

**Alpine Meadows Improvement and Service District  
Board of Directors Special Meeting Minutes  
June 4, 2013**

A special meeting of the Alpine Meadows Improvement and Service District (AMISD) Board of Directors was convened at 2:15 p.m.MDT on June 4, 2013 in the Meridian Group offices to discuss cash and reserve shortfalls as a result of approving the picnic pavilion project. A quorum of directors was present, with director Mike Halpin attending in person and directors Randy Williams, John Ulfelder and Laura Ladd participating by telephone. Mr. Gerald Halpin phoned in approximately mid-way through the meeting. Also attending the meeting in person was Lisa Paddleford to take the meeting minutes, Shawn Hawkins, CPA, and Paul D'Amours, council to the AMISD.

Because Mr. Gerald Halpin was absent, the question was asked of Paul D'Amours whether the Board could sign a resolution in lieu of making a motion to waive the special meeting requirement. Paul said that would suffice.

Laura started the meeting by apologizing for her misunderstanding of net of reserve allocations vs. gross of reserve allocation, which erroneously led her to believe the ISD had sufficient undesignated funds available to proceed with construction of the picnic pavilion. In a nutshell, the current proposed budget has a shortfall of \$35K. John Ulfelder wanted clarification of gross and net cash and equivalents (which Shawn Hawkins explained) and whether payment was made for the remaining landscaping at the entrance sign and the first installment on the picnic pavilion to Artemis (both no).

Laura asked Paul to attend today's meeting to determine whether the Board violated its fiscal responsibility to the POA members by approving this project. In April, Laura approached Paul to ask whether the Board could vote to proceed with construction of the picnic pavilion without member input/voting, given there would be no liability to the members. Now, considering the shortfall in the proposed budget, there is a liability to the members. Paul responded that the decision to move forward was made in good faith, with the Board meeting is fiscal responsibility to the members.

Laura stated that she saw four options the Board could consider:

- 1) Cancel the contract with Artemis to construct the picnic pavilion and deal with the resulting consequences;
- 2) Borrow funds or solicit a line of credit (LOC) of \$15K-\$50K. Shawn stated that a LOC will be needed regardless of what remedy the Board chooses. The LOC will be used to pay operating expenses during the roughly six-month period the ISD waits for installment payments of annual member dues, which are collected by Lincoln County. The ISD would then pay back the LOC.
- 3) Seek partial funding from the developer to cover the shortfall. If the developer would cover the cost of the entrance sign, landscaping, irrigation and connection fee (approximately \$22K), the shortfall would decrease from \$35K to \$13K;
- 4) Raise 2013 member dues, although the correspondence which was sent out to members at the end of May communicated there would be no increase in dues, nor would a special assessment be needed to pay for the improvement.

Laura wanted the Board to know that Shawn has worked hard to keep the operating budget as low as possible. The only area where additional cuts might be made was to road maintenance but Laura and Shawn were reluctant to make any cuts there.

Paul had the following comments on Laura's options:

- 1) Borrow funds - An ISD is limited by the Wyoming Constitution in what it can borrow without member approval and lending can only be considered if property taxes are at least twice the amount of dues.
- 2) Break the contract – The ISD would be held liable for penalties and considering the fast-track nature of the work proposed, the penalties could exceed the cost of the contract.
- 3) Raise dues – The Board could have planned in advance better for an increase in dues, but if dues are raised it would not be considered a special assessment if it was included as an item in the annual budgeting. The subdivision's CC&Rs limit an increase in annual dues to not more than 20% from the prior year. Although the ISD can technically act outside the CCRs, Paul's recommendation was that the ISD should follow the CCRs.

John Ulfelder asked if the Board should send out a revised notice to correct statements which were made in the May correspondence. Paul said the Board is only required to publicly notice the budget hearing and a new notice would be considered a practical issue, not a legal one. Paul suggested that the Board present options to remedy at the budget hearing and allow the members to decide which option best suited. John thought the Board should send out another correspondence which outlined the options the Board thought viable and have a discussion at the budget hearing prior to making a decision.

John suggested that the Board start negotiating with local financial institutions for a LOC and then decide on how much to raise dues. Laura leaned toward seeking partial funding from developer (which would help to make a solid case that the picnic pavilion was a shared investment of both the ISD and developer) and raise dues by \$75 in 2014. John asked whether the increase would be for one year only; Randy said if that was the case, the Board might consider funding the reserves over two years with smaller increases of the annual dues. John's preference would be to increase the dues for one year and then take them back down. Both Shawn and Laura reminded the Board that dues were lowered by \$100 two years ago, and an increase of \$75 would still make the dues less than what they were at the time they were lowered.

John said he thought most if not all out of town property owners purchased their lots as investments and they would be unhappy having to pay more money out of pocket on lots that have lost value. Laura said that could also be said of locals who purchased lots. Randy thought there was a small group of owners who were in favor of the recreational improvements but they don't speak up like the property owners who are in opposition do. Mike thought it came down to residents who would benefit from the improvements vs. those who don't want to pay any more money on their investment; he felt the Board was doing its best to appease both groups.

Mike said it was his opinion that the Board needed to decide now on whether to cancel the contract with Artemis. John wanted to lay out the pros and cons at the meeting but Mike said the students were mobilized and materials had probably already been ordered. Laura asked the Board whether anyone would prefer to cancel the contract vs. raising dues. John and Randy would prefer to know the consequences of canceling the contract before deciding. Paul wanted to remind the Board that members' feelings last year were about a project that was much larger in scope and members may be more receptive to a project whose numbers are much smaller. Laura added that the construction documents will provide a much more accurate idea of cost for Phase I, which can be presented to the members at the budget hearing for their thoughts on whether they might want to proceed. Laura circled back to her original question of cancellation of the contract vs. raising dues; she said if the developer would agree to pay for all costs associated with the entrance sign, she was less inclined to cancel the contract with Artemis. If that wasn't the case, then she would really need to think about her decision. Randy shared the same opinion. Shawn said it would be important that members were made aware of the developer's contribution if the developer chose to pay all costs for the entrance sign. Randy asked if dues would need to be increased if the developer chose to help with those expenses; Shawn said yes, but not nearly as much with a LOC in place. She also mentioned that she'd like to move the budget to a fiscal year; Paul agreed and said the ISD would then comply with state statutes.

In summary, Laura said the Board could explore three things:

- 1) The possibility of the developer contributing additional funds;
- 2) Contact financial institutions for the terms of a LOC and;
- 3) What the penalties would be to breach the contract.

Laura suggested gathering information on these three items and reconvening for another meeting this week to discuss, to which Randy agreed. Shawn will contact First Interstate Bank but she reminded the Board that the ISD would still require a LOC even if the Board decided to break the contract in order to cover operating expenses incurred during the lag-time of when Lincoln County pays annual member dues to the ISD. She went on to state that a short-term LOC of \$34K would be required if the Board decided to break the contract, and a \$70K LOC if the Board went ahead with the pavilion without financial assistance from the developer.

Shawn asked Paul whether the ISD was required to collect reserves. Paul responded not so much from the State but rather more so from the CCRs, which contemplate some budgeting for reserves. He also said the ISD Board could vote to transfer monies from the reserve fund to the general fund. Another option the Board might consider is not funding reserves this year, which would relieve the Board from having to raise dues. Shawn said she would speak with Ty Ross, P.E. to ask whether the chip seal could be put off a year from its scheduled date of 2020.

Laura would really like a decision from the developer ASAP regarding a decision to provide additional funding. Paul wanted the Board to know that contemplating damages if the Board breached the contract would not be easy. A discussion ensued regarding what might happen if the Board decided to go this route. Mike felt the Board should proceed with the contract and Randy agreed, saying that the Board now had other options to remedy the situation.

The Board agreed to meet again on Wednesday, June 5 at 1:30 p.m. MDT. The meeting was adjourned at 3:27 p.m. MDT.

Respectfully submitted,



John Ulfelder

Secretary — Alpine Meadows Improvement and Service District Board of Directors