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SEP 10 2002

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September 9, 2002

Ron Micheli, Director
Wyoming Department of Agriculture
2219 Carey Avenue
Cheyenne, Wyoming 82002

RE: Opinion Request — Dissolution of a Watershed Improvement District.

Dear Mr. Micheli:

You have presented the following question for our review:

What is the method that should be used for the dissolution of a watershed improvement district?

Our answer is as follows: the procedure for dissolution of a watershed district is set forth in the Special Districts Elections Act at WYO. STATS. §§ 22-29-401 through 22-29-408.

DISCUSSION

In 1998, the legislature repealed WYO. STAT. § 41-8-124 which provided for discontinuance of watershed improvement districts. 1998 WYO. SESS. LAWS, ch. 115, § 5. The repeal of that section left the principal statutes specifically relating to watershed improvement districts silent as to dissolution or discontinuance. However, the Special Districts Elections Act of 1994 applies to watershed improvement districts and outlines the procedures for changes in the organization of a district "where the principal act is silent or unclear." WYO. STAT. § 22-29-103(a)(xi) and (b). That procedure is briefly outlined below.

The Special Districts Elections Act of 1994, at WYO. STAT. § 22-29-105(d), provides for dissolution of a district to be initiated by any of the following:

(a) A petition . . . signed by not less than twenty-five percent (25%) of the landowners owning at least twenty-five percent (25%) of the assessed valuation of property within the . . .

WYO. STAT. § 22-29-401(a)(i) and (ii) provides:

(a) Dissolution of a district may be initiated:

(i) By a petition signed by not less than twenty-five percent (25%) of the assessed valuation of property within the district, requesting dissolution of the district filed with the county commissioners. . . .

(ii) By resolution of the district directors filed with the county commissioners when the district directors determine that it is in the best interest of the inhabitants of the district that the district be dissolved and liquidated;

(iii) By resolution of the county commissioners if:

(A) Either:

(I) The district at the time of the regular district election has not elected district directors as required by the principal act; or

(II) The territory within the district is uninhabited; and

(B) The county commissioners determine it is in the best interest of the people of the county that the district be dissolved and liquidated. (emphasis added)

Once dissolution is properly initiated, a copy of the petition or resolution of the county commissioners must then be filed with the district secretary or with any other district officer within 5 days. WYO. STAT. § 22-29-401(a)(iv). The county commissioners act as or appoint a board of trustees if there are no qualified district director members. WYO. STAT. § 22-29-401(a)(v).

WYO. STAT. § 22-29-402 provides:

(a) When dissolution proceedings have been initiated, the district directors shall make findings of fact, which shall include:

(i) The amount of each outstanding bond, coupon, and other indebtedness, with a general description of the indebtedness and the name of the holder and owner of each, if known;

(ii) A description of each parcel of real property and interest in real property and, if the property was acquired for delinquent taxes or assessments, the amount of those taxes and assessments on each parcel of property;

(iii) Uncollected taxes, assessments and charges levied by the district and the amount upon each lot or tract of land;

(iv) A description of the personal property and all other assets of the district;

(v) The estimated cost of dissolution.

The district directors must also propose a plan of dissolution and liquidation and file both the plan and the findings of fact with the county clerk within 30 days of the initiation of dissolution proceedings. WYO. STAT. § 22-29-402.

Within 10 days after filing the plan of dissolution and liquidation, the district directors shall call an election to be held not less than 90 nor more than 120 days after the filing of the plan of dissolution. The election shall submit to

the voters the question of whether the district shall be dissolved, its indebtedness liquidated and its assets disposed of in accordance with the proposed plan. All known holders of the district's valid debt must consent before the election is called if the plan does not make provision for payment of nonconsenting holders. WYO. STAT. § 22-29-404.

If a majority of the voters approve dissolution, the district directors must declare the district dissolved. The directors then become a board of trustees charged with discharging the debt and disposing of the district's property under the supervision of the county commissioners. When the district's affairs have been fully settled, the trustees shall deposit the books and records with the county clerk along with a statement executed under oath that the district has been dissolved and its affairs liquidated. The district's corporate existence is terminated from the date of the sworn statement. WYO. STAT. § 22-29-405.

Finally, the county commissioners may declare a district dissolved without an election pursuant to WYO. STAT. § 22-29-408, which states in pertinent part:

(a) . . . the county commissioners shall declare the district dissolved if the county commissioners find that:

(i) Dissolution is in the best interest of the people of the county;

(ii) At least one (1) of the following:

(A) The territory within the district is uninhabited;

(B) The district has failed regularly to elect district board members . . . ; or

(C) . . . the district is not active and there is no need for the district.

CONCLUSION

The procedure for dissolution of a watershed improvement district is set forth in WYO. STAT. §§ 22-29-401 through 22-29-408. That procedure has been

Ron Micheli
September 9, 2002
Page 5

outlined above. We recommend those statutes be reviewed for details in the event of an actual dissolution.

Sincerely,



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Attorney General

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Kennard F. Nelson
Senior Assistant Attorney General

HM:MLH:KFN:am