

SPRING CREEK HOMEOWNER ASSOCIATION BOARD

Special Board Meeting Minutes

May 9, 2011

Attendees:

Directors in person:	Ron Harris, David Conine, and Stuart Campbell
Director via phone:	Hank Stifel
Directors absent:	Stephen Price
Other officers present:	Derek Goodson
Advisor	Bob Norton, Nelson Engineering

I. Opening

A. Call to Order

The meeting was called to order at shortly after 9:00 MDT. The presence of a quorum was established.

B. Agenda Review – There was agreement to proceed with the agenda as drafted and distributed.

II. Review and Approval of Minutes – Deferred.

III. Old Business

A. Water System Infrastructure Repairs/Replacement Projects

1. SCISD Indebtedness Election and State Loan Application

The Directors were informed that the SCISD vote to authorize indebtedness was approved, by a large margin. They were also informed that the State had redirected the SCISD to submit its loan application only for the “basic” portion of the overall water system improvements project, excluding the water meter component. The reason given by the State was that the funds for the later project (the so called “green” funds available at 0% interest) are under a separate program, whose regulations are under review and revision by the State at this time. The result is that a separate application will be required for that portion at a later date (hopefully sometime in August).

2. Undertaking and Financing SCADA and Electronic Controls Project

Bob Norton from Nelson Engineering reported that he had recommended to the SCISD that the two components of the telemetry and controls project be combined into a single contract. This would entail having some of the work done this spring and the rest done in the fall, by the same contractor. The purpose of combining them is to integrate the work more effectively and to achieve certain economies in effort and cost. Originally, the plan had been to consider them as separate project components where (1) the cost of the telemetry system would be paid by the SCHOA out of its reserve funds and (2) the cost of the control system would be paid with SCISD proceeds.

Bob also reported that the State reads the District's loan application to say that the SCISD intends to replace the telemetry system this spring, but it does not understand how the SCISD is going to pay for any near term work since the District doesn't have sufficient funds on hand at this time. It is believed to be important to the loan approval process to demonstrate that some of the water system improvements are being financed with funds other than State loan proceeds. The nature of the relationship between the SCHOA and the SCISD is confusing to the State and is perhaps unique.

The SCISD, at a Special Meeting on May 5th, passed the following:

Motion to proceed with the telemetry and control system work on the spring Creek Ranch water system as follows:

- i. Incorporate both the telemetry system and the control system work into a single "SCADA System" contract;
- ii. Negotiate contract terms for such work through the SCISD, based on bids received for this combined scope of work, with execution of any such contract contingent on SCHOA approval of the commitment described below;
- iii. Request from the SCHOA a commitment to transfer funds to the SCISD to pay for such work, as the funds are needed (understanding that the SCHOA may reserve the right to request that the SCISD repay some or all of this at some time in the future when the SCISD has accumulated sufficient funds, as provided in the Operating Agreement between the two entities); and
- iv. Request permission from the SCHOA to provide SCHOA financial statements to the State in connection with the District's loan application, in order to demonstrate that

sufficient funds are available in the SCHOA reserves to fulfill such a commitment.

The SCISD also adopted a resolution to contract with WETCO, Inc for the combined telemetry and control upgrade, in the amount of \$130,000. Derek Goodson was authorized to negotiate terms and provisions under the contract, with support from Bob Norton. The contract cannot be executed, however, until the SCHOA approves a provision to reimburse the SCISD for work under the contract.

Discussion followed, to clarify the entire matter. The Directors concluded that combining both the telemetry and the control system components was appropriate. This implies that the entire project must be funded outside of the State loan for which the SCISD is applying; therefore, the SCHOA needs to pay for the work out of its reserve funds. The Directors also understand that it is important for purposes of the SCISD's loan application that the SCISD be the entity that contracts for the actual work. The solution then is to reimburse the SCISD for work as it is completed, with the condition that the SCHOA reserves the right to ask the SCISD to repay some or all of the amounts involved in the future at such time as the SCISD may have accumulated sufficient funds to do so.

The Directors also agree that allowing the SCISD to provide a copy of the SCHOA's financial statements to the State in connection with its loan application is a reasonable and appropriate request.

Frank Hess drafted a resolution for the Association to provide reimbursement to the SCISD for the SCR SCADA system project costs, and to allow submission of SCHOA financial statements to the State in connection with the SCISD's loan application. There was discussion about the various provisions included.

Motion to adopt the resolution to provide reimbursement to the SCISD for the SCR SCADA system project and related provisions, as drafted by Frank Hess.

M/S/U

B. Choate Deck Support Repairs

Bob Norton provided a brief update on the status of the repair project. Specifications have been released, and Bob is waiting for receipt of bids. The importance of proceeding promptly was discussed, in order to avoid construction work during the high season.

Motion to authorize Derek Goodson and/or Steve Price, with assistance from Bob Norton, to negotiate contract terms with the bidder providing the lowest acceptable bid and to execute a contract.

M/S/U

IV. New business – None.

V. Conclusion

A. Next Meeting Date – July 20, 2011 at 9:00 MDT.

B. Adjournment – Upon completion of the business at hand, the meeting was adjourned.