

SPRING CREEK HOMEOWNER ASSOCIATION BOARD
4th Quarter 2011 Meeting Minutes
October 6, 2011

Attendees:

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| Directors in person: | David Conine, Ron Harris, Stephen Price |
| Directors absent: | Stuart Campbell, Hank Stifel |
| Advisor present: | Frank Hess, counsel (via conference call for parts of the meeting, as noted) |
| Others present: | David Hansen, Donna Falk, Adam Maberly |

I. Opening

A. Call to Order and Determination of Quorum

The meeting was called to order at 9:00 am 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

A. July 22, 2011 – 3rd Quarter Board Meeting

Motion to approve. M/S/U

B. July 29, 2011 – Special Board Meeting

Motion to approve. M/S/U

III. Committee and Operating Reports

A. Treasurer's Report and Finance Committee

Derek Goodson, Assistant Treasurer, was unable to attend. Ron Harris referred to the Treasurer's Report, which was prepared and previously distributed by Derek. Key budget assumptions, as presented by Derek and discussed in yesterday's Finance Committee meeting, were noted.

B. Architectural Committee

Tom Taylor, Chairman of the Architectural Committee, was unable to attend, so there was no committee report. Directors did observe that they believe the AC has done a nice job this year. Sentiment was expressed that having AC members walk through construction projects during visits to SCR would be useful, in addition to the site reviews conducted for the Committee by Jackson Brandenburg.

C. SCHOA, SCR, and Amangani Manager Reports – Deferred to the Homeowner Weekend sessions at the end of this week.

D. SCISD

Ron Harris presented an overview of the status of the SCISD water system projects under way. Because of the delay initially in receiving bids, the entire project has been pushed forward in time. Schedule information provided by Bob Norton indicates that work on the pumps will not be finished until the end of January. With this time frame, plowing to the various work sites is likely to be needed; this is an explicitly stated responsibility of the contractor.

Derek Goodson and Bob Norton are both in Cheyenne today, representing the SCISD in connection with its application to the State for a loan to be used to finance the acquisition and installation of a water metering system at SCR. If that application is approved, then the bid process will commence shortly. Bob's schedule calls for a contract to be awarded in December and inside meter installation work to begin in January. The inside work is expected to continue through April, and the outside work is scheduled to commence as soon as weather permits during April, continuing until completion by early June.

IV. Old and New Business

A. Water System Infrastructure Repairs/Replacement

1. Screening of communication tower

Stephen Price reported that screening and visual mitigation work has been completed. This includes painting of the equipment

boxes on the tower. Any need for further landscape screening will be determined in the spring.

2. Access road to water tank

Stephen Price reported that the work has been completed. This includes grading and landscape mitigation.

3. Process and logistics for water meter installation

The Directors discussed the topic in some detail, with Frank Hess participating in the discussion. Specific provisions will be fleshed out as the process moves forward. Effective and regular communication to homeowners was recognized to be a critical matter, and it is to begin at the upcoming Homeowners Weekend on Friday and Saturday.

B. Infrastructure Issues

1. Choate deck support repairs

Stephen Price reported that the construction work has been completed. Some landscaping repair work will continue.

2. Chip sealing of road

The Directors discussed the need for chip sealing of the main road and other needs in connection with the SCR road system. The Board agreed to ask Nelson Engineering to develop a proposal to evaluate the condition of all of the SCR roads, determine priorities for maintenance and repair, and develop a multi-year plan for the upkeep of the road system. Stephen Price agreed to contact Bob Norton to request such a proposal. The Board would like to have Bob's proposal prior to its meeting in early January.

3. Emergency exit road

Dave Conine reported on his observations from walking the two-track road. The key issues are whether or not to (a) blade the road surface and/or (b) put down a layer of rock or gravel. It was

recognized that the costs could be substantial. The Board asked that this road be included within the scope of Nelson's proposal (see item #2 above).

4. Removal of dead aspens – Ron Harris reported that no further developments have occurred with regard to this project.
5. Tennis courts – Stephen Price reported that the management company is looking into options for tennis court repairs.

C. Assessment Delinquencies and Liens, and Other Legal Matters (Executive Session)

The Board excused non-Directors in attendance, and went into Executive Session with Frank Hess. Coming out of executive session, the following action was taken:

Motion to Authorize the President of the Board to enter into an Agreement with the Ballard's (owners of townhome unit #3112) regarding certain litigation, as such Agreement has been drafted by Frank Hess and with such other minor modifications as may be warranted. M/S/U

No further action was taken (beyond directives to counsel made within executive session).

D. Rules/Regulations and Policy Issues

1. Bylaw amendments

Ron Harris presented drafts of three potential bylaw amendments (see attached copies). They address the following issues:

- ***Lack of quorum at an Annual Meeting*** (other meeting of the members of the Association) – The proposed amendment would define the steps to be followed in the event of a lack of quorum, beyond those already specified in the CC&Rs and bylaws. The proposed process can be summarized as follows:
 - The failure to achieve the required 50% quorum would be announced at the scheduled meeting, and the requirement for holding an Adjourned Meeting would be explained to those homeowners present.

- It would then be explained that the regularly scheduled Annual Meeting would proceed as planned, but on an **informal basis**. All business would be conducted on an informal basis, including voting for members of the Board and Architectural Committee.
- Minutes would be taken and recorded, clearly stating the informal nature of the meeting.
- The date for the Adjourned Meeting would be subsequently determined by the Board and notice would be sent to all homeowners (within the time frame required), at which Adjourned Meeting the quorum would reduce to 25% of the total eligible votes.
- The homeowners and proxy holders attending the regularly scheduled Annual Meeting who do not expect to attend the Adjourned Meeting would be asked to sign a special Proxy Form for the Adjourned Meeting. If any of them so choose, they can instruct the proxy holder they designate to ratify the informal actions and decisions made at the regularly scheduled meeting.
- At the Adjourned Meeting, the attendees and proxies would be expected to adopt the informal actions and decisions from the regularly scheduled Annual Meeting.

These proposed provisions would not change any existing bylaw procedures, but instead would clarify the pathway to be followed in the event of a lack of quorum.

- **Board action taken without a meeting** – The bylaws currently allow actions to be taken via email, etc. without the normal notice requirements and convening of an actual meeting so long as all of the Directors agree to do so. The AC has a similar (but differently worded) provision. The proposed bylaw amendment is purely editorial in nature and would enable uniform language between the Board and the AC. If adopted in the Association bylaws, it is expected that corresponding language will be adopted by the AC in its bylaws.
- **Conflict of interest** – The bylaws are silent on this issue. With good governance developments over the past decade in the business sector, virtually all non-profit organizations have also adopted conflict of interest policies and guidelines.

In developing a bylaw provision for the SCHOA Board, a balance is required between being specific and meaningful vs being simple and not onerous. In an effort to try to achieve this balance, principles have been articulated, examples cited, and courses of action identified. If adopted in the Association bylaws for the Board, it is expected that corresponding language will be adopted by the AC in its bylaws.

Changes to the Association's bylaws require an affirmative vote of the members at an Annual Meeting or other members meeting. The general process then would be for the Board to recommend bylaw changes to the homeowners at the Annual Meeting, entertain a motion for adoption, and conduct a vote of the attendees at the meeting.

The Board discussed each of the proposed bylaw amendments. In addition, it was noted that Frank Hess was directly involved in the drafting of each of them, has reviewed them, and is satisfied with the language of each.

Motion to present the three proposed bylaw amendments at the Annual Meeting on October 8, 2011, and to recommend their adoption. M/S/U

2. HOA vs SCR/Amangani resort services

The question of what services are provided by the HOA versus ones provided by either SCR or the Amangani Hotel is a topic for the Friday session at the upcoming Homeowners Weekend. Stephen Price agreed that he will address the issue there.

3. Tree trimming for view corridors – Deferred.

E. JH Land Trust Inspection

David Conine and Stephen Price participated in the last inspection. They discussed the requests of the SCHOA by the JH Land Trust and our general obligations in connection with common area subject to Land Trust conservation easements. Stephen agreed to try to get a map that shows the Land Trust areas, and to post this on the Homeowners website. He also agreed to over-seed certain sections of the common area next to

Amangani Lot 1 and to work with the horseback riding concession regarding the horse trails.

F. Lot 5 Supplemental CC&Rs – Nothing new to report.

G. Financial Statements for 2010 and Auditor’s Report

Ron Harris reported that the final version of the Auditor’s Report has been received, and was distributed previously by Derek Goodson. The only changes from the previous version were minor editorial ones. The Finance Committee has reviewed it and is satisfied with the result. It was noted that a review rather than full audit is contemplated for yearend 2011.

Motion that we accept the Auditor’s Report on the SCHOA’s financial statements as of December 31, 2010. M/S/U

H. Annual Meeting Plans

There was general discussion of the agendas for the Friday and Saturday sessions, required actions to be taken, and other related issues. Adam Maberly raised the question of whether or not the subdivision reports remain of value; it was also noted that the lack of a homeowners directory makes soliciting input very difficult.

I. Strategic Planning Issues

1. Vision for SCR

David Conine presented his ideas for a process to consider the development of a vision and statement thereof for SCR, looking toward the future. He suggested that an ad hoc committee be formed to address this question and agreed to act as the chair. The Board concurred with his approach.

2. Resort District designation

There was general discussion about the nature and requirements for Resort Districts in the State of Wyoming. Ron Harris previously distributed sections of the WY statutes dealing with such entities, and he summarized some of the key elements and provisions entailed. Ron agreed to put together a more structured

presentation at the January Board meeting, with input from Frank Hess and/or others. It was noted that this issue may tie into the vision development in item #1 above. David Conine suggested that the fact that the Board intends to look into the matter be broached at the Annual Meeting on Saturday, the Board concurred, and Dave agreed to do so.

3. Fee assessments on property sales – Due to CC&R restrictions, this issue has been tabled indefinitely.

J. Other

1. Preliminary budget and assessment schedule for 2012

Ron Harris referred to the budget summary (copy attached) and detailed budget development model results, which was prepared and previously distributed by Derek Goodson. Key drivers of the budget changes from 2011, as discussed in yesterday's Finance Committee meeting, were noted. In general, the resulting assessment levels are flat or slightly lower. Ron reported that the Finance Committee members have had significant opportunity for review and input this year, and that they are satisfied with the proposed budget (subject to any final adjustments that may be warranted).

2. Other – None.

V. Conclusion

- A. **Next Regularly Scheduled Meeting** – New Board meeting at 1:00 pm on October 8th, 2011 (following the Annual Meeting).
- B. **Adjournment** – Upon completion of the business at hand, the meeting was adjourned.
