

**South Douglas Highway Water & Sewer District  
 Budget Hearing / Regular Meeting Minutes  
 Wednesday, June 27, 2018, 12:00 p.m.  
 Conference Room / K2 Technologies – 400 South Gillette Avenue, Gillette, Wyoming**

**Board Members Present:** Bill Edenfield, Dan King, Arlyn Magnuson, David Riley, Dennis Stillman

**Others Present:** Helenanne Cathey

**BUDGET HEARING**

Dan King called the Budget Hearing to order at 12:00 p.m. There was discussion on the budget. The only changes since the preliminary budget was approved are updated estimates for bank balances as of 6/30/18. There was an opportunity for public comment. Seeing as there was no written comment and no public comment at the meeting, Dan King adjourned the budget hearing at 12:04 p.m.

**REGULAR MEETING**

Dan King called the Regular Meeting to order at 12:04 p.m.

**Meeting Minutes**

The minutes were reviewed. It was moved by David Riley and seconded by Arlyn Magnuson to approve the minutes for the regular meeting on May 23, 2018, as presented. Motion carried unanimously.

**Financial Information / Treasurer’s Report / Bill Payments / Quarterly Reports**

The financial information was reviewed, including the Treasurer’s Report and List of Bills and Claims. There was discussion on the locate billing for the month of May. The City should be doing locates starting May 1, 2018, the date the sewer system for most of the District was conveyed to the City. Helenanne Cathey explained that she talked to Mike Cole with the City. Mike Cole said that they are working on it. Water Guy’s invoice for locates included \$357.50 for the month of May. The Board expressed a concern that the District shouldn’t be paying for locates (One Call of Wyoming and Water Guy invoices) after May 1<sup>st</sup>. Dan King will follow up with the City of Gillette. It was moved by Bill Edenfield and seconded by Arlyn Magnuson to accept the Treasurer’s Report and pay the bills and claims as presented with Dan King following up with the City about concerns that the City should be paying for locating bills after May 1<sup>st</sup> and submitting a request for reimbursement to the City for those bills if that is possible. Motion carried unanimously. The following bills were paid:

6/27/2018	2828	Cathey Consulting, LLC	Inv. 4451 - Admin./Books/Compliance/Postage	\$409.45
6/27/2018	2829	DESK Holdings, LLC	Rent	\$375.00
6/27/2018	2830	EnTech Inc.	Inv. 03015-146 Technical Coordinator 4/30-6/3/18	\$1,641.25
6/27/2018	2831	K2 Technologies	Inv. cw269 (Lunch 4/25/18) \$91.48 & cw263 (Lunch for 5/23/18) \$70.04	\$161.52
6/27/2018	2832	One Call of Wyoming	Inv. 48726 - Locate tickets for May	\$19.50
6/27/2018	2833	PCA Engineering	Inv. 21293 - Rimrock Drive repair	\$1,014.45
6/27/2018	2834	The News Record	Ad 00341658 (\$263.52) GW Constr. Final and 342016 (\$290.55) budget	\$554.07
6/27/2018	2835	Water Guy, LLC	Inv.2018-445 May Locating (\$27.50) & 2018-476 locates 3 mo. (Mar., April, May) (\$910)	\$937.50
6/27/2018	2836	Wyo-Star	5/30/18 Assessments to Wyo-Star Accounts	\$32,708.51
		<b>TOTAL BILLS</b>		<b>\$37,821.25</b>

**Unfinished Business**

- a. Damage to main sewer line located in front of 7791 Rimrock Dr. in Antelope Valley Subdivision – The project was completed and the final advertisement published in the Gillette News-Record. The final payment was made on June 26, 2018, after approval at the May meeting and approval from Dave Engels on June 26<sup>th</sup> that final payment could be released.
- b. Budget – It was moved by Arlyn Magnuson and seconded by Bill Edenfield to approve the budget for 7/1/18 – 6/30/19 for \$1,906,588. There was discussion on the additional principle payment to be made in this next fiscal year. Motion carried unanimously. The final budget is attached to these minutes.

- c. Locates for Stroup – The City Council will be considering the request for handling locates in Stroup.
- d. Stroup Mobile Home Park Sewer Line conveyance to property owner – Dave Engels sent a letter to Mr. Stroup after the last meeting regarding this issue. There has been no response from Mr. Stroup yet. The consensus of the Board is to allow some time waiting for a response from Mr. Stroup.
- e. Dave Engels sent a letter to memorialize the basis of the recommendations of the money percentages for utilizing unencumbered funds for additional principal payments on the District's two outstanding loans. The information is attached to these minutes.

**New Business**

- a. Dan King signed the Public Records Notice to submit to the County indicating that the District's records are stored at 400 South Gillette Avenue, Gillette.
- b. It was moved by Bill Edenfield and seconded by Dennis Stillman to submit memos to the State Treasurer for loan payments and additional principal payments to be made as follows. Motion carried unanimously.

CWSRF-051 (Phase II Construction)

Debit Funds:

	Loan Payment	Additional	Total
WYOSTAR Account # ending in 520	\$313,013.08	\$0	\$313,013.08
<u>WYOSTAR Account # ending in 447</u>		<u>\$300,000.00</u>	<u>\$300,000.00</u>
TOTAL	\$313,013.08	\$300,000.00	\$613,013.08

Credit Funds: SRF Loan Payment CWSRF-051 PLUS additional principal

**Amount: \$613,013.08**

Effective Date: Tuesday, July 10, 2018

CWSRF-073 (Phase 1)

Debit Funds:

	Loan Payment	Additional	Total
WYOSTAR Account # ending in 883 (SID 1):	\$28,721.73	\$83,000.00	\$111,721.73
WYOSTAR Account # ending in 884 (SID 2):	\$19,440.67	\$86,000.00	\$105,440.67
WYOSTAR Account # ending in 885 (SID 3):	\$14,019.29	\$51,000.00	\$65,019.29
<u>WYOSTAR Account # ending in 447 (Gen. Savings):</u>		<u>\$100,000.00</u>	<u>\$100,000.00</u>
Total Debit Funds:	\$62,181.69	\$320,000.00	\$382,181.69

Credit Funds: SRF Loan Payment CWSRF-073 PLUS additional principal

**Amount: \$382,181.69**

Effective Date: Tuesday, July 10, 2018

**Adjourn**

Dan King adjourned the meeting at 12:26 p.m.

**Next Meeting: Wednesday, July 25, 2018, 12:00 p.m. – Regular Meeting at the conference room at K2 Technologies.**

Respectfully submitted,  
Helenanne Cathey, Assistant to the Board

\_\_\_\_\_  
Dan King, President Date

\_\_\_\_\_  
David Riley, Secretary Date

\_\_\_\_\_  
Arlyn Magnuson, Treasurer Date

\_\_\_\_\_  
Bill Edenfield, Director Date

\_\_\_\_\_  
Dennis Stillman, Director Date

*Arlyn Magnuson* 7/25/18

South Douglas Highway Water & Sewer District  
Budget - 7/1/18 - 6/30/19

Budget Hearing Date: June 27, 2018, 12:00 p.m.  
at 400 South Gillette Avenue, Gillette


Mailing Address: PO Box 2246, Gillette, WY 82717

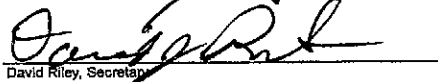
	Previous Year Actual 7/1/16 - 6/30/17	FY 17-18 Special Fund	FY 17-18 Budget General Fund (0 mil)	Total FY 17-18 Entity Budget	Current Year Accrual (ESTIMATED) 7/1/17 - 6/30/18	FY 18-19 Special Fund	FY 18-19 Budget General Fund (0 mil)	Total FY 18-19 Entity Budget
<b>ESTIMATED BEGINNING BALANCE</b>	\$1,586,842	\$935,353	\$654,717	\$1,590,069	\$1,587,317	\$958,046	\$559,425	\$1,517,471
<b>REVENUES</b>								
Taxes and assessments	\$30,102		\$0	\$0	\$228		\$0	\$0
Special Assessments								
Phase 1 - Antelope Valley +	\$315,995	\$314,027		\$314,027	\$318,455	\$314,027		\$314,027
310 X 984 + 4367.74 + 4519.70								
36X 1000	\$42,000	\$36,000		\$36,000	\$37,017	\$36,000		\$36,000
22 X 1020	\$23,460	\$22,440		\$22,440	\$24,480	\$22,440		\$22,440
11 X 1450	\$15,225	\$15,950		\$15,950	\$16,675	\$15,950		\$15,950
Total Special Assessments	\$396,680	\$388,417		\$388,417	\$396,628	\$388,417		\$388,417
Interest - Special Assessments	\$1,880	\$1,600		\$1,600	\$700	\$700		\$700
Plant Investment Fees								
Interest on General Fund and Reserves	\$4,416				\$15,000			
Past Due Bills - City	\$400				\$54			
Sewer Connections								
<b>TOTAL REVENUES</b>	<b>\$433,478</b>	<b>\$390,017</b>	<b>\$0</b>	<b>\$390,017</b>	<b>\$412,610</b>	<b>\$389,117</b>	<b>\$0</b>	<b>\$389,117</b>
<b>TOTAL BEGINNING BALANCE PLUS RE</b>	<b>\$2,020,320</b>	<b>\$1,325,370</b>	<b>\$654,717</b>	<b>\$1,980,087</b>	<b>\$1,999,926</b>	<b>\$1,347,163</b>	<b>\$559,425</b>	<b>\$1,906,588</b>
<b>OPERATING EXPENSES</b>								
<b>Contractual Services</b>								
Legal Services	\$918		\$1,000	\$1,000	\$87		\$1,000	\$1,000
Accounting and Auditing Services	\$5,645		\$4,000	\$4,000	\$4,185		\$4,500	\$4,500
Consultant Administrative Services	\$15,716		\$6,000	\$6,000	\$10,000		\$6,000	\$6,000
Administrative Support Services	\$4,950		\$5,000	\$5,000	\$5,300		\$5,300	\$5,300
Sewer Locating Services	\$3,952		\$6,000	\$6,000	\$2,000		\$2,000	\$2,000
Total Contractual Services	\$31,181		\$22,000	\$22,000	\$21,572		\$18,800	\$18,800
<b>Office Expenses</b>								
Postage	\$203		\$300	\$300	\$600		\$600	\$600
Advertising/Public Notices	\$557		\$350	\$350	\$600		\$600	\$600
Election Expenses			\$800	\$800	\$452		\$800	\$800
Office Rent	\$4,500		\$4,500	\$4,500	\$4,500		\$4,500	\$4,500
Other	\$103		\$100	\$100			\$100	\$100
Telephone and Internet	\$98		\$300	\$300	\$98		\$150	\$150
Total Office Expenses	\$5,461		\$6,350	\$6,350	\$6,250		\$6,750	\$6,750
<b>Indirect Costs</b>								
Insurance & Bond Expense	\$750		\$1,000	\$1,000	\$750		\$1,000	\$1,000
Board Expenses	\$564		\$650	\$650	\$650		\$650	\$650
Total Indirect Costs	\$1,314		\$1,650	\$1,650	\$1,400		\$1,650	\$1,650
<b>Operating / Miscellaneous Costs</b>								
Tap Fees								
Miscellaneous Repairs	\$67,587		\$0	\$0	\$9,870		\$0	\$0
Total Operating / Misc. Costs	\$67,587		\$0	\$0	\$9,870		\$0	\$0
<b>TOTAL OPERATING EXPENSES</b>	<b>\$105,543</b>		<b>\$30,000</b>	<b>\$30,000</b>	<b>\$39,092</b>		<b>\$27,200</b>	<b>\$27,200</b>
<b>MISCELLANEOUS EXPENSES</b>								
From Cash Reserve for Misc. Exp.			\$100,000	\$100,000			\$100,000	\$100,000
<b>CAPITAL EXPENSE</b>								
<b>TOTAL CAPITAL EXPENSE</b>			<b>\$0</b>	<b>\$0</b>			<b>\$0</b>	<b>\$0</b>
<b>DEBT SERVICE ON PHASE 1 (051)</b>								
Principal	\$240,182	\$240,182		\$240,182	\$249,916			\$550,638
Interest	\$72,831	\$72,831		\$72,831	\$63,097	\$62,375		\$62,375
	\$313,013	\$313,013	\$0	\$313,013	\$313,013	\$313,013	\$300,000	\$613,013
<b>DEBT SERVICE ON PHASE 2 (073)</b>								
Principal	\$45,479	\$45,479		\$45,479	\$47,223		\$100,000	\$367,566
Interest	\$16,703	\$16,703		\$16,703	\$14,959	\$14,615		\$14,615
	\$62,182	\$62,182	\$0	\$62,182	\$62,182	\$282,181	\$100,000	\$382,181
<b>TOTAL DEBT SERVICE</b>	<b>\$375,195</b>	<b>\$375,195</b>	<b>\$0</b>	<b>\$375,195</b>	<b>\$375,195</b>	<b>\$595,194</b>	<b>\$400,000</b>	<b>\$995,194</b>
<b>TOTAL OPERATING, CAPITAL AND DEBT SERVICE EXPENSE</b>	<b>\$480,738</b>	<b>\$375,195</b>	<b>\$130,000</b>	<b>\$605,195</b>	<b>\$414,287</b>	<b>\$595,194</b>	<b>\$442,200</b>	<b>\$1,037,384</b>
<b>ESTIMATED ENDING BALANCE</b>		<b>\$950,176</b>	<b>\$524,717</b>	<b>\$1,474,892</b>		<b>\$751,969</b>	<b>\$117,225</b>	<b>\$869,194</b>

CASH ON HAND START OF FY	7/1/2016 (QB)	6/30/2016	6/30/2017 QB	6/30/17 (Bank St)	3/30/2018(QB)-EST
General Fund	218,039.46	218,039.46	200,805.03	286,681.77	99,973.00
Unenc. Reserves (WyoStar)	451,155.99	451,155.99	452,954.76	453,911.91	459,452.00
Debt Service - Phase 1	659,383.74	659,383.74	658,452.90	582,172.84	666,500.00
Debt Service - SID 1	97,124.84	97,124.84	108,916.78	106,636.71	115,871.00
Debt Service - SID 2	98,787.66	98,787.66	103,390.43	100,542.44	109,366.00
Debt Service - SID 3	61,385.65	61,385.66	62,796.77	62,202.93	66,309.00
<b>TOTAL</b>	<b>1,585,877.33</b>	<b>1,585,877.34</b>	<b>1,587,316.67</b>	<b>1,592,148.60</b>	<b>1,517,471.00</b>

Original Amortization Schedule:  
Last Loan Pm due 2026 (Ph 1) & 2028 (Ph 2 Cons.)  
Last Yr. to assess 2025 (Ph 1) & 2027 (Ph 2 Cons.)

Additional Principal payments July, 2018:

  
Dan King, President

  
David Riley, Secretary

**Budget Message**  
The District's revenue will stay the same as last year with no mil levy again this year. All services are contracted so no staff are employed by the District. The District maintains an Unencumbered Reserves Balance which will be used in the coming years to manage the District until the District dissolves, which will occur as soon as the debt is paid off. Additional principal will be paid on the loans this year so as to allow for the payoff of the loans ahead of schedule. The majority of the District has been annexed into the City of Gillette, so there should be minimal repair bills. There is only one small section of sewer line serving Stroup Mobile Home Park that is still in the District.

MEMORANDUM

May 31, 2018

TO: Members of the SDHW&SD Board

FROM: Dave Engels 

RE: Basis for Allocating Unencumbered Funds Towards Loan Repayment

The purpose of this memo is to memorialize the basis for my recommendation of the monetary percentages that should be used from the Board's unencumbered funds (i.e., its general checking account and its WYO-STAR General Savings Account) for the purpose of repaying a portion of the two SRF loans that the Board currently has with the State of Wyoming; i.e., CWSRF-051 and CWSRF-073. Monies in the checking account and General Savings Account are principally an accumulation of the ad valorem taxes levied upon properties within the District. The assessments of these ad valorem taxes varied from 8 mils (at the time of the District's formation and a few years thereafter) to 0 mils at the present time. My recommendation was made in a January 19, 2018 memo to the Board.

It should be noted that the assessments made against properties specifically benefitting from the CWSRF-051 and CWSRF-073 loans were additional, special assessments unrelated to the monies collected and placed in the checking account and the General Savings Account. Monies collected from these special assessments have flowed directly into individual WYO-STAR accounts established for repayment of the two loans, and they have not been commingled. CWSRF-051 was used to fund the Phase 1A and 1B project areas, which included Antelope Valley, the High View MHP and the Stroup MHP. CWSRF-073 was used to fund the Phase 2 project area, which included the Southern Drive Industrial Park, portions of the Mohan Subdivision, and other small areas around the Southern Drive – Highway 59 intersection.

On December 20, 2017, I received from Alicia Gilliland, GIS Specialist for the Campbell County Assessor's Office, information on the 2017 assessed valuations for the properties located within the District. From those files (relevant sections of which are attached), I added up the assessed valuations into two categories:

1. Those properties that are within the Phase 1A and 1B project areas, for which the assessed valuations for those properties totaled 70.64% of the total 2017 assessed valuation for the District.
2. Those properties that are within the Phase 2 project area, for which the assessed valuations for those properties totaled 29.36% of the total 2017 assessed valuation for the District.

After performing these summations, I assumed that the assessed valuations for the Phase 2 project area throughout the time of the District's existence (and, hence, the time that ad valorem assessments were being made) has been less than it was in 2017, due to the fact that the majority of the Phase 2 project area (principally the Southern Drive Industrial Park and the Mohan Subdivision) was not developed when ad valorem assessments began. Correspondingly, as the District has with time reduced the amount of its mil levy, this means that the amount of taxes collected in the District's earlier days was swayed even more towards the Phase 1A and 1B areas, as much of the Phase 2 area was undeveloped at the time of maximum District mil levy assessments.

Due to the history of assessed valuations and ad valorem tax assessments discussed above, a higher percentage than 70.36% was reasoned to be more appropriate for the Phase 1A and 1B areas, and a lower percentage than 29.36% was reasoned to be more appropriate for the Phase 2 area. I therefore arrived at a percentage of 75% for the Phase 1A and 1B project areas as being their "fair share" of the unencumbered checking account and General Savings account, with 25% being the Phase 2 area's "fair share" of these two accounts. My recommendation thus stated that 75% of any monies used towards repayment of the two outstanding loans should go to CWSRF-051 repayment, with 25% of any used towards repayment going towards CWSRF-073.