

**BOARD OF THE LOCAL IMPROVEMENT DISTRICT NO. 1101
MINUTES OF THE PUBLIC HEARING
TUESDAY, JULY 30, 2013
6:00 P.M.**

The Board of the Local Improvement District (Board) met this date in the Ada County Public Hearing Room of the Ada County Courthouse Complex, to act on the following items. Staff members present: Dave Logan, Operations; Angela Gillman, Development Services; Vicky McIntyre, Treasurer's Office; and Ted Argyle, Prosecuting Attorney's Office. Minutes Recorder: Judy Morris.

I. IN THE MATTER OF CALL TO ORDER:

Commissioner David L. Case called the meeting of the Board of the Local Improvement District No. 1101 for the Sage Acres Water Project to order at 6:01 p.m.

II. IN THE MATTER OF ROLL CALL:

Commissioners David L. Case and Rick Yzaguirre were present.

III. CHANGES TO THE AGENDA:

There were no changes to the agenda.

IV. NEW BUSINESS:

Public Hearing

1. Presentment, Discussion and Approval of the Assessment Roll

D. Case opened the public hearing.

D. Logan advised that Local Improvement District No. 1101 (LID) was formed by Ordinance No. 780 and adopted on May 10, 2011. As background information, he read the letter from the Homeowners Association which was submitted to the County with the petition for the formation of the LID. He explained that the purpose of this meeting was to present the Assessment Roll for the LID and to listen to any objections to the correctness of the assessment and the amounts levied on the individual parcels. He stated that Eagle Water Company has met the terms of its contract. All 53 of the original parcels have an available water connection and are serviced by a fully functioning fire hydrant system. The water system has been approved by D.E.Q. and has passed individual product tests.

A. Gillman stated her name and address for the record. She presented the Assessment Roll in the form of a Technical Memorandum dated July 17, 2013, entered into the record as Exhibit No. 1. She explained that the purpose of the LID was to provide a municipal water supply to the homes within the Sage Acres development included in the LID. She reviewed the construction and costs associated with providing the water supply by Eagle Water Company. She said that as the property owners elect to hook up to the system, they will have domestic and irrigation flows available. All properties in the LID now have a fire protection water supply. She presented two maps identifying the LID boundaries and overall piping plan, entered into the record as Exhibit Nos. 2 and 3, respectively. She said the preliminary costs were provided by Ada County Staff on July 22, 2013, and are identified in Table 1 of the Assessment Roll. She stated that each lot benefitted equally from the water system and, as such, the expense would be split equally among all parcels. The preliminary assessment is \$12,355.78 for each of the 53 lots.

V. McIntyre stated her name and business address for the record. She reviewed the total expenses accumulated for the LID and entered the document entitled "LID Expenses" into the record as Exhibit No. 4. She explained that the total sum of \$648,619.66 does not include the interest charged for interim financing. She discussed Exhibit No. 5, a statement showing the anticipated interest on the interim financing in the amount of \$6,407.82. She then reviewed the Sage Acres Balance Sheet for the period ending August 30, 2013.

Eric Heringer of Piper Jaffray stated his name and business address for the record. He discussed the Cost Estimate Comparison: Prepay vs. Finance, Exhibit No. 7. He stated that 20-year interest rates have increased over the past few months as illustrated in Exhibit No. 8, a Chart of Historical Interest Rates for Municipal Bonds. Exhibit No. 8 also included credit spreads for different rated bonds for reference. He explained that the property owners have an opportunity to prepay their portion of the Assessment Roll within 30 days of its approval. For those that do not prepay, it is presumed they will finance, and it's been decided that the financing will occur over a 20-year period. He said the interest rate for a 20-year loan is currently projected at 6.25%. He advised that there will be an increased cost to the property owners who finance, including, but not limited to, additional legal and financial advisor fees, interim finance charges, interest and the funding of a reserve. The reserve fund is typically one year's payment on the bonds or up to 10% of the par amount, which is estimated at \$65,506. Total financing over 20 years, based on all 53 parcels financed, would equal \$1,311,970, or \$23,518.19 per parcel.

D. Logan re-approached the podium and entered the following exhibits into the record: Exhibit No. 9, Letter of Objection of Michelle Fellows and Drew Swanson, dated July 22, 2013; Exhibit No. 10, Affidavit of Objection of Kim Blough, dated July 30, 2013; Exhibit No. 11, Objection (Notebook) of Don Thomas, Mary Thomas, Brian Nelson, Jerry Snodgrass, Linda Snodgrass, Louise Luster, Jeanette Hoffman, Wanda Thornton, Al Thornton, Lisa Berry, Kim Blough, Roxanne Metz, Lance Hale, Monique Hale, Blaire Hagerman, and Darrin Hendricks, dated July 30, 2013; and Exhibit No. 12, email correspondence from Mark Heilman in favor of the proposed Assessment Roll, dated July 30, 2013.

D. Case stated that the Board would now take public testimony and advised that each person would have three minutes to speak.

Don Thomas stated his name and address for the record and presented testimony opposing the Assessment Roll. He stated that he believed the Homeowners Association Board of Directors did not have the authorization to hire Stephaney Bonney to represent the homeowners with regard to the LID. He said that 31 of the property owners have signed a petition to dissolve the Homeowners Association as a result of the LID process. He suggested the County pay for the water system and dissolve the LID.

Jerry Snodgrass stated his name and address for the record and presented testimony opposing the Assessment Roll and inclusion in the LID. He stated his well is in good working order and he is not interested in hooking into a system he believes is inferior to what he currently has. He said he is 75 years old and cannot afford the debt of the LID.

Lynda Snodgrass state her name and address for the record and presented testimony opposing the Assessment Roll and inclusion in the LID. She requested the facts and evidence, in the course of preparing the Assessment Roll, be reviewed and reiterated the testimony of J. Snodgrass. She stated that when Intermountain Gas installed lines in the development, the homeowners only paid hookup fees when they elected to do so, but did not pay for the actual lines.

Mary Thomas stated her name and address for the record and presented testimony opposing the Assessment Roll. She stated her husband purchased their lot in 1974 and built their home in 1982. She explained they purchased a second lot behind them on Prairie Road in 2002 to be used as a mini farm. Shortly after purchasing the second property, the homeowners were asked to contribute money for a water study conducted by SPF Water for \$8,200. She said they were never advised of the results of the study. Over time, she stated, a couple neighbors raised the issue of Uranium in the water. She said they had their own water test done that confirmed there were no containments or Uranium in their water. She advised that she and her husband were retired, have maintained their wells throughout the years, and their wells are in great operating condition with no reason for them to hook-up. They will be charged for two lots or \$42,136 over 20 years. She requested the LID be dissolved.

Monique Hale stated her name and address for the record. She stated that, although she was not opposed to individuals trying to get water to their properties, she was opposed to the process of the establishment of the LID. She said she is concerned for the

property owners that cannot afford to pay the assessment. She expressed her concern for being required to hook-up to the water system in the future.

Lance Hale stated his name and address for the record and presented testimony in opposition of the Assessment Roll. He advised that he maintains his well and believes the LID is an expense he doesn't need or want. He said he believes the County is asking the residents to fund a water system for Eagle Water Company.

Wanda Thornton stated her name and address for the record and presented testimony in opposition of the Assessment Roll. She explained that she has lived on and owned the property approximately 40 years and intended to remain there. She said the LID was passed, against hers and others wishes, and they are now being forced to fund \$12,355.78 of the project, if paid within 30 days of approval, or in excess of \$23,000 if financed. She said this is an amount she cannot afford and will create a financial hardship for her and her husband.

Jeanette Hoffman stated her name and address for the record and presented testimony in opposition of the Assessment Roll. She advised that she has objected to the LID from the beginning, because she cannot afford it. She said she is on a fixed income and has no other resources to pay the assessment. She explained that everyone moving into the development was aware they were on wells and septic systems and were responsible for the maintenance and expense thereof. She believes the property owners that had the issues and/or desired to connect to a water system should be solely responsible for the payment of the system.

Kim Blough stated his name and address for the record and presented testimony in opposition of the Assessment Roll. He reviewed a map of Sage Acres highlighting the individual properties that are included in the LID, and those that are excluded from the project. He advised the Board that a copy of the map is included with Exhibit No. 11. He said a total of 44 objections have been filed. He argued that Stephaney Bonney has a potential conflict acting as the bond attorney as she represented the 33 original petitioners and the Homeowners Association.

Lisa Berry stated her name and address for the record and presented testimony opposing the process followed to establish the LID and how the contract was implemented. She encouraged the Board to look at alternative options for the individuals that can not afford the assessment.

Jeff Conner stated his name and address for the record and presented testimony in favor of the LID. He explained that he believes the water system has added value to the property and provided needed fire protection. He said the expense for the water system is less than the amount would be to drill a new well.

Steve Cross stated his name and address for the record. He stated he purchased his residence during this process. He said he knew it was his responsibility to maintain the current well. He questioned the process and whether the Homeowners Association fairly represented the majority of the property owners or a select few.

Dan Schill stated his name and address for the record and presented testimony in favor of the Assessment Roll. He explained that he has supported the project from the beginning and has already hooked up to the water system. He said he is sensitive to the financial strain this may cause some of the property owners, but believes the LID will benefit them as well and the costs are properly split between all parcels. He stated he believes the majority of individuals in support of the Assessment Roll and LID did not attend the hearing as they had no conflict.

D. Thomas re-approached the podium and read a letter into the record on behalf of Brian Nelson, a neighbor unable to attend the meeting. B. Nelson opposed the LID and Assessment Roll. He advised that the letter from B. Nelson was included in the notebook submitted as Exhibit No. 11.

Steve Caron stated his name and address for the record. He said he is split on his decision regarding the LID as he provides service on the wells for the majority of the property owners. He said he is only aware of a couple wells that have had to re-drill due to water levels going dry.

M. Hale re-approached the podium to inquire if the Board received their copies of the notebook containing the objections, which was submitted as Exhibit No. 11. The Board responded they hadn't had an opportunity to look at the documents prior to the hearing.

V. McIntyre re-approached the podium to clarify for the public that the Board adopted Resolution No. 1865 on October 23, 2012, stating that hook-up to the water system was not mandatory.

D. Case closed the public hearing.

R. Yzaguirre stated that, based on the testimony received during the hearing, the item should be tabled to a later date in order to allow the Board time to review the exhibits entered into the record. D. Case agreed.

T. Argyle explained to the public that the Board would review the evidence that was submitted and make rulings on the individual protests during the meeting.

ACTION: R. YZAGUIRRE MOVED TO TABLE THE ASSESSMENT ROLL TO TUESDAY, AUGUST 13, 2013, AT 9:45 A.M. FOR FURTHER REVIEW AND ACTION. D. CASE SECONDED. R. YZAGUIRRE, AYE, AND D. CASE, AYE. THE MOTION CARRIED.

2. Discussion of Permanent Financing

[This was presented by E. Heringer during the public hearing portion of the meeting.]

V: IN THE MATTER OF RECESS:

There being no further business to come before the Board at this time, the meeting was recessed at 7:20 p.m.

David L. Case, Chairman

ATTEST:

Christopher D. Rich, Ada County Clerk