

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

September 20, 2023- 9:00 AM

District Office – 57 Baca Grant Way South

Crestone, Colorado 81131

Meeting held via Zoom

ATTENDANCE

Directors in Attendance:

Vivia Lawson

John Loll

Mike Smith

Rick Hart

David Karas

Also in Attendance:

Marcus Lock, District Legal Counsel

JoAnn Slivka, District Manager

Gary Potter, District Director of Utilities

Natalie DeBon, District Administrative Services Manager

Cathy Fromm, District Accountant (for a portion of the meeting)

Nicholaus Marcotte, Element Engineering

(for a portion of the meeting)

Community Members and Guests:

William Folk

Diego Martinez

Eric Barnes

Matthew Eric Lit

Amber Wilson

Dan Gray

CALL TO ORDER

President Lawson opened the meeting at 9:00 AM.

Board Roll Call: Directors Lawson, Loll, Smith, Hart and Karas were present.

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 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: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART,

SECONDED BY DIRECTOR SMITH 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 16, 2023 Regular Meeting.
- Approve Minutes from the August 23, 2023 Special Meeting

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR SMITH,

SECONDED BY DIRECTOR LOLL AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE

CONSENT AGENDA AS AMENDED BY THE DIRECTORS.

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.

Amber Wilson: Inquired with a question for consolidations of Saguache County owned property. Director Lawson advised her to contact the District Manager JoAnn Slivka.

Dan Gray: Asked for a “Meth lab report,” saying that “the public deserves answers.” This question is answered during Board Matters and department head reports later in the meeting.

EXECUTIVE SESSION

MOTION: PURSUANT TO C.R.S. § 24-6-402(4) (A), (B), AND (E), UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR LOLL AND, UPON AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE QUORUM PRESENT, THE BOARD ADJOURNED TO EXECUTIVE SESSION AT 9:06 A.M. 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 TERMS AND CONDITIONS FOR CONTINUED PROVISION OF SEWER SERVICE TO THE TOWN OF CRESTONE AS WELL AS NEGOTIATIONS RELATED THERETO AND C.R.S. § 24-6- 402(4) (F), FOR DISCUSSION OF PERSONNEL MATTERS INVOLVING THE DISTRICT MANAGER POSITION.

MOTION: DIRECTOR SMITH MOVED; DIRECTOR LOLL SECONDED TO RECONVENE TO REGULAR SESSION AT 09:27 AM

APPOINTMENT OF NEW DISTRICT MANAGER

Mr. Lock, the District's legal counsel, confirmed that the District has fulfilled all the necessary legal requirements for the search of the new District Manager. He clarified that the title of District Manager, as outlined in Title 32 of the Special District Act, envisions that each Special District will have a Chief Executive Officer who is accountable to the Board and serves at the pleasure of the Board. Mr. Lock informed the Board that the District Manager position is considered one of a Chief Executive Officer therefore, we are guided by statute, C.R.S. §24-6-402(3.5.).

As evidenced in the minutes of the Special Meeting held on June 28, 2023, the Board officially authorized the initiation of the search process and established a search committee.

On September 1, 2023, the Board announced a single finalist, Diego D. Martinez, for the District Manager position. In accordance with the required procedures, public notice of this announcement was made at least fourteen days prior to the Board's meeting scheduled for September 20, 2023, during which an offer will be extended to the finalist.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR SMITH, SECONDED BY DIRECTOR HART AND UPON VOTE, UNANIMOUSLY CARRIED, THE MOTION ENTAILED THE BOARD EXTENDING AN OFFER OF EMPLOYMENT AND APPOINTING MR. DIEGO D. MARTINEZ TO THE POSITION OF DISTRICT MANAGER AT BACA GRANDE WATER AND SANITATION DISTRICT.

President Lawson extended a warm welcome to Mr. Martinez. Director Lawson highlighted Mr. Martinez's military background and his previous tenure at the BGWSD District, emphasizing his

knowledge of the community's issues and challenges. Lawson said, Mr. Martinez's presence is poised to bring substantial benefits to our community.

Director Loll shared that this is a wonderful chance to bolster our community, and it could prove immensely beneficial for both the District and the community at large.

President Lawson extends her gratitude to everyone for their continuous efforts in strengthening our team and organization day by day. Director Hart and JoAnn Slivka also expressed appreciation to the search committee and all others involved.

2022 DRAFT FINANCIAL AUDIT:

During the meeting, Mr. Eric Barnes, representing Fiscal Focus Partners, LLC, delivered the draft audited financial statements for the year 2022 along with the independent auditor's report to the Board. Mr. Barnes commenced the presentation with an overview of the comprehensive audit process, sharing insights into his longstanding professional relationship with the District and key highlights from the audit.

Mr. Barnes expressed his satisfaction with the seamless execution of the audit, noting the prompt provision of all necessary information. While a substantial portion of the audit work was conducted remotely, he also undertook in-person visits to review documents and verify information. The audit encompassed a meticulous examination of compliance with financial regulations and a thorough evaluation of record-keeping accuracy, thanks to Cathy Fromm diligent work in maintaining the District's books. Overall, Mr. Barnes' presentation delivered a comprehensive overview of the 2022 draft audit, showcasing the District's robust financial health and prudent financial management practices.

President Lawson inquired how the Board should use the audit in the future.

Mr. Barnes answered there's nothing here that should come as a surprise to the Board. They have simply condensed some information about current and future operations. Mr. Barnes explained the independent verification of this data is crucial for oversight, as it helps minimize the risk of fraud. He commended the District for its effective systems and recommended continuing current practices. No disagreements or pressure for opinions were encountered during the audit.

Overall, Mr. Barnes stated the 2022 Draft Audit indicates a healthy financial position for the District, with no concerns identified during the audit process. The audit will be filed on time, and the Board is encouraged to continue its diligent oversight practices.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR LOLL, SECONDED BY DIRECTOR SMITH AND UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE 2022 FINANCIAL AUDIT, SUBJECT TO CLEAN FINAL REVIEW BY THE AUDITOR. THE AUDIT WILL BE FILED BY THE SEPTEMBER 30, 2023 DEADLINE.

FINANCIAL MATTERS

Check Register: The board considered approval of the check register through the period ending August 16, 2023 as follows:

General	\$	8,214.00
Capital	\$	7,982.20
<u>Enterprise</u>	<u>\$</u>	<u>44,487.37</u>
	\$	60,683.57

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR SMITH, SECONDED BY DIRECTOR HART AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED THE CHECK REGISTER FOR THE PERIOD ENDING AUGUST 16TH, 2023.

Financial Statements: Ms. Fromm reviewed the financial statements with the Board of Directors. ColoTrust continues to gain interest Ms. Fromm informed she and District Manager JoAnn Slivka will be moving money from operating account into ColoTrust. Other than that Ms. Fromm said we will be getting ready to go into 2024 budget.

Director Loll is thrilled to see interest growth in ColoTrust investments.

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR HART, SECONDED BY DIRECTOR KARAS AND, UPON VOTE, UNANIMOUSLY CARRIED, THE BOARD APPROVED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDING AUGUST 31ST, 2023 AND CURRENT SCHEDULE OF CASH POSITION.

Preliminary Assessed Valuation Report from the Saguache County Assessor’s Office:

Ms. Slivka delivered the Preliminary Assessment Report on the Assessment Value (AV) from Saguache County to the Board, noting a significant increase of over 50%.

Ms. Slivka spoke of the deadline for presenting a draft of the 2024 District budget to the Board in October. Ms. Slivka will need to meet with the budget committee to address all the potential changes that may arise this year and strategize our path forward.

Ms. Slivka pointed out that residential assessments might undergo reductions if Proposition HH passes in November of this year, causing a shift in all associated timelines for the new AV calculations. She emphasized the complexity of the situation and the uncertainty hinging on the voters' decision.

She clarified that the 2024 District Budget, to be distributed to the Board in October, will be in a preliminary and very raw. In the meantime they can continue working on refining the drafted budget before progressing towards its finalization.

BOARD AND STAFF REPORTS

The board reviewed and discussed the reports incorporated herein by this reference.

Board of Director Matters

President Lawson addressed the approach of the Board in handling public comments.

Ms. Lawson said that Mr. Gray's comment was addressed and discussed as an agenda item at the regular Board meeting last month. President Lawson asked JoAnn and Gary to address this matter appropriately again during their reports.

Ms. Lawson emphasized as an organization guided by compliance and regulatory mandates, the District has established procedures for addressing allegations made by anyone. District staff is well-prepared to respond to such inquiries in accordance with established processes.

Engineer's Report:

Water Loss Prevention Project:

Mr. Marcotte provided with the update on the water loss prevention project. He is waiting for surveyor to get elevations. Projects is going well.

Wastewater Treatment Plant:

Mr. Marcotte reminded the Board that the USDA funding application was finalized and sent to the USDA several months ago. We are currently awaiting the issuance of a letter of conditions from the USDA. Mr. Marcotte is uncertain about the exact timeline for receiving a response from the USDA, but he estimates that it may take a few more months.

Water Treatment System Improvements:

Mr. Marcotte informed the district approved submittal of the PNA at the August 23rd meeting. Element Engineering has coordinated with district staff and the PNA has been submitted to CDPHE. Currently awaiting CDPHE review of the document. Element will respond to any questions or CDPHE comments.

590 CR Line Extension:

The water main has successfully undergone pressure testing, and the sewer main has been inspected via video footage. The video revealed a slight dip in the newly installed pipe, which will be promptly addressed by the contractor. Mr. Marcotte anticipates requesting substantial completion of the project by the end of September, and it should be mostly finished by then. Gary spoke that property will require a personal lift station, but it's important to note that this equipment is not owned by the District.

Mr. Marcotte extend his greetings to Diego, the newly appointed District Manager. And Mr. Marcotte would like to come for a visit, this would provide an opportunity to meet Diego and to bring him up to date with all the projects Element Engineering is currently involved.

JoAnn Slivka last District Manager Report

In Addition to her written report Ms. Slivka reported on the following to the Board:

Water Improvement Project Update: Ms. Slivka has successfully submitted Draw Request #5-Final to the Colorado Department of Public Health and Environment (CDPHE). The final draw request, totaling \$1,832.00, has been officially submitted. This grant is now considered complete, as all the necessary deliverable items outlined in the agreement have been satisfactorily provided.

Letter of Support: Ms. Slivka reported that she has prepared and submitted a letter of support for Baca Grande POA Fire Department, this is substantial grant funding for fuel reduction efforts in the Baca and San Luis Valley.

Transition and Recognition of the Staff and Consultants: Ms. Slivka informed the Board of upcoming events, transition to new leadership, upcoming certification process, 2024 budget draft and the petition for exclusion.

Ms. Slivka also took a moment to acknowledge and celebrate the dedication of the staff. In September, Mark and Bryan reached their 5-year work anniversary, Gary marked his 3rd year, and Natalie her 2nd. Jennifer has been with the District one year, while Tim Allen has an impressive 10-year tenure. The staffing situation at the District is looking positive, and Ms. Slivka expressed her pride in the team's hard work, noting that the community should be proud of District Staff.

She also recognized District's consultants.

JoAnn shared that she has completed a remarkable 14 years of service and believes that the District is headed in the right direction. This report marks her final one, and she is looking forward to the District's promising future.

Director Loll commented that he is very pleased and proud of all the contributions staff made. Staff is the heart of the District. Mr. Loll said without all the work and dedication we would not be the same as we are. Mr. Lock expressed it was great to work with Ms. Slivka and was impressed what she had established for the District. President Lawson also shared her sentiments, expressing the pleasure she experienced while collaborating with JoAnn Slivka.

Administrative Manager Report

Ms. DeBon reviewed the administrative report with the Directors and noted few highlights from the report, the upcoming Public hearing for certification of delinquent accounts is scheduled for October 18th, 2023.

Operations Manager Report:

In response to Mr. Gray's public comment earlier in the meeting, Mr. Potter said that he wanted to make it clear that there is no evidence to support the claim that there are pollutants in the Crestone sewer system. He doesn't know where this information came from but he wanted to make it clear to the community that these claims are baseless. He stated that this information had been misconstrued to state officials as claims that there is methamphetamine in the District water which again is completely false. He emphasized that he fully cooperated with the State authorities during their inquiry, providing them with all the information requested. He firmly denies the allegations and encourages anyone in the community with future doubts or questions to reach out to him directly.

President Lawson also addressed this issue. She acknowledged that this anonymous allegation based on a rumor that someone had invented resulted in a formal investigation by CDPHE which happened earlier in the summer. She admonished individuals not to make reckless claims

that will in our current culture get posted on social media, and further stir up unnecessary fear. She pointed out that the District is a professional organization in which many people with different expertise who all work together to engage with the public and to deliver services in a safe and professional manner. The inquiry from CDPHE is satisfied and now closed. The District does not expect any further action from the State.

President Lawson expressed concern that reckless allegations cause disruption and divert valuable time and resources from the important work of the District. She emphasized the dedication of the District to its mission and to its regulatory responsibilities. She encouraged the community to use established channels and to call the front office and the District Manager with questions. President Lawson also reaffirmed the community's right to inquire about the activities of the District, underscoring the commitment of the District to transparency and accountability.

In addition to his written report, Mr. Potter reported on the following:

Mr. Potter presented his report and pointed out the photos on his cover page that represent team work and a completed project for shoring equipment by Larry Lewis. Mr. Potter and Directors also discussed current pumps and their age and their crucial role and a need for a new pump in the near future.

At the conclusion of Mr. Potter's report, President Lawson recognized Mr. Potter for his diligence and professional service to the District. His contributions, she acknowledged, may seem to be overlooked by the Board, and she assured him that the Board sees his good work and the level of care and commitment that he brings to his position.

Letter of Support for Baca Grande Fire Department:

MOTION: FOLLOWING DISCUSSION, UPON MOTION DULY MADE BY DIRECTOR LOLL,
SECONDED BY DIRECTOR SMITH AND, UPON VOTE, UNANIMOUSLY CARRIED,
THE BOARD RATIFIED LETTER OF SUPPORT FOR BACA GRANDE FIRE DEPARTMENT GRANT APPLICATION.

Legal matters:

Exclusion: Mr. Lock presented information regarding a petition for exclusion that the District had received. Mr. Lock shared with the Board details about the exclusion process within the District, including a visual representation of the property boundaries and identified a specific parcel situated at the boundary's edge that seeks exclusion. It's important to note that this particular parcel does not currently receive any services, and extending utility lines to it would incur significant costs. The District prohibits the use of septic systems or wells within its boundaries, which is why the property owner's requested exclusion. A public hearing for this exclusion petition is scheduled for November as part of the monthly Board meeting. In addition, Mr. Lock emphasized a crucial point: excluding a property from the District does not exempt it from the debt mill levy until such obligations are retired. If service does become available as a condition of exclusion we can make the owner to connect.

ADJOURNMENT:

THERE BEING NO FURTHER BUSINESS TO DISCUSS, UPON MOTION DULY MADE DIRECTOR HART , SECONDED BY DIRECTOR SMITH AND UPON VOTE, UNANIMOUSLY CARRIED, THE MEETING WAS ADJOURNED AT 11:30 AM

THE NEXT REGULAR MEETING IS SCHEDULED FOR
October 18, 2023

Drafted by Natalie DeBon

Respectfully submitted,

Diego Martinez

THESE MINUTES ARE APPROVED AS THE OFFICIAL September 20, 2023 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Vivia Lawson

John Loll

Mike Smith

Rick Hart

David Karas

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 September 20, 2023, and it is my opinion that the portion of the executive session that was not recorded constituted attorney-client privileged communications.

Marcus J. Lock

General Counsel

Baca Grande Water and Sanitation District