

6 Oct 2015

Dear Emigration Canyon resident:

You may have recently received a letter from Mark Tracy. In it, he alleges past misbehavior on the part of several of us who have been managing the Emigration Canyon water district. We're struck by the malign influence Mr. Tracy has brought into Canyon affairs. We also note that he is so bankrupt of ideas (other than turning the affairs of the Canyon upside down) that he has resorted to these scurrilous accusations and an irresponsible, baseless lawsuit in order to achieve his ends. This is particularly interesting because Mr. Tracy apparently does not live in the Canyon. We can only assume he is desperate to do what he can to ensure that Jamie White and Trevor Irons are elected EID trustees. White and Irons have indicated that one of the first things they will do if elected is settle the lawsuit Mr. Tracy filed against the District. That is the only way Mr. Tracy could be rewarded for his inept efforts at self-aggrandizement, as the current EID board will aggressively defend the District and your assets and is confident the District will win. If White's complicity in the Tracy lawsuit is not clear, in spite of his and Iron's association with the ECHO group, it is worth noting that White's attorney (John P. Mertens, PIA Anderson Dorius Reynolds & Moss) was one of the attorneys involved in the original filing of the Tracy lawsuit.

None of the charges Tracy levels in his letter is true. What follows is a summary of his allegations and our response.

1. *Accusation: Don Barnett, the District hydrologist, did not object to Tracy's question about adding 5,000 new homes in the Canyon.* Our response: Don is the author of the original study indicating that Canyon water resources could support about 700 residences, a number Tracy's own hydrologist confirmed. The idea that Barnett would support a huge increase in homes in the Canyon is absurd.
2. *Accusation: There are problems with the District's water rights that prevent EID from issuing water letters for new building permits and jeopardize our ability to provide water to residents.* Our response: Mr. Barnett is also our water rights expert, and has carefully managed those very senior rights. The District's ability to provide water to residents in the Canyon is not in jeopardy. Our attorney has filed a response to Tracy's legal action against your water rights and is confident Tracy's action will be dismissed.
3. *Accusation: EID trustees inappropriately and without notice increased property taxes in the Canyon, and raised their trustee fee to \$416.16 per hour.* Our response: All actions the Board takes are properly noticed, including (especially) the certification of the tax rate last June. There was no increase in the amount of tax the District received. The State legislature authorized a small increase in the tax rate to offset the decline in assessed valuation of properties in the Canyon and elsewhere in the state, and that was the rate that was properly adopted. Trustees receive a small stipend for their service that amounts to \$5,000/year, or \$416.16 per month (not per hour, as Tracy stated) as permitted by State law, something Tracy and his associates should know. The fact that they don't is further evidence of their shoddy research, inexperience, and lack of common sense.
4. *Accusation: Fred Smolka, as president of Home Savings and Loan, was found guilty of multiple securities violations and defrauded 71 homeowners, and therefore is unfit to serve as EID treasurer.*

Our response: Although the case during the savings and loan disaster of 30 years ago was complicated, one fact is not—Mr. Smolka was never even charged for any mishandling of the affairs of Home Savings and therefore was not found guilty of any wrongdoing. Mr. Smolka was a victim, along with many others, of the savings and loan meltdown. Fred is honest and meticulous in all he does and enjoys the full support of the Board. This misrepresentation of history is typical of the lengths to which Tracy and his ECHO associates will go to besmirch honorable men carrying out public service.

5. *Accusation: While working as a securities broker, Mike Hughes was found guilty of theft of client funds, improper trading, and obstruction of a securities investigation.* Our response: This is another of Tracy's despicable efforts to misrepresent the facts of this 20-year-old case for his own ends. There was a customer complaint against Mr. Hughes that was reviewed by a five-member arbitration panel. That panel determined that the arguments and allegations were without merit and that the plaintiffs never proved any violation of the Rules of Fair Practice. Mr. Hughes was fully exonerated and went on to become an expert witness for the National Association of Securities Dealers as well as the SEC in Washington DC. This is certainly not the story Mr. Tracy wants to tell but the truth has never prevented him from making wild claims.
6. *Accusation: Fred Smolka waived water right lease and impact fees (totaling \$11,500) for EID trustee David Bradford during Bradford's construction of his home in the Canyon.* Our response: Where to begin? (1) Bradford was not a trustee when he built his home; (2) he paid the full \$6000 for a water right lease during construction; (3) he paid all of the customary charges to connect to the system, purchased a water meter, and connected the meter to his home; (4) he has been paying for the impact fee over time at the full rate. Neither he nor any other trustee receives any special treatment by EID for their service to the community.
7. *Accusation: Since Feb 2014, over 12 criminal complaints have been filed against the current EID trustees, District manager Eric Hawkes, and Fred Smolka.* Our response: Anyone can file a complaint, and the Auditor's office keeps them all sealed until they are investigated. This is clearly part of a long-term strategy by Tracy and his ECHO associates to try to influence the election. Since the trustees and their associates have done nothing wrong, nothing will come of the Auditor's office investigation. You decide whether these accusations are even remotely credible.

Finally, Tracy and his ECHO organization (which appears to number about 40 Canyon residents) intends to bring legal action to dissolve Emigration Canyon Township. We suspect that White and Irons have a similarly disruptive plan in mind for the EID, if they are elected. We think the township model has served the community well and are looking forward to the chance to vote for the Metro Township model, which we fully support. Which side of these issues do you come down on? We hope you take the time to mail in your ballot, and ask for your support to defeat the efforts to disrupt the community and the water system.

Sincerely,

Mike Hughes and Dave Bradford

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