

SCHOA ANNUAL MEETING

Saturday, October 6, 2018– 9:00 AM

Minutes - Draft

I. Call to Order, Establishment of Quorum, Welcome, and Introductions

- a. Meeting was called to order by Bob Pisano
- b. Introductions. All homeowners present introduced themselves
- c. Quorum was established

II. Approval of Minutes for October 7, 2017 Annual Meeting

- a. Minutes were previously distributed, and without objection were approved.

III. Elections and Confirmations

- a. Voting Procedures
 - i. Bob Pisano explained the voting procedures and corrected the cumulative ballot multiplier to be three and not two as three positions are up for election
 - ii. Five-minute break was provided to accommodate voting
- b. Board of Directors (3 Board Members)
 - i. Frank Hess, Kathi Davis and Marti Anderson were the election judges. Votes were counted twice.
 - ii. Results – Stephen Price (102 votes), George Kallop (90 votes) and Stuart Lang (79 votes) were elected. Dan Grassetti had 53 votes
- c. Architectural Committee
 - i. Election (1 AC Member), Tom Taylor
 - 1. One position and one candidate. Without objection, Tom Taylor was acclaimed
 - ii. Confirmations (2 AC Members), Paul Frantz, Carter Ohlman
 - 1. Two position and two candidates. Without objection, Paul Frantz, Carter Ohlman were appointed

IV. Committee and Other Reports

- a. Finance Committee
 - i. Treasurer's and Investment Reports
 - 1. Derek Goodson presented the Treasurer Report. At August 31, 2018, the HOA has approximately \$196,000 in operating funds, and \$2,183,000 in the Fidelity reserve fund. Reserve fund balances are approximately \$482,000 in Project Common, \$723,000 in Spirit Dance, \$6,000 in Sun Dance, and \$935,000 in Harvest Dance. Mr. Goodson reminded that these are estimates based on current year activity, and that Thompson Palmer prepares the final reconciliation at year end. Year to date about \$650,000 has been spent and is well below budget with about \$120,000 in Harvest Dance, \$451,000 in Spirit Dance and \$70,000 in Project Common. Operating expenses are generally under budget. Insurance coverage and premiums were reviewed including the history of the large increase in 2017, when premiums doubled as a result of the very attractive program ceasing to exist. The HOA's policy was short renewed on August 30 to avoid the December 31 schedule. Only one quote was received and was flat with the prior year. The annual review was reviewed, and the challenges related to taxes outlined. The report had no exceptions and was reviewed by the Finance Committee, which recommended acceptance. Mr. Goodson reviewed the implications of the CC&R changes in 2017, which he and Mr. Kallop spearheaded eliminating the term condominium in order to facilitate financing of Harvest Dance and Spirit Dance townhomes. Mr.

Goodson reported that 2018 was the first year since 2009 that financing of the purchase or sale of these townhomes occurred without issues.

2. Bob Wood reviewed the HOA's portfolio. Three significant changes. First, the markets are continuing to move upward. Second, with \$854,000 withdrawn over the last year for various projects. The fund started at \$2,800,000 at this time last year and the balances is at about \$2,200,000 now. So, there is a positive return of about \$250,000. Third, the portfolio has migrated from individual stock positions to more passive EFTs. Currently the portfolio is made up of about \$1,756,000 or 80% in equity, \$342,000 or 16% in fixed income, and \$93,000 or 4% in cash. Mr. Wood also elaborated on some of the positions and the 80% equity target. Mr. Wood reviewed the transition from Merrill Lynch to Fidelity and the savings of \$26,000 in brokerage fees by doing so.
- ii. SCHOA Accountant's Review Report for December 31, 2017
 1. Mr. Goodson continued to report on the Finance Committee's activities. In particular, the committee reviewed the Thompson Palmer report and recommended acceptance, reviewed the August interim financial statements, reviewed the performance of the reserve fund, reviewed the investment policy, reviewed the insurance status and the 2019 budget and reserve assessment schedules. Regarding the budget and assessments, the Finance Committee recommended that i) reserve assessment levels should reflect local inflation, anticipated future needs, enhancements and special projects, ii) borrowing should continue to be considered for long term capital projects, and iii) the reserve study be updated. Mr. Goodson was asked to comment on local inflation. He indicated that labor rates seem to growing about 10% annually as the result of wages and housing pressures. Mr. Lang concurred with his experience at Amangani. Mr. Pisano concurred with his experience at St John's Hospital. Mr. Goodson continued to describe the Finance Committee's consideration of borrowing for major projects and the use of the Spring Creek Improvement & Service District for infrastructure projects. Mr. Kallop provided some further insight into the insurance challenges and future efforts to find alternatives. Mr. Kallop also elaborated on the fact the reserves have not grown materially and have not kept up with replacement costs, and the need for increased assessments to keep up with inflated prices, and in particular, the need to grow the reserve rather than maintain it.
 - b. Architectural Committee
 - i. Tom Taylor presented the Architectural Committee Report. Not many new constructions are pending. More remodels and renovations are occurring. Owners are asked to contact the Architectural Committee even if the exterior are not being altered. The committee still needs to oversee staging, parking and other logistics.
 - ii. Bob Pisano described the various subdivision meetings that occurred the previous day, and asked whether those were well received. Consensus was to continue such a practice in future years.
 - c. Legal Report
 - i. Frank Hess, the HOA's counsel, report that there was no litigation in 2018 or 2017, and no pending litigation known.
 - d. Spring Creek Improvement and Service District Report
 - i. Mr. Price gave the Spring Creek Improvement & Service District report. Much of the detail was provided in the previous day's SCISD meeting. The highlights are that the SCISD is pursuing \$600,000 loan from the State of Wyoming with interest of 2.5% and a 30-year term. On December 6, 2018, this loan will be discussed at a hearing in Cheyenne. A vote of the homeowners within the District to approve the borrowing will occur late November or early December. The intent is to get the well operational for the summer of 2019. The road improvements were delayed from this fall into 2019, and possibly into 2020.

e. HOA Projects

- i. Mr. Price outlined the projects from 2018. Parking lots were repaired. All water valves have been mapped. Over 300 water valves were exercised. Choate cast iron sewer lines were replaced. Below Amangani, the fire strip was cut and the irrigation system repaired. Buck rail fence replacement is ongoing with another section on the ridge being targeted this fall. The steps between the Gruens and the Choates has been replaced. In the Harvest Dance, twelve fire places were inspected for potential issues, but found none and stopped. In the Choates, drainage was repaired with more scheduled for the spring. Central office smoke, carbon monoxide and freeze alarms were installed in all the townhomes. Road signs have been replaced. The cutting of green strips is ongoing. The drainage along the main road was improved to repair last spring's erosion and minimize future damage. The pool will be winterized and closed on October 7. Thinning of trees and shrubs has continued. Culverts and road shoulders have been cleaned of sand buildup. Cul de sacs in the Choate areas have been cleaned of brush and shrubs.

f. Water usage reporting

- i. No report

g. SCHOA Manager's Report

- i. Included in the HOA Projects

h. Vision Committee Report

- i. Mr. Lehmann presented the Vision Committee report. The committee was founded in 2012 with Donna Falk as the Chair. Mr. Lehmann has chaired the committee since then. Other current committee members are Donna Falk and Linda Taylor. Mandate is to identify and consider ways to improve the experience for guests and homeowners. Previous recommendations included stone benches, refurbishing of the swimming pool, refurbishing go of the old spa, planting evergreens to screen the maintenance area, hanging plants at the Ranch House and Granary, replacing of buck rail fences, removing old barb wire fencing, thinning of trees, shrubs and invasive plants, reducing light pollution, cutting green strips, cutting and grooming of Nordic trails and reducing water consumption. Current recommendations are to complete the cutting of green strips, update the fuels and habitat management plan, continue grounds maintenance, plant more evergreens for screening, continue with buck rail fences, post residence only signs at Harvest Dance Road and Spirit Dance Road, add XC trail map signs, create paper XC trail maps, add XC ski liability release for trail users, create hiking and walking trails on the green strips, and provide housing in Jackson for employees. Ideas are welcome. Questions and discussion followed related to fire related issues previously outlined. In particular, primary emergency egress is the main road, and the secondary egress is the service road going down the swale. As a reminder, the service road is only for emergency use and water well maintenance purposes.

V. JH Real Estate Market

- a. Ted Dawson of C21 Jackson Hole presented the state of the real estate in Jackson and Spring Creek Ranch. In the last year, transaction volume is up 8.5%. Inventory is down about 19%. Some key stats are:
 - i. SCR/Amangani – Choate, if available would be over \$1,000/sf, for unimproved Gruens, sales have been \$638-\$645, for Harvest Dance, 5 sales at \$546-\$649/sf for unimproved units. A recent broker price opinion for an improved Harvest Dance was \$1.2 million. For single family homes, 2 sales at \$845-\$900/sf.
 - ii. JHG&T – 9 sales – 1 cabin at \$1,116/sf
 - iii. Teton Pines – 13 sales – cluster homes value per square foot range is \$544-\$643
 - iv. 3 Creek – 8 sales – value per square foot range is \$960-\$1,341
 - v. Snake River Sporting Club – 29 sales – value per square foot range is \$683-\$750. This is a beautiful mountain modern design. The demand is interesting given its location and lack of views.

- vi. Racquet Club – 16 sales – value per square foot range is \$543-\$700 for improved units
- vii. HOA Fee comparisons: Terra – 2BR - \$29,000/3BR - \$36,000, TML – 1BR \$14,000/2BR \$18,000, Racquet Club – 2 BR \$5,300, Harvest Dance - \$12,000, Teton Pines home - \$8,000, SCR home - \$5,700
- viii. Values – interior values have the greatest negative impact on values, then exterior condition.

VI. Old and New Business

- a. Preliminary 2018 Budget, Assessment Schedule, and Payment Options
 - i. Mr. Goodson presented a brief presentation about budget development. The HOA budget is always zero-based. Every line item is reviewed annually. Most expenses are fixed and highly dependent on labor costs. He also summarized the various subdivisions and commercial interests, and the allocation method HOA expenses. Issues this year were outlined with the Finance Committee recommendations related to reserve assessments, other major projects, Harvest Dance in particular, and labor costs.
 - ii. Some changes being considered include moving the HOA from a fixed fee to a service structure for HOA operations, updating square footages on townhomes for dues allocation purposes, shifting some landscaping expenses from Site Common to Project Common, and shifting fixed costs to usage costs for items like firewood and limited common area pathway shoveling.
 - iii. Forecasted assessments are likely to increase about 10%
 - iv. The issue of property valuations was raised. Mr. Goodson explained the reason for material variations in property valuations by the Teton County Assessor
- b. Resolutions
 - i. Excess Funds – passed without objection
 - ii. Extended insurance coverage for Harvest Dance and Spirit Dance – passed without objection
 - iii. 2019 Annual Meeting Date – October 5, 2019
 - iv. Other Business and Open Discussion
 - 1. Thank you to Peter and Stephanie Lamelas for hosting on Thursday night
 - 2. Dinner at the Granary to follow this evening with Silicone Couloir presentation
 - 3. Thank you to Stephen and Derek for all they do for Spring Creek and the owners
 - 4. Homeowner Chris Knowlton published a book, Cattle Kingdom, about the history of the cattle industry in the United States, and is working on a book about land speculation in Florida

VII. Adjournment