

SPRING CREEK IMPROVEMENT AND SERVICE DISTRICT

Special Meeting Minutes

June 9, 2011

Attendees:

Directors Present:	Derek Goodson, Stephen Price, & Ron Harris
Other Officers:	Sharon Kuehn, Secretary
Advisors:	Bob Norton, Nelson Engineering Frank Hess, Attorney for the SCISD
SCHOA President:	David Conine

I. Opening

- A. Call to Order** – Meeting called to order at 10:30 AM
- B. Determination of Quorum** – Quorum established

II. Review and Approval of Minutes

A. 4.14.11 Special Meeting

Motion to approve the minutes.

Motion: Stephen Price
Second: Derek Goodson
Unanimous

B. 4.22.11 Special Meeting

Motion to approve the minutes.

Motion: Stephen Price
Second: Derek Goodson
Unanimous

C. 5.05.11 Special Meeting

Motion to approve the minutes, as corrected.

Motion: Derek Goodson
Second: Stephen Price
Unanimous

III. Old and New Business

A. Status of State Loan Application

Bob Norton reported that Spring Creek Improvement Service District loan application is scheduled for formal review and approval by the State at a special meeting to be held on June 16, 2011. All necessary documentation requested by the State has been provided, and he is not aware of any pending issues for the loan application process.

B. Water System Projects

1. Spring 2011 work

Bob Norton reported that Delcon is scheduled to be on the property Thursday, June 16th to install two telephone poles for the antennas and repeaters for the telemetry for the new water system. The telemetry installation is expected to begin shortly thereafter, on June 20. He indicated that the District will need to register the communication frequency with the FCC.

When the District has funding approval from the State Bob Norton will begin the bid process for the pump stations. It is anticipated that the request for bids will be posted in the newspaper for thirty days, with bids to be opened and a contract awarded in August and with work to begin in October. The bid process that we need to follow was reviewed by Bob Norton and Frank Hess. Bob Norton indicated that he will be prepared to begin soliciting bids as soon as the loan approval is received, and that there was not anything else that needed to be done until that time.

Bob Norton stated that he would send an application to the Department of Environmental Quality for a permit to construct the new water system. This included certain contractual provisions required under the terms of the State loan.

The construction of an access road to the water tank from Spring Creek Ranch Ridge Road was discussed. Bob Norton and Stephen Price agree to identify the specific location for the access road and to verify that it would be on project common area. Stephen Price offered to speak directly with the Warshaw's to notify them of the work that will be done in connection with the access road, which will likely be located near to the edge of their property.

There was general discussion regarding the steps that need to be taken during the water system replacement stages. Management and staff of the

two resorts, Homeowners, and guests will be notified of the need to conserve water during periods when this work is being done. In addition, it was agreed that homeowners need to be informed generally of the water emergency contingency plan.

2. Water testing

Bob Norton agreed to forward a template to Sharon Kuehn, Derek Goodson, and Stephen Price for use in presenting SCR's water test results, which are required to be provided to Homeowners annually. The report for 2010 is expected to be sent with the next monthly Homeowner letter from Stephen Price.

C. Budget for FY 2012 and Projection through FY 2013

The Directors reviewed the financial exhibits prepared by Derek Goodson, including those sent to the State as part of the loan application. Discussion ensued regarding the methodology, assumptions, and format used in the preliminary budget and projection development. There was agreement that we should have a multi-year project of financial results in place for planning purposes, along with the actual FY 2012 budget.

A portion of the discussion focused on the treatment of certain items in the budget – particularly debt service costs, depreciation of capital equipment, and reserve accumulation measurements. It was observed that there are some differences in the reporting treatment of these items between the financial statements for the SCHOA and the various exhibits required by the State in connection with the loan application. Derek Goodson agreed to work on preparing a financial exhibit that would show reserve accumulation amounts for the SCISD in a way that is consistent with the reserve accumulation amounts reported for the SCHOA.

D. Upcoming Annual Meeting and Budget Hearing

Ron Harris agreed to prepare a draft agenda for the Annual Meeting and Budget Hearing. The general flow of the combined session will be to open the Annual Meeting (establishment of a quorum, introductions, agenda, approval of minutes, etc.), conduct the Budget Hearing as the first order of business (open the Budget Hearing, review the history/purpose/role of the SCISD, provide an overview of the plans by the District for work during FY 2012, make a brief presentation of the proposed budget for FY 2012 and related items, open the floor to comments from the public, close the Hearing), return to the Annual Meeting, approve the budget and assessment schedule for FY 2012, and conduct any other business before the Directors.

E. Investments and Finance/Audit

There was general discussion about the need for SCISD policies in these areas. It was observed that there are many overlaps with the corresponding items for the SCHOA, but also certain differences resulting from requirement in State statutes; and it was noted that an important issue is the fact that the same Homeowners and owner interests are served by both organizations. The possibility of forming a Finance Committee to report to the SCISD Board was raised, along with the question of how best to coordinate its activities with the Audit and Finance Committee of the SCHOA. Frank Hess was charged with exploring and advising the Directors regarding associated legal requirements and issues.

F. Other Business – None at this time.

III. Conclusion

A. Next Meeting – A Special Meeting will be held on June 22, 2011 at 9:30 AM.

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