

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
HELD
OCTOBER 10, 2008

A special meeting of the Board of Directors of the Baca Grande Water and Sanitation District (referred to hereafter as "Board") was held on Friday, the 10th day of October, 2008, at 5:30 p.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; Special District Management Services, Inc.

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

Steve Rogers; District Operator in Responsible Charge

Steven Harrell; District General Manager

Dan Cudahy CPA; McMahan and Associates, LLC
- Via Speakerphone

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.

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ADMINISTRATIVE MATTERS

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

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Madonna and, upon vote, unanimously carried, the agenda was approved, as amended.

Rescheduling of the October 24, 2008 special meeting and the November 21, 2008 regular meeting: The Board discussed rescheduling the October 24, 2008 special meeting and the November 21, 2008 regular meeting.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Johnson, the Board rescheduled the October 24, 2008 special meeting to Friday October 31, 2008 and the November 21, 2008 regular meeting to Friday, December 5, 2008 at 9:00 a.m. at the regular meeting place. It was noted that the Board will adopt their 2009 Budget at the December 5, 2008 special meeting.

FINANCIAL MATTERS

Mr. Cudahy joined the meeting via speakerphone at this time.

2007 Audit: Mr. Cudahy reviewed the 2007 Audit with the Board. Mr. Cudahy noted that the physical asset inventory should be updated and addressed limits to availability to service fees presently being collected.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board accepted the 2007 Audit.

Debt Consolidation and Line of Credit: Mr. Beckman reviewed the current cash flow projection with the Board. Members of the Board discussed the 2009 Budget. The Board discussed budget scenarios including the bond issuance and the need to raise rates if the issuance is not successful. The Board directed Mr. Beckman to prepare the 2009 draft budget with both scenarios. Mr. Beckman reported that he will pursue financing of the current debt and line of credit.

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OTHER BUSINESS

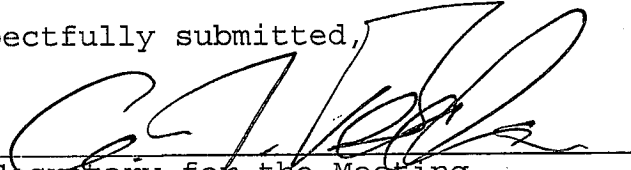
Status of Chlorination: Mr. Rogers discussed the recent chlorination and resulting changes to the water quality. Mr. Beckman and Director Matthews discussed receiving complaints of odor and taste resulting from the recent system improvements. Mr. Beckman recommended that Mr. Harrell respond to such complaints from this point forward.

ADJOURNMENT

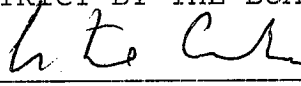
There being no further business to come before the Board at this time, upon motion duly made by Director Cyriacks, seconded by Director Johnson and, upon vote, unanimously carried, the meeting was adjourned.

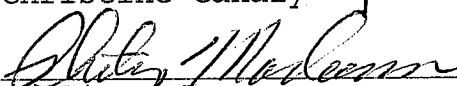
Respectfully submitted,

By


Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 10, 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

Parvin J. Johnson, Sr.

OCTOBER 10, 2008

Please print your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
MICHAEL SCULLY	POB 952 CROSTONE	256-5728	michaelscully@casitapark.org
Mate Bella Fehick	POB 346 "	256-4252	Mateb42@gmail.com
Chuck/Esther Grant	PO BOX 718 "	256-5490	chuckmeg@hotmail.com
Will PORTER	Box 85 "	4258	wporter@netelco.net
Vivian & Mary Padano	Box 484 "	256-4135	
Patricia H. Johnson	Box 1181	256-5490	
Jeanie Brook	POB 1095 "	jeaniebrook@yahoo.com	
Bill Sutherland	P.O. Box 935	256-4808	
Judy Gutter	"	"	
Tom O'nto	POB 474	256-5653	
Lemuel Nichols	POB 1079	256-5614	ljentynwise7@yahoo.com