

**SPRING CREEK ASSOCIATION BOARD OF DIRECTORS
REGULAR MEETING MINUTES
WEDNESDAY, AUGUST 24, 2016, 5:30 P.M.
SPRING CREEK ASSOCIATION OFFICE
451 SPRING CREEK PARKWAY, SPRING CREEK, NV 89815**

CALL TO ORDER: Chair Paddy Legarza called the Meeting to order at 5:30 p.m.

DIRECTORS PRESENT: Vice Chair Josh Park, Directors, Pat Plaster, Jim Jefferies, Travis Mahlke, Paul McAnany

DIRECTORS ABSENT: Mike McFarlane

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: None.

II. REVIEW AND DISCUSSION OF THE AGREEMENT WITH JASON JERMAN, GOLF PROFESSIONAL, INCLUDING POTENTIAL RE-NEGOTIATIONS, MODIFICATIONS AND MATTERS RELATED THERETO. President Bahr introduced the agenda item. Attorney McConnell stated for clarification that the possible new contract is to be discussed but no action is to be taken at this time. Jason Jerman detailed his history with the SCA Golf Course as the Golf Professional since 2002 and presented his operational business plan which was provided for review in the BOD packet. His agreement ends in March 2017, but there are provisions that it would be renegotiated when a new facility is built. Jason offered detailed comments and explanations on the numerous comments received on the recent Spring Creek Golf Course Survey. Jason also explained his plan to pay the monthly rent associated with operating the Community Center Restaurant. Public comment was offered by Mike Palangi (Tract 100) who expressed considerable concern over how credit is handled between the Restaurant/Bar and the Pro Shop; he stated he has ordered equipment and not received it timely. Mike stated he thinks the Restaurant and the Pro Shop should be managed as separate entities. Dena Hartley (Tract 400) stated she has heard complaints for years related to the Golf Course: that SCA has lost tournaments and golfers and that players or customers can't buy on credit anymore. Charlie Ekburg (Tract 200) suggested that two different contracts should be offered: the restaurant separate from the Golf Pro Shop. Comment was solicited by Chair Legarza from the Board. Director Mahlke stated he would like to offer full disclosure to all present and refrain from commenting/voting on any aspect of the Golf Professional contract now and at future meetings due to his close personal friendship with Jason Jerman: Director Mahlke stated he has worked at the golf course over the years as long as Jason has been with SCA in his Golf Professional position. Director Paul McAnany asked how Jason Jerman envisions the restaurant and bar revenue centers working moving forward. Jason commented how he envisioned the restaurant would operate and be staffed. Vice Chair Josh Park commented on the discomfort this agenda item because many on the Board and SCA staff have a friendly relationship with Jason and that he likes Jason a lot. Josh stated he knows that Jason absolutely wants what's best for the community of Spring Creek as well as to be a successful business operator. Josh also stated he has received a lot of the phone calls from SCA members who have golf course concerns. He indicated that as a business manager himself and when there are business problems with

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employees, the problems have to be fixed and that those conversations can be uncomfortable. He also stated he thinks that the Restaurant, Bar and the Pro Shop can be run jointly but as separate business entities with different Financial Statements and different Accounts Payable and Receivable as well as segregating by square footage such expenses as utilities; other expenses such as consumables can be segregated as well. The real concern from some people at this point is whether Jason Jerman is the person to continue to do the job. Others feel that because they are friends with Jason he should continue in the Golf Professional capacity and run the restaurant/bar revenue centers. He drew other comparisons on the validity of some people's complaints. Director Jefferies had no comment or questions on the agenda item. Director Pat Plaster stated that she had fielded many phone calls from SCA golfing members who have concerns with personal behaviors as she has herself. She also noted that even with the increase in fees over the years why the revenue has not increased. Discussion ensued on why that is and some responsibility can be with SCA not developing the Community Center more quickly. Chair Legarza questioned whether there is a business plan and whether cash is available to support the Pro Shop. Perhaps a credit report along with a business plan should be provided by Jason Jerman to help the Board come to a decision on contract agreement consideration. Chair Legarza stated that the restaurant rent comparison isn't comparable since the new facility as a Community Center is a completely different type of facility than a golf course with a restaurant. She also stated that separate contracts for the Golf Pro and Restaurant/Bar should be considered. Discussion ensued about who owns the equipment in the restaurant and bar and it would be SCA. Chair Legarza also requested the Board be provided with the Financials for the most recent years so that an educated decision can be made. She stated that she doesn't want to hurt Jason Jerman's prospects but at the same time the Board doesn't want to hurt the Spring Creek Association either by making an uninformed decision. She questioned Treasurer Preston as to whether the existing Golf Pro contract states the complete and entire picture of Jason Jerman's compensation: the contract salary amount and the percentages. Treasurer Preston briefly explained how the details of credits and debits are handled monthly stating that some months Mr. Jerman owes money to SCA and in other months SCA owes Mr. Jerman money. All financial detail is balanced in September each year before his new contract year begins. Attorney McConnell indicated that a financial plan to stock and brand the Pro Shop might be helpful and that a Point of Sale system would be important to track business revenue. Chair Legarza and Director Plaster questioned what the 5% of equipment storage is in the contract. Additional comment was made by the Board members and the public. President Bahr commented that it is important to recognize that Jason Jerman and the employees he hires represents the SCA even though technically they are not SCA employees and that the operations he is responsible for must be sound financially and in the area of customer service. Jason Jerman was asked to provide cash flows, business plan, credit report and past financials for additional consideration by the BOD.

- III. REVIEW, DISCUSSION AND POSSIBLE APPROVAL TO PURCHASE THE KITCHEN EQUIPMENT REQUIRED FOR THE FAIRWAY COMMUNITY CENTER AND MATTERS RELATED THERETO.** Treasurer Preston introduced the item. Two quotes have been included in each BOD packet: one from BS&R Equipment of Twin Falls, ID; the second bid by Supplies on the Fly of Kennesaw, GA. Treasurer Preston stated a quote was requested from a Reno, NV firm who declined to submit a quote. Vice Chair Park noted that he would prefer to see a quote from a Nevada Company; that there are more than one such firm in the Reno and Las Vegas markets and he would like to see that in the Fairway Community Center Kitchen file before making a decision. The budget for the project is about \$30,000. Consideration should be given to how the timeline for the construction project is affected in considering whether to obtain additional bids. Public comment was not offered. Vice Chair Park moved to table the item until additional bids are tendered from Nevada firms and to call a special meeting when additional quotes are available to consider the matter. Director Plaster seconded the motion. The vote was called and motion passed 6-0.

- IV. REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF A CHANGE ORDER FOR THE FAIRWAY COMMUNITY CENTER FOR THE ADDITION OF HEATING TO THE CART BARN AREA, THE FIRE SUPPRESSION SYSTEM AND MATTERS RELATED THERETO.**

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President Bahr introduced the item. Director Jefferies questioned why the matter had not been included in the original design. It was explained that the system was a “dry” system with no water in the lines previously. A “wet” system would be more cost effective but requires heat in the cart barn area. The State Fire Marshall requires the fire suppression system in the cart barn due to the carts being gas fueled. The cost to heat the area is unknown at this time. The type of heat is to be an infrared system. Further discussion ensued about the heat system. The cart barn is 5,000 square feet. Public comment was offered by Dena Hartley (Tract 400) who asked if this expense would come out the Bailey Construction 10% contingency. It was explained that the contingency amount would be depleted first and then additional funds might be required. An additional question was raised on whether this would change the HVAC system requirements in the Kitchen. Treasurer Preston explained the original quote for the Kitchen area would not be affected. President Bahr also clarified that it was originally thought the HVAC system might have been under designed. Additional clarification was sought from Elko County but subsequently from what the Owner’s Representative, Robert Howard states, any change to the Kitchen HVAC system is not required. Director Mahlke moved to approve the change order for the addition of heating to the cart barn facility. Director Jefferies seconded the motion. Vote was called; the motion carried 5-1 (Vice Chair Park).

- V. REVIEW, DISCUSSION AND POSSIBLE ACCEPTANCE OF A CHANGE ORDER FOR THE FAIRWAY COMMUNITY CENTER FOR A LIGHTING UPGRADE TO LED CAN LIGHTS INSTEAD OF INCANDESCENT CAN LIGHTS AND MATTERS RELATED THERETO.** President Bahr introduced the item stating they had met with the electrician to discuss the cost of incandescent versus LED lighting over time. Vice Chair Park commented he is disappointed that the D&J Electrical Services change order quote came from Pahrump, NV versus using an Elko area contractor. Chair Legarza did clarify that Bailey Construction does use some local contractors such as Shaw for the plumbing work. Vice Chair Park moved to approve the change order for the Fairway Community Center lighting upgrade to LED can lights. Director Jefferies seconded the motion. Vote was called; motion carried 6-0.

- VI. REVIEW, DISCUSSION AND POSSIBLE ACTION TO APPROVE A COURSE OF ACTION WITH RESPECT TO THE MAINTENANCE OF PROPERTY SURROUNDING THE POSTAL SERVICE CLUSTER BOXES THROUGHOUT SPRING CREEK ASSOCIATION AND MATTERS RELATED THERETO.** President Bahr and Attorney McConnell introduced the history of the item and the relevance of case history in challenging the Postal Service to maintain these areas. We are receiving complaints from homeowners about the condition of these cluster box access or right of way areas. There has been lots of discussion between the County, the Post Office and the Association. Ultimately the Post Office has indicated they will not maintain the right of way and access area around them, only the actual mail boxes themselves. Further discussion ensued about liability issues. Vice Chair Park moved to informally begin the process of repairing and maintaining the cluster postal box areas. Director Jefferies seconded the motion. Vote was called; motion carried 6-0.

- VII. REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF AMENDED POLICY 07-001, BOARD OF DIRECTORS’ AND PRESIDENT’S CODE OF CONDUCT IN REGARD TO ETHICS, DIRECTORS’ AND PRESIDENT’S ACTIVITIES AND ACCESS TO INFORMATION AND MATTERS RELATED THERETO.** President Bahr introduced the history of the revision to the policy. The amendment to Policy 07-001 would be the removal of the reference to “Executive Sessions”. Vice Chair Park moved to accept the amendment language of Policy 07-001 removing the reference to “Executive Sessions”. Director Plaster seconded the motion. Vote was called; motion carried 6-0.

- VIII. REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF PROPOSED POLICY 16-001, CONFLICT OF INTEREST POLICY AND MATTERS RELATED THERETO.** Attorney McConnell introduced the item and stated it had been discussed in May, 2016 and this is the second reading of the proposed policy. She stated she has made a change to the Conflict of Interest Policy 16-001 Content based upon some conversations that have occurred and in referencing the employee handbook. Attorney McConnell changed the language to reflect that exceptions to the policy made be made by the

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SCA President with regard to immediate family member policy when circumstances dictate. Attorney McConnell stated that the rationale behind the change in the policy is the fact that Spring Creek is a small community. She cited the example of a child of a SCA Board or COA member who wants to work at the Golf Course and whether it should be allowed if the child is good candidate or the only candidate. Further discussion and explanation between Board members and Attorney McConnell continued. No public comment was offered. Director Jefferies moved to approve the proposed change to Conflict of Interest Policy 16-001 granting authority to the SCA President to make exceptions to the immediate family member policy. Motion seconded by Vice Chair Park. Vote was called and motion carried 5-0-1 (Director Mahlke abstained).

- IX. REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF A PROPOSAL TO ALLOW STAFF TO MOVE FORWARD WITH THE PLANS TO IMPLEMENT ONLINE VOTING IN FUTURE SCA DIRECTOR ELECTIONS AND MATTERS RELATED THERETO.** President Bahr introduced the item and cited technological changes that necessitate looking at how we transact business. The agenda item is intended to see if the Board would like to move forward with offering the online voting option. She stated that they had looked at what other cities and counties do in terms of elections and voting methods and explained many do allow online balloting in addition to using traditional paper ballots with a third party verifier. Attorney McConnell stated that if online voting is enacted the SCA By-Laws would need revision. Online voting would eliminate the need for an audit firm to certify future elections. SCA would continue to mail ballots and allow the online vote option. President Bahr did acknowledge that the database of email addresses is not as SCA would like it and needs improvement. Public comment was offered by Charlie Ekburg (Tract 200) who talked of his experience with the SCA paper balloting system explaining the process of property owners validating the vote count result with auditing firms and looking for inconsistency in balloting, i.e. people who may have voted multiple times. Chair Legarza explained that the online method of voting manages vote consistency; when online ballots are cast the system prevents the access to be able to vote a second time. Director Mahlke moved to allow SCA staff to move forward with plans to explore and implement an online voting option and future amendment of SCA By-Laws. Director McAnany seconded the motion. The vote was called; the motion carried 6-0.
- X. REVIEW AND DISCUSSION REGARDING POSSIBLE NEXT STEPS FOR THE CURRENT ADMINISTRATION BUILDING AND CURRENT GOLF COURSE CLUB HOUSE BUILDING AND MATTERS RELATED THERETO.** President Bahr introduced the agenda item. The Fairway Community Center is slated to be open for occupancy by end of November/early December. The Board must decide the future of the existing Club House: can it be renovated/ brought up to code, can it be moved, should it be demolished, can it brought up to code and at what expense? Different options were discussed. The Board requested quotes on costs to tear the old Club House down or to renovate and expand it, perhaps adding a pergola or other outdoor entertainment amenity for special event use; i.e. wedding ceremonies and receptions. The SC Fire Dept. would like to use the old clubhouse for trainings prior to demolishing it. The Board discussed the option of renting the Administration Building or selling it as is. Public comment was offered on the appeal Lamoille Grove traditionally has for events such as weddings and that we should seriously consider that option for the space occupied by the old Club House. No action was taken.
- XI. COMMITTEE OF ARCHITECTURE.**
Reports: President Bahr mentioned the two new COA members and discussed reviewing the job description with all the members and the importance of fulfilling the duties of the position. She also briefly discussed the draft of revisions to the COA Rules included in the BOD packet to be approved at the next COA meeting. A question was asked about the total COA July, 2016 revenues being only \$875 and whether it had been changed. Treasurer Preston stated the correction had been made on the Financials to \$4,905.

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XII. **STAFF REPORT:** President Bahr presented an updates on the following topics:

- A. **Fairway Community Center:** electrical, plumbing is being worked on. We'll have a special meeting to assure we meet deadlines and still need to decide on Audio/Visual equipment, security systems, etc.
- B. **Horse Palace:** Design study: We have an agreement with LCA and are meeting with them and all the subcontractors on August 25, 2016 for a walk through of the Horse Palace.
- C. **COA:** We've examined revisions to the COA Rules & Regulations including issues such as door to door solicitations, obnoxious weeds, destruction of SCA fences and damage to roads by contractors. The COA Rules & Regulations should be reviewed annually. SCA staff have implemented new software to facilitate handling the large number of homes we take care of because SCA is the largest association in the country. The old methods we were using no longer make sense; now we can stay on top of properties and homes that have issues/violations with pictures that can be downloaded and incorporated into violation notification letters. September 15th we'll be going out and reviewing properties; a lot of letters will be going out.
- D. **Road Maintenance** chip seal projects have been completed. Now we are reviewing the roads and identifying shoulders and pot holes that need to be fixed before winter, weeds that need to be addressed, golf cart paths that need work, lots of things to attend to before the Hot Plant closes for the winter.
- E. **General Plan:** A community workshop is planned for September to address the survey results. We are putting together a cooperative group and will meet and coordinate with Elko County to come up with a plan on weed management for 2017 including mowing, what chemicals to use for spraying and when to spray for best results.
- F. **Municipalities:** President Bahr has spoken to Hansford Consulting; they are prepared to begin work on the project in three (3) weeks. A lot of background information Hansford requested has been provided by SCA and there is a lot of detail to be reviewed and follow-up questions to be asked by Hansford to be able to develop a timeline for next steps and whatever other things she may like to see.
- G. **Water Committee:** Met with John Ellison and talked to him about legislative changes and our frustrations with water issues here in our area. We developed a document that addresses issues we see with NRS and items that we feel they're getting away with. He forwarded that information and document to his legal counsel in Carson City and will meet with them to discuss and drafting some legislative changes, what that would look like and what's feasible. He'll be getting back with us with what came out of that legal discussion.
- H. **Upcoming Events:** We have the upcoming Trunk or Treat event as well as we'll have to talk about a Grand Opening Plan for the Fairway Community Center soon. Public comment was offered by Charlie Ekburg (Tract 200) who stated the chip seal project was good and asked if there was a plan to pick up the excess. President Bahr indicated that pick up of the excess had already started beginning on Palace Pkwy. and will continue in the major areas before moving into the arterials. He also commented on the water situation and the absence of green lawns and the problem it creates for the community. Director McAnany inquired about the agreement with SCU to drill test wells. Attorney McConnell noted that Spring Creek Utilities had sent a 99-year lease agreement; that the lease term was not at all what the Board of Directors had agreed to. Progress has been nonexistent by SCU to move forward on the drilling of test wells. President Bahr stated that following her Staff Report, a sample budget had been put together for the FCC with Treasurer Preston. They reviewed the entire building and thought through a list of extras that will need to be purchased that is not provided as part of the contract with Bailey Construction. No bids have been solicited but furnishings need to be considered; i.e. chairs/tables or items we can salvage from the existing facilities

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as far as furnishings. Office equipment purchases will be minimal; most of what we already use will move to the new offices. Some additional items will be needed and we need to plan for those purchases based on the November occupancy target.

- XIII. APPROVAL OF MINUTES:** Director Mahlke moved to approve minutes of the July 27, 2016 Board of Directors Regular Meeting as presented. Director McAnany seconded the motion. The vote was called; motion carried 6-0.
- XIV. ACCEPT JULY 2016 SPRING CREEK ASSOCIATION ASSESSMENT AND LEGAL RECEIVABLE REPORT:** Treasurer Preston commented that nothing unusual is noted except that Transfer Fess continue their upward trend during the first half of the year and no doubt the result of low interest rates and a lot of property buying/selling opportunity. No further Public or Board comments were offered. Director Plaster moved to accept the July, 2016 SCA Assessment and Legal receivable reports as presented. Director Jefferies seconded the motion. Vote was called. Motion carried 6-0.
- XV. ACCEPT JULY 2016 FINANCIAL REPORTS:** Treasurer Preston noted the large withdrawal from the Morgan Stanley accounts to pay for the Fairway Community Center Construction draws. No Public or Board comments were offered. Director Plaster moved to accept the July, 2016 Financial Reports as presented. Director Jefferies seconded the motion. Vote was called; motion carried 6-0.
- XVI. MEETING SCHEDULE:** The next Regular Board of Director Meeting is scheduled for Wednesday, September 28, 2016 at 5:30 p.m. at the SCA Offices.
- XVII. BOARD OF DIRECTOR COMMENTS:** Director McAnany inquired about when a Special Meeting of the Board would be held. President Bahr indicated in the next day or two we should know; we are waiting on finalization of the Security quotes. We want to be sure we have everything before scheduling the meeting so we can address all the items that will need approval. Director Jefferies commented on the good job the road crew has done. Director Mahlke commented on the survey results and criticisms and stated we need to take this feedback seriously and fix what we can fix to bolster our reputation.
- XVIII. MEETING ADJOURNED: 8:08 PM**