

Hoback Ranches Service & Improvement District

P.O. Box 33, Bondurant, Wyoming 82922

June 16, 2018 Early Summer Meeting Minutes

A public meeting was conducted by the Board of Directors of Hoback Ranches Service Improvement District on Saturday, June 16, 2018 at Bondurant Fire Department, Bondurant Wyoming 82922 at 09:00 AM.

Directors-In-Attendance:

Bill Conley	Dave Nemetz	Lucy Conley/Stephanie Housley
Chairman	Treasurer	Volunteer Recorder

In attendance were Directors Bill Conley and Dave Nemetz and Director Elect Sally Ruosch. Also, in attendance was Frank Hess, attorney for the district and approx. 45 HRSID owners who introduced themselves to the attendees.

Absent was Director Bruce Bartley, who granted Bill Conley his proxy for voting purposes.

OPENING COMMENTS

Board Chairman Conley called the meeting to order at 0905. Bill welcomed all residents back to the Ranches. He advised that the purpose of the Early Meeting was to discuss the draft budget for 2018-2019 and the updated, proposed statutory rules and regulations.

The meeting to vote on the proposed budget will be held on Sat. July 14 at 1p at the Bondurant church.

BUDGET DISCUSSION

Handed out were copies of an overview of last year's expenditures and the proposed budget for the next fiscal year (starting July 1) that has already been submitted to the state per their rules. The final budget must be submitted for approval to the county commissioners by the 3rd Thurs. of July who must submit to the state by the 31st.

Dave Nemetz, the district treasurer headed the discussion of this years proposed budget. The district receives the tax money collected by the county in November, January and before the end of May. Since our expenditures for road and fence maintenance are from April to Oct., there is always a cash flow issue. To date, the district has been able to deal with it.

There was discussion concerning the reserve emergency funds being used to pay legal fees associated with the Winney lawsuit. \$35K was transferred from the

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reserve to pay the \$22k that has been spent so far on legal fees, plus extra expenses on accounting to redo the budget and publish meeting notices, all unanticipated.

The money had to be spent prior to the District insurance companies agreeing to take over the legal process. The total cost to the district will not be known until the lawsuit is over and the insurance process is complete. At that time, the directors will hold a special public meeting to discuss the options to reimburse reserve funds which could include having the fund self-reimburse from interest or reducing annual expenditures or a one-time special assessment. Whatever is in line with state statutes will be explored. This may require a community ballot vote. Two owners made comments that would be a mistake to reduce road maintenance to pay back reserve funds.

Frank Hess, the district attorney, discussed the effort required to get the insurance companies involved and the state limits on reducing the district's expense associated with the case. The lawsuit could take another year to complete but they are doing what they can to speed it up and get insurance to cover the expense.

Bill Conley will request permission to publish a letter from HR owner, Peter Moyer, an attorney in Jackson, with his comments on the lawsuit. Owners who would like more information on the lawsuit were referred to Wyoming public records.

Back to this year's proposed budget, David noted that the requested district property tax revenue received from the county will be unchanged from last year.

A question surfaced from an owner about an increase in district tax shown on his tax bill. He was referred to the County Assessor for explanation. One year ago, Sublette county increased the assessed valuation of HR by 5.6% overall. It appeared that vacant land assessed value increased more than did properties with residences.

Regarding the fence budget, it was noted that the district has received a significant 4-year fence grant that (along with donations and volunteer labor) will allow us to replace the remaining 15-mile old boundary fence from the more than 20+ miles of fence with wildlife friendly fencing. This 4-year effort should help us to reduce future budgeted fence expenditures. This grant will be covered in more detail at the annual meeting in July.

Dave noted that district's interest income from the investment of reserve emergency funds in CD's has doubled. \$150K has been reinvested in CD's with higher interest rates and staggered durations.

David also noted that the proposed budget for normal district expenses did not increase over last year. The road maintenance budget is not increasing this year because less culvert work needs to be done and less road maintenance is needed on

Hoback Ranches Service & Improvement District

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the first 3 miles now that “maggging” is starting to take hold. The district has also saved money because of the anonymous donation of a road grater to the district.

It was noted by a property owner that the roads are currently in good condition, however, earlier in the wet spring, an owner and contractor ignored instruction to not bring in heavy equipment. They are now being asked to pay for the repair of the road.

DISTRICT RULES AND REGULATIONS DISCUSSION

Next on the agenda was feedback from owners on the amended and restated District Rules and Regulations. The proposal with revisions made from the written comments submitted by owners was handed out.

Bill Conley explained that it was important to update the district rules and regs and make them visible to all landowners. In the process of reviewing, logging and scanning all the old district documents for handover to new directors, it became obvious that there were many rules put in place and not updated since 1997 or earlier and not known to most Ranchers. These were posted on the website for review in advance of the meeting. The Wyoming statutes governing Service and Improvement Districts have also changed over the years.

It is the intent of the Directors to review and update, when appropriate, the district rules and regulations yearly. As long as the rules comply with the state statutes, they can be modified easily, unlike the HR Covenants, which have no mechanism for change other than 100% agreement of all landowners.

Frank Hess, district attorney, explained that the HRSID is like a mini-county, governed by state statutes. This effort is to clarify the rules and consolidate the various statutes that are most relevant to Hoback Ranches and make them available to all owners. The Rules & Regulations are directly from the statutes, with exception of Rule 12, which combines state statutes, with county and district procedures.

Mr. Hess also clarified that these rules do not conflict with the Covenants put in place 40 years ago. The Covenants are a contract between the developer and the owner and between affected owners usually resolved through arbitration or litigation. In 1996, Doyle Child, the developer of HR, wrote a letter passing the power of Covenant enforcement jointly to the District and HR property owners. Whereas the district can change the Rules & Regulations, the Covenants cannot change without 100% of approval of owners.

Bill Conley reminded owners that in 2016, the board discussed at the annual meeting and with property owner approval, passed a resolution to clarify a covenant, but did not negate the covenant, to include critical specifics on important wildfire mitigation for the ranches in compliance with US and Wy fire standards.

Hoback Ranches Service & Improvement District

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The District received four detailed written comments and a couple emails. Bill Conley reviewed the suggested wording changes to the proposed rules posted on the website in response to written comments made by HR owners.

CHANGES MADE DUE TO WRITTEN COMMENTS:

- All of references to employees were removed because the district does not currently have employees, only contractors.
- Chapter 7 concerning district bond issues was removed because the district does not have the current need to borrow money.
- A building checklist is now required for new HR builders. The HR directors must sign off on the county issued building permit within 30 days. HR has over 100 vacant parcels on county records, many of which do not have public road access. Rule 12 ensures new builders follow both county and district rules. Resolution 17-004 passed last year by HR to charge new builders for access or road damage remains in place. The fee schedule is posted on line and the fees go to the general road fund.

ADDITIONAL COMMENTS/QUESTIONS FROM ATTENDEES:

- Bids should be required for services over \$10000 not \$20000. The old rule was \$5000. **Board agreed.**
- Electrical Power connectivity should be on the checklist. **This is a county responsibility.**
- The checklist is good, but will the board be burdened by too much paperwork. Will people want to be on the board? The board should not get in the middle of neighbor conflicts. Should Rule 12 be eliminated? **The checklist has been in place for years but updated to include a sign-off on Covenants. The Board believes the rule will reduce hours being spent by Directors and County officials.**
- Regarding the Rule 12 checklist how are private roads handled? **A checklist is still required but private road maintenance is up to affected owners.**
- Is there too much power given to the board? Can the district bill you for unbudgeted safety and security expenses? Should it be the sole discretion of the board? Should the words reasonable and necessary be added? **The Statues define the powers for the District. Board agreed to add "reasonable and necessary".**
- HR should join the association that gives feedback to the state on SID statutes. **The Board agrees to a volunteer effort.**
- The website could detail more clearly how owners participate in the governance of the district. **The board will explore how this can be done.**
- Highlight in the rules, which statute applies to each rule. **Agreed. All applicable rules were listed on the document, and at each rule where possible.**
- Can residents write the attorneys involved in the Winney case? **Request will be made to the attorney.**

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- HRSID is growing, reaching a maturation point and under a lot of scrutiny.
The board should be congratulated on their actions.

Once the board finalizes the Rules, they will be signed and approved by the Board and posted on the website. Chairman Conley thanked all for their participation and comments. The meeting ended at 11:40 AM.