

SPRING CREEK IMPROVEMENT AND SERVICE DISTRICT

Special Meeting Minutes

January 16, 2012

Attendees:

Directors Present: Ron Harris, Stephen Price, and Derek Goodson
Other Officers Present: David Hansen, Secretary
Advisors: Bob Norton, Nelson Engineering
Others (by phone): Dave Conine, President of SCHOA

I. Opening

- A. Call to Order** – The meeting was called to order at 3:00 pm. It was noted that this meeting was rescheduled, by agreement of the Directors and with notice, from its original date of January 10, 2012; and that the time for the meeting, by agreement of the Directors, was subsequently moved from 1:00 pm.
- B. Determination of Quorum** – Quorum was established.

II. Review and Approval of Minutes – 12/23/2011 Special Meeting

Motion to approve the minutes.

Motion: Stephen Price
Second: Derek Goodson
Unanimous

III. Financial Report

Derek Goodson reported that year-to-date the District has received approximately \$60,000 in assessments from Teton County; the total projected for the fiscal year ending June 2012 is approximately \$87,000. He also reported that the first loan draw request has now been fully funded by the State.

IV. Old and New Business

A. Water System Improvements – Controls, Pumps, & Related

1. Water emergency plan finalization (status)

Bob Norton distributed a copy of the completed Spring Creek Emergency Water Outage Management Plan for the Board's final review and adoption. The Plan identifies the procedures to be followed to curtail water usage in the event of a water emergency at SCR.

Motion to adopt the Spring Creek Emergency Water Outage Management Plan.

Motion: Stephen Price
Second: Derek Goodson
Unanimous

2. Contract work status, schedule, and issues

Bob Norton updated the Board on the status of the various project components. He reported that work on both wells and on the electrical service has been largely completed. Bob indicated that he plans to hold another pre-construction meeting with the contractor to address the final segment of the project, which is the installation of the pumps scheduled to begin in early March upon delivery of the pumps.

An additional remaining item is to move the connection of the water supply line going to the fire hydrants for Jackson Land & Cattle (JLC) to a point above the new check valve, and then to activate the check valve. Bob indicated that he plans to have the new water meter for JLC installed on the hydrant supply line after it has been moved and reconnected. Bob plans to approach both the contractor for the pumps and the contractor selected to install the water meters about the cost of a change order to move the hydrant supply line and do the reconnection work.

Bob noted that all of the scheduled tasks (other than items affected by the delay in delivery of the pumps) are proceeding as planned.

Bob also noted that he had received the District's water rights documents from the State Engineer's Office. These were originally requested several years ago, and he had renewed the request in connection with the water improvements project.

3. Change orders, payment requests, and loan draw

Bob Norton indicated that he did not have any change orders to present at this time, but that he expects to have one at the time of our next meeting concerning the extension in the schedule due to the delay in delivery of the water pumps.

Derek Goodson presented payment requests for this part of the water system improvements project totaling \$107,105.65. These include two invoices from Nelson Engineering totaling \$2,629.15 and one from Westwood Curtis for \$104,476.50. Bob Norton reported that he has reviewed the invoice from Westwood Curtis and recommends that it be paid. All of these invoices represent services within the scope of the District's loan from the State.

Motion to approve for payment, subject to receipt of loan draw funds from the State, the two invoices from Nelson Engineering totaling \$2,629.15 and the invoice from Westwood Curtis for \$104,476.50.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

Motion to approve loan draw #2 in the amount of \$107,105.65 from the District's State loan for water pumps and related improvements.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

B. Water System Improvements – Water Meter Yokes, Installation, & General

1. Formal approval of loan by State

Derek Goodson had previously distributed draft loan documents to the Directors for their review. He informed the Directors that he has been told orally that the final loan documents should be identical to the draft that was sent to him.

Discussion of the provisions in the loan documents ensued. It was noted that the Loan Agreement requires that the District's records and accounts for its drinking water system be kept separate and distinct from its other records, that the District must have its annual financial reports prepared (or possibly just reviewed) by an independent party, and that a copy of annual financial statements be furnished to the State. Given the loan size threshold stated in the Loan Agreement, it is likely that an audit may also be required at the end of at least the initial fiscal year. Derek agreed to follow up with Thompson Palmer and/or the State to get clarification as to

exactly what the District must do with regard to these requirements in order to be in compliance.

Motion to authorize Stephen Price to sign (and Derek Goodson to attest) the final Loan Agreement and related documents, to the extent that there are no substantial changes from the draft provided by the State, and to return them to the State for the Governor's signature.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

2. Bid outcome and contract award

The Directors discussed logistics for handling the award of the contract for this aspect of the water metering project. At the District's last meeting, Bob Norton reviewed a spreadsheet comparison that he had prepared and distributed of the bids for the water meter yokes and installation work. He noted at that time that the low bid is from a local Wyoming contractor. Bob noted that the bids are valid for 60 days.

Bob confirmed that he remains satisfied with the bid and the qualifications of the low bidder, and that he recommends award to this bidder (with award once the State loan is formally approved). The engineer with the Wyoming Water Development Commission (WWDC), who must approve any award, has concurred. It was agreed that award to this bidder could be handled by email upon receipt of the loan documents signed by the Governor (or email notification from the State that the loan documents had been signed by him).

3. Installation and communication with homeowners – Changes in the steps or timeline are not known at this time.

4. Payment request and loan draw for eligible engineering design work

Derek Goodson reported that an invoice in the amount of \$26,949.11 for engineering design work related to the water metering project, for work completed through December 31, 2011, has been received from Nelson Engineering. This work falls within the scope of the State loan (once it is formally approved), notwithstanding the fact that the work was performed prior to finalization of the loan. Derek reported that he has also received (a) an invoice in the amount of \$7,862.79 from Nelson Engineering for additional consulting services to the District (not falling within the scope of either State loan), and (b) an invoice in the amount of \$516.95 from the Casper newspaper for bid advertisements. Derek indicated that the

balance in the District's bank account was sufficient to cover the combined total amount of these three invoices.

Motion to approve payment by the District of the three invoices identified and described above.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

C. Water System Improvements – Water Meters and Monitoring Software

1. Bid outcome and contract award

The Directors discussed logistics for handling the award of the contract for this aspect of the water metering project. At the District's last meeting, Bob Norton reviewed a spreadsheet comparison that he had prepared and distributed of the bids for the water meters and monitoring system. He noted that the low bid is from an Idaho Falls firm; it was based on a water metering system that Bob and Derek Goodson had seen demonstrated and with which they were impressed. There were no local bidders, and the two Wyoming contractors' bids were 45% or more above the low bid received. Bob noted that the bids are valid for 60 days.

Bob confirmed that he remains satisfied with the bid and the qualifications of the low bidder, and that he recommends award to this bidder (with award once the State loan is formally approved). The engineer with WWDC, who must approve any award, has concurred. It was agreed that award to this bidder could be handled by email upon receipt of the loan documents signed by the Governor (or email notification from the State that the loan documents had been signed by him).

2. Scheduling of delivery – Deferred.

3. "Billing" system software – Deferred.

D. Operating Items and Expenses

1. Policy for reimbursing administrative expenses

At the last Special Meeting, the Directors discussed the possibility of establishing a fixed fee arrangement with the SCHOA to provide routine administrative services to the District (extraordinary and professional or other outside expenses to be paid directly by the District). This idea would entail the SCHOA budgeting for all routine administrative expenses

for the Association itself and the District combined, and then the District remitting a fixed fee (quarterly or annually) to the Association. The services would be performed by the SCHOA's Manager.

Ron Harris reported that he had raised this idea with the SCHOA Board at its meeting on January 3, 2012, and that the SCHOA was amenable to it. He spoke with Frank Hess about the matter, and it was concluded that a reasonable vehicle for establishing such an agreement would be the existing Agreement to Provide Services between SCHOA and SCISD. Frank drafted an amendment to Section 4 B. of the Agreement for this purpose, which Ron previously distributed to the Directors (1st Amendment to the Agreement). The Amendment calls for the parties (SCHOA and SCISD) to agree on an annual basis to the amount of the fee to be paid by the SCISD to the SCHOA for the ensuing fiscal year.

Motion to adopt the 1st Amendment to the Agreement to Provide Services between SCHOA and SCISD, with such amendment to be effective upon adoption of same by the SCHOA.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

2. Expense payment approval – Deferred until (a) the amendment described above and adopted by the SCISD is also adopted by the SCHOA, and (b) an annual fee is agreed upon.

E. Timeline Update – Deferred until the State loan is formally approved so that contract awards can be made.

F. Investment Policy and Finance Committee

1. Formation of Finance Committee for SCISD

At the request of both the SCHOA and the SCISD some time back, Bob Pisano agreed to assemble thoughts regarding the overlapping financial oversight needs of the SCHOA and the SCISD. Ron Harris reported that he met with Bob late in December on this topic, and that Bob summarized his thoughts at the SCHOA Board meeting on January 3, 2012.

With regard to forming a finance committee for the SCISD, Bob first observed that Article VII of the Bylaws of the SCISD provides for the formation of one or more advisory committees, at the discretion of the Board; the membership of such a committee is to be appointed by the Board, and it may be composed of Directors and/or other persons. He then indicated his own view that (a) it was appropriate for the District to

have a standing, advisory finance committee and (b) it would likely be advantageous and efficient for the composition of the SCISD's finance committee to be the same (or largely the same) as that of the Audit and Finance Committee of the SCHOA. The Board of the SCHOA concurred with Bob's view on this subject, recognizing the importance of close financial coordination between the two entities and the common homeowner constituency served.

The Directors of the District discussed the matter (which had also been discussed previously), and expressed their concurrence.

Motion to (a) form an advisory finance committee for the SCISD, (b) ask the current members of the SCHOA Audit and Finance Committee to serve as members of this new advisory finance committee for the SCISD, and (c) ask the members of the new advisory finance committee for the SCISD to draft a proposed charter for the committee and a proposed investment policy for the District.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

2. Investment and other financial policies – Referred to the new advisory finance committee.

G. Other Business – None.

V. Conclusion

- A. Next Meeting** – A Special Meeting will be held on Monday, February 6, 2012 at 3:00 pm.
- B. Adjournment** – Upon completion of the business at hand, the meeting was adjourned.
