

SPANISH VALLEY WATER & SEWER IMPROVEMENT DISTRICT

Regular Meeting
June 26, 2003

The meeting was called to order by Chairman Dan Holyoak at 7:00 p.m. at the Agency office, 3025 E Spanish Trail Road, Moab, Utah. Other SVW&SID Members present were Neal Dalton, Al McLeod and Barbara Morra. Absent was Karla VanderZanden. Those in attendance established a quorum.

Others present were Rex Tanner, Kyle Bailey, Gary Wilson, Jerry McNeely, Neal Dalton, William McDougald, Dave Allen, John Chartier, Judy Carmichael, Owen Lammers, Geoff Freethey, Doug Rasmussen, John Weishiet, Joette Langianese, Judy Bane, Lisa Church, Mike Suarez, Brent Rose, Blaine Carlton, Stacey Boender, Marsha Modine and Dale Pierson.

Minutes

Motion by Neal Dalton to approve the minutes of the meeting of February 6, 2003. Second by Al McLeod. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Aye. MOTION CARRIED.

Public Hearing on 2003 Tax Rates

Chairman Holyoak opened the 2003 Tax Hearing at 7:03 p.m. Hearing no public comment, Chairman Holyoak closed the Tax Hearing at 7:04 p.m.

Set 2003 Tax Rates Marsha Modine presented form TC693 and associated schedules to the Board, which showed a tax rate of .000228. Motion to accept 2003 tax rates by Al McLeod. Second by Neal Dalton. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Aye. MOTION CARRIED.

Tax Rates

Consideration and approval of a joint resolution: (i) confirming the policy that the applicable rate or rates for all charges and fees imposed for services rendered by the agency on behalf of each of its member entities shall be set by the board of the applicable member entity and be billed and collected by the agency, and (ii) providing for a separate accounting of revenues and expenses among the member entities of agency including the adoption of relative percentages for allocating operating expenses among said entities.

Joint Resolutio

Brent Rose, of Clyde, Snow, Sessions and Swenson, explained to the Board that the funding agency for the George White property purchase, Zion's Bank, requires financial documents that clearly show the revenue stream of each entity in the Agency. This resolution provides for separate accounting for each District, as a policy matter.

Doug Rasmussen, of Smuin, Rich & Marsing, handed out and reviewed a Statement of Revenues, Expenditures / Expenses and Administration Costs – Allocated for all districts recorded in the Grand Water and Sewer Service Agency. He further explained that each of the District's needed to agree on a percentage to use in dividing administrative costs that are not attributable to any one District. Because both resolutions and the approval for Smuin, Rich & Marsing to prepare Statement of Revenue, Expenditures and Administration Costs for years 1999 to 2001 were agenda items for each of the three Districts' and the Agency's meetings, the group agreed to discuss each item in the Spanish Valley Water & Sewer Improvement District meeting and vote on the required motions within each District's meeting later in the evening.

After the Board reviewed three allocation methods presented by Doug Rasmusen, Rex Tanner suggested the group agree to a 90% Improvement District / 10% Conservancy District allocation of administrative costs based on the number of customers in each District. Chairman Holyoak polled each Agency Board Member on whether or not they agreed to accept a 90% Improvement District / 10% Conservancy District allocation of administrative costs based on the number of customers in each District. Board Members responded as follows: Jerry McNeely-agreed, Al McLeod-agreed, William McDougald-agreed, Kyle Bailey-agreed, Rex Tanner-agreed, Dan Holyoak-agreed, Gary Wilson-agreed, Neal Dalton- agreed, Barbara Morra-disagreed.

Barbara M
read port

of a five page letter she wrote, regarding her concerns with Joint Resolution 1, dated June 26, 2003 addressed to the Spanish Valley Water & Sewer Improvement District Board. The letter was distributed to the Agency Board and staff at the beginning of the meeting. She suggested limiting the term of Joint Resolution 1 to one year. Brent Rose explained that the document, as presented, includes language that allows for year to year adjustment.

After discussion, the Board agreed to change the language on page 2, paragraph 2, subsection B to read: "All costs and expenses not identifiable to any one District shall be allocated among the Districts according to the following percentages: Improvement District 90%, Conservancy District 10%, Service District 0%. The above percentages may be adjusted in a given year in the event extraordinary circumstances justify an adjustment, and from year-to-year as changed circumstances may dictate, at the request of any District, subject to the prior approval, by written resolution, of each of the individual Districts' board of trustees." Motion to approve Joint Resolution 1, as modified, by Neal Dalton. Second by Al McLeod. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Nay. MOTION CARRIED.

Joint Resolution

Consideration and adoption of a joint resolution approving and adopting the Statement of Revenues, Expenditures / Expenses and Administration Costs – Allocated for all districts recorded in the Grand Water and Sewer Service Agency. Brent Rose explained that this resolution was necessary for authorizing and adopting Smuin, Rich & Marsing's prepared Statement of Revenues, Expenditures / Expenses and Administration Costs – Allocated for all districts recorded in the Grand Water and Sewer Service Agency for 2003 using the above agreed upon percentages. Motion to adopt Joint Resolution 2 by Al McLeod. Second by Neal Dalton. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Nay. MOTION CARRIED.

Approval for Smuin, Rich & Marsing to prepare Statement of Revenue, Expenditures and Administration Costs for years 1999 to 2001 Brent Rose informed the Board they needed to authorize Smuin, Rich & Marsing to apply the above agreed upon percentages to the Statement of Revenues, Expenditures / Expenses and Administration Costs for the years 1999-2001. Motion to approve Statement of Revenues, Expenditures / Expenses and Administration Costs for the years 1999-2001 by Neal Dalton. Second by Al McLeod. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Nay. MOTION CARRIED.

Water Purch
Agreement

Consideration and adoption of an Amended and Restated Water Purchase Agreement amending the February 15, 1979 Water Purchase Agreement between the Grand County Water Conservancy District and the Spanish Valley Water and Sewer Improvement District

The Board discussed various facets of the agreement. Brent Rose pointed out the key paragraphs in the agreement and explained the differences between the new and old agreement. Barbara Morra read from her above referenced letter: "In short, such a contract agrees that the Improvement District will give the Conservancy District an undetermined amount of money annually at a rate set by the Conservancy District for an undetermined amount of time which is controlled entirely by the Conservancy District. Indeed the Conservancy District has no incentive whatsoever to hold down its debts or its costs, since we would be guaranteeing the payment of all such expenses." Brent Rose countered that these types of agreements are very normal and typically used within the State of Utah. Additionally, he stated that the Conservancy District could not incur any major debts in the future for the sake of keeping Spanish Valley Water & Sewer Improvement District indentured.

After further discussion, the Board agreed to change the language on page 3, section 3, subsection B to read "After a period of twenty (20) years, or at such time as all general obligation, revenue and other bond obligations of the Conservancy District *which pertain to the system utilized by the Conservancy District in providing culinary water to the Improvement District hereunder*, have been paid in full, whichever comes later, the Improvement District, in its sole discretion, may elect to terminate this Agreement upon six (6) month's written notice to the Conservancy District. Motion by Al McLeod to accept the Amended and Restated Water Purchase Agreement as modified. Second by Neal Dalton. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-Nay. MOTION CARRIED.

Mike Su
asked how
was in

“best interest” to pay, through his culinary water fees, for acquisition of water that will be owned by someone else. Chairman Holyoak explained that Spanish Valley Water & Sewer Improvement District has never owned the bulk of the water they provide in the first place; they have always purchased their culinary water, wholesale from the Conservancy District. He also said it is the intent of the Grand County Water Conservancy District to turn over the George White wells and water rights to Spanish Valley Water & Sewer Improvement District when the bond is paid off. John Weishiet asked why the Improvement District could not purchase the George White property. Chairman Holyoak explained that the Conservancy District is exercising an option to buy the wells and water rights which was given to the District in a preexisting agreement with George White.

Barbara Morra left the meeting at 9:20 pm.

Amendment to Water Project Engineering Contract John Chartier, of Sunrise Engineering explained to the Board that the amended contract is necessary to provide additional funds for additional work incurred due to delays on the water project. Motion to accept amended water project engineering contract by Neal Dalton. Second by Al McLeod. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-absent for vote. MOTION CARRIED.

Water Project
Engineering
Contract

Public Hearing on 2003 Amended Budget Chairman Holyoak opened the 2003 Amended Budget Hearing at 9:26 pm. Hearing no public comment, Chairman Holyoak closed the 2003 Amended Budget Hearing at 9:30 pm.

Amend 2003 Budget Marsha Modine explained to the Board the necessary amendments to the 2003 Budget. Motion to approve 2003 Amended Budget by Neal Dalton. Second by Al McLeod. Dan Holyoak-Aye, Neal Dalton-Aye, Al McLeod-Aye, Barbara Morra-absent for vote. MOTION CARRIED.

Financial Statement The Board was presented the financial statements for the 4th quarter of 2002 and the first quarter of 2003.

Chairman Holyoak declared the meeting adjourned. Hearing no objections the meeting adjourned at 9:30 pm.

ATTEST:

A. Dan Holyoak, Chairman

Neal Dalton, Clerk