

## RECORD OF PROCEEDINGS

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MINUTES OF A SPECIAL MEETING OF  
THE BOARD OF DIRECTORS OF THE  
BACA GRANDE WATER AND SANITATION DISTRICT  
HELD  
JANUARY 22, 2010

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 22nd day of January, 2010, at 9:00 a.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, President  
Philip Madonna, Vice President  
Vicki Matthews, Secretary/Treasurer

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the absences of Lisa Cyriacks and Parvin J. Johnson, Sr. were excused.

### Also In Attendance Were:

Steven Harrell; District General Manager

In Attendance Via Speakerphone Were:  
AJ Beckman; Special District Management Services, Inc.

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

Marcus Lock, Esq., and Kendall Burgemeister; Bratton Hill Wilderson & Lock, 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. Attorney Tanaka noted that conflicts were filed for applicable Directors at least 72 hours prior to the meeting. President Canaly noted that a quorum was present and requested members of the

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

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

### CONSENT AGENDA

The Board considered the following actions:

- Approval of Minutes from the December 18, 2009 regular meeting.
- Ratification of the payment of claims for the period ending January 15, 2010 as follows:

General Fund:	\$21,973.70
Capital Fund:	\$ 5,596.80
Enterprise Fund:	<u>\$63,440.46</u>
	\$91,010.96

- Acceptance of unaudited financial statements for the period ending December 31, 2009 and current schedule of cash position and cash flow analysis.
- Approval of 2009 Audit proposal from Wagner Barnes, P.C. in an amount not to exceed \$7,750
- Approval of Cottonwood Plant waterline and road access easement and vacation from Manitou Foundation.
- Approval of Scope of Work by HRS Water Consultants for Water Rights Engineering services for an amount not to exceed \$17,870.
- Authorization of one additional cellular phone for use by staff.
- Approval of Request for Proposals for Construction Manager.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote unanimously carried, the Board ratified approval of the above actions taken at the special meeting.

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### PUBLIC COMMENT

Public Comment: No members of the public were present at this meeting.

### LEGAL MATTERS

Outstanding Water Matters with Water Counsel: EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e) of the Colorado Revised Statutes, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 9:20 a.m. for the purposes of discussing legal matters as authorized by Section 24-6-402(4)(b) C.R.S. and discussing matters subject to negotiation pursuant to Section 24-6-402(4)(e), C.R.S.

Furthermore, pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 10:00 a.m.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote unanimously carried, the Board authorized Attorney Lock to develop appropriate reports and materials for the purpose of negotiations with the U.S. Fish and Wildlife Service.

Records recommended for destruction: The Board discussed the method of destruction of District documents. Attorney Tanaka reported that she has begun reviewing documents in batches to determine which should be destroyed and which should be archived.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote unanimously carried, the Board authorized Attorney Tanaka to destroy documents as she deems necessary through the review process.

Brown and Caldwell Services: The Board discussed the proposal from Brown and Caldwell for Water and Wastewater Improvements Bidding Phase Services.

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Following discussion, upon motion duly made by Director Madonna seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the proposal from Brown and Caldwell for Water and Wastewater Improvements Bidding Phase Services for an amount not to exceed \$15,000.

### OTHER BUSINESS

Lab Training: Mr. Harrell reported that through discussions with the Colorado Rural Water Authority, he was made aware of Randy Sack, an operator with the Salida Water and Sanitation District interested in conducting lab training with the staff.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote unanimously carried, the Board authorized Mr. Harrell to engage Mr. Sack for an initial lab training session for an amount not to exceed \$450.00.

Greenway Road Easements: Attorney Tanaka reported that the Greenway Road Easements have been approved by Mr. Greenway and that he has signed the POA documents and she is waiting for the final signed easements from Mr. Greenway.

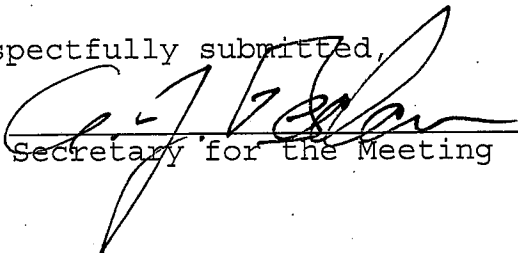
Hydroelectric Opportunities: Director Canaly discussed the possibility of incorporating hydroelectric power generation equipment in the District's infrastructure. Following discussion, the Board directed Mr. Beckman to look into using project funds for such purpose.

### ADJOURNMENT

Upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By

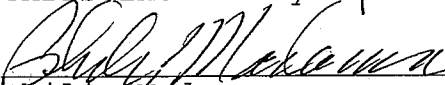
  
Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL  
JANUARY 22, 2010 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.