

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD NOVEMBER 20, 2015

A Regular 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 20th day of November, 2015, at 9:00 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
Judy DeLuca
Kyle Grote

Also In Attendance Were:

Lisa A. Johnson and Lindsay Ross (for a portion of the meeting); Special District Management Services, Inc. (via speakerphone)

Zachary P. White, Esq.; White Bear Ankele Tanaka & Waldron, (via speakerphone)

JoAnn Slivka; Administrative Services Manager

Justin DeBon; Operations Manager

Marcus Lock, Esq.; Law of the Rockies (via speakerphone for a portion of the meeting)

See list for additional attendees

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 White noted that conflicts were filed for

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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 new disclosures were made.

ADMINISTRATIVE MATTERS

Agenda: Director Reinhardt reviewed the proposed Agenda for the District's Regular 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.

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the October 16, 2015 regular meeting
- Review and accept unaudited financial statements for the period ending October 31, 2015 and current schedule of cash position
- Ratify approval of First Addendum to Independent Contractor Agreement with Special District Management Services, Inc. to include revised hourly rates
- Approval of Continued Engagement of White Bear Ankele Tanaka & Waldron for General Counsel Services
- Approval of Independent Contractor Agreement with Cannon Fire Equipment Co. for 2016 Annual Fire Extinguisher Testing and Maintenance
- Approval of Independent Contractor Agreement with QA Balance Services, Inc. for 2016 Meter Calibration Services
- Approval of Completion of Services and Termination of Agreement for the following:
 - North Line GIS, LLC – Ongoing Services, 2015
 - North Line GIS, LLC – Ongoing Services, 2011 (including First, Second and Third Addendums)
 - North Line GIS, LLC – Agreement for Mapping Project
 - TST, Inc. of Denver Consulting Engineers – Agreement for Water Engineering Services (including First Addendum)
 - TST, Inc. of Denver Consulting Engineers – Agreement for Wastewater Engineering Service (including First Addendum)
 - Alcon Construction, Inc. – Agreement for Roof Leak Repairs

Following discussion, upon motion duly made by Director Macaulay, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved the

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Consent Agenda with revisions to the October minutes and confirmation of the QA Balance Services Inc. service rates.

Board and Staff Reports: The Board reviewed and discussed the staff reports which are attached hereto and incorporated herein by this reference.

FINANCIAL MATTERS

Check Register: The Board considered approval of the revised check register through the period ending November 20, 2015, as follows:

General Fund	\$	10,199.01
Debt Service Fund	\$	-0-
Capital Projects Fund	\$	26,625.55
Enterprise Fund	\$	<u>58,483.19</u>
Total Claims:	\$	95,307.45

Following discussion, upon motion duly made by Director DeLuca, seconded by Director Grote and, upon vote, unanimously carried, the Board approved the revised check register for the period ending November 20, 2015.

Financial Summary: Ms. Ross presented areas of interest contained within the October 31, 2015 financial statements.

2015 Audit: The Board reviewed the engagement letter from Wagner Barnes & Griggs, PC to perform the 2015 Audit. Board discussed and clarified that the amount is not to exceed \$8,950.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved the engagement of Wagner Barnes & Griggs, PC to perform the 2015 Audit, in the amount of \$8,950.

Public Hearing to Amend the 2015 Budget: Director Reinhardt opened the public hearing to consider the Resolution to Amend the 2015 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of a Resolution to Amend the 2015 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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Ms. Ross explained the need to amend the 2015 budget in the Debt Service Fund.

No further public comment was received and the public hearing was closed.

Following review and discussion, Director DeLuca moved to adopt the Resolution to Amend 2015 Budget, Director Macaulay seconded the motion and, upon vote, unanimously carried, the Board adopted the Resolution to Amend the 2015 Budget. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

Public Hearing to Adopt the 2016 Budget and Associated Resolutions:

Director Reinhardt opened the public hearing to consider the proposed 2016 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2016 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.

Ms. Ross reviewed the estimated 2015 expenditures and the proposed 2016 expenditures.

Ms. Johnson presented and the Board discussed the Equipment Capital Project Summary Sheets and the Water System Capital Project Summary Sheets. The Board accepted the Equipment and Water System Capital Project Summary Sheets and confirmed their commitment to replace the aging equipment in 2016 based on the recommendations presented by Mr. DeBon.

Lisa Cyriaks, resident, asked about the mill levy caps. Ms. Ross provided information regarding the mill levy caps. Ms. Cyriaks provided her opinion on the revenue raising options.

Ms. Ross presented a memo on options to increase revenue in 2016 due to the reduction in the preliminary assessed valuation. Her recommendation is to increase the mill levy by 4 mills and to increase the water service fee by \$2 per month and increase the sewer service fee by \$2 per month and to hold the AOS fees at \$150 per year.

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

Director Macaulay motioned to adopt the 2016 Budget, as discussed and revised, with an increase in the mill levy to 54.000 mills (37.000 mills in the General

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Fund and 17.000 mills in the Debt Service Fund), and an increase to the water rate by \$2.00 per month and the sewer rate by \$2.00 per month and Appropriate Sums of Money and Set Mill Levies, Director DeLuca seconded the motion, and upon vote, unanimously carried, the Resolutions were adopted 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, 2015. Ms. Johnson 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, 2015. Ms. Johnson was also authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2016. Copies of the adopted Resolutions are attached to these minutes and incorporated herein by this reference.

PUBLIC COMMENT

Larry Calloway, resident had questions regarding the fees charged for consolidating lots. Ms. Slivka provided a response on the process and fees. The Board discussed the fees briefly and determined to review the fees associated with the consolidation of lots in 2016.

Sugandha Brooks, resident requested the Board consider offering a paperless billing option to its customers. Ms. Johnson commented that the Board has reviewed options for online bill pay etc. and may consider implementing this option in 2016.

President Reinhardt read a letter received during the public comment into the record acknowledging her service on the Board of Directors.

Peter May addressed the Board regarding a trail extension on District property. President Reinhardt asked that Mr. May work directly with Mr. DeBon on this issue.

OFFICE ADMINISTRATION

Administrative Follow-Ups: Ms. Slivka presented an advertisement to publish in the local newspaper wishing constituents a Happy Holiday season and notifying them of the office holiday closures. The Board authorized the publication.

OPERATIONS

Operational Follow-Ups: There were no operational follow-ups.

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CAPITAL IMPROVEMENTS

Capital Funding Sources and Uses: Ms. Johnson presented and the Board reviewed the Capital Funding Sources and Uses worksheet during the 2016 budget discussion. **Casita Park Interconnect Project:** Mr. DeBon gave an update on the project and presented and recommended approval of Pay Application No. 3 received from RMS Utilities in the amount of \$21,684.70.

Following discussion, upon motion duly made by Director Scully, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved Pay Application No. 3 in the amount of \$21,684.70.

Status of Committee related to District Office Capital Improvement Needs and Inspection Report: Director Scully met with staff to discuss how to proceed with capital improvement needs. Given the current budget restrictions and administration analysis, it was decided to continue to make minor improvements and adjustments as needed for a healthy environment for staff.

LEGAL MATTERS

Well 18 Pump/Motor Failure Demand Letter to Royal Electric: There has been no new response. The Board authorized Attorney White to research how to file a report with the Better Business Bureau.

Resolution No. 2015-11-03, Fourth Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Tolls, Penalties and Charges for Water and Sewer Service and Facilities: Attorney White presented Resolution No. 2015-11-03, Fourth Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Tolls, Penalties and Charges for Water and Sewer Service and Facilities.

Following discussion, upon motion duly made by Director Scully, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved Resolution No. 2015-11-03, Fourth Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Tolls, Penalties and Charges for Water and Sewer Service and Facilities with an increase of \$2 per month in the water service fee and an increase of \$2 per month in the sewer service.

Resolution 2015-11-04; Third Amended and Restated Resolution Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges: Attorney White presented Resolution 2015-11-04 Third Amended and Restated Resolution Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges.

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Following discussion, upon motion duly made by Director Scully, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved Resolution No. 2015-11-04 Third Amended and Restated Resolution Establishing Guidelines for Processing and Collection of Delinquent Fees and Charges subject to final review by the District Manager, Ms. Slivka and Attorney White.

Resolution No. 2015-11-05: 2016 Annual Administrative Matters: Attorney White presented Resolution No. 2015-11-05, 2016 Annual Administrative Matters.

The Board discussed and determined to change the time of the monthly Board meetings to begin at 9:00 a.m.

Following discussion, upon motion duly made by Director Scully, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved Resolution No. 2015-11-05, 2016 Annual Administrative Matters.

Resolution 2015-11-06; Resolution Regarding Election Matters: Attorney White presented Resolution 2015-11-06; Resolution Regarding Election Matters. Ms. Johnson recommended revising the resolution to appoint JoAnn Slivka as the Designated Election Official and SDMS as the Assistant Designated Election Official for the May 2016 election.

Following discussion, upon motion duly made by Director Grote, seconded by Director DeLuca and, upon vote, unanimously carried, the Board approved Resolution 2015-11-06; Resolution Regarding Election Matters as revised.

District Response Procedures when Receiving Information Regarding Cultivation of Marijuana within the District: The Board deferred discussion until the January meeting.

EXECUTIVE SESSION

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 Scully and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:35 a.m. for the purpose of 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.

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The Board reconvened in regular session at 11:55 a.m.

OTHER BUSINESS

Holiday Work Schedule: The Board discussed the holiday work schedule proposed by Ms. Johnson.

The Board approved the closing of the office on December 24th and 25, 2015 and December 31, 2015 and January 1, 2016.

The Board also approved hosting a holiday party. Staff will work with the Board to schedule the party and notify those that are invited to attend.

December Board Meeting: Ms. Johnson recommended canceling the December meeting in an effort to save costs. She noted that the statutory compliance requirements have been met for 2015.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Scully and, upon vote, unanimously carried, the Board approved the cancellation of the December Board meeting. Ms. Slivka will update the District website with this information as well as post a notice at the office.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(f), C.R.S., upon motion duly made by Director DeLuca, seconded by Director Scully and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 12:41 p.m. for the purpose of discussing personnel matters, as authorized by Sections 24-6-402(4)(f) and (f), C.R.S.

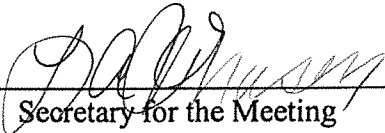
The Board reconvened in regular session at 12:59 p.m.

President Reinhardt volunteered to write an article for the January issue of the Crestone Eagle explaining the rate increases and asked for Board approval to do so. Director Macaulay volunteered to review.

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

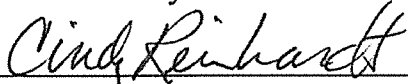
Respectfully submitted,

By  Secretary for the Meeting


THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 20, 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

Attorney Statement

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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 sessions on November 20, 2015, for the sole purpose of providing legal advice and developing strategy for negotiations, 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 sessions 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.



Zachary P. White, Esq.
General Counsel
Baca Grande Water and Sanitation District