

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
HELD
AUGUST 7, 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 Friday, the 7th day of August, 2009, 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
Vicki Matthews, Secretary/Treasurer
Lisa Cyriacks, Assistant Secretary
Parvin J. Johnson, Sr., Assistant Secretary

Following discussion, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon vote, unanimously carried, the absence of Philip Madonna 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 this meeting.

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ADMINISTRATIVE MATTERS

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

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

LEGAL MATTERS

Resolution Approving Loan Agreement with Colorado Water Resources and Power Development Authority: The Board considered the approval of a resolution approving a Loan Agreement between the District and the Colorado Water Resources and Power Development Authority in the maximum amount of \$1,500,000 and any other documents associated therewith.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon vote, unanimously carried, the Board approved the resolution approving a Loan Agreement between the District and the Colorado Water Resources and Power Development Authority in the maximum amount of \$1,500,000 and any other documents associated therewith. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

CAPITAL IMPROVEMENTS

Mobile Home Estates Force Main Line Project: Mr. Beckman reported that he met with Mr. Harrell, the District Staff and representatives from Brown and Caldwell on August 5th to finalize the alignment for the Mobile Home Estates Force Main Line ("Force Main") and the design considerations for all of the projects. Mr. Beckman explained that after considering the alignment options for the Force Main along County Road T versus along the Property Owners Association greenbelt, they decided on the County Road T alignment. Mr. Beckman further reported that due to water rights restrictions related to the Motel Well, the interconnection of the two public water systems would greatly delay the project funding approval and recommended that the project not be pursued with the anticipated State Revolving Fund Loan. Director Canaly

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directed staff to prepare a summary of costs related to the interconnection project.

ADJOURNMENT

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

Respectfully submitted,

By _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL AUGUST 7, 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.