

MINUTES

Rafter J Annual Homeowners Association Meeting

**August 24, 2004; 7:00pm
Jackson Hole Christian Church (in Rafter J)
Jackson, WY, 83001**

I. Call to Order

Parliamentarian Dwight Reppa called the meeting to order at 7:05pm.

Directors/Officers/Staff present:

Bob Henderson	President
Jim Huspek	Treasurer
Vern Martin	Secretary
Chuck Rhea	Vice President
Dwight Reppa	Parliamentarian
Don Martin	Board Member
Cheryl Fischer	Office Manager

Quorum: Vernon Martin reported that the members present combined with the proxies already received constituted a quorum with regard to election of Directors.

II. Minutes

Minutes from the 2003 Annual Homeowners Meeting were distributed to all attendants prior to the Call of Order. Minutes carried by a unanimous approval.

III. Introduction of the President – Bob Henderson

President Bob Henderson reported that he had decided to resign from the Homeowner's Board effective after this Annual Meeting and that Kip MacMillan had accepted the appointment to serve out the remaining year of his term. He introduced the other Directors. Special recognition was given to all members.

He described the condition of the Rafter J Ranch infrastructure as being 30 years old and that there had been no funds established to deal with the eventual need to replace it. In year 2001, the Board decided to establish a "Replacement Fund" and has been putting \$5,416.67 per month into this fund and this fund has now accumulated, with interest, \$234,113.67. He hopes that future Boards have the discipline to continue to maintain this fund.

After going through the process of attempted annexation to the Town of Jackson and consideration of incorporation, the Association entered into an Intergovernmental Agreement with Teton County to replace the well house and pumping facilities and to share the cost of replacing and repairing Big Trail Drive and Tensleep Drive. Obviously, the road repairs are in process but they will be completed by mid-October at the latest. Bids will be taken on Thursday, August 26, 2004, for the well house and pumping facilities and this work should be completed by next May. The new facilities will include telemetry to alert personnel of problems as soon as they occur to avoid water system outages.

He reported another problem that has grown large in the five years he has been on the Board is the leaks in the water distribution system. This problem was caused by the use of galvanized pipe and, in some cases, brass fittings. The galvanized pipe is being corroded away simply due to the chemistry of the underground water and is accelerated by the presence of the dissimilar metal brass fittings that cause electrolysis. The full extent of the problem was not known until a leak survey was done. A state grant will pay for the cost of a fourth well. One of the wells is being drawn on for normal operation and the pump operates full time. The leak survey indicates that most of the water being pumped from this well is simply being lost to the leakage. This leakage results in loss of water, increased electricity costs for the pumping, and the increased maintenance of the pumps. In addition, the water lost to the leaks increases the water handled by the sewer system. The Town of Jackson charges each homeowner based on the sewer lift pump hours of operation so this additional water raises everyone's sewer charges.

Leak repairs have been done when water surfaces or causes the water to appear in crawl spaces. The other leaks are ignored. The leak repairs done in this manner are extremely costly and, therefore, prohibitive as a method of dealing with the overall problem. After looking at various alternatives, the Board made the decision to replace the entire system paid for by the new assessment through the Rafter J Improvement and Services District (ISD). Once these repairs are completed the infrastructure should be in good shape for years to come. The short-term pain should lead to long-term benefits.

Regarding covenant violations is that while the Board is responsible for enforcement, the Board is not granted any "teeth". Loose dogs and residents who don't want to take responsibility are the source of the problem. The county has only one animal control officer and the Association has only two employees, neither of whom is qualified or has the time to deal directly with animal problems. The Board does its best to enforce the covenants but it requires cooperation from the homeowners. One solution proposed is to enact some penalties; however, it still leaves the question of who would have the time to actually investigate the situations and enforce the penalties.

Great emphasis has been placed on getting financial situation in order. In keeping with this, the Board established the Replacement Fund and the Emergency Fund. Some of the Emergency Funds will be used to address some of the sewer repairs prior to the roadwork. Credit should be given to Jim Huspek as Treasurer in his efforts in getting the Association finances into the shape they now are.

Bob concluded by inviting and encouraging members to attend the Board meetings.

Bob also introduced Cheryl Fischer.

IV. Financial Report/Budget – Jim Huspek, Treasurer

Copies were distributed to all homeowners that attended the meeting. Treasurer, Jim Huspek, provided an overview of the budget. He reminded the members that the Board had decided to not increase the homeowner's fees for the first six months of the current fiscal year and will be making the decision to implement a 5% increase for the latter six months of the year.

The "Interest and Other Income" category includes some interest being earned on the investment of the Replacement and Emergency Funds.

Health insurance has increased greatly this year. Next year there will be a committee to investigate ways to save money on the insurance.

The Board is implementing a web site for providing more information.

Sewer and Water System Maintenance is only an estimate. Until the repairs occur starting next year, the repairs that may be needed on an urgent basis are unknown. As a result, the amount allocated to these items is kept somewhat high.

Bob Henderson also spoke on the earlier issue of repairing water leaks. The leak survey rated the leaks in terms of severity and there were quite a few that were rated severe. He repeated that repairs are done if water is appearing on the surface or if it appears in a crawl space. To accomplish the repair, equipment has to dig down to the water line. A decision is then made as to whether to address only the line that is the main source of leakage or to address other lines in the area while the equipment is there and the hole has been dug. Repairs done in this manner cost on the order of \$10,000 or more. This approach to addressing the water lines is financially prohibitive. This led to doing the leak survey that revealed the enormity of the problem and led to the decision to replace the entire system.

Backflow preventers have been budgeted for installation in the park sprinkler systems.

The ISD is budgeted to receive \$24,000 from the Association. The ISD is facing large attorney and engineer fees for the upcoming work. The assessment is intended to provide funds but money is needed before those moneys are received.

The sewer line has been cleaned and videotaped to enable assessment of the condition of the system. There is presently a significant infiltration of groundwater into the sewer system that will be addressed as part of the project starting next year.

Telemetry will also be installed on the sewer lift stations. Last year approximately \$2,700 was spent on the stations and approximately \$12,000 is needed to complete the upgrade.

The office computer equipment will be upgraded.

The Rafter J boundary fence will begin to be replaced on a section-by-section basis in order to spread the cost.

The postal shed roofs need to be replaced.

The lawn mower expired and a replacement was purchased.

The "Water/Sewer-County Road Reconstruction" item for \$107,000 is to cover work needed prior to the road work being done this summer in order to avoid tearing the road up later.

The totals show that the expenditures exceed the income by about \$90,000. This will be drawn from the excess from prior years.

The Replacement Fund will continue to receive the income reported earlier. The Emergency Fund will be drawn down to cover the excess expenditures noted earlier. At present there is no target amount for the Replacement Fund. The Board makes the decision each year regarding the amount to transfer to the fund. This year the Board agreed to continue building the fund at the present rate that adds approximately \$65,000 a year. The Board has decided that \$65,000 is appropriate for this next year. The Board feels the amount in the fund isn't even close to what should be in the fund. Future Boards will need to decide how much to place in the fund. Chuck Rhea added that given what will become 40 to 45 years of age during the time that the special assessment just passed include the water mains, themselves. Increasing the fund at the current rate would only bring the fund up to about \$1.2M. Based on the cost to accomplish the repairs for the next few years, that amount is nowhere near enough to cover major work on the aged equipment. Bob Henderson stated that what Rafter J has now is a start. Each year the Board should review the situation and place what they can into the Replacement Fund. The amount in it and what is being put into it is not nearly enough. He welcomed input at the Board meetings to make this decision. The money being spent now should reduce the operating costs in the future. Future Boards should be able to review the needs and make better decisions as to the amount needed in the Fund. It was reported that the money is invested in government bonds with staggered or laddered maturity dates. This was done on the advice of an investment counselor who is a former Rafter J resident. The Board wanted a vehicle that would first, provide the greatest security in terms of maintaining the original investment value and second, provide the greatest return on the investment. The present intent is to hold the bonds to maturity. A penalty would occur if redeemed prior to the maturity date and this was done, in part, to dissuade future Boards from dipping into these funds unless necessary. The money in the Emergency Fund is in a money market account at Jackson State Bank so that it is readily available.

In response to a question regarding budgeted amount for salaries, Jim Huspek reported that the employees sometimes receive overtime. The salary amount is high in anticipation of urgent repairs, bad winter weather, or a water line that fails, for example. Cheryl is also spending extra time in the office due to the increased demand from the recently passed assessment and other times works late to accomplish all that's needed. The use of part-time help is being considered.

In response to a question regarding budgeted amount for trash costs, Jim Huspek reported that the majority of that amount is for hauling off stuff from the storage area. Westbank Sanitation's weekly office pickup is a minor part of the amount shown and the amount also includes disposal of some hazardous material such as paint and oil, not all of which is generated by Rafter J.

In response to a question regarding the budgeted amount for road maintenance, Jim Huspek responded that the county is working on Big Trail Drive and Tensleep Drive. If there should be a problem in a cul-de-sac, this amount has been budgeted to deal with it; however, the Board does not anticipate needing to spend it all.

In response to a question regarding the budgeted amount for utilities, Jim responded that the past winter was relatively mild and the pumps worked efficiently. This year the pumps haven't been quite as efficient and the demand charges have increased.

Jim agreed to provide the budgeted amounts for the future year along with those of the previous year starting with the next annual meeting.

A long discussion occurred regarding the level of the homeowner's fees and whether it was more prudent to raise the fees or not given the rate of expenditure shown on the budget. Jim agreed that the rate of expenditure is not sustainable but is considered to be a short-term condition. It will be funded from the surplus from previous years. Bob Henderson stated that, after five years on the Board, he feels the Rafter J HOA finances have never been in better shape. He makes a living doing financial analysis and feels that the Board is charged to review the expenditures on a yearly basis. He invited anyone and everyone to attend the Board meetings in order to become familiar with the details that led to the decisions regarding the budget.

Chuck Rhea stated that there is a better than even chance that Rafter J's operating expenses will go down after some of these projects get going.

In response to a question regarding the recent absence of regular Board meeting minutes, Vern Martin responded that the Board has been overwhelmed by the amount of paperwork going through the office and something had to give. The previous minutes have now been caught up and will be reviewed at the next regular Board meeting and distributed shortly thereafter. One member suggested that, without the published minutes, the members are unaware if the Board is meeting secretly. Vern responded that the meetings are not secret. They are open and posted. If one only reads the minutes, one has lost their chance to participate. Bob Henderson added that the point of publishing the Board meeting minutes is well taken. He stated he is also frustrated the minutes have not been promulgated. However, as stated, the office has been overwhelmed of late. The job of being a Board member has gotten to be too much. He has advocated hiring a manager to handle some of these things. This has not been accepted to date, but he still thinks someone is needed to be on top of things on a regular basis. Vern Martin reported that a web site is planned to provide a place to obtain information, forms, covenants, policies, etc. The hope is that this will cut down on the mailing expenses.

V. Old Business

No old business was discussed.

VI. New Business

A. Board of Directors Election: Vern Martin – Secretary

There have been a number of ballots received at the office prior to the meeting or turn in a written ballot before leaving the meeting. The Bylaws currently allow voting in person at the annual meeting but it is extremely difficult to administer and the preference is the change the Bylaws to allow voting by written ballot only. No hand vote was taken. No results are available.

There are two openings this year: a 2-year term and a 3-year term. Jim Huspek is the only candidate for the 2-year term and Chuck Rhea the only candidate for the 3-year term. Both are incumbents.

B. Discussion items:

1. Update on Assisted Living Center Fees: It is still in negotiation. Completion date is unknown.
2. Update on the County Project: The road project will conclude by October. Big Trail Drive will be replaced up to the park area. The remaining part of Big Trail Drive will be resurfaced. All of Tensleep Drive will be replaced. The Board will be considering what to do with the material now stored at the end of Big Trail Drive and at the south end of the pond will be considered at the Special Meeting after the Annual Meeting.
3. Covenant Enforcement: Covered in President's Report.
4. Water/Sewer Project: The assessment amounts are higher than stated in the early information meetings. The amounts were increased later because of the higher bids received on the current work. The ISD is presently in the process of loan application. The desire is to start work in April 2005 before the water table rises. Work will be done in 2005 and 2006 with a final road overlay in 2007. Most lines are in the roadways but everyone's service lines will be pressure tested and, if they fail, may be dug up and will be the responsibility of the individual homeowner.
5. Water and Sewer Costs: The sewer charges are based on the sewer lift pump run-time. These charges are then spread throughout the residents of Rafter J. The charge is typically lower in the winter due to the drop in the water table. There is no present breakdown on water pumping costs. These charges are complicated due to the demand charges that occur when additional pumps activate. Nearly all of one pump's output is servicing the leaks. The leaks will only become worse so that additional pumping will be required if no repairs are done. The pump costs are then inflated by the demand charges. So electricity goes up and the maintenance costs go up because of the increased wear and tear on the pumps.
6. Water in Crawl Spaces: The suspected reason is the irrigation ditch along the eastern side of the subdivision. After flow in the ditch was reduced, Chuck McCleary found that the water level in crawl spaces dropped quickly. The ditch owners have indicated they will clean the ditch this winter to reestablish the slope. If they don't take care of the problem the affected resident(s) could take legal action against the ditch owners. This is also aggravated by the ditch along the southern boundary of Rafter J. It's normally a summer problem but worse this year. The leaking water lines may be contributing some but the water in the ditch seemed to have a direct effect.
7. Weeds: Patty Patterson (Lot No. 185) stated that the thistle population is particularly bad this year and needs to be dealt with. Jim Huspek reported that Rafter J spends about \$2,000 per year for spraying of weeds. This action has controlled the weeds in the past although it is not a perfect solution. All Rafter J can do is treat the common areas. If the individual owners don't address their problem, it only spreads. Ms. Patterson suggested the spraying program be expanded. She suggested certifying Chuck McCleary to perform the spraying. Hiring more people was also suggested, but doing so would increase salaries and insurance figures.

VII Adjournment

There being no other business, the motion was made, seconded, and passed to adjourn. Meeting adjourned at 9:20 p.m.