

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT

JUNE 28, 2019

9:00 A.M.

District Office - 57 Baca Grant Way South
 Crestone, Colorado 81131

ATTENDANCE

Directors in Attendance:

Lynn Drake
 Robert Salmi
 John Loll
 Michael Scully
 Gregg Conlee

Also in Attendance:

Marcus Lock; Law of the Rockies (via speakerphone)
 Cathy Fromm; Fromm and Associates (via speakerphone for a
 portion of the meeting)
 JoAnn Slivka; District Manager
 Joshua Cichocki; Utility Superintendent (for a portion of the
 meeting)
 Jared Dains; Applegate Group, Inc. (via speakerphone for a
 portion of the meeting)

Members of the Public:

Daniel Gray

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Attorney Lock has discussed with the Board the requirements pursuant to Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Baca Grande Water and Sanitation District Board of Directors and to the Secretary of State. It was noted that a quorum was present and members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No new disclosures were made.

AGENDA

President Drake opened the meeting and noted that Director Loll had a prior commitment and was excused from the meeting. We welcomed new board member Gregg Conlee to his first meeting of the BGWSD Board of Directors.

President Drake then reviewed the Agenda for the District's Regular Meeting of the board.

Following discussion, upon motion duly made by Director Salmi, seconded by Director Conlee, and upon vote, unanimously carried, the Agenda was approved.

CONSENT AGENDA

The board considered the following consent agenda items:

- Approve Minutes from the May 17, 2019 regular meeting.
- Review and accept the unaudited financial statements for the period ending June 30, 2019 and current schedule of cash position.

Ms. Fromm reviewed the June financial statements with the board.

Following discussion, upon motion duly made by Director Salmi, seconded by Director Scully and upon vote, unanimously carried, the board approved the Consent Agenda.

PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. COMMENTS LIMITED TO THREE MINUTES PER PERSON AND TAKEN IN ORDER LISTED ON SIGN IN SHEET).

- Mr. Gray asked if the District bought new pickup trucks this year. No, the District did not buy new trucks this year but we did make the final lease installment in January, 2019 for the two 2016 Ford trucks.
- Mr. Gray also asked if we have an audit done by an outside third party. It was explained to him that yes; the annual audit is always completed by an outside firm.

BOARD AND STAFF REPORTS

The board reviewed and discussed the staff reports that are attached and incorporated herein by this reference.

Rates and Fees. Mr. Lock spoke to an idea we had regarding removing the mill levy and making a corresponding increase in fees in order to address the current loss of revenue from tax exempt properties. We learned that we cannot entirely eliminate the mill levy because we are obligated to pay from a portion of the mill levy towards our loan with CWPDA (Colorado Water Power Development Authority). Also, we would lose revenue from the specific ownership tax,* which is distributed pro rata based on our mill levy. This loss would have to be made up from the monthly water/sewer fees. Raising fees to the extent needed to cover these losses could also be politically unpalatable. The working group did not feel this was a feasible solution, and we do not recommend we continue to investigate this as a solution at this time. It is our recommendation to continue pursuing the PILOT program which Law of Rockies has been working on.

* The specific ownership tax is a property or ad valorem tax that is levied in addition to sales (or use) taxes on a motor vehicle and is paid annually when the vehicle is registered within a county.

Utility Superintendent Report:

- Mr. Cichocki presented an idea to the board for a case study project profile of our new headworks building. This information is good for the company's promotions and good exposure for the District. The board agrees that this is a good idea and supported Mr. Cichocki to pursue participating with the report.
- Director Salmi would like to see a line on the monthly superintendent report that shows how much water is sold.
- Director Conlee thanked Mr. Cichocki for the facility tour; he was very impressed with the system.
Mr. Cichocki left the meeting at this time.

September 20, 2019 Board Meeting: The board discussed the conflict of dates for the September Board meeting and the annual SDA Conference. It was suggested that the directors look at their calendars to see if September 27, 2019 would work for the September board meeting date.

FINANCIAL MATTERS

Check Register: The board considered approval of the check register through the period ending June 21, 2019 as follows:

General Fund:	\$	5,753.00
Capital Projects Fund:	\$	17,365.00
Enterprise Fund:	\$	<u>55,449.33</u>
Total:	\$	78,567.33

Following discussion, upon motion duly made by Director Salmi, seconded by Director Conlee, and, upon vote, unanimously carried, the board approved the check register for the period ending June 21, 2019.

BOARD of DIRECTOR MATTERS

Solar Research:

President Drake reported that Director Loll did a lot of work on the solar project. The District will consider having a work session before the July Board meeting to review the details of Director Loll’s investigations.

Motel Well Capital Project Summary Review:

Director Scully discussed the Capital Project Sheets from past years and how the capital project sheets can help new board directors understand the history of the district infrastructure.

Communications regarding emergency repairs and unplanned expenses:

President Drake commented on a recent invoice received from a local utility company where they charged the District for system repairs caused by damage done by District personnel. The damage occurred while District personnel were repairing a line break.

President Drake felt the issue should have been communicated to the directors at the time of the occurrence. She would like to see tracking information about emergency repairs presented in the Superintendent’s monthly report to the board; time and location of the event, any extra costs incurred due to the event, staff time spent on the repair, especially any overtime costs, etc. Director Salmi feels that the utilities should work together and not charge each other. But District personnel’s failure to adequately communicate with the company is what likely resulted in the District being charged, and District personnel will be instructed to improve communication in the future. The directors agreed they would like documentation on all emergencies and line breaks, including if it was hit because the location information was not accurate. The directors would like to see the breaks indicated on the ESRI map so that we can see where the breaks are on the map.

APPLEGATE REPORT

Jared Dains from the Applegate Group joined the meeting via telephone. He, along with Dave Breidel worked on the Water Supply and Demand Update study for the District. The purpose of the study was to review and update studies that the District had previously commissioned during the early 2010-2011-time frame. Applegate’s task was to provide recommendations on how the District will meet its water supply needs in the future. The Group focused on actual data collected

from the district as opposed to presumed use as had been done in the past. They looked at the District's current delivery and diversion demand to provide an estimate of the District's current consumptive demand. Finally, they did a projection at full build out.

The Directors are very pleased with the study and the professionalism of the work completed by the Applegate Group.

LEGAL MATTERS

Studio or Additional Unit Application and Fees

EXECUTIVE SESSION MATTERS - §24-6-402(4) (a), (b), (e)(1), and (f)(I), C.R..S.

Director Salmi moved and Director Scully seconded that the board of directors enter into Executive Session for the purpose of receiving legal advice regarding service lines and adding additional units. The motion carried unanimously and the board of directors entered into Executive Session at 10:33AM.

Upon motion made by President Drake, seconded by Director Scully and unanimously carried, the board of directors reconvened to Regular Session at 10:53 A.M.

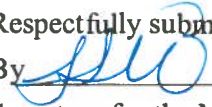
Negotiations with USFW Sub-committee

The board directed Mr. Lock to communicate with the Applegate Group to continue their work with the district to assist with the negotiations with USFW.

Director Conlee moved and Director Scully seconded a motion stating the board of directors establish a sub-committee appointing two directors; President Drake and Director Scully to work with Mr. Lock and Ms. Slivka on negotiations with USFW. The motion carried unanimously.


ADJOURNMENT:


There being no further business to discuss, upon motion duly made by Director Scully, seconded by President Drake and upon vote, unanimously carried, the meeting was adjourned at 11:11 A.M.


Respectfully submitted,
By 
Secretary for the Meeting


THESE MINUTES ARE APPROVED AS THE OFFICIAL June 28, 2019 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Lynn Drake


Robert Salmi


John Loll


Michael Scully


Gregg Conlee