

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
HELD
APRIL 9, 2009

A special meeting of the Board of Directors of the Baca Grande Water and Sanitation District (referred to hereafter as "Board") was held on Thursday the 9th day of April, 2009, at 10:00 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
Lisa Cyriacks, Assistant Secretary
Parvin J. Johnson, Sr., Assistant Secretary-via
speakerphone

Following discussion, upon motion duly made by Director Madonna, seconded by Director Cyriacks and, upon vote, unanimously carried, the absence of Vicki Matthews was excused.

Also In Attendance Were:

AJ Beckman; Special District Management Services,
Inc.-via speakerphone

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

Steven Harrell; District General Manager

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 Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at

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with regard to any matters scheduled for discussion at this meeting.

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 Cyriacks and, upon vote, unanimously carried, the agenda was approved.

FINANCIAL MATTERS

Bond Issuance: The Board entered into discussion regarding the status of additional documentation necessary to effectuate the issuance of the Private Placement Bank Qualified Tax Exempt General Obligation Bonds, Series 2009 in the approximate principal amount of \$2,525,000.

EXECUTIVE SESSION: Pursuant to Section 24-6-402(b) of the Colorado Revised Statutes, upon motion duly made by Director Madonna, seconded by Director Johnson and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 10:38 a.m. for the purposes of Receiving from the Board's attorney legal advice on specific legal questions as authorized by Section 24-6-402 (4) (b) C.R.S. and determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators as authorized by 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 Board'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 10:50 a.m.

Following discussion, upon motion duly made by Director Johnson, seconded by Director Madonna and, upon vote, unanimously carried, the Board authorized

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the payment of \$40,000 to Special District Management Services, Inc.

ADJOURNMENT


There being no further business to come before the Board at this time, upon motion duly made by Director Cyriacks, seconded by Director Madonna and, upon vote, unanimously carried, the meeting was adjourned.

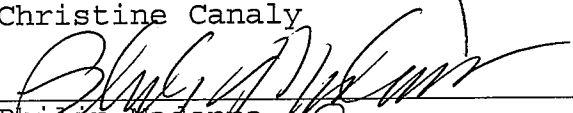
Respectfully submitted,

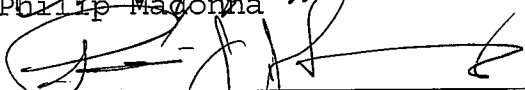
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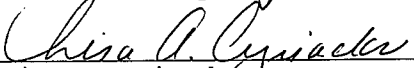

Secretary for the Meeting

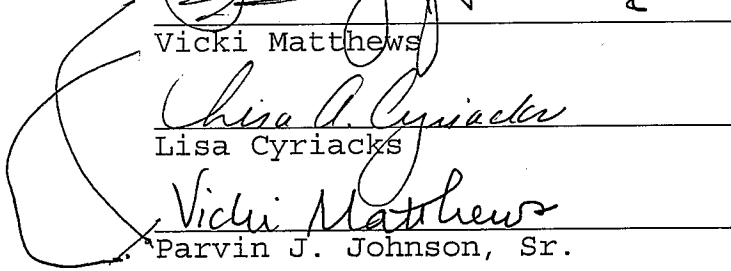
THESE MINUTES ARE APPROVED AS THE OFFICIAL APRIL 9, 2009 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Christine Canaly


Philip Madonna


Vicki Matthews


Lisa Cyriacks


Parvin J. Johnson, Sr.