

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD JANUARY 23, 2015

A special meeting of the Board of Directors (referred to hereafter as "Board") of the Baca Grande Water and Sanitation District (referred to hereafter as "District") was held on Friday, the 23rd day of January, 2015, at 8:00 a.m. at the offices of the District, BGWSD Shop, 57 Baca Grant Way South, Crestone, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Cindy Reinhardt
Martin Macaulay
Michael Scully
Kyle Grote

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

Also In Attendance Were:

Lisa A. Johnson; Special District Management Services, Inc., via speakerphone

Jennifer Gruber Tanaka, Esq. and Zachary White, Esq.; White Bear Ankele Tanaka & Waldron, via speakerphone

JoAnn Slivka; District Administrative Manager

Justin DeBon; Operator in Responsible Charge

Brad Simons; TZA Water Engineers (for a portion of the meeting), via speakerphone

See attached list for other attendees

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DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to Colorado law 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 Reinhardt 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.

ADMINISTRATIVE MATTERS

Agenda: Director Reinhardt reviewed the proposed Agenda for the District's special meeting with the Board.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Agenda was approved, as amended.

ADMINISTRATIVE MATTERS CONT'D

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the December 12, 2014 regular meeting.
- Review and accept unaudited financial statements for the period ending December 31, 2014, current schedule of cash position.
- Consider Completion of Services and Termination of an Independent Contractor Agreement with RMS Utilities, Inc. for 2014 Water System Distribution Improvements Projects.

Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the Board reviewed, approved, and accepted the Consent Agenda items.

Resignation of General Manager: The Board acknowledged the resignation of Steven Harrell as General Manager for the District. Mr. DeBon has accepted the position of Operator in Responsible Charge effective January 14, 2015. The Board thanked Mr. DeBon and Ms. Slivka for their efforts and hard work following Mr. Harrell's resignation. Director Macaulay also thanked Mr. Harrell for his great service to the District.

Board and Staff Reports: The Board reviewed the board and staff reports.

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Independent Contractor Agreement with Special District Management Services, Inc.: Attorney Tanaka presented a summary of the differences between the existing Independent Contractor Agreement with Special District Management Services, Inc. ("SDMS"), and the new Independent Contractor Agreement, noting that the new Independent Contractor Agreement provides the District with greater protection.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Grote and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with SDMS for District Management and Accounting Services.

Fee Change Notification from Law of the Rockies: The Board reviewed and discussed a fee change notification received from Law of the Rockies.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Board approved the fee change notification from Law of the Rockies.

Contract Administration: The Board deferred discussion on this matter.

Restructure of Legal Counsel: The Board reviewed a proposal from White Bear Ankele Tanaka & Waldron, P.C. for restructure of legal counsel. The proposal includes the transitioning of legal services to an associate attorney which entails a reduction in fee, from \$325 per hour to \$225 per hour. Furthermore, attorney fees for attendance at meetings will be capped at \$1,000 per meeting. Contract preparation will be transitioned to an associate and the hourly rate will be \$175. The Board confirmed that Attorney Tanaka will be available when needed. Attorney Zachary White introduced himself to the Board.

Ms. Cyriacks and Director Macaulay thanked Attorney Tanaka for her hard work and diligence as general counsel.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Board approved the restructure of legal counsel.

Work Sessions: Director Scully discussed with the Board his proposal to hold a work session in anticipation of each regular meeting to the end of becoming more familiar with the information to be considered at the regular meetings as well as the actions that will be required. Director Scully noted that notice of each work session would be posted and that the work sessions would be open to the public,

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that Ms. Slivka and Mr. DeBon would attend, but that it would be unnecessary for consultants to attend.

The Board entered into discussion regarding Director Scully's proposal and consultants, staff, and members of the public provided comment.

Following discussion, the Board determined not to hold monthly work sessions to review matters from the regular meeting agenda, but noted support for holding work sessions when specific discussion items warranted extra attention.

2015 Board of Directors Goals: The Board deferred discussion on this matter.

PUBLIC COMMENT

Susan Wolfrey: Ms. Wolfrey queried the Board about the amount paid for water rights. Director Macaulay explained the annual costs related to water supply.

Ms. Cyriacks thanked the Board for hearing the comments, questions, and suggestions of the public.

OFFICE ADMINISTRATION

Members of the public left the meeting at this time.

Ms. Slivka discussed with the Board the Caselle conversion, noting that training is underway and is going well. Ms. Slivka advised the Board that the system will go live by the first week in February.

OPERATIONS

Operations Follow-Ups:

Staffing: Mr. DeBon updated the Board on staffing. He advised the Board that the Personnel Committee has approved the hiring of William Baca Welty as Utility Maintenance Worker, and that Mr. Welty has accepted the offer made to him to fill the position. Following the results of a background check and drug screen, Mr. Welty will assume his position on February 9, 2015.

Manhole Damage: Mr. DeBon discussed with the Board the need for repairs to certain manholes damaged by snowplows. The Board directed Mr. DeBon to contact Saguache County regarding the snow removal issues and to inquire about manhole repairs.

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Waterline Breaks: Mr. DeBon advised the Board of several waterline breaks that had occurred, noting that all breaks had been repaired by staff.

Labor Utilization Report: The Board deferred this matter.

Well 18 Pump/Motor Failure Report: Mr. Simons advised the Board that he is working to complete the report and that he will present his findings and recommendation at a future meeting.

Rules and Regulations: The Board entered into discussion regarding potential revisions to the current Rules and Regulations regarding water and sewer lines.

Following discussion, the Board directed staff to work on revisions to the Rules and Regulations in 2015 and to present a recommendation and revised document to the Board when complete.

Independent Contractor Agreement with Canon Fire Equipment Co.: The Board entered into discussion regarding an Independent Contractor Agreement with Canon Fire Equipment Co. for Fire Extinguisher Testing and Maintenance Services. Director Reinhardt advised the Board that she had asked Mr. Harrell to request that the contractor elaborate on the scope of work and to determine cost more precisely. Director Reinhardt noted that it is unclear whether or not this request was made prior to Mr. Harrell's resignation. Director Reinhardt further reported that she had contacted Chris Botz with the Voluntary Fire Department in order to inquire about partnering with the Department to service fire extinguishers in both entities simultaneously. Mr. Botz agreed to the idea. Director Reinhardt then asked the Board for their input regarding the partnership.

The Board suggested that Ms. Slivka and Mr. DeBon contact Mr. Botz to discuss the timeline for this service.

Independent Contractor Agreement with Fluid Technology, LLC: The Board entered into discussion regarding an Independent Contractor Agreement with Fluid Technology, LLC for Diagnosis and Repair of Chemical Dose Pump. It was noted that Fluid Technology, LLC is unwilling to execute the District's standard Independent Contractor Agreement, but that given the necessity of expediting the repairs, Mr. Harrell had sent the chemical dose pump to Fluid Technology, LLC without an agreement in place.

Following discussion, the Board directed staff to contact Fluid Technology, LLC to determine the status of the repair work.

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CAPITAL IMPROVEMENTS

Capital Funding Sources and Uses: Ms. Johnson reported to the Board that the Capital Funding Sources and Uses report was unavailable due to the check register not having been completed in time to prepare the report. Ms. Johnson advised the Board that staff will prepare the report and transmit to the Board for review as soon as possible.

Status of MXUM Water Meter Transmitter Replacement Project: Mr. DeBon reported that staff has five in-house meters to replace with MXUM to complete the project.

2015 Capital Projects: Ms. Johnson updated the Board on the status of the grant applications, and advised the Board that the District had not been awarded funds as part of the Small Systems Grant. Ms. Johnson noted that she will contact the State to request the scoring of the grant application and thereafter she and Mr. Simons will make recommendation on how to proceed.

Mr. Simons requested permission to move forward with the Flow Equalization Basin Project despite the District not having been awarded grant funds.

Following discussion, the Board authorized Mr. Simons to move forward with the project.

FINANCIAL MATTERS

Check Register: The Board considered approval of the check register through the period ending January 23, 2015, as follows:

General Fund	\$	9,303.88
Debt Service Fund	\$	-0-
Capital Projects Fund	\$	13,766.56
Enterprise Fund	\$	30,244.50
Total Claims:	\$	53,314.94

Following discussion, upon motion duly made by Director Scully, seconded by Director Grote and, upon vote, unanimously carried, the Board approved the check register for the period ending January 23, 2015.

LEGAL MATTERS

24-Hour Posting: The Board reviewed and considered adoption of Resolution No. 2015-01-01: Designating the District's 24-Hour Posting Location.

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Following discussion, upon motion duly made by Director Scully, seconded by Director Reinhardt and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-01-01: Designating the District's 24-Hour Posting Location. A copy of the Resolution is attached hereto and incorporated herein by this reference.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Scully, seconded by Director Macaulay and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:22 a.m. for the purpose of discussing personnel matters and receiving legal advice, as authorized by Sections 24-6-402(4)(b) and (e), C.R.S.

Pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of the remaining portion of this executive session that, in the opinion of the Board's attorney, constitutes privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

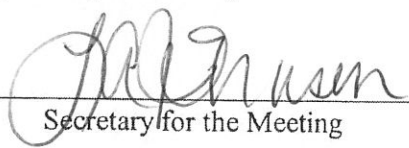
The Board reconvened in regular session at 12:59 p.m.

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

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THESE MINUTES ARE APPROVED AS THE OFFICIAL JANUARY 23, 2015
MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT
BY THE BOARD OF DIRECTORS SIGNING BELOW:



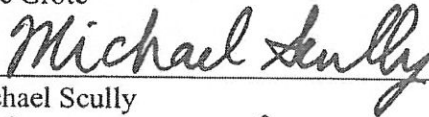
Martin Macaulay



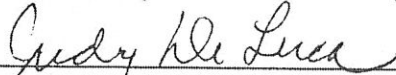
Cindy Reinhardt



Kyle Grote



Michael Scully




Judy DeLuca

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Attorney Statement Regarding Privileged Attorney-Client Communication

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Baca Grande Water and Sanitation District, I attended the executive session on January 23, 2015, for the sole purpose of discussing personnel matters, as authorized by §§24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that a portion of the executive session discussion constituted attorney-client privileged communication as provided by §24-6-402(4)(b), C.R.S., and, based on that opinion, no further record, written or electronic, was kept or required by be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.
General Counsel
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

January 23, 2015

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
Lynn Drake	PO Box 621	-4790		
Lisa Lynette	POB 754	4140		
Susan Wolfberg	182 La Paz	719 496 6001		

Resolution No. 2015-01-01

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

DESIGNATING THE DISTRICT'S 24-HOUR POSTING LOCATION

WHEREAS, the Baca Grande Water and Sanitation District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.*, C.R.S. (the "Special District Act"); and

WHEREAS, pursuant to § 24-6-402(1)(a), C.R.S., the District is a local public body and subject to the provisions of §§ 24-6-401, *et seq.*, C.R.S. (the "Open Meetings Law"), also known as the Sunshine Law; and

WHEREAS, pursuant to § 32-1-903(2), C.R.S., meetings of the Board of Directors of the District (the "Board") are required to be posted in three (3) public locations within the boundaries of the District at least seventy-two (72) hours before any regular or special meeting; and

WHEREAS, § 24-6-402(2)(c), C.R.S., provides that, in addition to any other means of full and timely notice, such as the posting requirements of the Special District Act, a local public body shall be deemed to have given full and timely notice if a notice of the meeting is posted in a designated public place within the boundaries of the local public body no less than twenty-four (24) hours prior to the holding of the meeting; and

WHEREAS, pursuant to § 24-6-402(2)(c), C.R.S., special districts shall designate annually, at the District's first regular meeting of each calendar year, the public place at which the notice of meetings given under the Open Meetings Law will be posted no less than twenty-four (24) hours prior to the meeting; and

WHEREAS, the Board has determined to designate one of the three posting locations used for meeting notices under the Special District Act as its designated posting location for notices under § 24-6-402(2)(c), C.R.S.

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

1. Pursuant to § 24-6-402(2)(c), C.R.S., the Board hereby designates the following location for the posting of its twenty-four (24) hour meeting notices thereunder:

The District's Shop, located at 57 Baca Grant Way South, Crestone Colorado.

ADOPTED this 23rd day of January, 2015.

BACA GRANDE WATER AND SANITATION
DISTRICT

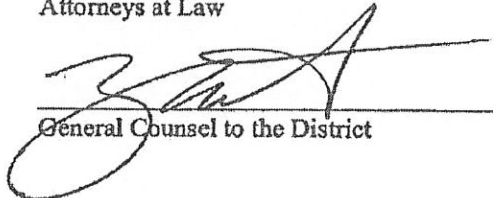


Officer of the District

ATTEST:


APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law



General Counsel to the District

[Signature Page to Resolution Designating the 24-Hour Posting Location.]