

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

A Regular Meeting of the Board of Directors (referred to hereafter as “Board”) of the Baca Grande Water and Sanitation District (referred to hereafter as “District”) was held at the offices of the District, 57 Baca Grant Way South, Crestone, Colorado.

November 17, 2017 at 9:00 A.M.

The meeting was open to the public.

ATTENDANCE

Directors in Attendance:

Michael Scully

Martin Macaulay

Lynn Drake

Matthew Ghourdjian

Robert Salmi

Also in Attendance:

Marcus Law; Law of the Rockies (via speakerphone)

JoAnn Slivka; Interim District Manager

Cathy Fromm; District Accountant

Chad Tate; Utility Maintenance Operator

Members of the Public:

Judith Sworta

Julie O’Halloran

Lisa Cyriacks

Cheryl Waschenko

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 or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State. Attorney Lock has noted that conflicts have been for applicable Directors at least 72-hours prior to the meeting. President Scully 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.

ADMINISTRATIVE MATTERS

Agenda

President Scully reviewed the proposed Agenda for the District’s Regular Meeting with the Board.

*Following discussion, upon motion duly made
by President Scully,
seconded by Director Drake,
and upon vote, unanimously carried, the Agenda was approved.*

Consent Agenda

The Board considered approval of the Consent Agenda:

Following discussion, upon motion duly made by President Scully, seconded by Director Macaulay, and, upon vote, unanimously carried, the Consent Agenda was approved.

Board and Staff Reports

The Board reviewed and discussed the staff reports which are attached hereto and incorporated herein by this reference.

PUBLIC COMMENT

MS. Waschenko asked Mr. Lock for a status on District 4 and if the San Luis district would play a role. He reported that we have scheduled a meeting with USFW on 12/8/17. An update will be provided at the December meeting. Mr. Lock reported the Rules case is going to trial January 29, 2018.

White Eagle: Ms. O'Halloran reported on the current activities- they want to donate the building for fire training exercises. They don't know where the propane tank is located. They are looking for a diagram or blueprint of the building and want to include the District because there is a shared driveway and easement. She has made a fourth and final request for Mr. Lakish to vacate the property.

She thanked us for the customer history report. She will review the report with the White Eagle partners. After review they plan to offer a proposal to the District to take care of the outstanding balance.

FINANCIAL MATTERS

Check Register

The Board considered approval of the check register through the period ending November 17, 2017, as follows:

General Fund	\$ 4306.00
Debt Service Fund	\$ - 0 -
Capital Projects Fund	\$129,038.00
Enterprise Fund	\$ 30,746.66
Total Claims:	\$ 164,090.66

Following discussion, upon motion duly made by Director Ghourdjian, seconded by Director Macaulay, and, upon vote, unanimously carried, the Check Register was approved.

It was noted that the Enterprise fund and everything else is running in line, we are on a good course to move into 2018.

Public Hearing on the Proposed 2018 Budget and Associated Resolutions:

9:33A.M. Director Macaulay motions to open the Budget hearing; Director Drake seconded the motion.

President Scully opened the public hearing to consider the proposed 2018 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2018 Budget and the date, time and place of the public hearing was made in the Crestone Eagle having general circulation within the District. No written objections were received prior to this public hearing.

Ms. Cyriacks inquired about the Mill Levy and any rate increases the Board may be considering. She commended the Board and staff for moving forward without the management company. She feels the District is fortunate to have this Board for the community.

Discussion continued regarding the reduction in assessed value because of the Gallagher Amendment and how it might affect our budget.

The question about why there are transfers from the general funds still remains; it was suggested we could speak with Eric Barnes to get clarification.

PERA: The Board contemplated weather we should make additional contributions to PERA so that we will lower our contributions over the years to reduce our outstanding liability. Ms. Fromm will ask Mr. Barnes about this.

No additional public comments were received and the public hearing was closed.

10:19 A.M.: Director Macaulay motioned to close the Public Hearing; Director Salmi seconded the motion.

*Following discussion, upon motion duly made
by Director Macaulay,
seconded by President Scully,
and, upon vote, unanimously carried, the Board of Directors passed Resolution 2017-
11-01 to Adopt the 2018 Budget and Appropriate Sums of Money and Set Mill Levies
(for General Fund 37.000 mills and Debt Service Fund 17.000 mills for a total mill
levy of 54.000 mills).*

Consider Approval of Advanced Refunding

Ms. Fromm began the discussion by explaining the tax reform act is being reviewed right now, there is an item that would include the advance refunding of bonds. Right now the interest rates have gone down and is a favorable situation right now. The schedule we've been given is estimated. Interest rates are favorable, the additional funds may help us have the funds for the water rights purchase. The proposed agreement gives the ability to move forward before the end of the year.

*Following discussion, upon motion duly made
by President Scully,
seconded by Director Ghourdjian,
and, upon vote, unanimously carried, the Board of Directors approved the motion for
Staff to move forward with the Advanced Refunding.*

OPERATIONS

Mr. Tate updated the Directors on the status of the radios; he has started the process of upgrading and replacing the radios. Director Salmi suggested he consider getting a spare radio to have on hand.

CAPITAL IMPROVEMENTS

Status of Headworks/Flow Equalization Basin Project

The Board reviewed and considered approval of Pay Application No. 4 to the Moltz agreement in the amount of \$151,482.

*Following discussion, upon motion duly made
by President Scully,
seconded by Director Ghourdjian,
and, upon vote, unanimously carried, the Board of Directors approved pay
application #4 to Moltz Construction.*

Status of Committee Discussions regarding Capital Improvement Needs

Vehicle Replacements

-Service Trucks: Director Ghourdjian gave an update on the vehicle trade-in and explained that diesel costs less, therefore we would realize a fuel savings, plus if we factor in the lack of maintenance costs because the vehicles will be brand new. The monthly costs should be approximately \$2475/month. (Monthly savings of \$200 a month.)

*Following discussion, upon motion duly made
by Director Ghourdjian,
seconded by Director Macaulay,
and, upon vote, unanimously carried, the Board of Directors approved the purchase
of the fleet vehicles subject to final pricing and no substantial changes.*

-Dump Truck: The current Dump Truck costs the District \$3307.month until February 2019.

Mr. Tate reported that the dump truck is used approximately once a month. He thinks the average sized load is 10 yards. The Board entered into discussion about the need to have a dump truck of this caliber. Mr. Ghourdjian suggested having an agreement with a contractor for materials. It was noted that we do have a contract with Skoglund Excavating for yard materials along with contracts for emergency services with Skoglund and Potter Enterprises.

*Following discussion, upon motion duly made
by Director Ghourdjian,
seconded by Director Salmi,
and, upon vote, unanimously carried, the Board of Directors agreed to have staff
work with Director Salmi to investigate selling the dump truck.*

Feasibility Study

The Board reviewed and discussed the Feasibility Study proposal letter provided by Providence Engineers.

Following discussion, upon motion duly made by President Scully, seconded by Director Ghourdjian, and, upon vote, unanimously carried, the Board of Directors approved the engineering services proposal for a Feasibility Study of the Cottonwood and South Crestone Galleries by Providence Infrastructure Consultants.

Fencing for District Office Campus

Ms. Slivka gave an update on the fencing project for the District office campus; we are working with Morgan Fencing to complete a fence to surround the parking lot and enclose the District office.

Office Building Needs

President Scully gave an update on the need for an inspection of the office building. He explained that he had accompanied Justin DeBon during the October 2015 inspection. Director Salmi asked if Director Scully felt that the problem was adequately addressed at the time. It was determined that we will study this project along with the other Capital Projects in the future, there may be grant funds available through the USDA for buildings.

LEGAL MATTERS

EXECUTIVE SESSION

Pursuant to Sections §24-6-402(4)(a), (b), (e)(I) & (f)(I) C.R.S., upon motion duly made by President Scully, seconded by Director Drake and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 11:34 A.M. for the purpose of receiving legal advice, to discuss Water Matters, Real Estate Matters, and Personnel Matters.

The Board reconvened in regular session at 11:57 A.M.

OTHER BUSINESS

The Directors discussed the Holiday schedule.

Following discussion, upon motion duly made by Director Ghourdjian, seconded by President Scully, and, upon vote, unanimously carried, the Board of Directors approved the holiday schedule as follows; the District office will be closed on Tuesday, December 26, 2017 and January 2, 2018.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Macaulay, seconded by President Scully, and, upon vote, unanimously carried, the Meeting was adjourned at 12:00 P.M.

THE NEXT REGULAR MEETING IS SCHEDULED FOR DECEMBER 15, 2017.

Respectfully submitted,

By 

Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL APRIL 21, 2017 MINUTES OF THE BACA GRANDE WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Michael Scully

Martin Macaulay

Lynn Drake

Matthew Ghourdjian

Robert Salmi

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 APRIL 21, 2017, 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