

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the Monthly Board of Trustees Meeting held May 17th, 2008 at 6:30 p.m. at the Skyline Mountain Resort Clubhouse

Meeting called to order 6:40 p.m. by Chairman Frank Fraser. Board members in attendance were Frank, J Hansen, Mont Pugmire, Terry Behunin. There were twenty two members of the Resort present. Roll attached to final minutes.

Minutes of the April 2008 meeting were, previously presented to the Board electronically were read and approved 4-0 in favor.

Bobbye Baker asked about their living in the D section of Birch Creek being prohibited. Frank pointed out that not at any time has the Board said they can't live up there. What we are saying is that past the snow gate there will be services not provided such as road plowing. Asked how they would get their water, Frank said that both SMR and SSD have consensus that roads beyond the snow gate will not be plowed. They will need to have a snow cat or other means to tow water tanks. It was explained that because the Juniper Drive snow gate was placed inside the "full time area" that we now plow access to residents living there while maintaining ½ of the road as a groomed trail. This is possible because Juniper Drive in that area is 24 ft wide. In time, the snow gate will have to be moved to the boundary of the full time/areas. Frank clarified that it was Sanpete County which designated which were to be full time and part time. Terry explained that the amount of municipal water we have helped decide which areas would be which.

Many residents of A & B section were there to discuss what options can be available to continue the application of the MgCl. Scott Randall acted as spokes person for the group and explained that most of the group, both full and part time, have significant investments in their property and that the thing which would do the most to degrade their quality of life is dust. For the last two years we have enjoyed a nearly dust free environment having voluntarily contributed the cost of the chemical. He referred to Fairview Lakes development whose board told him that it was just automatic each year for their residents, all of whom are cabin dwellers. He suggested that the benefit has been so great that they found it hard to believe that all members wouldn't be interested in paying a reasonable amount to have this advantage all over the Resort. The group feels that it will be some time before any paving of roads is done and this dust control chemical is a very good substitute. Mr. Frame reminded the Board that it has always been a voluntary contribution and with the residents paying for the chemical, and that it is clear that road maintenance has been much reduced since we have been doing this. Jay suggested that the comparison is a bit unfair because Fairview Lakes is a more compact community. Terry explained that our budget is limited and, speaking in general for the Board, "We are not saying no. We just have to get a handle on the amounts needed to finish some other large road projects and we can't go in the hole. As far as assessments, I'm not sure how much the members can stand." Mr. Frame again pointed out that it was not an assessment. They just want the permission to gather the funds voluntarily and have the Board authorize this project to go forward again using those volunteered funds. Frank explained that we do not have the authority to assess. The members again stated they weren't looking for an assessment. Mont explained that as an extension of Sanpete County, we have no authority to assess. Accordingly, the previous chairman sought a legal opinion from the County Attorney asking if we could do it as a voluntary thing, it would not be an assessment. He pointed out that the B and A sections contributed 106% and 110% of the MgCl cost in the last two years which covered everything but the grading, which SSD does every year in any case. It was explained that there is a member of the Resort who has threatened legal action if the SSD even initiates a voluntary request for funding so the SSD is not anxious to invite more legal fees so we have had to back away from even asking for the voluntary contribution. The right way to do this is to ask SMR to be the recipient of the funds. Part two would be to secure permission of this Board to allow the project to proceed if the funds can be

PAGE 2: gathered. The best guess is that due to today's diesel costs, the cost will be about \$75-80 per lot this year. Terry said, "What about the members on the top? If you are going to do these, you have to be fair." Mont said, "the fairness issue is resolved if they pay for it out of their pockets it doesn't burden the road budget." Frank asked, "I just want to hear from you folks. Am I correct in assuming that all of you who have signed this request letter are willing to pay \$80-100 per lot?" Nearly all said yes. One person asked about A section, with its newly rebuilt road, which didn't seem to achieve the same result. Jay explained that the contractors say the best results are gained in the second year and beyond as clearly evidenced by the result in the other areas. At the end of the discussion, the Board said it would not object if the citizens would collect all of the funds, turn them over to SMR and have SMR give money to SSD to pay the cost of the chemical and water truck. Terry agreed to ask SMR to receive the funds and turn them over to SSD and said, "I am sure they will agree as long as it is 100% funded by the residents." Scott Randall and Winn Frame are acting as co-chairs of the committee.

Liability Ins. Update. We should be getting a letter from Utah Governments trust to upgrade our liability from \$1 million to \$5 million. We are not covered under Sanpete County's policy. It will cost \$1,000 more per year. Mont moved and Terry seconded increasing our liability to \$5,000,000. The motion passed 4-0 in favor.

Frank reported that as many updates to the SMR website SSD link have been added as possible including our names and contact information, older minutes and recent minutes, and the 2007 water quality report.

Update on Elk Meadows/Parsons well drilling application. After discussion between our attorney and Parsons, an agreement has been reached that will allow them to proceed within the context of the documents. The legal agreement will be attached to these minutes. The essence is that we will agree to allow them to drill a well in the common area where our engineers have recommended a high probability of finding water. They will drill and bear the costs. SMR will agree to fund the difference between 6" and 8". At such time as SMR/SSD are ready to build storage and delivery either to the master water system or, at least to a water fill station, then the ownership will transfer for compensation to SMR/SSD. We will offer the common area for source protection. Should good water be found there, this agreement is a tremendous win-win situation. By this agreement, our previous protest was resolved and therefore withdrawn.

Transfer of water rights meeting went very well. It is clear that House Bill 51 will be a benefit to us but only if SSD, as a municipal entity, actually owns, not leases, the water. The attorneys and both boards expressed support and this will be presented to the members for a vote as well as a letter to all members. A motion to approve the letter crafted by our attorney as written was move, seconded and voted 4-0 to proceed. It is clear we must take steps to protect these water rights. The State is aggressively trying to solve what they feel is an over-allocation in the Sevier River drainage.

SMR Board update by Terry. Dwayne Coombs of the fire committee reported that we have received notification of another fire grant at an amount of probably \$200,000 for fuels mitigation and other fire improvements. There will be training on the Chipper. The Board voted 4-1 to go ahead with the new ADA bathrooms, maintenance building and future clubhouse rough shell.

Sanpete County Commission will finalize the vote for our vacant board position on May 20th. Two well qualified candidates have applied. Will Somerfield and Ed Collins, both C-section owners are the two candidates.

Sanpete County Commission update will be June 3rd. We will present information concerning our budget, working relationship with SMR, road plans, and progress on water master plan. We will draft a proposal and e-mail it to them in advance. Mont moved to authorize Frank to author the draft and e-mail to all for final approval.

Terry presented the budget ytd. Mont will give Terry the bank statement updates. We need to approve 1st quarter. We are just about right on-budget so far. Our legal costs are way over because of the water shares, the Parsons agreement and a few items involving certain members. Vote was 4-0 in favor to accept 1st qtr. Budget expenditures.

Page 4: good solution. Frank said he feels that we need a joint decision regarding this. There are no other applications known to be pending. There was considerable discussion about how to satisfy the Baker request and bring to an end any further "exceptions".

Former board member, Roy Slater was in attendance. The Board formally offered commendation to him for his years of service.

Meeting was adjourned at 9:23 p.m.

Respectively submitted,

LaMont Pugmire, sec-clerk.