

**SKYLINE IMPROVEMENT AND SERVICE DISTRICT  
MINUTES OF BOARD MEETING**

**May 11, 2017**

A public meeting of the Directors of the Skyline Improvement and Service District was held on May 11, 2017, at 4:00 pm at the office of Berkshire Hathaway in Jackson, Wyoming.

The following Directors, constituting a quorum, were present: Kurt Harland, Latham Jenkins and Jim Lewis. ISD bookkeeper Carly Schupman arrived after the meeting started..

Homeowners Will & Livia Garson and Arne Johanson were also present.

Kurt served as Chairman, Latham served as Vice-Chairman and Jim as Treasurer/Secretary.

Kurt called the meeting to order at 4:00 pm.

**1. Approval of Minutes**

Kurt made the comment that Warren's facts about the cost of collection were based on his assumptions of the allocation of Carly's expenses to billing, but as that was addressed in the body of the minutes, Kurt made a motion to approve the April 13<sup>th</sup> minutes. Latham seconded the motion and the minutes were approved unanimously and signed.

**2. Changes to the Agenda**

Jim requested that item #9 on the agenda be split into two separate items as they were two separate topics:

- #9 Review Counsel's draft Rules and Regulations of the ISD
- #9A Review Counsel's draft Regulations of Water Use for the ISD.

Homeowner Will Garson wished to raise the following issues to the Board:

- The motor-cross track on a neighbor's property, which is a detractor to the neighborhood.
- The general cleanliness of some of the yards in the neighborhood.
- People respecting the speed limit as it's still a big problem and he's concerned about the kids in the neighborhood, especially speeding cars coming down Mallard.
- People walking their dogs and not picking up after them.

The board commented:

- Jim said our CCR's are general in nature, but with regard to the First Filing, the CCR's can be changed with a 75% vote of all lots/homeowners in the first filing. If there were enough homeowners interested in a change, there's a process to follow, but it can be done. Kurt said that the Board should probably have the

- ISD's counsel look at the First Filing's CCR's specifically as it relates to lot maintenance and what it says about cleanliness of yards and things like that.
- Regarding the speed limit issues, Kurt said the speed bump will be installed shortly, and he will look into the availability and cost of the electronic speed signs like they have in the Pines. Kurt thought they were about \$750 but said he will get some numbers. Jim added that perhaps a letter from the Board to the homeowner(s) that excessive speeding has been witnessed by neighbors and it is concerning, and reinforce the 20mph limit.
  - Kurt said that a number of people moved into Skyline because of the relaxed CCR's and we have to be respectful of that. Livia Garson said that things can be changed and Kurt agreed that in the First Filing, it's easier than other areas of Skyline, as a 75% vote is required. Until then, the service district must act in accordance to the prevailing rules. Latham added that given the nature of Skyline, in the past, it's been neighbor-to-neighbor discussions, and in the case of the temporary structure on a neighbor's property on Mallard, he did respond favorably to a discussion with a neighbor. The motor-cross is a second issue. Latham agreed that there is a process to change the CCR's if enough people want to do so.

### **3. Treasurer's Report and pay invoices to be approved**

The Board reviewed the Treasurer's Report dated 5/11/17. The May expenses totaling \$12,078.59 were submitted, and approved, for payment. The reserves as of 5/11/17 totaled \$360,992.69, which were broken down as follows:

- Road Reserve: \$ 47,354.56
- Water Reserve: \$291,922.54 (\$200,000 to be transferred to First Western Trust for opening two \$100,000 CD's)
- Operating a/c: \$ 21,392.23
- Checking a/d: \$ 100.00

Kurt made the motion to approve the treasurer's report and approve the expenses to be paid in May. Latham seconded the motion and the motion passed unanimously (3-0).

### **4. Approve Skyline Investment Policy following 45-day comment period**

Carly confirmed that no public comments came into "office" and the director's confirmed that they had not received received any public comment for any homeowner. Jim summarized the policy for the attendees. Jim made a motion that as there was no public comment, we formally approve and adopt the Investment Policy for the ISD. Latham seconded. The board unanimously approved the motion(3-0).

### **5. Sign signature cards and docs for First Western Trust CD's**

All bank signature cards and bank documents relating to the CD's, were signed by the directors. Carly gave two checks, payable to Skyline Ranch Improvement and Service District, each in the amount of \$100,000, to Jim who will take them to First Western Trust the next day to open the two CDs, one with a 6-month maturity and the other for 12-months. The respective annual percentage yields are 0.46% and 0.70%. This compares with the 0.10% the District earns on its money market account with First Interstate. Additionally, with the transfer of funds to First Western Trust, all cash reserves are fully covered by FDIC insurance, as cash balances in both banks are now below the \$250,000 limit.

### **6. Review full year budget vs. 10-month YTD actual & full-year amended budget.**

Jim handed out a sheet showing the ISD's full year approved budget for 2016-2017 and compared that with our 10-months YTD actuals and the approved amended budget. Looking at the amended budget with the actual expenses as of 5/11/17, while we are under our total amended full year budgeted expenses of \$199,000 (\$185,209 actual), we are over in some individual categories. Specifically website administration (+\$48.00), Insurance-General Liability (+\$1,400 due to Tegeler insurance for the Site and ARC committees), Postage (+\$13.00) and office supplies (+\$121). The board asked Carly since we have one month to go in our fiscal year, to send the board an email on Thursday if any large invoices come in. Carly said that the State is more concerned about the District's staying within the overall budget of \$199,000 rather than any one specific expense item.

### **7. Consider making a modification in the water pricing, which was approved at the April meeting.**

Prior to discussing this topic, Carly advised the board of the process required by the State for budget preparation, with the first proposed budget due to the State by June 1 and then the final budget due after our public hearing at our July board meeting. So we can change the proposed budget we're looking at today, one more time, before it needs to be formally submitted, after our public hearing.

Turning to this agenda item, Jim said in reaching his decision to recommend a modification in the prior approval, it was based on a question of Latham's, at the last meeting, asking how many homeowners had water usage billings below \$200, for the past 12 months, in arrears. No information was available at the meeting to answer that question. Jim said that after the meeting, he went back and reviewed the entire list of owners who had their respective water usage billings below the \$200 level. Jim presented a spreadsheet showing the number of homeowners who paid less than \$200.

Jim stated that given:

- (1) the number of homeowners that would be affected, and further, given that we've got plenty of water reserves in the bank (\$291,000), and
- (2) we're going to have a water infrastructure study done in the next fiscal year, and will know with much greater certainty what our reserves should be based on the results of the study,

he then looked at the impact if we reduced the level from \$200 to \$100.

Jim presented another spreadsheet reflecting this, and the homeowners affected were less than a half-dozen, two of which were irrigation lines. Jim then proposed, for consideration, reducing for a one-year test period, the previously approved flat fixed rate from \$200 (in addition to the current \$300/year) to \$100 (in addition to the current \$300/year). Jim said that with this change, we should still be able to put a modest amount into water reserves, even if we have a water line breakage cost of up to \$5,000, which has been budgeted. Latham, who agreed at the previous board meeting with the \$200 flat usage fee, agreed with the reduction to \$100. Jim then made a motion to amend the previous board approval of the \$200 flat user fee plus the \$300 basic fee (\$500/lot) for a one-year period only, for fiscal year 2017-2018, to \$400 (\$100+\$300), with no water usage fees for the year. Latham seconded the motion. Kurt asked for any board comment and wanted to go on record as opposing this change and stating we should stay with our existing format, until we figure out what we're doing. There being no public comment, the motion passed with Jim and Latham voting in the affirmative and Kurt opposing (2-1)

Jim made a second motion that the full \$400 goes on the property taxes. Latham seconded the motion. There being no other board or public comment, the motion passed unanimously, 3-0.

### **8. Review initial proposed FY 2017-2018 budget**

The board discussed the initial proposed budget with Carly and agreed to transfer \$23,667 from the road reserves so that the Road P/L balances. Jim said we'll look at the issue in more detail next year, as the reason for the greater expenses in Roads is the corrections made to our Fixed asset and depreciation schedule, with the main item being the depreciation of the overlay which was done in 2012 at a cost of \$437,000. With a 20-year useful life, the depreciation on that one item alone is in excess of \$20,000. We may need to consider raising the road assessments for this one item so that we have the reserves on hand to have it done when it's needed in 15+ years.

Jim made a motion to approve the initial proposed budget for FY 2017-18, with the transfer of \$23,667 from the road reserves to road revenues, so that the revenues and expenses for both the road and water accounts, balance. Kurt seconded. There being no further board or public comment, the motion passed unanimously, 3-0.

Before moving to the next item, and since it would have to be put into the final budget, Jim said that the Board should consider a connection fee, for all homes under construction, and future homes, that will be connected to the ISD's system. Jim gave 3 examples of possible formulas:

1. Gross water fixed assets plus water reserves divided by 81 (number of existing connections)= \$6,500
2. Water reserves divided by 81=\$3,500
3. \$300 (current annual base rate) X 15 years= \$4,500

The board discussed the pros and cons of the examples and agreed that whatever is decided upon would only affect those who have never connected to the water system or paid the base rate of \$300/year.

After discussion, the board agreed in principal to Kurt's suggestion to establish a connection fee as of today, of \$3,500, based on the current water reserves of \$291,000, and further, based on Jim's recommendation, to increase this amount annually based on the annual increase of the CPI Index-Western Region, as published by the US Labor Department. There was agreement on this approach on a going forward basis.

#### **9. Review counsel drafted Rules and Regulations of the ISD**

Carly left the meeting at 5:15pm.

Jim confirmed that based on communication with our counsel, the official and correct name, per County documents, of the ISD is Skyline Improvement and Service District, not Sky **Ranch** Improvement and Service District. We must use this going forward. The current name of the ISD used on all bank accounts must be changed, as well as name being used on our future contracts with vendors, letter head, and our website

Turning to the agenda item, Jim said that this was pretty much the same as Rafter J's and just lays out clearly what our responsibilities and powers are as an ISD, according to Wyoming Law. Paul is also counsel to Rafter J ISD.

Jim said, for example, the regulations have the scope to allow the District to decide on how to treat ARU's regarding road and water assessments. Kurt said that in his opinion, if someone has a separate meter and a separate tie-in to the system, i.e. a separate curb stop, they would be charged the additional base fee of \$300. Also, if a homeowner has one curb-stop, which yokes to both the main home and the ARU, which, in turn, has it's own meter, that homeowner would also be charged the additional base fee of \$300. The only way a homeowner could avoid a separate base fee, is if the service line to the ARU goes through the house main and meter. Further, whether the ARU is vacant or not, as the owner is getting a higher level of benefit from the district than others without an ARU, the base fees would apply. Jim confirmed that the ISD authority to charge is covered within the scope of Article 3.2.

In the interests of time, the board decided to hold a special board meeting on Wednesday May 24<sup>th</sup> at the offices of Berkshire Hathaway, with prior notice to the

homeowners the boards intention to approve both the Rules and Regulation for the ISD and the Regulations of Water Use for the ISD. These require a 45-day public comment period and will be on the agenda for our July 13<sup>th</sup> board meeting.s

**9A. Review counsel drafted Regulations of Water Use for the ISD**

See above.

**10. Review draft RFP for water infrastructure study and determine next steps**

Jim recommended that, rather than issuing an RFP for the entire project, that we break up the RFP into two phases, the first being the inventory, analysis of our current system and the short and medium term priorities and recommendations for enhancements and the estimated cost of those. Some of the items on the list came from the last page of Warren's presentation. For this phase, we would get a quote. Once we've digested that, we can move to the 2<sup>nd</sup> phase, which is a recommendation of the funding sources for the priorities agreed upon by the board. This way we can break up the cost into two components, rather than get one large quote for an entire package. More work needs to be done on this draft RFP to reflect a 2-phase approach and Jim said he'd work on that and revert. In response to Latham's observation that this isn't our field of expertise, and we may need to pay a consultant to assist in the drafting, Kurt said that we could include in our requests to the engineering firms, scope for recommending things they think are important, that we didn't address. Kurt said we should try to have this 1<sup>st</sup> first phase wrapped up by December.

**11. Follow-up actions from April board**

Kurt provided color samples for the Helm's project and said that the Hemming's plans and color samples have arrived and he will make sure they get to the right people.

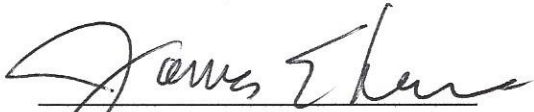
**12. Other business**

A special Board meeting will be announced and held on May 24<sup>th</sup> at 4pm to review and approve it's intention to approve the Skyline ISD Rules and Regulations and the Regulations of Water Use for the ISD and approve an advertisement to be placed in the paper for the public comment period. These will be the only agenda items.

The next regular ISD Board meeting will be held on Thursday, June 8th at 4:00pm at the offices of Berkshire Hathaway, at 138 N. Cache Street.

There being no other business, Kurt adjourned the board meeting at 6:00pm.

Respectfully submitted:



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Jim Lewis Treasurer/Secretary



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Kurt Harland  
Chairman



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Latham Jenkins  
Vice-Chairman