

**2021 Annual Meeting of the Spring Creek Ranch Owners
October 2, 2021
Via Zoom Teleconference**

The meeting was called to order at 9:11 am by Director George Kallop

All Directors were present including George Kallop, Marc Segal, Paul Pescatello, Stephen Price and Stuart Lang. Attorneys Nicole Krieger and Robbin Levy were also present.

President of the Board George Kallop asked SCHOA attorney Nicole Krieger to confirm that a quorum was present.

Ms. Krieger advised that pursuant to the proxies submitted there were 192 available votes for the residential units and 30 available votes for the commercial Lots for a total of 222 available votes. The HOA received 126 proxies. The requirement for a quorum is 89 so a quorum has been established

Mr. Kallop thereafter welcomed members and discussed procedure for the Zoom meeting to ensure that all members have the opportunity to be heard.

- I. **Approval of Minutes from 2020 Meeting.** Minutes were distributed. Mr. Kallop inquired whether there are questions or comments. Hearing none, minutes were approved.
- II. **Elections and Confirmations.**

Ms. Krieger advised that the vote was as follows upon counting ballots the previous night and again this morning:

For Director:

Marc Segal: 91 votes

Leslie Schilling: 72 votes

Paul Pescatello: 65 votes

For the Architectural Committee

Carter Ohlman 111

Paul Frantz: 108 votes

Vote to accept or reject Tom Taylor for his continued role on the Board: 105 to approve and 4 votes to reject.

III. Committee and other Reports:

A. Finance Committee

1. **Treasurer's and Investment Report:** Director Marc Segal presented the finance committee report. Mr. Segal stated it was a successful year of investments and confirmed that there is adequate cash in accounts to meet anticipated expenses.
2. **SCHOA Summary Financial Review:** The annual budget for 2022 reflects increases between 3% and 5%, which increases are mostly based on water use and measurements (there is a year lag for adjustment). With respect to insurance, the HOA was able to renew coverage by linking with SCRMC's policy to obtain insurance with no increase. D & O insurance was increased and has been established. It was noted that the Finance Committee budgeted \$3,000 for a new pickle ball court. The Treasurer's Report was concluded, and Mr. Kallop asked for questions from Members for Mr. Segal or members of the finance committee. It was confirmed that an audit has been completed and this shows what drives the D&O cost increase. It was also stated that the HOA has moved to an annual audit vs. an annual review given the small cost difference.

- B. Architectural Committee Report.** Tom Taylor provided the AC Committee report and noted the level of current construction and improvements at Spring Creek. It was requested that owners not go on the Granary/Hotel construction site due to liability issues. Mr. Taylor advised that per new County regulations, wood roofs are no longer allowed in Fire hazard areas (referred to as the Urban Wildland Interface). In response, the Architectural Committee is now allowing metal roofs and synthetic roofs. The AC is working on addressing standards and ensuring consistency for colors. The Amanghani has recently used new synthetic roofing and a Wolf Drive home that also constructed a synthetic roof are good examples of the new synthetic roof options. Certain wood roofs with pre-existing permits remain allowed.

It was requested that owners undertaking interior renovations that will require any staging (port-a-potties, trucks, materials piles) please notify AC so that coordination with the Management Company can occur to ensure least possible disruption to neighbors.

Questions from owners ensued:

- It was asked whether photovoltaic roofs are being discussed in the valley. Mr. Taylor responded that most are not consistent with AC guidelines as far as aesthetics.

- C. Spring Creek Improvement and Service District Update:** Director Stephen Price presented a report. He advised that Well No. 3 was completed, and that easements

are being adjusted and finalized for access following well completion. All EPA standards were met and the well passed inspection. Pump station 2 will be getting a fire-resistant roof due to its location. A “no-burn area” around Pump Station No. 2 has been established of about 50 feet. The ISD funded a project to pull out sage along main drive to limit fuel for fires. All hydrants have been tested and will be mapped.

D. HOA Projects and Financing.

- 1. Harvest Dance Renovation Update.** Director Marc Segal presented that investigating financing for the renovation project had been initiated after reviewing the reserve report, assessing needs and establishing goals for renovations. E Banks were then consulted to obtain the most favorable loan. First Interstate Bank returned the best rate/loan plan and the matter was brought before the Harvest Dance Owners at a Special Meeting. The securing of the loan was overwhelmingly approved by Harvest Dance owners, who will pay off the loan via future annual assessments. Owners who do not want to participate in the financing will be able to make an alternative lump sum payment for their share of costs.
- 2. Spirit Dance:** With respect to the Spirit Dance units, Donna Falk and Robin Suydam are to work with their fellow owners to go over renovations required and to seek an appropriate financing vehicle. One approach is to pay the costs off over an extended period of time, or to take the loan approach similar to the approach used by Harvest Dance. The decision will be left to the Spirit Dance Owners

Director Stephen Price advised that the Management Company would continue working on the Harvest Dance sliders and on the Spirit Dance roofing project and those projects will be completed this fall but no other large projects are currently anticipated for 2021.

Questions/Discussion by Members ensued:

- A member asked what the schedule was for a major re-do on road. The Board advised the road was chip sealed between 5 and 7 years ago, and in another 5-7 years the Board will look to re-do the road versus repeating another chip seal. Director Stephen Price emphasized that a lot of preventative maintenance is regularly done on the road (ie: compacting, sealing, etc.)
- A member expressed concern regarding the poor condition of the shoulders of roads and emphasized that gravel fill was required to prevent further erosion. It was advised that the Board would place this on the agenda of its next Board meeting to inspect and thereafter address.

- E. Operating Report.** The Operating Report was presented by Stephen Price in his capacity as owner of SCRMC.

1. He advised that SCRMC is working closely with the AC as more and more renovations are being completed.
2. Roof project for the Gruen units is ongoing and will extend through most of November.
3. Other construction plans include the Harvest Dance slider doors (for upper units).
4. In the spring numerous trees were trimmed for fuel mitigation to reduce the risk of fire, and trees were also trimmed/cut to enhance views from different common areas. It was noted that if views are obstructed between neighboring lots, it is preferred that neighbors work things out between themselves whenever possible.
5. Snow removal went well this past winter. Private homes will be getting snow removal contracts this week. Road maintenance has occurred. Some areas of erosion are showing and will be addressed.
6. Irrigation will be shut down in the next week.
7. Pool maintenance has been undertaken.
8. Trees are sprayed for disease and fertilized and weed mitigation has occurred regularly. The grounds are receiving regular maintenance, and signs are being added and replaced.
9. The Management Company assisted with the Spectrum cable and internet installation project.
10. Snow poles will be added in coming weeks to indicate road borders. The Management Company reminded members that there are many new owners and lots of projects ongoing. Members were requested to please call for early morning snow plowing if you have an early obligation and SCRMC will make efforts to prioritize accordingly.

Member questions regarding the Operating Report were presented:

- One owner noted that with Spectrum, there was a deal whereby owners joining together were able to secure lower prices, and inquired to whether there may be an effort to unify trash collection. Mr. Kallop said that this would be reviewed. Access to the recycling stations was clarified and the Board confirmed that members have full access to all recycling.

With no further member questions, Director Kallop thanked Paul Pescatello for his great contribution and dedicated service to the Board on numerous important matters. All Board members confirmed this appreciation.

VI. Other Matters of Interest

A. Wildfire Defense Update:

1. Director Kallop confirmed that a study and report prepared by Y2 Consultants on wildfire mitigation was complete. One of the most important recommendations was for an expansion of green strip fire protection zone, which will be irrigated. Good progress has been made in this area, which work is continuing. Director Kallop discussed the areas of green strip that will continue to be worked on.
2. The Board has commissioned a study of the fire hydrant systems throughout Spring Creek and the study is underway. The goal is to space Hydrants to ensure no more than 500 feet from structures to hydrants. These studies are also looking at pressure and flow to ensure supply is adequate in event of a fire event.
3. The Board emphasized that all owners were provided with the Y2 report that lists numerous actions that owners can take for safety. It was strongly advised that all owners read the report and take all recommended steps and advise guests and family members of the same. It was further recommended that Teton County's local Nixle Alert System be used to track/be aware of hazardous situations around the valley. Director Segal asked that people be aware of fire risk and not have open fires when Teton County is in a moderate or high-risk zone of fire danger. All owners were implored to use caution and common sense to avoid fire dangers.

Member Comments and Questions Followed:

- One member thanked Board, SCRMC, and construction crew at hotel for good work and thorough reporting.
- There was an inquiry and subsequent discussion of what to do in the event of a fire where it was not possible to leave the Butte, and further concern that there is a lot of brush along the back of Choate Units. The clear recommendation by the Board in a fire situation like this is to go to the Ranch House. Owners were told specifically to NOT drive down the back road. An owner with 35 years of experience in fire departments echoed this statement and advised that Ranch House is the safest place to go in the event of a fire.
- An owner asked that the Board look into the option of a secondary exit off the butte and expressed concern that Ranch House itself is not at all fireproof. To which Director Kallop responded that the Board has looked into this and there is no good location for a secondary exit off the butte. It was confirmed that this has been looked at by the Fire Chief and the recommendation for staying at the Ranch House remains the same. It was also discussed that Saddle Butte has a secondary road and in an emergency it would be possible to go through the fence to access this road. There was follow up discussion related to the amount of greenery around the Ranch House.
- AC Chair Tom Taylor noted that Spring Creek should thank Michael Lehmann and committee for their report and diligence. GK agreed and noted the last report was approximately 2007 so needed updating

B. Nighttime Security:

1. Director Stephen provided an update to owners as to what nighttime security duties entail at Spring Creek Ranch. The primary goal is fire watch and emergency communication. Director Price advised owners that if there is a personal concern (ie: someone is rattling at a door) owners should call 911 and not rely on security as they are not on watch for individual homes or units.
2. Security has been successful with respect to fire watch and notifying trespassers.
3. Security goes on duty at 8:00 pm and goes on radio and to top of hill. There was an issue of trespassers during the summer, but this has been largely resolved. After approx. 30 minutes they drive around all roads (continuing to address issues of locals using private roads). Security then goes to pump stations and checks water sources. Water samples are checked to comply with county codes. Security thereafter walks grounds to make sure lighting works; locks all exterior doors at Ranch House. It was noted that individual homes almost always have alarms and security is notified if alarm goes off. There are also alarms in all townhomes. Most alarms are accidents, but security personnel respond to all such calls.
4. Finally, security observes for chimney fires and in winter assesses plowing needs overnight to ensure that the plowing plan for the morning is in place.

Member Comments:

- One owner reported that a man was idling in a gold SUV and that he saw a bear. Man idled for an extensive period of time. Was curious whether there were reports to security. This was not in any reports, but there is a bear on the Butte.

C. Discussion with Transition Committee attorney Robbin Levy re. potential sale of SCRMC.

1. Ms. Levy gave the following report: When SCRC announced plans to sell, she was engaged by the Board to conduct a legal review and assessment regarding what this transition might mean for Spring Creek. Her review consisted of examination of public land records located in the Office of the Teton County, Wyoming Clerk and numerous County Planning Department documents, all necessary to understand the complicated history of the Butte. Particular attention was focused on the Core Facilities lot. This legal memorandum was submitted to the Board and a summary memo shared with SCRMC. No written response was provided by SCRMC. The Board discussed that it is not aware that a sale of SCRMC is pending, so there is no action needed until such time as there is a sale announced. If that happens Board will take all steps necessary to protect rights of owners.

The Board thereafter invited the SCRMC to respond and there was no response.

The Board then received member comment and questions.

- One member stated she was happy the Board engaged Ms. Levy, and stated that it was the member's understanding that the report had been shared with SCRMC. The owner asked whether the report could be released more broadly. There was a response from Ms. Levy that this is a sensitive issue because when talking about sale of land or business it is important not to interfere in any manner with the sale and counsel for SCRMC has demanded caution in this area, as have attorneys for the HOA. Decision not to release to entire community is made by Board. Board of HOA has been proceeding cautiously.
- Another owner asked whether the HOA is ensuring that its contractual relationship with SCRMC is structured in such a way that should a transaction happen the interest and rights of HOA are appropriately protected. Ms. Levy explained that many of the rights and protections for Spring Creek Owners are set forth in Title files, County approval documents, Plats, Development plans and other county records. There are protections of the common areas in those documents, as well are restrictions on the uses that govern the core areas. A new owner may seek a new use but that would need to be addressed at the time.
- Director Kallop advised that the Board and legal counsel will be reviewing the Management Contract. Owner suggested that contract should not be transferable.
- There was a suggestion that the management contract should be going out to bid.
- Nicole Krieger advised that she is working on a review of the management contract. Clarified that Nicole Krieger represents the HOA in this matter, and does not represent both sides.
- Nicole Krieger asked regarding process for renewing or expanding the contract. Ms. Krieger advised that the current contract is a three-year contract to expire December 31 and will be reviewed prior to that date. Owner further referenced need to protect the association in negotiations; follow up question presented regarding what are the steps to address the Management contract.
- It is the Board's obligation to negotiate the contract, and the contract can be terminated up until December 31, 2021.
- Owner thanks Board for its service and implores the new Director to re-negotiate this contract. An additional request was made to seek out other management companies; though there was concern that the management is sufficiently complicated such that there will not be bidders. A discussion among owners ensued.
- Further request to review report made by Motion. Board advised it cannot release report due to legal issues and concerns.
- President Kallop further detailed the reasons why the report has not been disclosed and that the Board has received legal counsel from litigation counsel as to what they can or cannot do and have been advised not to release the Report. The Board indicated it would seek further legal counsel on the matter.
- A request was made to learn more about the status of the SCRMC sale. Director Price stated that the Management Company has brought significant value to Spring Creek Ranch. They have turned down numerous offers as their intent is to ensure that the next owner will be good stewards of the Butte. Noted that the intricacies of the Butte are

significant with miles of roads, water and sewer. Mr. Price notes that the Ranch runs extremely well.

- Owners stated that they would be interested in buying the business and asked price. Were referred to realtors
- Mr. Kallop advised that the matter has received sufficient discussion.
- Mr. Goodson advises that the “torch has been passed” so that the successor will take similar or the same care of the Butte that Tom Crystie and Mike Hammer did.

VII. Budget and Assessment Schedule.

- A. **2022 Budget** – A draft has been circulated and the finance committee has looked at it. Finance committee did not have any specific comments or concerns. The committee’s discussion focused on the reserves, especially around the Townhomes. Largely looking at only inflationary increases (5% to 10%) approximately. Notes that the HOA is able to piggyback on SCRHOA’s insurance policy, saving the HOA over a quarter million dollars. D&O costs went up significantly as a result of litigation.

Mr. Kallop advised that the appropriate procedure is that a preliminary budget has been prepared and will be evaluated by the Board before final approval.

Further inquiries are made pursuant to the fees paid to the Management Company. Mr. Kallop advised owners with questions to review the financial statements that disclose payments to SCRMC.

Director Price described budget process for the Owners. It is not directed by the Management Company. It goes through finance committee, goes to Board, and then is voted upon (with Stephen Price abstaining)

VIII. Other.

Annual meeting date for 2022 is set for October 8, 2022 at 9:00 am.

Derek Goodson thereafter provided website and password for all owners to access documents on the Spring Creek website. Derek responded that name and contact information can be added if desired.

A request was made for further information on current litigation. Board advised that an update on litigation will be provided in upcoming HOA newsletter.

One owner stated that he is troubled by so much negativity and voiced support for SCRMC.

Meeting Adjourned at approximately 10:35