**Skyline Mountain Special Services District**

**2201 Skyline Mountain Resort**

**Fairview, UT 84629**

**Minutes of the Public Hearing held April 17th, 2012 at the Skyline Mountain Resort Clubhouse at 7:00 p.m**.

Meeting called to order at 7:00 p.m. by Chairman Ed Collins. Excused were Dawayne Coombs and Mont Pugmire. Present were Ed Collins; Layne Lundstrom and Everett Taylor. Also attending were 50 lot owners from within the District.

Mr. Collins began the meeting by reading the official notice as published in the newspaper and as sent by letter to every member of the District by regular first class mail. He explained that base rates for area 1 connected lots will be increased to $58.00 and those who are “passed by” will be increased to $35.00 per month. The rates for areas 2 and 3 will remain the same but $3.40 per month of every lot in areas 2 and 3 will be set aside for the maintenance of the system and the retirement of the bonds.

Mr. Collins explained that we have numerous deficiencies in our system, including one wherein we are presently unable to deliver water at a minimum pressure of 20 psi plus others. In 2011 this deficiency reached a situation where the Division of Drinking Water required us to rectify the problem. We entered into a corrective action plan with the DDW and began the process of applying for low interest, long term funding to replace our present inadequate system. On January 18th, 2012 the DDW Board approved a 30 year, 2.5% interest loan of 3,007,000 dollars to be used in rebuilding our system and correcting all of the deficiencies reported in our present system. The Board of Trustees of the Resort, along with the District’s Board began holding a series of open houses and public hearings to discuss the proposed project answer questions and discuss proposed costs. The Skyline Board sent out a ballot to members giving them the option to vote for the new system or to vote in favor of alternate solutions. The result of that ballot, representing over 60% of the members of the district, was 89% in favor of the new system with 8% in favor of another alternative and 4 ballots cast but with no voted selection. The District then held an information public hearing on March 24th which was attended by representatives of 1 out of every 6 lots in area 1 and the consensus was again very high supporting the project. A few members have suggested that all of the ground work laid was done somehow in secret. This is just simply not truthful. Every intent has been expended to publicize our hoped for plan and to answer concerns expressed.

We will try to answer any questions you have and hope you will try to keep your questions focused on the plan and not dwell off into personalities and comments about those on both boards who are working to help the District/Resort. As chairman, I won’t tolerate personal attacks or malignment. There was no place for it before and such comments have no place here tonight.

We will now take comments. We will try to take about 5 comments at a time and respond to those and then go on to another 5 etc.

Richard Guevara Lot GC25: We are in favor of the project. We have been told that the water rate will be $58.00 per month. Is there any chance that the rate will actually be more? Answer: Anything is possible but our engineers are quite familiar with our soil types and it is believed that the funds will be sufficient to cover contingencies.

Question: Who is going to pay the outstanding bill on the Club owned lots? Answer: The Resort will be responsible for paying for the club owned lots.

Bryce Robinson B-3: Our pressure is terrible. We are in favor of anything that will give us more adequate water and better useable pressure. Will this project take care of that? Will there be any hook up costs in addition for those who page: 2….. are already connected? Answer: The new lines, storage tank etc. will take care of your pressure problem. If you are connected now, you will not face additional connection costs.

Bert Beddoes C-52: I know the system needs to be changed. If a lot is connected, will they pay the $58 per month cost? Answer: Yes. The monthly costs were determined by the loan repayment and the systems operational cost.

Rick Whitney: C52: It would seem a good cost savings to hook on while the ground is torn up and some economies of scale may be available. Answer: Such a concept has been talked about in our board meetings and is certainly possible.

Ken Borg: Lot B69: I have been a member here since 1968. I helped pay for the water line that we now have. Are we going to be dealing with this for a long time in the future? Answer: Yes, the loan repayment will be there for a long time to come. If we don’t do something, we will be still dealing with it for the next 30 years but likely at higher costs.

Question: Could you explain the loan process? What happens if the loan goes into default? Answer: The bond is guaranteed by revenues paid to the District. The District will enter into what is called a rate covenant with the DDW as the bond holder. They will be monitoring our compliance with the repayment plan every year. There is no pledge of property.

Question: Will the system be operational in all of the covered area all year long? Answer: Yes.

Jay Hansen: L13 Birch Creek area 3: First I want to say I am opposed to this. Question: is water going to be put to all the lots down near the golf course? Are we going to be encumbered with the cost of putting asphalt on roads that are now graveled? Answer: Mr. Collins: As far as I know, those roads that are asphalt now will be asphalt and those roads that are not, will be gravel. There has been no other discussion about this matter. If we are all helping $3.40 per lot for area 1, when area 3 wants to have water will those in areas 1 roll over and help us? Answer: There is no way we can look several years into the future and answer every question for the future.

Roger Mace: J47 upper mountain area 2: I want to say that I think the $3.40 per month is excessive. When I have talked with the county in times past they have said that once we have a water system, we would be required to put in a sewer system. Has any consideration been given to that? Question: when the water rates were increased 2 years ago a board member told me that any excess funds generated would go toward funding future water projects. Answer: Max Henrie: The water rate structure is somewhat self policing because those who use more will pay more. Those funds generated in each area are generally used in that area. The exception to that is that all lots contribute toward paying for the water use in the common areas such as campground, pool etc. In addition, the cost of operating the Thad’s Peak well and water fill station and the other water fill station also comes out of those funds. When the SSD asked the Resort to assist in collection of water bills, there was a period of forgiveness of more than a year’s worth of billings during the transition so there is not a large reserve of funds as you may be thinking.

David Wiley L43 upper mountain area 2: I thought each of the common areas was self sustaining. Why is there a need for additional funding to pay water bills? Answer: Each of those areas generates revenue but they still are water consumers and need to pay their water consumption costs.

Question: What is the assumption in the loan repayment as to how many lots in area 1 are going to be connected? Answer: The assumption is that there would be 155 connected at the outset.

Paul Blanthorn: A 34: I am in favor of the project mostly for fire protection but for the system upgrades as well.

Jim Bowles: C9 how many people in C section voted to be in area 1? I for one am not in favor of the project. Answer: No one voted. The full time area was designated by Sanpete County many years ago. I hope the construction process will page 3…..include access. I can’t speak for every one because I don’t have their authority but I think everyone in the C section is against it.

Comments: came from 6 people immediately saying, “I disagree. I am in C section and I am in favor of the project.”

Frank Frasier K43 (area 2). Since we have undivided interest deeds at this point, and I know we are close to resolving the deeding issue, but if the bonds were defaulted, can the bonding company come back against the Resort? Answer: I have answered this question at least 3 different times. I am going to give you the only answer that there is and that we don’t know the answer except that the District has no property being pledged as collateral and there is no cross collateralization of the loan is being discussed with the Resort and their ownership of the common areas or unsold lots. Attorney: it is set up to have a one year reserves available for bond repayment.

Maurine Altiner A 26: I have been a member since 1966 and I don’t see any problem with paying the monthly amount. If this helps keep the Resort viable I am in favor. The Resort has long been fiscally responsible.

Irene Stauffer: I think there should be a Resort wide vote. Answer: This is a non election bond.

Eklund: C55: I see nothing but progress here and I am in favor of it all the way.

Jesse and Bobbye Baker GC lot: We are very much in favor of the project and appreciate what you all are doing.

Ted Haynes: Lot 1: I can’t believe that you have put enough in the bid for all the rocks that we will be dealing with. Answer: We have done all we know how to do in putting into the mind of the engineering company the nature of our soils.

Rick Stauffer: J68 (area 2) I think we have serious risks of fire danger up on the mountain and that should have some priority.

Max Henrie Lot GC 33: I am for the project for three reasons. One: this project will correct every one of our deficiencies. Two: Our fire protection is so inadequate that even most of the 9 total hydrants we have don’t meet state fire prevention requirements. This project will correct that. Three: A few years ago the SSD put a moratorium on new water hook ups to the current system because of the problems enumerated at the beginning of this meeting. This effectively shuts down any growth. A number of people have wanted to build homes but cannot because of no water. This project will alleviate that. Those are the reasons I support the project.

Rick Whitney: C 52: I am not planning on hooking on because of cost.

Layne Lundstrom: O 18: (area 3 Birch Creek): I am in favor of the system for the future of our neighbors and for the long term health of the Resort. People have got to have water to build homes. I use the water fill station. I don’t use the pool or the golf course but I know they are necessary to our overall success.

John Tilvets C69: Is this a foregone conclusion or will it come to a vote? Answer: It is not a “done deal” but I will be honest with you in that we are fairly far down the road toward doing the project. The Board of Trustees of the Resort did send out a ballot to all members in area one. Over 150 ballots were returned with 138 in favor (89%), 12 votes for some other alternative (8%) and 4 that did not respond with either choice. This represents something over 60% of area one residents casting their opinion.

Mike Robison: B14: We are in favor of the project.

Karen Borg: Why not do an upgrade on the system? Answer: the District Board and the Board of Trustees reviewed all the options and believing that the new system would provide the best value for dollars spent for the members. Answer: page 4….Fixing the most serious problems with a continuous array of patches are what have been done for years and look where we are. Our limitations are: no redundancy of supply; inadequate storage; inadequate fire hydrants; inadequate pressure; inadequate piping and etc. The Boards, having looked at every possibility that we could, decided that a new system to resolve all deficiencies at once was the best option.

Foxes C 49, C50. Spoke in favor of the project. They haul water and look forward to having water come past their property.

Question: Who will oversee the project? Hansen Allen and Luce Engineers will be in charge of the design and, if we proceed, will be in charge of overseeing the construction.

Ed Collins C56: I have a cabin home and I haul water. I can make that work. However, I see the value of the project and am in favor of it.

Jay Hansen: L13 (area 3) what size staff will be required to oversee this larger system? Why in the bonding consideration was there not provision to put a well in the Birch Creek area? Answer: We have a certified systems operator who oversees the system. We are not in a position to answer that in exactness.

Name illegible: My lot is on the mountain and I am in favor of this for the fire control alone.

Kent Zimmerman: C2: I am here to speak in favor of the system.

Answer from the attorney: The DDW will never put a lien on your property. If any liens were ever placed it would be the District.

Winn Frame: B7: In favor of the project.

Nelda Shattuck: B lot: We are very much in favor of the project. Thank you for looking after all of our needs.

Stan Adams B 70-71: If I get water to both my lots that would be $118 per month. I am retired. I can’t afford that.

Name unknown: It looks like there is a provision in the costs to replace the existing meters. Is it fair to require someone putting in a new meter to pay and for John Doe who has a meter that was improperly installed to get a free one? Answer: Only those meters deemed to be defective will actually be replaced. Provision was made for the outside contingency in the estimate.

Letter from Tempests Lot GC?: worry about monthly cost.

Letter from C56-C57: My father in law and I own adjacent lots. I have been kept informed as to the costs associated with this project and know what our monthly water bill will be. We are very much in favor of the project and urge the board to not be swayed by the vocal minority. Thanks for what you are doing.

Question: How many water shares does the District own? Answer: a little more than 222 acre feet.

Comment: Someone thought it would be a good idea to send a list of all of our deficiencies to Michael Grange, DDW. Whatever their motivation was, the end result will be that we would, over time, be required to enter into corrective action plans with DDW and there would then be assessments of whatever it would take to bring us into compliance. In reality between the Board of Trustees and the District, we just are not going to ever get into a position where we would be forced to do things.

Any other comments?

Page 5….. Mr. Wiley: We appreciate what you are doing. (Large round of applause).

Ed Collins: Chairman: I know we won’t all agree on everything but I hope we can in the end, agree to get along. With no other comments I will declare the public hearing closed. We thank you for your interest and caring.

A review of the March 24th public hearing and information meeting shows that of 21 people making comments or asking questions, 13 spoke in favor of the project, none spoke against and 8 simply had questions they wanted answered but offered no comment either favorable or otherwise.

SSD Meeting:

Question about a sewer project in the future. No one can project way into the future but there are no discussions concerning this by anyone at the County Commission or any other county official.

Consideration of the adoption of a resolution authorizing not more than 3.6 million dollars in water revenue bonds to finance system improvements fixing the maximum principle amount, interest rate and maturity and the discount on the bonds to be sold: The term is 30 years and the interest rate is 2.5%. I will answer the obvious question: Why is the bond parameter 3.6 million when the loan amount is 3.007 million? The DDW requested the larger amount in the case where the bids may be higher than the estimates. Motion to adopt the bond parameters resolution by Everett Taylor with second by Layne Lundstrom. Motion carried unanimously.

Motion to adjourn by Everett with second by Layne Lundstrom. Motion carried unanimously. Meeting adjourned at 9:00 p.m.

Respectfully submitted,

M. LaMont Pugmire

Secretary Clerk, Skyline Mountain Special Services District.