

Skyline Mountain Special Services District

2201 Skyline Mountain Resort

Fairview, UT 84629

Minutes of the monthly meeting of the Board of Trustees held Saturday May 16th, 2009 at 6:30 p.m.

Meeting called to order by Vice Chairman, Ed Collins at 6:30 p.m. Attending were Board members Ed Collins, Terry Behunin, Dawayne Coombs, and Mont Pugmire. Also attending were Orson Stilson, Lynn Eggett, and John Tidwell. Board member Jay Hansen is excused due to recent surgery.

1. There were no minutes for April to approve since Mont was out of town for that meeting and the tape machine had not been returned to him for transcription until tonight. We will consider those minutes at our next meeting.
2. Financial Report: Terry: We are well under our budget due to the early time of year and road projects and other things have not yet begun. The bank balance in our checking is \$36,000; our certificate at Far West Bank is \$18,000+ dollars and our savings account for pump replacement is \$40,000. A large part of this will be invested in the Birch Creek area well that is to be drilled this coming summer. Ed mentioned that in discussions with SMR Board, there is going to be a question as to how much money we have in reserve that they feel might be coming back to them if they take over the roads at some point. Dawayne reminded us that we have spent over the road budget by a substantial amount over the last two years and our road budget surplus is zero. Mont moved for acceptance and Dawayne seconded. Motion carried 4-0
3. Water project update: This is a Jay item. Mont said that we have been approved by the 6 county council of governments. He mentioned that the County Commission is strongly suggesting that we apply to Community Impact Board, State agencies and Federal Rural Water Development. Terry asked if we had a best guess as to how long it will take? Mont said that our engineering firm and the County Commission suggest that it could take 3-5 months to get approvals. Mont said he asked the engineers specifically what we can do right now to move the process forward. Richard Noble stated that we need:
 - a. The legal descriptions of the water assets.
 - b. The published water rate established in our recent Board meeting after public hearing.

Richard said, "If I have those two things I can go forward from there. Terry said that Max Henrie is getting that for us from Jones and Demille. Max told Mont 4 weeks ago that Jones was supposed to have that to him in 2-3 days. So far we haven't seen it. Ed will take the action item to follow up with Max to get these. He suggested that we don't need to pay the attorneys to do things that we are capable of doing. Ed also stated that it is important for us to get our funding applications in because we can't ask the members to vote on something until we and they actually know in detail what it is they are voting on. Richard Noble said that we need to proceed with our applications for loans and grants. He said it is foolhardy to hold a public meeting about the project until we actually have funding in hand and identified costs to present to the membership. He said the funding application can go all the way to agency approval and be withdrawn at the last minute if the members were to vote now.

4. At the last meeting of SMR Board there was some discussion about the SMR Board taking back the roads since part of our purpose in having them was to qualify for Class B and C road funds because of our privacy gates. Therefore it could be reasonable to make that change and have us focus on water. Terry suggested a joint Board meeting to discuss this in informal session. He will try to set it up for Memorial Day Saturday at 6 p.m.
5. MgCl project: For the last several months the SMR Board has asked that we not proceed without involving them because they may want to be involved. Then Mont spoke with his A and B section neighborhoods and asked them if they had sent out the letters asking our neighbors to pitch in with volunteer funding and the

Page :: 2 neighborhood chair said, "No because Joe Hanks told us not to send them out because SMR was going to." Joe told Mont that was correct that SMR was going to send out the letters. Joe confirmed to Mont that the above was still the plan. Dawayne stated that at the last Board meeting, SMR Board put this back in our laps. Mont said, "Well that's nice to know on the 15th of May when this should be applied by the 23rd of May. In our neighborhood we would have had this done two months ago (the collection of volunteer funds) if we had known. Ed said he has tried for a long time to get C section addresses and just barely got them this week. Jackie Coombs has tried also without success. Mont said that he had talked with the contractor, Elk Ridge Transport and they told him that the cost would be the same as last year without the diesel surcharge of 38%. This is about \$75 per ton or about \$1,900 per mile, depending on the width of the road. The way it was done last year was that SSD paid and the local committees gave the money to SSD. Terry said he thought that each neighborhood should pay their own and not involve SSD. Mont stated that such an arrangement would be a nightmare trying to coordinate water trucks, grading, application and who gets how much of a truck etc. It's a nice idea but it is totally impractical. Ed asked what the deadline was to have people get back to us. Mont said, "A week ago". The real answer depends on if SSD is willing to spearhead this and accept funds from the various neighborhood areas. Ed stated that he was sending the letters out but he stated that he is doing this to prove a point and that is that the "ask your neighbor" policy simply doesn't work. Mont said, "Well it does in our neighborhood because we have done it for 3 years in a row successfully." Ed said, "Well that is different because you live their year around." Mont said, "No, that is not true. We have about 20 full time families and over a hundred lots in our area." Mont said the real question is whether we are willing to proceed and get it done and risk that not all areas will come through. He stated that it is a guarantee that A and B sections will collect their funds because we have a 3 year track record of generating 100% of the funds needed to treat our streets. Ed and Terry both said that in their areas it would be unlikely that they would collect enough to reimburse the road budget. Ed stated that it was pretty clear to him and others that SMR Board were going to try to handle this issue and try to provide some assistance and so everybody laid back on what has been the normal course of action waiting for that leadership to occur, which is, as far as I was concerned, was an imminent thing that was going to happen and for reasons of their own is they have walked away from that and dropped it back into our lap. Dawayne stated that if they were to MgCl all of the main access roads, which virtually everyone uses, it would cost \$3 per month per lot owner. He said that every single month the SMR Board has been asked by members if there was any possibility to do this. Terry explained that since SMR is assessing the maximum the the CC and R's allow for the deeding process so they felt they couldn't create and assessment this year. Ed said, "I am going out on a limb here. Who takes care of the roads? We do. I am about to make a motion that we spend the money to do the main roads. We have proven the maintenance savings from our previous experience." Terry said, "I just don't know if we have the budget to spend the \$17,000 to 18,000 to do this." Ed said, "I just think this is crazy that we have got to this point delayed by the SMR Board because I frankly thought that they made a commitment that they were going to handle it and now it is back in our laps. If I am speaking out of turn then correct me because it is back in our laps." A member who was present stated that in his experience the only way it works long term is to assess for it and just do it." When the water system goes in the roads will have to be reimproved anyway. The cost of \$1,900 per mile and the 10 or so miles of roads we have to do would make Terry's estimate probably accurate. Mont clarified that in addition to the MgCl, that the roads up higher would be significantly more because of how long it takes to get water truck up mountain. Had we put the MgCl down at middle of May, because of the cooler temperatures, it would have been cheaper than it will be now. Ed called for a motion. Dawayne moved that we MgCl Birch Creek Road, Juniper Drive and Thad's Peak Road to be spent from road budget with an effort to recover any funds we can by the volunteer. Also to do the B and A sections with those neighborhoods paying for their application. Mont seconded. Terry stated for the record that this is a long term commitment and it won't do any good to apply it just one time. He said, "I think before this is voted on we should discuss it jointly with SMR". Orson stated that

Page 3;;; we have done Birch Creek Road once and when we went to put in culverts it was like digging through concrete for the first 4" even after only one application. You are saying doing it once won't help but the evidence suggests otherwise." Ed called for the question on the motion and asked for any further discussion. Motion passed with Ed, Dawayne and Mont voting aye and Terry voting nay. Ed said that for the record that in general he was quite frustrated with the process this year. Mont was given the action item to organize the effort.

6. Grading of roads: We need to select who we are going to use for grading since they are within a dollar or two per hour of each other. Mont asked about grading Juniper Drive and Thad's including pushing the last little bit of snow out of the way. He reported Birch Creek is snow free all the way; Deer Valley Drive is 99% snow free and Juniper is completely open. Thad's has maybe 15 minutes of extra grading to move all of the snow. Terry reported that Doug Shelley told Max Henrie he would be willing to grade Juniper Drive up to their driveway for no charge to make up for the ruts and mess we have in that road due to their having plowed it all winter and driving up in the mud. That road is in the worst shape it has been in several years because of being plowed. It was decided to have Christensen grade Birch Creek and to use Shelley, if his offer is for sure, to grade Juniper. Mont suggested that we offer a further 'olive branch' to them by offering to pay them to grade above their cabin driveway since they will already be there anyway.
7. Water Billing: Terry reported that the Resort will do the billing for the water and make it a combined bill. Ed said that he felt the same feeling from SMR. We have indentified a water billing system that can be integrated with the SMR Quick Books. Ed accepted the action item to get Françoise to get with office staff. Terry suggested that Melynda be indentified as the main contact. SMR Board is going to use an online bill pay service that could help also. Terry stated that it is very important to have water and dues on the same billing statement. Ed presented a letter draft to be sent to members so they will not be shocked when they get their first billing. It needs to go in the mail right away. Orson asked about where the rate base lines came from. Mont answered that it was the most common denominator of all the municipalities that we researched. Ed stated that we need to contract to have all of the non-functional meters replaced and to add meters to those who don't have one. For all those with inaccessible meters we will clear them off and bill them for the clearing. Ed explained that the main reason that the water is being transferred to us is that the Resort owns a lot of water right ... more than we could prove up on in a reasonable time frame. The SSD has the authority and ability to protect that water held in reserve for future growth. The reason we are using a stepped rate system is to encourage conservation so that we can continue to allow members to hook on. The limiting factor is our summer water usage and our storage capacity. Mont will take the action item to contact Mountain States and establish an account for fire hydrant and water meter purchasing. We must also ask those outside the District to whom we furnish water under previous agreements to furnish us copies of those agreements or we will serve them notice to disconnect. We need to establish a standard and require it to be followed whether by them or us.
8. Ed asked what kind of a program we want to establish with SMR for their meters? Their largest use is the pavilion/campground because they don't have irrigation water available there. Suggestion was made to charge SMR the basic \$23 per month per meter and to charge \$23 per month plus overage for the campground meter. This special treatment would be in recognition of the fact that the water right transferred is of significant value. Terry also stated that we need to also charge the Resort for the electricity for the water slide as well. SMR has previously agreed with this.
9. Mont asked: Is it realistic to ask Joe Hanks and Everett Taylor to be our certified systems operators and not provide some form of compensation for their time spent in keeping certified and for doing the sampling?
10. Dawayne: Would the SSD allow the fire grant to use our account to purchase fencing for the upper fire escape area. The answer is yes.

11. Mont moved and Terry seconded that we contact Horseshoe Mountain Hardware and clean up our account as to who is authorized to charge on it. It was suggested that Mont, Terry and Orson be so listed. Motion carried 4-0.

Meeting adjourned at 8:20 p.m.

Respectfully submitted,
M. LaMont Pugmire, sec.-clerk