

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE BACA GRANDE WATER AND SANITATION DISTRICT HELD JANUARY 20, 2012

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 20<sup>th</sup> day of January, 2012, at 8:00 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  
Philip Madonna, Assistant Secretary  
Parvin J. Johnson, Sr., Assistant Secretary

#### Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

George Turtle and Lindsay Ross; Special District Management Services, Inc. –  
Via speakerphone

Jennifer Tanaka, Esq.; White, Bear & Ankele P.C.

Marcus Lock, Esq.; Bratton Hill Wilderson & Lock, LLC

Steve Harrell; District General Manager

Ron McLaughlin; McLaughlin Water Engineers, Ltd.

See attached Sign-In Sheet of Additional Attendees

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

**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. Director

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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 Special Board meeting.

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

**Minutes:** The Board reviewed the Minutes of the December 16, 2011 Regular Meeting.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the minutes of the December 16, 2011 Regular Meeting.

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### WATER MATTERS

**Outstanding Water Matters with Water Counsel:** Attorney Lock reported that the District is working with the United States Fish and Wildlife Service ("USFWS") for approval of the Well 17 Replacement Well. He further reported that he has been in contact with the Attorney for the Town of Crestone regarding the possibility of providing water service to the Town and has conveyed to the Town that the District is willing to do what it can to assist with future water needs.

**EXECUTIVE SESSION:** Pursuant to Sections 24-6-402(4) (b) and (e), C.R.S., upon motion duly made by Director Macaulay, 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 8:25 a.m. for the purpose of discussions relating to personnel matters, negotiations with third parties and receiving legal advice as authorized by Sections 24-6-402(4)(b) and (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 District'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 8:53 a.m.

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### PUBLIC COMMENT

**Public Comment:** Clem Gasling inquired as to who is in control of the road located between the Aspen Treatment Plant and Stables Lift Station. Mr. Harrell reported that the road is on private property and is being constructed by the Property Owners Association.

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### CORROSION CONTROL ANALYSIS PRESENTATION

**Corrosion Control Analysis by McLaughlin Water Engineers, Ltd.:** Mr. McLaughlin reviewed his findings and proposed corrosion control plan with the Board. He discussed the current use of OrthoPolyphosphate (“OPP”) and noted that lead and copper exceedences while using OPP were likely due to slow moving water at certain parts of the system. He reported that the conclusion of his analysis indicates that adjusting pH would be a better option than the current corrosion control method. He recommended soda ash as an additive to control pH. Mr. Beckman explained that the next step in the process to determine an optimal treatment method would be to submit the report to the Colorado Department of Public Health and Environment (“CDPHE”) for review and comment. Once any comments by the CDPHE are addressed and the CDPHE approves the proposed change to the current water treatment plan, the District could then implement the use of soda ash and continue to monitor the levels of copper and lead as required by the CDPHE.

Mr. Lloyd distributed a list of questions attached hereto and incorporated herein by this reference and requested that the Board provide responses by the next meeting. It was noted that some of the information being sought by Mr. Lloyd is related to OPP and that the recent analysis by Mr. McLaughlin is suggesting that the District utilize a pH adjustment method. Discussion ensued regarding the timeline for implementation of the pH adjustment method.

Ms. Winters asked Mr. McLaughlin if new samples had been taken at the test sites as part of the study. Mr. McLaughlin reported that the study was prepared based on the review of existing data; however, he noted that water samples were taken from Well 18 to verify water chemistry of the source water.

Following discussion, upon motion duly made by Director Madonna, seconded by Director Johnson and, upon vote, unanimously carried, the Board accepted the Corrosion Control Study prepared by McLaughlin Water Engineers, Ltd. and directed Mr. McLaughlin to submit the plan to the CDPHE for review.

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### OPERATIONS

**Aspen Wastewater Treatment Facility:** Mr. Harrell reported that the plant had no violations for all of 2011. He further reported that he and Justin Debon have achieved the level C Wastewater Operator’s certification licensing. Discussion ensued regarding the fines expected from the CDPHE for violations dating back

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several years. Mr. Beckman explained that he expects to know the amount of the fines in the near future and noted that operating over the past year without violations will factor, to the District's benefit, into the calculation of the amount that will be imposed.

**Disposition of Original Vactor Truck:** Mr. Harrell reported that he would like to sell the original vactor truck. He recommended that the truck be offered for an amount not less than \$5,600.00.

Following discussion, the Board directed Mr. Harrell to pursue the sale of the original vactor truck for an amount not less than \$5,600.00.

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### **CAPITAL IMPROVEMENTS**

**Improvements to Well 18:** Mr. Harrell reported that Brad Simons, Project Manager, is working with TZA Water Engineers, Inc. to design the Well 17 replacement well which will serve as backup to Well 18.

**Booster Pump for Well 18:** Mr. Harrell reported that the motor for the pump will be installed next week and staff will be trained on the operation.

**Well 17 Replacement Well:** Mr. Harrell reported that engineering for the replacement well is in process by TZA Water Engineers, Inc. and is expected to be complete in the near future.

**Independent Contractor Agreement with Timberline Electric & Control Corporation for the Aspen Wastewater Treatment Facility Effluent Flow Meter Integration Project:** Mr. Harrell discussed the scope of work as being the installation of an Ultraviolet disinfection system and effluent flow meter.

Following discussion, upon motion duly made by Director Macaulay, seconded by Directed Matthews and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Timberline Electric & Control Corporation for the Aspen Wastewater Treatment Facility Effluent Flow Meter Integration Project.

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### FINANCIAL MATTERS

**Claims:** Mr. Beckman reviewed the payment of claims with the Board through the period ending January 20, 2012 as follows:

General Fund	\$ 15,709.92
Capital Projects Fund	\$ 38,002.20
Enterprise Fund	\$ 81,889.58
<b>Total Claims:</b>	<b>\$ <u>135,601.70</u></b>

Following review and discussion, upon motion duly made by Director Macaulay, seconded by Director Johnson and, upon vote, unanimously carried, the Board approved the payment of the claims for the period ending January 20, 2012.

Mr. Turtle and Ms. Ross joined the meeting at this point.

**Financial Statements:** Mr. Turtle and Ms. Ross 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 December 31, 2011.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Johnson and, upon vote, unanimously carried, the Board accepted the financial statements for the period ending December 31, 2011.

**Cash Flow Analysis:** Mr. Turtle and Ms. Ross reviewed the cash flow analysis with the Board.

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### LEGAL MATTERS

**Assessment of Properties within the District by Saguache County Assessor:** Attorney Tanaka reported that she has been in contact with the Assessor regarding the re-valuation of properties. She reported that the Board of County Commissioners has directed Ms. Stephens to perform a re-valuation of the properties within the District.

**Spectrum Lease Agreement between the District and Sensus USA Inc.:** Attorney Tanaka reported that as part of the MXU installation process, the District will be required to enter into a Spectrum lease agreement. Mr. Harrell explained that MXUs are devices that allow water meters to be remotely read. Mr. Harrell reported that approximately 130 of approximately 600 MXUs have been installed to date. Mr. Lloyd requested technical data regarding the radio frequencies utilized by the units.

Following discussion, upon motion duly made by Director Johnson, seconded by Director Madonna and, upon vote, unanimously carried, the Board approved the Spectrum Lease Agreement between the District and Sensus USA Inc.

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**Memorandum of Understanding (“MOU”) between the District and U.S. Forest Service (“USFS”)**: Attorney Tanaka reported that she has requested the status of execution of the documents from the USFS numerous times, but has not yet received them. Director Macaulay reported that the USFS is requesting that all interested parties participate in the cost of providing a temporary portable toilet at the trail head near Cottonwood Creek.

Following discussion, upon motion duly made by Director Macaulay, seconded by Director Matthews and, upon vote, unanimously carried, the Board approved the proposal to install a temporary portable toilet at the trail head near Cottonwood Creek contingent upon all parties agreeing to equally share the cost of the portable toilet; and upon execution of the MOU.

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### **EXECUTIVE SESSION**

**Personnel Matters: EXECUTIVE SESSION**: Pursuant to Sections 24-6-402(4) (b), (e) and (f), C.R.S., upon motion duly made by Director Macaulay, 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 12:37 p.m. for the purpose of discussions relating to personnel matters, negotiations with third parties and receiving legal advice as authorized by Sections 24-6-402(4)(b), (e) and (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.

The Board reconvened in regular session at 1:20 p.m.

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### **OTHER BUSINESS**

**Crestone Eagle Article for March Publication**: The Board discussed the article for the month of March in the Crestone Eagle but did not determine who would provide the article.

Mr. Harrell reported that one of the District’s customers is requesting that one of his properties be allowed to go back to Availability of Service (“AoS”) status since the structure the was once served by the district was destroyed several years ago. The Board discussed allowing the property to return to AoS status.

Following discussion, the Board determined to allow properties to relinquish tap and resume AoS status. Such properties would receive a credit toward the current tap fee equal to the original tap payment.

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**CONTINUANCE**

The Board continued the meeting to the Baca Townhomes to conduct its retreat.

**ADJOURNMENT**

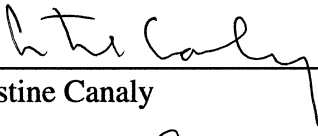
Upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,


By \_\_\_\_\_

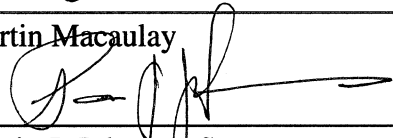
Secretary for the Meeting

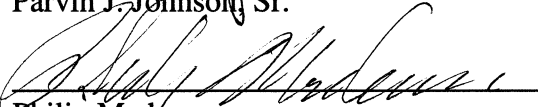
THESE MINUTES ARE APPROVED AS THE OFFICIAL JANUARY 20, 2012  
MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT  
BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
\_\_\_\_\_  
Christine Canaly

  
\_\_\_\_\_  
Vicki Matthews

  
\_\_\_\_\_  
Martin Macaulay

  
\_\_\_\_\_  
Parvin J. Johnson, Sr.

  
\_\_\_\_\_  
Philip Madonna