

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
BACA GRANDE WATER AND SANITATION DISTRICT
HELD
DECEMBER 17, 2010

A regular meeting of the Board of Directors of the Baca Grande Water and Sanitation District (referred to hereafter as "Board") was held on Friday, the 17th day of December, 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
Vicki Matthews, Vice President
Martin Macaulay, Secretary/Treasurer
Philip Madonna, Assistant Secretary
Parvin J. Johnson, Sr., Assistant Secretary

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

Steven Harrell; District General Manager

Brad Simons; Olsson Associates

Michael Scully; Casita Park Action Committee

Marcus Lock, Esq.; 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 Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting. No further conflicts were disclosed.

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ADMINISTRATIVE MATTERS

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

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

Minutes: The Board reviewed the minutes of the November 19, 2010 regular meeting.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Johnson and, upon vote, carried with Directors Canaly, Matthews, Macaulay and Johnson voting "Yes" and Director Madonna abstaining, the Board approved the minutes of the November 19, 2010 regular meeting.

PUBLIC COMMENT

There were no comments made by members of the public.

WATER MATTERS

Outstanding Water Matters with Water Counsel: Attorney Lock reported that he received a draft consumptive use report from HRS Water Consultants, Inc. ("HRS"). It was noted that HRS is currently finalizing the report. Attorney Lock reported that the HRS report will take into account the potential expansion of the District's boundaries and estimated full build out. Once the report is finalized, Attorney Lock will circulate to the Board for review.

OPERATIONS

Mobile Home Estates Wastewater Treatment Facility: Mr. Harrell reported that the facility was within discharge limits for November and December 2010. He discussed the requirements of the new permit and explained that Mr. Rogers is working with the Colorado Department of Public Health and Environment.

Aspen Wastewater Treatment Facility: Mr. Harrell reported that the facility was within discharge limits for November and December 2010. He reported that he purchased a backup aspirator pump and had a second pump rebuilt. For sake of redundancy, the facility is now equipped with three pumps total.

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Corrosion Control Study and Compliance Requirements: Mr. Harrell reported that the second series of 20 samples has been taken for the six-month period. The study is complete for 2010.

Liner for Sludge Settling Pond: Mr. Harrell reviewed proposals and recommends that the district work with Olsson Associates to determine the action plan for repair or replacement.

Vactor Truck: Mr. Harrell reported that he is working with Boyle Equipment Company to get additional cost information regarding the value of the existing Vactor Truck and the cost of a replacement vehicle. In addition, he is checking on leasing an interim vehicle or using a "tow-behind" jetter. He will know by January 15th if the previously discussed truck will be available and will follow up with the Board.

Employee Holiday Lunch: Mr. Harrell reported that the Holiday Lunch is scheduled for Wednesday, December 22nd. The cost is estimated to be approximately \$850. He further reported that the Operations Staff recently recycled some materials which will raise approximately \$400 which will offset the cost. The Board discussed the location for the Holiday Party and determined that the District office would be appropriate.

EXECUTIVE SESSION

Personnel Matters: EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4) (f), C.R.S. of the Colorado Revised Statutes, upon motion duly made by Director Johnson, 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 9:49 a.m. for the purpose of discussions relating to personnel matters as authorized by Section 24-6-402(4) (f), 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.

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The Board reconvened in regular session at 10:44 a.m.

FINANCIAL MATTERS

Claims: Mr. Beckman reviewed the payment of claims with the Board through the period ending December 17, 2010 as follows:

General Fund	\$ 27,043.51
Capital Projects Fund	363,972.86
Enterprise Fund	68,133.59
Total Claims:	<u>\$ 459,149.96</u>

Following review and discussion, upon motion duly made by Director Matthews, seconded by Director Macaulay and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending December 17, 2010.

Financial Statements: Mr. Beckman reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, and budget analysis and accounts payable vouchers for the period ending November 30, 2010.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending November 30, 2010.

Cash Flow Analysis: Mr. Beckman reviewed the current cash flow analysis with the Board.

LEGAL MATTERS

County Assessor and Current Valuations: Director Canaly reported that she will make an appointment with the Board of County Commissioners to discuss the need to re-assess properties within the District. Mr. Harrell reported that he will accompany Director Canaly to the meeting.

Correspondence from Resident to Saguache County Commissioners Regarding Dispute over Sewage Collection System: The Board directed Mr. Harrell to request an evaluation of the current installation and possible solutions by Olsson Engineering. Following discussion, the Board directed the District's Attorney to prepare

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correspondence in response to the letter received and to include the findings from Olsson Engineering.

Resolution No. 2010-12-01 Approving Town Master Plan: Mr. Simons discussed the provisions of the Master Plan and the potential impacts to the District.

Following discussion, upon motion duly made by Director Madonna and, upon vote, unanimously carried, the Board approved Resolution No. 12-12-01 Approving the Town Master Plan. A copy of adopted Resolution is attached hereto and incorporated herein by this reference.

CAPITAL IMPROVEMENTS

Status of Capital Projects: Mr. Simons reported that the Sky View Water Line project is complete. The Well 18 structure is under construction. He expects sheet metal to be installed over the structural members within the next two weeks.

Ultra Violet Disinfection at Aspen Wastewater Treatment Facility: Mr. Simmons reported that the work on this item will be addressed as part of the proposed Engineering Services Support Agreement.

Contract Change Orders: Mr. Simons reviewed the proposed contract change orders with the Board.

Change Order No. 12 to the Contract with Farner Enterprises, Inc. for the Well 18 Project. The Board considered approval of Change Order No. 12 with Farner Enterprises, Inc. for a decrease to the contract value in the amount of \$9,031.20 for additional work required as a result of field conditions encountered during construction of the Sky View Water Line.

Following discussion, upon motion duly made by Director Matthews, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved Change Order No. 12 with Farner Enterprises, Inc. for a decrease to the contract value in the amount of \$9,031.20 for additional work required as a result of field conditions encountered during construction of the Sky View Water Line.

Change Order No. 13 to the Contract with Farner

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Enterprises, Inc. for the Well 18 Project. The Board considered approval of Change Order No. 13 with Farner Enterprises, Inc. for an increase to the contract value in the amount of \$647.00 for additional services and modification at the Well 18 Site.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved Change Order No. 13 with Farner Enterprises, Inc. for an increase to the contract value in the amount of \$647.00 for additional services and modification at the Well 18 Site.

Application for Payment No. 5 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvements Project: The Board discussed Application for Payment for No. 5 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvement Project in the amount of \$315,543.13.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved Application for Payment for No. 5 to the contract with Farner Enterprises, Inc. for the Water and Wastewater System Improvement Project in the amount of \$315,543.13.

Meter Replacement: Mr. Harrell discussed the continuance of the program in 2011. He will research costs for replacement MXU units and the remote reading device. The program is expected to resume in 2011.

Service Agreement with Olsson Associates for Engineering Support: The Board discussed the Service Agreement with Olsson Associates for Engineering Support.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the Service Agreement with Olsson Associates for Engineering Support.

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OTHER MATTERS

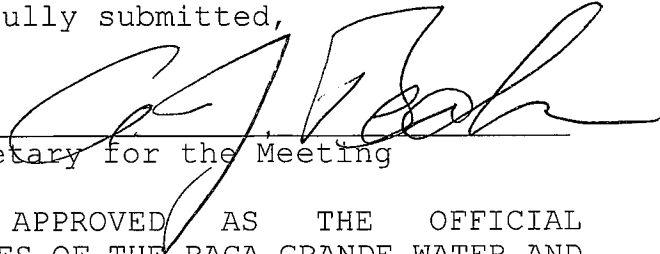
Crestone Eagle Article for January Publication:
Director Madonna volunteered to write the January 2011
Article for the Crestone Eagle.

ADJOURNMENT

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

Respectfully submitted,


By

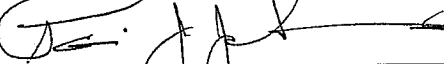

Secretary for the Meeting


THESE MINUTES ARE APPROVED AS THE OFFICIAL
DECEMBER 17, 2010 MINUTES OF THE BACA GRANDE WATER AND
SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING
BELOW:


Christine Canaly


Vicki Matthews


Martin Macaulay


Parvin J. Johnson, Sr.


Philip Madonna

BACA GRANDE WATER & SANITATION DISTRICT

REPORT ON DISTRICT OPERATIONS

TO THE BOARD OF DIRECTORS

BY
STEVEN HARRELL GENERAL MANAGER
DECEMBER 17, 2010

57 BACA GRANT WAY • PO BOX 520
CRESTONE • COLORADO • 81131

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FACILITY OPERATIONS UPDATES

- The Aspen WWTF has no effluent permit exceedances for the months of November and December 2010.
- The new jet aspirator pump has been received and is ready to be placed into service. The old jet aspirator pump has been reconditioned to a like new state. The Aspen WWTF now has 2 pumps ready for 2011. The third pump will be sent to Denver Electric for reconditioning in 2011.
- The MHE WWTF has no effluent permit exceedances for the months of November and December 2010. There is a 2010 revised permit violation that is a result of the facility not taking a continuous effluent temperature reading. Therefore, the District does not plan on conducting temperature monitoring at the lagoons since they will soon be decommissioned.
- The District's general liability insurance covered the cost of the Well-18 VFD that was destroyed in October 2010.
- The Corrosion Control Study sampling has been completed for 2010. 20 of the 20 samples required have been taken. The second half of the year's samples have not exceeded the maximum contaminate level.

PROJECTS

- The water meter relocation project is nearing completion. The operations staff has completed 28 installations out of 28. We anticipate completing the project by the end of December 2010. The delay in project completion is due to the District backhoe breaking down twice.
- The MHE force main piping is 99% complete. The clean outs and air evacuation structures are 75% complete.
- The new Well-18 pump house foundation has been installed.
- The telemetry project is 65% complete.

CURRENT COMMITMENTS

- Decommissioning the Cotton Wood Treatment plant back wash pit – Awaiting analysis of the hydro electric project.
- The berm intended to screen the Wagon Wheel lift station is in progress, all of the material necessary for the construction of the berm has been delivered to the site.

COMPLIANCE TESTING

BACA GRANDE WATER AND SANITATION DISTRICT MONTHLY OPERATIONS REPORT DECEMBER 17, 2010 BACA GRANDE CHALET			
WATER - WELL 18	GALLONS PUMPED	COMPLIANT	RESULTS
GALLONS PUMPED NOVEMBER	3,258,510		
TOTAL FOR YEAR	51,484,458		
TOTAL COLIFORM REPORTING		Yes	Absent
FREE CHLORINE RESIDUAL		Trace	0.25mg/L
WASTERWATER – ASPEN WWTF			
NOVEMBER	Limit	Compliance	Result
EFFLUENT BOD5	30/45mg/L 30DAY AVG/7DMAX	Yes	5mg/L
PERCENT REMOVAL BOD5	85% or greater	Yes	99.0%
EFFLUENT TSS	30/45mg/L 30DAY AVG/7DMAX	Yes	5mg/L
PERCENT REMOVAL TSS	85% or greater	Yes	98.0%
FECAL COLIFORM	200/400 Colinies/100/mL 30DAY GEO.MEAN/7DMAX	Yes	2/100
AMMONIA-N	November 3.8mg/L	Yes	0.03mg/L
CASITA PARK			
WATER - MOTEL WELL	GALLONS PUMPED	COMPLIANT	RESULTS
GALLONS PUMPED NOVEMBER	325,851		
TOTAL FOR YEAR	14,011,593		
TOTAL COLIFORM REPORTING		Yes	Absent
FREE CHLORINE RESIDUAL		Trace	.24mg/L
WASTEWATER – MHE WWTF			
NOVEMBER	Limit	Compliance	Result
EFFLUENT BOD5	30/45mg/L 30DAY AVG/7DMAX	Yes	3mg/L
PERCENT REMOVAL BOD5	85% or greater	Yes	97%
EFFLUENT TSS	75/110mg/L 30DAY AVG/7DMAX	Yes	7mg/L
E. COLI QUARTERLY SAMPLE	2000/4000 Colonies/100mL 30DAY Geo Mean/7DMAX	Yes	N/A

ADMINISTRATION

- Administration has sent out the revised rate newsletter to all of the District customers.
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COMMUNITY UPDATE

- The District has not received any complaints related to the construction projects in November and December 2010.

RESOLUTION NO. 2010-12-~~31~~

RESOLUTION
OF THE BOARD OF DIRECTORS
OF THE
BACA GRANDE WATER AND SANITATION DISTRICT

APPROVING TOWN OF CRESTONE MASTER PLAN

WHEREAS, the Baca Grande Water and Sanitation District (the "District") was duly organized and validly exists pursuant to and in accordance with the Special District Act, §§ 32-1-101, *et seq.*, C.R.S.; and

WHEREAS, the Town of Crestone, Colorado (the "Town"), commissioned the drafting of a Master Plan for the Town in November 2008; and

WHEREAS, pursuant to § 31-23-208, C.R.S., the Town is required to submit the Master Plan to other governmental entities in the County of Saguache, Colorado, for review and approval; and

WHEREAS, the Town has submitted the final Master Plan, approved by the Town, as amended on September 3, 2010, to the District; and

WHEREAS, the District has reviewed the Master Plan and has determined to approve the Master Plan in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT AS FOLLOWS:

1. APPROVAL OF MASTER PLAN. The Board hereby approves the Master Plan as submitted to the District and dated as of September 3, 2010. The District hereby acknowledges the planning and growth components outlined in the Master Plan and approves the Master Plan provided that the District's Rules and Regulations, as may be amended from time to time, are complied with by the Town, specifically in regard to sewer loads and treatment.

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APPROVED AND ADOPTED THIS 17th DAY OF DECEMBER 2010.

BACA GRANDE WATER AND
SANITATION DISTRICT



Christine Canaly, President

ATTEST:



Martin Macaulay, Secretary/Treasurer