

**From:** Larry Headley, President, IMWC lawrence.headley@gmail.com  
**Subject:** IMWC Annual Meeting, Aug 29th > Action Requested . . .  
**Date:** August 19, 2015 at 9:02 PM  
**To:** msoper@teamsoper.com



**INTERLAKEN MUTUAL  
WATER COMPANY  
2015 ANNUAL  
SHAREHOLDERS MEETING  
  
10 AM, SATURDAY,  
AUGUST 29, 2015  
  
AMBank, Heber City**

**INTERLAKEN MUTUAL  
WATER COMPANY  
  
eNewsletter**

Wednesday, August 19, 2015

**\*\*\*\*\* IMMEDIATE ACTION REQUESTED: QUORUM REQUIRED \*\*\*\*\***

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**WHAT DOES THIS E-MAIL MEAN TO YOU:** The IMWC Board and new Interlaken Town Council both urge you to vote to dissolve the IMWC and transfer its assets and liability to Interlaken Town. The result will be a new municipal water company, saving our community a 10-year average of \$30,000 per year and, in turn, your annual assessment.

**WHAT ARE WE ASKING YOU TO DO:** Take a moment to read this e-mail. Additional information is posted on our community's website. Get questions answered by contacting IMWC Board or Town Council members. Then, most importantly, plan to attend the IMWC Annual Meeting. If, for any reason, you may not be able to attend, use the link to our form below to assign your PROXY and to vote using the electronic BALLOT.

**To go to the PROXY for Quorum and Ballot, [CLICK HERE](#)**

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Dear Michael & Sandra:

This Year's Annual Meeting may be the most important in the 45 year history of Interlaken Estates. Past IMWC have seen us elect Board members, receive Treasurer & Committee reports, and discuss issues affecting our community.

affecting our community.

Many of you have received two previous emails announcing our 10 am, August 29, 2015 Annual Shareholders Meeting. If you missed that background information, you can find those e-mails on our community's website at [www.interlakenstates.com](http://www.interlakenstates.com).

With the creation of Interlaken Town, this year's IMWC Annual Meeting is different. In order to create a new municipal water company, the IMWC Board and the new Town Council are both recommending you vote to dissolve the IMWC Corporation (Proposition A). There are many reasons to do so, highlighted later.

In the unlikely case the majority doesn't approve the dissolution of the corporation, both the Board and Council are also asking you to approve of an alternate proposition (Proposition B).

Proposition B calls for a transfer of all net IMWC road repair and maintenance funds to the Town. So the town can serve residents and maintain the roads, these funds must be transferred to the Town, regardless of shareholders' decision to dissolve IMWC and create a municipal water company as part of the Town.

Election of Directors. If Proposition A passes, there is no need to elect Directors. The current IMWC Board has volunteered to serve during the transition to a single governing entity. But if it fails, Directors will be elected to fill three open positions.

A quorum is critical. IMWC can't conduct business without a quorum of shareholders present—no votes, no decisions. A majority of IMWC's 184 shareholders needs to attend the meeting, either in person or by appointing their "PROXY." Your PROXY will vote your shares per your instructions. Proxies are also authorized to cast your vote as called for by other business as may come up or at an adjournment of the meeting to another date.

**To go to the PROXY for Quorum and Ballot, [CLICK HERE](#)**

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## **PUBLIC HEARING & INFORMATIONAL MEETING**

Public Hearing. As announced, on August 17 the Town Council held a Public Hearing to present the Town's Tentative 2015-2016 Fiscal Year Budget and to answer residents' questions.

The Utah State Office of the Auditor mandates the budget and the timeline for its approval. It solely addresses the Town's road maintenance and supporting administrative functions. Under the "tentative budget," IMWC remains responsible for our water system and its funding. After much discussion, the Town Council approved the budget ... but endorses the creation of a municipal water company.

Modes of raising revenue were discussed:

- A property tax cannot be levied for this fiscal year due to the tax year cycle.
- Funds would be raised through a Utility Transportation Fund (a recently identified option)—a flat rate fee for road maintenance and repairs; a share of the State's 1% Sales Tax; a share of B&C Road Funds; and a contribution from IMWC of funds earmarked for road maintenance.
- Under current assumptions and coupled with an IMWC assessment, each property owner would be assessed \$1,100 on January 1, 2016.
- If IMWC is dissolved and the water system transferred to the town, the assessment for both water system and road maintenance would be \$947. The transfer would save the community more than \$30,000 per year, on average, over the next 10 years.

Informational Meeting – what we learned. Jeremy Walker, Manager, Local Governments Division, Office of the Auditor, State of Utah, led a discussion of funding alternatives.

- Property Taxes: 100% of municipalities in Utah use property taxes to one degree or another.
- If we impose a property tax, we can get a share of County personal taxes, but that would be a small amount. If we don't impose one, we don't get any.
- Advantages: predictability and enforceability. This tax becomes a lien on the property upon being levied. If taxes are unpaid for more than five years, the property will be subject to a tax lien

sale.

- Utility Transportation Fund fee: this is used by Provo to fund road maintenance. It was adopted because of the number of property owners (churches, for instance) exempt from property taxes. It can be flat. A lien can be placed on property for non-payment, but the property is not subject to tax lien sales.
- Municipal Water System User Fee: While a property tax can fund our water system, more ordinarily a flat Municipal Water System User Fee is used. Payment can be enforced by shutting off service.

Eric Johnson, the attorney advising Interlaken Town, responded to questions about the dissolution of IMWC and the process for the transfer of IMWC's water system to the Town. In overview, he could see no benefit to retaining IMWC.

- **The transfer process:** the Town enters into a "water system asset transfer agreement." It will ask the shareholders to transfer all their shares to the Town. To receive water service from the Town, a homeowner will need to provide water (e.g., their water share) to the Town. If someone refuses to transfer water shares, then the Town will adopt an ordinance that it has no obligation to provide water service. That is, water service will be shut off.
- **Our water loan with Department of Drinking Water (DDW)** will be retired in a cashless transaction. DDW would just take the current promissory note (loan) from the water company and hand it to the Town and, in turn, the Town hands DDW a municipal bond that looks almost exactly the same as the loan. The interest rate and terms remain the same. There are documentation and public hearings. Drafting the asset transfer agreement is simple.

### **Benefits of the transfer:**

- Grants. A Town qualifies for grants for the water system that a non-profit mutual water company cannot receive;
- Immunities. A Town has certain governmental immunities, which reduce insurance costs;
- Efficiency. Management and administration of a Town is more

- **Efficiency.** management and administration of a town is more efficient;
- **Protected Water Rights.** A Town's water rights are better protected. It has 50 years to prove its use, while a Water Company, like IMWC, has only 7 years.
- **Uniform Fees.** A Town, under the Utah Constitution, must have uniform fees: it cannot discriminate between one residential user and another;
- **Significant Savings.** Interlaken Town would operate at an approximate average of \$30,000 per year savings over the next 10 years, compared to keeping the water system in IMWC.
- **Single Pool of Reserves.** Consolidation of IMWC with the Town avoids splitting the reserves between them, a split that would diminish their effectiveness to meet unexpected and long-term predictable expenses.

**Deadline for Completed Notice of Interest  
In Serving on the IMWC Board of Directors:  
Wednesday, August 26, noon  
To express interest, [CLICK HERE](#)**

If you are interested in serving on the IMWC Board, please submit your letter of interest not later than noon, Thursday, August 26. You may mail, hand-deliver, or email your letter to the IMWC Board. To be complete, your application must include a short biography, how your experience could benefit the community, and that you have the time available to consistently attend meetings and otherwise help with Board business.

Best Regards,



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Lawrence Headley  
President, IMWC Board of Directors

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**REMEMBER:** Without a  
QUORUM - that's more than half of  
shareholders - no business can be  
conducted. Take a moment right  
now, to complete the electronic  
PROXY and cast your BALLOT.  
Thank you.

This message was sent to [msoper@teamsoper.com](mailto:msoper@teamsoper.com) from:

Larry Headlev, President, IMWC | [lawrence.headlev@gmail.com](mailto:lawrence.headlev@gmail.com) | TeamSoper | TeamSoperP.O.

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