

~~CONFIDENTIAL~~

**SKYLINE IMPROVEMENT AND SERVICE DISTRICT
MINUTES OF BOARD MEETING
February 8, 2018**

A public meeting of the Directors of the Skyline Improvement and Service District was held on February 8, 2018, at the office of Berkshire Hathaway in Jackson. The following Directors, constituting a quorum, were present: Jim Lewis and Latham Jenkins. Kurt Harland was absent. Also attending was Carly Schupman, ISD bookkeeper.

Homeowner's present: Ila Rogers, Chris Thulin, Martha McGravey and Alan Wood.

Shawn O'Malley of Jorgenson Engineering and Emily Hanner of Clear Water Operations also attended.

Latham, serving as Chairman, called the meeting to order at 4:00 pm.

1. Approval of 12-14-17 regular board-meeting minutes

Action: Latham made a motion to approve the minutes as submitted. Jim seconded. The motion passed unanimously.

2. Changes to the Agenda

Ila Rogers commented that she wanted to present a memorandum to the board regarding road assessments, which should be incorporated as an attachment to the minutes. It was agreed that Ila would address this under the first bullet-point under agenda item #9.

3. Public comment on things not appearing on the agenda

There was no public comment.

4. Review correspondence/docs presented by Carly and December self-audit plan.

Carly counted the gas survey results and of 16 responses, there were 8 yes's (one verbal), 7'no's and one undecided.

Carly asked if we should start charging interest on past-due A/R's pursuant to the Water Rules and Regulations. Jim said although the Board has approved the Rules and Regulation, the implementation date of charging interest has not be explicitly approved by the board, that this would be added to the April agenda, together with communication to the homeowners regarding making certain irrigation lines are metered.

5. Review FY budget vs. 7-month January 31th actual

Carly noted we continue to be over budget in postage, office supplies and advertising, and we'll need to keep an eye out on Contract Labor-Water. Jim said that we decided post-budget to request Clear Water to commence the curb-stop mapping project, which is really a component of our water infrastructure project. At this point it doesn't appear that we need to consider an amended budget.

6. Review Treasury Report, pay bills, outstanding A/R from homeowners

During the month of January, when a Board meeting was not held, invoices totaling \$12,472.93 were submitted by Carly and approved by Kurt Harland and Latham Jenkins and checks were signed. This was the first time that the invoice paying procedure was followed for paying bills when no board meeting is held. Circulated in public session was the list of vendor invoices approved and paid in January.

As of January 31st, ISD fund balances totaled \$443,193.90.

The list of vendor invoices for February were reviewed.

Action: Latham made a motion to approve the invoices submitted on Carly's list dated February 28th totaling \$9,505.55. Jim seconded the motion. The motion was approved unanimously and the corresponding checks were signed.

As of February 28th, ISD fund balances totaled \$442,755.04.

The A/R's were discussed. Improvement was noted. Jim discussed the history going back to the fall of 2015, when the board decided on a policy to address meter-reading errors, in most cases due to confusion by homeowners on meter's that had a fixed zero. In some cases this resulted in a water reading error of 10 times (too low), over a considerable period of time. The board decided to limit the "look-back" period to 3-years in assessing an adjusted payment.

Jim said that he's gone back and reviewed the handful of adjustments that have been made to date, due to meter reading errors (about 10). Of those, there were only 2 or 3, where the adjustment calculation was spot-on, i.e. a look-back of 3-years. In the majority of cases, an adjustment calculation was generally less than 36 months. There was a lack of consistency in the application of this look-back period, although it was close to 36 months in most cases.

Jim said that he and Carly had looked at each one of the adjustments and discovered that for lot 3-33, using the clearly defined metric of 36-months, the ISD overcharged the homeowner by \$432.23.

Jim then discussed the issue of another homeowner (Lot 3-20), where we now have photos that a fixed zero was misread and we have corrected water data (including the fixed zero) for 32 months. Jim said that he and Carly, then extrapolated that data to 36 months, and used that derived monthly usage number in calculating the

adjustment; first applying the extrapolated monthly usage number X 24 months X \$.00125 and then an additional 12 months at the \$.00190. This results in an adjusted account receivable of \$1672.99, after accounting for interim payments made by the homeowner.

Jim added that the homeowner for lot 3-20 submitted last week a photo of the meter for a guesthouse, with a bathroom/kitchenette, which the homeowner has only used as a personal office. In 19 years since it was built, they've used 34,000 gallons, based on the photo, or about 1895 gallons/year. Going back 2-years at \$.00125 and 1-year at \$.00190, this results in an amount due to the ISD of \$8.06.

Action: Jim made a motion to refund the homeowner of lot 3-33, the amount of \$432.23 for the overcharge. Latham seconded the motion, which passed unanimously.

Action: Jim made a motion to 1) approve the extrapolated 36 month water usage based on 32 months of actual corrected data for lot 3-20 which covers two summers of peak usage and 2) approve an adjusted invoice for the meter reading error by the owner of lot 3-20 of \$1672.99, which relates to the primary residence meter. Latham seconded the motion, which passed unanimously.

Action: Jim made a motion to approve an invoice to the homeowner of lot 3-20 for \$8.06. Latham seconded the motion, which passed unanimously.

7. Update & timeline from Jorgensen Engineering and Clear Water Operations on Water Infrastructure Project.

Shawn O'Malley of Jorgensen distributed a 4-page handout of his presentation, which is attached to the minutes.

Shawn first discussed Skyline's water system's value estimates (replacement value at today's prices), broken down by the two plats (pages 3 & 4). The estimates show a total replacement cost of \$ 1, 836.5m. There's still more work to be done in the spring to make sure everything's been located. Shawn said that this is a good tool to start depreciating our system. Based on the estimated value at this point, it would call for annual depreciation for the water system alone, of \$36,729.

In response to a question from Latham, Shawn said that the linear feet estimate of for pipe excludes the cost of excavation of the road. But Shawn did say that most of the pipe is actually located off the road, and not under it. Jim asked a question about criticality, i.e. what should we be focusing on in the next year (this summer).

Examples discussed, and included on page 1 of the handout, were:

- New system alarm with auto-dialer with 10 connection points (est. \$6,000)
- Replace pump-house roof, as it's leaking and there's water on the floor and mold on the walls. (Shawn did not think there was need for a larger tank).
- Heater and insulation in the tank building.

- Upgrade tank pressure control systems
- Complete leak detection and water main locations, and then schedule every two years.
- New well seal
- Fix pipe junction at 1 & 2
- Place lock on PRV vault

More information is needed:

- Ensure all system valves are operational
- Find and document all curb stops
- Find and document all water system valves
- Search for additional well information- pump motor make and model, pump curves, last serviced, TDH (total dynamic head) possible, past problems, etc.
- Locate well discharge valves and mains.
- Confirm age of pipe systems.

Shawn said he got a call from two contractors asking what water meter brands are approved by the ISD. Jim said we didn't have anything per se, and Emily said she'd look into it. Shawn mentioned that Neptune has meters with digital readouts, in cases the actual meter is hard to reach.

There was a brief discussion of water meter readings and the previous billing process, and alternatives, such as looking at the replacement cost of the system and allocating the depreciation over the number of lots, and sub-allocated by lot size, with smaller lots paying less and larger lots paying more.

In response to a question, Shawn confirmed that Skyline is sitting on a lake of water with unlimited supply. Additionally, Shawn said that if we lose one well, for whatever reason, our other well has the capacity to meet water demand. Basically, you don't want to use a well more than 18 hours a day, and we're at 13 hours each for both of our wells (cycling back and forth), which means we effectively have a back-up well if one goes down. (Page 2 of handout), until we get a replacement. In response to Jim's question whether we would likely need a 3rd well, Shawn didn't think so. In a worst case, if a well goes down, Skyline has the well production capacity as a fail-safe until a new pump is installed. But he said that the wells should be serviced and the pumps pulled every 10-15 years and we didn't have any records of what's been done. Emily Hanner said she'd contact Weber Drilling and Jim said he'd contact Bob Norton.

Shawn also said that it would be wise to have a structural engineer look at the tank house before plans are made to replace the roof. The board asked Shawn to get a cost estimate from a Jorgensen structural engineer.

The board also authorized Emily to schedule servicing of our two well this summer, if they haven't been serviced in the last 10 years.

Jim made a motion to approve an auto-dialer, with enough connections to include adding other monitoring functions such as low heat, alarms, etc. up to \$8,000 inclusive of installation. Latham seconded. The motion passed unanimously.

Jim asked Shawn for estimates ideally by the April meeting, but certainly by the May meeting of estimates for capital improvements we should build into our 2018-2019 budget. Jim said our preliminary budget is to be provided to the State in May, or semi-final budget by June and our final in July.

8. Discuss status of February tasks on FY 2017-18 objective list

As Kurt was absent from the meeting there was no update of whether the Fleck meter has been installed or the status of discussions regarding an easement to the lower pump-house with the owner of lot 40.

Regarding the RFP for engineering work to create a more defined cul-de-sac at the ends of Killdeer & Tanager, Jim had prepared a draft for discussion but said that he'd like to defer this to the April board meeting so that Kurt has a chance to look at it, as we have time before spring to issue the RFP.

9. Review upcoming April task completion list-Reminder to Directors

The following items will be on the April agenda for discussion

- Review road assessment methodology for FY 2018-2019 -(Ila Roger & Susan Dong).

As a preamble to the April meeting, Ila Rogers presented a memo to the board, providing a history of Skyline's roads, the responsibility of maintaining and improving the roads, and the assessment methodology, which was based mainly on the amount of linear roadway in the east (about .9 miles) and the west (1.6-1.7 miles). The memo was prepared by Ila and Susan and will be discussed more fully, with recommendations at the April 12th board meeting. Jim commented that while the Board very much looks forward to receiving input and opinions, but as we're an ISD and not a Homeowner Association, matters such as these do not require a vote.

- Consider road assessments for lots ARU/Guesthouses- (Ila Rogers & Susan Dong)
- Consider water assessment treatment for lots with ARU's/Guesthouses-BOD
- Receive update Phase I Water Infrastructure study-Jorgensen/Clear Water-
- Determine existing speed limit signs and location- Latham
- Determine cost of new reflective street signs for Skyline roads- Latham
- Determine costs of digging up curb-stops that are buried under asphalt and who pays-Kurt
- (Clearwater)- Comm. with homeowners where curb stops were not located - Jim
- (Clearwater)-Communication with homeowners regarding irrigation lines- Jim
- Consider revising Skyline Bylaws- Jim

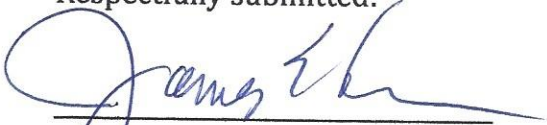
10. Other Business

None

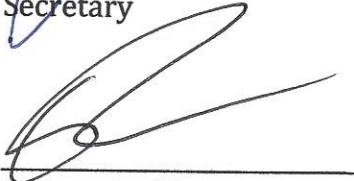
Adjournment

There being no other business, Latham adjourned the board meeting at 6:15 pm.


Respectfully submitted:



Jim Lewis
Secretary



Latham Jenkins
Vice Chairman


Jim Lewis
Treasurer/Secretary