

Star Valley Ranch Association
2014 Annual Membership Meeting
JUNE 28, 2014
The Barn

In Attendance:

Mike Blackman-Chairman
Ron Denney-Vice Chairman
Ann Earl-Secretary/Treasurer
Bob Horton-Director
George Toolson-Director
Bob Lujan-Director

Absent:

Derk Izatt-Director

I. The 2014 Annual Meeting was called to order at 8:00 a.m.

II. Pledge of Allegiance

The VFW presented the Colors and led the Pledge of Allegiance said by all members present.

III. Invocation was given by Chairman Mike Blackman

Chairman Blackman then introduced David Decoria of Hirschi Decoria & Company, PC.

Mr. Decoria was responsible for the most recent annual financial audit; I will let him give the details of the results of his work.

Mr. Decoria: The first thing I would like to report to you is that you received, on your independent auditors report this year, an unqualified opinion. What that means is that the numbers that I audited and are contained in these financial statements are fairly stated. That doesn't mean that I audited every single dollar. It means that a normal person that reads these financial statements will get the proper view of the financial condition of the Association, and that these are a fair representation of the balance sheets which include your cash, accounts payable, etc. As of December 31st, they are a fair representation of your operations for the year that ended. The Independent Auditors report is the only thing in this whole packet that is mine. The numbers come directly from the management of the Association based on their record keeping. My job as the auditor is to come in and look at their numbers and see if I agree with their representation. Now, if they wanted to say that they have 2 million dollars in cash and I could only find 1 million and they still wanted to put 2 million in their numbers, they could do that, and then in my auditor's report I would say, "Except the cash, which I don't agree with, everything is fairly stated." I didn't have to do that because I agree with the numbers.

I would like to say that the financials are kept in the association office, and you as members have a right to go in and request a copy for your review. If anybody has any problems sleeping at night take it home and read it and it will help you out. On the balance sheet, for the Association as of December 31st 2013, you have \$1,187,830.00 of cash and investments that compared to \$1,216,257 the year before. So your cash decreased by about \$28,418. The rest of your balance sheet was very consistent within a few thousand dollars at each category. On your statement of activities, and this is basically your revenues and your expenses, your revenues were extremely consistent, and you would expect that because the Association dues were the same between 2012 and 2013, but it was also consistent at the golf course and some of the other facility rentals, lounge income, and etc. The operating revenue in 2013 was \$1,172,000. In 2012 it was \$1,170,000. So there was an increase of \$2,000 between the 2 years which is very consistent. Your operating expenses were \$1,213,000 so you had an operating loss of \$41,000 last year. Of that \$41,000, \$35,000 went to some major repairs on the golf course. So, of the actual operating type revenues and expenses you lost about \$6,000. You also have interest income of \$17,000 on your

investments, so the net change in your assets was a loss of \$22,696. The prior year was a loss of \$7,698. Again, most of the change from 2012 to 2013 was an increase in the repairs and maintenance which is the other part of the financial statements.

I do appreciate being able to come and report to you in person, especially the fair representation, and that was the unqualified opinion I was talking about. You have an increase in your fixed assets of \$227,817. Of that amount there is \$116,935 that was in construction in progress. What most of that \$116,000 is made up of, are plans for the improvement of this facility. The reason that I think that is important \$116,000 is that as I understand it as of right now it is not a done deal going forward, and if it doesn't go forward the \$116,000 will be an expense in the future. Right now it is an asset because we expect that this project will go forward and become an asset.

In closing, I would like to say that I appreciate the consistency of this Association over the last several years. I have audited several Associations' just like yours and there is not the consistency that you have as far as your operations and your numbers. I think that the management that you have in place has a lot to do with that. There has been consistency in management, and when you have consistency in management, then you would expect operations to be consistent as well. I see that to be the case and I think the management is to be commended.

IV. Reading of Official Notice: Secretary/Treasurer Earl read the following:

"Notice is hereby given that the Annual Membership Meeting of the Star Valley Ranch Association, Inc., a Non-Profit Corporation, of Star Valley Ranch, Lincoln County, Wyoming, will be held at 8:00 a.m. on Saturday, June 28, 2014 in the Barn at Star Valley Ranch.

On the Agenda: (3) Directors for 3-year terms.

The 2014 Official Ballot is included with this notice and may be returned by mail in the Secretary's Ballot Proxy Envelope or may be voted in person at the SVRA office up to Friday, June 27th at 4:00 p.m. or at the Annual Membership Meeting. Your vote is verified and cast when matched to the lots you list on the stamped Secretary's Ballot Proxy envelope. Be sure to sign your Secretary's Ballot Proxy Envelope before mailing or dropping it off at the SVRA office.

Registration for voting will begin at 7:00 a.m. on Saturday, June 28th at the Barn. Polls will close thirty (30) minutes after the adjournment of the meeting. The Election Committee will post election results in the Barn as soon as the votes are tabulated.

Need for 30% Quorum

A 30% quorum of all members (over 500) by attendance, proxy or absentee vote is necessary in order to complete the election or conduct any official business at the Annual Membership Meeting. If you abstain, your vote is also counted as part of the quorum, not for an individual."

V. Opening Remarks: Mike Blackman, Chairman

At this time I would like to welcome everyone to the 2014 Star Valley Ranch Association Meeting. One bookkeeping matter that I would like to address is the date shown on the Agenda that you were mailed. We had a typographical error on the agenda that was in the election package. That agenda showed that meeting would be on June 22, 2013, after 18 thousand eyes looked at it we still didn't catch that before it was mailed, and that was instead of the correct date of June 28, 2014. The Official Notice will now be read by Secretary/Treasurer Ann Earl.

I wish I would have had a more productive year to review. However, the DCC&R lawsuit has put skids on what we as a Board would have liked to accomplish. We had visions of having the meeting at a different location with the New Member Center under construction. When the district judge decided in favor of the plaintiffs in October of 2013, it put our plans on hold and caused the Board to consider an appeal to the Wyoming Supreme Court. Ron Denney will report more on this, other lawsuits, and financial matters a little bit later. The changes in our plans caused the Board to scramble and prepare a contingency plan to allow for the continued operation of the Barn/Silo so

that there would be a minimum of discomfort for our members. I think Kirk Sessions and staff have done an amazing job at a minimum of expense to keep the facilities running.

The golf course has never looked better thanks to Kurt Richmond and his staff. They have accomplished a lot despite some significant changes in their staff. George Toolson will report further in this area in his report. I would like to congratulate Kirk Sessions and his staff on the quality and efficiency that they have approached their work for the Association. They have made it a priority to ensure our accounting and our finances are correct despite several changes of personnel. I believe this is the 4th year in a row that we have had a clean, unqualified audit report. As Mr. Decoria said, other associations aren't as fortunate as we are. In addition, they have represented the Association in a quality matter and showed respect to all that come up to the office regardless of how animated they may have been. Without this dedicated group of people, the Association would not function nearly as well, and our work on the Board would not be possible.

If there are no objections I would like to change the order of the agenda from the reading of the minutes and then having the report of the number in attendance. This is done to prevent a vote from being taken without the notice of a quorum. According to our by-laws, and Robert's Rules of Order, we cannot do any business for the Association unless we have a quorum. Accepting the minutes would be business and until we have a quorum we cannot do that. As I close out my term on the Board I wish the new Board the best of success and will help out in any manner that I can.

VI. Report of Number in Attendance, Present in Person or by Proxy to Determine a Quorum:

Election Chairman Ann Blakley reported that there was a quorum with 625 votes submitted.

VII. Reading of Minutes of June 22, 2013 Annual Meeting and approval of same:

- Member, Terry Wilson, made the following motion: I move that we accept the Annual Minutes from the meeting held June 22, 2013 as mailed.

Member, Max Noble seconded the motion.

Motion passed unanimously.

VIII. Reports of Standing Committees

A. Finance and Legal – Director Ron Denny gave the following report:

At the Board meeting immediately following the 2013 Annual Meeting, Ronald Denney (Chair) and Derk Izatt (Co-chair) were named to the Finance and Legal Committee. Robert Saunders and Sterling (Ernie) Norris were added to the committee as Members in the SVRA Board Meeting in September 2013.

The following activities and actions were undertaken by the committee and the Board this year. The Star Valley Ranch Association became aware of an old lien on a SVRA lot (Plat 20-31) which was filed in 2001 for non-payment of assessments which had been paid later in 2001 after sale of the property. The Finance and Legal committee recommended the Board authorize the Board Chair to sign the appropriate quit claim deed to allow the lien to be lifted.

The Board finalized the development of a new Operating Policy to direct the SVRA Operations Checking Account to be adjusted to an account balance of \$100,000 to start the next fiscal year. Appropriate operating and capital funds would receive funds as specified in the annual assessment, or would be debited at the direction of the Board should the Operations checking account be less than \$100,000. This has been routine practice, but the Board determined that a formal Operating Policy should be established to formalize this practice. The Policy Title is "Fiscal Year End Closing," and it is No. 3.6 in the Fiscal Management Section of the SVRA Operating Policies.

The 2014 draft SVRA budget was reviewed by the Finance and Legal committee in October and the budget was approved by the Board in November.

Follow-up briefings with three banks in Afton and Thayne were held on October 16, 2013. The current interest rates for commercial construction loans appeared to be slightly lower than last year. The Finance and Legal committee drafted a letter to the banks to request a competitive proposal for

the SVRA Member Center Mortgage. This draft letter was provided to the SVRA Board for comment and was approved and issued. Favorable written proposals for the mortgage were received from four local banks. The Board chose to place the SVRA Member Center on hold prior to approving the 2014 budget due to the status of the DCC&R lawsuit. The banks were notified of this decision.

The second amended decision regarding the Daley vs. the Star Valley Ranch Association regarding the DCCRs was signed and filed by the Wyoming District Judge on October 1, 2013. This decision was ruled for the plaintiffs. Based on that decision the Board of Directors decided that the Association would follow the original eleven DCCRs for the 22 Star Valley Ranch Association plats for the interim period. These eleven DCCRs were posted on the web site and the revised set of DCCRs was removed. A letter was mailed to all owners of lots in the SVRA. Upon further discussion and consultation with additional legal counsel, the Board chose to appeal this decision. Oral arguments before the Wyoming Supreme Court were heard on Tuesday, May 13 2014. Currently we are awaiting a ruling from the court.

The Finance and Legal committee developed a letter to be sent to several local attorneys to request their resumes and willingness to serve as the SVRA attorney. Responses were received from three. The Board decided in December 2014 to continue to utilize Jim Sanderson, but to also retain Frank Hess, a lawyer in Jackson with considerable DCC&R experience, to provide additional legal support when deemed necessary.

In the Ainslie fence lawsuit, the plaintiff and the SVRA Board have both filed for summary judgment. A hearing was held in May 2014. We are waiting for further direction from the judge.

B. House and Entertainment-Secretary/Treasurer Earl gave the following report:

On behalf of H&E and the Election committee, we have supplied all the donuts and coffee for everyone so please help yourself. This is a very busy time of year for House and Entertainment. This weekend being Homeowner's Weekend, and next weekend the 4th of July Celebration, our committee has been very busy! When I sat down last fall and was making out the calendar for the 2014 list of events and activities, I was scheduling with the assumption we would not have this barn to use, and we'd be involved with an awful lot of construction. While the barn/silo project is on hold, we decided to go ahead and utilize the facilities as best we can. We have 3 barn rentals this summer and anticipate a few others. Just a recap of this year's activities: The Easter egg hunt in April, 5 o'clock on Sundays is karaoke in the barn, Wine and Wellness workshops (which is also a Health and Wellness workshop), Junk in the Trunk, Arts and Crafts Festival, Homeowners Weekend, and our 17th annual 4th of July Celebration. I have added to the calendar a "Farmer's Market" which is held every Thursday at 4:00 at the pool area. We are possibly adding more farmers and more fresh produce. Also, we do offer Lagoon tickets through the office and you save \$12 on your Lagoon ticket. To view a full list of activities please visit our website at www.svra.com.

C. Utility Report – Director Toolson gave the following report:

At this time – unlike last year - we have water coming down Green Canyon, plus we have good Ole Mother Nature doing her part for a major portion of the month of June, (including yesterday's downpour for the first day of Property Owners Weekend). Our irrigation system from the canyon is doing well and we now have the Cedar Creek Well up and running for supplemental irrigation. Last year I reported we had a small leak in the pipeline coming down Green Canyon. At the time the "Town" crew tried in vain to repair the leak but to no avail. By mutual agreement between the Star Valley Ranch Association and the Town of Star Valley Ranch, all water coming down from Green Canyon spring is now solely used for irrigation purposes. This includes Leisure Valley's 27 holes of golf and the Star Valley Ranch Associations 27 golf holes plus our 1700 occupants in the fish pond on #8 at Aspen Hills.

The annual Arch Archibald Dyers Woad Roundup was held this year on June 19th. We again had a crew of volunteers from the Men's Golf Association that pretty much eliminated these pesky little weeds from the Associations landing strip, and the south end of Star Valley Ranch. So if you live on the southern end of the ranch and are missing what you thought were "Wild Flowers", come

talk to me, somebody didn't answer the doorbell. This was the 20th annual Dyers Woad event, without the main ingredient – Arch Archibald. Arch and Myrna have sold their home here and are now full time Mesquite Nevada residents. Thanks Arch for 19 years, and “Thanks a lot for leaving me in charge.”

SVRA, the Town of Star Valley Ranch, and Lincoln County Weed & Pest will again be hosting the “War on Weeds,” Friday, July 11th starting at 9:00 a.m. at the pool pavilion. This is a great place to find out what other wildflowers besides the Dyers Woad you don't want in your yard or on the Ranch.

We have a scheduled meeting in early July between the Town and Association to remedy a slope/erosion problem with the Town Planning and Zoning Department ordinances. This is in regard to obtaining a Final Occupancy Permit for our new golf course equipment storage building, which is located uphill from the golf course maintenance building at Cedar Creek.

The Towns steel pipeline project for 2014, Ridgecrest/Cedar Creek Drive around the Barn/Silo is nearly complete. The crews involved need kudos as they are 1) ahead of schedule, which means 2) without our temporary water line across the parking lot, we can flush the toilets up here again. Thank you to the Town of Star Valley Ranch for working with SVRA on scheduling this major project around the needs of running members' events, bar, and golf course at this crucial part of the season.

D. Architecture Report – Director Horton gave the following report:

We had 31 approved permits. Of those 31: there were 7 dealing with decks, there were 11 fence permits, there were 5 permits dealing with garages, there was 1 new home permit, there was 1 home addition permit, there were 2 permits dealing with roof modification, there were 2 shed permits, and of the other permits there was 1 retaining wall and 1 front yard landscaping permit. We had 4 permits that were disapproved. We had 1 permit that required a variance and that variance was approved. We had 1 permit that was withdrawn. We still have 1 permit that is in process awaiting additional information. At this time we have 4 upcoming permits, so this has been a good year. There seems to be growth for the Association.

E. Barn/Silo Redevelopment Project-Director Lujan gave the following report:

In my 2013 year-end report, I concluded my report by stating: “The next few months we will continue on design and development of the construction document phase as well as the bidding and negotiation process. The final construction is scheduled to commence in the fall of 2013 or spring of 2014.” In my November 2013 report I reported: “Further work on the Barn/Silo redevelopment project has been postponed pending resolution of potential legal issues that might have an impact on the project.” As of today, the new member center continues to be on hold pending the outcome of the DCC&R lawsuit which was heard by the Wyoming State Supreme Court on May 13, 2014. We are currently awaiting their decision. Prior to our postponement, the Board did receive the final progress documents that had been prepared by the architecture of Dubbe-Moulder and the allocated version of the project manual. This included changes that we made from the drawings last presented. We increased the size of the multi-purpose room in the lower level and increased its seating height which allowed for increased seating and table space along with an unobstructed view of the stage. We relocated the bar and restaurant to better accommodate it being such a prime viewing space. The estimated \$1.7 million project cost remains unchanged. In addition to the capital we have accumulated and invested in the project (approximately \$798,000 accumulated and \$160,000 invested) we would be getting a loan of approximately \$800,000 to be paid off over a 15 to 20 year period. The exact amount of the loan will be determined based on the additional amounts accumulated between now and the actual project starting day. Loan payments are still anticipated to be made from the \$40 budget allocation that is being set aside from each lot owner's annual assessment.

The project has not gone without its complications; we have been working with the Town of Star Valley Ranch in addressing issues such as water hookup fees, both culinary and fire

suppressant, roads and right of way issues. The water issues have been resolved. We anticipate a satisfactory resolution on the road and road right of way issues. The question was raised as to whether the new member center, as currently designed, will fit within the space of the proposed site. The building itself is not of concern. The issue deals with availability of parking. The Town of Star Valley Ranch records indicate a 30 foot right of way on each side of the roads surrounding the current Barn/Silo. As the road is currently being used, the right of way includes the upper parking lot we currently use for parking and runs under the northeast section of this barn. Property we have historically used for the building parking will no longer be available for the same use. Since the start of the project we have been working to solve these issues. We are working with the Town of Star Valley Ranch to reclaim the roadway around the Barn/Silo, which will allow the Association to utilize the space for a roadway or parking without the current restrictions in place. As previously indicated, we believe this issue can be resolved without having to make any changes in our site plan drawings.

As an alternative we have a design drawing that will allow us to relocate the location of the building. We also have use of the Forest Service property that we utilize under a special use permit on the north end of the building for excess parking. In conclusion, it is important to note the postponement of construction of the new member center is not the result of any pending or new lawsuits. The lower court ruling on the DCC&R's which were updated in 2012 has left us with 11 different sets of DCC&R's which we are currently required to follow. Potential issues exist that may create financial hardship for the Association which would limit our ability to raise capital and make payments on any future loans. Until these issues are resolved, no further action will be taken on the new building other than solving these issues.

F. Golf and Greens Report – Director Toolson gave the following report:

Year to date rounds overall appear to be close to the 2013 season to date. This year because of above average snowfall, we had a late start of more than a week to open, plus above average rain for June also kept golfers from getting out and playing. We continue to believe that our pricing per round, along with the conditions of our courses will lead to stronger incomes throughout the rest of the summer.

Kurt Richmond's golf course maintenance crew has had some staffing changes since last season. These include; Steve Stohr, our new mechanic; James Bort, the irrigation technician; and Gary Higham, the golf course project foreman. Jim Chumley, Doug Carpenter and the rest are still in the seats mowing the green stuff. The Pro-Shop staff of Diane and Phil is still intact with the addition of our new pro, Ben Whalen. If you haven't met this guy yet, you need to. I have not seen this much ambition and enthusiasm of a Head Pro at Star Valley Ranch for a long, long time. Ben is actively involved with upgrading and expansion of our Junior Golf Clinics with age groups from 5 to 14 years old. He has also put together a couple of new events here on the Ranch which includes the; Wednesday Working Man's League who play Aspen Hills at 6 p.m. Also new for this year: The Ladies Driving Range Social, which is on Thursdays at 6 p.m. here at Cedar Creek. This one is designed to get beginning ladies the type of instruction they need, to put up with their golfing husbands.

Tournaments already played at the Ranch this year include the Star Valley Medical Center Tournament, which apparently again liked the course conditions and SVRA hospitality, and are getting dates for next year's tournament. Along with the Medical Center, a new one for this year was the Wildlands Firefighters Fund Tournament, who expressed having a great time and raised substantial funds for fallen wildland firefighters families. The 4th Annual Mixed Moose Tournament was held last Friday and Saturday with an overwhelming positive response from all competitors. Locals along with additional folks from Jackson, Idaho, Utah, and Nevada had a fun two day tournament. All reported having had a great time and would be back next year with more players. In each of these tournaments many compliments have been given to all of our golf course personnel.

Upcoming tournaments include; this weekend's Property Owners, Rocky Mountain Elk Foundation, Member/Guest Tournament, Teton Motors Scramble, Ladies Invitational, Thayne

Senior Center Invitational, Ryder Cup, Solheim Cup, and another new one to Star Valley Ranch, the Jackson Hole Elks Lodge Tournament. When you start getting avid golfers and tournaments from Jackson you know 2 things, our prices are right and our courses are being managed in such a way they choose to drive to Star Valley Ranch, 100+ miles round-trip in order to play here.

For the 2014 season we have had two Golf & Greens Committee meetings, the first one on May 14th and the second one on June 18th. This group consists of about 20 dedicated volunteers, Kirk Sessions – General Manager, Kurt Richmond – Head of Golf and Greens, Ben Whalen – Head Pro, and I – Director over Golf & Greens. During these monthly meetings this group hashes out everything from an Out-of-Bounds marker that needs to be placed, to irrigation problems, upcoming tournaments, how to improve playing conditions, what kind of merchandise to put in the Pro-Shop, and greens fee pricing to keep people coming back to Star Valley Ranch. Also included in these discussions are the “Trail Fee” funds which are derived from private golf carts on either of our courses. The income from the fees is designated towards additional cart path improvements such as replacing gravel and pot holes with a concrete path. To date these “Trail Fees” have improved both golf courses with concrete paths on more than 10 holes, and we’re not done yet.

I hope that during this Property Owners Weekend, you get a chance to go take a look at the 27 holes of golf you are an owner of. Go get a real feel of the dedication of employees, many volunteers, and golf course management that goes in to these great golf courses.

IX. Introduction Of Candidates For The Board Of Directors

For the three 3-year terms we have 3 candidates: Mike Wardle, Dennis Christianson, and Robert Meikle.

X. Announcements

Chairman Blackman made the following announcements:

The polls will close thirty minutes after the meeting adjourns.

The Board, after the election is determined, will meet at 4:30 p.m. in the Cook Shack for the election of officers.

Ann Earl presented an award to Mike Blackman, Bob Lujan, and Derk Izatt.

XI. Adjournment

- Member, Ron Mueller made a motion to adjourn the meeting.
Member, Boyd Siddoway seconded the motion.
Motion passes unanimously.

Meeting was adjourned at 8:52 a.m.

The voting polls will close at 9:22 a.m.