

## HISTORY OF SYLAMORE VALLEY WATER ASSOCIATION

Our system was formed in 2000 and the Public Facilities Board was formed and accepted by Izard County Quorum Court from its beginning. From the beginning we had trouble getting people to serve on the Board.

We were set up without any federal help or grants because we were told that we didn't have any poverty in our community, so therefore we had to go the full amount and they sold our debt to bond holders.

The original contract stated we only had about half of the customers or meters that we needed to comply. Therefore we had to get contracts from people even though they didn't want to connect to the water, they would sign a contract to pay for a meter for three years. Even with that, it wasn't enough so the developing group on South Riverview agreed to contract all their vacant lots that were for sale for five years.

The system was installed with the prediction that growth would be more than enough to overcome the contracts after three years. At the end of three years the growth had not been as expected and the group that had agreed to pay for five year contracts decided they weren't going to pay the balance of their contract. We hired an attorney and challenged. They finally agreed out of court to honor their agreement.

After the five years expired we were still below the number of meters needed to sustain our payment. The original cost of debt on the customer's bill never changed but we did vote to have a small rate increase on our water rates which was one of the cheapest in the state.

We progressively got further behind but the more we tried to get advice or help, we ran out of options. The only thing we could do was ride it out and see where it took us. Finally were looking at defaulting and going into receivership. That meant we would be sold to the highest bidder. They would set cost of debt and rates at whatever they desired.

We, the Board, decided to contact Steve Gershner, our Attorney, who has a meter on our system to see if we had any other options. Steve checked with the Bond Holders to see if they would agree to lower our interest rates and re-organize our loan. They denied. We filed a Re-organization plan with the Federal Courts to try to keep control of our system and the rates.

Steve and I went before the Judge and the Court ruled in our favor and our interest rates were cut nearly in half. This allowed us to re-organize and with no un-foreseen problems we could maintain the same rate and pay our debt. We are a non profit organization so we only have to profit enough to cover costs, repairs and maintenance.

Each meter we connect helps us reach that goal. Our goal has always been to provide clean soluble drinking water as inexpensive as we possibly could.

We have always had problems keeping Board Members. One reason being there has never been any compensation or pay for the Board. It has been a struggle these twenty years but we have always been able to provide a service that we all need as homeowners and a community.

This is a very condensed version of the past twenty years. This version is not meant for anything other than to explain our Journey to get to where we are at the present.

Thank you,  
Phil Wesson