

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

February 9, 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.

Homeowners John Willott, Bill and Pam Racow, Chris Thulin, Fred Staehr, Mike Minter and Jim Hunt were also in attendance for all or part of the meeting.

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

Prior to opening the Board meeting, Kurt invited John Willott to move forward his presentation on Skyline's water wells, our water source and our long-term water sustainability. John's spoke for about an hour using slides, and answering questions from the audience. John's conclusions were our two wells on Crain Creek ranch:

- 1) are very well located;
- 2) are very strong wells;
- 3) are continually recharged from the Snake River; and
- 4) have a low risk of contamination.

The slide presentation and the audio portion will be uploaded to Skyline's website so it can be permanently archived.

Kurt called the meeting to order.

Jim had 3 corrections to the agenda:

- Topic #5 should read "Reconciling Road and Water reserves and operating account to correct balance levels"
- Topic #9 should read "Update on previously approved Investment Policy and approve legal counsel's revised policy, draft resolution and public notice advertisement"
- After topic #11 insert new item- "Approve Site Committee minutes of 1/12/17."

1. Approval of Minutes

Kurt made a motion to approve the January 12, 2017 minutes. Latham seconded the motion and the minutes were approved unanimously.

2. Treasurer's Report and January invoices to be approved

The Board reviewed the Treasurer's Report dated 2/9/17, the January expenses totaling \$6,332.27 were submitted for approval for payment in February, and the 1/31/17 Reserves totalled \$360,934.50 which were broken down as follows:

- Road Reserve: \$ 54,825.02
- Water Reserve: \$ 195,578.91
- Operating a/c : \$ 110,530.57

Kurt said that there was an error in VP Electric's \$1,224.00 invoice on the December report as Kurt had sent the wrong one to Carly. The correct amount is \$302.03 . The previous check for \$1,224.00 was returned. The correct invoice for \$302.03 would be reflected in the March Treasurer's Report. Kurt told VP Electric they'd have to wait another month for payment.

With this change, Kurt made the motion to approve the treasurer's report and pay the January expenses. Latham seconded and the motion passed unanimously.

4. Review full year budget vs. 6-month YTD actual; by road, water and combined.

Jim handed out a sheet showing the ISD's full year budget for 2016-2017 and compared that with our 6-months YTD actuals broken down between road and water. It was clear that there were a few expense categories that needed to be revised and therefore, we would need to prepare an interim revised budget for submission to the County. Jim will work with Carly and have a revised budget ready for the March meeting, which, following approval, would need a public notice and 45 day comment period.

There being no further discussion on this item, Kurt closed the ISD Board meeting temporarily and opened the Site Committee meeting at 5:30pm.

Following conclusion of the Site Committee meeting, Kurt reopened the ISD Board meeting at 6:35pm.

5. Review status of Carly's temporary contract expiring 2/28 and seek extension

Jim said that he talked with Carly and she agreed to extend her contract "at least" through fiscal year end, so we should diarize this again for May. Carly again indicated that to improve efficiency she would appreciate a) automatic check and deposit stock, so that checks and deposits no longer need to be handwritten, but printed directly from Quick Books, and b) better board follow-up on all documents which she (and the ISD) needs to be paper filed.

Kurt made a motion authorizing Carly to purchase the necessary check and deposit stock up to an amount of \$300, and if more is needed, Carly should come back to the board. Latham seconded the motion and it was passed unanimously. Regarding the second point, Latham will work on ensuring that all documents that should be in paper files are sent to Carly.

6. Reconciling Road and Water reserve accounts and operating account

Jim passed out copies of the summary bank balances as of 12/31/16 for the water, road and operating accounts, with breakdowns of the revenues, expenses and net income/loss for water and road separately, for the past 3 fiscal years, and 6-months ending 12/31/16 for fiscal year 2016-2017. The expected ending balance for both the road and water accounts were then compared to the actual balances as of 11/31/16.

Based on this Jim made a motion to "true-up" our various accounts, based on the starting balances as of fiscal year end 2012-2013, then adding the intervening 3.5 years of net income/loss for the Road and Water accounts, and then reallocating the account balances as follows:

- Move approximately \$41,000.00 from the road to the water reserve account
- Move approximately \$ 5417.00 from the operating account to the water account
- Allocate approximately \$57,330.00 as follows- 2/3 or approximately \$38,222.00 to the water account and 1/3 or approximately \$19,108.00 to the road account, leaving a working balance of \$20,000 in the operating account.

Kurt seconded the motion and the motion unanimously passed.

7. Update on ARC liability coverage through LPLG and legal counsel suggestion

As this is a continuing item, Jim circulated legal counsel's email of January 17th for information. Paul D'Amours said that despite the composition of the Site Committee and the Board are identical, the ISD and the Site Committee are not one in the same, and therefore he felt that the Site Committee would not be a public entity eligible for LGLP coverage, which would therefore impact the ARC as well.

Paul recommended that we consider simplifying our structure by entirely supplanting the ISD Board for the Site Committee in the Covenants. This could be accomplished through a Covenant amendment, which requires consent of 75% of owners. Paul said that while this seems like a high bar, it may be possible to get the consents if we limit the amendment to his one change, and point out that by substituting the ISD for the Site Committee in the covenants, it will save the owners money by being able to have only one insurance policy, as opposed to two, one for the site committee and one for the board.

Kurt asked what would be the cost of liability coverage the ARC. Jim said he'd checked with LPLG and since the members are not employees of the ISD, they couldn't be covered. Kurt said he'd check with Katie Murphy at State Farm. Jim felt that the best long-term solution is to change the covenants so that the scope of the ISD board specifically encompasses the Site Committee's activities, in addition to road and water. The ARC can then be a property appointed subcommittee of the Board, and then be covered by the Board's liability insurance. Kurt said we'll get some additional information on this for the next meeting.

8. Decide on next steps in obtaining full compliance on meter photos

Jim suggested that a very polite and friendly letter, signed by the board, be sent to those individual homeowners:

- 1) who have not submitted a photo, but are sending meter readings (about 6), and
- 2) who have submitted a photo, but haven't sent meter readings (about 6).

The letter would request the missing information by a certain date , e.g April 15th, and if they are unable to meet that date ,due to absence from Jackson, please advise us when they would submit it. If they need help in locating or taking a photo of the meter, just let us know and the board members will assist. We would not mention names in board minutes, we'll just try to accomplish this one on one. Jim will draft a letter for the next meeting for the board to approve.

9. Update on previously approved Investment Policy

Jim presented legal counsel's revised draft of an Investment Policy which is much simpler and shorter than the once the Board approved at the January meeting. Jim made a motion to approve the revised investment policy, which allows the board to invest surplus funds in FDIC insured bank deposits, money market accounts, and certificates of deposit. Kurt seconded the motion and it was passed unanimously.

Latham made a second motion to approve the draft resolution and public notice and proceed to place it in the newspaper in the next two weeks to allow for the 45-notice period. Kurt seconded. The motion passed unanimously.

10. Update on follow-up actions from January board minutes

Kurt: Nunn fence- new prospective owners are well aware of the issue, and it will be taken care of in March or shortly thereafter.

Latham- will follow in advising homeowners how to contact the board.

Jim- will advise the various committees of the timeline for submission of their various draft deliverable re Site Committee rules and regs, water policy, road policy and water analysis.

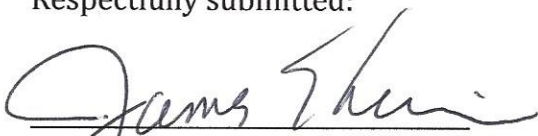
Other Business

Jim advised the Board that it is a condition of our insurance, that at least once per year, the directors open the bank statements. As Carly couldn't make it the meeting with the actual mailed statements due to the severe winter storms, Jim visited the bank today and asked for copies of the 4 bank account statements as of 12/31/16, which he circulated to the directors. Jim added that the statement balances tallied with the balances in the Treasury Report, We are in compliance with our insurance provision.

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

There being no other business, Kurt adjourned the meeting at 7:30 pm.

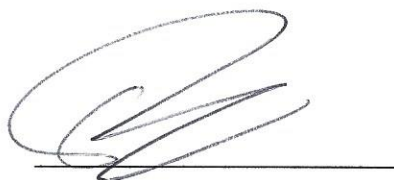
Respectfully submitted:

A handwritten signature in blue ink, appearing to read "Jim Lewis", written over a horizontal line.

Jim Lewis Treasurer/Secretary

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

Kurt Harland

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

Latham Jenkins

