

## 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 MAY 18, 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 18<sup>th</sup> day of May, 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.

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#### ATTENDANCE

#### Directors In Attendance Were:

Vicki Matthews  
Martin Macaulay  
Parvin J. Johnson, Sr. – Via speakerphone  
Cindy Reinhardt  
Kyle Grote

#### Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.  
  
Lindsay Ross; Special District Management Services, Inc. –Via speakerphone  
  
Jennifer Tanaka, Esq.; White, Bear & Ankele P.C.  
  
Marcus Lock, Esq.; Bratton Hill Wilderson & Lock, LLC  
  
Steve Harrell; District General Manager  
  
Brad Simons, P.E.; Olsson Associates  
  
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. Mr. Beckman 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, as amended.

**Minutes:** The Board reviewed the Minutes of the April 20, 2012 Regular Meeting.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board approved the minutes of the April 20, 2012 Regular Meeting.

**Appointment of Officers:** The Board discussed the appointment of officers following the May 8, 2012 Regular Election.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board appointed Vicki Matthews as President.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board appointed Martin Macaulay as Vice President.

Following discussion, upon motion duly made by Director Grote, seconded by Director Macaulay and, upon vote, unanimously carried, the Board appointed Cindy Reinhardt as Treasurer.

Following discussion, upon motion duly made by Director Reinhardt, seconded by Director Macaulay and, upon vote, unanimously carried, the Board appointed Kyle Grote as Secretary.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board appointed Parvin J. Johnson, Sr. as Assistant Secretary.

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### PUBLIC COMMENT

**Public Comment:** There was no public comment.

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### WATER MATTERS

**Outstanding Water Matters with Water Counsel:** Attorney Lock explained that the discussion for the Board would require an Executive Session.

Attorney Tanaka discussed the purpose of Executive Session for new Board members and the matters that allow the District to enter into Executive Session and the formalities thereof. She stressed the importance of keeping Executive Session matters confidential and explained that breaching the confidentiality can result in a waiver of the Executive Session privilege.

**EXECUTIVE SESSION:** Pursuant to Sections 24-6-402(4) (b) and (e), C.R.S., upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:10 a.m. for the purpose of discussions relating to 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 12:36 p.m.

No action was taken by the Board.

**Acknowledgement and Appreciation of Outgoing Directors:** The Board expressed its sincere gratitude for the many years of dedicated service and leadership demonstrated by President Canaly and Director Madonna. The Board then presented President Canaly and Director Madonna with plaques of appreciation.

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### OPERATIONS

**Operations Report:** Mr. Harrell reviewed the Operations Report with the Board. He explained the format and content of the report.

**Corrosion Control Analysis:** Mr. Beckman reported that the design plans for the implementation of a soda ash treatment process have been submitted to the Colorado Department of Public Health and Environment ("CDPHE") for review. He explained that the District is pursuing the change to soda ash for corrosion control; however, this treatment may not be deemed the optimal process in which case the District would be required to change the process determined to be optimal by the CDPHE. He further reported that McLaughlin Engineering, Ltd. is working with the CDPHE on the corrosion control study.

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**Aspen Wastewater Treatment Facility:** Mr. Harrell reported that Timber Line Electric installed new Ultraviolet Light (“UV”) disinfection equipment and a flow meter at the facility.

**Leak Protection Plan:** Mr. Harrell explained that the plan could take several years. He explained that the original construction utilized slip-fittings tend to leak. He reported that the next step he would recommend is the development of a hydraulic model and, to the extent possible, to reduce system pressure. He further reported that the District has approximately 500 eight-inch valves all of which are susceptible to leak. Ms. Cyriacks inquired as to chlorine levels and a system flushing program. Mr. Harrell explained that he would like to implement a flushing program; however, he is currently addressing other operational priorities given the District’s budget constraints. Following discussion, the Board directed Mr. Harrell to research the labor requirements necessary to initiate a flushing program and report back to the Board.

**Summer Employees:** Mr. Harrell reported that he would like to implement summer labor including Mr. Botz for fire hydrant maintenance, Zach Potter for GPS valve location and one additional employee for system jetting. Director Grote discussed the use of summer labor to conduct a flushing program.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board authorized the implementation of summer labor pending verification by the District Manager that the proposed labor will work with the current budget.

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### **CAPITAL IMPROVEMENTS**

**Supervisory Control and Data Acquisition (“SCADA”) System:** Mr. Simons reported that the alarm notification system is currently being enhanced. He also reported that the new UV disinfection has been installed at the Aspen Wastewater Treatment Facility. He further reported that the functionality of the SCADA system is approaching the level of functionality desired by the District staff.

**Well 18 Replacement Well:** Mr. Simons reported that the well has been drilled. The District will now proceed with installation of infrastructure necessary to incorporate the new well into the water distribution system.

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### FINANCIAL MATTERS

**Claims:** Mr. Beckman reviewed the payment of claims with the Board through the period ending May 18, 2012 as follows:

General Fund	\$	19,983.47
Capital Projects Fund	\$	35,679.17
Enterprise Fund	\$	60,066.06
Debt Service Fund	\$	<u>179,279.25</u>
<b>Total Claims:</b>	<b>\$</b>	<b><u>295,003.99</u></b>

Following review and discussion, upon motion duly made by Director Macaulay, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending May 18, 2012.

Ms. Ross joined the meeting via speakerphone at this point.

**Financial Statements:** Ms. Ross reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, and budget analysis and accounts payable vouchers for the period ending April 30, 2012.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending April 30, 2012.

**Cash Flow Analysis:** Mr. Beckman reviewed the cash flow analysis with the Board.

**Grant Funding Applications and Research:** Mr. Beckman reported that he has applied for a grant in the amount of \$50,000 for reclamation of the Mobile Home Estates Lagoon and is in the process of working with the Colorado Water Conservation Board on a Water Supply Reserve Account Grant for purchase of water rights. In addition, he is preparing an application to the Colorado Water Resources and Power Development Authority for improvements to the Aspen Plant.

**2011 Audit:** Mr. Beckman reported that the Auditor has reviewed the financial documents on file with Special District Management Services, Inc. and at the District's Administrative Office. The draft audit is expected for review for at the June 15, 2012 Board meeting.

**Reassessment of Properties in the District:** Attorney Tanaka reported that she and Mr. Beckman discussed this matter with the Saguache County Board of County Commissioners ("BOCC") and Assessor at which time the BOCC was made aware that the District was expecting greater progress to date. Attorney

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Tanaka will continue to pursue the matter.

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### LEGAL MATTERS

**May 8, 2012 Election:** Mr. Beckman reported that the Canvass Board convened on May 17, 2012 and certified the election returns. Attorney Tanaka reported that the Directors' Oaths have all been administered with the exception of Parvin Johnson, Sr. which is expected within the next few days.

**Board Member Orientation and Board Member Duties and Responsibilities:**

Following discussion, the Board determined to schedule a study session and Board member orientation for new Board members on June 14, 2012 at 5:00 p.m. It was noted that Mr. Beckman and Attorney Tanaka will prepare the necessary materials and conduct the orientation.

**Memorandum of Understanding ("MOU") with U.S. Forest Service**

**("USFS"):** Attorney Tanaka reported that she has been in contact with the USFS regarding the MOU outlining the terms of use of District property near the Cottonwood Creek Trailhead. She reported that she has been requesting a response to her comments to the MOU for several months and recently received a response. The USFS is requesting that the District set forth the terms of use in a letter for its consideration.

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### EXECUTIVE SESSION

**Personnel Matters, Legal Advice and Matters Subject to Negotiation:**

**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 Matthews and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 2:53 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 4:30 p.m.

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### OTHER BUSINESS

**Crestone Eagle Article for July 2012 Publication:** It was noted that Sandia Belgrade, with the Crestone Eagle, was in attendance and will report on today's meeting. The Board requested that the District Manager follow up with Christine Canaly about writing an article as outgoing President.

**RECORD OF PROCEEDINGS**

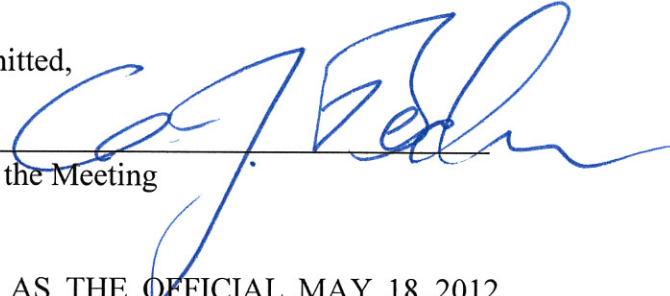
**ADJOURNMENT**

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

Respectfully submitted,


By 

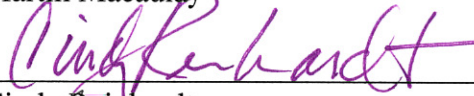
Secretary for the Meeting

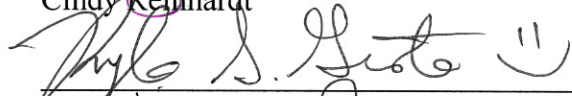


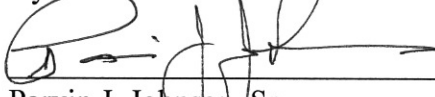
THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 18, 2012 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
Vicki Matthews

  
Martin Macaulay

  
Cindy Reinhardt

  
Kyle Grote

  
Parvin J. Johnson, Sr.





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

May 18, 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. CHAPARRIL	719-256-5305	N	—
Sandra Baskin	2027 Lost Cove Way	256-4302	N	—
MICHAEL SCULLY	87 IBERIA CT. PO BOX 952 CRESTONE CO 8131	256-5728	—	✓
MICHAEL ONEWALC	2720 N. CAREFREE			
DOM SPILLANE	"			
Karen Kayote	3732 Cordial Way	719-256-4522		
Sophia Trevis	402 N. Chaparral Way	719 256 5825	?	
Wesleyriados	504 Arrowhead Way	256-4140	N	



Name	Address	Telephone/Email	Would you like to speak?	Issues to be addressed
Dean Lloyd	111 Pinewood	a.c. utera @ a.c. utera . com	maybe	opp + infrastructure
Sugandha Brooks	1538 Willow Creek Rd	sugandha.brooks @ gmail	no	
OLIVER	would not sign in.			

# REPORT ON DISTRICT OPERATIONS

## TO THE BOARD OF DIRECTORS

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Administration and Budget.....	5

**Steven Harrell**  
**5/18/2012**



**BACA GRANDE WATER AND SANITATION DISTRICT**  
**MONTHLY OPERATIONS REPORT**  
 MAY 18, 2012

<b>ASPEN WASTEWATER TREATMENT FACILITY</b>			
Compliant	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	No discharge permit violations
<b>OPERATIONS</b>			
SSO-Sanitary Sewer Overflow	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	April 2012 Reported to the State as necessary
Fire Hydrants Repair & Maintenance Total =277	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Operational= 274 Non-operational= 3
Water Main Repairs	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Water Leaks	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Infrastructure Installed	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
GPS/GIS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
Water/Sewer Hookups	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	
<b>BGWS D - INFRASTRUCTURE</b>			
<b>DISTRIBUTIONS</b>		<b>COLLECTIONS</b>	
Water Mains = 64 miles		Sewer Mains = 45 Miles	
Gate Valves = 510 Units		Manholes = 798	
Curb Stops = 707 Units		Lift Stations = 5	
Fire Hydrants = 277			
Well 18 Water Treatment Facility		Aspen Wastewater Treatment Facility	
MHE Motel Well Water Treatment Facility			
Water Transfer Stations = 4			
<b>PROJECTS</b>			
MHE Lagoon Decommissioning		(in progress)	
Water Meter MXU Upgrades		160 MXU's installed, 5 remaining	
<b>LEAK DETECTION</b>			
Action Plan		Contingent on budget development and authorization by District Board of Directors	
Proposals Received:		\$1000 per day + expenses per estimated 3 miles of leak detection per day	
<ul style="list-style-type: none"> <li>Free Leak Detection service</li> </ul>		<ul style="list-style-type: none"> <li>Colorado Rural Water Association visited the District on March 6 for approximately 2.5 hrs. They were unable to locate any leaks</li> <li>Need to revisit proposals</li> </ul>	
Schedule		TBD	
Leak Detection Training For District Staff			





**BACA GRANDE WATER AND SANITATION DISTRICT**  
**MONTHLY OPERATIONS REPORT**  
 MAY 18, 2012

<b>BACA GRANDE CHALET</b>			
<b>WATER – WELL 18</b>	<b>GALLONS PUMPED</b>	<b>COMPLIANT</b>	<b>RESULTS</b>
Gallons Pumped January 2012	4,561,914		
Gallons Pumped February 2012	4,236,063		
Gallons Pumped March 2012	5,231,616		
Gallons Pumped April 2012	6,191,169		
<b>Total for Year</b>	<b>20,220,762</b>		
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155200		Trace	0.25 mg/L
<b>CASITA PARK</b>			
<b>WATER – MOTEL WELL</b>	<b>GALLONS PUMPED</b>	<b>COMPLIANT</b>	<b>RESULTS</b>
Gallons Pumped January 2012	977,553		
Gallons Pumped February 2012	1,303,404		
Gallons Pumped March 2012	1,303,404		
Gallons Pumped April 2012	7,168,722		
<b>Total for Year</b>	<b>10,753,083</b>		
Total Coliform Reporting		Yes	Absent
Free Chlorine Residual PWSID # CO 0155300		Trace	0.17 mg/L
<b>ASPEN WWTF TOTAL WATER TREATED</b>			
<b>TOTAL TREATED WATER CHALET &amp; MHE</b>	<b>FINISHED WATER WELL WATER</b>	<b>WASTEWATER TREATED</b>	<b>ESTIMATED UNACCOUNTED WATER</b>
Gallons Pumped January 2012	5,539,467	1,814,992	3,724,475
Gallons Pumped February 2012	5,539,467	1,706,722	3,832,745
Gallons Pumped March 2012	6,535,020	1,920,775	4,614,245
Gallons Pumped April 2012	13,359,891	1,687,726	11,672,165
<b>Total for Year</b>	<b>30,973,845</b>	<b>7,130,215</b>	<b>23,843,630</b>
<b>COLLECTION SYSTEM</b>			
Lift Stations	All District wastewater lift stations have been cleaned for the First Quarter.		
Jetting	Jetted 800 linear feet of 6" sewer main and cleaned two manholes (Corner of Lone Pine)		



**BACA GRANDE WATER AND SANITATION DISTRICT**  
**MONTHLY OPERATIONS REPORT**  
 MAY 18, 2012

<b>WASTEWATER – ASPEN WWTF</b>			
<b>MARCH</b>	<b>LIMIT</b>	<b>COMPLIANT</b>	<b>RESULT</b>
Effluent BOD <sub>5</sub>	30/45mg/L 30DAY AVG/7DMAX	Yes	1.7mg/L
Percent Removal BOD <sub>5</sub>	85% or greater	Yes	98.3%
Effluent TSS	30/45mg/L 30DAY AVG/7DMAX	Yes	0.4mg/L
Percent Removal TSS	85% or greater	Yes	99.6%
Fecal Coliform	200/400 Colonies/100/mL 30DAY GEO.MEAN/7DMAX	Yes	2/100
<b>TOTAL AMMONIA AS N, MG/L</b>			
	<b>LIMIT</b>	<b>COMPLIANT</b>	<b>RESULT</b>
January	5.0 mg/l	Yes	January 0.2 mg/l
February	4.1 mg/l	Yes	February 0.2 mg/l
March	4.4 mg/l	Yes	March 0.1 mg/l
April	3.9 mg/l	Yes	April 1.0 mg/l
May	3.3 mg/l		
June	3.4 mg/l		
July	3.0 mg/l		
August	2.2 mg/l		
September	2.6 mg/l		
October	2.5 mg/l		
November	3.8 mg/l		
December	4.0 mg/l		
<b>ADMINISTRATION</b>			
Late Charges	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	130
Customer Complaints	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Resolved <input checked="" type="checkbox"/>
Monthly Safety Meetings	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Ladders & Falls
Agenda Items	<ul style="list-style-type: none"> <li>• Crestone Eagle Calendar</li> </ul>		





BACA GRANDE WATER AND SANITATION DISTRICT  
MONTHLY OPERATIONS REPORT  
MAY 18, 2012

2012 EXPENSES - APRIL								
ID #	April Budget	Date	PO #	Vendor	Description	Cost	Invoice #	Subtotals
<b>M100</b>	<b>Office Supplies</b>							
M101	Administration							
	Office Supplies	4/24/12	1899	Amazon.com	Perforator	\$11.90		
	Office Supplies	4/20/12	1895	Quill	Office Supplies	\$25.48		
	Office/Shop	4/11/12	1885	Quill	Office supplies	\$134.35		
	New Operator Phone	4/27/12	1908	Misc	Yard Phone	\$200.00		
	Yard Phones	4/27/12	1909	Amazon.com	Yard Phones	\$40.41		
					<b>Office Supplies Subtotal</b>			<b>412</b>
<b>M200</b>	<b>Shop &amp; Small Tools</b>							
M201	Small Tools	4/25/12	1903	Misc	Shop	\$69.87		
M202	Shop	4/11/12	1900	Grainger	Repair and Maint.	\$189.88		
	MXU-M	4/2/12	1881	Dana Kepner	MXU-M	\$1,565.90		
	Aspen	4/4/12	1883	USA Bluebook	Aspen	\$373.36	<a href="#">\\Bacaws1\scan\Xerox\img-425064721.pdf</a>	
	Shop	4/16/12	1869	USA Bluebook	Small Tools / Supplies	\$452.37		
	Shop	4/14/12	1887	Dana Kepner	Small Tools / Supplies	\$156.84		
	Shop	4/16/12	1893	Misc	Truck # 1	\$126.98		
	Golf Course Well	4/16/12	1891	Misc	Golf Course Well	\$188.16		
	Shop	4/24/12	1889	USA Bluebook	Shop	\$76.65		
	Shop	4/23/12	1898	Grainger	Shop	\$329.89		
	Shop	4/25/12	1901	USA Bluebook	Shop	\$28.95		
	Shop	4/25/12	1902	Amazon.com	Shop	\$69.56		
	<b>Subtotal</b>				<b>Small Tools Subtotal</b>			<b>3,628</b>
<b>M300</b>	<b>Facilities</b>							
M302	Well 18	4/19/12	1894	Poncha Lumber	Emergency Well	\$752.81		
M303	Wagon Wheel	4/25/12	1904	Big R	Wagon Wheel	\$20.24		
M303	Wagon Wheel	4/19/12	1920	Misc	Wagon Wheel	\$8.03		
M305	Ridgeview Transfer							
<b>April.</b>					<b>Total</b>	<b>\$4,821.63</b>		<b>\$4,821.63</b>
<b>April.</b>					<b>Remaining</b>	<b>\$178.37</b>		