

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

September 15, 2021-9:00 AM

District Office – 57 Baca Grant Way South

Crestone, Colorado 81131

Meeting held via Zoom

ATTENDANCE

Directors in Attendance:

John Loll
Gregg Conlee
Mike Smith
William Peck
Vivia Lawson

Also in Attendance:

Marcus Lock; District Legal Counsel
Cathy Fromm; District Accountant
JoAnn Slivka; District Manager
Gary Potter; District Director of Operations
Nicholas Marcotte- for a portion of the meeting
Eric Barnes- for a portion of the meeting

Community Members:

Michael Scully
Parke Hess
Lisa Cyriacks
Dale Halley

CALL TO ORDER

President Loll opened the meeting at 9:02 AM.

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

MOTION APPROVED: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR PECK, SECONDED BY DIRECTOR LAWSON AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE AGENDA.

CONSENT AGENDA

The board considered the following consent agenda items:

- Approve Minutes from the August 25, 2021 Regular Meeting
- Acceptance of Gregg Conlee resignation

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR CONLEE, SECONDED BY DIRECTOR PECK AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE AUGUST 25, MEETING MINUTES.

MOTION: FOLLOWING REVIEW OF DIRECTOR CONLEE'S RESIGNATION LETTER, UPON MOTION DULY MADE BY DIRECTOR PECK, SECONDED BY DIRECTOR LAWSON AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD ACCEPTED MR. CONLEE'S RESIGNATION AND EXPRESSED THEIR APPRECIATION FOR HIS SERVICE TO THE DISTRICT AND WISH HIM WELL WITH HIS MOVE TO OREGON AND HIS NEW ADVENTURE. MR. CONLEE'S RESIGNATION IS EFFECTIVE IMMEDIATELY FOLLOWING THE COVID UPDATE AND IMMEDIATELY PRIOR TO THE APPLICATION TO FILL THE BOARD VACANCY AS INDICATED IN THESE MINUTES.

PUBLIC COMMENT (ITEMS NOT ON THE AGENDA ONLY. NO ACTION MAY BE TAKEN).

The district is subject to the Colorado Open Meetings Law, which states that no Board discussion or action will take place until a later date, if necessary. Please limit your comments to three minutes or less.

- There was no public comment received.

BOARD AND STAFF REPORTS

- The board reviewed and discussed the reports incorporated herein by this reference.
 - The Directors deferred discussion of the sub-committee to work with the Town of Crestone IGA until the board retreat

- Administration:
 - The vacant full time administrative staff position has been filled. Please welcome Ms. Natalie DeBon to the team.
- Operations:
 - AWWTP: Staff is dedicating more time to the plant as well as adding products to the Aspen Wastewater Treatment Plant - they are seeing improvements at the plant
 - Water main break: The District experienced a catastrophic failure when SCADA failed to call out low tank levels- this resulted in a service interruption for many District customers.
 - Currently there is an active leak in the Cottonwood zone; staff is actively working on this but it is difficult to locate the leaks in this area

FINANCIAL MATTERS

Check Register:

The board considered approval of the check register through the period ending September 15, 2021 as follows:

General	\$	2,280.00
Enterprise	\$	29,238.17
	\$	31,518.17

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR CONLEE, SECONDED BY DIRECTOR SMITH, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE CHECK REGISTER FOR THE PERIOD ENDING SEPTEMBER 15, 2021.

Financial Statements: Ms. Fromm reviewed the financial statements with the Board. She reported that the property tax and specific ownership tax funds are coming in very strong in 2021. The District’s long term loan and bond payments will be due December 1, we will see those in the November financials.

The certified accounts from prior years are also coming in very strong; a good sign resulting from property activity in our area. The District received the preliminary assessed valuation (AV) report; the final AV is due December 10. The preliminary report showed a significant increase in value. The District is debruced so we do not have to reduce our mill levy to account for the increase in the AV. We should see a significant increase in our general and debt service property taxes.

Financial Audit:

Mr. Eric Barnes of Fiscal Focus Partners, LLC, gave a brief overview of the 2020 financial audit. He performed a site visit to the District office to review documents and procedures. He further explained to the Directors the process of working with district staff along with our accounting firm, Fromm and Company to perform the audit. The auditor has issued a clean opinion; this is the best we can get on financial statements and is consistent with past year audits.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR SMITH, SECONDED BY DIRECTOR PECK, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD ACCEPTED THE 2020 FINANCIAL AUDIT.

CAPITAL PROJECTS:

S. Crestone Tank Rehabilitation

Mr. Nick Marcotte from Element Engineering reported on the S. Crestone Tank Rehabilitation project and the bids received. Bids came in significantly higher than budgeted. Low bid that met all criteria came from M&M Tank Coating Co Inc. (M&M) Mr. Marcotte recommended the notice of award for the project go to M&M. Discussion followed regarding the overage in costs for the project and what options the District has to be able to move forward with the project. Consideration was given for the urgency of the project given the time of year and the need to meet compliance.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR LOLL, SECONDED BY DIRECTOR PECK, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED MOVING FORWARD WITH THE NOTICE OF AWARD TO M&M TANK COATING CO INC., UPON AGREEMENT FROM THEM TO REMOVE THE EXTERIOR COATING COMPONENT OF THE SCOPE OF WORK THEREBY REDUCING THE PROJECT AMOUNT BY \$47,000.

LEGAL MATTERS:

Line Extension Resolution: The Board reviewed and discussed the updated line extension resolution. There were no changes to the fees, the update adds detail to the intent of the rule and cleaned up the language and clarified the rules.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR LAWSON, SECONDED BY DIRECTOR SMITH, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE UPDATED LINE EXTENSION RESOLUTION- 2021-09-01

EXECUTIVE SESSION

MOTION: UPON MOTION DULY MADE BY DIRECTOR PECK, SECONDED BY DIRECTOR LAWSON, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD ADJOURNED TO EXECUTIVE SESSION PURSUANT TO C.R.S. § 24-6-402(4) (A), (B), AND (E), WHICH RESPECTIVELY CONCERN THE PURCHASE OR LEASE OF REAL PROPERTY, SPECIFIC LEGAL ADVICE FROM COUNSEL, AND DETERMINING POSITIONS RELATIVE TO MATTERS SUBJECT TO NEGOTIATION REGARDING THE LEASE RATE FOR THE NEXT 20-YEAR TERM OF THE WATER SERVICE AGREEMENT AND THE POTENTIAL PURCHASE OF WATER RIGHTS FROM THE UNITED STATES FISH AND WILDLIFE SERVICE.

MOTION: DIRECTOR SMITH MOVED, DIRECTOR LAWSON SECONDED TO RECONVENE TO REGULAR SESSION, AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD EXITED EXECUTIVE SESSION.

COVID UPDATE:

This week there were 125 known reported cases in the San Luis Valley with a 7.40% positivity rate with 10 hospitalizations. The Delta variant is having an impact now.

APPLICATION TO FILL THE BOARD VACANCY

The Board of Directors received two letters of interest to fill the seat left vacated by Mr. Conlee's resignation. Mr. Michael Scully and Mr. Dale Halley both submitted letters of interest for the Board's consideration.

Mr. Halley introduced himself to the Board of the Directors as a new member to the community and expressed his interest in giving back to the community. He feels his skills and engineering background could be an asset to the District. Mr. Halley also disclosed that he is currently on the ballot for the Baca Grande Property Owners Association (BGPOA).

Mr. Michael Scully then approached the Board and reviewed his long-standing history and involvement with the water and sanitation district both as a community member and past board director.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR LOLL, SECONDED BY DIRECTOR LAWSON, AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPOINTED MR. DALE HALLEY TO FILL THE VACANT SEAT ON THE BOARD.

Mr. Halley will be officially seated once the appropriate oaths and bonds are filed as required. Regarding Mr. Halley's possible election to the BGPOA: in the event he is elected to the BGPOA, as a District board member, Mr. Halley will be responsible for evaluating whether he has a conflict of interest should BGPOA matters come before the District.

CONSIDERATION OF A BOARD RETREAT

The Board discussed having a retreat and considered the venue, dates and COVID protocols. Ms. Slivka was directed to work on obtaining a townhome for the meeting and available dates.

OTHER BUSINESS:

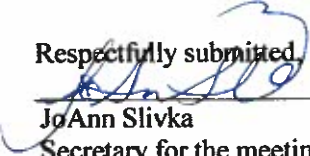
Seeing no other business, President Loll thanked everyone for a productive meeting.

ADJOURNMENT:

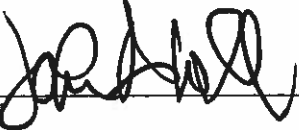
THERE BEING NO FURTHER BUSINESS TO DISCUSS, UPON MOTION DULY MADE DIRECTOR LAWSON, SECONDED BY DIRECTOR PECK AND UPON VOTE, UNANIMOUSLY CARRIED, THE MEETING WAS ADJOURNED AT 11:21 AM.

THE NEXT REGULAR MEETING IS SCHEDULED FOR
October 20, 2021

Respectfully submitted,

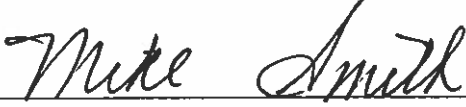

JoAnn Slivka
Secretary for the meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL September 15, 2021 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


John Loh


Gregg Conlee


William Peck


Mike Smith


Vivia Lawson