

SPRING CREEK IMPROVEMENT AND SERVICE DISTRICT

Special Meeting Minutes

December 23, 2011

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 9:00 am.
- B. **Determination of Quorum** – Quorum was established.

II. Review and Approval of Minutes – 12/7/2011 Special Meeting

Motion to approve the minutes.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

III. Financial Report

Derek Goodson reported that he now has a complete set of financial statement formats in place, for use in preparing monthly financial reports. These conform to the State's recommended structure.

He also reported that the District has received approximately \$22,000 in assessments from Teton County since the last meeting and \$35,000 in loan draw funds from the State (pump project). The requested loan draw from the State was approximately \$42,000; funds for the remainder of the loan draw request are expected shortly. The bank balance for the District is approximately \$68,000. Derek indicated that he now is in a position to pay Nelson Engineering's invoice of approximately \$42,000 for January-September 2011 services related to the water system design, as approved at the Special Meeting on November 11, 2011, and intends to do so shortly. Although the accumulated funds held by the District are likely to remain at relatively modest levels, it was noted that the

District needs to make progress on a formalized investment policy, consistent with statutory requirements.

IV. Old and New Business

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

1. Water emergency plan finalization (status)

Stephen Price indicated that Stuart Campbell (manager at the Amangani Hotel) has communicated to him that Stephen's draft of the procedures to follow regarding how water curtailment will be handled for the Amangani homes and hotel in the event of a water emergency is satisfactory. Stephen agreed to forward this to Bob Norton, who will then incorporate this detailing into the SCR water emergency plan document.

2. Partial payment of retainage to WETCO – Derek reported that this has been completed.

3. Contract work status, schedule, and issues

Bob Norton updated the Board on the status of the various project components. He reported that work on Well #1 has been completed, and that the electrical subcontractor is proceeding with the electrical work, currently focusing on Pump Station #3. He said that the manufacturer of the booster pumps has confirmed a delivery date of March 7, 2012. Bob expects that installation will then take about two weeks to complete. This is consistent with information previous provided to Bob by the contractor, and relayed to the Board at its last meeting.

Bob reported that the alarm system on the water tank went off within the past week. The alarm system operated properly and staff at SCR responded appropriately. The cause of the problem turned out to be an electrical malfunction, which has been repaired without further incident.

4. Change orders, payment requests, and loan draw – Nothing new to address until the next meeting.

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

1. Formal approval of loan by State

Derek Goodson reported that he still has not yet received notification of formal approval of the District's loan for water metering improvements. He followed up with the State and was told that the staff person directly responsible had been out of the office for a period of time; the person with whom he spoke agreed to see what could be done to move the matter ahead, as the remaining steps appear to be formalities only. The absence of formal approval of the loan by the State serves to delay the award of contracts for the project.

2. Bid outcome and contract award

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 that there was not dramatic variation in the range of prices quoted to the District for this work. The low bid is less than his original estimate and is from a local Wyoming contractor. He is satisfied with the bid and the qualifications of the low bidder, and he expects to recommend award to this bidder at the appropriate time (once the State loan is formally approved). The State Engineer, who must approve any award, has concurred.

A discussion of the bids followed. A number of questions were directed to Bob, which he answered. The Board did not take any action on the award of a contract, due to the fact that formal approval of the District's State loan has not yet been received. It is hoped and expected that award can be made at the Special Meeting of the Board scheduled for January 10, 2012. Bob noted that the bids are valid for 60 days.

There was one possible non-price and not-timing irregularity in the low bid received, which involved the form of the performance guarantee. It was minor in nature and has already been eliminated as a potential irregularity. The Directors requested Bob to work with Frank Hess to resolve any potential questions about this matter.

3. Installation and communication with homeowners – No change in the steps or timeline at this time.

4. Payment request and loan draw for eligible engineering design work – Deferred until formal approval of State loan is received.

C. Water System Improvements – Water Meters and Monitoring Software

1. Bid outcome and contract award

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 there was dramatic variation in the range of prices quoted to the District for this work. 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. The low bid is below his original estimate. Bob is satisfied with the bid and qualifications of the low bidder, and he expects to recommend award to this bidder at the appropriate time (once the State loan is formally approved). The State Engineer, who must approve any award, has concurred.

A discussion of the bids followed. A number of questions were directed to Bob, which he answered. The Board did not take any action on the award of a contract, due to the fact that formal approval of the District's State loan has not yet been received. It is hoped and expected that award can be made at the Special Meeting of the Board scheduled for January 10, 2012. Bob noted that the bids are valid for 60 days.

2. Scheduling of delivery

Bob Norton reported that the low bidder expects to be able to deliver water meters for installation in a timely basis; however, this cannot be firmed up until a contract is awarded. So long as a contract can be awarded fairly early in January, no material delay in the project due to delivery issues is contemplated.

3. "Billing" system software – Deferred.

D. Operating Items and Expenses

1. Policy for reimbursing administrative expenses

The Directors discussed the issue, noting in particular that the amount of administrative support and corresponding administrative expenses for the District should be relatively low going forward. One idea raised was to pursue a fixed price contract with the SCHOA to provide routine administrative services (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. Ron Harris agreed to explore this possibility with members of the SCHOA Board.

2. Expense approval – Deferred until policy is developed.

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

F. Investment Policy and Finance Committee – Deferred until Bob Pisano completes his assembling of thoughts regarding the overlapping financial oversight needs of the SCHOA and the SCISD. Ron Harris agreed to follow up with Bob on this matter.

G. Other Business

1. Policy for the selection of engineering design firms

As part of the paperwork for the State loan for water meters, the District was required to submit a letter of certification that it was in compliance with a newly enacted (effective mid-January 2011) statute for selecting engineering design firms. The District's contract with Nelson Engineering predated the new statute, but the State nonetheless required a statement of the District's policy for selecting engineering design firms which would be used in the future and would comply with the statute (which sunsets mid-2012). Derek Goodson had drafted such a policy, incorporating statutory requirements. He distributed that draft policy statement via email to the Directors asking for approval to submit it to the State, all of the Directors concurred by reply email, and Derek submitted the policy statement to the State.

Motion to ratify the adoption of the policy of the District regarding the selection of engineering design firms, consistent with current statutory requirements and as drafted by Derek Goodson and previously distributed to the Directors.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

2. Other – None.

V. Conclusion

- A. Next Meeting** – A Special Meeting will be held on Tuesday, January 10, 2012 at 1:00 pm.
- B. Adjournment** – Upon completion of the business at hand, the meeting was adjourned.
