**Skyline Mountain Special Services District**

**2201 Skyline Mountain Resort**

**Fairview, UT 84629**

**SSD Meeting and public information meeting concerning the proposed water project. March 24th, 2012**

Meeting called to order by Ed Collins at 10:00 a.m. Attending were Ed Collins; Layne Lundstrom; Everett Taylor and Mont Pugmire. Dawayne was unable to be present because of employment duties.

1. Sanpete County Clerk, Sandy Neill was present to administer the oath of office and swearing in of Ed Collins and Everett Taylor. Dawayne Coombs was sworn in on Tuesday, March 20th at the Sanpete County Clerk’s office. These individuals were appointed by the Sanpete County Commission to fill positions on the SSD. Dawayne is the “at large” member; Ed is the “mountain member” and Everett is the common board member.
2. Election of officers of the Board was conducted by Sec-clerk, Mont Pugmire. Nominated for chairman by Everett Taylor and seconded by Layne Lundstrom was Ed Collins. With no other nominations the vote was called. Ed was elected by 4-0 in favor. Nominated as vice chair was Layne Lundstrom. Motion by Ed with second by Everett Taylor. With no other nominations the vote was called. Layne was elected 4-0 in favor. Nomination for secretary-clerk was Mont Pugmire, nominated by Ed Collins and seconded by Layne Lundstrom. With no other nominations vote was called which was 4-0 in favor.
3. Minutes of the previous meeting which was the December budget hearing and year end board meeting were presented for approval with the following explanation: When we entered into the lease agreement with Skyline Mountain Resort to operate the system, our role became one of protecting the water right. We have also tried to minimize the meetings held because they have a cost associated and we are trying to minimize cost. Motion by Layne and seconded by Ed to accept the minutes as previously furnished to each Board member electronically. Everett abstained since he was not on the board at that time. Minutes accepted 3-0 in favor.
4. Ed explained that we would now begin the first of two public hearings concerning our proposed water system. He explained that there had previously been an open house and information meeting held by the SMR Board of Trustees. In addition, the SSD in the previous hour to this meeting, held an information open house. In addition, the SMR Board had promised the members an opportunity to vote their recommendation either to proceed with the new system or two vote for option 2 which would be assessments as needed to make repairs that were required by the Division of Drinking Water or which may be needed in the future. Ed stated that a public hearing is not a public debate and it is not a public question and answer. Having said that, we want to answer the questions you may have and also want to receive your comments. There will be an additional public hearing held which will be advertized in the news media; posted on the state meeting website and a letter will be mailed to every member of the District.
5. Brief description of the project: The District has received a commitment from the Division of Drinking Water through its State Revolving Fund to lend $3,007,000.00 to provide new pipelines; adequate fire hydrants; a new well; a large storage tank and replacement of the existing substandard water system. The end result will be that every lot in the area 1 which is referred to as the “full time” area.
6. Question: will this project create a division between areas 2 and 3 (the mountain and the Birch Creek areas) and the people in area 1 and will it impact the funding of other improvements such as roads? Answer: The road funds are a separate part of the SMR budget and there is a board member over each of the three “areas” in the Resort/District. Why are all members going to help in the repayment of the loan? Answer” The huge majority will be paid by those in area one. It has been determined that there are 16 ERC’s (equivalent residential connections) consisting of the common areas (pool, cabins, camp grounds, clubhouse etc). An amount of $3.40 page 2>>>>per lot in the entire district. Those in areas 2 and 3 will not have their monthly water bills increased but the above amount will be set aside and placed in the bond repayment fund and operating revenue funds.
7. Who is going to do the maintenance on the system? Answer: We have a certified systems operator and an assistant certified systems operator. All work performed on the system since the District was formed has been by licensed contractors or our own employees under direction of the CSO person. There is no question that over the years some maintenance issues have been deferred because of funds limitation.
8. Rick Whitney, lot C56. It is my opinion that the Board should send certified letters to inform members in the District of these meetings. Answer: Every member of the District was mailed two separate letters informing them of this and other meetings. In addition there was an email posting for those who have signed up for email notices. The meeting was also posted a week in advance at the clubhouse and at the mail boxes. People tend to ignore this type of thing until there are dollars involved. We have done all we can to notify but cannot be. It was also posted on the state meeting website.
9. Question: When will the next public hearing be and where? Answer: It will be on April 17th in the old clubhouse. Notice will be in the paper and a letter to every member of the District (areas 1, 2 and 3) will be sent.
10. Comment: Russ Strong, B 17. This system is sorely needed and is long overdue. No one wants to pay the higher water rates but we must move forward with the replacement of our existing system.
11. Question: Can we water lawns and gardens? Answer: Sanpete County has required that we allocate .25 acre feet per cabin or home in areas 2 and 3 and .45 acre feet per lot in area 1 and issued a statement that said water is for household use. The approximately 222 acre feet of water right we own is sufficient for our District if we stay with the County designated “household use” only. We also recognize that .45 acre feet is over 150,000 gallons per year per lot and all but a few of the members of the district use 84,000 gallons or less annually. Our rate structure for excessive use becomes the enforcement mechanism.
12. Comment: Everett Taylor, Lot B53. I have been promised water past my lot since 1993 and I want to go on record as being completely in favor of this project even though I don’t even have a cabin on my lot. This is not a great financial time for me and I am still strongly in favor.
13. Comment: Bert Beddoes, C52: I know there are problems and I know the system needs to be fixed or rebuilt. I would urge better communication. Get everyone involved. Answer: Everett Taylor: We have done all we know how to do to be transparent and to keep people informed. The greatest difficulties we deal with are the average person’s apathy regarding the District/Resort.
14. Comment: Ed Collins: I’m a volunteer. We are all volunteers. If there are others who would like to step forward and fill some of these positions, we would welcome them. We don’t try to be hidden or secretive. It is a transparent process. The meeting notice was posted as we always post meetings plus it was in the newspaper. I have the publisher’s affidavit. We hear you loud and clear that you want us to do all we can to involve the District members. I would ask that we keep high emotion out of this and stick to the questions and comments.
15. Comment: Kevin Wiley lot B25. I want to be on record as being strongly in favor of this project. I do believe that those who are not here all the time don’t always see all the work and effort that is done in all of our behalves.
16. Comment: Marshall Fox C 50: I am one of the oldest members of the District and I have served on the SSD before my health deteriorated. I am for this project. It is sorely needed. I would like to suggest that we all cut these volunteer board members some slack and show some appreciation for their efforts. I firmly believe that if we don’t get water this time, we will never have water.
17. Question: Tony Graham B 40: When do the bids go out and will it be bid broadly enough to take advantage of the extra competitive construction bidding time that we are experiencing at this time? Answer: We are spending the minimum amount we can in engineering etc until we are certain we will, in fact, receive the funding and yes, we are doing all we can to proceed during this unprecedented time of competition in the construction industry.
18. Page 3. Comment: Leanne Goodwin: B81. We had a cabin in area 2 for many years and then bought a home in area 1 and live here full time. If we did not live here but still had our cabin only, I would still support this project because of the value it creates for every member and for the Resort itself.
19. Question: Gaylen Blackhurst lot C32: What is the timing for the completion of the project? I am in favor of us going ahead even though the cost is significant. This is sorely needed here. Answer: The projected completion is Dec 31st, 2012. Time will tell if that is ambitious or not. What the District will do as part of accepting these loan funds is make a rate covenant with the bond holder, in this case the DDW State Revolving Loan fund. That covenant requires that we collect enough to service the 30 year bond. Can we predict the rate in the 20th or 25th or 30th year will be? No, we cannot.
20. Question: I have seen figures that differ with those we are discussing here. Can you explain that? Answer: The DDW’s figures assumed only area 1 repaying the bond. The District and the SMR Board of Trustees have, because of the ERC’s (equivalent connections that are common) determined that every lot in the District will pay $3.40 per month toward the operation and the bond retirement so our figures are different than what the DDW originally estimated.
21. Question: Rick Sanchez, B section: I want to go on record as being in favor of this project. As a retiree, on a relatively fixed income, the cost is an additional burden but it is needed so badly, we are ready to do our share.
22. Comment: Leona Blanthorn B lots. We have not been on the email list before but a friend forwarded the notice to us so we are here in support of the proposed system. Perhaps the Board could explain how to get on that email list? Answer: We cannot, without your permission, put you on the email list but we will always offer to have you at any board meeting with your questions. All we need is your permission and we will put you on the email list. We guarantee your information will only be used for District or SMR Board purposes.
23. Comment: Layne Lundstrom Birch Creek area 3 owners: I want to go on record as being strongly in favor of this system for the commitment previous Boards have made to the members and for the long term viability of our District.
24. Comment: Kathryn Hutchins B-15. We are totally in favor of the new system being built. It is both needed and wanted. The previous information sent to us by letter did not misinform us nor did we consider it a scare tactic. The Resort is growing and our utilities must grow with it. There are always a few who are against anything and everything. The Boards should not be unduly influenced by these few or let them derail the wishes of the many.
25. Comment: Mont Pugmire Lot B 19: For your information 1 out of every six residents of area 1 is here or represented here today. Thank you for your interest in the District/ Resort. I am personally, even as a retiree on a relatively fixed income, very much in favor of what the Boards are working together to bring to pass for the good of us all.
26. Comment: Roy Fox C49: I am in favor of the new water system. You guys have no idea the time and commitment involved by these board members. I haul water for my own home and for some of my relatives and it is a lot of time spent.
27. Question: In order to qualify for the loan are there deadlines we must meet? Answer: There is a 50 page letter of requirements with everything from hiring bond counsel to plan preparation and bidding. Then comes the harder part and that is the actual building of the system. Once begun, the funding is not at risk if we do reasonable diligence to keep it moving forward.
28. Question: Lorena Wiley Lot B25: What is the proposed or planned ground breaking? Answer: Roughly July 2012.

Seeing no more hands, we will declare the public hearing to be closed. We will take a short break before moving on the rest of the agenda.

29: Consider the water project: We stated that one of the purposes of this meeting is to decide if the Board wants to continue the process. There are some next steps. We have notified the newspaper to move forward with the public page 4: hearing notice. The next step is to notify the entire membership of the District of the public hearing. Comment: Mont Pugmire. Because of the straw poll vote taken by the SMR Board of Trustees because they had promised the membership a chance to vote on how we should proceed, we now have a good consensus of the District residents as to their feeling. For the record, with over 60% returning ballots, the vote in favor of the project was 89% in favor and 8% in favor of an alternate solution and 3% casting a ballot with no preference. Based on that plus the overwhelming support we heard in our meeting this morning and at this SSD meeting, I would like to suggest to the Board that it is time for us to proceed. I move that we proceed to the selection of an engineering firm and to the public hearing process with the end result that we, subject to the results of the upcoming public hearing, move forward on this water project. Seconded by Layne Lundstrom. Motion carried 4-0 in favor. Roll call vote: Mr. Pugmire: aye. Mr. Taylor: aye. Mr. Lundstrom: aye. The chair also votes aye. For the record, Board member, Dawayne Coombs asked that we consider him as voting aye.

Chairman Collins commented that “even though I do not, nor do any members of the Board, live here except Mr. Pugmire. I am mindful of the necessity of moving this project forward for the benefit of our members, who have been promised water for many years. We are also mindful of the limits of all of your funds. I don’t particularly like the $58 water bill but I am also not going to let it pass my home and not be hooked on to it.”

Conflict of Interest statement: “I have furnished an affidavit to the clerk defining a potential conflict of interest. I am the COO of a company, among whose divisions is a civil engineering company named Civil Science. I have learned that my firm has prepared a proposal to the District and I have had no part of its preparation but I am aware, at least generally what it contains so I will recues me from any participation in the engineering selection process until such time as that selection is complete. I have suggested that we form a committee of 5 persons to be the selection and construction committee. I have recommended Dawayne Coombs because of his extensive knowledge of fire systems and that Mont Pugmire with his extensive technical background and his knowledge of the current system. I will turn over the selection of that committee to Vice Chair, Layne Lundstrom.” Layne recommended a 5 member board. Mont recommended, Resort Manager, Joseph Hanks as the 5th member. We should also encourage the SMR Board to select two members for that committee. Mr. Hanks is the assistant certified systems operator for our current water system. Layne moved for the appointment of Dawayne, Mont and Joe Hanks as three members of that selection committee. Mont seconded those choices. Vote called for: Voice vote: Mont votes aye. Everett votes aye. Layne votes aye. Ed abstains. Motion carried 3-0 in favor.

Ed explained the legal process of opening sealed proposals. They must be opened so as to avoid disclosure of contents of competing offers during the process of negotiation. Mont has correctly opened them after the deadline for submissions was past. He has made a brief review of each one and I have asked him to keep that process tightly controlled until the selection is made. After that, they become a part of the public record.

Member items: none

Board member items: Mont: I have had some discussion with SMR Board treasurer, Max Henrie about putting the amount of our budget (outside of the water project) in our account for us to use throughout the year. I would like a consensus of the Board that we agree with SMR Board to fund our budget as stated above. Ed commented that such a method is consistent with our lease agreement.

No need for closed session.

Motion to adjourn: Everett Taylor. Seconded by Layne Lundstrom. Motion carried 4-0. Meeting adjourned.

Respectfully submitted, M. LaMont Pugmire, secretary-clerk