

SPRING CREEK IMPROVEMENT AND SERVICE DISTRICT
Special Meeting Minutes
August 30, 2011

Attendees:

Directors Present: Ron Harris and Derek Goodson
Advisors: Bob Norton, Nelson Engineering
Other: David Conine, President of SCHOA

I. Opening

- A. Call to Order** – Meeting called to order at 9:00 am.
- B. Determination of Quorum** – Quorum established.
- C. Election of New Secretary** – Deferred.

II. Review and Approval of Minutes for 8/11/2011 Special Meeting

Motion to approve the minutes.

Motion: Derek Goodson
Second: Ron Harris
Approved 2/0

III. Financial Report – Nothing new to report.

IV. Old and New Business

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

- 1. Access road construction (status)

Bob Norton reported that water trucks can gain access if necessary. Bob agreed to inspect the area to confirm that the final grading has been completed.

- 2. Government approval FCC radio frequency (status)

Bob Norton reported that the permit and frequency have been received. He indicated that they are good for 10 years.

3. Water emergency plan finalization (status)

We need to check with Stephen Price to determine if he has met with the Amangani manager to articulate details of how water curtailment will be handled for the Aman homes and hotel in the event of a water emergency. Bob Norton will then incorporate this detailing into the SCR water emergency plan document.

4. Bid process, outcome, and continuing efforts

No bids were received as of the bid opening date and time. Bob Norton reported that he has been in contact with officials at the State to obtain direction as to how we might proceed. He has also contacted some of the potential general contractor bidders to try to determine why they did not submit a bid. Bob has not received any clear direction from officials at the State, although he did not receive objection to his suggestion that we issue to all plan holders an addendum to the specifications that extends the bid deadline by approximately two weeks. The potential bidders that Bob contacted informally indicated that their current workload levels, the complexity of the bid document and compliance requirements, and/or certain technical requirements were among the reasons that they had not submitted bids.

Bob had reported this information informally to the Directors through emails and phone calls, and the Directors had informally requested that he exercise the authority previously given to him by the Board to take the steps that he thought necessary in order to complete the project this fall. Bob reported that, given critical timeline constraints, he believed that we could not delay more than a couple of weeks so he had notified all plan holders that the District would extend the bid deadline to 2:00 pm on September 8, 2011. He also notified them that a 2nd pre-bid conference would be held at 2:00 pm on Wednesday, August 31, 2011.

The Board discussed the issues at length, and reiterated its serious concern about the risks to the SCR community of not proceeding on a timely basis. The Directors agreed with the steps that Bob had taken and expresses its appreciation of his quick action. He discussed some of the minor technical specification details that might be changed in order to make the project more acceptable to potential bidders without adversely impacting the outcome. Some of these involve the logistics for dealing with the need to make sure day by day through the construction process that the water tank does not drop to a level that would impair SCR's domestic usage and fire suppression needs.

Motion to ratify Bob Norton's extension of the bid opening to September 8, 2011 at 2:00 pm at Spring Creek Ranch, and to authorize him to make through addenda such minor technical modifications to the specifications as he deems appropriate under the circumstances.

Motion: Derek Goodson

Second: Ron Harris

Approved 2/0

5. Payment issues:

- State loan drawing procedures and timeframes

Only one loan draw request per month is permitted by the State. Derek Goodson reported, however, that he had been told that the State has recently revised the timing of loan fund disbursements so that they are now made on a semi-weekly basis. He agreed to follow up with the State to verify his understanding of the timing.

- Contractor payment timeframes

Under the terms of the specifications, contractors are to submit monthly payment applications to Bob Norton by the last Friday of each month. Bob Norton will review each payment application, work with the contractor to make any necessary changes, and submit the approved payment application to Derek Goodson within 5 days. The Board will promptly review and act on each such approved payment request received by Derek and determine the corresponding loan draw needed. Stephen Price and Ron Harris, the required signatories for loan draw requests under the terms of the loan, intend to then sign the appropriate loan draw request and submit it immediately to the State for funding. The intent is that the contractor shall normally be paid within 30 days of invoice submission. The bid specifications indicate that the contractor is to be paid within 45 days.

B. Water System Improvements – Water Meters

1. SCISD loan application package (status)

Derek Goodson reported that the loan application package for a water metering system has been submitted to the State. In an email just received from the State, additional information was requested regarding median household income in Teton County. Given the median household income level for the County, the SCISD may be eligible for 25% loan principal forgiveness in addition to the 0% interest rate over the 20-year term of the loan. Based on phone conversations between Bob Norton and the SLIF,

the District can submit the requested household income figure and a revised request that asks for a loan with 25% principal forgiveness (or alternatively, if that should not be approved, a 0% interest rate loan with no principal forgiveness).

Motion to submit the requested information to the State, and to revise the District's loan application to request 25% loan principal forgiveness along with the 0% interest rate (or alternatively, if that should not be approved, a 0% interest rate loan with no principal forgiveness).

Motion: Derek Goodson

Second: Ron Harris

Approved 2/0

2. Water meter system features, choices, and considerations

Bob Norton made a presentation to the Board on the water metering system options that we might consider. He indicated that there are two major competing systems in the market today. One of them is Neptune, which is the maker of the water metering system used by the Town of Jackson. The other is Sensus, which is the maker of the system at Teton Village. Bob would expect to specify that one of these two systems, or their equivalent, be bid.

Both companies' systems are composed of individual water meters, individual water meter reading mechanisms (transceivers), and information processing and monitoring software and equipment. These systems offer components suitable for townhomes, single family homes, common area irrigation, and commercial operations. The systems offered by both manufacturers include alternative options that provide the capability of having the water meter reader either (a) drive nearby the home or unit and remotely download electronically the water meter data into a laptop, or (b) walk to the home or unit and manually plug into a sensor device on the exterior of the building to electronically record the meter data. The price difference for these two options is about \$15,000 in additional frontend cost for the 1st option (automatic radio read system), based on price information provided to Bob by the companies. However, the additional unknown construction costs for each home or unit of running a sensor from the meter (generally located in a crawl space or mechanical room) to the exterior of the building can be expected to offset some or all of any savings. Additional labor costs over the course of each year for reading the meters and potential access difficulties in the winter are additional cost and operational disadvantages of the 2nd option.

Bob reviewed the cost assumptions that he had included in the District's loan request to the State. Overall, he estimates that the average cost of the water meter, yoke and check valve (plumbing assembly installed on a residence's water line, to which the water meter attaches), and transceiver

(device to enable electronic reading) will be on the order of \$750 per home or townhome (amount will vary somewhat, depending on the size of meter required for the particular residence). He estimates that labor costs for installing this equipment will likely run about \$600 per home or unit. These costs for existing residences will be paid by the SCISD using loan proceeds, and then recovered over time through the annual assessments of the District for the properties involved. Newly constructed homes in the future will be required to install a compatible yoke and check valve, and to pay a frontend tap fee to the District which covers the cost of their meter and transceiver (to be supplied by the District).

There will also be costs for meters and transceivers in connection with common area irrigation and commercial operations; and there will be costs for the monitoring software and equipment and for all of the engineering work. The meter and transceiver costs and assessments will be handled in a manner corresponding to that for the residential units; and the costs for monitoring software and equipment and for engineering work will be recovered through assessments on all properties at SCR, including undeveloped residential lots. The total estimated cost of the water metering project has been estimated by Bob to be approximately \$350,000.

Motion to authorize Bob Norton to specify that an automatic radio read system be a requirement in the bid specifications.

Motion: Derek Goodson

Second: Ron Harris

Approved 2/0

3. Inspection to determine meter locations and excavation requirements – Bob Norton confirmed that he is planning to complete this task in September.
4. Metering requirements for homeowners

The Board has previously concluded that water meters should be installed at SCR and that all water usage should be metered. It was also previously decided that the Board will open for consideration the question of whether any changes should be made in how water system costs are allocated in the development of assessments to the various residential and commercial units; it is expected that this question will be addressed after a period of measuring and monitoring water usage under the new metering system. The Board discussed the matter of how the actual installation of meters, yokes, and transceivers will be undertaken and managed with the existing residences at SCR. Such activities have typically been managed by the SCHOA, and continuation of such practices was contemplated under the joint operating agreement between the SCISD and SCHOA.

Motion to (a) approve a Resolution that the metering of water usage is required for all residential and commercial units at SCR, and that SCISD water meters and related equipment will be furnished and maintained by the SCISD for all SCR residential and commercial units (with the exception of the purchase and installation of water meter yokes in connection with future new construction, which purchase and installation will be the direct responsibility of and cost to the individual homeowner); and (b) request that the SCHOA take charge of the implementation and management of the provisions in the Resolution, including oversight of the initial installation of the water metering equipment.

Motion: Derek Goodson
Second: Ron Harris
Approved 2/0

- C. **Timeline Update** – Bob Norton and Ron Harris agreed to work together in order to adjust the timeline for changes required due to the amended bid opening date.
- D. **Investment Policy and Finance Committee** – Deferred.
- E. **Other Business** – None.

V. **Conclusion**

- A. **Next Meeting** – A Special Meeting will be held on Thursday, September 15, 2011 at 11:00 am.
- B. **Adjournment** – Upon completion of the business at hand, the meeting was adjourned.
