

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

Board Meeting Minutes ---DRAFT

Chairperson: Neil Anderton

Board Attendees: Neil Anderton, Steve Farrell, Leno Franco, Michael Wheelwright, Reg Anderson and Ralph Lewis

Guests: Jake McClellan, Hawkins Cloward & Simister; KC Stayner, Caselle

TLW Personnel and Legal Counsel Attendees: Jody Defa and Duane Moss

TLW Minutes: JaNae Quilter, Carol Baker

The meeting began at 6:02 p.m.

New fees; Response to water users: Board would like letter of New Fee Structure to be included on website and sent to those lot owners who request information.

Report on employee job classification: . Neil Anderton recognized that Travis Smout passed Distribution Grade 4 test, April 12, 2013. Jody Defa presented a packet of job-class comparisons from Heber City, Wasatch County, and Jordanelle SSD. The comparisons were pulled from the state website, 'Utah's Right to Know'. Leno Franco questioned the pay grade levels and stated that the 'Utah's Right to Know' numbers may not be accurate or current. Steve Farrell questioned the source to cover pay raise. Leno Franco also noted that employees working outside of their classifications could be an issue. Steve Farrell suggested that we compare with Rural Water as well. Neil recommended that the Board review this info and report back next month.

Approval of March 19th minutes: Steve Farrell motioned to approve the Minutes as presented. Mike Wheelwright seconded. Motion passed unanimously.

Warrant List: Checks started at #10218 and ended on #10263. Mike Wheelwright motioned to approve the Warrant List, Steve Farrell seconded. Motion passed unanimously.

Review of monthly cash receivables, March 2013: There were approximately 5 shut offs scheduled for Thursday, April 18, other delinquent lot owners have promised to pay by that date. Policy has been followed including a courtesy letter, delinquent letter, followed by shut off. A Notice of Intent to Lien with County on delinquents is needed; Duane Moss will follow up including a letter of intent to lien after 60 days. Carol Baker will provide Duane Moss with current delinquent list. Steve Farrell mentioned some lots are already headed for County tax sale: 367, Fowler, 1281, 1617, 1278, 883, to name a few. There was also concern about deceased lot owners and bankruptcies. Policies need to be implemented for these concerns.

Audit Report: Hawkins, Simister and Cloward representative Jake McClellan presented 2012 Audit Draft format. It included a Communication Letter, any audit issues encountered, and Disclosure of Responsibilities. The Independent Auditor's Report on pages 1, 2, and 3 revealed an 'Unqualified Opinion', which is the best opinion received in an audit. There has also been a clean history of clean audit opinions with TLWSSD. Verbal comments in the Management Analysis Report included the inconsistency of collection of finance charges and fees from 2011 to 2012. The auditors like to see the Board reviewing checks, reviewing cash deposits and keeping consistent policies on late and delinquent fees. The Statement of Cash Flow is intended to explain sources and uses, and as ongoing expenses drop, cash flow can increase; there were no compliance issues. Steve Farrell asked about the return on using Kierstan Smith, CPA, for auditing purposes, Jake McClellan explained that is not a dollar-for-dollar return, but that the level of higher-quality oversight and control is overall beneficial.

The Board acknowledges that the TLSSD needs policies in place for late fees and delinquent fees.

Software Presentation: Caselle representative, KC Stayner reviewed support charges and costs. He explained that we used to be on Classic, and upgraded to Clarity in 2007. This included a no-cost upgrade, more user-friendly, more secure with rolling encryption, and monthly maintenance. The cost is \$645/month, \$10,800 over 5 years. He explained that the regular upgrade with 2 users would normally have been \$17,000. He recommended a way to lower the cost by paying support on annual basis, and receiving a 5% discount. He will also find out from Caselle about including the Transparency Report into the cost, reducing the monthly payment by \$30. He proposed the option of adding the Caselle/Excel user defined program for easier access of downloading reports.

Water Manager Report: There were 6 air vacs that were broken and had to be fixed this month and there were frozen water lines that were thawed. The Westside Spring has been flowing at 16 gallons a minute. The track hoe and Dodge truck are financed and Wells Fargo may be able to cut interest of both, Jody will bring the estimates to next month's meeting. Jody asked Duane Moss to explain the change application. Duane stated that there are two significant issues. First, when the initial Change Application was done in the late 1980's, the 'Place of Use' left off Sections 16, 17, 18, 19, and 20. The Westside Spring lies within Section

17, so we're not in sync with our water right as it currently stands because we are currently servicing homes in sections 16, 17, 20, 21, and 22. And secondly, Dave Dillman told Duane that the Church included the Westside Spring in their due diligence application. Identified in their Due Diligence application were three different points of diversion in Section 17 and Dave Dillman confirmed that the point of diversion definition is one of the three. Duane relayed his disappointment in the fact that the Church failed to cooperate, coordinate and communicate; no phone calls or writing from them. Duane suggested that we need to have an agreement in place with the Church. Duane brought up the fact that TLWSSD has a 1994 contract with the Church which requires cooperation of joint development, etc. It is recommended to start with a letter at the local level, Phil Wright, director of the Church camp. The priority date on the Church's diligence claim is August 8, 2005, but the state's acquired date is 1910. Another option would be to present them with breach of the 1995 Veigh Cummings contract and work on an agreement with them proposing trading the lower spring for higher percent of the Cove Spring.

Other Business:

Leak Relief Policy needs to be worked on; Steve Farrell recommended looking at other SSD's and modifying ours to similarity. Board agrees that the \$10 late fee adjustments must be presented to the Board by Lot Owners for approval. Neil Anderson reported that Timber Lakes Sales office has vacant space that they have offered us and can be considered for future office space.

8:26pm Reg Anderson motioned to adjourn, Mike Wheelwright seconded.