

**MINUTES OF A SPECIAL MEETING  
OF THE BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held at the home of Alan Davis, 383 Darleni Way, Panguitch Lake, UT 84757 (the “Anchor Location”), on Saturday, April 10, 2004, starting at the hour of 10:00 a.m. (mountain daylight time). The Board members were Randy Cagle, David Starrett, and David Temple, who were present at the office of the District’s counsel, Russell J. Gallian, 59 S. 100 E., St. George, UT 84770. Member Jim Smith participated by telephone. The entire meeting was conducted with the Board telephonically to the Anchor Location.

At the request of the Board, the District’s counsel Russell J. Gallian conducted the meeting.

Item No. 1. As a first agenda item, Mr. Gallian established the procedures for conducting the hearing electronically. It was reported that two members of the public were present at the Anchor Location, together with the District’s Water Master, Alan Davis.

Item No. 2. A public hearing was then had regarding the adoption of Resolution No. 1 authorizing the issuance and confirming the sale of \$349,000 of Water Revenue Bond Series 2004. Mr. Gallian explained the terms of the Bond including repayment of interest. Phillip Leslie, the District Engineer, explained the intended purposes of any funding. It was discussed that the intended purposes slightly exceeded the available funding and that certain adjustments may have to be made, based upon bid outcomes. After discussion of the bonding and the needed projects, the public hearing was closed,

and motion was made by Randy Cagle, seconded by David Temple, to adopt Resolution No. 1 and all related items.

Based upon a roll-call vote, each Trustee voted in the affirmative. The only Trustee missing, Gayle Copsey, M.D., was excused as Dr. Copsey was reported to be out of town on a trip.

Item No. 3 regarding problems with freezing of water lines was then discussed including any necessary remedial actions. It was reported by the District Engineer and by the Water Master that it had been found that the new system construction in Subdivision A was specified by the original Engineers, Adams & Lamoreaux to be buried only 3' deep. It was reported by Phillip Leslie that they found that some of the valving was only buried 2 ½' deep. On or about February 23, 2004, the system froze and remained frozen for approximately 2 months. There was no reported or known damage due to the freezing; however, it became clear that the engineering design for the system conducted by Adams & Lamoreaux was improperly stated, and that the system should have been dug to a level of at least 4'. Additional items were noted that were not done properly by the contractor; extensive discussion was therefore had as to what to do as a result of this problem, resulting in a motion by David Temple, seconded by David Starrett, and unanimously adopted, that the District's counsel, Russell J. Gallian and his law firm would be authorized to commence legal action against the engineer, Adams & Lamoreaux and the contractor, Henrie's Earth Moving for damages due to the improper specification of the system and failure to build the system properly, and failure to warn the owner (Beaver Dam Village Unit A) of the problem. Phillip Leslie was further authorized to prepare a summary of the problems and to prepare an engineered solution,

and estimate of cost to fix. It was discussed that the probable best way to fix the problem would be to put a 1 ½' covering over the pipe and to replumb and rebury the valves and hydrants so that they too would not freeze.

Item No. 4 regarding the Treasurer's report and discussion of the year 2004 budget was then held. The Trustee David Starrett, a qualified accountant, has agreed to provide budgetary and billing services for the time being at no cost. He indicated that he provides the budgetary and accounting services also for the Beaver Dam Associations, and he reported on the collection efforts. It was noted in the transition that the District would be relying on funding in its first year primarily from the allocated dues, associated with the water system, from the Beaver Dam Homeowners' Master Association. The Trustees indicated that a budget would be reviewed at a hearing to be held on May 9, 2004. Trustee Starrett was asked to present the tentative budget at that time for public hearing. Extensive discussions were had regarding items that needed to be in the budget, based on input from the Trustees and the Water Master.

Item No. 5, a public hearing regarding and Ordinance Establishing Standby Fees and Use Fees was tabled until the next meeting to be held on May 9, 2004, inasmuch as the budget would have to be completed in order to set the standby fees. A discussion was had as to giving direction to the method for establishing standby fees and use fees as either being a multi-level charge, or a uniform charge for all lots in the Beaver Dam Subdivisions. Each Director in attendance felt that it would be best to stay with the same system that the people are used to, that of a flat fee. Accordingly, Trustee Starrett, in connection with budget preparation, was directed to prepare a budget utilizing that assumption.

Item No. 6: “Consideration of Approval of Minutes of Organizational Meeting held December 6, 2003”: It was reported that the secretary of that meeting had not distributed the Minutes and they were therefore not available, and this matter was tabled until the May 9 meeting.

Item No. 7: Mr. Gallian explained that it was a requirement of State law that the meeting schedule for the regular meetings for the balance of the year be approved for publication, and that this was also necessary to be done in connection with the bonding.

Based upon motion made by Trustee James Smith, seconded by Trustee David Starrett, the following regular meeting schedule was adopted for the balance of 2004:

Saturday, May 9, 2004,	10:00 a.m.
Saturday, July 3, 2004,	10:00 a.m.
Saturday, October 9, 2004,	10:00 a.m.
Saturday, December 12, 2004,	10:00 a.m.

Mr. Gallian indicated that additional meetings could be held upon notice in fulfillment of the requirements of the Utah Open Meeting Law. The motion was adopted unanimously by the Trustees.

Item No. 8: The Board then took questions or comments from the public. Water Master Alan Davis suggested a number of items for consideration at future meetings, including a request that a petty cash fund be established for handling incidental items. The Board indicated that would be placed on the agenda of the May 9 meeting. Also, a discussion of Well-Source Protection of Unit D well ensued. Mr. Leslie indicated that under the source protection that was presented by the Engineer to the State, certain protection zones would need to be established on property which is currently going to auction in connection with the sale of the Aspen Cove Lodge, which is a part of the District. It was explained that while this lodge is not currently being served, that it is

located in the District boundaries; that it was contemplated with the bonding and construction of new lines, that service would be provided to the lodge. Mr. Gallian indicated that it would be necessary to notify the current owner and the auctioneer for purposes of notifying any potential buyer that their cooperation would be needed in establishing appropriate source protection zones to protect the groundwater of the well. The Water Master agreed to send a letter to the current owner and the auctioneer to notify them of that potential problem. It was also discussed that an ordinance needed to be passed regarding new building permits and/or subdivision of property that would include requirements for source protection of the wells, as well as requirements for how connection would be. It was also discussed that the Water Master should seek proposals for a contractor that would perform connections so that quality assurance could be obtained. It agreed that this item be placed on the next agenda as well.

*Item No. 9:* Thereafter, based upon motion made by Randy Cagle, seconded by Trustee Jim Smith, the meeting was then adjourned by unanimous consent.

DATED this \_\_\_\_\_ day of April, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Russell J. Gallian  
District Clerk Pro tem

**WAIVER OF NOTICE AND CONSENT TO HOLDING  
SPECIAL MEETING OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

We, the undersigned, being all of the Board of Trustees of Beaver Dam Village, Special Service District, desiring to hold a special meeting of the Board of Trustees of said District, do hereby waive notice of time, place and purpose of such meeting of the Board of Directors of the Corporation and consent to the holding thereof, on Saturday, April 10, 2004, at the hour of 10:00 a.m. for the purpose of transacting such business as may properly be brought before this meeting, and we do hereby agree that any business transacted at this meeting shall be valid and legal and of the same force and effect as though this meeting were held after notice duly given.

WITNESS our signatures on the dates set forth below.

\_\_\_\_\_  
Gay E. Copsey

\_\_\_\_\_  
Randy Cagle

\_\_\_\_\_  
David Starrett

\_\_\_\_\_  
David Temple

\_\_\_\_\_  
Jim Smith

**MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held at the home of Alan Davis, 383 Darleni Way, Panguitch Lake, UT 84757, on Saturday, the 29<sup>th</sup> day of May, 2004, starting at the hour of approximately 10:00 a.m., MDT. All Board Members except for Jim Smith were present. The District's legal counsel, Russell J. Gallian, was available by telephone conference during the meeting and conducted the meeting based upon the published agenda, as follows:

1. Comments From the Public. No members of the public were present.
2. Discussion and Issuance of Bonds and Use of Estimated Proceeds. Russell J. Gallian gave estimates of the costs that would be incurred in connection with the closing and discussed the possibility for reimbursement of attorney's fees incurred by his firm in connection with the formation of the District and work on the bonds and the construction project. It was estimated that approximately \$320,000 would be available for construction after payment of costs. Mr. Gallian also stated that in connection with the budgeting that a reserve would have to be established based upon ten (10) equal payments totaling approximately \$31,000, and it was also stated that a Fidelity Bond would have to be acquired and budgeted for, and that a five percent (5%) total budget would have to be budgeted and set aside for capital budget. Later in the meeting additional discussions were had as to the requirements for closing on the bond, which are generally set forth in the letter from the Department of Environmental Quality, Division of Drinking Water, dated June 20, 2003, which letter is in the District files.

Substantial discussion was also had on the engineer's estimated Costs Summary and related detail. It was generally acknowledged that the amounts specified by the engineer could not be built in their entirety due to the cost, and that a meeting would be necessary with the engineer to pare down the items that would be bid. It was stated that the bid was scheduled to occur on Tuesday, June 14, 2004, and that there would be a pre-bid walk-through prior to that. Accordingly, based upon motion made by Gay Copsey, seconded by Randy Cagle, and unanimously adopted \_\_\_\_\_, Gay Copsey was appointed as Committee Chairman to serve with other available Board Members to meet with Phil Leslie as soon as possible to work on paring down the estimated Costs Summary to eliminate those items from the bidding process that were clearly not going to be able to be done and to discuss options among those items specified by the engineer.

At a later portion of the meeting it was also discussed that Gay Copsey would follow-up with the engineer and with Fred Witte on his new subdivisions as they might also impact the system.

3. Approved Bidding on New Construction & Repairs. There was a discussion of the bidding process which is to be held on June 14, 2004 (bid opening). Initially this bidding was based upon the estimated Cost Summary that had been provided and was discussed earlier. Based upon motion made by Randy Cagle, seconded by David Starrett, it was unanimously approved, the engineer and staff were granted the authority to enter into the bidding process (as may be adjusted by the Committee to be headed by Gay Copsey provided for in Item 2 above).

4. Public Hearing & Consideration of Tentative Budget for Year 2004. There were no members of the public present; however, there was substantial discussion of the

budget. Items required to be in the budget due to the bonding process were discussed. David Starrett, who had taken responsibility for preparation of the budget, indicated that he had a budget prepared and it was discussed. Certain adjustments were made and David Starrett was directed to finalize the budget for presentation at the next meeting which was scheduled to be held on Saturday, June 19, 2004, at 10:00 a.m. in the Alan Davis home. Accordingly, based upon motion made by Gay Copsey, seconded by David Starrett, and unanimously adopted, the adoption of the budget for the year 2004 was tabled until the Saturday, June 19, 2004, meeting.

5. Public Hearing and Consideration of Adoption of Fee Ordinance. Again, there was no public present during the consideration of this items. David Starrett had a preliminary budget of \$180 per lot. Additional discussions were had regarding this, and it was decided that it would be necessary to budget all the costs of the water system, including the Water Master into the budget. It was also discussed that snow removal, which was currently handled by the Water Master, would be added into the budget and that these expenses would be assumed, starting in 2005. There was also a discussion of a need to set the connection fees as well, and that was provided as well. Accordingly, motion was made by Gay Copsey, seconded by David Starrett, and unanimously adopted, to table the consideration of the adoption of the Fee Ordinance, which shall include connection fees until the June 19<sup>th</sup> meeting at 10:00 a.m.

6. Report of Water Master and Status of System. The Water Master indicated that there were certain necessary emergency repairs that were recently undertaken with costs totaling approximately \$5,000. This would be covered by the Homeowners'

Association. The Water Master indicated that the system was otherwise in good operational order for the summer.

7. Requested Executive Session – a) Discuss Potential Litigation Matters.

Inasmuch as there was only one member of the public present by the time this agenda item came up (Paul Burnham), there was a brief report made by Russell Gallian indicating that demand letters had been sent to Adams & Lamoreaux regarding their deficient engineering work on the Beaver Dam Village A system, that no reply had been given, and that a lawsuit had been drafted and would be filed the following week. Due to the brevity of the report, the Board chose not to go into Executive Session. No action was taken from that.

There being no further items to be discussed, based upon motion made by David Starrett and seconded by Randy Cagle, and unanimously agreed to, the meeting was adjourned.

DATED this \_\_\_\_\_ day of June, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Russell J. Gallian  
District Clerk, Pro Tem

**WAIVER OF NOTICE AND CONSENT TO HOLDING  
SPECIAL MEETING OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

We, the undersigned, being all of the Board of Trustees of the Beaver Dam Village Special Service District, desiring to hold a special meeting of the Board of Trustees of said Corporation, do hereby waive notice of time, place and purpose of such meeting of the Board of Trustees of the Corporation and consent to the holding thereof, on Saturday, May 29, 2004, at the hour of 10:00 a.m. for the purpose of transacting such business as may properly be brought before this meeting, and we do hereby agree that any business transacted at this meeting shall be valid and legal and of the same force and effect as though this meeting were held after notice duly given.

This Waiver may be signed in counterpart, and/or by fax signature and shall be effective upon signature by all Trustees.

WITNESS our signatures on the dates set forth below.

\_\_\_\_\_  
Gay E. Copsy

\_\_\_\_\_  
Randy Cagle

\_\_\_\_\_  
David Starrett

\_\_\_\_\_  
David Temple

\_\_\_\_\_  
Jim Smith

**MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held at the home of Alan Davis, 383 Darleni Way, Panguitch Lake, UT 84757, on Saturday, the 19<sup>th</sup> day of June, 2004, starting at the hour of approximately 10:00 a.m., MDT. All Board Members were present. Also present was the Water Master, Alan Davis, the District's engineer, Philip Leslie, and one member of the public, David Dollar. The District's legal counsel, Russell J. Gallian, was available by telephone conference during the meeting and conducted the meeting based upon the published agenda, as follows:

**Item 1.** Comments From the Public. There were no comments from the public.

**Item 2** Discussion of Results of Special Committee Regarding Bidding of Construction and Repairs on Water System, and **Item 3** – Discussion and Approval of Bids on Construction and Repairs. Items 2 and 3 of the Agenda were consolidated. Gay Copsey, who chaired the committee, indicated that the details could be given by Philip Leslie, District Engineer. Mr. Leslie indicated that there were 5 contractors at the pre-bid meeting. However, only 2 contractors, Johnnie Orton and Mel Clark actually bid. Also, not all of the bid schedules were done. Mr. Leslie then summarized the results of the bids which are found in the Schedules provided attached hereto. It was generally indicated that the bids were much higher than originally contemplated, overall, primarily because pipe prices had gone up as much as 3 times, and also because the cost of road and fill material was much higher than anticipated inasmuch as the material was spec to UDOT standards. It was generally acknowledged that the bids overall were very high and that it was probably not possible to do anything on the bid schedule, except the proposed Phase

I project, and that it would not be possible to do the proposed repair on System A at this time. It was generally discussed that the best that could be done on the freeze problem would be to use the proceeds of the lawsuit (which will be filed shortly) to repair this.

Further discussion was had that the funding on the State Water Bonds was inadequate to pay for the proposed Phase I project, as generally set forth in the Cost Summary prepared by Philip Leslie, attached hereto. It was discussed that there was a good chance that State Water would increase the bonding to meet the needs of the bid system. Accordingly, after significant discussion, Randy Cagle moved to accept the low bids on the proposed Phase I Project as summarized on the Cost Summary, that the engineer would be authorized to obtain additional proposals for the unbid items (scada system, well house, etc.), and to negotiate with the low bidder for adding the pump house into the bid; further, acceptance of the bid was subject to obtaining an increase in bond funding and negotiating timing of the work (depending on when bonds may be issued). The motion was seconded by David Temple.

Additional discussion was had, and David Dollar, a member of the public, indicated that there were a number of people that were adamant about not increasing the current fee structure. It was acknowledged that the requirement for additional bonding would increase the cost to each lot owner about \$100 per year. It was generally felt that there was no other choice inasmuch as the failure to tie the systems together would substantially impair future fire flow and security of the systems, and that there essentially was no choice but to proceed. Thereafter, a vote was held. All voted in favor, except for Jim Smith, who voted against.

By consensus, Gay Copsey and Dave Temple were appointed to represent the District before the State Water Drinking Board to ask for an increase in the bond to \$525,000, with the same general terms as was previously approved for the \$349,000 bond.

A discussion then ensued of the time when the bonds could be issued. Russell J. Gallain stated they would have to probably do a new Notice of Intention and Bond Resolution which could take a few months to get through. There is also a 30-day contestability period before the bonds could be issued. This could conceivably push the project into next spring because of weather conditions. Philip Leslie was asked to talk to the low-bid contractor about these issues and the timing of when work could be done to see if this could be done this year.

By consensus, it was decided that another special meeting of the Board would need to be had next Saturday, June 26, 2004, at 10:00 a.m., mountain standard time at the same location. It was further discussed that many board members would not be able to come to the mountain that day, and arrangements were made to be available by telephone conference, with the Alan Davis home to be the anchor location. During the week, Dave Temple and Gay Copsey committed to check with Michael Georgeson of the State Drinking Water Committee to determine when they could get on the agenda and the likelihood of increasing the bond to \$525,000. They are to report at the next meeting. Russell J. Gallain indicated that he would check with bond counsel to determine the timing of re-noticing the increase in the bonds and the steps required. Based upon obtaining all this information, the Board would then decide how to proceed on the repairs and bonding at the next meeting.

*Item 4 Public Hearing & Consideration and Approval of Tentative Budget for Year 2004.* A public hearing was conducted regarding the proposed 2004 budget. There were no additional comments from the public. However, there was substantial discussion of the amount of the standby fees that would have to be charged in order to meet the increased bond amount. A budget had been prepared by David Starrett on a combined basis with the Association and the Master Beaver Dam Association, and a discussion then ensued of a breakout of the budgets between the two entities. It was generally thought that a standby fee of \$550 per lot would be needed, and that the hookup fee in order to cover costs would be \$800. It was indicated that the fee ordinance should allow the Board to provide for monthly or other periodic payments to be allowed in the discretion of the Board on a hardship basis. Additional discussions were had as to the expenses required, and it was felt that additional time was needed in order to formalize the budget. Accordingly, motion was made by Gay Copsey, seconded by Randy Cagle to continue this agenda item until the June 26, 2004, meeting. The public hearing was then closed and the motion was unanimously adopted.

*Item 5. Public Hearing and Consideration of Adoption of Fee Ordinance.* A public hearing was opened on the required standby fees, as well as hookup fees. Much of this had been previously discussed in the budget area. Inasmuch as the standby fees are budget driven, it was determined that this item would also need to be considered following the adoption of the budget on June 26. Accordingly, based upon motion made by Gay Copsey, seconded by Randy Cagle and unanimously adopted, this matter was tabled until June 26. Thereafter, the public hearing was closed, with no further public comment.

**Item 6.** *Report of Chairman and Water Master on Status of System and Bonding, and Other Alternatives for Funding Repairs and Construction of Water System.* Russell J. Gallian indicated that most of items that would have been covered under this had been incorporated in previous discussions. Gay Copsey indicated that there had been a number of complaints and suggested that members of the public having problems with the water system from a legal standpoint should be referred to Russell J. Gallian, the District's attorney.

**Item 7.** *Requested Executive Session – a) Discuss Potential Litigation Matters and Item 8, Any Action Necessary from Executive Session.* This matter had been previously discussed with Board members essentially reporting that a problem had occurred in that a Performance Bond had not been located, that all that had been found was a blank (unsigned) Bond, together with a signed Indemnity Agreement. Discussions were had regarding the whereabouts of these documents, and it was determined this would be investigated during the coming week and reported at the next Board meeting.

**Item 9.** *Adjournment.* There being no further items to be discussed, based upon motion made by Randy Cagle, seconded by David Starrett and unanimously adopted, the meeting was adjourned.

DATED this \_\_\_\_\_ day of June, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Russell J. Gallian  
District Clerk, Pro Tem

**MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held at the home of Alan Davis, 383 Darleni Way, Panguitch Lake, UT 84757, on Saturday, the 26<sup>th</sup> day of June, 2004, starting at the hour of approximately 10:00 a.m., MDT. All Board Members were present, with the exception of David Temple. Director David Starrett was present by telephone conference, as was the District's legal counsel and clerk pro tem, Russell J. Gallian. Also present was the District's engineer, Philip Leslie, and 3 members of the public, Steve Wilcox, Les Smith, and Dave Navratli. Based upon request by the Board, the meeting was conducted by Russell J. Gallian based upon the published agenda as follows:

1. **Establish Procedures for Conducting Electronic Meeting.** Russell J. Gallian indicated that this meeting was being held pursuant to Utah law as an electronic meeting, meaning that Director Starrett and Russell J. Gallian, as the Board's counsel, were providing their input to the meeting by telephone conference call to the home of Alan Davis, which was serving as the anchor location for the meeting. Mr. Gallian explained the procedures for conducting the electronic meeting.

2. **Comments from the Public.** There were no comments from the public.

3. **Discussion and Approval of Necessary Action Regarding Request for Increase in Bonding, and Timing of Construction and Repairs in Light of Bonding Timing Issues.** Substantial discussions were had by Russell J. Gallian explaining the background of the formation of the District, the bidding process that had been done to connect the 4 Beaver Dam Village systems, and the bonding. Substantial discussions

were offered by Philip Leslie, District Engineer, regarding the bidding process, and the fact that the bidding had come in much higher than originally anticipated. It was also discussed that it was necessary to go back to the State Drinking Water Committee (hereinafter the "Committee") for additional funds up to \$525,000 as had been authorized at the previous meeting. Chairman Randy Cagle indicated that he had been in touch with Michael Georgeson of the Committee, and that there was a strong indication that the funds were available, and that there was a good likelihood that an increase in the bonding from \$349,000 to \$525,000 could be obtained. It was also discussed that there was no July meeting of the Committee, and that that the next meeting would be held on August 13. Dave Temple and Gay Copsey agreed to attend that meeting to make the request for additional funding.

In connection with the review of the construction budget, Dave Starrett asked the District Engineer to explain his numbers for the engineering costs, including specifically the cost of inspection, which Mr. Starrett felt was high. Thereafter ensued substantial discussion with Mr. Leslie on the basis on which he intended to charge the District. He indicated that his fee for the engineering would be \$39,000, which was a standard percentage fee of the contract, and that the construction inspection was at an estimate of \$31,000, and that this would be done on a time and material basis. He anticipated that his main inspection person who would be assigned to this, would bill at \$35 per hour, and that the main material costs would be mileage. Substantial discussion was then had about the fact that the budget was very close, and that there was not a lot of additional money if there were overruns. Mr. Leslie agreed that he would cap his fees at \$39,000 for

engineering, and \$31,000 for inspection, and that therefore, in the event he had any unanticipated overruns, that he would nevertheless only charge those figures.

There were then comments made by Dave Starrett on the timing of receipt of income.

David Navratli, a member of the public, asked a number of questions regarding the necessity of all this. Therein ensued a substantial discussion of the background of why the District was formed, the repairs that were contemplated (tying together of the 4 systems to increase the fire flow and redundancy of the system), and the necessary to bring the system up to code. Additional discussions were had regarding the difficulty of obtaining fire insurance, et al., at reasonable cost, and that the building of the system should result in making fire insurance more readily available at a more reasonable cost. This part of the discussion was primarily brought forth by Gay Copsey. After completion of the discussion, based on motion made by Randy Cagle, seconded by Dave Starrett, and unanimously adopted, it was moved that the District should, at its regularly scheduled meeting for July 3, consider a Notice of Intention to issue bonds up to \$550,000 (the additional \$25,000 to allow for a cushion in the event there are unanticipated additional expenses identified), and that a public hearing be held on July 3, 2004, to consider authorization of the issuance of the bonds as may be required by bond counsel.

**4. Continuation of Public Hearing; Consideration and Approval of Budget for Year 2004.** After introductory remarks by Russell Gallian, a budget discussion was conducted by David Starrett, who presented the proposed budget for year 2004. During the discussion there were discussions about certain unit owners who had not paid their dues (which would in turn be a funding source to pay for the water system for the balance

of this year and to turn over reserves); further, some discussion was also had about the fact that there would be some additional income that would be earned from interest on the funds from the point of bond issuance forward. After the budget was reviewed, based upon motion made by Gay Copsey, seconded by Randy Cagle, and unanimously adopted, the budget for 2004 was approved with a direction to David Starrett to add a line for anticipated interest income to be earned on bond proceeds until the money is spent for construction and other costs of bond issuance.

**5. Continuation of Public Hearing; Consideration and approval of Fee Ordinance (Ordinance No. 1).** Russell J. Gallian read the Ordinance in its entirety. David Starrett indicated that in his budget that the required amount for a standby fee would be \$500. Discussion ensued regarding the remedies built into the Ordinance, which include the possibility of water shut-off, or litigation, and even criminal penalties in the event that an individual would try to turn their water on after shut-off. Additional discussion was had on how to enforce actual shut-off, and it was discussed that the valve could have a seal put on it, or in the case of new connections, that the valve could be set up with a locking device so that the water would be turned off with a lock. Some discussion was also made regarding Aspen Cove Lodge. Based upon motion made by Gay Copsey, seconded by Randy Cagle, and unanimously adopted by roll-call vote, Ordinance No. 1 was adopted, and Randy Cagle was requested to sign the Ordinance and forward it to Russell J. Gallian as the District Clerk pro tem. Russell J. Gallian would then send the finalized Ordinance to the Water Master for posting. The Ordinance shall go into effect thirty (30) days after posting, as provided by Utah law.

**6. Request an Executive Session: a. Discuss Potential Litigation Matters; and**  
**7. Any action necessary from Executive Session.** Russell J. Gallian indicated that the litigation due to the freeze-up of the system in “A” was drafted and that we are still trying to locate the bond. Discussions were had that no one was able to find an actual bond. Russell Gallian indicated that upon confirmation that there was no bond, and the lawsuit was ready to go and would be filed shortly. Inasmuch as there as no need to go into Executive Session with this report, there were no further discussion on Items 6 or 7.

Thereafter, there ensued a discussion of holding the next meeting. It was decided that in order to allow for additional anticipated members of the public to attend (inasmuch as the general homeowners’ meeting was to be held the same day) that the meeting should be held at the Aspen Cove Lodge. Accordingly, Russell J. Gallian was directed to prepare Notice of the Regular Meeting of the Beaver Dam Special Service District, to be held on Saturday, July 3, 2004, at 10:00 a.m. (MDT) at the Aspen Cove Lodge.

There being no further District business to be discussed, based upon motion made by Randy Cagle, seconded by Dave Starrett, and unanimously adopted, the meeting was adjourned.

DATED this \_\_\_\_\_ day of June, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Russell J. Gallian  
District Clerk, Pro Tem

**MINUTES OF A REGULAR MEETING  
OF THE BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A regular meeting of the Beaver Dam Village Special Service District was held at the Aspen Cove Lodge, Panguitch Lake, Utah, on Saturday, July 3, 2004, starting at the hour of approximately 10:00 a.m. (MDT). All Board Members were present, with the exception of David Temple. Also present was the District's legal counsel and Secretary/Clerk Pro Tem, Russell J. Gallian. Also present was the District's engineer, Philip Leslie, and 6 members of the public. Based upon request by the Board, the meeting was conducted by Russell J. Gallian based upon the published agenda as follows:

1. **Discussion of the Background Regarding Formation of District, Repair of Beaver Dam Village Water Systems, and Proposed Bonding, Budget, and Fees for the Benefit of the Public in Attendance.** Russell J. Gallian provided for the benefit of the public the general background regarding the formation of the District, the repair of the Beaver Dam Village water systems and proposed bonding, budget, and fees. Included in the discussion was the fact that there had been a freeze-up problem with the new Beaver Dam Village "A" system, and the fact that there was currently no funding to correct that problem. It was stated that the correction of the problem would probably come by providing an additional cap of road base over the line to provide the necessary insulation and to replumb valves and other piping areas that were too shallow.

A discussion then ensued regarding the bidding of the project, which would tie the 4 systems together. Concern was expressed regarding whether or not the project should be rebid in whole or in part. It was discussed that the price for piping may have to be renegotiated inasmuch as petroleum prices (upon which piping is made of and sensitive

to) could have gone down since the bidding. Because of this concern, the District's engineer, who had conducted the bidding process, Philip Leslie, was authorized to contact the low bidder about renegotiating pipe prices. Mr. Leslie was further given authority to reopen the bid if Mr. Leslie determined that it was in the District's best interest. This was confirmed by a motion made by Gay Copsey, seconded by Randy Cagle, and unanimously adopted by the Board present.

A discussion then ensued regarding the related issue of the building of a volunteer Fire Department in the new Beaver Dam Village Fire District. A report was given by Les Smith that he was prepared to, and in fact had done a great deal of research toward moving the Fire District ahead. It was acknowledged that virtually nothing had been done recently to further the voluntary department, and that the Beaver Dam Village Fire Department had approximately \$70,000 in collected taxes, and an old brush truck. Mr. Smith indicated that he had done a great deal of work toward finding the necessary equipment and funding to build a quality 3-bay fire house. He further described his efforts to locate a piece of land in which to put it on that would be centrally located in the fire district. Mr. Smith had previously (the evening before) been designated as an official liason to the Board of Directors of the Beaver Dam Master Association to attempt to further the building of the volunteer fire department. Discussion was had that it would be a good idea to ask Mr. Smith to serve in a similar position for the Trustees of the Beaver Dam Village Special Service District.

Based upon motion made by Randy Cagle, seconded by Jim Smith, and unanimously adopted, Les Smith was appointed as a liason for the Beaver Dam Village Special Service District for the purpose of promoting the fire district, and further official

support was given to Mr. Smith for his appointment as a Director of the fire district. Mr. Smith was asked to report back periodically on his efforts.

**2. Public Hearing: Public Hearing: Give consideration to adoption of a resolution authorizing the issuance and confirming the sale of up to \$550,000 water revenue bonds, Series 2004, of Beaver Dam Village SSD, Garfield County, Utah (the issuer), for the purpose of financing all or a portion of the cost of constructing water system additions and related improvements; authorizing the publication of a notice of bonds to be issued; prescribing the form of bonds, the terms and conditions of issuance, and the security therefore; provide for the collection, handling, and disposition of the revenues to be derived from the issuers' water system; authorizing the taking of all other actions necessary for the consummation of the transactions contemplated by this bond resolution, and related matters.**

Russell J. Gallian indicated that this would be a public hearing to consider the adoption of a resolution authorizing the issuance and sale of up to \$550,000 water revenue bonds. Mr. Gallian gave further background on the need for the bonds, which is an increase in the previously-authorized bonding from \$349,000 granted by the Utah State Drinking Water Board. Mr. Gallian indicated that the need for the increase was due to the bidding process that had been described in the previous item wherein the bids for the necessary items in order to tie the 4 systems together came in at \$505,000; further, that there would be additional costs of issuance of the bonds, and it was felt that a safe amount to ask for would be \$550,000 to allow for sufficient contingencies and reserves to solve other problems that may come up. A substantial discussion was had regarding the purpose and need of tying the 4 systems together, including creating redundancy in the system that currently has 4 wells that will not back-up each other, and especially providing necessary fire flow to the cabins. Additional discussions were had regarding the problems with the drought and bark beetle which aggravate and enhance the need for better fire flow.

Based upon motion made by Randy Cagle, seconded by Jim Smith, and unanimously adopted by all Trustees present by roll-call vote, Resolution No. 2 was adopted. Russell Gallian then indicated that publication would occur in the Garfield County News; that would be done by bond counsel, and that 30 days after publication, the contestability period for the bonds would run and issuance would be allowable, provided that approval for the additional amount was granted by the Utah State Drinking Water Committee. It was stated that the Drinking Water Committee was meeting again on August 13, 2004 (there is no July meeting), and it is anticipated that Gay Copsey and the District's engineer, Philip Leslie, would appear at that meeting to request the additional funds up to \$550,000. It was also stated that in the event the Water Board authorized less than \$550,000, that the parameters resolution just passed would still work, but we could not issue more than \$550,000.

**Consideration and approval of Minutes for all Prior Meetings.** No changes were suggested by the Board. Based upon motion by Gay Copsey, seconded by David Starrett, and unanimously adopted, the Minutes of all prior meetings were approved.

**4. Comments from the Public.** Les Smith made a comment regarding Tracy Armstrong (who is a realtor with ERA Brokers Consolidated, who regularly works Beaver Dam Village Subdivisions). He indicated he could be very helpful as providing assistance as a realtor and a good contact point.

Tracy Armstrong commented on the easements reserved in the CC&Rs to Ron Early (utility easements on 10' around all lot lines). Comment was made by Gay Copsey that it was believed that in earlier activities that Mr. Early had conveyed these easements to the Association, but that they perhaps were not recorded. Russell Gallian was asked to

look into the books and records of the old Associations to see if that had occurred. It was indicated that the easements should not be a problem because the roadways that connect all lots could be used for utility easements, and any person requiring utilities to their property would take all responsibility inside of their lot lines. Accordingly, it was indicated that it was not felt there would be problem or a need for such easements, but that if such easements did exist, they could be helpful in certain circumstances.

Tracy Armstrong further commented on the need to put a notice of the existence of the Special Service District in the title report so that people buying lots would be familiar with the fact that they may become subject to standby fee assessments from the Beaver Dam Village Special Service District. Comment was made that this was a good idea, and Mr. Armstrong said that he would contact Tom Hatch of Security Title, (the primary title agency that handles virtually all closings on property in the Beaver Dam Village Special Service District area), with a request to do that.

8. **Adjournment.** There being no further District business to be discussed, based upon motion made by David Starrett, and seconded by Gay Copsey, and unanimously adopted, the meeting was adjourned.

DATED this \_\_\_\_\_ day of July, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Russell J. Gallian  
District Clerk, Pro Tem

## **MINUTES OF THE 2004 ANNUAL MEETING OF THE BEAVERDAM VILLAGE OWNERS ASSOCIATION**

The Meeting was called to order by Russ Gallian, attorney for the association, at 10:10 am, MST, on July 3, 2004, at the Aspen Cove Lodge, Panguitch Lake, Utah.

Board Members present were Gay Copsey, chairman, Randy Cagle, David Starrett, Jim Smith, and David Temple. Absent were Bob Burnham and Don Kroll for medical reasons.

Russ started the meeting by explaining the reason for creating the Special Service District, and the status of the SSD. He also discussed the problems with the waterline construction done by the former Unit "A" association. He explained the board is pursuing legal actions to try to get the problems fixed. Russ explained the combined water system and the benefits of having the system combined. Particularly, the problems people are having getting fire insurance at a reasonable rate or not at all. An explanation of the recent bidding for the combined water system was given and the results of those bids. It was explained that due to oil prices that the price for PVC piping and the cost for fuel for the contractor had dramatically increased the bid result.

Russ Gallian explained that the bid exceeded the amount of money the SSD had previously asked the State of Utah for. The SSD had approval for \$349,000 but with the cost of construction, the bonding costs, and the legal fees, the SSD needed approximately \$550,000 to complete the project. Consequently, the SSD has asked the State to increase the amount it will be borrowing to the \$550,000 amount. The State Safe Water Board does not meet until August 13, 2004. because of having to borrow the additional funds the standby fees for the SSD will be \$500 per year and the associations dues will be \$100 per year commencing January 2005.

Randy Cagle gave an explanation of the things the board was doing to increase communications. He stated that a bulletin board was going to be placed at the Aspen Cove Lodge for posting of all the notices of the HOA and the SSD. He also stated that a kiosk was going to be built and placed by the road so that notices and general information could be posted, such as properties for sale and a map of the subdivision. The cost of the kiosk is going to be funded by Tracy Armstrong, one of the local real estate brokers. **Thank You Tracy**. Randy also announced that the association had a new web site, it is called [WWW.BEAVERDAMVILLAGE.COM](http://WWW.BEAVERDAMVILLAGE.COM). The web site was being funded and maintained by Jim Moore, one of the local cabin owners. Randy Cagle will be assisting Jim with the maintenance of the web site.

Phylip Leslie, engineer for the SSD, and a local cabin owner, gave a presentation of the water system project. He explained the connection of all the associations'

wells, tanks and piping. He stated that the combined water system would provide adequate fire flow and increase the pressure to those lots that have low pressure. He also stated that the system would be electronically connected so the Scada system would make sure that the tanks are all full and if there was any problems the system would notify the water master. A combined system would provide backup in the event a well pump failed.

There were several questions answered by Phylip Leslie regarding bidding and materials costs.

David Starrett, treasurer for the HOA and the SSD, presented the budgets for both entities. David presented a complete financial disclosure for the funds collected from each association and the \$400 dues collected last January. According to the budget, at the end of the year, given no unforeseen emergencies, there should be \$24,208.68 dollars remaining. A portion of those monies will need to be transferred to the SSD at the end of the year. The budget for the SSD was presented and explained.

Questions answered by David were:

Have we borrowed the \$349,000 yet? The answer was, NO.

Will the attorney fees go down once the SSD has completed the loan? The answer was YES.

Has anyone checked into any state grants? The answer was the board was going to be doing this soon.

Les Smith, one of the cabin owners gave a presentation regarding his efforts with the fire district. He explained he had been appointed by the HOA and the SSD as the liaison to the fire district. Les explained he was trying to get a fire station and the land may be granted by some local property owners. Phil Leslie is going to assist Les Smith in seeking community block grant funds to build the station. The HOA and the SSD support Les Smith in his efforts to be appointed to the fire district board.

Russ Gallian conducted the election of the three vacant board positions. The three positions that expired this year were, Davis Starrett, David Temple and Jim Smith.

David Starrett was elected for a three year term. There were five nominations for the two vacant one year term positions. They were Susan Casupang, Margie Navratil, David Love, Jim Smith, Flo Ternes. After a close election, Margie Navratil and Flo Ternes were elected. **CONGRADULATIONS!**

David Love a local cabin owner gave a presentation regarding the bark beetle and the need to have the trees sprayed to kill the beetles. David handed out a flyer for Allpines Pest Control (435) 586-5103.

Alan Davis, the water master for the SSD, gave a presentation on his efforts regarding snow plowing and the maintenance of the roads. He reminded everybody present that all vehicles, including ATV's must adhere to the posted 10 MPH speed limit. Also he reminded people that parking on the roads is not permitted and it would be appreciated if owners and guests would adhere to this requirement. Lastly, he reminded everybody that for sale signs are not permitted on property within the subdivisions.

Russ Gallian asked if there were any more questions. There were none so the meeting was closed and lunch was provided by the Aspen Cove Lodge at no cost to the association. **THANKS FLO!**

**MINUTES OF A SPECIAL MEETING  
OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held pursuant to Notice, at the home of Alan Davis, 383 Darleni Way, Panguitch Lake, UT 84757, on Saturday, the 28<sup>th</sup> day of August, 2004, starting at the hour of approximately 10:00 a.m., MDT. Board Member David Starrett was at the anchor location. Other Board members attended at the office of the District's counsel, Russell J. Gallian, 59 S. 100 E., St. George, UT 84770. The Board members present at the office of the District's counsel were: Board Chairman, Randy Cagle, Gay Copsey, and Jim Smith. Also present was Marge Navratil and attorney Russell J. Gallian. Also present at the anchor location was the District's water master, Alan Davis. Absent was Board Member David Temple.

The following matters were discussed, based upon the Agenda:

1) Establish procedures for conducting electronic meeting. At the request of the Board, the meeting was conducted by the District's counsel, Russell J. Gallian, who set forth the procedures for conducting the meeting by telephone conference.

2) Discussion of status of construction contract to tie water systems together, and any action to be taken thereon. The District's engineer, Phylip Leslie reported upon review of pipe prices and indicated that although prices had gone down for a time, they had since gone back up and that it appeared in the best interests of the District to award the contract to Johnny Orton Excavation, the low bidder. It was further discussed that inasmuch as the Beaver Dam Special Service District is a municipal entity, that there should be no sales tax payable. Accordingly, any savings to be had from saving on sales tax would be pursued. David Starrett agreed to make contact with the State about

obtaining a tax exemption number that could be used in connection with the process (if one is required). If one is not required, Russell J. Gallian has agreed to write an opinion of counsel to be given to suppliers that no tax is payable.

David Starrett expressed concerns about the District's ability to meet its obligations under this bid. Discussion was had on that point, and it was decided that absent a major catastrophe that there should be adequate funding. Accordingly, a motion was made by Randy Cagle and seconded by Jim Smith to authorize the notice to proceed with the instruction to Phylip Leslie that he should hold the contract until the bond closing occurs to make sure that the funding is in place. All Trustees present voted in favor of the motion.

3) Consider adoption of a Resolution Authorizing the Issuance and Confirming the Sale of \$550,000 Water Revenue Bonds, Series 2004 of Beaver Dam Village Special Service District, Garfield County, Utah (the "Issuer"), for the Purpose of Financing All or a Portion of the Cost of Constructing Water System and Related Improvements; Prescribing the Form of Bonds, the Terms and Conditions of Issuance, and Retirement and the Security Therefor; Providing for the Collection, Handling and Disposition of the Revenues to be Derived from the Issuer's Water System; Authorizing the Taking of All Other Actions Necessary to the Consummation of the Transactions Contemplated by this Bond Resolution; and Related Matters.

The District's counsel, Russell J. Gallian, explained that he had received from Bond Counsel, the Resolution, to be denominated as "Resolution No. 3." A description of the bonding process ensued. A discussion was then had about the formalities of getting the Bonds issued. Russell J. Gallian pointed out that Randy Cagle and the District's Clerk would need to sign all appropriate documents. A discussion was had that there would be an attempt to do this by Federal Express as opposed to incurring the expense of going to Salt Lake City. It was estimated that the closing could occur later the following week or the week after that, at the latest, based upon current estimates.

Russell J. Gallian indicated that there were a number of contingencies to closing, which were requirements of the Safe Drinking Water Committee, that would have to be met prior to closing, and he would be working on those things leading to closing, but that closing was not guaranteed, but highly likely. There was then a discussion had, motion made by Randy Cagle, seconded by Gay Copsey, and unanimously adopted by roll call vote of all present, wherein Resolution No. 3 was passed unanimously. Thereafter, the Board members, Board Chairman and new District Clerk, Margaret Navratil, executed the documents which will be transmitted to the Bond Attorney.

4) Consider approval of Agreement with Beaver Dam Master Association to transfer water system assets and related documents of conveyance. The District's counsel, Russell J. Gallian, explained that he had prepared an Agreement with the Beaver Dam Village Master Association to convey its water system assets and water rights of the Association. The Agreement, a copy of which is attached to the Minutes, was discussed and approved with one drafting error corrected as shown on the document. On motion made by Gay Copsey and seconded by Jim Smith, the Chairman was authorized to execute the Agreement. It was also noted that this had been agreed to by the Beaver Dam Village Master Association in which Gay Copsey is President. Gay Copsey executed the Agreement on the Association's behalf.

There was also a discussion of the water conveyancing. Russell J. Gallian indicated that he had obtained information from the Richfield office of the Division of Water Rights for the State of Utah that there were a number of Proofs that had not been completed due to reasons that were not entirely understood. Jay Adams, Engineer, had apparently submitted Proofs and there were some deficiencies or problems reported by

the Division of Water Rights that needed to be corrected. Based on motion made by Randy Cagle, seconded by Jim Smith, the District's counsel, Russell J. Gallian, was authorized to take steps as may be necessary to complete the conveyance and to retain Rick Hafen, Esq., a water lawyer, to assist in the process of Proofs, if needed. Also, the District's engineer, Phylip Leslie, was also asked to obtain the Proof package that was currently on file with the Division of Water Rights, determine any deficiencies, and take such steps as may be necessary to file the Proofs. The District's counsel, Russell J. Gallian, indicated that the Division of Water Rights representative, Carvel Weyland, indicated that he had noted the Proofs were very late, but that they would probably be accepted. The water rights themselves were not in jeopardy. In jeopardy was the Change Application itself for failure of timely proof. Accordingly, the Board agreed that this needed to be taken care of, and the motion was unanimously adopted. There was also a discussion of the fact that Mr. Gallian has found, in connection with searching the water rights, that some of the water rights were actually owned in the form of shares in the West Panguitch Irrigation Company. Jim Smith indicated that he had certain files on those, and he was able to locate a Share Certificate for three (3) shares. It was later determined that there were a total of six (6) shares owned by the Company, and Russell J. Gallian was authorized to see to the conveyance of those ahead to the District.

Deeds for the water system, including Quitclaim Deeds to the water rights, were also executed conveying the water systems and water rights to the Association. Russell J. Gallian indicated that he would see to the filing of the necessary transfer documents required by applicable Utah water law.

5) Comments from the Public. Questions were asked by Marge Navratil about whether or not water meters would be used. It was indicated that meters would not be used in the system, which spawned a discussion of handling leaks. A question was also asked regarding additions to the systems of new subdivisions and the possibility of adding treatment systems for sewer. It was pointed that the Service District was authorized to handle sewer.

There was discussion about a new subdivision associated with the Aspen Cove Owners that may have a small treatment plant. It was also discussed that follow-up was needed on new additions to Beaver Dam subdivisions being executed by Developer Fred Witte. Russell J. Gallian was asked to send a letter to Mr. Witte asking him to cooperate in seeing to the proper building of the system, agreement for warranties, engineer review, providing for adequate fire flow, and the like. Mr. Gallian indicated he would write that letter to Mr. Witte. He also disclosed that his firm had done some work for Mr. Witte in the past, and the conflict was waived. The Engineer, Phylip Leslie, was asked to follow up with Mr. Witte, as well as the Aspen Cove lot developers to ensure that the water systems are built properly with proper water rights, etc.

6) Appointment of District Clerk/Secretary. Mr. Gallian indicated that he had been acting as the District's Clerk pro tem but that it would be much more economical once the complicated bonding process is passed to obtain a District Clerk. It was also indicated that it would be desirable to have a separate District Clerk sign the bond documentation inasmuch as Russell J. Gallian was required to issue an attorney's opinion. Based upon an earlier discussion regarding appointing Marge Navratil to this position, and based upon her agreement to accept the position, Marge Navratil was

appointed as the District's Clerk/Secretary by motion by Gay Copsey, seconded by Jim Smith, and unanimously adopted.

7) Request an Executive Session.

a. Discuss potential litigation matters.

The District did not go into executive session. However, there was a brief discussion of the lawsuit regarding the freeze-up problem in the "A" system. Previously counsel had intended to bring the lawsuit against the certifying engineer, Scott Neal, and the decision was made to not bring the action against him seeking his cooperation in providing truthful testimony as to what he knew about this situation. Mr. Gallian indicated that those changes would be made and the Complaint would be filed shortly after contacting Scott Neal about his testimony.

8) Any action necessary from Executive Session. See explanation just above.

9) Adjournment. Based upon motion made by Dave Starrett, and seconded by Jim Smith, there being no further business to be had at the meeting, and based upon unanimous consent, the meeting was adjourned.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

BEAVER DAM VILLAGE  
SPECIAL SERVICE DISTRICT

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Margaret (Marge) Navratil  
District Clerk

**MINTUTES OF SPECIAL MEETING  
OF THE BOARD OF TRUSTEES OF  
BEAVER DAM VILLAGE SPECIAL SERVICE DISTRICT**

A special meeting of the Beaver Dam Village Special Service District was held pursuant to Notice at the home of Margie Navratil, 569 Ipson Creek Drive., Panguitch Lake, UT 84759, on Saturday, the 20th day of November, 2004, starting at 10:00 a.m. (MST). Present at the meeting were Board members:

Randy Cagle

Gay Copsey

David Starret

Jim Smith (by phone)

Also, present at the meeting was Margie Navratil, District Clerk. Four members of the public were present, Phylip Leslie, David Love, Zane Hadfield, and Sloan Bailey. Absent was David Temple.

The following items were considered pursuant to the agenda:

1. **Establish procedures for conducting electronic meeting.** The procedures for conducting the meeting were stated and established.
2. **Approval of prior Minutes.** Waived pending posting.
3. **Approve Jim Smith to replace Don Kroll on Board.** Item listed by mistake and moved to Beaver Dam Village HOA.
4. **Report on Water System.**
  - a. Phylip Leslie, the District's engineer, reported that the contractors would start laying pipe on November 22, 2004. They have already installed the valve in the pump house and will continue with construction while weather permits.
  - b. Easements are signed and recorded.
  - c. Phylip Leslie, the District's engineer, and Russell Gallian, the District's attorney are working out the water-rights issues.

d. Gay Copsey will research Unit A's lawsuit status with Russell Gallian and report at next meeting.

5. **Snowplowing Contract renewal.** Alan Davis requested an increase in the contract to \$25,000/year. Margie Navratil reported, on behalf of Alan Davis, that the snowplowing expenses had increased due to:

- a. Additional roads to plow
- b. Maintenance on plowing vehicles
- c. Fuel cost

Dave Starret reported that equipment may be available from Garfield County to offset the cost of plow maintenance. He also noted that it may be possible to declare an insurance emergency to the Garfield County Commissioner for help from the county. He has sent a letter to the county requesting an accounting of what services we can expect from the increases to our property taxes. Randy Cagle suggested that the Board weigh the scope of snow plowing services against the amount available in the budget to determine if an increase is feasible.

6. **Plan Budget Meeting.** A preliminary budget was proposed by Dave Starret. Randy Cagle moved to accept the preliminary budget. Gay Copsey seconded the motion. All members agreed. The meeting to finalize the budget was scheduled for December 11, 2004, 12:00 p.m. (PST) at Gay Copsey's office:

6125 W. Sahara, Suite 1A  
Las Vegas, NV 89146  
(702) 384-0410

**7. Adjournment.** Based upon a motion made by Randy Cagle and seconded by Gay Copsey, there being no further business to be had at the meeting, and based upon unanimous consent, the meeting was adjourned at 11:30 a.m. (MST).

*MINUTES OF THE ELECTRONIC ORGANIZATIONAL MEETING OF THE  
BEAVER DAM SPECIAL SERVICE DISTRICT*

*December 6, 2003*

The meeting was called to order by Chairman Gay Copsey on December 6, 2003 at 11:06 a.m.. Present were as follows:

Gay Copsey, Chairman  
Dave Temple, President  
David Starrett, Treasurer  
Dave Navratil  
Randy Cagle  
Don Kroll  
Robert Burnham  
Jim Smith  
Philip Leslie, Engineer  
Via telephone from the anchor location Alan Davis, Water Master (anchor location at 383 Darleni Way, Panguitch Lake, Utah 84757)  
Russell J. Gallian, Attorney at Law

Miriam Gonzalez was present as a recording secretary.

After an introduction was made by Gay Copsey, presiding over the meeting was Russ Gallian, the Association's attorney, who first established the procedures for conducting the electronic meeting, and confirmed that Alan Davis, Water Master, had posted notices of this public meeting at the Post Office bulletin board, at the Garfield County Court House, and at the anchor location as specified above. The notice was also posted in the local newspaper.

Following was an introduction of all the members present, after which the meeting began according to the agenda prepared beforehand.

Mr. Gallian provided members with copies of the original notes of intention of the county. In spite of several telephone calls made, Mr. Gallian had not yet been able to obtain the final resolution from the county, although their attorney had confirmed that they had signed the resolution. The document provided to members sets forth what needs to be done. Per the documents, there was a public hearing held in early November, and the description of the project sets the boundaries. 199.1 acres parcel, which were drawn by the engineers to encompass the boundaries of Beaver Dam A, B, C, D, and Beaver Dam States, and also to include the lodge which is next to the project, are the boundaries.

Mr. Gallian explained that a Special Service District is a municipal entity, but it is limited to what its purposes are. In our situation the purposes of the Special Service District are primarily to provide culinary water service, snow removal, and sewer

service, through the acquisition and/or construction of water and sewer facilities.

Concurrently working with this project, there was a meeting in July in which Mr. Gallian's partner was present, and where it was decided to put together all of the Associations into a Master Association. Also conveyed to the Master Association were the water rights and the water systems. On agenda today there will be a discussion referring to the transfer of all the systems into the Special Service District. In pursuing the idea of upgrading the system and tying all the systems together for the purposes of fire flow and redundancy, strongly encouraged by Mike Joergenson, the contact person at the state, that they are well aware of the fact that the association has a substandard system and would like to see it brought to current code. The only way that can be done without spending any excessive amounts of money is to tie all systems together, which also provides the advantage of having multiple wells backing each other up. This was followed by an explanation from the engineer, Mr. Leslie, as to what is the best way to achieve the proposed plan, and what the expected costs to be incurred would be for the completion of the project.

Next on the agenda there was a discussion of the organizational steps taken and the requirements for operation of the District, and swearing in of the Board of Trustees. Per Mr. Gallian there was some setbacks when approaching the county to request the formation of the Special Service Water District, since the members are very conservative and were against such unless the board could show a very strong support to the district by the homeowners who were affected by it. The Associations sent out a petition for merging which was signed by approximately 86% of the owners, and which was then presented to the county commissioner. The documents of notice of intention were prepared, which explain what the purpose of the Special District is, and which is literally the incorporation of a new municipal entity for the State of Utah under the name Beaver Dam Special Service District. Such entity has the right to pass laws, and will be shortly passing an ordinance establishing its fees. Additionally, standards will be set by the District, such as if anyone else develops within that area, the Special Service District will make sure that the development is done according to reasonable standards for the items the District is concerned about, such as the water system.

After this discussion, attorney Gallian proceeded to swear in the members of the Special Service District by asking that each member raise their right hand and repeat this oath after him: "I hereby swear or affirm that I accept a position as a member of the Board of Trustees in the Beaver Dam Special Service District, and that I agree to operate the system in the terms of Utah law and in the terms of Utah Constitution. I so swear". All members proceeded to say yes accepting the above. After this oath, all members were advised that they have been duly elected members to the Board of Trustees.

*Electronic Organizational Meeting of the Beaver Dam Special Service District*

The next item on the agenda was the approval of Agreement with the Beaver Dam Homeowners Association to assume ownership and operation of the water rights and water systems. Documentation was provided to all members by Mr. Gallian.

The Agreement was reviewed with board members indicating the recitals of such. The Association agreed to convey to the Service District all of its water-related assets, including but not limited to water rights, water takes, wells, and associated real state in protection zones, as well as the easements in protection of where the water lines and utilities run. Also water pipes and distribution systems and their easements, and other miscellaneous equipment utilizing the main operating system. Also protected is the personal property nominated and conveyed in the bill of sale in its current condition as is without warrantee. The water rights will be conveyed by quitclaim deed and there are also some additional conveyances documents that the state now requires in order to move the water rights on their records. Also all the easements of real state including well sites and pump house sites will probably be deeded. On paragraph five, there is a discussion about refunding of the loans and taking care of expenses incurred, with an approximate \$30,000.00 left to be paid out of the "A" Associations assessment for the major improvement that they did payable to Zion's First National Bank. There are a number of homeowners who have not fully paid their assessments, including a few that can not be found. Gay has asked that such note be refinanced and the possibility of this is being researched at this time. As explained by Mr. Gallian, typically, any municipal body in the state of Utah can not have a debt other than that which will be paid in the current budget cycle, unless it is privately funded. This is a contingency which will be dealt with when the time comes, and if no other way, it will be paid out of the homeowners budget. Gay Copsey commented that his understanding was that the assessment made to the homeowners in "A" completely covers that obligation. If legal action must be taken in order to collect from some of the cabin owners this may be an option to ensure payment.

Per Mr. Gallian, start-up expenses and legal costs have been incurred associated with pulling the whole thing together. Discussions with the bond attorney have indicated that although such expenses were incurred prior to the formation, they may be paid provided that they are related to the purposes of the bond. Other expenses incurred may also be argued to belong to the formation of the District. One of the questions raised by Mr. Gallian was the actual date in which the Association would take over. Gay's opinion was that since they already had the engineer plans and cost specifications, they would be prepared to take over in January or February, with the expectations that the job would be completed by the spring of 2004. Gay suggested that the time to take over would be either December 31, 2003 or January 1, 2004. Everyone agreed that this should take place on January 1, 2004. Another one of the issues contemplated in the original deal was that the Homeowners Association had some working capital to turn over to the SSD. Per Gay, dues have

*Electronic Organizational Meeting of the Beaver Dam Special Service District*

not yet been collected under the new Association, which will become effective on January 1, 2004. One of the responsibilities of the Homeowners will be to come up with the assessment of the dues for 2004. There is some outstanding payments due, with an approximate \$4,500.00 out in accounts. If everything is collected as expected there should be approximately \$15,000.00 to turn over to the SSD. Per Mr. Gallian, item 7 talks about the operating capital which is being contemplated to be turned over in various chunks as it is received from the Homeowners Associations, plus any reserves which are allocable to the water system out of the approximate \$15,000.00 which the board now has. The board members unanimously concurred on this item.

Next was the appointment of the Operational Officers/Professionals of the Homeowners Association as follows:

Randy Cagle:	District Manager
Gay Copsey:	Clerk
David Starrett:	Treasurer/Accountant/Billing Specialist
Russ Gallian:	Attorney
Philip Leslie:	Engineer
Alan Davis:	Water Master (upon obtaining training and certifications required)

Discussions were made about the establishing bidding procedures and award of bids for construction of needed additions to the water system, as well as approval of request for funding for water system capital improvements and consideration of budget procedures for fiscal year beginning January 1, 2004. It was established that a budget must be set-up showing income and expenses, and for the budget to include a reserve which can be accumulated as it is possible.

Attorney Gallian stated that the association must meet monthly, and eventually quarterly. The Board agreed on monthly and special meetings with a twenty-four hour published notice, to be held at Alan Davis' home's workshop, at 383 Darleni Way, Panguitch Lake, Utah 84757. The schedule will be set for the second Saturday of every month at 2:00 p.m. (MST), beginning with Saturday January 10, 2004, unless further notice is provided for a different date.

Since there was no additional business to be discussed, attorney Russ Gallian motioned for meeting to adjourn. Seconded by Gay Copsey. The Organizational Meeting of the Beaver Dam Special Service District adjourned at 12:45 p.m.

Accepted by: \_\_\_\_\_