

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
HELD
JULY 11, 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 11th day of July, 2008, at 1:00 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:

Chris Canaly, Chairman
Philip Madonna, Vice Chairman
Vicki Matthews, Secretary/Treasurer
Lisa Cyriacks, Assistant Secretary

Also In Attendance Were:

AJ Beckman and Elise LoSasso; Special District Management Services, Inc.-*via telephone*

Erich Schwiesow; Lester, Sigmond, Rooney & Schwiesow-*via telephone*

Jennifer Tanaka; White Bear& Ankele, P.C.-*via telephone*

Parvin Johnson; Board candidate-*via telephone*

Diana Dunlap; resident

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.

Conflicts of Interest: Attorney Tanaka discussed the purpose of disclosures. There were no conflicts of interest.

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Term limits and the May 2008 election: It was noted that due to constitutional term limits, Clem Gasseling was not eligible to run for office at the May 2008 election.

Director Cyriacks presented a statement of gratitude and requested that it be incorporated into the minutes and published in the Crestone Eagle.

~~Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board authorized publication of the statement of gratitude in the Crestone Eagle. The Statement of Gratitude is attached to these minutes and incorporated herein by this reference.~~

Appointment of Director: Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board appointed Parvin J. Johnson, Sr. to fill the vacant position.

Staff was directed to obtain and file the Oath of Office.

LEGAL MATTERS

Engagement of Special Counsel: The Board considered the engagement of White Bear & Ankele, P.C. as special counsel.

Following discussion, upon motion duly made by Director Cyriacks, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the engagement of White Bear & Ankele, P.C. as special counsel for the Dharma Ocean and White Jewell Mountain project and to review agendas and minutes.

Main line extension project-Dharma Ocean and White Jewell Mountain properties: The Board discussed the upcoming project, the need for a cost sharing and reimbursement agreement and other issues.

OTHER BUSINESS

Agenda for July 18, 2008 regular meeting: Mr. Beckman reviewed with the Board the preliminary draft Agenda for the July 18th regular meeting.

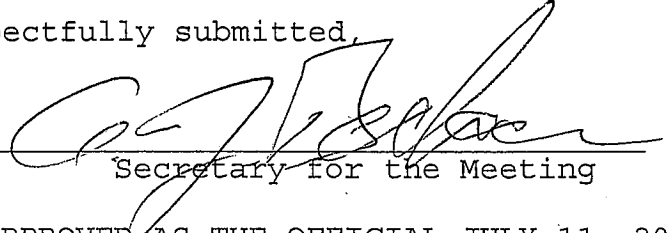
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ADJOURNMENT

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

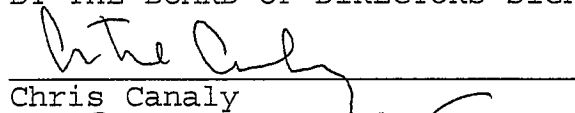
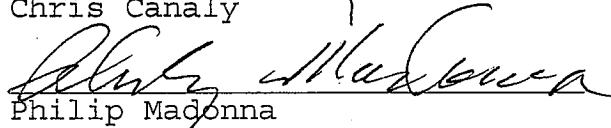
Respectfully submitted,

By



Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JULY 11, 2008 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Chris Canaly
Philip Madonna
Vicki Matthews
Lisa Cyriacks

Parvin J. Johnson, Sr.