

Minutes of the joint meeting of Skyline Mountain SSD and Skyline Mountain Board of Trustees Meeting held May 11th, 2006 at 6 p.m. at the Utah Power and Light building, American Fork, UT

Attending: All members of SSD and SMR Boards.

Roger reviewed Legacy information concerning calls he has received from Nic Robertson and Nicole Robertson/Sorensen as well as a letter from Loren Berry discussing their actual position regarding Legacy Sweetwater. Also a letter from the SSD attorney, Craig Smith sent after Roger called him with our concerns after the calls from the Robertsons. Legacy has contacted Hansen, Allen and Luce, our engineering firm and a follow up letter from them was read. It appears that Loren's investment group has not actually purchased Legacy at this point but, in fact, has an option to purchase and continue developing IF Robertsons can prove water for their lots. Also reviewed was an opinion concerning the potential of the Hot Well as a possible source for either SMR or Legacy. Birch Creek Irrigation owns the rights to the first approximately 460 gallons per minute that would come from the Hot Well. Reed Mower, a retired geologist with expertise in the Sanpete County water shed, suggests that the water cavity or source may be such that the previous water quantity may not be sustainable in a continuous pumping situation. Ralph Brotherson well driller says it would probably cost between \$50,000 and \$100,000 to completely "fish" and clean the present Hot Well and test pump it for a sufficient time to really determine its viability as a long term, continuous source.

In general there is a reluctance to proceed further with any conversations with Robertsons until SMR Board has reviewed these and other findings of their own. There seems to be a real questions as to what SMR would gain in return for providing water to Legacy at this time. At the same time, just telling them no may be problematic. One suggestion would be to propose to sell them water for a fixed short period of time in return for their installing a pipeline whose ownership would revert to SMR for the portion on our property. In connection with such a possible proposal could be a very substantial performance bond provided by Legacy in favor of the residents of Legacy and SMR. There is a very real concern that no matter what agreement we enter into, if at the end of our water provision, Legacy could not provide water, we may not be able to cease delivery.

Due to time limitations upon the SMR Board because of their 7 p.m. Board meeting, very little

additional discussion took place. All agreed that it was now very important for the SMR Board to discuss the above items and any other concerns they have and give the SSD their input and recommendations.

Meeting ended at 6:55 p.m.

Respectively submitted, Monte Pugmire, secretary, Skyline Mountain SSD.