

**Timber Lakes Water Special Service District**

Wasatch County Offices

25 North Main, Heber City, UT 84032

435-654-0125

July 15, 2014, 6:00 p.m.

**Board Meeting Minutes**

**Chairperson:** Neil Anderton

**Board Attendees:** Neil Anderton, Reg Anderson, Ralph Lewis, Mike Wheelwright, Steve Farrell, Leno Franco and David Hansen.

**Other Attendees:** Jody Defa Timber Lakes Water Manager, Craig Hall Timber Lakes Water Duane and Jared Moss-Legal Counsel.

**TLW Minutes:** Craig Hall

The meeting began at 6:00 p.m.

**Old Business:**

**Due Diligence:**

Duane Moss gave update on the Due Diligence claim. Bruce Finley has retired. Eric stated to Duane that they have not concluded discussions due to employee turnover. However, he stated that the LDS position is that they are not going to make any commitment about granting TLWSSD exchange rights to the upper springs and suggested that they would be willing to cooperate and grant rights to TLWSSD for the West Side Springs. Duane questioned Eric about their commitment to informing us before changes are made with water and water rights that affect Timber Lakes in conformity to the joint contractual obligation to cooperate in developing water under the original "Cummings" water rights. Eric said that the LDS group would inform us in writing before changes are made. Eric admitted that they needed to do a better job of communicating changes so that there will not be issues during future changes in personnel and/or entities involved. Duane then asked about the churches needs for water and what their plans were for the diligence water claims. Eric said that the total claim was for about 12 acre feet of stock watering rights. TLWSSD's position is to take water from the top of the mountain and leave the lower springs available for the

Church's stated desire to further develop the land lower down. Eric stated that the church is not ready to make that determination. Steve asked if pursuing legal action against the church for equal ownership in the diligence claim would be appropriate at this time. Duane said that since our initial inquiry was to obtain rights to the West Side Spring, the Church would be willing to give us that. However, the Church does recognize that they did not obtain the diligence claim pursuant to their obligation to "cooperate" with TLWSSD. So the choice is to pursue the ownership of the West Side Spring or to get equal treatment with respect to the Diligence claim and continued commitment for cooperation and communication. Steve expressed his feeling that future cooperation in developing all the water resources is preferred. Neil asked how everyone felt about that. Jody reminded everyone that as part of the changes that we need include adding the sections in our current water right that are not listed. Duane suggested that we need to meet with the church and come up with a joint development agreement that included all of the issues. Duane suggested that he call Eric and get a time set up with all parties involved to try to come up with an agreement. The Board members recommended Duane, David, Reg, Steve, Jody and Jared be designated to begin discussions for the development agreement with the Church.

### **Board membership and appointments:**

A discussion of membership e Board ensued with a recommendation that a new determination of the ratio of residents that are full time or part time be made. A decision was made to get a list of the current board members and their terms of office and that needs to be provided at the next board meeting.

### **Billing Policy:**

The motion to bill lot or cabin owners only for their water was made. Do not bill the renters from here on out. David raised the motion to bill the owner. It was seconded by Reg and approved by the board.

### **Credit Card Policy:**

Duane raised an issue that the credit card should not be passed around. Not a good idea to pass the managers card around. David brought up the issue if the manager quit or something happened to them. Merchant cards are not covered by this policy. Changes were made to the draft of the policy. Nobody has access to credit cards except the manager and the gas cards are for each vehicle and there is a restriction to gas only. Employee must sign the policy stating that they understand.

### **Wells Fargo Banking Fees:**

Neil spoke to Shelly Hisler about the fees being charged to our bank account. It looks like we are being charged what we used to in the past. Shelly agreed to do an analysis and will be at the next meeting to discuss the fees being charged and to see how they can reduce them based on our business needs.

### **June Board Meeting Minutes**

Motion to pass the June Minutes by David and were seconded by Steve. Motion passed.

### **Warrant List:**

A discussion as to why there were so many voided checks from May. The checks had multiple issues such as being printed upside down and on the backside of the checks. Craig had a few checks that printed incorrectly, which he voiced and brought to the board meeting for review. The board was satisfied with the explanation of the previously voided checks. Craig needs to check to see if the computer will allow a duplicate a check number. Checks that began in the 14000 series have all been voided. Checks need to be in sequence. Mileage reimbursements need to be researched to determine who needs to be paid for last two months. Duane questioned the totals on each check. Motion to accept the warrant list by David and seconded by Steve; passed unanimously.

### **Accounts Receivable:**

Jody presented the Account Receivable aging report showing 90 days and 150 days. The far left column reflects the aging report. Account 1294 pulled in funny and it reflects the tax lien receivables. Jody said he could make changes to show all the different billing items and the total amount owed but he was trying to the report in order to make it easier for the board to review. The report shows that we have tax liens that have been filed with the county in the amount of \$ 74509.04. Jared stated that there are 15 – 20 lots that reflect balance owing for the bonds in addition to monthly water bills that are past due. If the customer brings it current before we place a lien, then we are unable to foreclose on the amount owing. Change the assessment bond column to reflect everything the customer owes to Timber Lakes. Question was asked, do we have enough in reserves to cover the outstanding balance on the bonds? Jody stated that we do have enough to cover this. The balance sheet reflects the cash available. Duane wants to see when we start eating into are savings reserves. If the property owner defaults on his payments and we foreclose on the property it becomes property of Timber lakes Water. Then the District pays the past due amount and sells the property to recover the past due amount.

### **Tour of the Facilities:**

Franson Engineering and board members have been rescheduled so that more people can attend. Jody will schedule it and give them 3 days notification so they can plan accordingly.

### **Water Report:**

Jody stated that they connected five new residences this month. He plans to connect eight for the year. David brought up a point about the use of outdoor fire suppression systems. He stated that if there is a fire that breaks out that we should have someone go up to shut it off.

We need to make sure that in our connection agreement cover this. David suggested we modify the agreement to cover us in the event that a fire occurs and how we can make sure that we do not have a drain on the system. Duane

suggested that we modify our agreement to reflect this decision. Need to meet with the fire department and come up with a Fire Management Plan and find out how we can handle this situation in the event of an emergency. Jody is to get with Clint and come up with a policy in the event of an emergency.

**Yearly Audit Expenses:** Michael and Neil spoke when they went HOA meeting that they pay about \$4500 for their budget for their audit and their annual income is about 1.2 million. We need to consider whether we are getting the value with using Kierstan Smith and the audit firm. We need to bid out our audit when it comes up. Our financials are much simpler than the HOA's. We bid it out before and the last firm said that they underbid our contract and that they would not do it again. We need to make sure that our checks and balances are appropriate. Recommend that we send out an RFP for our audit.

**Customer Issues:** Wesley Rigby complained about the bill for the previous owner and that he is not responsible for the past due. He threatened legal action if we do not remove the previous owner's balance that was transferred to his account. Jared stated that we have the right for collection of the assessment bond. Jared is going to check on the title policy. Mr. Steve Thacker for the excess water charge that was caused by the settling of our water can. We need to let him know that we removed this excess water fee.

Meeting adjourned by Neil Anderton all agreed at 8:00PM.