS

OTHER BUSINESS

Public comments: Stuart Currier and Rikki Stiltner, 18650 Clovenhoof Drive addressed the Board regarding the lien on the property. The Board will discuss this issue with them privately.

Frank Chuba-Requested permission to relocate his current tap. Mr. Chuba was directed to talk with Red Rock Reserve about his request. The District does not own the lines he is requesting to tap into.

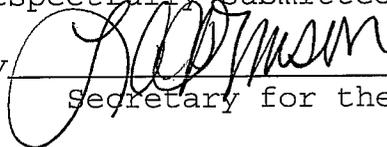
Mr. Chuba also requested that the District consider moving or changing the electrical service provider for the surface treatment plant from MVEA to IREA. The Board agreed to discuss this at their work session in August.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Zimmermann, seconded by Director Crocker, and upon vote, unanimously carried the meeting was continued to Friday, August 18, 2006 at 9:00 a.m. at the offices of the District, 141 Union Boulevard, Suite 150, Lakewood, Colorado.

Respectfully submitted,

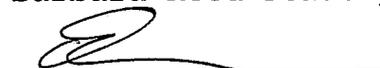
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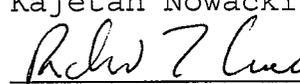
Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL JULY 27, 2006 MINUTES OF THE FOREST VIEW ACRES WATER DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Barbara Reed-Polatty


Eckehart Zimmermann

Kajetan Nowacki


Richard Crocker

Jeff Walker

Please **print** your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

P.O. Box 504
Monument, CO 80132

verified →

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
Stuart Currier	18650 Cloven Hoop Dr.	487-1156	Billing & District
Rikki Stiltner Currier	11 11	11	
James Micheli	18795 Rockbrooke Rd	487-8816	
Penny Nevins	18890 Spring Valley Rd	649-9590	
John Heiser	OCW PO Box 1742, Monument	488-3455	Name
FRANK CHUBA	49 Luxury Ln, CS.	487-0383	Relocate current Tap / Pure Lines ^{MVSA}
SUSAN GATES	18235 SUNBURST DR	487-1606	EXPENSES / E MAIL LIST
FREDERICK MALMSTROM	" " "		fmalstrom@earthlink.net
Nicole Osborn			None

CERTIFIED RECORD
OF
PROCEEDINGS OF
FOREST VIEW ACRES WATER DISTRICT
EL PASO COUNTY, COLORADO
RELATING TO
THE NOVEMBER 7, 2006 ELECTION

(Attach copy of notice of meeting, as posted)

STATE OF COLORADO)
)
EL PASO COUNTY)
)
FOREST VIEW ACRES WATER DISTRICT)

The Board of Directors of Forest View Acres Water District, El Paso County, Colorado, met in regular session at Tri Lakes Fire Station No. 1, 18650 Highway, 105, in Monument, Colorado, on Thursday, the 27th day of July, 2006, at the hour of 5:30 P.M.

The following members of the Board of Directors were present, constituting a quorum:

President and Chairman: *Barbara Reed - Polatty*
Treasurer: *Eckehart Zimmerman*
Assistant Secretaries: *Richard Crocker*

Absent: *Kajetan Nowacki, Jeff Walker*

Thereupon there was introduced the following resolution:

RESOLUTION

WHEREAS, the Board of Directors (the "Board") of Forest View Acres Water District, El Paso County, Colorado (the "District"), has determined and hereby determines that the interest of the District and the public interest and necessity demand the acquisition, construction, installation, and completion of certain improvements to carry out the objects and purposes of the District requiring the creation of a general obligation indebtedness, all as is more particularly stated in the ballot issues set forth hereafter; and

WHEREAS, the Board has also determined that the interest of the District and the public interest and necessity require that the District be authorized to increase its operations property tax and collect and spend for public purposes or retain in a reserve the District revenues as described in the ballot issue set forth hereafter; and

WHEREAS, the Board has also determined to submit to the electors of the District the question of waiving the terms limitations provided in Article XVIII, Section 11 of the Colorado Constitution; and

WHEREAS, accordingly, the Board has determined to submit to the eligible electors of the District, at an election to be held on November 7, 2006, the ballot issues set forth hereafter; and

WHEREAS, as required by §32-1-106(2), C.R.S., within the five months immediately preceding the election herein called, the District has not held any election on the proposition of creating any indebtedness of the District which was defeated, and

WHEREAS, the election shall be held pursuant to the Uniform Election Code of 1992, as amended, and Article X, Section 20 of the Constitution of the State of Colorado, and shall be held as an independent mail ballot election being conducted by the District; and

WHEREAS, in accordance with §32-1-1101(3)(a), C.R.S., it is hereby found, determined, and declared by the Board:

(a) the interest of the District and the public interest and necessity demand the acquisition, construction, installation, and completion of certain improvements to carry out the objects and purposes of the District requiring the creation of a general obligation indebtedness;

(b) the objects and purposes for which the indebtedness is proposed is the acquisition, construction, installation, reimbursement, purchase, and completion of certain water facilities and improvements for the District, as more particularly stated in the ballot issues set forth hereafter;

(c) the estimated cost of the improvements is equal to the principal amount of the debt to be authorized therefor as set forth in the ballot issues contained herein, and the amount of principal to be incurred does not exceed such amount;

(d) no part of the estimated cost of the improvements to be paid from the proceeds of the debt is to be defrayed out of any state or federal grant; and

(e) the maximum net effective interest rate to be paid on any of the debt authorized hereby is 8.00%;

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF FOREST VIEW ACRES WATER DISTRICT, EL PASO COUNTY, COLORADO, THAT:

Section 1. Submission of Ballot Issues. At an election of the District to be held on Tuesday, November 7, 2006, in addition to the other matters submitted to the electorate at the election, there shall be submitted to the eligible electors of the District the ballot issues set forth hereafter. The election shall be held and conducted in accordance with the Uniform Election Code of 1992 and Article X, Section 20 of the Colorado Constitution, as an independent mail ballot election.

Section 2. Designated Election Official. Lisa Johnson, District Secretary, is hereby declared and appointed the "designated election official" (the "Designated Election Official") for the election within the meaning of §1-1-104 (8), C.R.S. The Designated Election Official is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this resolution and of applicable law. Without limiting the generality of the foregoing, the Designated Election Official shall appoint election judges as necessary, appoint the canvass board, arrange for the required notices of the election, and printing of ballots, and direct that all other appropriate actions be accomplished. If required, the Designated Election Official is authorized to enter into an intergovernmental agreement with El Paso, County, Colorado regarding the conduct of the election. If other special districts with overlapping boundaries of the District are conducting ballot issue elections on the election day, the District is required to enter into an intergovernmental agreement with such special districts concerning the preparation and mailing of certain notices to the electors within the overlapping area. The Designated Election Official is authorized to enter into such agreement on behalf of the District

Section 3. Conduct of Election. The Designated Election Official shall supervise the conduct of the election and shall, with the assistance and consent of the Board, make all determinations as to notice, publications, and other matters concerning the election, including without limitation matters required or permitted under Article X, Section 20 of the Colorado Constitution. The Designated Election Official may consult and coordinate with the El Paso County Clerk and Recorder and with the Secretary of State in regard to conducting the election and rendering decisions and interpretations under the law.

Section 4. Mail Ballot Election. The Board and Designated Election Official hereby designates the following location as the official depository for mail ballots:

Special District Management, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228

Ballots shall be accepted from 7 A.M. to 7 P.M. on the date of the election at the same location. Mail ballots shall be available twenty-five days prior to the election at the District offices for

eligible electors who are not listed or who are listed as "inactive" on the county voter registration records or on the list of property owners or registration list but who are authorized to vote.

Section 5. Ballot Titles. The ballot titles for the issues to be submitted at the election shall be in substantially the following forms:

SHALL FOREST VIEW ACRES WATER DISTRICT DEBT BE INCREASED \$8,000,000, WITH A REPAYMENT COST OF \$32,000,000; AND SHALL FOREST VIEW ACRES WATER DISTRICT TAXES BE INCREASED \$2,000,000 ANNUALLY, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S DEBT: SUCH DEBT TO CONSIST OF GENERAL OBLIGATION BONDS OR OTHER OBLIGATIONS ISSUED OR INCURRED FOR THE PURPOSE OF PAYING, REIMBURSING, OR FINANCING ALL OR ANY PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, RELOCATING, IMPROVING, INSTALLING, COMPLETING, AND OTHERWISE PROVIDING, WITHIN OR WITHOUT THE BOUNDARIES OF THE DISTRICT, A COMPLETE POTABLE AND NON-POTABLE WATER SUPPLY, STORAGE, TRANSMISSION, AND DISTRIBUTION SYSTEM, INCLUDING TRANSMISSION LINES, DISTRIBUTION MAINS AND LATERALS, IRRIGATION FACILITIES, AND STORAGE FACILITIES, TOGETHER WITH ALL NECESSARY, INCIDENTAL, AND APPURTENANT FACILITIES, EQUIPMENT, LAND, AND EASEMENTS, SUCH DEBT TO BEAR INTEREST AT A NET EFFECTIVE INTEREST RATE NOT IN EXCESS OF 8.00% PER ANNUM, SUCH INTEREST TO BE PAYABLE AT SUCH TIME OR TIMES AND WHICH MAY COMPOUND PERIODICALLY AS MAY BE DETERMINED BY THE DISTRICT BOARD, SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE AT A PRICE ABOVE, BELOW, OR EQUAL TO THE PRINCIPAL AMOUNT OF SUCH DEBT AND ON SUCH TERMS AND CONDITIONS AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF PREMIUM IN AN AMOUNT NOT IN EXCESS OF 3% OF THE PRINCIPAL AMOUNT BEING REDEEMED, SUCH DEBT TO BE PAID FROM ANY LEGALLY AVAILABLE MONEYS OF THE DISTRICT, INCLUDING THE PROCEEDS OF AD VALOREM PROPERTY TAXES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY IMPOSED ON ALL TAXABLE PROPERTY OF THE DISTRICT, WITHOUT LIMITATION OF RATE AND IN AMOUNTS SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE OR SUCH LESSER AMOUNT AS MAY BE NECESSARY, TO BE USED SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL OF, PREMIUM IF ANY, AND INTEREST ON THE DISTRICT'S DEBT; AND SHALL THE PROCEEDS OF ANY SUCH DEBT AND THE PROCEEDS OF SUCH TAXES, ANY OTHER REVENUE USED TO PAY SUCH DEBT, AND INVESTMENT INCOME THEREON, BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE, WITHOUT REGARD TO ANY

SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

SHALL FOREST VIEW ACRES WATER DISTRICT TAXES BE INCREASED \$50,000 ANNUALLY, COMMENCING IN 2007, OR BY SUCH GREATER OR LESSER ANNUAL AMOUNT AS MAY BE DERIVED FROM AN AD VALOREM MILL LEVY NOT IN EXCESS OF FIVE (5) MILLS ANNUALLY (PROVIDED THAT SUCH MAXIMUM MILL LEVY SHALL BE ADJUSTED UP OR DOWN TO ACCOUNT FOR CHANGES IN LAW OR THE METHOD BY WHICH ASSESSED VALUATION IS CALCULATED OCCURRING AFTER 2006, SO THAT TO THE EXTENT POSSIBLE, THE ACTUAL TAX REVENUES GENERATED BY THE MILL LEVY, AS ADJUSTED, ARE NEITHER DIMINISHED NOR ENHANCED AS A RESULT OF SUCH CHANGES), THE REVENUES THEREFROM TO BE USED FOR THE PURPOSE OF PAYING THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; AND SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENT INCOME THEREON BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE IN 2007 AND IN EACH YEAR THEREAFTER, WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, OR SECTION 29-1-301, COLORADO REVISED STATUTES?

SHALL FOREST VIEW ACRES WATER DISTRICT BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND ANY AND ALL AMOUNTS ANNUALLY FROM ANY REVENUE SOURCES WHATSOEVER OTHER THAN PROPERTY TAXES, AND SHALL SUCH REVENUES BE COLLECTED AND SPENT BY THE DISTRICT AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Shall members of the board of directors of Forest View Acres Water District be authorized to serve without limitation on their terms of office pursuant to the right granted to the voters of the district in Article XVIII, Section 11 of the Colorado Constitution to lengthen, shorten, or eliminate the limitations on the terms of office imposed by such section?

Section 6. Authorization to Execute Documents. The President, the Secretary or an Assistant Secretary, and the Designated Election Official shall and they are hereby authorized and directed to take all actions necessary or appropriate to effectuate the provisions of this resolution.

Section 7. Severability. Should any part or provision of this resolution be adjudged unenforceable or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this resolution, it being the intention that the various provisions hereof are severable.

Section 8. Repealer. All acts, orders, resolutions, or parts thereof, of the District that are inconsistent or in conflict with this resolution are hereby repealed to the extent only of such inconsistency or conflict.

Section 9. Effective Date. The provisions of this resolution shall take effect immediately.

ADOPTED AND APPROVED This 27th day of July, 2006.

(S E A L)

Barbara Reed-Paletty
President

ATTESTED:

DAWSON
Secretary or Assistant Secretary

Thereupon, Director Eckehart Zimmerman moved the adoption of the foregoing resolution. The motion to adopt the resolution was duly seconded by Director Richard Crocker, put to a vote, and carried on the following recorded vote:

Those voting AYE:

Barbara Reed-Polatty
Eckehart Zimmerman
Richard Crocker

Those voting NAY:

Thereupon the President, as Chairman of the meeting, declared the resolution duly adopted and the Secretary was directed to enter the foregoing proceedings and resolution upon the minutes of the Board.

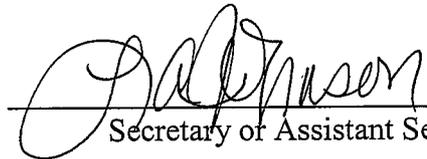
Thereupon, after consideration of other business before the Board, the meeting was adjourned.

STATE OF COLORADO)
)
EL PASO COUNTY)
)
FOREST VIEW ACRES WATER DISTRICT)

The undersigned, as Secretary or Assistant Secretary of Forest View Acres Water District, El Paso County, Colorado, do hereby certify that the foregoing pages constitute a true and correct copy of that portion of the record of proceedings of the Board of Directors of said District relating to the adoption of a resolution relating to the November 7, 2006 election, adopted at a regular meeting of the Board held at Tri Lakes Fire Station No. 1, 18650 Highway, 105, in Monument, Colorado, on Thursday, the 27th day of July, 2006, at the hour of 5:30 P.M., as recorded in the official record of proceedings of said District kept in my office; that the proceedings were duly had and taken; that the meeting was duly held; that the persons therein named were present at said meeting and voted as shown therein; and that a notice of meeting, in the form herein set forth at page 1, was posted at three public places within the District, and at the office of the Clerk and Recorder of El Paso County, Colorado, at least three days prior to the meeting, in accordance with law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the District, this 27th day of July, 2006.

(S E A L)


Secretary or Assistant Secretary