

Timber Lakes Water Special Service District

Wasatch County Offices
25 North Main, Heber City, UT 84032
435-654-0125
August 19, 2014, 6:00 p.m.

Board Meeting Minutes

Chairperson: Neil Anderton

Board Attendees: Neil Anderton (2015), Reg Anderson (2017), Ralph Lewis (2016), Mike Wheelwright (2016), Steve Farrell (County Re), Leno Franco (2016)(excused) and David Hansen (2017).

Other Attendees: Jody Defa, Timber Lakes Water Manager, Craig Hall, Timber Lakes Water Office Manager, Duane Moss (Legal Counsel-Excused), and Jared Moss-Legal Counsel, Cassandra Smith and Gary Hume (HOA Representatives).

Minutes: Craig Hall

Start: 6:00 p.m.

Old Business:

Due Diligence Claim:

Duane and Jared Moss both had conversations with the L.D.S. Church's legal counsel. Jared indicated that the "Church" requested that the District submit an official memo detailing what the District wants to accomplish from an additional meeting of both parties, particularly what is different from existing agreements between the District and the L.D.S. Church. Their legal counsel indicated that they were not open to the District being included as owners in the diligence claim. The District's board and legal counsel agreed to have Duane and Jared put together a demand letter stating why the District should be added as owners on the diligence claim. The letter will be reviewed by the board before it is sent to the Church

The aforementioned due diligence claim, contrary to existing agreements between the District and the L.D.S. Church, was not made with District consultation. A representative from the L.D.S. Church came to Timber Lakes to investigate the source locations. Jody spent three hours showing him springs, diversions, agreements etc... After showing him the springs, and supplying him with copies of agreements, Jody took him to Duane Moss for further clarification. This suggests that diligence claim filed by the L.D.S. Church was made with knowledge that it violated the agreements between Timber Lakes Water S.S.D and the L.D.S. Church.

Timber Lakes Home Owners Association:

Cassandra Smith has been assigned by the HOA to attend our board meetings.

Tour Comments:

Cassandra Smith asked what the board thought about the HOA using the District's water to grade roads. Neil asked if we were metering the usage, Jody said no. Cassandra stated that they were using water to grade the roads from May to October. Jody says that they use 4000 – 48000 gallons daily to grade the roads. David stated that we could file a temporary change application with the State of Utah, and then file a permanent change application stating that the HOA may use some of the water for the road construction as long as it does not negatively affect water used for culinary purposes. If we file a change application with the State of Utah, the HOA will be responsible for the cost. If the process has to go to a hearing, then the HOA would be responsible for that cost as well. The temporary change should take about three weeks and a permanent change could take up to a year.

Credit Card Policy changes:

Duane and Jared made the modifications to the policy requested by the board in the last meeting to include merchant and credit cards. Steve Farrell made the motion to accept the credit card policy. It was seconded by Michael Wheelwright. All approved.

Public Issues:

There was discussion about the HOA and Timber Lakes Water SSD deferring charges to each other while properties were going through the foreclosure process. The homeowners would be responsible for HOA charges, the District would be responsible for water and bond charges until the properties sold, and both parties could collect. Gary from the HOA is going to put together a document about how to deal with the properties for review by the District. However, the District cannot forego Assessment Bond Charges.

July Board Meeting Minutes

The question was raised about audit costs and the additional charges for Kierstan Smith. We need to put out an RFP to hire a qualified firm to audit the District's financials for the next three

years. In an effort to save money, Wasatch County is considering hiring a comptroller that all Special Service Districts in the County can use as needed.

Revisions needed to be made before last month's minutes can be approved by the board. Board members will submit changes and send them to Craig for revision.

Wells Fargo presentation:

Danielle, from Wells Fargo, brought our Client Analysis Statement. Last year, Wells Fargo adjusted fees off our accounts each month. During the last 3 months, the fees have increased substantially. We need to know what all the charges cover. Jody asked how we could reduce our fees. The fees were very confusing. Danielle stated that merchant fee charges adjust every six months. There are fees for looking at checks on line. We are charged for the rewards program that credit card companies offer to their cardholders. There are additional ways to drive the cost down based on the information that is entered to prevent fraud.

Jody asked about the coding on the Client Analysis Statement. Danielle said to give her a call and she could explain the items in question. Neil will follow up with Shelly about the fees.

Warrant List:

The check register list shows voided check #10578. The invoice numbers for board member mileage checks are identified by board meeting dates. One invoice from Karl Malone Toyota is for Jordanelle Special Service District and will be removed from the accounting system. Michael Wheelwright's mileage check needs to be corrected. Employees pay 15% of the cost for their health insurance.

Check 11163, 11165, 11666 need to be voided and brought to the meeting next month.

The motion to approve the warrant list with the checks to be voided, which are listed above, was motioned by David Hansen, seconded by Michael Wheelwright. The vote was unanimous for approval.

Accounts Receivable:

Jody presented the Account Receivable with assessment amounts. Neil questioned why the Bank of America account was not paid. Jody dropped everyone off the list who owed under \$200. He said he could bring the report listing everyone who is delinquent, which specifies properties that will have liens attached. Steve asked if we had a reserve account for these

accounts. The answer is yes, but if we use the reserve funds, we have bigger problems such as loan default.

The procedure should be addressed and the liens should be placed quarterly at a minimum.

Jody questioned about what the threshold to be used to determine what is included in the report. The report should show all accounts that are 30+ days delinquent. The report shows duplicate names for people that own more than one lot.

Once proper notifications are given, we need to turn off water on the people who are 60+ days overdue.

Tour of the Facilities:

Franson Engineering came and went through the entire system. They were going to determine if we could use the excess water to generate power to put into the grid.

Water Report:

Jody stated that we use 41% of our budgeted revenue to take care of the water system. The remainder is used for bond payments. In addition, the income shows less because the District bills a month behind. Accounting fees are higher due to training of new employees by Kierstan Smith. Bank charges are higher than last year.

Pumping expenses are up due to extra pumping to prevent icing compared to the previous year where icing and pumping were minimal. Telemetry maintenance is up due to the number of lightning strikes resulting in equipment damage to our tank level sensors and data loggers, which had to be rebuilt.

Duane had a question about restricted cash; Jody explained that he and Ralph transferred the required, restricted cash to the Assessment Bond. We have enough in the debt service account to satisfy the upcoming bond payments, which is due in January 2015.

The customers that pre-paid the assessment bond reduced the principle amount owed. One concern about combining lots is that doing so reduces our revenue. David brought up the point that combining lots reduces revenue, but benefits us with less demand on water rights and increased availability of wet water.

Customer Issues:

Wesley Rigby sent a letter stating his refusal to pay the previous balance on lot 1189 Lake Pines Drive. Steve stated that the County does a title search on tax sale properties. The board is

under the impression that the title company should be held responsible for these amounts. The assessment bond has a lien on the property, regardless of title search or time of lien, and the customer who purchased the property is liable for the balance. Steve stated that we should be able to hold the buyer responsible for these types of purchases. Outdated County guidelines put us in a situation where we lose money on tax sales. Jody stated that Mr. Rigby spoke with Carol who told him that Timber Lakes Water S.S.D. forgave the last person with an outstanding balance from a tax sale. Jared stated that we are unable to wave assessment amounts and this case is easily defensible in small claims court. Jared stated that he could possibly take it to District Court under some kind of lien theory. Neil requested that Jared write a letter to Mr. Rigby stating the District's position. Steve stated that we should go to the Wasatch County tax meeting and address this issue. Further, he said that we should get with Liz Parcel to put us on the meeting agenda. David asked that we find out what the County has the title company searches for when these type of sales take place. Jared suggested that we get a copy of the title policy to see what it covers.

Motion to adjourn the meeting was given by David. Seconded by Reg and all agreed.