

## 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 NOVEMBER 18, 2011

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 18<sup>th</sup> day of November, 2011, 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  
Philip Madonna, Assistant Secretary  
Parvin Johnson, Sr., Assistant Secretary

Following discussion, upon motion duly made by Director Johnson, seconded by Director Matthews and, upon vote, unanimously carried, the absence of Martin Macaulay was excused.

##### Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

George Turtle; Special District Management Services, Inc. – Via speakerphone

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

Marcus Lock, Esq.; Bratton Hill Wilderson & Lock, LLC

Brad Simons; Olsson Associates

John Gerstle; On behalf of the U.S. Fish and Wildlife Service ("USFWS")

David Purkiss, NSF International

Steven Harrell; District General Manager

Sandia Belgrade; Crestone Eagle

See attached Sign-In Sheet of Additional Attendees

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**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 Johnson, seconded by Director Matthews and, upon vote, unanimously carried, the Agenda was approved, as amended.

**Minutes:** The Board reviewed the Minutes of the October 21, 2011 Regular Meeting.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Johnson and, upon vote, unanimously carried, the Board approved the minutes of the October 21, 2011 Regular Meeting.

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**PUBLIC COMMENT**

**Public Comment:** Ms. Mattis addressed the Board with regards to two issues: Availability of Service Fees ("AoS") and EQR bills for additional buildings on her property. She discussed the availability of service fees and noted that she believes that the fee is excessive. Attorney Tanaka explained the rationale for the fee and the value added to her property by its proximity to and ability to be served by the existing distribution system. Mr. Harrell and Mr. Beckman explained that properties within the District were recently evaluated to determine the impact of each user on the water and sewer system capacity. They further reported that properties that require abnormally high capacity in the system to be fully served have been assigned an EQR value which adjusts the water rate. The Board requested that Mr. Harrell re-evaluate the property in question.

The Board then engaged in discussion with members of the public in attendance regarding the District's water treatment practices. David Purkis, General Manager of the National Sanitation Foundation ("NSF") joined the meeting by speakerphone at this time. Mr. Purkis addressed several questions by members of the public regarding AquaSmart SeaQuest Ortho Polyphosphate ("SeaQuest"). He explained that the National Sanitation Foundation ("NSF") is an independent, not-

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for-profit, global public health and safety organization which writes internationally-recognized standards for food, water and consumer goods. He discussed the fact that SeaQuest Liquid is certified by the NSF for use in potable water systems in concentrations up to 28 milligrams per liter. Mr. Harrell noted that the District currently is introducing SeaQuest Liquid to the water distribution system according to the approved treatment plan, at a rate of approximately 0.50 Milligrams per liter, which is fifty-six times less concentrated than the certified safe concentration level. Mr. Beckman asked Mr. Purkiss at what concentration the product would become toxic to humans. Mr. Purkiss reported that the actual concentration would have to be much greater (perhaps magnitudes greater) than the established safe limit before reaching a level toxic to human beings, and explained that the certified safe limit is was established well below this level.

Mr. Beckman explained that the product is introduced to the water system to control lead and copper, and explained that the District is operating under a corrosion control plan approved by the Colorado Department of Public Health and Environment ("CDPHE"). The plan requires the use of SeaQuest and was established in 2008 prior the involvement of the current staff and management. A question was raised regarding the number of homes that have actually experienced excessively high copper or lead levels. Mr. Harrell reported that 20 sites are routinely tested, and excessive levels of copper have been identified in two or three of the twenty sites. Mr. Beckman explained that the twenty sites have been established as a sample group. The data from which can be extrapolated to make reasonable conclusions regarding the condition the entire system. The presence of excessive lead or copper levels in two or three sites within the sample group is indicative of approximately 10% of the entire system. Mr. Beckman went on to explain that the if the District were to stop using SeaQuest and discontinue treatment for corrosion control, as has been suggested by some residents, the District would then knowingly expose residents to elevated levels of lead or copper.

Mr. Beckman went on to explain that there are alternative methods for corrosion control and the District has voluntarily sought the assistance of an independent third party consultant to perform a thorough study. Mr. Beckman reiterated that the study is voluntarily and is not being required by the CDPHE. The study is expected to take at least six months. Once concluded the District's Board will review the results, consult with the CDPHE, and determine the method with which to proceed.

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### OPERATIONS

Aspen Wastewater Treatment Facility: Mr. Harrell reported that the facility was in compliance for October.

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**Proposals for Corrosion Control Study:** Mr. Beckman reported that the proposal previously provided by Tetra Tech, Inc. was withdrawn by Tetra Tech, Inc. He presented and reviewed a proposal from McLaughlin Water Engineers, Ltd. for an amount not to exceed \$6,000.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the proposal from McLaughlin Water Engineers, Ltd. for the corrosion control study, subject to review of the scope of work by the District's engineer.

**Water System served by Motel Well:** Mr. Harrell reported that the distribution system is operating very well. The new pumps and infrastructure are operating as expected.

Mr. Harrell reported that a plan for the installation of a water line and painting of the tank is currently being developed by Olsson Associates.

**Presentation by Michael Bertin Regarding Hydro-Electric Study:** Mr. Bertin distributed and reviewed a proposal for the installation of a hydro-electric generation facility. He discussed the potential for the District to eventually become its own electrical utility provider. Following review and discussion, the Board directed Olsson Associates to review and evaluate the proposal against the hydro-electric feasibility study recently completed.

**Funding of Fuel Containment System:** Mr. Harrell discussed the recent request by the Colorado Department of Public Health and Environment ("CDPHE") for the District to install fuel containment systems at two specific locations.

Following discussion, upon motion duly made by Director Johnson, seconded by Director Madonna and, upon vote, unanimously carried, the Board authorized the District to install fuel containments systems at two specific locations for an amount not to exceed \$2,000.

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### CAPITAL IMPROVEMENTS

**Capital Projects:** Reported below.

#### **Construction Matters:**

Application for Payment No. 16 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvements Project: The Board reviewed Application for Payment No. 16 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvements Project in the amount of \$103,561.56. Mr. Simons recommended that the payment be made conditioned upon the satisfactory completion of the installation and training for the monitoring and control ("SCADA") system.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved Application for Payment No. 16 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvements Project in the amount of \$103,561.56 with direction to staff to hold the payment until release is authorized by Mr. Simons.

#### **Improvements to Well 18:**

Booster Pump for Well 18: Mr. Harrell reported that he has ordered a replacement motor for one of the newly installed motors which began to vibrate. The motor will and that is will be installed by Lee Mathews, Inc.

#### **Improvements to the Aspen Wastewater Treatment Facility:**

Capital Improvements: Mr. Simons reported that the ultraviolet light ("UV") disinfection system has been ordered. He further reported that Timberline Electric will be providing a cost for the UV system installation, as well as SCADA System integration of the effluent flow meter, the UV system and the chemical treatment control system.

Proposals for Installation of Effluent Flow Meter: Discussed above.

Options for Biosolids Removal and Proposals for Same: Mr. Harrell reported that he is currently researching options.

Decommissioning of Lagoons: Mr. Harrell noted that there is a lagoon at the Aspen Wastewater Treatment plant that will need to be addressed.

Status Closing Out Cease and Desist Order: Mr. Beckman reported that he has been in contact with the CDPHE regard compliance with the notice of violation

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and the amount of fines to be imposed is expected to be completed in the near future. He is awaiting a response from the CDPHE regarding the calculated fine.

**Service Agreements with EPPI for Aspen Wastewater Treatment Facility and the Motel Well Projects:** Mr. Harrell reported that EPPI has missed two appointments for a final walk-through at the facilities. He noted that he will do the walk through when representatives of EPPI are on site for SCADA training.

**Mobile Home Estates Wastewater Treatment Facility:**

Discuss status of decommissioning Mobile Home Estates Lagoon: Mr. Harrell reported that he is researching reclamation options for the site.

Termination of Discharge Permit for Mobile Home Estates Lagoons: Mr. Harrell reported that the termination is in process and expected to be finalized in the next few weeks.

Closing Out Cease and Desist Order for Mobile Home Estates Lagoons: Mr. Beckman reported that this the close out of the Cease and Desist Orders for the facility will be addressed concurrently with the Aspen Wastewater Treatment Facility.

**Proposal from Arkansas Valley Surveying for Surveying Regarding an Access Road for the Spiritual Life Institute:** Attorney Tanaka discussed the proposal from Arkansas Valley Surveying for Surveying Regarding an Access Road for the Spiritual Life Institute. She noted that the proposal is for an amount not to exceed \$2,000.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the proposal from Arkansas Valley Surveying for Surveying Regarding an Access Road for the Spiritual Life Institute for an amount not to exceed \$2,000.

**East Dream Way Improvements, Design and Construction:** Mr. Harrell reported that the scope of work will include improvements to the water delivery system to the Shumei Institute. Mr. Simons reported that Timberline Electric has reviewed the site for telemetry improvements to the Shumei Booster Pump Station. The improvements are expected to include additional water lines. It was noted that design and cost estimates are currently being prepared by Olsson Associates.

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### WATER MATTERS

**Outstanding Water Matters with Water Counsel:** Attorney Lock and Mr. Gerstle discussed the status of discussion with the USFWS for purchase of water rights by the District. Attorney Lock discussed the expected implementation of augmentation rules in the near future.

**EXECUTIVE SESSION:** Pursuant to Sections 24-6-402(4) (b) and (e), C.R.S., 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 11:25 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 12:03 p.m.

**EXECUTIVE SESSION:** Pursuant to Sections 24-6-402(4) (b) and (e), C.R.S., upon motion duly made by Director Johnson, 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 12:55 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) 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 1:28 p.m.

**Relocation of Well 17:** Mr. Simons discussed proposed drilling locations within the Well 18 site. The proposal would include a test well which would be converted to a monitoring well. Mr. Harrell reported that he will submit the proposed well location to USFWS who will subsequently pursue a well permit.

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### FINANCIAL MATTERS

**Claims:** Mr. Beckman reviewed the payment of claims with the Board through the period ending November 18, 2011 as follows:

General Fund	\$ 23,489.97
Capital Projects Fund	\$ 117,066.69
Enterprise Fund	\$ 67,905.76
<b>Total Claims:</b>	<b>\$ <u>208,462.42</u></b>

Following review and discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending November 18, 2011.

**Financial Statements:** Mr. Turtle 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 September 30, 2011.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending September 30, 2011.

**Cash Flow Analysis:** Mr. Turtle reported that an updated Cash Flow Analysis is not available for review.

**2011 Audit:** The Board reviewed the proposals from Wagner Barnes, P.C. to perform the 2011 Audit. Discussion ensued regarding the service received from the companies which had provided proposals.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the engagement of Wagner Barnes, P.C. to perform the 2011 Audit, for an amount not to exceed \$8,000.

**2011 Budget Amendment Hearing:** Following review and discussion, the Board determined that 2011 Budget Amendment was not needed.

**2012 Budget:** The President opened the public hearing to consider the proposed 2012 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2012 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing.



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No public comments were received and the public hearing was closed.

Mr. Turtle reviewed the estimated 2011 expenditures and the proposed 2012 expenditures.

Following discussion, the Board considered the adoption of the Resolutions to Adopt the 2012 Budget, Set Mill Levies, for the General Fund at 46.000 mills for a total mill levy of 46.000 mills, and Appropriate Sums of Money. Upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Resolutions were adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2011. Mr. Beckman was authorized to transmit the Certification of Mill Levies to the Board of County Commissioners of Saguache County and the Division of Local Government, not later than December 15, 2011. Mr. Beckman was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2012. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

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### **LEGAL MATTERS**

#### **Assessment of Properties within the District by Saguache County Assessor:**

Attorney Tanaka reported that she requested copies of letters that Ms. Stephens reported to have sent to owners regarding reassessment. After not receiving the letters, Attorney Tanaka then requested a meeting with the Board of County Commissioners ("BOCC"). She and Mr. Beckman attended by teleconference on November 14, 2011 and discussed the status of re-valuation with the BOCC. Following discussion, the Board directed Attorney Tanaka to send a letter to the State Board of Equalization regarding the status of the District's requests for re-valuation.

#### **Waterline Easement and Partial Vacation of Easement with Greenways for Cottonwood Creek Improvements:**

Attorney Tanaka discussed negotiations with the Greenways leading up to the Waterline Easement and Partial Vacation of Easement for the Cottonwood Creek Improvements.

Following discussions, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the Waterline Easement and Partial Vacation of Easement with Greenways for Cottonwood Creek Improvements.

#### **Resolution No. 2011-11-04: 2012 Annual Administrative Matters Resolution:**

Attorney Tanaka discussed actions authorized and directed by the Resolution.

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Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved Resolution No. 2011-11-04: 2012 Annual Administrative Matters Resolution. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

**Resolution to Call the May 8, 2012 Regular Election:** The Board discussed the upcoming election and Resolution No. 2011-11-05 to Call the May 8, 2012 Election.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board adopted Resolution No. 2011-11-05 to Call the May 8, 2012 Election and appointed AJ Beckman as the Designated Election Official and authorized him to perform all tasks required for the May 8, 2012 Regular Election of the Board of Directors for the conduct of a polling place/mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

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### **EXECUTIVE SESSION**

**Executive Session Matters:** The Board determined that there were no matters that needed to be addressed in executive session.

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### **OTHER BUSINESS**

**Crestone Eagle Article for January Publication:** The Board determined not to prepare an article for the January publication but directed staff to place a Season's Greetings article in the paper.

**2012 Board Member Retreat (January 21, 2012):** The Board discussed the annual retreat and scheduled the retreat for January 21, 2012.

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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

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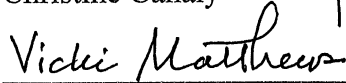
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THESE MINUTES ARE APPROVED AS THE OFFICIAL  
NOVEMBER 18, 2011 MINUTES OF THE BACA GRANDE WATER AND  
SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING  
BELOW:



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Christine Canaly



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Vicki Matthews

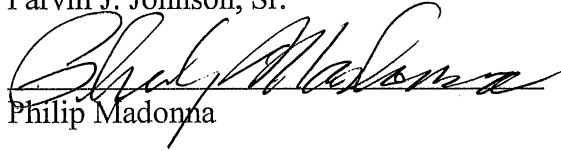


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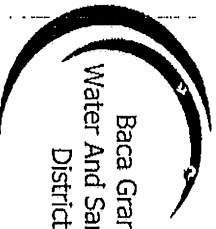
Martin Macaulay

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Parvin J. Johnson, Sr.



Philip Madonna



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

November 18, 2011

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
Maureen Mattis	Box 5822	719-256-5267	Yes	Hot 2075 Cabin 2096
Kara Hewitt	P.O. Box 733	256-5868	no	
Merry Marion	P.O. Box 1060	ava for 150min on 1 256-4840 gmail.com	yes	water quality
William Howell	POB 332	256-4420 VISHNUDATA1088@yaho.com	?	
M. DISCOVER				
Dom Spicene	513			
Chris Chandler	P.O. Box 1082	719-256-4892	no	water quality
Patterson Don Ask	PO Box 307	719-256-4917		

Name	Address	Telephone/Email	Would you like to speak?	Issues to be addressed
MICHAEL BERTIN	P.O. BOX 867 CRESTONE	719 256 4854 MBERTIN@PAIRPOINT.NET	YES	SMALL HYDRO
Grau Cheryl	P.O. BOX 1194 CRESTONE, CO 81131			FWS water rights
John Gestle	920 Jasmine Circle Boulder, CO 80304	John.gestle@alum.mit.edu		
RAJEE DELORA	3592 Splendid Way CRESTONE, CO 81131	DELORAJ@yaho.com 719 256-5404	NO	
Sandra Belz	2027 hot cave way CRESTONE	4382		

Resolution No. 2011-11-04

BACA GRANDE WATER AND SANITATION DISTRICT  
ANNUAL ADMINISTRATIVE RESOLUTION  
(2012)

CERTIFIED COPY OF RESOLUTION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF SAGUACHE )

At a regular meeting of the Board of Directors (the "Board") of the Baca Grande Water and Sanitation District (the "District") held at 9:00 A.M., on Friday, November 18, 2011, at 57 Baca Grant Way South, Crestone, Colorado, it was moved to adopt the following Resolution:

WHEREAS, the District was organized as a special district pursuant to an Order and Decree of the District Court in and for the County of Saguache, Colorado (the "County") and is located entirely within the County; and

WHEREAS, the Board has a duty to perform certain obligations in order to assure the efficient operation of the District; and

WHEREAS, § 32-1-306, C.R.S., requires the District to file a current, accurate map of its boundaries with the Division of Local Government (the "Division"), the County Clerk and Recorder, and the County Assessor on or before January 1 of each year; and

WHEREAS, § 32-1-104(2), C.R.S., requires that the District, on or before January 15, notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder and the Division of the name of the chairman of the Board, the contact person, the telephone number and the business address of the District; and

WHEREAS, § 29-1-205, C.R.S., requires the District to prepare an updated informational list of all contracts in effect with other political subdivisions and to submit the list to the Division on or before February 1 of each year; and

WHEREAS, in accordance with the Public Securities Information Reporting Act, §§ 11-58-101, *et seq.*, C.R.S., issuers of non-rated public securities must file an annual report with the Department of Local Affairs within sixty (60) days of the close of the fiscal year; and

WHEREAS, pursuant to and in accordance with § 29-1-603(1), C.R.S., the Board shall cause to be made an annual audit of the financial statements of the District and, in accordance with § 29-1-606, C.R.S., the audit report shall be completed within six (6) months after the close of the District's fiscal year, unless otherwise extended in accordance with the provisions thereof; and

WHEREAS, pursuant to § 29-1-606(7), C.R.S., a special district that has authorized but unissued general obligation debt as of the end of the fiscal year shall submit its audit report or a copy of its application for exemption from audit to the Board of County Commissioners; and

WHEREAS, the Local Government Budget Law of Colorado, §§ 29-1-101, *et seq.*, C.R.S., requires the Board to hold a public hearing on proposed budgets and amendments thereto, to adopt budget resolutions and to file copies of the budgets and budget messages, and amendments thereto, with the Division; and

WHEREAS, the Unclaimed Property Act, § 38-13-110, C.R.S., requires that political subdivisions file an annual report listing unclaimed property with the State Treasurer by November 1, if applicable; and

WHEREAS, § 39-5-128, C.R.S., requires the District to certify its mill levy with the Board of County Commissioners on or before December 15; and

WHEREAS, § 32-1-103(15), C.R.S., requires the District to publish certain legal notices in a newspaper of general circulation in the District; and

WHEREAS, pursuant to §§ 32-1-902(3)(a)(I) & (II), C.R.S., directors may receive compensation for their services subject to the limitations set forth therein; and

WHEREAS, pursuant to § 32-1-902(1), C.R.S., the Board shall elect one of its members as chairman of the Board and president of the District, one of its members as treasurer of the Board and of the District and a secretary who may be a member of the Board; and

WHEREAS, § 32-1-902(3)(b), C.R.S., requires a director to disqualify himself or herself from voting on any issue in which s/he has a conflict of interest, unless the director has properly disclosed such conflict in compliance with § 18-8-308, C.R.S., and files said conflict disclosure statement with the Board and the Colorado Secretary of State's Office at least seventy-two (72) hours prior to any regular or special meeting of the District; and

WHEREAS, pursuant to § 24-10-110(1), C.R.S., the District shall defend and indemnify its public employees, which, by definition, includes elected and appointed officers; and

WHEREAS, pursuant to §§ 24-72-202, *et seq.*, C.R.S., the District may designate an official custodian for the maintenance, care and keeping of public records; and

WHEREAS, pursuant to § 24-6-402(2)(c), C.R.S., the Board shall designate a posting place for notices of meetings and such posting shall include specific agenda information where possible; and

WHEREAS, § 32-1-903, C.R.S., requires that the Board meet regularly at a time and in a place to be designated by the Board and requires that notice of such meetings be posted in at least three (3) public places within the boundaries of the District and in the County Clerk and Recorder's Office and remain posted; and

WHEREAS, elections may be held 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., for the purpose of: 1) electing members of the District's Board; 2) presenting certain ballot issues to the eligible electors of the District as required by Article X Section 20 of the Colorado Constitution; and 3) presenting certain ballot issues and questions to the eligible electors of the District; and

WHEREAS, § 1-7.5-104, C.R.S., permits the Board to determine to conduct elections by mail ballot; and

WHEREAS, § 1-1-111, C.R.S., empowers the Board to supervise the conduct of regular and special elections which it is authorized or required to call and all powers and authority granted to the Board may be exercised by an election official designated by the Board; and

WHEREAS, § 1-11-103(3), C.R.S., requires the District to certify the results of an election to the Division within thirty (30) days after an election and § 32-1-1101.5(1), C.R.S., requires the District to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners; and

WHEREAS, §§ 32-1-1604, C.R.S., requires the District to record a notice of authorization of or notice to incur general obligation debt with the County Clerk and Recorder within thirty (30) days of authorizing or incurring said indebtedness; and

WHEREAS, in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S., the Board of County Commissioners may require the District to file an application for quinquennial finding of reasonable diligence; and

WHEREAS, pursuant to § 32-1-207(3)(c), C.R.S., and/or the District's Service Plan, the District, if requested by the Board of County Commissioners, may be required to file an annual report with the Board of County Commissioners, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S.; and

WHEREAS, pursuant to §§ 24-10-115, *et seq.*, C.R.S., the Board is authorized to obtain insurance; and

WHEREAS, pursuant to § 8-40-202, C.R.S., the District is required to obtain and maintain workers' compensation coverage unless such coverage is waived pursuant to § 8-40-202(1)(a)(I)(B), C.R.S.

WHEREAS, pursuant to § 32-1-809, C.R.S., the District is required to present certain information to the electors of the District pursuant to the provisions thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:



1. The Board directs the District's manager to cause an accurate map of the District's boundaries to be prepared in accordance with the standards specified by the Division, in accordance with § 32-1-306, C.R.S.
2. The Board directs the District's manager to notify the Board of County Commissioners, the County Assessor, the County Treasurer, the County Clerk and Recorder and the Division of the name of the chairman of the Board, the contact person, telephone number and business address of the District, as required by § 32-1-104(2), C.R.S.
3. The Board directs the District's manager to prepare and file with the Division on or before February 1 an informational listing of all contracts in effect with other political subdivisions on or before February 1, in accordance with § 29-1-205, C.R.S. Such list shall contain the names of the contracting political subdivisions, the nature of the contract and the expiration date thereof.
4. The Board directs the District's accountant to cause the preparation of and to file with the Department of Local Affairs the annual public securities report for nonrated public securities issued by the District within sixty (60) days of the close of the fiscal year, as required by §§ 11-58-101, *et seq.*, C.R.S.
5. The Board directs the District's accountant to: 1) obtain proposals for auditors to be presented to the Board; 2) to cause an audit of the annual financial statements of the District to be prepared and submitted to the Board on or before June 30; and 3) to cause the audit to be filed with the State Auditor by July 31, or by the filing deadline permitted under any extension thereof, all in accordance with §§ 29-1-603(1) and 29-1-606, C.R.S.
6. The Board directs the District's manager, if the District has authorized but unissued general obligation debt as of the end of the fiscal year, to cause to be submitted to the Board of County Commissioners, the District's audit report or a copy of its application for exemption from audit.
7. The Board directs the District's accountant to submit a proposed budget to the Board by October 15, to prepare a final budget and budget message, including any amendments thereto, if necessary, and directs the District's manager to schedule a public hearing on the proposed budget and/or amendment, and to post or publish notice thereof, to prepare all budget resolutions and to file the budget and budget message with the Division on or before January 30, all in accordance with §§ 29-1-101, *et seq.*, C.R.S.
8. The Board directs the District's manager to cause the preparation of the Unclaimed Property Act report and submission of the same to the State Treasurer by November 1 if there is property presumed abandoned and subject to custody as unclaimed property, in accordance with § 38-13-110, C.R.S.

9. The Board directs the District's accountant to prepare the mill levy certification form and directs legal counsel to file the mill levy certification form with the Board of County Commissioners on or before December 15, in accordance with § 39-5-128, C.R.S.
10. The Board designates the Saguache Crescent as a newspaper of general circulation within the boundaries of the District and directs that all legal notices shall be published in accordance with § 32-1-103(15), C.R.S., in the Saguache Crescent, unless otherwise designated by the Board or legal counsel.
11. The Board determines that each director shall receive compensation for their services as directors subject to the limitations set forth in §§ 32-1-902(3)(a)(I) & (II), C.R.S.
12. The District hereby elects, in accordance with § 32-1-902, C.R.S., the following officers for the District:

Chairman/President:	Christine Canaly
Vice President:	Vicki Matthews
Secretary/Treasurer:	Martin Macaulay
Assistant Secretary:	Philip Madonna
Assistant Secretary:	Parvin J. Johnson, Sr.
Recording Secretary:	District Manager

13. The Board hereby determines that each member of the Board shall, for any potential or actual conflicts of interest, complete conflicts of interest disclosures and directs legal counsel to file the conflicts of interest disclosures with the Board and with the Colorado Secretary of State at least seventy-two (72) hours prior to every regular and special meeting of the Board, in accordance with §§ 32-1-902(3)(b) and 18-8-308, C.R.S. Additionally, at the beginning of each year, each Board member shall submit information to legal counsel regarding any actual or potential conflicts of interest and, throughout the year, each Board member shall provide legal counsel with any revisions, additions, corrections or deletions to said conflicts of interest disclosures.
14. The Board confirms its obligations under § 24-10-110(1), C.R.S., with regards to the defense and indemnification of its public employees, which, by definition, includes elected and appointed officers.
15. The Board hereby appoints the District's manager as the official custodian for the maintenance, care and keeping of all public records of the District, in accordance with § 24-72-202, *et seq.*, C.R.S.
16. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the District's Shop at 57 Baca Grant Way South, Crestone, Colorado as the District's 24-hour posting place for notices of meetings. Where possible, specific agenda

information shall be posted with the meeting notice or, alternatively, on the District's website at [www.bacawater.com](http://www.bacawater.com). In the event of an emergency, the Board may conduct a meeting outside of the limitations prescribed in § 24-6-402(2)(c), C.R.S., provided that any actions taken at such emergency meeting are ratified at the next regular meeting of the Board or at a special meeting conducted after proper notice has been given to the public.

17. The Board determines to hold regular meetings on the third Friday of each month in January through November at the second Friday of December, all at 9:00 A.M. at 57 Baca Grant Way South, Crestone, Colorado. In addition, regular and special meeting notices shall be posted in three (3) locations within the District's boundaries, as more particularly set forth in **Exhibit A**, attached hereto and incorporated herein by this reference, and at the County Clerk and Recorder's Office at least seventy-two (72) hours prior to said meeting, in accordance with § 32-1-903, C.R.S. The Board directs legal counsel to cause the preparation of the notices for posting at the specified locations prior to every regular and special meeting of the Board, together with the agenda for such meeting.
18. For the convenience of the electors of the District, and pursuant to its authority set forth in § 1-7.5-104, C.R.S., the Board hereby deems that all regular and special elections of the District be conducted by mail ballot unless a polling place election is deemed necessary and expressed in a separate election resolution adopted by the Board.
19. Pursuant to its authority set forth in § 1-1-111, C.R.S., the Board hereby appoints AJ Beckman, the District's manager, as the "Designated Election Official" of the District for any elections to be held. The Board hereby grants all powers and authority for the proper conduct of the election to the Designated Election Official, including, but not limited to, the power to call an election on behalf of the District, to approve the final form of ballot issues and questions, to prepare the TABOR notice, to appoint election judges and a canvass board and to cancel, if applicable, the election.
20. In accordance with § 1-11-103(3), C.R.S., the Board hereby directs the Designated Election Official to certify to the Division the results of any elections held by the District and, pursuant to § 32-1-1101.5(1), C.R.S., to certify results of any ballot issue election to incur general obligation indebtedness to the Board of County Commissioners.
21. The Board directs the District's manager to cause a notice of authorization of or notice to incur general obligation debt to be recorded with the County Clerk and Recorder within thirty (30) days of authorizing or incurring any indebtedness, in accordance with § 32-1-1604, C.R.S.
22. The Board directs the District's manager to cause the preparation of and filing with the Board of County Commissioners, if requested, the application for

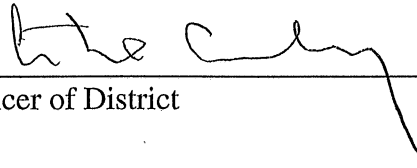
quinquennial finding of reasonable diligence in accordance with §§ 32-1-1101.5(1.5) and (2), C.R.S.

23. The Board directs the District's manager to cause the preparation of and the filing with the Board of County Commissioners, the Division, the State Auditor, the County Clerk and Recorder and any interested parties entitled to notice pursuant to § 32-1-204(1), C.R.S., an annual report, if requested, in accordance with § 32-1-207(3)(c), C.R.S.
24. The Board directs the District's manager to obtain proposals and/or renewals for insurance, as applicable, to insure the District against all or any part of the District's liability, in accordance with §§ 24-10-115, *et seq.*, C.R.S. The Board directs the District's accountant to pay the annual SDA membership dues, agency fees and insurance premiums, as applicable, in a timely manner, as applicable. The Board and legal counsel will annually review all insurance policies and coverage in effect to ensure appropriate insurance coverage is maintained.
25. The Board hereby opts to include elected or appointed officials as employees within the meaning of § 8-40-202(1)(a)(I)(A), C.R.S., and hereby directs legal counsel to obtain workers' compensation coverage for the District.
26. The Board hereby directs the District's manager to prepare the disclosure notice required by § 32-1-809, C.R.S., and to disseminate the information to the District's electors accordingly. Further, the Board hereby designates the following website as the District's official website for the purposes thereof: [www.bacawater.com](http://www.bacawater.com).

*[Remainder of page intentionally left blank].*

RESOLUTION APPROVED AND ADOPTED THIS 18<sup>th</sup> DAY OF NOVEMBER 2011.

BACA GRANDE WATER AND SANITATION  
DISTRICT



\_\_\_\_\_  
Officer of District

ATTEST:



\_\_\_\_\_

**CERTIFICATION OF RESOLUTION**

STATE OF COLORADO  
COUNTY OF SAGUACHE  
BACA GRANDE WATER AND SANITATION DISTRICT

I hereby certify that the foregoing resolution constitutes a true and correct copy of the record of proceedings of the Board adopted at a District meeting held on Friday, November 18, 2011, at 57 Baca Grant Way South, Crestone, Colorado, as recorded in the official record of the proceedings of the District.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 18<sup>th</sup> day of November 2011.



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## EXHIBIT A

**The notices of regular and special meetings required to be posted at three public places within the District at least seventy-two hours prior to said meeting and shall be made at the following locations (in addition to the 24-hour posting location set forth herein):**

Professional Building  
46 Camino Baca Grande  
Crestone, Colorado 81131

Baca Grande Library  
67000 County Road T  
Crestone, Colorado 81131

**A notice shall also be posted at the following location:**

United States Post Office (Outside District Location)  
166 S. Alder Avenue  
Crestone, Colorado 81131

Resolution No. 2011-11-05

RESOLUTION  
OF THE  
BOARD OF DIRECTORS  
OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT  
Calling the May 8, 2012 Election

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WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and exists as a special district pursuant to and in accordance with the provisions of §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the Board of Directors of the District (the "Board") anticipates holding a mail ballot election on May 8, 2012 for the purpose of electing directors to the Board and for presenting any other issues or questions to the eligible electors of the District that the Board deems necessary and appropriate (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"); and

WHEREAS, pursuant to § 1-5-208, C.R.S., the Board may authorize the DEO to cancel the Election upon the occurrence of certain conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:

**Section 1.** The District hereby calls the Election, to be held on May 8, 2012, for the purpose of electing directors to the Board and for presenting certain 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 mail ballot election.

**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 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 and, in accordance with §§ 32-1-1101(2) and (3)(a), C.R.S., the District determines and declares that the

object and purpose for which the issues and questions proposed are for the benefit of the District.

**Section 3.** The Board names AJ Beckman, the District's Manager, 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.

**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 authorize the DEO to certify those questions to the County Clerk and Recorder if the Election is so coordinated.

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 to the District to oversee the general conduct of the Election and authorizes the DEO to take all other action necessary for the proper conduct thereof, including, without limitation, the cancellation thereof pursuant to § 1-5-208, C.R.S.

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

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

***[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]***



ADOPTED AND RESOLVED this 18<sup>th</sup> day of November 2011.

**BACA GRANDE WATER AND SANITATION  
DISTRICT**



\_\_\_\_\_  
Christine Canaly, President

ATTEST:



\_\_\_\_\_  
Martin Macaulay, Secretary/Treasurer