

Star Valley Ranch, Wyoming

SPECIAL TOWN MEETING MINUTES

CULINARY WATER SYSTEM TRANSFER

Thursday, May 24, 2007

Present: **Boyd Siddoway, Mayor**
Kent Harker, Councilman
George "Al" Redlin, Councilman
Carol Warren, Councilman
Jim Wheeler, Councilman

A **Special Town Meeting** for the purposes of discussion of the topic of the **Culinary Water System Transfer** from the **Star Valley Ranch Association** to the **Town of Star Valley Ranch, Wyoming**, was held on Thursday, May 24th, 2007 at **Town Hall**. **Mayor Siddoway** called the meeting to order at 7:00 p.m., and welcomed and thanked all those in attendance. **Over fifty people were present**, including all members of the **Town Council**. Town Attorney **Joshua Smith** of **Bowers and Associates Law Offices, PC** and Clerk **Andy Moffett** were also in attendance.

Others present at the meeting included SVRA Chairman **Joe Angelovic** and board member **John Daulton**.

A list of attendees (sign-in sheet) is on file and available for inspection at the Town Clerk's Office.

After declaring that a quorum of the Town Council was present, Mayor Siddoway led the recitation of *The Pledge of Allegiance*.

- **Adoption of the Agenda:** *The agenda is presented in full in the body of these minutes:*

Proposed Agenda

Call to Order, Roll Call of Councilmen, Statement of Quorum

- 1. Pledge of Allegiance**
- 2. Recognition**
- 3. Adopt Agenda**
- 4. Introduction / Overview**
- 5. Culinary Water Transfer Agreement**
 - i. Council Review**
 - ii. Public Comment**
- 6. Emergency Services Agreement**
 - i. Council Review**
 - ii. Public Comment**
- 7. Facilities Lease/Purchase Agreement**
 - i. Council Review**
 - ii. Public Comment**
- 8. Equipment, Inventory and Tools Purchase Agreement**
 - i. Council Review**
 - ii. Public Comment**
- 9. Summary**
- 10. Adjournment**

Councilman Harker moved to adopt the agenda as written. Councilman Warren seconded the motion. The motion carried unanimously.

Introduction and Overview: Mayor Siddoway explained the history and current status of the Culinary Water Transfer. He made mention of how well things had been coming together in the last five days or so, and thanked homeowners association chairman Joe Angelovic.

The Mayor explained that the project of transferring the water had many component parts to it, and therefore the transfer would be accomplished via four agreements as follow:

Section 1: Transfer of the Culinary Water Assets

Mayor Siddoway explained that the Airport Strip Well would become the Town's; Prater Canyon Springs and the Distribution System would also become Town property. These parts as a whole comprised one contract called the **Offer to Transfer**.

Section 2: Emergency Services Agreement (ESA)

The Mayor defined the ESA and explained how it defined the terms and conditions under which the Association would continue to provide the Town, as a community, with water and facilities.

Section 3: Facilities Lease

Mayor Siddoway gave an overview of the two pieces of property up for discussion. They were an area in proximity to the existing airstrip apron, and on the opposite side of the road where the maintenance shop currently sits. The Association agreed to lease those two pieces of property to the Town. The concept of the Town having the option to purchase the maintenance facility in the future via a lease/purchase agreement was discussed, and Joe Angelovic offered the option to the Town. 2/3 of the homeowners association members must give consent to sell the property to the Town. The Association would be responsible for obtaining the 2/3 consent by the end of the next 12 months, with support from the Town.

Mayor Siddoway proceeded on with discussion of the component parts as he outlined in his overviews. The Mayor asked Councilman Warren to read the **Offer to Sell (Culinary Water Transfer Agreement)** as follows:

Offer

The Star Valley Ranch Association (Association) agrees to transfer and the Town of Star Valley Ranch (Town) agrees to accept the culinary water system assets in an "as is" / "where is" condition for \$1.00 as defined in this document.

Assets to be Transferred

The following described items are the assets of the Association and comprise the items to be transferred from the Association to the Town, to wit:

Prater Canyon Springs Development: Spring and water rights, storage tanks and transmission lines,

Airport Well Number One: Well and water rights, pump and associated apparatus,

Existing Culinary Water Distribution: All distribution piping, control valves, service connection and services.

Mayor Siddoway called for a motion.

Councilman Redlin moved The Town of Star Valley Ranch approve the "Offer to Transfer" Agreement in concept, intent and amount, pending legal review. Councilman Wheeler seconded

the motion. The motion carried unanimously.

The Mayor asked **Councilman Harker** to read the **Emergency Services Agreement** *as follows*:

Emergency Services Agreement

The purpose of this agreement is to minimize the disruption to the supply of culinary water to SVRA Members and Town Residents until the Town is able to expand its source water supply and storage systems.

The Association will continue to provide existing and available untreated water to meet the culinary water demands of the SVRA Members and Town Residents living within the current boundaries of the Town of Star Valley Ranch and those taps defined in the Final Settlement Agreement Between Star Valley Ranch Association and Leisure Valley, Inc. Dated August 10, 1998 (FINAL SETTLEMENT AGREEMENT) following the conditions set forth below:

Duration –

This document and the conditions set forth will remain in effect until such time as the Town has the water supply and storage necessary to meet the culinary needs of the residents within the current boundaries of the Town/Association and until such time as the Town is able to obtain adequate funding and construct the necessary infrastructure improvements to fully separate the systems. The Town has the right to cancel this agreement with a thirty (30) day notice at any time.

Water Conservation Plan –

The Town will enforce its Ordinance 2007-02, Appendix 4-1, Water Conservation Plan, (Attachment A). The Star Valley Ranch Association will implement and enforce, to the extent of its legal authority, the SVRA Water Conservation Plan (Attachment B).

Ingress Authority –

The Association agrees to allow the Town access to those portions of the Green Canyon system required to maintain the Association's water supply and storage systems in a culinary condition. Access would also be granted to the pressure-reducing valve known as Lower Green PRV # 11 and the pressure sustaining valve (PSV) #22 until the Town is able to supply those sections of the Ranch from its own water sources. Should the Town need access to these points, said need shall first be communicated to the Association.

Culinary Water Services-

The Association will provide storage and transmission of untreated water to the extent available to the culinary system until the Town is able to supply water to the community from its own water sources and storage facilities.

The Association will continue to supply untreated water to the Town's culinary water system through the line connected to the Green Canyon transmission line at the pressure-reducing valve known as Lower Green PRV, # 11 and the pressure sustaining valve #22 until the Town is able to supply those sections of the Ranch from its own water sources.

The Town will be responsible for testing and maintaining, in culinary condition, all water received from the Association.

The Association hereby agrees to supply and store any surplus untreated spring water, defined as water in excess of the amount needed by the Association for the normal maintenance and care of the Association common areas, to the SVRA Members, Town Residents and those taps defined in the Final Settlement Agreement Between Star Valley Ranch Association and Leisure Valley, Inc. Dated August 10, 1998 (FINAL SETTLEMENT AGREEMENT) using the Town's distribution system.

The Association hereby agrees that it will aggressively defend its appropriated share of water rights.

Emergency Water Condition (EWC) Definition–

A water shortage condition exists when the demand for culinary water exceeds the Town's maximum

supply after the Water Conservation Plan is instituted and enforced at any level and the Town's water sources are being used to their capability.

Emergency Water Supply –

During an EWC the Association, to the best of its ability, hereby agrees to provide the community, on a first priority basis, untreated water from Green Canyon Springs and the Cedar Creek well to assist in meeting the culinary water needs. In an EWC, the Town agrees to assume the actual billed electrical and repair costs for operation of the Cedar Creek Well during the period of time that water is being provided to the Town's water system.

Aspen Hills Water Conservation Project -

The Association agrees to make reasonable efforts to comply with the Wyoming Water Development Commission's request to remedy the waste of water at the Aspen Hills Golf Course as funds become available. If the Association has adequate resources to service a note this project will be started the fall of 2007.

Compensation to the Association for Services under this Agreement –

The Town of Star Valley Ranch, WY, in exchange for the services and obligations created under this agreement, hereby agrees to pay the Star Valley Ranch Association, Inc. the following amounts on or before July 31ST of each year. The Town of Star Valley Ranch may due to lack of funds or completion of construction of wells, storage and infrastructures with 60 days written notice, cancel any or all of the following services effective June 30th of each year with no penalties.

Storage Tank – Benefit:	\$48,000
Emergency Water Supply - Benefit:	\$14,960
Culinary Water Supply – Benefit:	\$11,840
Service to Plats:	\$11,700

Councilman Harker offered details regarding how the numbers were derived. The discussion with engineer **Clarence Kemp** of **Forsgren Associates** resulted in the premise that the “Green Canyon Tank is an integral part and essential to the operation of that system.” (*Paraphrased*) Councilman Harker advised that if this tank were to be constructed today with 400,000 gallons x \$1.50 per gallon that the value would be estimated at \$600,000. The water value benefit analysis of Green Canyon Springs, as a supplemental water supply, was presented by Councilman Harker. Power costs were based on historical billing records from Lower Valley Energy. The Councilman said, “The total benefit to the Town to be able to use spring water instead of pumping should be about \$11,840 per year.”

Mayor Siddoway described the Service to Plats component of the ESA and said that 52 homes were serviced in Plat 13 out of the upper connection and there was difficulty evaluating this value.

Councilman Redlin moved that The Town of Star Valley Ranch approve the “Emergency Services” Agreement in concept, intent and amount, pending legal review. Councilman Wheeler seconded the motion. The motion carried four to one, with Councilman Harker dissenting.

Discussion as follows: Councilman Harker presented his views regarding the Plat 13 service amount, and said “I still think the \$48,000 for water storage is too high.”

Mayor Siddoway explained to resident **Lovell Hopper** how the pieces of the ESA were integrated, and that they were not one single document. After further discussion with Mr. Hopper, the Mayor asked him if he was sure his concerns had been answered.

The Mayor explained to one concerned resident his personal concern regarding the suggestion to defer the project. He went on to remind everyone that the Town could qualify for ongoing grants from the state, if the municipality owned the culinary water system, rather than a private entity such as the local homeowners association. Mayor Siddoway offered commentary relating to the historical events between the Town and the Association which led up to the present circumstances. History dictated that the

development and incorporation of the Town always held with it the concept of the Town owning and managing the Culinary Water System.

Mayor Siddoway responded to a question raised by a resident regarding the Aspen Hills irrigation system. He explained that the Town, once it owned the water system, would not lose grant money in the future if Aspen Hills had not been fixed. The Mayor said that conservation measures were already in place. Water was currently being turned off each night and back on each morning as opposed to turning it on in the spring and off in the fall as had been done in years past.

The Mayor asked Councilman Wheeler to read the **Lease Purchase** *as follows*:

Lease/Purchase Agreement

This Lease for is entered into by and between Star Valley Ranch Association, Inc., (hereinafter "Lessor"), and the Town of Star Valley Ranch, Wyoming (hereinafter "Lessee").

LEASEHOLD

Subject to the terms and conditions set forth herein, Lessor leases to Lessee, and Lessee leases from Lessor, certain property described as follows ("Premises"):

Grounds, heated shop area, covered storage area, storage yard area currently used by and referred to as the SVRA Maintenance Shop Area of approximately 1.75 acres on the Northeast corner of Vista Drive and Vista-West Drive in the Town of Star Valley Ranch; AND Airport apron area (starting at Vista Drive and then South approximately 600 feet) currently used by Lessor for the storage of road materials.

TERM

The Term of this Lease is for a period of 36 months, subject to the Town's right to cancel, commencing on June 1, 2007 ("Commencement Date") and ending on May 31, 2010. The Town of Star Valley Ranch may, with 60 days written notice, cancel this lease on May 31st of each year with no penalties.

RENT

Lessee shall pay Lessor as rent, for the possession and use of the Premises, for Item #1: the sum of \$36,000 per year and for Item #2: the sum of \$2,700 per year. Rent is payable on or before July 31st of each year in person or at the address of Lessor at P.O. Box 159, Thayne, WY 83127.

PURCHASE OPTION

Conditional upon Lessor securing 2/3rd of its membership's authorization, the Lessee may, at its option, on or before December 31, 2008, purchase the real property described in Item #1 for a sum of \$350,000, less any payments made on the lease of Item #1 at the time of purchase.

Councilman Redlin moved The Town of Star Valley Ranch approve the "Lease/Purchase" Agreement in concept, intent and amount, pending legal review. Councilman Harker seconded the motion. The motion carried unanimously.

Brief discussion ensued. The Mayor specifically addressed general comments regarding the lease/option.

Attorney Smith advised resident Lovell Hopper that all agreements discussed and passed by the Council that evening were pending legal review. Mayor Siddoway stated that the Town "trusted their attorney."

Resident **Ron Thacker** questioned stating the dollar figure of \$350,000. He commented on fair market value at the end of 2008 and the Association's position at that point in time. Councilman Harker remarked that the DCCRs of the local homeowners association stated that assets could be sold "At such terms as the members agree to." If the members were to agree with a 2/3 vote within the 12 month time frame, then they would be agreeing to the purchase at the dollar figure listed.

Mayor Siddoway asked Councilman Redlin to present the **Purchase Agreement** *as follows*:

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT, hereafter referred to as the “Agreement”, made and entered into this 30th day of May, 2007, by and between **The Town of Star Valley Ranch**, hereinafter referred to as “Purchaser”, and **Star Valley Ranch Association, Inc.**, hereinafter referred to as “Seller.”

WITNESSETH

That for and in consideration of the payments made and to be made, and the covenants made to be kept and performed, Seller agrees to sell, and Purchaser agrees to purchase from Seller, certain personal property including but not limited to:

Ford New Holland tractor and attachments
Ford dump truck
International dump truck
Caterpillar backhoe
Case backhoe and upright compactor
Dodge sander truck
Chevrolet utility truck
Car hauler trailer
Misc tools & shop equipment such as, but not limited to:

Air compressor
Oxygen/Acetylene welder
Arc welder
50 ton press
Drill press
Sand blaster
Chain saw
Cut-off saw
Grinder
Tools with tool chest
2 battery chargers
Vise
Water pump
Parts washer
Steam cleaner
Air operated grease gun
Front-end lift
Transmission jack
10 ton floor jack
4 ton floor jack
Cherry picker

Water system parts inventory such as, but not limited to:

Copper tubing
4 New Amcor vaults
Miscellaneous valves and connectors

The above-described property is hereafter referred to in the Agreement as the “Property”.

1. PURCHASE PRICE AND MANNER OF PAYMENT. Purchaser shall pay consideration for the Property a purchase price of the total sum of One Hundred Thirty-One Thousand

Dollars (\$131,000.00) lawful money of the United States of America, to be paid in one (1) installment as follows: The first and only payment of \$131,000.00 will be paid to the Seller on or before July 31, 2007.

Councilman Redlin moved The Town of Star Valley Ranch approve the “Purchase” Agreement in concept, intent and amount, pending legal review. Councilman Wheeler seconded the motion. The motion carried unanimously.

Discussion ensued as follows:

Councilman Redlin discussed his preliminary inventory of the property and said he felt there was significant value for the price paid. Roads Superintendent **Warren Webb** commented on the inventory and questioned the timing for the pending transfer. Several residents strongly suggested the Town take the initiative to protect the inventory prior to the transfer.

Culinary Water Summary: *Mayor Siddoway referred to a handout detailing the Culinary Water Transfer Summary which was available to everyone for review.*

The Mayor *summarized* the component parts of the agreement, and their associated dollar figures, discussed during the body of the meeting as follows:

- Culinary Water Transfer – one time payment of one dollar
- ESA - \$86,500 per year until such time as the Town has a well and storage tank
- Plat 13/Excess Spring Water – \$21,000 until the infrastructure is fixed
- Facilities Lease \$38,700 (2 pieces) Airport and Maintenance properties
- Equipment Inventory Tools Purchase one time charge of \$131,000

Mayor Siddoway advised everyone that the Town was looking at a \$256,201 dollar expenditure in the first year (July 1, 2007). He believed the Town had a “strong chance” of having its own tank and well installed and up and operating in the fall 2010. This would incorporate a 9 month buffer for those risks the Mayor referred to as “those no one has any control over.”

The Mayor asked the residents to look at all these things over a three year basis and he summarized the total of a half a million dollars as “pretty inexpensive for transfer of equipment, inventories, tools and leases.”

Mayor Siddoway advised Joe Angelovic that the matter was “in the board’s hands now.” The Mayor announced a Special Town Meeting between the Town and Association on Wednesday evening, May 30 at 7PM. (*Location TBD, most likely the homeowners association barn.*)

Adjournment: Councilman Wheeler moved to adjourn the meeting. Councilman Redlin seconded the motion. The motion carried unanimously.

The Special Town Meeting was adjourned at 8:41 PM.

Boyd Siddoway, Mayor

Date

ATTEST:

Andy Moffett, Clerk

Date