

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD FEBRUARY 17, 2012

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 17th day of February, 2012, at 9:00 a.m. at the offices of the District, BGWS&D Shop, 57 Baca Grant Way South, Crestone, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Christine Canaly, President
Vicki Matthews, Vice President
Martin Macaulay, Secretary
Philip Madonna, Assistant Secretary
Parvin J. Johnson, Sr., Assistant Secretary

Also In Attendance Were:

AJ Beckman, George Turtle and Lindsay Ross; Special District Management Services, Inc. –Via speakerphone

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

Marcus Lock, Esq.; Bratton Hill Wilderson & Lock, LLC – Via speakerphone

Brad Simons; Olsson Associates

Steve Harrell; District General Manager

See attached Sign-In Sheet of Additional Attendees

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. Director Canaly 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.

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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 Matthews and, upon vote, unanimously carried, the Agenda was approved.

Minutes: The Board reviewed the Minutes of the January 20, 2012 Special Meeting.

Following discussion, upon motion duly made by Director Johnson, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the minutes of the January 20, 2012 Special Meeting.

PUBLIC COMMENT

Public Comment: Ms. Reinhart inquired as to the timing and development of the 2012 Budget. Attorney Tanaka reported that the District's Budget for 2012 was adopted 2011 and was filed by January 30, 2012. She noted that the budgeting process typically begins in August for the following budget year.

WATER MATTERS

Outstanding Water Matters with Water Counsel: Attorney Lock reported that the United States Fish and Wildlife Service ("USFWS") is processing the application for the Well 17 Replacement Well. He further reported that engineers engaged by the District and the USFWS have developed a draft set of joint recommendations for submittal to the USFWS regarding water demand and future growth.

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4) (b) and (e), C.R.S., upon motion duly made by Director Madonna, seconded by Director Matthews and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 10:16 a.m. for the purpose of discussions relating to personnel matters, negotiations with third parties and receiving legal advice as authorized by Sections 24-6-402(4)(b) and (e) 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 10:57 p.m.

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OPERATIONS

Corrosion Control Analysis: Mr. Beckman reported that the treatment recommendation by McLaughlin Water Engineers, Ltd. has been submitted to the Colorado Department of Public Health and Environment (“CDPHE”) for review and comment. He further reported that he and representatives of the District participated in a conference call with Dean Lloyd, John Percival, Eric Karlstrom, Karen Koyote, and Lori Gerzina, with the CDPHE, to discuss water treatment issues. Mr. Beckman explained that the design proposal from McLaughlin Water Engineers, Ltd. for consideration at today’s meeting would allow with District to enter into the design review process with the CDPHE. Once the design of a different treatment technology is approved the District will be able to change its corrosion control treatment process to pH adjustment using Soda Ash. The District will still be required to complete a corrosion control study to determine an optimal corrosion control plan which may ultimately indicate a method other than Soda Ash different method at which point the District would be required to change its treatment technique to the method deemed optimal following the study.

Mr. Johnson addressed the Board. He explained that in his opinion, the value of property in the area will be declining for the next several years and expressed his concern for the ability of the District to meet its debt obligations given the potential for declining valuation.

Proposal by McLaughlin Water Engineers, Ltd. for Design of Water Treatment System for pH Adjustment: The Board reviewed the proposal by McLaughlin Water Engineers, Ltd. for design of water treatment for pH adjustment, in the amount of \$1,500.

Following discussion, upon motion dully made by Director Johnson, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved the proposal by McLaughlin Water Engineers, Ltd. for design of water treatment for pH adjustment, in the amount of \$1,500, and the associated First Addendum to Independent Contractor Agreement memorializing the same.

Aspen Wastewater Treatment Facility: Mr. Harrell reported that the Aspen Wastewater Treatment Facility was compliant for January, and was compliant for all of last year.

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CAPITAL IMPROVEMENTS

Improvements to Well 18: Mr. Simons reported that EPPI is on site today to complete installation of the system and expects to have everything completed by the end of the day today. Mr. Simons explained that the water treatment system is incorporating approximately \$250,000 in a remote operating, monitoring and control system. Mr. Harrell reported that the system will greatly improve the efficiency of staff.

Booster Pump for Well 18: Mr. Harrell reported that a replacement motor has been purchased and installed and that one of the pumps has been returned to the manufacturer for warranty service.

Well 17 Replacement Well: Mr. Harrell reported that the USFWS is processing the District's application for the Well 17 replacement well. He further reported that the project will be publicly bid and the District is currently moving forward with the bidding process.

Resolution No. 2012-02-01 Accepting Water and Wastewater Improvements Constructed by Farner Enterprises, Inc.: Discussion was deferred.

FINANCIAL MATTERS

Claims: Mr. Beckman reviewed the payment of claims with the Board through the period ending February 17, 2012 as follows:

General Fund	\$ 19,408.28
Capital Projects Fund	\$ 35,161.13
Enterprise Fund	\$ <u>67,878.08</u>
Total Claims:	\$ <u>122,477.49</u>

Following review and discussion, upon motion duly made by Director Macaulay, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending February 17, 2012.

Mr. Turtle and Ms. Ross joined the meeting via speakerphone at this point.

Financial Statements: Mr. Turtle and 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 January 31, 2012.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Macaulay and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending January 31, 2012.

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Cash Flow Analysis: Mr. Turtle and Ms. Ross reviewed the cash flow analysis with the Board.

LEGAL MATTERS

Policy Regarding Service to Destroyed Property: Mr. Harrell reported that one of the District's residents has requested that the District refund prior fees collected and change the status of the property in question to Availability of Service since the property was destroyed by a fire several years ago. The Board determined to discuss the matter in executive session.

May 8, 2012 Election: The Board discussed the status of the May 8, 2012 Election. Members of the public inquired as to where the Self Nomination forms should to be turned in and how election Judges are selected. Mr. Beckman explained that the forms should be submitted to the District's office in Baca Grande. He further reported that he as the Designated Election Official ("DEO") would be in charge of picking election Judges. Ms. Koyote addressed the Board regarding the selection of DEO and suggested that the DEO should not be an employee or consultant of the District.

EXECUTIVE SESSION

Personnel Matters: 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 Madonna and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 12:42 p.m. for the purpose of discussions relating to personnel matters, negotiations with third parties and receiving legal advice 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 1:40 p.m.

OTHER BUSINESS

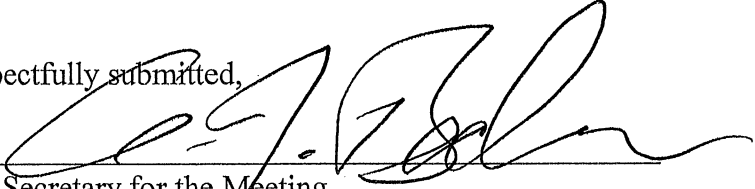
Crestone Eagle Article for April 2012 Publication: The Board deferred discussion on an article for the April 2012 edition; however, the Board discussed the article for the month of March and directed staff to write an article explaining to the public that the statutory deadlines for publication of the call for nominations make it necessary to publish in the Saguache Crescent and referring people to the District's website for May 8, 2012 Election information.

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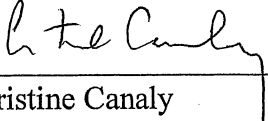
ADJOURNMENT

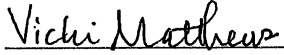
Upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

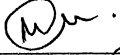
Respectfully submitted,

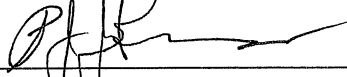
By 
Secretary for the Meeting

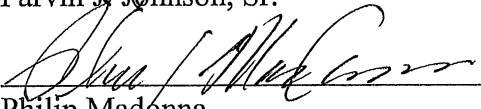
THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 17, 2012 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Christine Canaly


Vicki Matthews


Martin Macaulay


Parvin J. Johnson, Sr.


Philip Madonna



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

February 17, 2012

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
Don Allen	270 N. Chappard	256-5305	NO	_____
MICHAEL SCULLY	PO BOX 952 C CO 81131	256-5728	NOT PARTICULARLY	
Sophia Truis	PO Box 472 C CO 81131	256-4523	NO	
Cindy Reinhardt	Box 425 81131	5927	yes	2012 budget timing process; priorities for 2012
Fran Jackson	803 C Sunrise ok. Chalet F	303 329 3671	yes	introduction
Peter + Ann	P.O. Box 492	719-256-4522	yes	
F. Schreiber Fireten	PO Box 806	256 4508	NO	
Krzysztof	bx 101	4956	NO	

facts vs rumor

Yes - 256-6222

Box 688

JOHN PERCIVAL

DOM SPILLANE Box 513

WOLFE