

STATE OF UTAH



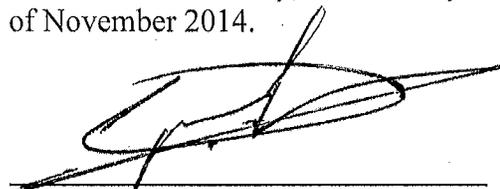
OFFICE OF THE LIEUTENANT GOVERNOR

CERTIFICATE OF CREATION

I, SPENCER J. COX, LIEUTENANT GOVERNOR OF THE STATE OF UTAH, HEREBY CERTIFY THAT there has been filed in my office a notice of creation of the MT. NEBO WATER AGENCY, an interlocal agreement, dated March 14th, 2014, complying with Section 17C-1-201, Utah Code Annotated, 1953, as amended.

NOW, THEREFORE, notice is hereby given to all whom it may concern that the attached is a true and correct copy of the notice of creation of the MT. NEBO WATER AGENCY, located in Utah County, State of Utah.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Utah at Salt Lake City, this 19th day of November 2014.


SPENCER J. COX
Lieutenant Governor



RECEIVED
JUL 31 ENT'D
BY:



July 7, 2014

Honorable Spencer J. Cox
Utah Lieutenant Governor
Utah State Capitol Complex Suite 220
P. O. Box 142325
Salt Lake City, Utah 84114-2325

Re: Creation of Mt. Nebo Water Agency

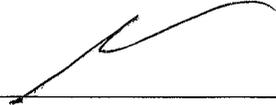
Dear Lieutenant Governor Cox:

The local government entities of Utah County, Spanish Fork City, Payson City, Salem City, Central Utah Water Conservancy District, and Goshen Valley Local District have entered into an interlocal agreement to create a new entity known as Mt. Nebo Water Agency. Pursuant to the provisions of Utah Code Annotated §§11-13-205(6) and 67-1a-6.5(3), these creating entities are giving notice of the creation of Mt. Nebo Water Agency and are requesting a certificate of existence from your office. A copy of the signed interlocal agreement is attached, which each of the signatories hereto certify is an accurate copy of the agreement that has been formally adopted by their respective local government entity.

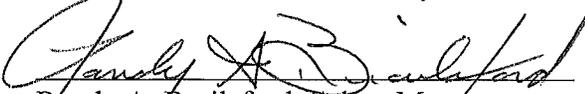
Mt. Nebo Water Agency has been created to cooperatively develop and conserve water resources in south Utah County for the benefit of agricultural interests, current residents, and future residents. A map of the area is included. Also included is a letter from the Utah State Retirement Office, as required by Utah Code Ann. §67-1a-6.5(3)(d).

Thank you for your prompt action on this request. Any questions or comments may be directed to Junior Baker at jbaker@spanishfork.org or via phone at 801-804-4676.

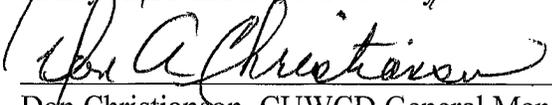
Sincerely,



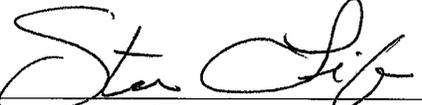
Gary I. Anderson, Utah County Commissioner



Randy A. Brailsford, Salem Mayor



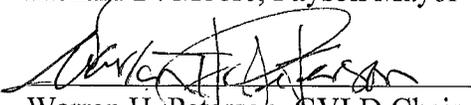
Don Christianson, CUWCD General Manager



Steve Leifson, Spanish Fork Mayor



Richard D. Moore, Payson Mayor



Warren H. Peterson, GVLD Chair

**INTERLOCAL AGREEMENT FOR JOINT
AND COOPERATIVE ACTION CREATING
MT. NEBO WATER AGENCY**

THIS INTERLOCAL AGREEMENT FOR JOINT AND COOPERATIVE ACTION CREATING THE MT. NEBO WATER AGENCY (the "Agreement") is made by and among the parties signatory hereto (sometimes referred to herein individually as a "Party" and collectively as the "Parties"), pursuant to the provisions of the Interlocal Cooperation Act, Utah Code Ann. §11-13-101 et seq. (1953, as amended) (the "Act"). This Agreement is signed by the Parties on the dates indicated and is effective upon completion of the filing requirements of the Act.

RECITALS

A. The Act allows public agencies to jointly exercise any power, privilege, or authority exercised or capable of exercise by a Utah public agency for the betterment of itself and its constituents.

B. The Act provides that the public agencies may create a legal entity to exercise such powers, privileges, or authority.

C. The Parties share a common interest that water resources be developed, protected, and managed to the end that the Parties may maximize the beneficial use of the available water supplies in satisfying the demands of agriculture and a growing municipal population in southern Utah County and the Utah Lake drainage area.

D. The Parties recognize that the success of agriculture and economic growth in south Utah County depend on an affordable and sufficient supply of water and the Parties will exercise the powers, privileges, and authority granted through the laws of the State of Utah to achieve this purpose.

E. Through factually and scientifically-based studies, the Members (as defined hereafter) will develop plans to address agriculture preservation; water conservation; infrastructure needs for development, conveyance, distribution, and treatment of the water resources needed for Members and their respective residents and customers; and financial plans that will show that the projects are practical and affordable.

F. The Parties have found that the securing additional supplies of water and protecting existing supplies can best be achieved by economies of scale, minimizing duplication of costs, reducing transmission losses, use of aquifer recharge and recovery, and managing return flows.

G. The Parties have determined that joint and cooperative action of the Parties in operating through a separate legal entity established under authority of the Act will help implement the desired economies of scale; promote the objectives stated above as well as the health, safety, and welfare of their residents and customers; and provide other benefits.

limitation, dams, diversion structures, reservoirs, canals, pipes, ditches, water storage facilities, water conveyance facilities, water treatment facilities (including wastewater treatment), wells, aquifer recharge basins and wells, buildings and other structures, wherever such facilities may be located.

Founding Members: public agencies consisting of Utah County, Spanish Fork City, Salem City, Payson City, CUWCD, and Goshen Valley Local District, which currently constitute all of the Parties to this Agreement.

Future Member: any public agency that:

(i) owns rights to the use of water and/or operates a water conveyance or distribution system for the distribution of water under said rights in the Agency Service Area;

(ii) for which membership is approved by the unanimous vote of the then existing Members;

(iii) which adopts an ordinance or resolution as provided in the Act approving (a) membership in the Agency, (b) execution of this Agreement, and (c) full compliance with Agency by-laws, rules, and regulations, including, without limitation, the authority, powers, restrictions and limitations set forth in this Agreement, as it may be amended at that time, and

(iv) executes this Agreement, as it may be amended.

Member: any Founding Member or Future Member of the Agency.

Municipal Water: water designated for municipal and other beneficial uses within the Agency Service Area.

Non-Member Contracting Entity: an irrigation company or other entity which elects by contract to participate with the Agency and one or more Members in a specific Project or Projects.

Other Water: Agricultural Water and Municipal Water authorized for use pursuant to Water Rights valid under Utah law that is available for distribution and use in the Agency Service Area which is not CUP Water, Well Water, Spanish Fork River Water, Strawberry Valley Project (SVP) Water, or Utah Lake Water.

Project: facilities developed and constructed by the Agency, or a contractual interest in facilities owned and operated by others, for the diversion, storage, transmission, distribution, treatment, recharge, use, or reuse of water in the Agency Service Area, including all improvements developed and constructed in connection therewith; all operation, maintenance, repair, replacement and renewal thereof as defined in a Project Agreement; all feasibility, environmental, or other studies; and all surveys, estimates, licenses, permits, rights, approvals, and activities associated and required in connection therewith consistent with the purposes of the Agency. A Project requires participation of at least one Member and the Agency under a

- B. The Parties recognize that the accomplishment of such purposes are in the best interests of and promote the health, safety, and general welfare of the Parties and their respective residents and customers.

SECTION 4 – POWERS

- A. In order to accomplish the purposes of the Agency, it shall, without limitation, have the power to:
1. Contract for the use of Strawberry Water and CUP Water and/or acquire Water Rights in any Water Supplies available for use in the Utah Lake drainage area;
 2. Contract and/or coordinate with other entities to maximize the use of available Utah Lake Water;
 3. Develop and implement Projects with respect to the acquisition, development, reclamation, reuse, treatment, and/or transportation of water for beneficial use in the Agency Service Area;
 4. Acquire, finance, operate, maintain, repair, and replace Facilities and lease and/or dispose of such Facilities;
 5. Construct, own, operate, maintain, repair, replace or participate in a Project or Projects, whether or not owned by the Agency, and distribute or convey water from a Project to Members and Non-Member Contracting Entities participating in that Project for delivery to their respective customers, shareholders, and other parties entitled to receive the water by right, contract, or otherwise;
 6. Create and/or sponsor Projects developed for the benefit of one or more Members and that may include and benefit Non-Member Contracting Entities participating in any such Project or Projects;
 7. Enter into contracts with entities and individual water users other than Members, as deemed beneficial by action of the Board;
 8. Prepare, update, and implement capital improvement plans;
 9. Prepare, update, and implement a water sharing plan among the Members;
 10. Prepare, update, and oversee the implementation of a water management and conservation plan or plans for use within the Agency Service Area;
 11. Consult and participate with the United States, the State of Utah, and other government entities on issues relating to the protection, development, and beneficial use of Water Supplies in the Agency Service Area;
 12. Purchase, sell, exchange, perfect, or otherwise acquire or dispose of any interest in Water Supplies and/or Water Rights capable of being put to beneficial use in the Agency Service Area;
 13. Develop, store, transport, and treat Water Supplies;
 14. Acquire, possess, lease, encumber, and dispose of personal and real property;
 15. Contract with Non-Member Contracting Entities that wish to participate in a Project or Projects along with one or more Members;
 16. Contract for the provision of services to or from the Agency;
 17. Contract for professional services consultants;
 18. Employ such persons as it deems necessary;

B. Transaction of Board Business; Alternate Directors.

1. Votes Required for Board Action. It will require a majority vote of the Board to pass any measure.
2. Alternate Directors. Each Member making an appointment to the Board shall also appoint an Alternate Director for each Director it appoints to the Board, following the procedure set forth in Section 5(A)(1). The Alternate Director shall have no vote, except in the absence of the Director for whom he/she is an alternate, in which event the Alternate Director shall be authorized to cast the vote in place of the absent Director.

C. **Board Meetings.** The Board shall hold a regular Board meeting at least once during each calendar quarter as scheduled by the Board, and may call and convene such other special Board meetings as shall be necessary to accomplish its work.

D. Committees.

1. Project Committees. Each Project authorized by the Board shall be managed by a committee consisting of (i) a person appointed by each Member then participating in the Project, (ii) a person representing the Agency, and (iii) by any Non-Member Contracting Entity then participating in the Project (each, a "Project Committee"). Each decision affecting a Project that does not incur any liability to the Agency, any non-participating Member, or a non-participating Non-Member Contracting Entity shall be made by the Project Committee for the Project, subject to the terms of the Project Agreement. A majority of the members of a Project Committee shall constitute a quorum for the transaction of the business of the Project Committee. A majority vote of a quorum present is required for any official action of a Project Committee.
2. Committees. The Board may appoint such committees and sub-committees as necessary for the Agency to exercise its powers in the accomplishment of its purposes.

SECTION 6 – OFFICERS

- A. **Board Officers.** The Board shall appoint from among its Directors a chair, vice chair, and secretary/treasurer. The chair and vice chair shall be appointed to serve one year terms, and may serve up to three consecutive terms. The secretary/treasurer may be appointed to serve up to a three year term, but may not serve consecutive terms. Except for the initial terms, all terms shall commence and end with the beginning and ending of the Agency's fiscal year. The initial chair and vice chair may serve the balance of the initial fiscal year, plus the next full fiscal year. The initial secretary/treasurer may serve the balance of the initial fiscal year, plus the next two full fiscal years.
- B. **General Manager.** The Board may appoint a general manager, who shall be a paid employee of the Agency if such an appointment is made. The general manager shall be employed at the discretion of the Board and shall be responsible to the Board for the proper and efficient administration of the Agency. If a general manager is appointed he/she shall plan, organize,

SECTION 9 – TERM

The Agency shall exist for the later of fifty (50) years or five years after it has fully paid or otherwise discharged all of its indebtedness, as authorized by §11-13-204(3)(a) and (b) of the Act. Existing or future provisions of the Act allowing for a longer term automatically extend the term of this Agreement to the longest term allowed by the Act. An amendment to this Agreement may extend the term. The term shall commence when this Agreement is adopted by each Member and approved by an attorney for each Member, as provided in the Act, placed with the keeper of records of each Member, and provisions of the Act required for initial formation of the Agency have been completed.

SECTION 10 – WITHDRAWAL

A Member may withdraw from the Agency subject to such terms and conditions as shall be specified in a withdrawal agreement between the Member and the Agency. Such withdrawal shall not affect any contractual liability of such Member to the Agency or to other Members. No Member shall be permitted to withdraw if such withdrawal would cause the Agency's existence to terminate, or otherwise cause the Agency to be in violation of any contract or bond obligation set forth in any indenture, contract, or other agreement with any third party, except upon consent of the Board. A withdrawing Member is not entitled to receive any of the assets of the Agency upon its withdrawal.

SECTION 11 – TERMINATION

- A. The Agency shall be terminated and dissolved upon a unanimous vote of the Board.
- B. Upon termination, the Members are entitled to receive a distribution of Agency assets, based upon their individual capital contributions to the Agency. If capital contributions cannot be determined, the Members may distribute the assets in an equitable manner, as shall be determined by the Board in its discretion.
- C. Upon such termination or dissolution, any assets specific to a Project in which all members did not participate shall be distributed to the Project participants in proportion to their individual contributions or as otherwise agreed among the Project participants.
- D. If the Members cannot agree on an equitable distribution, they shall resort to mediation to resolve the conflict. If mediation does not resolve the disagreement, an arbiter shall be chosen by the Board, who shall hear arguments of the Parties and make a distribution. The distribution made by the arbiter shall be final and non-appealable.

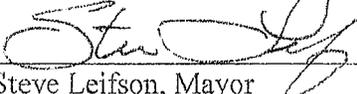
SECTION 12 – MISCELLANEOUS

- A. This Agreement is governed by the laws of the State of Utah.
- B. The Members, SHLCC, and any Non-Member Contracting Entities who participate in a Project, shall not be deemed to be partners, joint venturers, or associated in any manner which

SPANISH FORK CITY

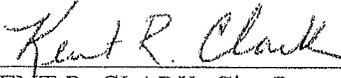
Authorized by Resolution No. 14-04, adopted on March 4, 2014

SPANISH FORK CITY by:



Steve Leifson, Mayor

Attest:



KENT R. CLARK, City Recorder

Approved as to form and compliance
with applicable law:



S. JUNIOR BAKER, City Attorney



PAYSON CITY

Authorized by Resolution No. ____, adopted on March __, 2014

PAYSON CITY by:

RICHARD D. MOORE, Mayor

Attest:

Jeanette Wineteer, City Recorder

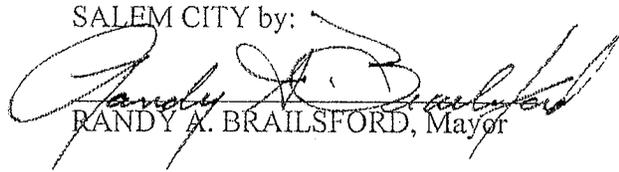
Approved as to form and compliance
with applicable law:

Mark Sorenson, City Attorney

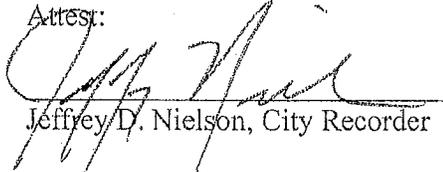
SALEM CITY

Authorized by Resolution No. 30514, adopted on March 5, 2014

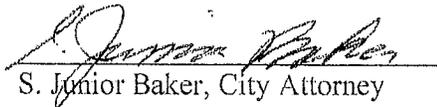
SALEM CITY by:

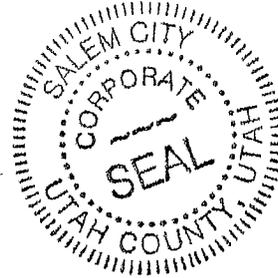

RANDY A. BRAILSFORD, Mayor

Attest:


Jeffrey D. Nielson, City Recorder

Approved as to form and compliance
with applicable law:


S. Junior Baker, City Attorney



UTAH COUNTY

Authorized by Resolution No. _____, adopted on March 11, 2014

UTAH COUNTY by:

GARY J. ANDERSON,
County Commission Chair

Attest:

Bryan Thompson, County Clerk

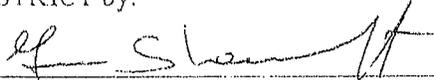
Approved as to form and compliance
with applicable law:

JEFFREY R. BUHMAN
By Deputy

CENTRAL UTAH WATER CONSERVANCY DISTRICT

Authorized by Resolution No. _____, adopted on February 26, 2014

CENTRAL UTAH WATER CONSERVANCY
DISTRICT by:

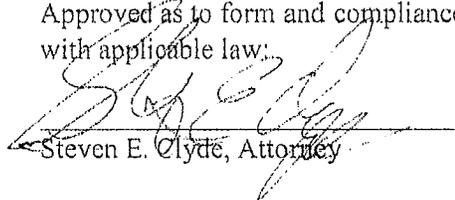
for 

DON CHRISTIANSEN, General Manager

Attest:



Approved as to form and compliance
with applicable law:



Steven E. Clyde, Attorney

GOSHEN VALLEY LOCAL DISTRICT

Authorized by Resolution No. _____, adopted March 14, 2014

GOSHEN VALLEY LOCAL DISTRICT by:

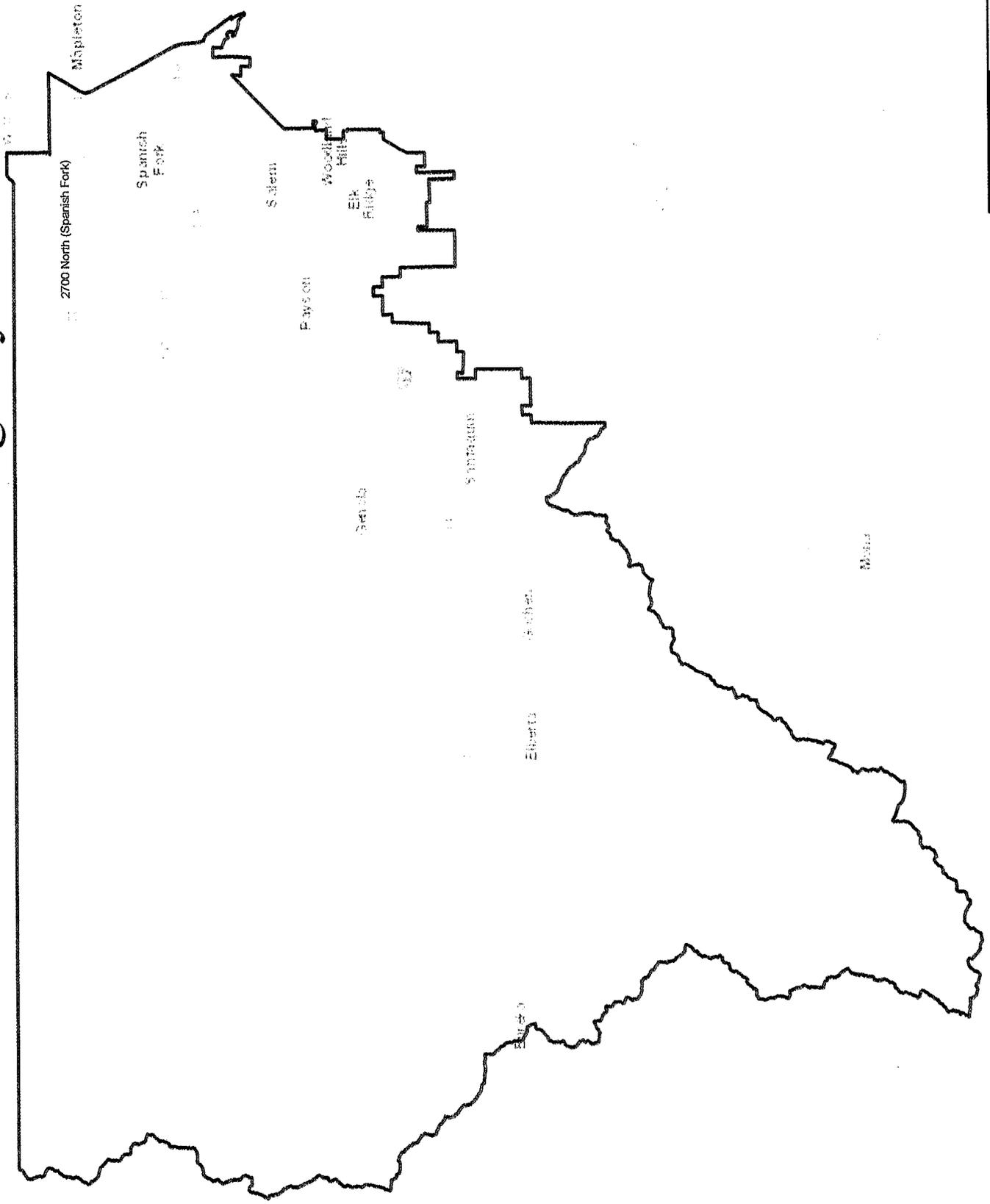
WARREN H. PETERSON, Chair

Attest:

Approved as to form and compliance with
applicable law:

Attorney

Mt. Nebo Water Agency



Date: 4/4/2014

Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2012

Utah Retirement Systems

Retirement Office

560 East 200 South
Salt Lake City, UT 84102-2021

(801) 366-7700
(800) 365-8772 Toll Free
(801) 366-7734 Fax
www.urs.org

DANIEL D. ANDERSEN
Executive Director

Public Employees Health Program

560 East 200 South
Salt Lake City, UT 84102-2004

(801) 366-7500
(800) 365-8772 Toll Free
(801) 366-7596 Fax
www.pehp.org

R. CHET LOFTIS
Director

July 1, 2014

Mt. Nebo Water Agency
Attn: S. Junior Baker, Spanish Fork City Attorney
40 South Main Street
Spanish Fork, UT 84660

Re: Eligibility for Participation of a Newly Created Entity in the Utah State Retirement Systems

Dear Mt. Nebo Water Agency:

When a governmental entity is being incorporated or created, Utah law requires the Utah State Retirement Office ("Office") to provide a letter to that entity identifying the potential provisions under Utah Code Title 49, Utah State Retirement and Insurance Benefit Act ("Retirement Act"), with which it shall comply. See Utah Code Ann. § 67-1a-6.5(3)(d). This letter serves as the official notice for the Mt. Nebo Water Agency, a newly created interlocal entity.

Based upon the information provided, the Office has determined that the Mt. Nebo Water Agency is an "employer" under the Retirement Act as a political subdivision of the state by virtue of its status as an interlocal entity under Utah Code Title 11. Accordingly, the Mt. Nebo Water Agency must comply with the participation requirements of the Retirement Act.

This does not mean that the Mt. Nebo Water Agency is obligated to provide retirement benefits to its employees. However, at the present time and throughout the future, the **Mt. Nebo Water Agency is required by law to provide URS retirement benefits if and when it offers any type of retirement benefit to its employees.**

It may be the case that the Mt. Nebo Water Agency does not currently have employees or has not yet elected to provide a retirement benefit to its employees. Please be aware, it is not the obligation of the Office to monitor the activities of the Mt. Nebo Water Agency. **By law, it is the Mt. Nebo Water Agency's obligation to apply for membership with URS if and when it chooses to provide a retirement benefit to its employees.**

Once the Mt. Nebo Water Agency begins participation with URS, its public employees will be covered under either the Tier I or Tier II public employee retirement systems, as described in the Retirement Act. If the Mt. Nebo Water Agency employs public safety or firefighter service employees, those employees will be covered under the separate Tier I or Tier II systems for public safety and/or firefighter service employees described in the Retirement Act.

In addition, Participating Employers of URS are required by Section 49-11-606 to "cover all employees eligible for service credit under this title." As such, once admitted as a participating employer, the Mt. Nebo Water Agency will be required to cover all eligible employees, pursuant to the eligibility rules found in the Retirement Act.

Please note that the above-referenced laws are those used to determine eligibility for participation and are not the only laws with which a participating employer must comply. Participating employers are required to "inform themselves of their rights and obligations" under Title 49 and should become familiar with all provisions of the Retirement Act. Once the Mt. Nebo Water Agency is admitted into the System, URS provides education about the requirements with which the Mt. Nebo Water Agency must comply as a participating employer.

Additionally, please be aware that should the Mt. Nebo Water Agency fail to participate with URS while offering another retirement benefit to its employees, Mt. Nebo Water Agency's employees may have a claim against it for service credit under the Retirement Act, which the Office is required to enforce. Under the Retirement Act, such a claim would include all past employer contributions, interest, and in some cases, penalties. *See* Utah Code Ann. § 49-11-601(3).

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew K. Judd". The signature is written in a cursive style with a large, prominent initial "M".

Matthew K. Judd
Records Management Director
Utah State Retirement Office

