

Skyline Mountain Special Service District

2201 Skyline Mountain Resort

Fairview, Utah 84629

Minutes of public board meeting held December 15th 2016 Skyline Mountain Resort Clubhouse, 11860 East Clubhouse Drive, Fairview, Utah 84629

Meeting called to order @6:00 PM by Chairman Layne Lundstrom:

Public Board Meeting Notice: Layne Lundstrom stated this meeting meets the public meeting requirements; was posted on Utah Public Notice website and was posted at 11860 East Clubhouse Dr, Fairview, Utah.

Board Members Present: Chairman Layne Lundstrom; Vice Chairman Herb Gilbert; Secretary/ Clerk Roy Fox; Treasurer; Board Member Craig Godwin;

Excuse: Dawayne Coombs

Public Members Present: Jeremy Fox, Matt Parsons, Mont Pugmire, Alan Colledge

Parsons/ Colledge well proposal. Matt Parsons & Alan Colledge made a presentation of information requesting permission to proceed with the drilling of a well on their property in Elk Meadows. Matt had obtained a well permit from the state that expires this coming summer unless acted upon. He has also procured water rights that will accompany the well. A sizable investment has been made and there was a proposed preliminary agreement with the SMR board for permission to drill the well in 2008. That agreement was never finalized. Today's proposal would have Matt & Alan bearing the full cost of exploring, drilling, and activating the well for use at their cabin's, but with SMR being able to convert the well to a public well at any time in the future by declaring such and reimbursing them for the drilling costs. Since drilling a well would require permission from the SMR Board, it was recommended that they pursue that first and then return to the SSD once successful. They agreed to do that.

Approval of minutes from previous meeting of October 14th. Previous meeting minutes were sent out by e-mail to all board members for review. Craig Godwin motion to approve, seconded by Herb Gilbert. Motion carried 4-0, minutes approved.

Financial approvals:

Financials were presented by Roy Fox.

• Express Bill Pay deposit account	\$25,549.79
• Reserve Money Market	\$35,794.36
• Money Market #108	\$ 9,003.60
• Banner Checking	\$14,649.41
• Petty cash	\$ 123.10

We had to conference call with Matt from Squire & Co. accounting firm, in order to reconcile our 2016 P&L Budget vs. Actual with our Balance Sheet. He reminded us that our annual bond payment of \$143,725.00 is comprised of \$68,000.00 of principle and \$75,725.00 of interest. Our depreciation expense is \$98,709.00. Since this is not something that we pay, but accrue, it is necessary that we marry the interest and principle expense from the bond payment along with the

depreciation expense from the P&L, to the balance sheet in order to see the cash flow loss equalized by the balance sheet gain. With that done, all is balanced.

It is necessary for us to keep a \$25,000.00 balance with Express Bill Pay in order not to incur finance charges.

A motion to approve the financials to date for 2016 was made by Craig Godwin, seconded by Herb Gilbert. Motion carried 4-0. 2016 financials to date approved. Much thanks to Roy for his hard work and sacrifice for SMR.

Close of public board meeting: a motion was made by Craig Godwin to close the public board meeting in order to open the 2017 budget meeting; seconded by Herb Gilbert. Motion passed 4-0.

Opening of the 2017 budget hearing: a motion to open the 2017 budget meeting was made by Layne Lundstrom and seconded by Craig Godwin. Meeting opened. Roy Fox presented the 2017 budget with previously discussed adjustments to depreciation expense and bond principle and interest expense. Motion was made to accept the 2017 budget with adjustments, and close the 2017 budget hearing by Craig Godwin and seconded by Herb Gilbert. Motion passed 4-0.

Motion to reopen public board meeting: a motion was made by Craig Godwin to reopen the public board meeting; seconded by Roy Fox. Motion passed 4-0. Meeting reopened.

Past due accounts: Short discussion on past due accounts. It is not likely that we will recover anything from a current foreclosure since SMR has first access to any resources. Layne gave direction to Roy to start letters of collection on accounts that are 60 days or greater past due. Layne wanted to check with Max Henrie before that starts. He will get back with Roy.

Update on water system:

- 4 PRV valves had to be replaced. Roy thinks it was due to over tightening when the system was installed.
- Club house well is working very well now.
- Jeremy is going to take on as much of the day to day work as possible to take the load off of Roy.
- Minimum amount of chlorine being added to system according to state specifications. Jeremy checks nearly every day. State requirements = 3x week.

Customers:

- Are financial keeping up with bond payments? Yes as evidenced by financial reports of this meeting.
- DDW requires 120% of revenue for the first 5 years to insure a 1 year bond payment in reserve. Are we on track? Yes except for this year in which there were inordinate amount of expenses on pump problems. We don't foresee that going forward.
- Plowing the road to the tank during winter? It is not necessary and in fact should NOT be plowed past Hamlin's.
- Mont Pugmire bought some reflector tape for hydrants near him and has volunteered to place on all hydrants for fire and night visibility. SMSSD to reimburse him for cost of reflector tape. Thanks Mont!!
- Mont Pugmire to provide names of those who are tied into the fish pond irrigation water. More than likely they are using their irrigation shares that they share with the golf course. There are challenges when irrigation water is turned off and water to water the golf course is coming from culinary water being pumped up to the fish pond.

Motion to Close the Meeting: Motion to close the meeting by Craig Godwin, seconded by Roy Fox. Motion passed unanimously. Meeting adjourned 8:54PM