SPRING CREEK RANCH

HOMEOWNERS ASSOCIATION

Minutes for 2012 Annual Meeting
October 6, 2012 at 9:00 MDT at the Ranch Headquarters

I. Call to Order and Establishment of Quorum

David Conine, President of the SCHOA, called the meeting to order. Derek Goodson reported that a quorum was present, including those present in person and by proxy.

II. Welcome and Introductions

David opened the meeting by welcoming all of the homeowners that made the time and effort to come to the homeowners weekend. He introduced the members of the Board of Directors of the Association, then all of the individuals in attendance introduced themselves to others at the meeting.

David indicated that the Association is compiling a Homeowner Directory to be made available to the Homeowners. It will be an "opt-in" form of directory, in which only those Homeowners who choose to make their contact information available to their fellow Homeowners will have such information included; and it will be posted on the Association website. He asked that all Homeowners who wish to be listed get in touch with Dave Hansen to let him know the contact information to include. It was noted that this Homeowner Directory is intended solely for the personal use of Spring Creek Ranch Homeowners; it is not to be distributed to any other parties or used for solicitation or any other commercial purpose.

III. Approval of Minutes for October 8, 2011 Annual Meeting and October 19, 2011 Adjourned Meeting

Motion to adopt the minutes of the Annual Meeting on October 8, 2011 (see attachment). M/S/U.

Motion to adopt the minutes of the Adjourned Meeting on October 19, 2011 (see attachment). M/S/U

IV. Elections and Confirmations

A. Voting Procedures – David outlined the voting procedures, as described in the Elections and Voting Procedures document that was distributed to all homeowners in advance of the meeting.

B. Board of Directors (3 Board Members)

The three seats up for election in 2012 are those currently held by Stuart Campbell, Ron Harris, and Stephen Price. Nominations were received and distributed in advance for all three incumbents.

The floor was opened to additional nominations. Hearing none, a motion was made to elect Stuart, Ron, and Stephen by acclamation. M/S/U (by show of hands).

C. Architectural Committee

1. Election (1 AC Member)

The seat up for election in 2012 is that currently held by Tom Taylor. A nomination was received and distributed in advance for him.

The floor was opened to additional nominations. Hearing none, a motion was made to elect Tom by acclamation. M/S/U (by show of hands).

2. Confirmations (2 AC Members)

Chris Knowlton and Florence Lemle were elected at the 2011 Annual Meeting to 2-year terms on the AC, where the 2nd year of the term is, according to the Association's bylaws, subject to confirmation. Chris and Florence have indicated willingness to serve the 2nd year of their respective terms.

Motion to confirm Chris and Florence for the 2nd year of their respective terms. M/S/U (by show of hands).

V. SCHOA Manager's Report

David Conine opened this section of the meeting by setting the stage with a review of developments and activities at Spring Creek Ranch since the last Annual Meeting. He then turned the meeting over to Stephen Price, who gave the SCHOA Manager's report, covering items beyond those presented by David. Highlights from both sets of comments included:

- Water system upgrade work has been completed. There were no disruptions to water service during the process. A portion of the project included new telemetry equipment, which will enable better control and response to any water system operational issues that may arise in the future. Some plantings were made to help screen telemetry antennas.
- The installation of water meters on all townhomes, single family homes, and commercial operations has been completed. This will enable better management and control of water usage throughout Spring Creek Ranch.
- Crack sealing, asphalt repair, and chip sealing have been completed on all paved roadways at Spring Creek Ranch. In addition, the north service access and emergency egress road has been re-graded. Several tasks remain; these include guardrail repair, landscaping enhancement at the Spring Gulch entrance, a few punch list repairs to road surfaces around the property, and seeding and gating of the north service access road.
- Plowing and snow removal went well throughout the winter season.
- Lawn fertilization and maintenance around the property went well throughout the spring and summer. Last year's sprinkler system enhancements produced noticeable results, with a few more zones and sprinkler areas still to be added.
- All fire hydrants have been flow and pressure tested.
- Some tree trimming and removal will be taking place yet this fall.
- Winterization will be underway soon on the pool.

There were several questions and comments from homeowners, to which Stephen responded. One concerned the fact that certain trees in the townhome subdivisions are beginning to encroach on views. Stephen agreed to work with the Board and the specific homeowners involved to identify problem trees and potential trimming or removal solutions.

VI. Committee and Other Reports

A. Finance Committee

1. Treasurer's Report

Bob Pisano, the Association's Treasurer, summarized the Treasurer's report (written report prepared by Derek Goodson, Assistant Treasurer – see attachment). Highlights included:

- Overall, the financial condition of the Association continues to be strong.
- The Association has approximately $2 million in reserve funds, about half of which are for the project common reserve and the other half are for the two separate site common reserves (Spirit Dance and Harvest Dance).
- The investment return was excellent again this past year (see attachment). A great deal of the credit for this goes to Homeowner and Finance Committee member Abe Suydam, who works closely with Merrill Lynch in the management of the reserve funds. Abe gave a brief overview of the financial performance of the Association's portfolio and the investment practices followed.
- Over the years the Board and Finance Committee have maintained a reasonably current reserve study, which services as a guide to balancing the Association's policies and practices with regard to desired amount of reserve funds, level of insurance coverage, and borrowing capacity (primarily through the Improvement and Service District). To date, the Board has concluded that, in its judgment, the reserve funds are adequate. With all of the recent improvements to Spring Creek Ranch's water and road systems, and given that the last update to the study was around 5 years ago, an update to the reserve study is likely to be undertaken in the not too distant future.
- The Finance Committee meets quarterly, or as needed. Key responsibilities include review of each year's budget, insurance coverages maintained, and annual audits or accounting reviews. Year-to-date financial results for 2012 are tracking close to budget, and little change in the overall budget level is

expected for next year. Insurance policies are expected to be renewed with little or no premium rate changes. Finally, the Association received a "no material modifications" letter from Thompson Palmer, which is accountant speak for a clean bill of health in the accountant's review of the Association's financial statements for yearend 2011.

2. SCHOA Accountant's Review as of December 31, 2011

Derek Goodson reported that, at the direction of the Board, an accounting review was conducted this year of the Association's financial statements as of December 31, 2011. A full audit was conducted for the prior year-end, so the Board determined that a review would be sufficient for 2011 (full audits are generally conducted every five years). Derek noted that a copy of the Accountant's Review Report is posted on the Homeowner website.

3. Resolution regarding Transfer of Excess Funds

The draft of a proposed Resolution (see attachment) was distributed at the meeting. The nature and importance of the resolution was explained by Derek Goodson. It calls for the crediting of any excess operating funds as of the end of 2012 to the 2013 assessments. This is a routine matter that is addressed at each Annual Meeting.

Motion to adopt the Resolution for Application of Excess Operating Funds. M/S/U.

4. Resolutions regarding Harvest Dance and Spirit Dance Insurance

The drafts of two proposed Resolutions (see attachments) were distributed at the meeting. The nature and importance of these resolutions for the townhouse subdivisions was explained. They are routine actions addressed at each Annual Meeting, reflecting efforts of the SCHOA to avoid gaps in Harvest Dance and Spirit Dance townhouse owners' insurance coverage.

Motion to adopt the Resolution for Fire and Extended Coverage for Townhouse Units for the Harvest Dance subdivision. M/S/U.

Motion to adopt the Resolution for Fire and Extended Coverage for Townhouse Units for the Spirit Dance subdivision. M/S/U.

B. Architectural Committee

Tom Taylor, Chairman of the AC, gave a brief update on the activities of the Committee. He indicated that 8 homes are currently in various stages of construction. He also reported that the Committee anticipates making some relatively minor cleanup changes to certain provisions in the Architectural Guidelines and the processes for facilitating and ensuring compliance with them. An issue that will continue to require attention is trees; this includes pruning management so that views are preserved and encouraging the planting of fewer large trees, thereby reducing future view obstructions and helping to curtail the use of excessive amounts of water to maintain landscaping.

C. Spring Creek Improvement and Service District

Ron Harris, President of the SCISD, provided an update on the work of the District over the past year, some of which was covered by Stephen Price in the SCHOA Manager's report. Highlights included:

- The water system improvements have been completed and systems are operating, as Stephen reported.
- With the new water meters in place, meter reading began this past summer. The Association Manager, working with Nelson Engineering, was able to determine that water system usage was about 420,000 gallons per day during July – August, with September usage being slightly lower. By comparison, the water tank holds 600,000 gallons, which means that the pumps must run every day; and the pumping capacity of the District's smaller well is just over 500,000 gallons per day when running 24 hours. A couple of significant leaks were identified using the new metering system.

- Both wells went down over the course of the summer, at different times; neither failure was related to the water system improvements work. Problems such as this, coupled with the level of water usage at Spring Creek and its pumping and storage capacity, point to the importance of monitoring the system carefully and responding rapidly to any problems with its operation.
- Road system maintenance and repair has been largely completed, as indicated by Stephen in his report. Remaining items are scheduled for completion yet this fall.
- A detailed written schedule of regular inspections and preventive maintenance for the District's infrastructure is being developed by Nelson Engineering, with the goal of helping to ensure their good working condition and longevity.
- With regard to the financing of the improvements projects, the budgets and sources of funds were as follows:

    - ***Telemetry system*** – Budget of $130,000, funded out of the Association's Project Common reserves.
    - ***Booster pumps and related*** – Budget of $450,000, funded with a special State of Wyoming Revolving Fund loan (2.5% interest, 20-year fixed rate).
    - ***Water meters*** – Budget of $350,000, funded with a special State of Wyoming Revolving Fund loan ("green" project with 0% interest, 25% principal forgiveness, 20-year repayment).
    - ***Road system*** – Budget of $900,000, funded with tax exempt bond through Wells Fargo (3.5% interest, 10-year fixed rate.

The total budget for all of these projects was just over $1.8 million. Actual costs, although not yet finalized, are expected to come close to (but probably just slightly lower than) budget.

Derek Goodson reported on the overall impact of these improvements projects on Homeowner assessments. He indicated that the net impact of the total infrastructure assessments related to the SCISD/SCHOA water and road improvements projects is about $400 per unit ($600 SCISD increase, partially offset by $200 SCHOA decrease).

Discussion ensued. One question raised was how the water metering data would affect water assessments. Ron responded that the District planned to begin to analyze meter reading data next spring and structure a general approach to how such data

might be used. It is expected that at least a year's worth of reliable meter reading data will be needed to draw reasonable conclusions and decide if and how such data may affect homeowner assessments. A comment offered was that it would be important to begin to accumulate sufficient reserves to provide for, or at least help with, the funding of future infrastructure repair and replacement needs. Derek responded that this was being done, and that the District appreciates recognition by the Homeowners of the need for accumulating such reserves.

VII. Old Business

A. Summary of Developments since Last Annual Meeting

Dave Conine highlighted a number of the more significant developments since the Annual Meeting last year, pointing out that most of these were addressed in the various reports given.

B. Emergency Exit from Spring Creek

David Conine reminded the attendees of the location of the two-track service road and emergency exit that begins at the historical barn off of North Spirit Dance Road, runs down the butte heading generally to the north, and then turns to the west and continues down to Spring Gulch Road. This limited use road was re-graded during the summer in order to make it more passable, but it is only to be used for service vehicles or in the event of an emergency. There is a gate at the bottom before entering Spring Gulch Road, to discourage traffic from driving up the two-track road. There is also to be a barrier placed at the top of the service road, to discourage unnecessary passage.

VIII. New Business

A. Preliminary 2013 Budget, Assessment Schedule, and Payment Options

Derek Goodson presented a preliminary summary of assessment changes anticipated for 2013, based on the current draft of the budget (see attachment). Most subdivisions are expected to have assessments that are close to the levels for 2012. Derek also summarized key drivers of the budget changes for 2013. The Finance Committee and the Board have both reviewed the

preliminary budget. A final budget and assessment schedule will be adopted at a Board meeting later this fall.

Payment options are expected to remain the same as for 2012: either a lump sum payment (with discount) or monthly billings.

B. Litigation Report

Frank Hess, outside counsel for the Association, gave an oral report on the status of litigation during the past year.

C. Long Term Vision for Spring Creek

David Conine reported that, at the Board's direction, an ad hoc Vision Committee had been formed, with the charge of addressing changes or improvements that would enhance Spring Creek Ranch for the future. Donna Falk was appointed as the chairperson – assisted by Committee members Eunice Conine, Pam Goldie-Morrison, Joan Harris, and Michael Lehmann. She presented the Committee's initial recommendations in detail at yesterday's Property Management and Development meeting (slide set attached), and summarized those recommendations again. Highlights of the Committee's recommendations included:

- Placement of benches or chairs on a few existing view sites on the Ridge and at other locations, so that Homeowners and others could sit and enjoy the view and as destinations for walkers.
- Construction of additional pathways for pedestrians, particularly connecting the area between the Ranch House and the Granary, ideally lighted in some way.
- Build or enhance multi-use trails on the property for hiking, cross country skiing, and snowshoeing.
- Repair the tennis courts to deal with poor drainage.
- Provide additional shade for the swimming pool, especially against the late afternoon sun.
- Expand the hours of operation for existing airport shuttle service to include times needed for early morning flights.
- Publish and regularly update activities and events at the Ranch (and potentially some of the activities in the JH area) – including website postings, hardcopy sheets at the front desk, and possibly a resurrected "Fence Lines" newsletter.

Donna solicited input from the Homeowners, with regard to either the recommendations of the Committee or items to be added.

Among the items suggested from the floor were:

- Addition of trees along Harvest Dance Road near the drive for the parking lot and corrals in order to serve as screening for the maintenance building and its parking area.
- Installation of a U.S. flag (and possibly a Wyoming flag) near to the Ranch House. A follow-up suggestion was that perhaps flags could be mounted to the side of the building rather than on a flag pole, in order to reduce lighting, noise, and maintenance issues.
- Standardize address signs for single family homes (currently both street addresses and unit numbers (on homes in the rental program) can be found around the property.

David Conine thanked the Vision Committee for its work to date, and asked the Homeowners to continue to provide input and feedback. He indicated that the Board will consider and evaluate these recommendations (and any others that are forthcoming).

D. Open Discussion

Various items of general interest were discussed by the attendees. One item was the desire for information to be made more readily available, including through regular communications and timely postings to the homeowner web site. The Association's Board and Manager agreed that this is important; they indicated that such efforts have been made over the past year and that they will make even stronger efforts to do so going forward. Consistent with a desire for timely posting of information, a motion was offered from the floor to ask specifically for prompt posting of meeting minutes.

Motion to request that meeting minutes be prepared and approved on a timely basis, and that they be posted within 30 days of approval (Annual Meeting draft minutes within 30 days of Board review). M/S/U

An issue raised by several homeowners was the presence periodically of dogs at Spring Creek Ranch. David Conine indicated that he had discussed the issue with Teton County staff, and the County's position is that this prohibition remains a mandatory condition for SCR (other than properly identified service animals). He also discussed enforcement practices with the

County, and was told that complaints about the presence of a dog should be directed to the County Animal Control Officer. David explained that the enforcement policy of the Association, as established by the Board, is that any homeowner with a complaint about the presence of a dog at SCR should either call Dave Hansen (Assistant to the Association's Manager) or call the County directly. He noted that neither the Association nor its Manager have staff that are trained and qualified to handle animals. David indicated that the enforcement policy will be included in an update to the SCR rules and regulations.

Another issue raised by a homeowner concerned the Association's policy with regard to (1) recreational facilities at SCR and (2) shuttle transportation services between the Ranch and the airport, Town of Jackson, or Teton Village. Ron Harris reviewed a summary sheet describing the Board's current policy (copy attached).

Ron indicated that Association recreational facilities (i.e., the pool, tennis courts, and outdoor spa) are available to all homeowners, guests (i.e., occasional non-paying family members and other guests), and tenants (of the Ranch, Amangani, or otherwise). The Association pays for the operation and maintenance of these facilities.

He noted that the Ranch gym and indoor hot tub (and the Amangani pool, gym, and spa) are not Association recreational facilities; their use is determined by their respective owners. With regard to the Ranch gym and indoor hot tub, all operating and maintenance costs are paid by the owner of the facilities. The Association currently purchases a membership for Homeowners and their occasional non-paying family members and other guests, which entitles them to use these facilities. Usage of these facilities by tenants is determined by the owner of the facilities.

Ron further indicated that the Association purchases shuttle transportation service during normal operating hours for Homeowners and their occasional non-paying family members and other guests. The Association currently purchases this service from the Ranch commercial operation. Transportation service for Ranch and Amangani tenants is provided or arranged directly by the two respective commercial operations, who determine the provisions for such usage.

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