

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the monthly Board of Trustees Meeting of January 17th, 2009

1. Meeting called to order at 6:37 p.m. by Chairman, Jay Hansen. Present were Terry Behunin, Ed Collins, Monte Pugmire with Will Summerfeldt excused do to illness. Also present were Dwayne and Jackie Coombs; Max Henrie; and Mike Tate; and Roy Slater.
2. Minutes of previous meeting, sent electronically to each member were read and approved. Motion to approve 4-0 in favor.
3. Financial report was tabled until next meeting due to computer malfunction. The budget has been posted with the State and at the Resort offices. Terry has turned all of our 2008 records over to Savas Greene Accountants for preparing the annual report.
4. Legacy well in Archie's Hollow: Should we ask Terry Carpenter, state enforcement officer to look in to whether they are delivering water without having proper authority. Terry explained that they can drill the well and deliver water under a 1 year temporary use permit used to "prove up" on the well. Jay suggested we need to have our attorney keep his eye on this. Jay also stated that we must have Orson keep an accurate record of our Archie's Hollow Spring flow. Jay will take the assignment to call Craig Smith, our attorney, to be alert to any further activity. If we show that they draw down our spring, we can actually get water from their well. Max Henrie reminded us that our attorney previously did a very complete research on the Archie's drainage that identified all water right holders.
5. Our water rate research project. Ed mentioned that County Attorney, Ross Blackham seemed disinterested in the details and advised us to proceed. Ed has talked with Rural Water Development about help on setting up a rate structure. Ed suggested that we postpone this and bring it to bear when we apply for our water funding. Jay mentioned that it is important for us to have a billing system in place prior to any grant application. Terry stated that since we haven't had any increase in funding for the 10 years of the SSD's existence, we really need to increase revenue by a minimum of \$50,000 per year. The water rate is one way of raising the revenue base while, at the same time, showing potential to service our system to any funding agency. He suggested that we should research the amount needed to be charged to members to generate the needed extra revenue. This should be an even percent across the board to full-time, part time and simple lot owners. Ed mentioned that any rate system needs to be fully justified as to financial need. Max Henrie asked if we raised the rate, would it be for water or for roads or both. He said that we actually collected \$11,219. Jay said that our electric bills alone consume most of that amount. Mont suggested that if we were to increase water rates, we could then transfer the present portion of the \$10 per month received from the dues that is now used for water to the road budget, which would nearly double the road fund, thereby allowing us to keep up with increased costs from the last 10 years. Max suggested that he thought the members would be better able to accept a rate increase if the funds were used for water. Terry suggested that even with this increase in funding, there still would not be enough in the road budget to cover putting MgCl on all of the roads. Mont estimated that it would cost about \$30,000 per year to apply MgCl on all of Birch Creek, Juniper up to the "y", the two roads in B section and the Fairview Drive in "A" section + C section all roads. The would be about \$4 per month per for each of the approximately 660 lots that are owned. Mike Tate mentioned that he has talked with most of the owners along the first mile above the pavement on Juniper Drive and that all expressed a willingness to help pay for their road to be done. Mont said that a neighborhood committee in A and B section went out and contacted every member in those areas and collected 100% of the cost of the MgCl and water truck costs on their streets.

Page 2: Jay said that he had talked with Richard Noble of our engineering firm that was told that with the economic stimulus funding that will be coming out of Washington D.C. that there would be "a lot of money" available and that we just have to act now to get the water rights transferred and a water rate system in place so that we can apply for and receive both grant and low interest funding. Ed asked if we have to ask the county commission to assess for us. Mont stated that the funding for our loans and grants for the new system will be assessed as a property tax addition but that our water rate for monthly billing is for us to administer. Terry suggested that we pay SMR a monthly fee to bill and collect for us. This billing would be \$X for SMR and \$X dollars for SSD which would be defined as to how much is water and how much is roads as follows: Lower the SMR dues to reflect how much is actually going to SMR and have separate line items on the monthly bill to cover the amount going to the SSD. As an example, SMR may not choose to raise dues so their part of the billing would be \$20 per month. The other line items could be \$X for SSD water; \$X for SSD roads; \$X for MgCl on main roads. Mont stated that we need also to have a rate structure based on consumption to bring those into alignment who are abusing the use of our present water. As an example, Mont stated, we have a few people who last summer were using over 140,000 gallons per month compared to someone like himself who averages an average of 3,000 gallons per month. Mont was asked to get the water meter reading book from Orson and get it to Ed and he will create a spread sheet that we can use to plug numbers into to see what increases would be needed to fund both water and roads adequately. Mont pointed out that our present water revenue of \$11,219 doesn't even cover the electric bill alone so we end up subsidizing the water costs out of the general budget. He agreed that the needed increase should be a uniform increase in percent across the board. Jay stated that in his opinion, we are running on a teeter-totter with respect to our storage capacity in our main well. Ed said that we need to have the consumption rate be very punishing on those few who are huge abusers. Terry reminded that we are also trying to prove up on our water in every way we can. Mont replied, "Yes, but if we could curtail the abusers, we could more easily accept new applications for use. Citing the example of the person who used 143,000 gallons in one month, Mont stated that we could approve new connections for more than a dozen people using water at a normal rate if the abusers could be curtailed. Ed agreed saying "we need to put on a real hurt" to those who abuse. Terry said that we need to do away with the annual billing for water and bill water on a monthly basis. We also can use SMR to get the information as to who is connected full time, who are part time cabin/RV pad owners and who is a vacant lot owner.

6. Snow gate report: The Juniper Drive snow gate has been repaired and has been modified to have the lock box 30" higher than before so one does not have to bend over to unlock the lock. Ed made a motion to approve modifying the Birch Creek gate in a similar manner. Our costs \$360 to do the Juniper one. Mont seconded the motion. Motion carried 4-0 in favor. Mont asked if everyone got the proposed letter to be sent to the one who caused the vandalism over the New Year's Week End. Terry moved and Ed seconded that we levy a \$200 repair cost and give them 15 days to comply and if not complied with in the allotted time, go to the Sheriff's department and press charges for the pending case from that incident. Max suggested that we may not be able to charge for the repair if we haven't given them time to make the repair. Mont reminded that they were asked by our Resort Manager told them on New Year's Day that they would need to make the repair. We allowed 8 days and there was no effort so we made the repairs since the gate was not functional without being straightened and the lock box rebuilt.
7. Parsons agreement: Jay reported that after review of the Parsons Agreement letter, a few modifications were made. SMR president was in agreement with the changes.
8. Water rights transfer: We need to move quickly on this so we can get our funding application in with the potential of grants and low interest funds that will likely be in the new Federal economic stimulus package.
9. Mike Tate again addressed getting the funding for MgCl for his road section. Terry said, "We are just encouraging the members to get together and collect the funds needed for their roads. Mont mentioned

that Page 3: Wayne Wilcox is spearheading an effort to apply it to their road this coming year. Between those two areas, approximately one truck load would be required. Jay said that we would stand the costs of the 3 hairpin corners. Max will research the legality of handing out the lot owner information. He stated that perhaps the neighbors could write the letter and the Resort would mail it. Ed said, "That doesn't actually work at all because there is no follow up mechanism. So if we want to say that we support those members in the neighborhoods then we need to figure out how to actually do that rather just saying we support it. With no way to follow up, it will not succeed. Mont stated that it is best applied about the third week of May. The average cost last year was about \$80 per lot. The higher participation, the lower the per lot cost is. If we had obtained 100% participation, it would have been about \$50 each. Ed again asked how the neighborhood committee could work to get more participants if they don't have the address list for the lots that pertain. Jackie Coombs stated that even when the deeding process goes through and the value of lots increases, how we can be a \$50,000 resort if we don't have roads to match those values. She asked if we could raise the rates for water, why couldn't we raise the rate for roads by a few dollars and apply the MgCl to the main roads. Roy Slater said, "You would be surprised at the nasty things we got called for even asking for the \$60 per lot in Birch Creek the first time. Mont stated that the chemical needs to be applied full strength for 3 years and then, it has been suggested that ½ application will be sufficient for the next few years. Mont agreed to do some estimates of what it might cost to do the Birch Creek Road and Juniper Drive road to the "Y" plus C section and B and A sections and report back to the Board.

10. Meeting adjourned at 8:37 p.m.

Respectively submitted,

Monte Pugmire, sec-clerk.