

Minutes
Buzztail Community Services District Open Board Meeting
Thursday, June 16, 2016 at 6:30 PM
Location: Richard & Victoria's home, 4501 Wilder Dr.

The meeting was called to order at 6:36 PM.

Consent Agenda

1. Meeting minutes from April 7, 2016 were reviewed. Jason Sebrian motioned for approval, William Ward seconded, and the minutes were unanimously approved.
2. Monthly financial Statements for April and May, 2016 were reviewed.
 - a. At the end of April, the balance in the county-managed fund was \$120,917.84 with no warrants (bills) pending payment. The Balance in the Operating Funds account was 70,193.76, with no warrants (bills) pending payment.
 - b. At the end of May, the balance in the county-managed fund was \$120,907.84 with no warrants (bills) pending payment. The Balance in the Operating Funds account was 68,127.61, with no warrants (bills) pending payment.

Jim McCrossin motioned for approval, William Ward seconded, and the financial statements were unanimously approved.

Old Business

3. Richard Tooker reviewed the status of the project to repair and resurface Wilder Drive from the Highway 32 gate to Al Road, with a double chip seal and fog seal already contracted to Franklin Construction. He presented the following to the board:
 - a. A review of the \$130,000 loan offered by Golden Valley Bank to finish funding the road work.
 - b. A revised pro forma (attached to these minutes) outlining how the loan would be repaid entirely from the District's cash flow resources, while maintaining a minimum of \$25,000 in the BCSD Reserve Account at all times for emergencies. Richard recommended that the reserve amount be increased to \$40,000; the amount to be retained will be determined by the board at a later date.

Richard Tooker having already been authorized by the board at the April 7, 2016 board meeting to execute the loan agreement with Golden Valley Bank, he informed the board that he planned to do so on June 18, 2016, and asked for additional board members to attend the loan closing with him. Jim McCrossin and William Ward committed to attending the loan closing. Richard also promised to inform the residents about the details of the loan once it was closed.

4. General discussion of the project to redesign and rebuild the rock wall at the entrance to the District on Highway 32. The board elected to remove this from the list of pending board-managed projects, although pre-authorized funds (\$4,000) already approved will still be available. Accordingly, William ward will not manage the project. Instead, it will be pursued with volunteer labor from among the residents; the project manager is to be determined. Jim McCrossin agreed to pursue finding an appropriate person for that task.
 - a. The board elected to let the project manager work with Hall-Isom regarding signage for the entrance at an undetermined later date.
5. Discussion of the ongoing problems keeping the Highway 32 gate working. General Consensus was that the core problem is that the installed gate assembly is rated for light residential use, and the traffic requires a commercial gate. Jim McCrossin made a motion that the board find and purchase a suitable replacement for the entire gate assembly, provided it does not exceed \$5,000. The motion was seconded by William Ward, and it carried unanimously.
6. General discussion of the need to find a less expensive liability insurance carrier for the District. Resident Robert Sharpe has agreed to work on this. Nothing has yet been finalized. The deadline for changing carriers this year is July 20, 2016.
7. General discussion of the need to find a less expensive auditor for the District's bi-annual audits. Bruce Hall is continuing to work on this, and will report on his efforts at a future board meeting.

New Business:

1. The board discussed the need to raise assessments by 5% in 2017 to help support funding for the road work, which has to be authorized no later than August 1, 2016. The following resolution was adopted by the board:

Buzztail Community Services District Resolution #2016-3

June 16, 2016

Whereas, the Board of Directors of the Buzztail Community Service District voted there would be a 5% increase in the amount assessed parcels in Fiscal Year 2017:

- Parcels with homes will be assessed \$714.42 annually.
- Parcels without homes will be assessed \$286.92 annually.

The motion to adopt the resolution was made by William Ward, seconded by Jason Sebrian, and approved by the board unanimously.

Attendees

Board members in attendance were Richard Tooker, Jim McCrossin, Jason Sebrian, and William Ward. Board Member Matt Wallen could not attend. Others attending were residents Leonard Lutz, Pat Hightower, Bruce Hall, and Jim Scott.

The Board's business having been concluded, the meeting ended at 7:48 PM.

--- (more below) ---

Wilder Drive Resurfacing - Pro Forma

Updated 6/15/2016

Yellow cells indicate change from previous version of pro forma

This pro forma makes the following assumptions:

- * Assessment Increase of 5% for 2017
- * Cost of road repairs and double chip sealing/fog coating not to exceed \$243,500
- * \$130,000 bank loan
- * Striping \$4,000 (estimate)
- * Hall-Isom maintenance contribution (now \$1,700 a year) increased to \$5,000 for 10 years
 - agreed to by Howard Isom
- * Maintain minimum emergency reserve of \$25,000

Cash On Hand Resources:		
BCSD funds held by County	\$120,907.00	(Was \$111,000)
Buzztail General Fund Checking Acct	\$68,128.00	(Was \$70,000)
Subtotal	\$189,035.00	(Was \$181,000)
Loan from Golden Valley Bank	\$130,000.00	
Less loan points and fees	\$750.00	(estimate)
Subtotal	\$318,285.00	
Less Emergency Reserve to Start	\$25,000.00	(We could raise this to \$40,000)
Total Available Cash (With Loan)	\$293,285.00	(Was \$285,250)

Franklin Quote	\$243,350.00	
Striping	\$4,000.00	(estimate - not included in quote)
Total project Cost	\$247,350.00	
Potentially Over-Funded	\$49,935.00	(Was \$41,900 - Means reserve would actually be \$74,900 - was \$66,900 - rather than \$25,000) **

CASH FLOW PROJECTIONS		
2016 Income Stream		
Assessment Increase 5%		
Yearly Income to District	\$33,600.00	(Presently \$31,744 per year)
Hall-Isom Yearly Contribution	\$1,700.00	(goes up to \$5,000 in 2017)
Total Yearly Income	\$35,300.00	

2016 Expense Projection		
Road Patching	\$0.00	(Presently spending ~ \$3,000 to \$5,000 a year. Unlikely that any patching at all will be required in the first 2 to 5 years)
Other Road/Gate Maintenance	\$5,000.00	(historical expense)
Road Striping	\$4,000.00	(estimate)
Elections Cost (county requirement)	\$439.00	(historical expense)
Insurance (required)	\$4,700.00	(This needs to be reduced - working on finding another insurance company - Robert Sharpe)
Audit/Reporting	\$3,000.00	(This needs to be reduced - working on finding another auditor - Bruce Hall)
District Manager resource expense	\$2,400.00	(Reduced from \$3,600 with sale of Water Company)
A+ Accounting	\$1,800.00	(\$150/month - reduced from \$3,900 with sale of Water Company)
Annualized Loan Payments	\$11,328.00	(approximately \$1,416 monthly, beginning May; was \$1,090 monthly on previous version)
Total 2016 Expenses	\$32,667.00	(was \$30,059)

2016 Income Less Expenses	\$2,633.00	Potentially Over-Funded From Cash Flow; was \$5,241
----------------------------------	-------------------	---

2017 Income Stream		
Carryover from 2016	\$2,633.00	(Was \$5,241)
2016 Income Level	\$35,300.00	
Additional from Hall-Isom	\$3,300.00	
Additional income from another 5% assessment increase	\$1,680.00	
Total Income 2017	\$42,913.00	(Was \$40,280 - calculation error)

2017 Expenses		
Expense Level	\$38,331.00	(Assumes 12 months of loan payments - was \$34,419)
Patching expense	\$1,500.00	(Was estimated at \$2,000)
Total 2017 Expenses	\$39,831.00	Was \$36,419)

2017 Income Less Expenses	\$3,082.00	<i>Potentially Over-Funded From Cash Flow; was \$3,861)</i>
----------------------------------	-------------------	---

****Note:**

This pro forma calculates a surplus of about \$74,900 in reserves, over and above the \$25,000 we want to maintain. Surplus reserve could be used to refurbish some or all of the gravel "tributary" roads in the district. If we raised the beginning surplus to \$40,000, we would still have \$59,900 available for that work. The decision regarding the level of the beginning surplus can be made at a later date, but this is the revised, recommended approach.