

**SPRING CREEK ASSOCIATION BOARD OF DIRECTORS
REGULAR MEETING MINUTES
WEDNESDAY, JULY 27, 2016, 5:30 P.M.
SPRING CREEK ASSOCIATION OFFICE
451 SPRING CREEK PARKWAY, SPRING CREEK, NV 89815**

CALL TO ORDER: Chairman McFarlane called the Meeting to order at 5:30 p.m.

DIRECTORS PRESENT: Vice Chair Travis Mahlke, Director(s) Paddy Legarza, Pat Plaster, Jim Jefferies, Josh Park, Paul McAnany

DIRECTORS ABSENT: None

CORPORATE OFFICERS PRESENT: Jessie Bahr – SCA President
Kristine Austin-Preston – SCA Treasurer

CORPORATE OFFICERS ABSENT: None

ATTORNEY PRESENT: Katie Howe McConnell

PLEDGE OF ALLEGIANCE:

I. COMMENTS BY THE GENERAL PUBLIC: Chuck Peterson (Tract 400) questioned the issues of air and sediment in the water lines and on the need for noxious weed control in the 400 Tract. Jessie Peterson spoke on the benefit of having educational material available for residents of Spring Creek on identifying the types of weeds/grasses present in the area. She stressed the need to educate property owners on how to control/eradicate the troublesome and noxious weeds. President Bahr mentioned the upcoming meeting with Nevada Division of Wildlife, Elko County and SCA staff who will be putting a weed control plan in place. Both Chuck and Jennifer Peterson volunteered to assist in any beneficial way since Mr. Peterson has experience working on National Resource and Conservation programs. Mary Ellen Burekhard inquired if a list is available detailing the native grasses that could be planted by property owners and are beneficial to the area. Treasurer Preston indicated that the list is currently available and provided with every building permit.

II. ELECTION OF OFFICERS FOR THE JULY 2016-JUNE 2017 BOD TERM.

- A.** Chairman McFarlane called for the nomination of a Director to serve as the Chairperson of the BOD for the new term June 2016-June 2017. Director Mahlke nominated Director Legarza to serve as Chairperson of the BOD. No other nominations were tendered. Chair McFarlane called for a vote of the Board on acceptance of the nomination of Director Legarza to serve as Chairperson. The vote was 6-0-1; one abstention (Director Paddy Legarza). Director Legarza is the Chairperson for the new term.
- B.** Chairman McFarlane called for the nomination of a Director to serve as Vice Chairperson of the BOD for the new term June 2016-June 2017. Director Plaster nominated Director Park to serve as Vice Chairperson of the BOD. No other nominations were tendered. Chair McFarlane called for a vote of the Board on acceptance of the nomination of Director Park to serve as BOD Vice Chairperson. The vote was 6-0-1; one abstention (Director Josh Park). Director Park is the Vice Chairperson for the new term.

III. DISCUSSION AND POSSIBLE ACTION TO APPROVE SIGNATURE AUTHORITY TO THE NEWLY ELECTED 2016-2017 CHAIRPERSON AND VICE CHAIRPERSON AND TO REMOVE SIGNATURE AUTHORITY FOR THE 2015-2016 CHAIRPERSON AND VICE CHAIRPERSON FOR SCA ACCOUNTS AT NEVADA STATE BANK, MORGAN STANLEY/SMITH/BARNEY,

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ELKO FEDERAL CREDIT UNION AND US BANK. The SCA Board of Director Policies require the Chairperson and Vice Chairperson to have signature authority on all the aforementioned SCA bank and brokerage accounts. No public comment was offered. Director Mahlke moved to approve signature authority for newly elected Chairperson Paddy Legarza and Vice Chairperson Josh Park and to remove authority for current Chairperson Mike McFarlane and Vice Chairperson Travis Mahlke for all SCA accounts. Director Plaster seconded the motion. The vote was called and motion passed 7-0.

IV. REVIEW, DISCUSSION AND POSSIBLE ACTION TO CONSIDER VARIABLE GOLF RATES AND SPECIALS FOR THE GOLF COURSE AND MATTERS RELATED THERETO.

Jason Jerman, SCA Golf Pro, presented ideas and options to offer specials at the SCA Golf Course during the Fall months to increase play at the Golf Course. A brochure provided outlined minimum rates. Public comment was offered by Mary Ellen Burckhard inquiring if a Junior program is currently available. It was stated there is currently such a program in place for the young golfers. Director Park moved to approve the use of creative marketing plans/ideas by Jason Jerman using the brochure minimums as the basis. Director Plaster seconded the motion. Vote was called; the motion carried 7-0.

V. REVIEW, DISCUSSION AND POSSIBLE APPOINTMENT TO FILL THE TWO (2) VACANCIES ON THE COMMITTEE OF ARCHITECTURE.

President Bahr provided an overview of the SCA COA duties and responsibilities. Two letters of interest for the two open positions have been received. The commitment of COA members to the duties as outlined was highlighted. Both applicants, Jill Holland and Aleathe Beddow were present. Chair McFarlane questioned their willingness and dedication to perform the serious aspects of the position particularly the property inspections and the citation process for violations. Director Jefferies asked if the applicants had read the DOR's and why the applicants wanted to take on the positions. Ms. Holland explained her background in the community having moved to Spring Creek in 1987. No public comment was offered. Director Jefferies moved to appoint Jill Holland to the COA. Vice Chair Mahlke seconded the motion. Vote was called; motion carried 7-0. Ms. Beddow explained her background as a retired teacher. She has just recently moved to Spring Creek. Director Legarza stated she would abstain from the vote; Ms. Beddow's son works for Legarza's company. No public comment was offered. Director Jefferies moved to appoint Aleathe Beddow to the COA. Director Mahlke seconded the motion. Vote was called; motion carried 6-0-1 (Director Legarza).

VI. REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF A PROPOSED TEST WELL IN THE 400 TRACT BY SPRING CREEK UTILITIES AND MATTERS RELATED THERETO.

Tim Scheidt of Spring Creek Utilities and the Project Manager explained the need to replace the 400 Tract well #8 at the junction of Pleasant Valley Road and Palace Parkway which has been in place for over 45 years and has reached its useful life. Currently many issues, i.e. air in the lines, pressure problems and sediment in the water are the result of the age of the existing well. There are six (6) potential test well locations with the preferred test well site at the end of Aesop Dr. at the intersection of Westcott Dr. The location is adjacent to Sustacha Ranch land. SCU has consulted with hydrology experts who agree this is the best potential test well site. Four (4) locations are in proximity of green belt areas and owned by SCA; two (2) are either in Elko County utility easement areas or may potentially be on private land. None of the test well sites are owned by SCU. A new well in the 400 Tract would eliminate the issues property owners are experiencing. Mr. Scheidt is requesting approval from SCA to drill in all locations at this time: if Location A does not work out, SCU can move on to the next test well site. Attorney McConnell stated that an agreement document between SCA and SCU requesting permission to drill in those locations owned by SCA must be in place. SCU must provide an indemnity insurance policy prior to commencing drilling test wells. The Board must approve staff and legal to have authority to proceed with drafting the agreement documentation. Public comment was offered by Charlie Ekburg (Tract 200) who suggested Location A (Aesop and Westcott Drives) is a good location & would help eliminate air from the water lines. Mary Ellen Burckhard (Tract 400) questioned whether the proximity of the Location A test well to Sustacha Ranch land would create a potential for liability on SCA/SCU if the well were to affect the existing water table the Sustacha wells/water rights currently use. Mr. Scheidt stated that Sustacha Ranch has currently

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petitioned to drill other wells on their land and that they could potentially contest the request to drill test wells by SCU. He also indicated that it would depend on who had first claim on water rights and that notice to drill would be posted. Chuck Peterson (Tract 400) stated that air in the lines has been an issue at his property for the last 5 weeks and every year prior. He asked if the new well would supplement the existing well. Aleathe Beddow (Tract 400) complained there is the odor of bleach in her water. Mr. Scheidt stated that SCU checks chemical levels in the water daily. Bill Gagnon (Tract 400) questioned water cloudiness and whether iron was an issue. Mr. Scheidt stated iron was not an issue the cloudiness was the result of the tiny air bubbles produced by the air in the lines and water pressure. Director Park moved to approve exploratory well drilling as proposed by Tim Scheidt of SCU and authorize staff and legal to draft a drilling use agreement. Director Jefferies seconded the motion. Vote was called; motion carried 7-0.

VII. REVIEW, DISCUSSION AND POSSIBLE ACTION TO AWARD A CONTRACT FOR SERVICES TO ADDRESS THE ISSUES OF ENVELOPE PERFORMANCE, DESIGN A RECOMMENDATION TO REMEDIATE CURRENT PROBLEMS AND PROPOSE A PRIORITIZED LIST OF ITEMS TO BE ADDRESSED TO IMPROVE FUNCTIONALITY OF THE HORSE PALACE BUILDING AND GIVE SUGGESTED COST SOLUTIONS AND MATTERS RELATED THERETO.

Chair McFarlane indicated that public comment will be reserved to the end of the three (3) presentations. President Bahr instructed the Board to use the scorecard provided to rate the value of each presentation and a vote on the preferred contractor will be taken at the end.

- A. 15 Minute Presentation by Lombard-Conrad Architects-Nevada, LTD.** Byron Smith, Managing Architect of Lombard-Conrad Elko Office provided a Power Point video presentation to the BOD. President Bahr stated the goal is not to redesign the Horse Palace but address the needs and costs of creating an appropriate interior environment which has over the years become problematic. Director Jefferies questioned whether a structural integrity investigation had been done. Chair McFarlane asked how long it would take if the contract were awarded to Lombard-Conrad for the services of the contract to be performed. Mr. Smith stated six (6) weeks. President Bahr asked about the company's experience with metal buildings. Mr. Smith stated the company was responsible for the work on the Winnemucca Events Center; their fees are negotiable.
- B. 15 Minute Presentation by A.M. Engineering, LLC.** Aaron Martinez, owner of the company, gave the Board a Power Point presentation. He indicated the project, if awarded, could commence August 9th or 10th. Director Jefferies again raised the issue of studying the structural integrity of the existing building. President Bahr clarified the need for HVAC, ventilation and roof condition as an important part of the building envelope evaluation. Mr. Martinez indicated he has had commercial experience on two (2) steel structure buildings in the mining industry.
- C. 15 Minute Presentation by Michael Clay Corporation (via telephone conference call).** Mike Shepard, owner of the company, gave a brief presentation via conference call detailing his experience and his knowledge of the Horse Palace building. Director Jefferies questioned him on his ability to determine structural integrity of the building. President Bahr asked about metal building experience. Mr. Shepard indicated he had extensive experience with metal buildings. Director Legarza stated Mr. Shepard is her brother and will abstain from participating in discussion.

Public comment was opened by Chair McFarlane. Mary Ellen Burckhard (Tract 400) asked about contract proposal cost estimates. It was stated that Lombard-Conrad Architects contract bid is \$25,500, Aaron Martinez Engineering, LLC bid is \$26,300 and Michael Clay Corp. bid is \$30,000. Bill Gagnon (Tract 400) asked how long SCA expects the building to last? Director McAnany asked how much had been budgeted for the study; Treasurer Preston stated \$25,000 was budgeted.

Director Park moved to accept the proposal for Lombard-Conrad Architects (Presentation #1) not to exceed the proposed bid of \$25,500. Director Plaster seconded the motion. Vote was called; motion carried 4-2-1 (2 Against: Directors McAnany and Jefferies) (1 Abstain - Director Legarza).

VIII. REVIEW, DISCUSSION AND POSSIBLE ACTION TO AWARD A CONTRACT TO PERFORM AN ALTERNATIVES ANALYSIS, FEASIBILITY REPORT AND SPECIAL

DISTRICT FORMATION SERVICES FOR THE SPRING CREEK ASSOCIATION. President Bahr introduced the background on the need for this analysis. The SCA Articles of Incorporation expire in the year 2033 (SCA Incorporated March 31, 1983 for a term of 50 years). The SCA needs to begin the process to determine how the community shall function: whether SCA would continue as an independent Homeowner's Association, become a General Improvement District (GID), be an unincorporated town or a combination of any of these. It is time to consider these options before SCA is required to pursue the future. We want the community to have the necessary knowledge it needs to understand our options.

- A. **15 Minute Presentation by Hanford Economic Consulting:** Catherine Hanford provided an overview of her proposal. She has extensive background in rural and environmental health and broad experience in helping communities plan their governmental structure. She has been in business for over 20 years and worked in Sacramento, CA and Reno, NV (Washoe County) on notable projects. She stated she has extensive experience in working with the Truckee Meadows Water Authority, with small HOA's and larger communities such as Somerset in Reno, NV. Ms. Hanford did state she does not have the legal credentials herself but would certainly engage legal expertise in those areas of the Feasibility Report where required. Attorney McConnell stated the legal portion is needed. Ms. Hanford projected having the report completed in 3-4 months. Director Legarza stated the need to have a focus on understanding future revenue sources, risks for the community and unintended consequences of what is decided. Director Jefferies questioned Ms. Hanford's experience with water concerns. Discussion ensued among the Board members.
- B. **15 Minute Presentation by Lumos & Associates.** Tim Russell of Lumos & Associates provided a Power Point presentation to the BOD. The company has been in business since 1978 and has done considerable work in the Minden and Gardnerville communities. Michael Bennet, the company owner, has vast experience in this field of expertise. He was responsible for creating the towns of Genoa, Minden and Gardnerville. Mr. Russell stated that their contract price is negotiable. The legal portion of the contract is not to exceed \$23,000 which is included in the proposal bid. Discussion ensued among the Board members.
- C. **15 Minute Presentation by A.M. Engineering, LLC.** Aaron Martinez, Owner of A.M. Engineering, provided a Power Point presentation. He employs a team of notable experts with over 60 years' experience in the field of community governance. His bid includes the legal expertise of the law firm of Snell and Wilmer, a firm noted throughout the western United States and whose input is required in the feasibility report. Aaron stated the proposed total cost for the feasibility report includes the legal portion for Snell and Wilmer at \$45,000. Discussion ensued among the Board members.

Chair McFarlane requested tabling a decision on this agenda item and to proceed to the next agenda item.

- IX. **REVIEW, DISCUSSION AND POSSIBLE APPROVAL TO PURCHASE A USED 1998 INGERSOLL RAND MODEL PT125R 9-WHEEL PNEUMATIC ROLLER AND MATTERS RELATED THERETO.** President Bahr introduced the item and the history of having to rent this equipment over time. The bid to purchase the recommended equipment was also provided. Public comment was opened and Mary Ellen Burckhard (Tract 400) questioned tire and engine compression condition since only the oil check was noted as being done. It was explained by President Bahr that tires and engine condition were checked as well. Discussion ensued on other aspects and the fact that there is only one bid on this piece of equipment. Vice Chair Mahlke moved to accept the bid to purchase the 1998 Ingersoll Rand 9-Wheel Pneumatic Roller for \$14,700. Director Jefferies seconded the motion. Vote was called; motion carried 7-0.
- VIII. **(CONTINUATION OF PREVIOUS AGENDA ITEM). REVIEW, DISCUSSION AND POSSIBLE ACTION TO AWARD A CONTRACT TO PERFORM AN ALTERNATIVES**

ANALYSIS, FEASIBILITY REPORT AND SPECIAL DISTRICT FORMATION SERVICES FOR THE SPRING CREEK ASSOCIATION. Chair McFarlane reopens the discussion of the agenda item and entertains a motion to accept one of the three proposals previously presented. A review of all three bids are reviewed for clarification as follows:

- A. Hanford Economic Consulting bid at \$40,000 (does not include legal)
- B. Lumos & Associates bid at \$88,750 (including \$23,000 for legal services)
- C. A.M. Engineering, LLC at \$68,400 (including \$45,000 for legal services)

Discussion ensued among the Board members on the pros and cons of each proposal and the expertise brought by each group and what SCA needs at this point President Bahr indicated that we could contract for legal services at a point later when required and may not necessarily be required for this feasibility report. Public comment was offered by Mary Ellen Burckhard (Tract 400) on the fact the SCA incorporation expires in 2033 and what needs to be accomplished over the terms of the next 16 years. President Bahr stated we need to make a start on how our community will evolve sooner than later. Charlie Ekburg (Tract 200) stated he liked the presentation, credentials and experience of Hanford Economic Consulting. Director Park moved to approve the proposal of Hanford Economic Consulting, excluding legal, not to exceed \$40,000. Hanford to discuss options 1 and 2 and possibly option 3 and direct staff to contact and discuss all three. Director Jefferies seconded the motion. Vote was called; motion carried 6-1 (Director McAnany).

- X. **REVIEW, DISCUSSION AND AUTHORIZATION TO WITHDRAW NECESSARY FUNDS FROM THE MORGAN STANLEY CLUBHOUSE RESERVE AND CAPITAL RESERVE FOR THE PURPOSE OF FUNDING THE FAIRWAY COMMUNITY CENTER AND MATTERS RELATED THERETO.** Treasurer Preston introduced the agenda item and reviewed status of the project Fairway Clubhouse project currently. No questions or discussion ensued. No public comment was offered. Vice Chair Mahlke moved to approve withdrawing the necessary funds from the Morgan Stanley Clubhouse Reserve and Capital Reserve Fund for the Fairway Community Center. The BOD must approve any withdrawal from the Capital Reserve Fund for any major repair or replacement facilities. Director Plaster seconded the motion. Vote was called; motion carried 7-0.
- XI. **DISCUSSION AND POSSIBLE ACTION TO APPOINT KRISTINE AUSTIN-PRESTON AS CORPORATE SECRETARY OF SPRING CREEK ASSOCIATION AND MATTERS RELATED THERETO.** Attorney McConnell provided some background to how the topic is covered in the Bylaws of the SCA. The Secretary of State requires the position of the Corporate Secretary as a corporate office. Director Jefferies inquired if there was any thought to hiring the position. Public comment was offered by Mary Ellen Burckhard (Tract 400) as to whether there is any conflict of interest in the job description between the current position of Corporate Treasurer and Corporate Secretary and whether there is a plan to hire the position of Secretary. Attorney McConnell clarified that the office of Secretary is not for employment purposes but a position required for the Corporation to function and that the Bylaws currently state that if there is an absence in the position of Secretary the Corporate Treasurer automatically steps in to fill the position of Secretary. President Bahr stated that is her intention at this time not to expend the funds to hire a Corporate Secretary. Discussion ensued on the matter of corporate duties versus employee duties. Director Park moved to appoint Kristine Austin-Preston as Corporate Secretary. Vice Chair Mahlke seconded the motion. Vote was called; motion carried 7-0.
- XII. **REVIEW, DISCUSS AND CONDUCT THE SIX (6) MONTH PERFORMANCE EVALUATION FOR PRESIDENT/GENERAL MANAGER, JESSIE BAHR, INCLUDING ANY MODIFICATIONS TO THE EMPLOYMENT CONTRACT AND MATTERS RELATED THERETO.** Attorney McConnell introduced the background of the agenda item and stated that the performance evaluation by the members of the BOD, the self-evaluation from the President and responses from employees are complete. Items in the contract to consider for

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modification would include vacation, bonuses and compensation. The BOD cannot remove items from the contract that were already negotiated. Director Park moved to continue employment for Jessie Bahr beyond the probationary period and the contract to remain as is. Director Jefferies seconded the motion. Vote was called; motion carried 7-0.

XIII. COA REPORT: No Action.

XIV. STAFF REPORT: President Bahr presented an update on the following topics:

- A. The Fairway Community Center construction project is moving along. Framing is 90% complete. Hopefully by the end of November we will be in the facility.
- B. COA proposed rule changes will be submitted for review by the BOD before adoption.
- C. The Road projects continue; Public service announcements will be made on areas being maintained.
- D. The community survey is out and 500 responses have been received thus far. August 15 or 16 is targeted as the survey end date and we will then tabulate results.
- E. 4th of July Celebration was good and we will build on our successes for next year.
- F. The Trunk or Treat Event is well along in planning.
- G. The Post Office cluster box areas have considerable maintenance issues. We are working with the legal ramifications of taking over maintenance of these areas ourselves since the U.S. Postal Service is neglecting their responsibility to maintain these areas themselves.

XV. APPROVAL OF MINUTES: Vice Chair Mahlke moved to approve minutes of the May 25, 2016 Board of Directors Regular Meeting as presented. Director Park seconded the motion. Vote was called; motion carried 7-0. Director Plaster moved to approve the June 18, 2016 BOD Special Meeting Minutes with correction of start and end time of the meeting (on the date of the annual SCA Property Owner Bar-B-Q). Director Jefferies seconded the motion. Vote was called; motion passed 5-0-2 (Vice Chair Mahlke and Director McAnany who abstained because they were not in attendance at the meeting).

XVI. ACCEPT MAY 2016 AND JUNE 2016 SPRING CREEK ASSOCIATION ASSESSMENT AND LEGAL RECEIVABLE REPORT: Treasurer Preston commented that nothing unusual is noted in any of the reports. Director Plaster moved to accept the May and June 2016 SCA Assessment and Legal receivable reports as presented. Vice Chair Mahlke seconded the motion. Vote was called. Motion carried 7-0.

XVII. ACCEPT MAY 2016 AND JUNE 2016 FINANCIAL REPORTS: Nothing unusual was noted in either of the Financial Reports. Vice Chair Mahlke moved to accept the May and June 2016 Financial Reports as presented. Director Jeffries seconded the motion. Vote was called; motion carried 7-0.

XVIII. MEETING SCHEDULE: The next Regular Board of Director Meeting is scheduled for Wednesday, August 24, 2016 at 5:30 p.m. at the SCA Offices.

XIX. BOARD OF DIRECTOR COMMENTS: Director Park commented on the water rate increases of \$10-\$12 month due to the test drilling and new well requirement and that no one in the meeting commented when Tim Scheidt mentioned this fact.

XX. MEETING ADJOURNED: 10:02 PM