

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the monthly Board of Trustees Meeting held 16 Aug. 2008 at SMR Clubhouse Bldg.

Meeting called to order by Vice-Chairman, Jay Hansen at 6:40 p.m. Attending were Jay Hansen, Terry Behunin, and Will Sommerfeldt. Excused were Frank Fraser and Monte Pugmire. Also present were Orson Stilson and Jesse Baker. Minutes, previously furnished to each member were approved as written.

Financial Report: We are still below budget. You will notice that I have transferred \$5,000 to Skyline Mountain Resort from our previous grant money. These funds are dedicated to the fire escape road out of C section and for the installation of the "dry hydrant" in Birch Creek. We made \$780 in interest earnings last month and have just under \$60,000 in the main account.

Parsons well project: The negotiations so far are very favorable, although still in preliminary stages. The original proposal was for a 6" well. It will be upgraded to an 8" well installed to culinary specifications. At such time as it is in and producing, Parsons and College will use that well until the time comes that a water system is installed in that area. If and when that happens, the two shares of water and the well will automatically transfer to SMR/SSD. Terry stated that at the point in time where we begin to use water, then we will pay out to Parsons. The well will be drilled on SMR common ground so it can be Source Protected. Our cost will be what is required to upgrade to 8" from 6". They will assume all risk associated with drilling a producing well. At such time as the well is turned over to SMR/SSD, Parsons and College will be deemed to have paid in full for any future water assessment cost. Terry proposed up to \$20,000 of our savings for water projects are allocated for this project. Will stated that there is a tremendous advantage to the members by having Parsons take all the risks in the drilling. Terry pointed out that in our master plan for water, this is one of the prime sites identified for drilling so it is a big win, win. The advantage even occurs, said Jay, if the members in area 3 (Birch Creek area) did not elect to have a full water system. This well could be stored and piped to one or more water fill stations that would benefit all. Depending on how much water was obtained, it could also help support the lower section because it could provide gravity flow to another storage tank. Will wondered why we would be approving up to \$20,000 when the estimate was between \$15,000 and \$17,000. Terry explained that since it is unknown as to the depth. Jay explained that we would need to have a clause in the agreement giving us some decision power to ensure that the well is drilled sufficiently deep to provide a reasonable quantity of water for Resort use, along with Parsons/College, or it is of no use to us. Jesse Baker asked if other people could petition to drill also. Jay explained that the only reason we are

going with this well is because it is in the exact same area as our Water Master Plan states is one of the prime areas identified as a water source and this is a terrific opportunity to have a well drilled there at little or no risk to the SSD and the members. Jay mentioned that in our Master Plan we need about 45- 47 gallons per minute to support the Birch Creek area. Terry then re-proposed that we authorize the funds as mentioned above. Will asked that we amend the proposal to state that we will not authorize the funds if the well produces water but in low quantities. Will seconded the motion. Motion carried 3-0. Terry and Jay mentioned that Mont expressed his willingness for this motion to pass also.

Legacy: Legacy has come to the SMR Board and asked if it would be possible for us to tie them in on road maintenance. Terry said that SMR is trying to get a joint meeting with Legacy owners to discuss us taking over their roads. Since we are so intertwined with them any way, if we could find a way to appropriately assess them for their reasonable share of costs, it could be a very good thing. Will asked if they are still promising year round plowing. Terry said it was his understanding that this is not the case. He said that we would need to calculate the miles divided by the number of lot owners and figure out a cost. The County Commission expressed their desire to see the SSD work with Legacy on their roads and Jay said it would be to our advantage to work together because they already use our roads and pay nothing for that.

Spring Creek diversion: We did have our attorney write the Eggetts a letter asking them to not make any attempt to divert the active Spring Creek drainage spring in that area.

Monitoring of Chicken Springs: We measure its use on the golf course daily or whenever it is in use. Orson measured it about 1 month ago and it was putting out about 70 gpm. Recently it was measure at around 40 gpm as the summer has worn on. To protect us from diminishing water out of that in case Legacy tries to pump a well up there, we need to keep monitoring its flow.

Update on letter to members concerning transfer of water from SMR to SSD. Terry reported that it is in the SMR Board's hands to get all of their signatures as well. Jay mentioned that it is very important to have our attorney file all of the necessary information with the State to ensure the water right protection after the transfer is made. This is such a critical issue because the SSD can protect the water for up to 40 years under Utah House Bill 51 passed in last year's legislative session whereas SMR has no such ability to protect the water.

Berg water request for GC 51 which is in an undeveloped area. Jay explained that such development is up to SMR Board. After they build the roads then we maintain them but we are not in a position to install water lines piece-meal anymore. We have made an exception to a family living on GC 25 but their has been so much difficulty over that one special needs situation that SMR and SSD both are having to stand firm and not allow additional special situations to develop. The Bergs asked what the timeline might be. Terry stated that we are so close to the completion of the Master Plan that it is best to wait until this moves forward. He said, "Do we have the water?" With our present system there is not the capacity to add a lot of new connections and making one more exception basically opens up anywhere and everywhere. Terry stated that we are so close to the vote of the members for the new system that it seems best to wait for the members to choose or not to choose to have a system. Jesse Baker asked if a connection to him would be dealt with in the same way. Jay said, "You are in a different situation because SMR Board has acknowledged your road." Terry again urged them to have a little bit more patience with the Boards because we are really are moving on the water project. Jay suggested they look at perhaps trading their present lot for one owned by the Resort that is further east and on the present road. Jay stated to Baker and Berg that as far as a commitment from him, if Berg wanted to go to the area where Baker's lot is, we will extend that and they will get reimbursed for that at some future time when the system goes in.

Letter from Fox concerning "C" section: Will wondered how we can support year-round access without improving the drainage, grading and gravel base on the C-section roads. Terry expressed the need for us to complete our plan so we can get our "authority" so we can start billing for water as we should and be able to utilize that untapped revenue source, which would free up more of our budget for road work. Roy Fox asserted that there was not gravel left on the road. Jay suggested that we grade the roads and pull in as much gravel as possible and re-look at that next meeting. He asked the Board to approve \$1,000 for grading to see how much we can accomplish and after we look at our money situation, see if we can do more. Terry seconded. Motion passed 3-0 in favor.

Road project report:

1. Deer Valley Drive project is complete. Orson has added a little bit of gravel at the drain culvert to smooth out a low spot.
2. The Elderberry Circle project is nearly completed as far as drainage and rough in.
3. Deer Springs Circle is complete. Jay will contact the property owner there who offered to help pay for some of the gravel.
4. The Barnes rip-rap is not yet complete but Ted will 1-2 trucks of rock 5 ft x 15 ft in two places to diversify the drainage from the two culverts at the bottom of Deer Valley Drive. Mont was assigned to follow up with Contractor, Haynes Excavating on this.
5. Choke Cherry Drive is completed.
6. MgCl treatment: We still have not received an invoice so the citizen volunteer committee can give us a check.

Truck (1-ton) project: is completed. The guidelines were for \$700 but it went over that amount by about \$200 but the brakes were rebuilt and the exhaust manifold replaced. Other checks included transmission (checked out sound); 4 wheel drive is good; and the antifreeze was a little low. Orson was asked to have the radiator flushed and new winterizing antifreeze. It needs a new front seat rebuild.

SMR Board report: SMR is going to start offering financing on lots. Terry asked Jay and Orson to get the wording for the upper well emergency signage. SMR office will write it up for us. The annual barbecue will be next week. Terry is heading up a committee on enforcing road rules in the Resort next year. He said Mr. Fox and Mr. Baker have volunteered to be on that committee. The Board really likes the MgCl results but feel their should be notification to the members of the possibilities for their areas if they want to go together as a neighborhood or block area as was done in parts of B section and in A section. We are all in agreement that the water project should go forward as quickly as possible. Max and Ted have volunteered to be part of a joint committee to review the design standards we wrote 1 ½ years ago and come to a conclusion so they can be put in place. This committee will also decide which areas of the Water Plan SMR should head up and which areas SSD can head up so it can move more quickly. Will offered to be a key member of that committee. Jay

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suggested that the work previously done was very adequate and should be the baseline for our design/build standards.

Report from Orson Stilson: He did fill in near the dip at the upper French drain; fixed a smooth bore faucet for the Thad's Peak tank so the water tests won't be falsely contaminated; he bought a 25 gallon ATV tank for spraying and has completed most of the spraying to date. Jay suggested that a colorant is available for spray so one can tell where it has been done. The color lasts about 7-10 days. Orson asked if we can order some chemicals on the grant this year. The Seven Trees Company was working in the B-section and observed the chemical at Orson's home. They told him it would be very hazardous in the event of a fire in the area.

Terry said that the SMR Board authorized grading of the Hot Well Road and the upper emergency fire exit road.

Meeting adjourned at approximately 8:30 p.m.

Respectfully submitted,

M. LaMont Pugmire, sec.-clerk.