

VIRGIN VALLEY WATER DISTRICT SPECIAL BOARD MEETING
VIRGIN VALLEY WATER DISTRICT OFFICE
MARCH 11, 2009

Minutes of a Special Board Meeting of the Virgin Valley Water District Board held on March 11, 2009, at the Virgin Valley Water District Office at 2:00 p.m. Attending were President John Paul, and Board Members Ted Miller and Robert “Bubba” Smith. Vice-President Kenyon Leavitt arrived at 3:35 p.m. Secretary-Treasurer Cecil Leavitt was not present. Also present were Michael Winters General Manager, Michael “Boomer” Johnson District Hydrologist and Mary Johnson taking minutes and other interested parties of agenda items.

President John Paul called the meeting to order at 3:02 p.m. Bubba Smith offered a prayer and Ted Miller led the pledge.

(NOTE): The minutes of this meeting have been recorded and will remain on file in the District office for a one-year period for public examination.

AGENDA:

1. Discussion & Action - Approve Agenda

Bubba Smith made a motion to approve the agenda as posted. Ted Miller seconded the motion and it was unanimously carried. 3-0

2. Discussion & Possible Action – Approve Minutes from March 3, 2009 Regular Meeting

Ted Miller made a motion to approve the minutes as written. Bubba Smith seconded the motion and it was unanimously carried. 3-0

3. Discussion – No Action – Presentation by Westland Construction, Desert Mesa Construction and Legacy Construction Regarding the Proposals for the CMAR of a New Administration & Operations Facility

Eric Roberts with SH Architecture introduced Stan Houghton with Westland Construction and turned the presentation over to him. Stan Houghton began with introductions and background information. Stan stated that they had an office in St. George and their corporate office was in Orem, Utah and that they were licensed in several states. Stan informed the board of their bonding capacity; that they carry full general liability insurance and workers comp; that they pride themselves on their good working relationships with their subcontractors; that they have a lot of repeat business; and that they offer a “no mark-up” change order policy. Stan further stated that they have been involved with quite a few “design/build” projects and mentioned projects they have completed. Stan also mentioned that with the economy and pricing, this would be a good time to build. Bubba questioned if they had a pre-qualification for subcontractors and Stan explained how the process worked. Ron Larsen with MESA Consulting Group out of St. George, Utah included background information of their company and working

relationship with Westland Construction. Bill McMurrin also with MESA Consulting Group went over the three different sites included within their proposals. Bill explained that they had designed one building according to the specifications from SH Architecture with different variations. He showed the floor plan of the building and the outside look of the building. Todd Houghton with Westland Construction went into more detail and information on each site. Todd stated that the Bunkerville site would require a lot of excavation. Todd stated that Proposal B was the District's current site and they had proposed two different scenarios. First option is tearing down this building and purchasing the property next to us; and the second option was remodeling this building and scaling down on a new building, but also still purchasing the property next to us. Option one is the only option they included a monetary amount. Todd's third proposal was a new building in the Mesquite Commerce and Tech Center having the most surface area, approximately 7.5 acres. Todd stated that all options included the cost of the land and that they were comfortable with the costs submitted and that they felt the Bunkerville site was the best economically.

Brad Harold with Desert Mesa Construction was the next presentation. Brad stated that they only had one proposal for an already constructed steel structure building located at 175 Willis Carrier Canyon. Brad informed the board that they were prepared to work terms for the property in that the District could put 1.5 to 1.6 million down and pay off the remainder in 13 months. Brad gave a description of the property and building stating that this did exceed the space in the specifications being a 40,000 square foot building and that he felt the District could be operational with this site within 4 to 6 months. Brad answered questions from the board regarding terms and scaling down the square footage. Eric had questions regarding the interior finishing and the price quoted and Brad stated that he quoted middle grade everything. Eric also questioned change orders, working with the board, and the building meeting 15% energy efficiency, which Brad answered.

Crescent Hardy with Legacy Construction began the last presentation with introductions of his team present today and why the board should choose Legacy Construction for this project. Crescent gave background information of his company stating that they were local and 99% of his employees were also local residents; that they were familiar with the City, County and State processes; they had flexible sites; and that now was a good time with the lowest pricing he's seen in years and that this would be a stimulus to the community and his reasons why to do it now. Dean Kilmer would be the project manager for Legacy Construction and informed the board of his background information. Dean further stated that he felt that the prices quoted could even go down further. Travis Anderson with Bulloch Brothers Engineering (BBE) stated the strengths of BBE and reasons why the board should go with their plan submitted. Kim Campbell with Campbell & Associates Architects gave a little bit of information about his firm and office buildings they have been involved in. Kim went into the building details, scheduling and building process and references. Eric Roberts asked questions of the interior finishing and scheduling. The private site selected was located on John Deere Drive with approximately 7 acres of land, but that they could choose another site if the board so desired.

4. Discussion & Possible Action – Consideration to Establish the Parameters to lease Irrigation Shares Held by the Virgin Valley Water District

Mike had proposed a lottery type auction in his memorandum to the board in that the board would set a price that they wanted to lease the water shares for and everyone who wanted to lease shares would register with the office prior to the auction date and then their names would be put into a “hat” and names would be drawn. Whomever’s name was drawn would state how many shares they wanted to lease and if there were shares left, names would continue to be drawn until all shares were leased. Kenyon stated that he liked Bob Coache’s idea from the last meeting in that they would be auctioned to the highest bidder and that bidder would state how many shares they wanted to lease and if all shares were not leased you would start over at the beginning bid of \$300 and then the next shares would go to the highest bidder. There was discussion as to how Moapa Valley Water District leases their shares. John Paul opened the item to the public. Robert Bunker stated that he would like to see the terms of the lease, and it was stated that this is what this item was to accomplish by setting the parameters. Robert Bunker asked about sub-leasing. It was discussed and that if shares were to be sub-leased, that they would have to come back to the board for written approval. The point of diversion was discussed and Boomer explained that as Bob Coache had stated, the lessee could obtain a one year temporary permit. Anything longer than one year would have to have a permanent permit and this was a long process. Bubba stated that if there were sub-leasing, that it could not be “for profit”. John Paul questioned if sub-leased if water had to be metered and Boomer stated that this would not be the District’s responsibility. The cost to file a change of point of diversion costs \$100 and that \$2 an acre-foot goes to the Division of Water Resources and the lessee should be responsible for these charges. A temporary change has to be filed by Mesquite Irrigation Company since they are the owner of record, but the District can file as an “agent”. Boomer further stated that one share equals watering one acre parcel and the policing of the ditches is done by the ditch master of the irrigation companies. Bubba questioned a severability clause and first right of refusal. This was discussed and determined that with only one year leasing that they felt there wouldn’t be a problem. It was discussed and stated that the auction would start at \$300 per share; sub-leasing would be allowed only with written permission from the board and could not be for profit; the water would not leave the valley; and that there would not be any first right of refusal. Kenyon Leavitt suggested that the board look at the parameters yearly in the motion. Boomer questioned the time frame of when the District acquires more water and bringing to the board to lease and whether we should try to line the leases up all together. Kenyon suggested that we could have 30 days or when the paperwork has been completed after the sale and the District receives the certificate.

Bubba Smith made a motion to approve parameters to lease irrigation shares as follows: The District would allow sub-leasing only after it comes back to the board for approval and it could not be for profit; leases would be for a one-year period; and the water could not leave the Virgin Valley.

Kenyon questioned reviewing the parameters yearly.

Bubba Smith amended his motion to include reviewing the parameters yearly

Minutes of a Special Board Meeting

March 11, 2009

Page 4

beginning in March 2010. Kenyon Leavitt seconded the motion and the motion passed unanimously. 4-0

5. Discussion & Possible Action – Consideration to Establish a Method in Which the District will Lease Irrigation Shares and Create and Approve an Advertisement to Set the Time, Place and Criteria to Lease Said Shares Held by the Virgin Valley Water District

The advertisement that had been included in the last meeting was again in the packets with the changes made at the last meeting. The parameters set forth in the previous item should also be included in the advertisement. It was questioned who would run the auction and suggested that the chairman of the board do so.

Kenyon Leavitt made a motion to use the outline in the packet and add all the parameters for notice of auction. Bubba Smith seconded the motion.

Morris Workman questioned the advertisement and where the water has been going since being purchased and he was given a copy of the advertisement and told that the water has just been going down the Virgin River.

John Paul called for a vote.

The motion passed unanimously. 4-0

6. Public Comment –

Morris Workman questioned if the grand jury investigation was still going on since a Metro officer was present and was informed by the board that they had no idea and that he should ask the officer.

7. Adjournment

President John Paul adjourned the meeting at 5:10 p.m.