

**GRAND COUNTY WATER CONSERVANCY DISTRICT
SPECIAL MEETING
July 23, 2003**

The meeting was called to order by Chairman Wilson at 4:00 p.m. at the Grand Water and Sewer Service Agency Office, 3025 E Spanish Trail Rd, Moab, Utah. Other Trustees present were William McDougald and James Walker. Absent was Rex Tanner and Karl Tangren. Those present established a quorum.

Others present were Neal Dalton, Jerry McNeely, Dan Pyatt, Brent Rose, Alex Buxton, Judy Carmichael, Stacey Boender, Marsha Modine and Dale Pierson.

Consideration for adoption of a resolution of the Board Of Trustees Of Grand County Water Conservancy District, Grand County, Utah (The "District") approving the execution and delivery of a lease/purchase agreement, dated as of July 1, 2003 (the "lease"), by and between the district, as Lessee, and Zions First National Bank, as Lessor (the "trustee"); approving and ratifying the execution, sale and delivery by the trustee of (1) certificates of participation, series 2003a, in the approximate principal amount of \$2,004,000, and (2) taxable certificates of participation, series 2003b in the approximate principal amount of \$411,000 representing proportionate interests in the district's lease payments under the lease; approving the execution and delivery by the district of an indenture of trust and pledge, a purchase agreement, and other documents required in connection therewith; approving the terms and conditions of said certificates; and authorizing the taking of all other actions necessary to the consummation of the transaction contemplated by this resolution and related matters.

Resolution

Brent Rose, of Clyde, Snow, Sessions and Swenson, presented the Board with an Illustration of Financing for the George White Water Rights / Land / Well Acquisition. Mr. Rose explained the Board needed to adopt a resolution authorizing the Chairman of the Conservancy District to sign documents related to the execution and sale of two certificates of participation (the land certificate is taxable, the water rights certificate is tax-exempt), the property lease agreement, the lease/purchase agreement, bond purchase agreement, and the amended and restated water exchange agreement. Mr. Rose further explained the Conservancy District will make a limited assignment of its interest in the indenture of trust and pledge to the Division of Water Resources. This will allow the Division of Water Resources to step in and buy the water rights from Zion's Bank in the event of default by the Conservancy District.

Agreements

Alex Buxton, of Zion's Bank, presented an outline of the "Sources and Uses of Funds" and explained the terms of the loan to the Board. The total loan amount is \$2,431,000 to be repaid over 20 years. The interest rate begins at 2% and ascends to a maximum of 4% in 2013. The cost of the land, wells, and water rights is \$2,169,120. The additional loan amount will be used as a reserve for the first principal payment of \$168,812.50 due August 1, 2004 and the remainder will pay various fees related to the purchase. Interest only payments will be due each February and August. A small premium would be due if the loan was repaid in full before 2008. A pre-closing is set for July 28, 2003 at the Agency office and the final closing is scheduled for July 30, 2004 at Southeast Utah Title Company with a simultaneous closing held in Salt Lake City.

Financing

Motion by James Walker to adopt a resolution of the Board Of Trustees Of Grand County Water Conservancy District, Grand County, Utah (The "District") approving the execution and delivery of a lease/purchase agreement, dated as of July 1, 2003 (the "lease"), by and between the district, as Lessee, and Zions First National Bank, as Lessor (the "trustee"); approving and ratifying the execution, sale and delivery by the trustee of (1) certificates of participation, series 2003a, in the approximate principal amount of \$2,004,000, and (2) taxable certificates of participation, series 2003b in the approximate principal amount of \$411,000 representing proportionate interests in the district's lease payments under the lease; approving the execution and delivery by the district of an indenture of trust and pledge, a bond purchase agreement, amended and restated water exchange agreement, and other documents required in connection therewith; approving the terms and conditions of said certificates; and authorizing the taking of all other actions necessary to the consummation of the transaction contemplated by this resolution and related matters. Second by William McDougald. James Walker-Aye, William McDougald-Aye, Gary Wilson-Aye. MOTION CARRIED.

Motion

Chairman Wilson declared the meeting adjourned. Hearing no objections, the meeting was adjourned at 4:55 pm.

ATTEST:

Dale F. Pierson, Secretary/Treasurer

Gary Wilson, Chairman