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

January 12, 2017

A public meeting of the Directors of the Skyline Ranch Improvement and Service District was held on January 12 2017, at 4:00pm at the office of Berkshire Hathaway in Jackson, Wyoming

The following Directors, constituting a quorum, were present: Kurt Harland, Latham Jenkins and Jim Lewis (via Skype). Carly Schupman, the Districts bookkeeper and homeowners Warren Machol, Angela McGrath, Mary and Chris Thulin (also ARC representative) were also in attendance.

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

Kurt called the meeting to order and copies of the draft minutes; in addition to a treasury excel spreadsheet covering fiscal years 2014, 2015 and 2016, developed by Jim Lewis and Warren Machol. This was also handed out, as it would be referenced in the agenda item concerning the planning for the 2017-2018 budget.

Warren described for the benefit of the attendees how the spreadsheet was constructed and will be maintained going forward, with revenues and costs broken down between road and water, as well as identification of "one-off" projects, such as chip sealing that don't occur every year. A discussion of a reconciliation ("true-up") of the water and reserve accounts was discussed and Carly explained the how our 4 accounts (water, road, operating, and checking) are managed with a one-time movement to reserves at the end of the year, based on the Board's decision.

Jim said that as Treasurer, the more detailed spreadsheet, with revenues and expenses, both normal "business-as usual" expenses and well as "one-offs" provides a much clearer view of our financials, which will aid in our budgeting and in our reserve analysis. Jim explained that we have two lines of business, road and water, and in his view and for clarity purposes, things should be kept separate, and funds from one reserve account, should not be moved to the other reserve account, since each have their own discrete source of revenue; roads through property tax receipts and water through water usage fees and the fixed \$25/month water reserve fee. Jim said that the spreadsheet gives us more granular detail to help in our budgeting process.

1. Approval of Minutes

Kurt made a motion to approve the December 8 2016 minutes. Latham seconded the motion and the minutes were approved unanimously.

2. Treasurer's Report and November's bills

The Board reviewed the December Treasurer's Report, the November expenses totaling \$12,917.78 submitted for approval for payment in December, and the 11/30/16 Account Reserves totaling \$342,013.68, broken down as follows:

- Road Reserve: \$ 54,821.42 (after all payment for chip sealing accounted for).
- Water Reserve: \$ 195,562.84
- Operating a/c : \$ 91,629.42

Chris raised a question about the invoice from Frontier Landscape for weed & pest spraying and dates of service. Carly clarified that the invoice covered three separate sprayings, in September, October and November.

There being no other questions on the invoices, Kurt made a motion to approve all invoices, Latham seconded and the motion was unanimously approved.

Carly mentioned the mailing received from the County about the January 31st meeting about "Building Better Boards", which the directors were familiar with. Chris asked if it would be beneficial for ARC members to attend and Jim thought it would be helpful as it's about good governance and some of the larger ISD's have Site Committee's separate from the Board.

3. November 10th voting details of the Skyline director election

Jim read from the Certification of Election received from the County:

- Number of ballots mailed: 138
- Number of ballots received: 61
- Number of ballots spoiled: 2
- Number of ballots not returned: 64
- Number of ballots undeliverable: 11
- For a total number of ballots 138

<u>Name</u>	<u>Number of votes</u>
Jim Lewis	49
Bob Norton	14

Chris asked that since the election results should have been in the December minutes, should an amendment be made to those minutes reflecting the results. It was decided that a) Carly will upload the results to the website, b) include a note of the election results in the next invoice mailing, and c) the results will be incorporated in the January Minutes.

4. Approve engagement of an accountant to analyze and recommend to board at March or April meeting of any needed correction in the District's fixed asset accounting.

After working with Carly on the State required annual self-audit and review of the ISD's balance sheet, Jim recommended and made the following two motions, as amended:

1. To engage Barb Fields, who Jim had worked with before with the JH Community Counseling Center, to review our balance sheet fixed asset and depreciation entries and make recommendations to the board of any needed balance sheet corrections at it's March or April meeting, with a maximum charge of \$1,000.
2. To engage Barb Fields to be the independent party participating in the self-audit with Carly at 2017 calendar year end, for our fiscal 2016-2017 year. This will comply with the State Audit Department's instructions to have an independent party participate. As the directors approve all expenditures, we should not participate. Barb's hourly rate is \$75 per hour.

Latham seconded the motion saying that since we've never had an independent party participate in the self-audit it would be a prudent thing to do.

Kurt invited public comment.

Chris asked that the original motion be amended to include the cost. (amended as above).

Warren said he had never seen the ISD's balance sheet and that the original cost of our fixed assets has nothing to do with replacement costs today, and if we're going to go to the trouble of getting this looked at, we may want to think about it from the standpoint of getting our fixed assets stated at a current valuation, in case we ever decided to go out for financing for a project. Warren said he didn't know what this would cost, but just thought we should think about it since we're taking this initial step. Jim stated that he understood the point and would ask Barb what that would entail and come back to the Board, but the first priority is get the balance sheets fixed asset reporting understandable.

As there was no further public comment, Jim read the amended motion including the costs (above). Kurt seconded, and the motion passed unanimously.

Carly left the meeting.

A general discussion took place among the board and the public attendees about our fixed assets and accumulated depreciation, and Jim said that based on the first and only balance sheet he'd seen, which he requested from with Carly on 12/19, the District's accumulated depreciation substantially exceeds the gross fixed assets, resulting in negative net fixed assets.

5. Planning for the ISD's 2017-2018 budget process.

Jim stated that he would be using the monthly spreadsheet of revenues and expenses, for this year, as well as the actual YTD vs. budget comparison prepared by Carly, as the basis for preparing our draft budget submitted for FY 2017-2018. Jim said he wanted to accelerate the budget process by adding to the "Yearly Schedule" that Carly maintains, the following:

- **February:** Submission of 6 month YTD actual vs. budget for the ISD, as well as for Road and Water as separate services. (Carly)
- **April:** Propose preliminary budget to the Board for comment/amendment (Jim).
- **May:** Propose final budget and recommendations for Board approval (Jim).

Kurt said that sounded like a reasonable timeline and would accommodate the time the Treasurer needed.

Warren said that since we were talking about the budget process, he wanted to raise, again, the issue of reconciling ("truing up") the reserve accounts so that the board could start fresh with correct amounts in both the water and road reserves. Warren asked to be put on the agenda, in the future to actually do the truing up of the reserve accounts so the board can start fresh. Jim said he has a bit more due diligence to do, but committed to have a "true-up" of our reserves on the February agenda. Latham asked if we needed an accounting policy to document our internal procedures and Jim confirmed that we do, and we will get to, after we adopt the rules and regulations for Road, Water, and the Site Committee, which are already in process. This segued into a discussion of the current volunteer efforts on the policies, Jim outlined the ideal timeline going forward, taking into account that any new or amended policy of the ISD, in addition to our FY budget, needs to have a public notice in the newspaper and a 45 day comment period is as follows:

- By April 12th board meeting: volunteer groups present water, road and Site Committee draft rules and regulations, as well as water analysis findings and recommendations.
- By May 11th board meeting: Board members and volunteers work together to change, modify, amplify drafts and arrive at a final draft for approval
- On May 29th- Public notice is put in the newspaper, providing 45 days public notice of our annual meeting and approval of the FY 2017-2018 budget, and the adoption of the ISD's Investment Policy, Water Rules and Regulations, Road Rules and Regulations and Site Committee Rules and Regulations. Imbedded in the budget will be any approved changes on how we collect a greater share of our revenue, as these will need to be approved by the County Commissioners.
- June 8th board meeting: The above will be on the agenda to obtain further public comment.

- July 13th board meeting: approvals of budget and policies.

6. Approval of new ISD Investment Policy

Jim stated that while completing the State Audit forms for our self-audit that was a questioning asking is the ISD had an Investment Policy as required by State law. We don't. Jim called the State Audit Department, advising them that we don't but we'll adopt a policy at our January meeting. They were fine with that.

Jim said that we've been managing our funds prudently in FDIC deposits at First Interstate so our practice is completely in compliance with what is allowed, we just don't have the board approved policy.

To address this quickly, Jim went online and took the Investment Policy of the Teton County Public Library, which references and is compliant with the law, and simply put the ISD's name in the document instead.

Jim made a motion to approve the draft Investment Policy presented at the meeting, following which it would be sent to Paul to put it in the proper format, and then issue a public notice and public comment period.

Kurt seconded and asked for public comment.

Chris asked that the policy be uploaded to our website. Kurt said it, once Paul reviews it.

Warren asked what things require a public notice and what is the cost for notices. Jim public notices are required, e.g. with bids where the estimated cost is greater than \$7,500, our annual budget, any new or amended policies or rules and regulations and board elections. The cost is approximately \$50.

Public comment was closed. The motion was passed unanimously.

7. Update on volunteers for the water, Road, Site Committee Rules and Regulations and Water System analysis, and timeline.

Jim informed the Board that the volunteers are follows:

- Water Rules and Regs- Susan Dong and Derrick Goodson (after Jan/Feb)
- Water system analysis and water costs- Warren Machol and Arne Johansen
- Site Committee Rules & Regs- ARC committee members
- Road Rules and Regs- no volunteers- In the absence of volunteers, Jim said he'd volunteer, and simply recues himself from any board decision on the matter. Chris suggested trying to find a volunteer in the community who's an engineer or could help with the research. Chris also asked Jim for the names and emails of any Site Committee folks on other ISD's, be sent to the ARC members.

Jim said that the target date for submission of the draft documents to the Board should be on or before the April 12th board meeting. Subsequent dates were

referenced under agenda item #5. Hopefully each of the committees could just provide a verbal status report by the March 9th board meeting.

Chris also asked where things stood on the issue of liability coverage for the ARC members. Jim summarized the input received from our legal counsel, which was, that it would be highly unlikely that the ARC members would be liable since they are a recommending body, but it is possible that a suit could be brought against the Site Committee as the decision making body, and the ARC. Jim also said he had contacted our insurance carrier, LGLP, but had not received a response to date. Chris, as the ARC representative at the meeting, asked Jim to follow-up with LGLP again, and copies the ARC members of the correspondence. Jim said he would. Discussion continued by about indemnification. Chris asked that this be put on the February agenda.

8. Status reports on follow-up actions from December board minutes.

Bob, Latham and Jim commented on the December action items.

-a) Kurt will contact Ashley and regarding Fleck, they're still trying to find a plumber to install the meter as they changed over from a well, and so we'll start estimating water usage.

-b) At the meeting Warren handed a check to Kurt for the outstanding estimated water invoice and said that a photo of the meter reading would be forthcoming. Warren said he's happy this micro-issue is settle and he's happy to pay, but there's still the issue of the 3rd party costs he incurred, but he'd wrestle with that in the future.

-c) Latham said he had not yet informed the Skyline homeowners thru the Simplelists how to contact the Board to get something on the agenda. Jim suggested, and it was agreed, that we advise the community members that if they should want an item on the agenda, something should be sent to the Directors two weeks prior to a scheduled board meeting.

-d) Kurt followed up with the Chapman's and the water meter and fire suppression system is hooked up per County regulations. The construction trailer will be moved.

-e) Kurt said that the Glick's said they had the CO for their ARU, but, during the board meeting, in checking the County website, it didn't appear to be the case. Kurt said he'd follow-up directly with the County to determine if a CO has been issued and he was also going to check on the status of the electrical walkthrough as well as the water meter hookup.

A homeowner informed the board that a trench for cable was dug on their property, without approval, was left unfilled for more than a week, and there was still the cable sticking in the air. The only entity that has an easement on the property is the telephone company and Cablevision came out to look at it and confirmed that they didn't dig the trench.

Angela advised the board of a fire that got out of control in the summer, spread to her property and burned part of their buck rail fencing, which now cannot be

replaced per her discussion with the County. She will be coming to the board in the future to address this situation. Kurt said he'd call Jennifer at the County to find out what could be done.

Angela commented on the Hunt's plans and wanted to make ensure that her property lines are well identified with stakes and that the contractor clearly understands where the boundaries are and not infringe upon them.

Kurt adjourned the Board Meeting and opened the Site Committee meeting.

Following the site committee meeting, Kurt reopened the Board meeting. Directors present were Kurt and Jim. Homeowners Chris Thulin and Angela McGrath were also present.

Kurt asked if there was any other business.

Chris raised the issue with the Nunn's property as it's now under contract. Kurt said that the closing is in March and he'll contact Elizabeth Merrill that the Nunn's are out of compliance and should be taken care of before the transfer of the property.

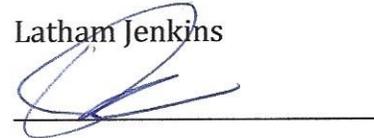
The next meeting will be held on Thursday, February 9th at 4:00pm at the offices of Berkshire Hathaway, at 138 N. Cache Street.

Kurt adjourned the meeting at 7:29 pm.

Kurt Harland

A handwritten signature in blue ink, appearing to read 'Kurt Harland', written over a horizontal line.

Latham Jenkins

A handwritten signature in blue ink, appearing to read 'Latham Jenkins', written over a horizontal line.