

## RECORD OF PROCEEDINGS

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MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT  
HELD  
AUGUST 15, 2008

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 15th day of August, 2008, 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, Chairman  
Philip Madonna, Vice Chairman  
Vicki Matthews, Secretary/Treasurer  
Lisa Cyriacks, Assistant Secretary  
Parvin J. Johnson, Sr., Assistant Secretary

#### Also In Attendance Were:

AJ Beckman and Deborah McCoy; Special District  
Management Services, Inc.

Jennifer Gruber Tanaka, Esq.; White, Bear and Ankele  
Professional Corporation

See attached

### 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. Ms. Tanaka noted that conflicts were filed for applicable directors at least 72 hours prior to the meeting. Chairman 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.

### ADMINISTRATIVE MATTERS

Agenda: Director Canaly reviewed the proposed agenda for the District's regular Board meeting.

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Following discussion, upon motion duly made by Director Matthews, seconded by Director Cyriacks and, upon vote, unanimously carried, the agenda was approved, as amended. It was noted by Ms. McCoy that the meeting would be tape recorded.

Minutes: Members of the Board reviewed the minutes of the June 20, 2008 regular meeting, the July 18, 2008 regular meeting and the August 1, 2008 special meeting.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the minutes of the June 20, 2008 regular meeting were approved and the July 18, 2008 regular meeting and the August 1, 2008 special meeting were approved as amended.

Rescheduling September 19, 2008 regular meeting: The Board rescheduled the September 19, 2008 regular meeting to September 12, 2008 and discussed continuing the meeting to September 26, 2008 if necessary.

### PUBLIC COMMENT

Public Comment: Ms. Davenroy addressed the Board regarding the status of the service line to her residence. She requested that the District make necessary repairs to the line to prevent it from freezing as it has done for the past several years. Director Canaly advised Ms. Davenroy that the Board is reviewing the capital expenses and funding requirements necessary to make such repairs and that the District expects to make the repair to her service line by the end of the year.

### FINANCIAL MATTERS

Claims: The Board considered the approval of the payment of claims through the period ending August 15, 2008, totaling \$43,102.60. The Claims list was amended to include \$6,000.00 for payment to Your Earth Solutions, LLC. and \$16,788.11 for payroll expenses.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and,

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upon vote, unanimously carried, the Board approved the payment of claims for the period ending August 15, 2008.

Financial Statements: The Board reviewed the unaudited financial statements for the period ending July 31, 2008. Director Cyriacks presented the schedule of cash position and discussed the status of the District's finances. No action was taken.

Debt Consolidation and Line of Credit: Mr. Beckman distributed and reviewed proposed debt consolidation structures prepared by Wells Fargo in which all existing debt would be restructured to a ten-year term with the first payment due in June of 2009. Additional principal could be included with the consolidated amount. Mr. Beckman reported that the proposed consolidation and the availability of a line of credit are dependent upon the lender's review of the 2007 audited financial statements.

Delinquent Account report: The report was not available for review. Mr. Beckman discussed the present status of numerous non-functioning residential meters and lost revenue. Mr. McDowell confirmed that there is no inventory of meter equipment and estimated the cost of repair at \$150 to \$180 per meter. Ms. McCoy recommended that the Board consider contracting for repairs. No action was taken.

Department of Local Affairs ("DOLA") grants: Mr. Beckman reported that DOLA is able to loan the District its portion of the funding at 5% interest over a 20 year period for both projects; however, a review of the 2007 Audit would be required.

Well 18 Project. Ms. Phenicie discussed modifying the scope of the project to include system wide sanitization. This would require an overall engineering evaluation in order to create a project design. Mr. Beckman reported that a significant change in the project scope would require the DOLA to re-evaluate the project scope. The Board directed Ms. Phenicie to provide a description of the overall system evaluation for Mr. Beckman to provide to DOLA. Mr. Beckman will inquire as to the feasibility of

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amending the project to include system wide changes beginning with an overall system evaluation.

**East Dream Way Project.** Mr. McDowell reported that property owners along the easement area may have concerns about the loss of trees that would be necessary in order to widen the road. He also advised the Board that the road would be closed for extended periods which would create an inconvenience for residents in the area.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Johnson and, upon vote, unanimously carried, the Board directed Mr. Beckman to execute the contract with DOLA, pursue funding of the District's portion through a DOLA loan, and take necessary actions to move forward with the project.

C-SAFE Account: The Board discussed the option of opening a C-SAFE account.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews, and upon vote, unanimously carried, the Board approved opening a C-SAFE account.

2009 Budget: The Board discussed the 2009 budget. Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2009 budget.

Status of 2007 Audit: Mr. Beckman reported that completing the Audit will be necessary to pursue financing, and that the District must have auditable 2007 financials before the Auditor can begin. Ms. McCoy reported that Special District Management Services, Inc. ("SDMSI") is hiring an additional CPA September 1<sup>st</sup> of 2008 and would like Board authorization to assign this staff member to the District's 2007 financials exclusively. Once the financials are auditable they will be provided to the Auditor. Members of the Board directed SDMSI to assign the project exclusively to a single accountant.

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### LEGAL MATTERS

Ratify all previous actions: The Board considered ratifying approval of all previous actions taken by the Board.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews, and upon vote, with Director Johnson abstaining, the Board ratified approval of all previous actions taken.

Resolution No. 2008-08-01: The Board considered the approval of Resolution No. 2008-08-01 expressing official intent to finance certain capital and other costs by issuance of tax exempt bonds and the methods for reimbursement thereof.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna, and upon vote, unanimously carried, the Board approved Resolution No. 2008-08-01 expressing official intent to finance certain capital and other costs by issuance of tax exempt bonds and the methods for reimbursement thereof.

Resolution No. 2008-08-02 Adopting Policy Regarding Recording of Public and Executive Session Meetings: Attorney Tanaka presented Resolution No. 2008-08-02 Regarding Recording of Public and Executive Session Meetings.

Following review and discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board adopted Resolution No. 2008-08-02 Adopting a Policy Regarding Recording of Public and Executive Session Meetings. A copy of such Resolution is attached hereto and incorporated herein by this reference.

Ms. Johnson questioned the need for the resolution. Ms. Tanaka explained that the resolution establishes the procedures which the District will follow in preparing minutes for both the regular and special meetings and executive sessions. Ms. Tanaka noted that the statute does not mandate a proscribed method of taking minutes for regular and special meetings (i.e. electronic taping or typed minutes) and this sets forth the District's intent to have typed minutes so that anyone requesting a copy knows the media format for the

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minutes. Ms. Tanaka noted that executive session minutes are required to be taped unless otherwise deemed attorney-client privileged.

Cost Sharing Agreement (Sewer Main Line Extension): Attorney Tanaka discussed the request by Mr. Abrams of White Jewell Mountain for a refund of \$2,500.00 for a sewer tap fee previously paid by The Naropa Institute ("Naropa"). Mr. Beckman noted that in previous correspondence Naropa requested reimbursement for all amounts paid. The tap fee requested by Mr. Abrams is not part of the costs Naropa acknowledges incurring. Director Cyriacks noted that the District did not impose sewer tap fees at the time any initial discussions would have taken place with Naropa. Attorney Tanaka reported that Mr. Abrams has asserted that White Jewell Mountain has requested on numerous occasions that the water be turned on. Attorney Tanaka asked Mr. McDowell to initiate the necessary work order.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews, and upon vote, unanimously carried, the Board approved the agreement subject to final review by Counsel with funding for the District's share to be borrowed from the operating account until financing can be obtained for repayment.

November 2008 Election: Intergovernmental Agreement with County. The Board discussed the Intergovernmental Agreement with the County for the conduct of the election and for mailing of the TABOR Notices.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the Intergovernmental Agreement with the County for the conduct of the election and for mailing of the TABOR Notices, subject to final review by Counsel.

The Board then considered the appointment of a Designated Election Official for the November 2008 Election.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board appointed Vicki Matthews

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as the Designated Election Official and authorized her to perform all tasks required for the November 2008 Election of the Board of Directors for the conduct of a polling place election.

**Resolution No. 2008-08-03 Calling Election.** The Board discussed Resolution No. 2008-08-03 Calling the November 4, 2008 Election.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Canaly and, upon vote unanimously carried, the Board approved Resolution No. 2008-08-03 Calling the November 4, 2008 Election. A copy of such Resolution is attached hereto and incorporated herein by this reference.

**Election Questions.** Attorney Tanaka reviewed the draft ballot questions with the Board and discussed the requirements of the content as required TABOR.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, the Board approved draft ballot issues C, D, E, G, H and ballot Question No.1.

Report by Attorney Schwiesow: Acquisition of land at Well 18. The Board reviewed the written report provided by Attorney Schwiesow.

**Everhart Suit.** The Board reviewed the written report provided by Attorney Schwiesow.

**Lot 728.** The Board reviewed the written report provided by Attorney Schwiesow.

Resolution No. 2008-08-04 Adopting Policy regarding Employee Hiring, Discipline, and Termination: The Board discussed Resolution 2008-08-04 adopting the policy regarding employee hiring, discipline, and termination.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon vote, unanimously carried, the Board approved Resolution No. 2008-08-04 adopting the policy regarding employee hiring, discipline, and termination., a copy of which is attached hereto and incorporated herein by this reference.

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Engagement of D.A. Davidson & Co.: The Board discussed engaging D.A. Davidson & Co. for Investment Banking Services.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the engagement of D.A. Davidson & Co. for Investment Banking Services, subject to final approval by Counsel.

Engagement of Sherman & Howard, P.C.: The Board discussed engaging Sherman & Howard, P.C. as bond Counsel.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the engagement Sherman & Howard, P.C. as bond Counsel.

Services Proposed by Community Solutions, Inc. ("CSI"): Ms. McCoy discussed the services proposed by CSI. She explained that CSI is being dissolved and all services will be provided by Special District Management Services, Inc. under existing contract.

### OPERATIONS

Operations Manager Report: Mr. McDowell distributed a report referencing the directors to the previous report by the Operations Manager.

Boundary map: Mr. Beckman reported that he will forward to Ms. Phenicie the Department of Local Affairs requirements for District boundary maps. Members of the Board directed Mr. Beckman to request a proposal from Ms. Phenicie and from Davis Engineering.

Mobile Home Estates Lagoon System: The Board discussed the status of Mobile Homes Estates Lagoon System. Mr. Vrudney with the Colorado Department of Health and Environment ("CDPHE") addressed the Board regarding the non-compliance of the Mobile Home Estates Lagoon System stating that the system is in substantial noncompliance due to failure to meet state regulations for several years and that significant fines may be forthcoming if the District



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fails to present a plan in the immediate future to bring the system into compliance.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board authorized \$25,000.00 for engineering analysis and capital improvements. The Board Directed Mr. Beckman to get a proposal from Ms. Phenicie and Davis Engineering for the engineer's evaluation.

Employee Discussion: Mr. McDowell distributed a letter signed by three of the District employees notifying the District that their last day of employment would be August 31, 2008 if certain demands are not met. Mr. McDowell addressed the Board concerning present restrictions placed on expenditures and asserted that the operational needs of the District are not presently being addressed.

### OTHER BUSINESS

Management billing: The Board reviewed billings submitted by Special District Management Services, Inc. along with other payables. Mr. Beckman reported that Management priorities are reviewing 2007 financial information and obtaining an audit, debt consolidation, pursuing a line of credit, and working on a possible bond issuance and related election matters.

Town Annexation Task Force: Director Cyriacks reported that the task force has engaged a consultant. Research to determine the effect and feasibility of the possible annexation is still in process.

Irrigation Water Usage by Property Owners Association ("POA") from Golf Course Well: Mr. Beckman reported that he is in receipt of a letter from the POA indicating that they are willing to pay for water at the District's cost through the end of the year, at which time the arrangement would be reevaluated. Members of the Board directed Mr. Beckman to verify the cost of consumption through June and issue an appropriate credit to the POA.

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### Executive Session

Service Contract with Your Earth Solutions, LLC, Hourly versus Salaried Employees, Letter from Employees, and Personnel Issues. EXECUTIVE SESSION: Pursuant to Section 24-6-402(4) of the Colorado Revised Statutes, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 1:50 p.m. for the sole purpose of discussing personnel matters and matters subject to negotiation as authorized by Sections 24-6-402(4) (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 Board'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 3:10 p.m.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved reclassifying Justin Debon as a non-exempt employee effective September 1, 2008. The Board directed management to send appropriate correspondence.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Madonna and, upon vote, unanimously carried, the Board authorized the contract with Your Earth Solutions, LLC for daily operations at \$75.00 per hour plus materials, not to exceed 80 hours per month with payment for actual hours worked and with the stipulation that time sheets be submitted every two weeks, subject to receipt of scope of work and fee schedule and final review by Counsel and Director Canaly.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Madonna and, upon vote unanimously carried, the Board authorized Mr. Beckman to pursue a proposal from Your Earth Solutions, LLC. for the East Dream Way Project and Mobile Home Estates Lagoon evaluation with authorization for approval and execution by Directors Johnson and Madonna.

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Following discussion upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board determined to enter into good faith negotiations with District employees with Director Canaly temporarily stepping down as chairperson while mediation is in process and Director Cyriacks acting as interim chairperson. Staff will be expected to work with SDMS in a professional, ethical and efficient manner. One negotiation will be scheduled for August 22<sup>nd</sup> or the 29<sup>th</sup> with a time frame not to exceed 1.5 hours. Directors Mathews and Cyriacks will represent the District in the mediation.

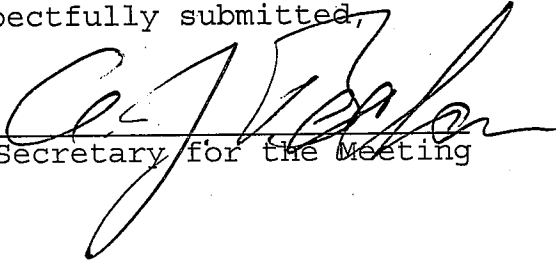
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### ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made and seconded and, upon vote, unanimously carried, the meeting was adjourned.


Respectfully submitted,

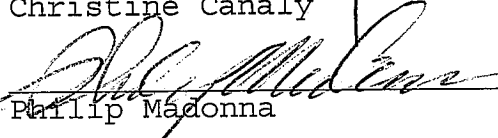
By

  
Secretary for the Meeting


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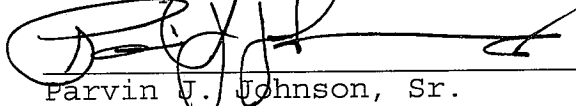
THESE MINUTES ARE APPROVED AS THE OFFICIAL AUGUST 15, 2008 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
\_\_\_\_\_  
Christine Canaly

  
\_\_\_\_\_  
Philip Madonna

\_\_\_\_\_  
Vicki Matthews

  
\_\_\_\_\_  
Lisa Cyriacks

  
\_\_\_\_\_  
Farvin J. Johnson, Sr.

August 15<sup>th</sup> 2008 Board Meeting

MICHAEL SCULLY	michaelscully@casitapark.org	256-5728
Russell Schreiber	BOX 123 <sup>Castroville</sup> amigo31@tone.net	256-4928
Will Porter	wporter@telco.net	254-4258
Sandia Belgrade	sandabeav@gmail.com	4911
Karen Potter	potterclan@fairpoint.net	4063
<del>Mark Potter</del>		4063
<del>Walter Gammill</del>	<del>castroville</del>	<del>256-4929</del>
Elaine Johnson	efjohnsonlaw@aol.com	256-5281
Deb Phenice	deb@youreartholutions.com	480-1170
Justin DeBon		586-0110
Amos Valdez		
<del>Steve</del>		
CHRIS BOTZ	jchristopher@selenari.com	
Chew Gaskelung	Basco	256-4428
TIM VRUDNY, CDPHE	tim.vrudny@state.co.us	719-545-4650
ELAINE LAVINROY	davinroyec@hotmail.com	719-588-9496
WOODDORA ROSE	CRESTONEROSE@FAIRPOINT.NET	Busi. 256-5500
Diane Duvall	dvdinfo@earthlink.net	256-442911
ROBERT PHILLIPS	ROBERT.PHILLIPS@gmail.com	256-4428

RESOLUTION NO. 208-08-01

WHEREAS, the Board of Directors (the "Board") of Baca Grande Water and Sanitation District, Saguache County, Colorado (the "District"), has determined and hereby determines and declares that the interest of the District and the public interest and necessity require that certain improvements be acquired and constructed for the District and its residents and taxpayers; and

WHEREAS, the Board has determined that it is necessary to make capital expenditures to acquire and construct such improvements prior to the time that long-term bonds are issued to finance the improvements; and

WHEREAS, it is the Board's reasonable expectation that when such long-term bonds are issued, the capital expenditures will be reimbursed with the proceeds of the long-term bonds; and

WHEREAS, in order to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), it is the Board's desire that this resolution (the "Resolution") shall constitute the "official intent" of the Board to reimburse such capital expenditures within the meaning of Treasury Regulation §1.150-2;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BACA GRANDE WATER AND SANITATION DISTRICT, SAGUACHE COUNTY, COLORADO:**

**Section 1. Project Description; Maximum Principal Amount of Obligations.** The Board intends to make capital expenditures to acquire and construct certain water and sanitation improvements including without limitation (i) system-wide sanitization improvements for water distribution; (ii) reconfiguration of the sanitation collection system by eliminating or temporarily upgrading certain lagoons, (iii) reconfiguring both water and sanitation lines to improve flow efficiency; (iv) improvements to fire hydrant and sanitation lines to avoid freezing; (v) purchase of various improvements and equipment currently subject to lease purchase agreements; and (vi) the purchase of equipment to be used in connection with the foregoing (the "Project"). The maximum principal amount of obligations expected to be issued by the District for the Project will be \$4,000,000 (the "Obligations").

**Section 2. Reasonableness of Official Intent.** The Board reasonably expects that such capital expenditures will be reimbursed with the proceeds of the Obligations.

**Section 3. Reimbursement Period.** The reimbursement allocation with respect to such capital expenditures will be made not later than 18 months after the later of: (1) the date the original expenditure is paid; or (2) the date the Project is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid. If the Obligations qualify for the \$5,000,000 small issuer exception contained in Section 148(f)(4)(D) of the Code, the 18 month period set forth above is changed to 3 years and the 3 year maximum reimbursement period is disregarded.

**Section 4. Anti-abuse rules.** The District shall not use reimbursed moneys for purposes prohibited by Treasury Regulation §1.150-2(h).

**Section 5. Declaration of Official Intent.** This Resolution is intended to be a declaration of "official intent" to reimburse expenditures within the meaning of Treasury Regulation §1.150-2.

**Section 6. 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.

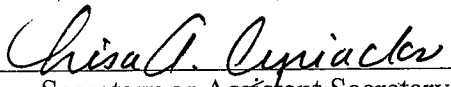
**Section 7. Effective Date.** The provisions of this Resolution shall take effect immediately upon its adoption and approval.

**ADOPTED AND APPROVED** this 15th day of August, 2008.

(SEAL)

  
\_\_\_\_\_  
President or Vice President

ATTESTED:

  
\_\_\_\_\_  
Secretary or Assistant Secretary

RESOLUTION NO. 2008-08-02

RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT

ADOPTING A POLICY REGARDING THE RECORDATION OF PUBLIC AND EXECUTIVE  
SESSION MEETINGS

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WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and validly exists pursuant to and in accordance with the Special District Act, §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board of Directors of the District (the "District") is empowered to adopt, amend and enforce bylaws and rules and regulations not in conflict with the Colorado Constitution for the purpose of carrying on the business, objects and affairs of the Board and of the District; and

WHEREAS, as a governmental entity, the District is subject to and desires to comply with the provisions of § 24-6-401, *et seq.*, C.R.S. (the "Open Meetings Law"), which provides, *inter alia*, that formation of public policy is public business and may not be conducted in secret; and

WHEREAS, the 65<sup>th</sup> Colorado General Assembly passed and the Governor signed Senate Bill 06-009 which, *inter alia*, amended the Open Meetings Law by establishing new requirements for the recordation of executive session meetings as authorized by § 24-6-402(4), C.R.S., which bill became effective on August 9, 2006; and

WHEREAS, the Board desires to adopt a policy regarding the recordation of public and executive session meetings.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT AS FOLLOWS:

1. WRITTEN MINUTES FOR PUBLIC MEETINGS. The Board shall use written summary minutes as the manner and media for recording its regular and special public meetings.
2. EXECUTIVE SESSION MINUTES. To the extent required by § 24-6-402(2)(d.5)(II)(A), C.R.S., the Board shall electronically record executive session meetings by use of a cassette tape recorder.
3. RETENTION AND DESTRUCTION OF EXECUTIVE SESSION MINUTES. Pursuant to and in accordance with § 24-6-402(2)(d.5)(II)(E), C.R.S., the Board shall retain executive session meeting records for ninety (90) days after the date of the applicable executive

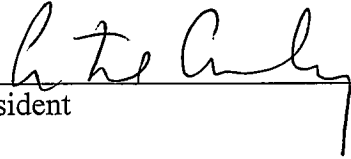


session. The custodian of the District's records shall destroy such executive session meeting records upon the expiration of the ninety (90) day retention period.

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APPROVED AND ADOPTED THIS 15<sup>th</sup> DAY OF AUGUST, 2008.

BACA GRANDE WATER AND  
SANITATION DISTRICT

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary

RESOLUTION NO. 2008-08-03

RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT

ADOPTING A RESOLUTION CALLING THE NOVEMBER 4, 2008 ELECTION

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WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and validly exists pursuant to and in accordance with the Special District Act, §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the Board of Directors of the District (the "Board") anticipates holding a coordinated election on November 4, 2008, for the purpose of submitting ballot issues and/or questions that the Board deems necessary and appropriate to the eligible electors of the District (the "Election"); and

WHEREAS, such an election must be conducted pursuant to the Special District Act, §§ 32-1-101, *et seq.*, C.R.S., and the Uniform Election Code of 1992, §§ 1-1-101, *et seq.*, C.R.S., and, where appropriate, must also comply with Article X, Section 20 of the Colorado Constitution; and

WHEREAS, the District desires to take all actions necessary and proper in anticipation of conducting the Election; and

WHEREAS, § 1-1-111, C.R.S., provides that all powers and authority granted to the Board may be exercised by an election official designated by the Board (the "DEO").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT AS FOLLOWS:

**Section 1.** The District hereby calls the Election, to be held on November 4, 2008, for the purpose of submitting ballot issues and/or questions to the eligible electors of the District as deemed necessary and appropriate by the Board in its sole absolute discretion. The Election shall be conducted as a coordinated election with Saguache County (the "County") and the District shall enter into an intergovernmental agreement with the County for the conduct thereof.

**Section 2.** The District hereby determines, if necessary, and in the interests of the District and the public interests within the District in carrying out the District's objectives and purposes, that there may be submitted to the District's electors the proposition of property tax imposition, the issuance or creation of general obligation indebtedness and/or any issue, issues, question or questions as necessary to implement the provisions of Article X, Section 20 of the Colorado Constitution as applied to the District. Furthermore, in accordance with §§ 32-1-1101(2) and (3)(a), C.R.S., the District determines and declares:

a. The objects and purposes for which the indebtedness is proposed to be incurred are for the acquisition, construction, installation and completion by the District of public facilities and improvements as more fully described in the District's Service Plan.

b. The estimated construction cost of the proposed facilities and improvements to be funded by the District, as described in the Service Plan, is approximately \$\_\_\_\_\_, subject to adjustment based on actual costs at the time of construction.

c. The amount of principal of the indebtedness to be incurred for payment of the costs of the proposed facilities and improvements shall not exceed the maximum debt limit of \$\_\_\_\_\_.



d. It is estimated that approximately \$317,638.00 of the estimated construction costs will be defrayed out of state or federal grants.

e. The annual maximum net effective interest rate to be paid on such indebtedness shall not exceed 18%.

**Section 3.** The Board names A.J. Beckman of Special District Management Services, Inc. as the DEO for the Election. Mr. Beckman in his capacity as the DEO shall act as the primary contact for the District with respect to the Election, and shall be primarily responsible for ensuring the proper conduct of the Election, particularly including the requirements set forth in the intergovernmental agreement with the County.

**Section 4.** Without limiting the foregoing, the following specific determinations are also made:

- a. The Board hereby directs general counsel to the District to approve the final form of the ballot questions and/or ballot issues to be submitted to the electors of the District and authorizes the DEO to certify those questions to the County Clerk and Recorder by no later than September 5, 2008, in accordance with the intergovernmental agreement with the County.
- b. The Board hereby directs general counsel to the District to prepare the text of the TABOR notice, if applicable, required to be provided to the eligible electors, and authorizes the DEO to transmit any such notice to the County Clerk and Recorder as required by law.
- c. The Board hereby directs general counsel and the DEO to the District to oversee the general conduct of the Election and authorizes the DEO to take all other actions necessary for the proper conduct thereof.



**Section 5.** The District shall be responsible for the payment of any and all costs associated with the conduct of the Election, including those costs incurred pursuant to the terms and conditions of the intergovernmental agreement with the County.

**Section 6.** The District hereby ratifies all actions taken to date by the DEO and the general counsel in connection with the Election.

*[Remainder of Page Intentionally Left Blank].*

APPROVED AND ADOPTED THIS 15<sup>th</sup> DAY OF AUGUST, 2008.

BACA GRANDE WATER AND  
SANITATION DISTRICT

*h. l. Canby*

\_\_\_\_\_  
President

ATTEST:

*Vicki Matthews*

\_\_\_\_\_  
Secretary

RESOLUTION NO. 2008-08-04

RESOLUTION  
OF THE BOARD OF DIRECTORS  
OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT

ADOPTING A POLICY REGARDING EMPLOYEE HIRING, DISCIPLINE AND  
TERMINATION

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WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and validly exists pursuant to and in accordance with the Special District Act, §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(i), C.R.S., the Board of Directors of the District (the "Board") is empowered to appoint, hire and retain agents, employees, engineers and attorneys; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board is empowered to adopt, amend and enforce bylaws and rules and regulations not in conflicts with the Colorado Constitution for the purpose of carrying on the business, objects and affairs of the Board and of the District; and

WHEREAS, the Board desires to adopt a policy regarding the hiring, discipline and termination of employees of the District.

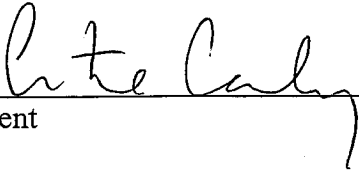
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT AS FOLLOWS:

1. ADOPTION OF POLICY. The Board hereby adopts the policy regarding the hiring, discipline and termination of employees set forth in **Exhibit A**, attached hereto and incorporated herein by this reference (the "Policy"). In the event anything contained in the Policy conflicts with any provision of Colorado law, such conflicting provision shall be deemed null and void.

*[Remainder of Page Intentionally Left Blank].*

APPROVED AND ADOPTED THIS 15<sup>th</sup> DAY OF AUGUST, 2008.

BACA GRANDE WATER AND  
SANITATION DISTRICT

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
Secretary



EXHIBIT A  
The Policy

The Board of Directors ("the Board") of the Baca Grande Water and Sanitation District (the "District") reserves the right to adopt, amend, or rescind any policy, procedure, or benefit. Any modification of these policies and procedures may be made only pursuant to formal action of the Board, reflected in the official minutes of the Board. No employee, agent or consultant to or of the Board is authorized to amend or rescind these policies by agreement, practice, or otherwise.

Ultimate responsibility for the operation of the District is vested in the Board. The Board retains the right to operate the District consistent with its legal authority, including, but not limited to, the right to direct work of employees; hire, promote, demote, discharge, or otherwise discipline employees; transfer, assign and schedule employees; lay off employees; determine and implement the methods, equipment, facilities, personnel, and other means by which District operations are to be conducted; take steps it deems necessary to maintain the efficiency and safety of operations; determine the budget of the District; and determine planning or staffing levels.

The Board may exercise its authority to manage the District through its supervisory employees.

Effective immediately and until otherwise determined by the Board, the following management practices are hereby adopted:

1. The Board will review all employment applications and conduct all final interviews of potential candidates for employment. The Board will make all final decisions regarding hiring of new employees.

2. The Board will review all performance evaluations and recommendations by supervisors for disciplinary action, probationary or termination of employment. The Board will review all such matters on a case by case basis and shall make all such final decisions.

The Board may appoint a committee and/or designate a Board member for such purposes at its discretion. Such decisions of the Board, or its designee as appropriate, shall be deemed final. Any employee disciplined, placed on probation or terminated pursuant to the Board's discretion shall have an opportunity to appeal the Board's decision to the Board at its next regular meeting.