

**Timber Lakes Water
Special Service District**
Wasatch County Offices
25 North Main
Heber City, UT 84032
435-654-0125
11/16/2011
6:00 p.m.

Board Meeting Minutes

Chairman: Neil Anderton

Note Taker: Carol Baker and Sherry Valdez

Board Attendees: Neil Anderton, Ralph Lewis, Mike Wheelwright, Greg McPhie, Leno Franco and David Hansen.

TLW Personnel and Legal Counsel Attendees: Jody Defa, Carol Baker, Sherry Valdez , Duane Moss and Jared Moss.

Guests: Mat Millis, Paul and Tina Williams and Shane Olson.

Meeting began at 6:00 p.m.

Approval of October Board Meeting Minutes: The October minutes were reviewed. **Leno Franco made the motion to accept the minutes with the amended changes. Greg McPhie seconded the motion. The motion passed unanimously. David Hansen abstained.**

Warrant List: The Board reviewed the warrant list. The check numbers started at 9855 and ended at 9886. The Board questioned check 9840 for the amount of \$500.00, this was a deposit for Christmas dinner. The Board inquired about check 9840 for the amount of \$814.80; this check was issued for propane tank fill. In, addition the Board inquired in regards to check 9865 for the amount of \$1661.94 to Heber City Tire Factory, this check was issued for 6 tires for truck and backhoe. **David Hansen made the motion to approve the warrant list. Ralph Lewis seconded the motion. The motion passed unanimously.**

Old Business: TLWSSD Termination Policy: This will be addressed in January's 2012 Board meeting.

Update of TLWSSD Logo: Greg McPhie presented updated logo's on the selected logo's. **David Hansen made the motion for selection of the top two logos (see attached approved logos), the colored logo for the vehicle and the black and white logo for the letterhead. Mike Wheelwright seconded the motion. The motion passed unanimously.**

Old tank refitting for emergency needs: The cost estimate to re-line the tank is \$75,000.00 and would last for thirty years. It was suggested to hook up the tank, this upcoming spring, and the tank would last for 5 to 6 years, until the bond is cleared up. Further restoration could then be analyzed.

Ralph Lewis made the motion to put the tank in operation. David Hansen seconded the motion. The motion passed unanimously.

Paul Williams (Lot 881) informed the Board that The De Burke Company is in the line of work of refurbishing tanks.

Wells Fargo Update: Guillermo Zelaya from Wells Fargo will meet with Jody this week to discuss setting up the scanner and train the office personnel. Jody will research how the export on the credit cards operate and evaluate. Timber Lakes Water will hold off on setting up the scanner with Wells Fargo until the switch from Caselle Classic to Clarity is completed.

Public Hearing: Chairman Neil Anderton opened the meeting for public hearing and comment as notified to address public concerns regarding (i) the tentative budget adopted in October (a copy of which is attached), (ii) the proposed elimination of the impact fee and (iii) re-characterization of the capital improvement fee.

Matt Millis, Vice President of Zions Bank, which was hired to prepare the impact fee analysis, presented slides demonstrating his analysis and reported that there was not a supportable basis to continue the impact fee since all of the unit owners participated in the capital improvements resulting in the 1998 and 2004 bonds and all unit owners were involved in paying for the recent overhaul of the water system resulting in the two 2011 bonds. He further indicated that through the capital improvement fee billed monthly each lot owner participated in the improvement that have been made over

the years. The capital improvement fee of \$25.00 was utilized in paying down the 1998 and the 2004 bonds as well. In addition there is little chance of further development. Accordingly, Zions recommended the elimination of the impact fee and such discontinuance of the impact fee was reflected in the 2012 tentative budget.

Mr. Millis also pointed out that the lots along Boxwood lane had not fully participated in the capital improvements and accordingly an impact fee would be appropriate there unless the District wanted to deal with those lot owners in a contractual solution. The 2012 budget did not reflect any payments for the Boxwood lane unit owners yet since the Board's determination to solve the Boxwood land deficiency by way of contract, process would be undertaken during 2012.

Mr. Millis also discussed the Board's determination during late October to change the focus of the impact fee analysis to a focus on the rate structure for 2012, which would be reflected in the final adopted 2012 budget. Mr. Millis also explained that his analysis included long-term fee adjustments that may need to be addressed in 2012 and beyond to adequately cover major repairs of the system and to include a long-term replacement fund for the system.

Factors that were considered in the analysis by Zions included the following:
System Overview:

1535 total lots

806 lots currently connected

1102 lot owners had not pre-paid the 2011 assessment bond

1315 lot owners did not pre-pay 2011 revenue bonds

There are four bonds outstanding and paid through the user rates. The repayment schedules were reviewed by Mr. Millis for all four bonds in his analysis.

Current Rate Structure:

MA- Meter Maintenance fee \$20.00

CF - Capital Improvement fee \$25.00

AS-2011 Assessment \$41.00

WR- Water Revenue Bond \$2.95

Split lot \$12.50
Joined lot \$20.00 (instead of \$25.00 for two lots)
\$7.50 (one lot split twice combined with another lot)

The current fee charged for water usage is tiered as follows:

Current tier price per 1 thousand gallons:

0 to 2,000	\$ 2.00
2,001 to 4,000	\$ 5.00
4,001 to 8,000	\$ 6.00
6,001 to 8,000	\$ 7.00
8,001 to 10,000	\$ 8.00
Over 10,000	\$14.00

The re-characterization of the current capital improvement fee of \$25.00 was reflected in the 2012 budget such that the \$25.00 fee was split between a bond fee for the 1998 and 2004 (\$10.66) and a separate maintenance fee which would be charged to all lot owners (\$14.34).

The \$20.00 maintenance fee is charged only to those lot owners having a meter installed. Thus operating costs are reflected in the 2012 budget covered in two separate rates-one rate applied to all users, reflecting overall maintenance on the system and incidental capital improvements that occur affecting all unit owners and one rate applied to metered units to reflect the increased administration, maintenance and monthly monitoring and adjustment of water service requirements that apply to lots which have active obligation rights requiring the District to deliver on demand.

The revenue generated from the modified schedule would be sufficient to cover the 2012 costs as reflected in the tentative budget. The rates will be reviewed for likely changes for 2013 forward and the need for a capital reserve will be further studied. The relevant impact of the 1998 and 2004 bonds being paid off was also discussed in light of the potential revenue to fund future capital reserves. In addition, there is a risk that the rates on the 2011 revenue bond may increase after 5 years.

At 7:31 the chairman asked for public comment.

Paul Williams (lot 881) commented that he would rather see an increase now in a small amount, rather than later at a larger amount.

Public comment portion of the meeting closed at 7:36 p.m. and the Board meeting resumed.

Matt Millis will prepare his final projections by this Friday. **Greg McPhie made the motion to continue the issue until December 13th, 2011. Ralph Lewis seconded the motion. Motion passed unanimously.** Matt will send the office a PDF version of the final projection, which may impact the final 2012 budget; however there was considerable discussion in the board meeting reflecting the opinion not to increase rates for 2012.

Discussion of Proposed 2012 Annual Budget: Jody Defa and Duane Moss presented the 2012 budget to the board for discussion following the public hearing. **David Hansen made the motion that the District pay the On-Star vehicle phone bill instead of Jody Defa paying this bill out of his own pocket. Greg McPhie seconded the motion. Motion passed unanimously.**

The general ledger code, 62012, includes 2012 road maintenance and repair that TLWSSD is responsible for. Cash balances on hand indicate that the District's balance sheet would reflect about 20% of the Annual Operation and Maintenance budget is now in reserve. During the Board meeting public comment on 2012 budget was encouraged.

Shane Olsen from the HOA commented on how wonderful it is to work with Jody, Kirk and Travis.

David Hansen made the motion to conditionally approve the 2012 budget with the adjustments and comments from Matt Millis and to get input back from the Board with specific comments to summarize before the next Board meeting, where the final approval would be taken. Mike Wheelwright seconded the motion. Motion passed unanimously.

Truck Purchase/Disposition of Bed of old Truck: Jody Defa ordered a bed for the new truck from Tesco Williams which has been delayed due to the Air Force non-payment to Tesco Williams. Tesco Williams is asking us to pay them \$8,380.00 in order for them to start building the bed. The Board discussed another option to purchase through AG Truck for \$1,200

more which is an upgraded truck bed and could be paid after invoiced. **Greg McPhie made the motion to give Jody Defa permission to proceed with AG Truck bed purchase. David Hansen seconded the motion. Motion passed unanimously.**

The December 13, 2011 Board Meeting will begin at 5:30 p.m. at the Wasatch County Offices. **Greg McPhie made the motion to go into an executive meeting. Ralph Lewis seconded the motion. Executive meeting held.**

Following the executive session, the Regular Board meeting was reconvened and immediately adjourned at 8:52 p.m.

Action Item:

- Duane Moss working on addressing the termination policy for January's Board Meeting.