

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD JUNE 21, 2013

A Regular Meeting of the Board of Directors of the Baca Grande Water and Sanitation District (referred to hereafter as "Board") was held on Friday, the 21st day of June, 2013, at 8:00 a.m. at the offices of the District, BGWSD Shop, 57 Baca Grant Way South, Crestone, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Vicki Matthews
Martin Macaulay
Cindy Reinhardt
Kyle Grote
Parvin J. Johnson, Sr. (via speakerphone for a portion of the meeting)

Also In Attendance Were:

AJ Beckman and Lindsay Ross (for a portion of the meeting); Special District Management Services, Inc. – Via speakerphone

Jennifer Gruber Tanaka, Esq.; White, Bear & Ankele, P.C. – Via speakerphone

Brad Simons, P.E.; TST Inc. of Denver – Via speakerphone

Eric Barnes, CPA (for a portion of the meeting); Wagner, Barnes and Griggs, P.C. – Via speakerphone

Kendall Burgemeister, Esq. (for a portion of the meeting); Wilderson Lock & Hill, LLC - Via speakerphone

Steven Harrell; District General Manager

Michael Scully and Michael Onewing; District residents

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Attorney Tanaka noted that conflicts were filed for applicable Directors at least 72 hours prior to the meeting. Mr. Beckman

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noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No further conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: Mr. Beckman reviewed the proposed agenda for the District's Regular Board meeting.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Agenda was approved, as amended.

The Directors noted the absence of Director Johnson and, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board excused Director Johnson's absence. It was noted that Director Johnson was able to join the meeting via speakerphone for a portion of the meeting.

Consent Agenda: The Board considered the following actions:

- Approval of Minutes from the May 17, 2013 Regular Meeting.
- Engineer's Report.
- Operations Report.
- Ratification of following agreements with TST Inc. of Denver:
 - Agreement for Public Water System Facilities Support Engineering Services
 - Agreement for Domestic Wastewater Facilities Support Engineering Services
 - Agreement for Development Review Support Engineering Services
- Ratification of following termination letters with Olsson Associates, Inc.:
 - Agreement for Public Water System Support Services
 - Agreement for Domestic Wastewater Treatment Works Support Services
 - Agreement for Dharma Ocean and Stables Lift Station Design and Permitting Services
 - Agreement for Supplemental Environmental Project Design Services
- Ratification of following letters regarding completion of services and termination of agreement with Olsson Associates, Inc.:
 - Agreement for Reservoir Permitting Consulting Services
 - Agreement for Project Management Services
 - Agreement for Mitigation of State Fines Services

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- Agreement for Hydroelectric Power Feasibility Study Services
- Agreement for Facilities Compliance Audit Services
- Agreement for Aspen WWTF Engineering Support Services
- July 2013 Article for publication in Crestone Eagle.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board reviewed, approved and accepted the above items.

PUBLIC COMMENT

Public Comment: Mr. Scully requested that the Board of Directors allow the community in attendance at the meeting to order lunch and to have an informal discussion over the lunch hour. Mr. Beckman explained that, pursuant to Section 24-6-402 (2)(b), C.R.S., the discussion over the lunch hour would still be considered part of the Board meeting and would need to be properly recorded in the meeting Minutes.

Mr. Scully then discussed the costs associated with the District's consultants and the need for the consultants' physical presence at Board meetings. Attorney Tanaka noted for the Board that she does not charge for travel time when attending the meetings in person.

Ms. Onewing reported that she believes that the soda ash water treatment technique is causing corrosion and/or discoloration to her teapot. She also expressed a general concern that she is now less comfortable with the drinking water and uses a water filter. Mr. Harrell requested that Ms. Onewing not clean the teapot so that he can investigate the issue further.

OPERATIONS

District Employees: Mr. Harrell reported to the Board that the new members to District Staff, Gary Potter, Josh Carter and Sandra Skibinski, are doing a very good job.

Corrosion Control Study: Mr. Harrell reported to the Board that the last round of samples taken from the pipe-loop test rig was completed on June 10, 2013 and that the set of samples were sent to two separate labs for analysis. He further reported that Mr. McLaughlin, with McLaughlin Engineering, Ltd., requested and received an extension to the July 1, 2013 deadline from the Colorado Department of Public Health and Environment ("CPDHE") and the deadline is now August 1, 2013. It was noted that the San Luis Valley Rural Electric Cooperative ("SLVREC") damaged a water main at the intersection of Arrowhead Way and Moonlight Way and the cost of the repair will be billed to SLVREC.

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Motel Well: Mr. Harrell reported to the Board that the telemetry data of the Motel Well is showing usage of approximately 300,000 gallons per day as compared to the normal usage of 50,000 gallons per day. He distributed and reviewed with the Board a memorandum explaining the extent to which the well pump is being overburdened and discussing options to ensure reliable service. Mr. Harrell further reported that there is a standard operating procedure (“SOP”) in the event that the Motel Well fails due to overuse. He then reported that he will obtain a repair estimate for repairs in the event of an emergency outage and explained that there is approximately one week of water storage capacity in the event that repairs are necessary. Mr. Harrell noted that he will follow up with a pump repair contractor regarding an emergency series proposal and present for Board consideration at the next meeting.

Mr. Harrell then discussed the use restrictions previously placed on the Golf Course Well which shifted the irrigation pumping burden to the Motel Well. He further reported that the Golf Course well is now in priority and will be utilized to the greatest extent possible to reduce the usage at the Motel Well.

Mr. Harrell then discussed options including connecting the two water systems, installing redundant pumping infrastructure or responding to outages as they may occur. Mr. Beckman recommended that the Board obtain an estimate of the time necessary for TST Inc. of Denver (“TST”) to prepare an Engineer’s estimate for redundant infrastructure versus an interconnection of the two water systems.

Golf Course Well: Mr. Harrell reported that the golf course well required a repair to the portion owned by the Property Owners’ Association (“POA”). He noted that because the line is owned by the POA, the POA will be billed for the work.

Emergency Response Plan with Fire Department: Mr. Harrell reported that, while in the process of performing the fire hydrant maintenance, discussions regarding the emergency response plan for the fire department commenced. The fire department would like to have clear procedures in place in the event of a fire. Mr. Harrell will meet with the fire department again on July 2, 2013 to discuss the evacuation plan and training of employees in such an event.

CAPITAL IMPROVEMENTS

Water Conservation Project: Mr. Simons reported to the Board that TST is reviewing the available GIS data to map the water distribution system. He noted that he will be at the District next week to continue the work and field verify certain aspects of the water system.

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Supplemental Environmental Project (“SEP”): Mr. Simons reported to the Board that the reed-bed proposal was not approved by the CDPHE as a SEP. He explained that he is working on an alternative proposal for the meter replacement and upgrades portion of the Water Conservation Project for consideration by the CDPHE as a SEP. Mr. Simons noted that he expects to have the report completed in the next few days. He will forward the report to Mr. Beckman for submittal to the CDPHE.

Bio-Solids: Mr. Simons reported that he will be working on a “letter of intent” which will be necessary for the permitting for the sludge pumping and disposal by RMS Utilities, Inc. He further reported that the District is able to self perform the majority of the permitting and set-up work which will save the District approximately \$4,200.

Capital Funding Scenarios: Mr. Beckman reported that Ms. Ross is in the process of updating the data for the capital funding scenarios with the current invoices and will circulate the updated scenarios to the Board.

FINANCIAL MATTERS

Claims: Mr. Beckman reviewed the payment of claims with the Board through the period ending June 21, 2013 as follows:

	Period Ending June 21, 2013
General Fund	\$ 12,888.13
Cap. Projects Fund	15,667.77
Debt Service Fund	179,275.29
Enterprise Fund	74,446.67
Total Claims	\$ 282,227.86

Following review and discussion, upon motion duly made by Director Reinhardt, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending July 21, 2013, as presented and directed.

Financial Statements: Ms. Ross reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, and budget analysis and accounts payable vouchers for the period ending May 31, 2013.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending May 31, 2013.

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2012 Audit: Mr. Barnes reviewed the 2012 draft audit with the Board. Mr. Barnes specifically addressed questions regarding agreements in place with consultants for payment of fees in the future upon the trigger of certain conditions. Because it is a remote possibility that the contingent liabilities will trigger and it is unknown what the amount would be, Mr. Barnes believes there is no disclosure requirement for the audit. Mr. Barnes noted that he will be issuing a clean, unqualified opinion.

Following review and discussion, upon motion duly made by Director Reinhardt, seconded by Director Macaulay and, upon vote, unanimously carried, the Board accepted the 2012 Audit, subject to revisions as discussed, and approved the execution of the Representations Letter.

LEGAL MATTERS

Resolution No. 2013-06-01 Regarding FACT Act (“Resolution No. 2013-06-01”): Attorney Tanaka discussed Resolution No. 2013-06-01 with the Board.

Following discussion, upon motion duly made by Director Reinhardt, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved Resolution No. 2013-06-01. A copy of the adopted Resolution is attached hereto and is incorporated herein by this reference.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4) (b), (e) and (f), C.R.S., upon motion duly made by Director Macaulay, seconded by Director Grote and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 10:58 a.m. for the purpose of discussions relating to negotiations with third parties, for receiving legal advice and for discussing personnel matters, all as authorized by Sections 24-6-402(4)(b), (e) and (f) C.R.S.

Furthermore, pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District’s attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 11:24 a.m.

OTHER BUSINESS

Crestone Eagle Article Committee: The Board discussed creating a District Committee for the preparation of the monthly publication of the District’s article in the Crestone Eagle.

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Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board approved the creation of a Communications Committee for review and approval of publication and general communication releases to members of the public. The committee will consist of Directors Reinhardt and Matthews, Mr. Beckman, Mr. Harrell, Ms. Slivka, Mr. Beckman and Attorney Tanaka.

September 20, 2013 Regular Meeting: The Board considered rescheduling the September 20, 2013 Regular Meeting to Friday, September 27, 2013 at 8:00 a.m. at the regular meeting location due to the 2013 SDA Conference.

Following discussion, the Board determined to reschedule the September 20, 2013 Regular Meeting to Friday, September 27, 2013 at 8:00 a.m. at the regular meeting location.

ADJOURNMENT

Upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 21, 2013 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Vicki Matthews
Vicki Matthews


Martin Macaulay

Cindy Reinhardt
Cindy Reinhardt


Kyle S. Grote
Kyle Grote

Parvin J. Johnson, Sr.

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ATTORNEY STATEMENT

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Baca Grande Water and Sanitation District, I attended the executive session convened on June 21, 2013 for the sole purpose of discussing matters subject to negotiation with third parties, personnel matters and matters seeking legal advice, as authorized by §§24-6-402(4)(b), (e) and (f), C.R.S. I further attest that it is my opinion that a portion of the executive session discussion constituted attorney-client privileged communication as provided by §24-6-402(4)(b), C.R.S., and, based on that opinion, no further record, written or electronic, was kept or required by be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.
General Counsel
Baca Grande Water and Sanitation District



Baca Grande
Water And Sanitation
District

Baca Grande Water and Sanitation District
P.O. Box 520 | 57 Baca Grant Way S
Crestone, CO 81131-0520

June 21, 2013

Please print your name, address and contact information along with any issues you are interested in addressing at today's Board Meeting.

Name	Address	Telephone/Email	Would you like to speak?	Issues to be addressed
MICHAEL SCULLY	POB 952 CRESTONE CO 81131			
MICHAEL DNEUBLES	2720 N. CARLETON			