

**PROCEEDINGS OF THE DILLEY RANCH PROPERTY OWNERS' ASSOCIATION BOARD**

**Board of Directors Meeting + Grazing Committee Only  
Dilley Ranch Grazing Lease  
Wednesday, April 27, 2022  
7:00 p.m.**

THE DILLEY RANCH PROPERTY OWNERS' ASSOCIATION BOARD MET IN REGULAR SESSION VIA CONFERENCE CALL ONLY.

**ROLL CALL/DETERMINE QUORUM**

The meeting was called to order by John Peck, President at 7:00 p.m. Roll call was taken, and the following were present:

John Peck	President
Travis Roundtree	Vice President
David Latham	Treasurer
Tina Jones	Secretary
Janet Freeburg	Member
Denise Swanson	Member

A quorum was established.

Recording: Meeting is being recorded

**AUDIENCE INTRODUCTIONS**

Present in the audience via conference call were:

Grazing Committee Member:  
Dwayne Chambers

John Peck: Discuss the Dilley Ranch grazing and decide who will be awarded the grazing lease for the next several years. I will hand this over to Travis Roundtree and let him fill us in.

Travis Roundtree: Hey everybody, thank you, thanks for meeting and making time out of your day. I wanted to talk to you about what the committee had to go through in coming up with the language. Denise that was a good catch on the language on there, we had some formatting errors. We do have all the language in front of us. Does everyone have a side-by-side comparison in front of them?

Committee: Yes

Denise Swanson: The one that you made up? Yes

Travis Roundtree: Yes

Travis Roundtree: This side-by-side comparison is for you to get an understanding of the dollar amount of what Dilley Ranch is being offered and the plans based on the by-laws and how we are supposed to graze the Dilley Ranch. No atv's, things that are normal in terms of making sure that the lessee complies. The committee came up with language that protects the Dilley residents in the future. Lease for 4 years. Prospective ranchers Rusher and Hedberg. The biggest take away is that we could make \$3450.00 a year which is .50 a head and that is a big deal and Hedberg is offering \$1400.00. On the water plan we had to come up with a lot of considerations with the drought and with the definition by USDA, NRCS and what JD wants to see; including the greater good for the residents in regards to overgrazing. With the water plan we are looking at natural sources; the Dilley ranch has always had some water on it. It has never been completely depleted. We also have stock tanks available; we have never had cattle die on the Dilley. When Hedberg said he would have to bring out his personal equipment. We have to look at their capabilities to manage a 3000-acre ranch. Is anyone else out there doing that in the United States. He is planning to walk with him and his team on residents' property which brings up the indemnity – liability. There have been 30 new purchases that are on the Dilley right now. If you want your team to walk the Dilley, you would have to put a vote out to every single homeowner to obtain permission to come and go on your property to manage the cattle. Hedberg does not have insurance.

Dave Latham: That is not exactly true, I talked to Hedberg today and he is more than willing to get indemnity insurance if we want.

Travis Hedberg: I have spoken with Mr. Hedberg and emailed him asking him for his water plan, insurance and his mechanism for moving cattle. I can only go by what I have. I cannot assume what he is going to do.

Dave Latham: If insurance and indemnity is what we need he said he would provide it.

Travis Roundtree: Do you work for Mr. Hedberg?

Dave Latham: No

Travis Roundtree: You can't say what he will do

Travis Roundtree: I need to get through this proposal, what do you want me to do?

Dave Latham: Continue on and if you can be accurate about it.

Travis Roundtree: Emails that he received from Jordan Hedberg. I shared with the board. John Rusher is using horseback for method of movement and Jordan is going to be dismounted and walking for his method of movement. Rusher has the cdl drivers, commercial trucks, he has the works, troughs, water plan, Jordan will be using electric fence, troughs, and using his personal vehicles. He has 40 head of

cows that require 40 gallons of water per day, based on 20 gallons a day, he has to bring in 98,400 gallons onto the Dilley in a personal truck which has a gross payload of approximately 12,000 lbs. You have to look at the capability. I wanted everyone to look at the plans, dollar amount and have Dewayne Chambers who has a lot of experience and why his is relevant because the cows are 90 percent on his property. He is on the grazing committee and has helped with the wording of the grazing lease. John Peck can I have Mr. Chambers speak?

John Peck: yes, that will be fine.

Travis: Mr. Chambers can you introduce yourself. You have the floor. Dwayne.

Dewayne Chambers: I was talking on mute. Thanks Travis. Sorry I haven't had the opportunity to meet everyone. My wife and I have lived on Carl for a couple of years. Not retired yet, we still work. We have had land in Custer County. I am on the board and on the grazing lease for Eagle Springs. I appreciate the opportunity to join the Grazing Committee. I really don't know any of the players. At looking at it I am a little late to the game. They spend a lot of time on my property, Mr. Rushers cattle are docile and will move on when I show up. They haven't over grazed. In looking at it the comparison to dollars, budgets are tight. Every few thousand dollars helps. The Rusher contract is substantially more than Eagle Springs is getting for the grazing rights. Pretty solid number per by experience. I wasn't part of the conversation with Mr. Hedberg. Understanding where he would put the electric fences and maintaining it. It would require homeowners to sign an authorization so that he could put electric fences and move the cattle on people's property. The Rusher lease is pretty substantial to sign a full-on lease for the HOA and Residents and very tightly spells out the responsibilities, indemnity and the money. A little bit of perspective from a homeowner and a member on the grazing committee.

John Peck: Thank you Dewayne.

Travis Roundtree: I thing both Dewayne and I have stated what we had to say. John, I will give you the floor for questions.

John Peck: I do have a few questions. A couple of the emails from Jordan, his proposal say he has 29 head of cattle. Another email he has 20ish head but he has another 19. Is he going to be subleasing cattle from other ranchers? Is he going to have to put a stock tank on everybody's property for 3 – 15 acres. No atv's or other vehicle are to drive off the road in the Dilley. That would have to be addressed. On John Rushers lease he put into writing in this lease and previously it was a hand shake that when Custer County calls for a severe drought that the lessee reduces their herd by 30% by NSCA and agreed upon by JD. This is in Rusher's lease but not in Jordan's. Revenue, knowing that we have \$72,000 of needed road repair. Over the term of lease \$13,800 from Rusher; Jordan \$5600.00. \$8200.00 over the course of the lease with Rusher, we could do 1-2 projects with that revenue. We defiantly need to be thinking about. Cost of road repairs is going up. Lease or the next board will have to figure out how to raise the dues.

Tina Jones: How many heads does Jordan really have? He has stated different numbers in the verbal presentation as well as emails.

In Hedberg's lease, nowhere in his lease does it say, how long, when he would be dropping them off, and when he would be paying? When would he be picking them up? Indemnity, insurance, we need to protect the board and all homeowners. Would Hedberg be willing to pay more and provide the necessary information that Rusher offers? Why does Hedberg have less cattle than Rusher? I don't believe we are talking apples to apples.

Travis Roundtree: I wanted to answer John and Tina with this statement., I have contact Jordan a few times and via email and things have been promised verbally but not in writing. The committee did their due diligence and this is what I have in black and white.

Dave Latham: Travis so you feel you put the exact same amount of time of work in both leases with Rusher as you did with Hedberg?

Travis Roundtree: We met months ago. We met several times and we emailed you and Alex Wilcox. So, we have given more due diligence because we had to start over and keep going back and forth to get additional wording. We stopped and dropped everything to let Hedberg compete and let his proposal be heard. We had 5 drafts, so to answer your question, yes. We had to double up our efforts in 3 weeks' time.

Dave Latham: At the beginning of this process; we did not open up this process with anyone other than Rusher.

John Peck: Rusher had an option to renew as part of his existing contract.

Dave Latham: I don't feel that we put a lot of effort and time into another option.

Travis Roundtree: there are only so many ranchers in the area to work with. We had an existing contract to renew as long as the board and the lessee were content.

Dave Latham: I read the lease and it was renewal every year once we got past 2000.

John Peck: Per the contract we have to notify Rusher if we are not going to renew by a specific date.

Denise Swanson: I agree that there is no indemnity clause for Hedberg as you do with Rusher. The animal unit states he can have up to 56 animals, Hedberg would have between 40 – 45 to manage according to the contract. I didn't see where the insurance was listed on the Rusher contract that was given. Which is why I asked Travis for the missing documents.

Travis Roundtree: He stated that he has a paper copy that he carries with him. We would need the insurance and he produce this document for other HOA's and this is something that is normal for him.

Denise Swanson: My concern; I agree with the other gentlemen, Dewayne or Dave who was just talking. Rusher was given a lot more time and has all the legal stuff and Hedberg is just starting up and is growing his business. He doesn't have all things that we need that could be added to him. Here is

my one concern. I don't know anything about ranching what concerns me with Rusher 1) a lot of complaints by Dilley owners about the cow, being in the road, just listening and being on the board. There have been a lot of complaints about the cows. Last year the cows got out and it is Rusher's responsibility of Rusher to contain the cows not the residents or grazing committee to contain or gather his cows and put them back on the Dilley. I don't know if he comes out or if he has hired hands. My one question is what is Rusher going to do different this year that he hasn't done in the past based upon the complaints. I don't think that has been addressed, has it?

Travis Roundtree: I asked if there were complaints and there were none. Complaints of cows being in the road is not a complaint. We have a lot of new people moving in that are not aware of how cows roam. There are no claims of damages.

Dave Latham: Rusher has a very bad reputation. Does anyone have anything good to say about Rusher. No one spoke up and said that Rusher was doing a great job and that they loved him.

Travis Roundtree: It is not up for popular vote. We get our defiance from USDA and the assessors office. Otherwise, you are looking for a popular vote.

Denise Swanson: It is not a popular vote. I am saying that every homeowner has a right to speak up. Complaints about cows and cow containment. What is Rusher going to do in how he manages the cattle on the Dilley? Are we going to have the same complaints on how the cattle are managed?

Travis Roundtree: John what are you going to do differently in managing your cattle. He said he would put up \$2000.00 toward fence repairs. More Revenue.

Dewayne Chambers: Has there been some damage in the past?

Travis Roundtree:

Dewayne Chambers: Personal Property Damage?

Travis Roundtree: No personal property damage.

Dewayne Chambers: I can't get into the Dilley without having animals on the road. The cattle tend to stay in the same area. Hedberg will have to move the cattle rotating the fencing as opposed to open graze.

Tina Jones: Denise made a comment about the majority of the homeowners complaining about Rusher. We have over 60 homeowners and not over 60 homeowners attended the call. So, we don't know what all homeowners think of the Rusher and/or cattle grazing.

Dewayne Chambers: It has not been an issue for us.

Denise Swanson: I was told that half the cattle go to filing 1 and 2 and then rotated to filings 3 and 4. Is that correct?

John Peck: No this was changed. They put have the cattle on filing 1 and 2 and put the other half on filings 3 and 4.

Denise Swanson: So, half is on one half and the other is on the other half. Ok

John Peck: A comment you had made previously. A chart that JD has in his office requires 1 cow for each 50 acres. A head is a cow and her calf (who is not eating grass) and/or a bull. Hedberg would have 40 head from what he requested from JD and has 1 year to get up to the required numbers of 56 head.

Denise Swanson: Ok

Travis Roundtree: I want to share with you is basically those animals consume 3-5 percent of their body weight. A calf weighing 100 lbs. would be consuming mom's milk so there is not enough time for them to eat grass.

Dave Latham: You said you talked to Rusher and asked what he would do differently. What did he say that he would do differently?

Travis Roundtree: We had maintained our ag rights. Black and White: He said "I am going to pay you more".

Dave Latham: You asked Rusher because there has been a number of complaints with the drop and go method. And his answer is: I am going to pay you more. That is, I am going to keep doing what I am doing and hope that the money will make you happy. Hedberg less damage and less hassle for a number of properties that seem to be heavily impacted by grazing.

Travis Roundtree: How is he going to do less than zero claims.

Dave Latham: You have a number of homeowners that have expressed dissatisfaction on how the cattle on Dilley have been handled. If Hedberg is willing to fence off 3-5 acres and mange his cattle, why would we not want to change.

Travis Roundtree: We enforce the covenants and by laws.

Dave Latham: We are to enforce the covenants and by laws but also

Travis Roundtree:

Dewayne Chambers: The homeowners that are unhappy. What are the concerns?

Travis Roundtree: Had a complaint of a cow patty in the road and cows in the road. Who said what the concerns are of the 10-20 people? What is actionable?

Dave Latham: I am the one that is talking about this. The issue is that from their perspective the cattle get dumped and stay on 10 properties and Rusher doesn't move them and we never see them. Damage or overgrazing and the other properties don't get anything because Rusher doesn't move them. I have heard the complaints over the last 3 years. I have heard about cows in the road, cow patties, and cows rubbing against fence post. Overgraze and Rusher drops his cattle.

Tina Jones: Of those 10 homeowners, I don't want to know who the homeowners are. What are the specific complaints which filings, what areas?

Dave Latham: Primarily people in 1 and 3 who are complaining. No so much from 2. Mostly people who are near oak creek grade where the water is and that they have them for 2 months and don't move until the grass is gone.

Denise Swanson: These comments were made at the board meeting. All of you heard the comments. You need to address these issues with Rusher.

Tina Jones: It is free range.

Denise Swanson: I know it is free range.

Dewayne Chambers: I don't have an issue but I understand that others do. There are 75 property owners that if all of a sudden, the other 65 are going to have electric fences you will have a lot of complaints of people not liking those plans. Do our best to address it. We are going to have complaints regardless. When you hear of the complaint have a plan to address them. Hey John can you check on these and if they see if they are in the same place week after week, ask John to move them.

Denise Swanson: It hasn't been tried yet.

Travis Roundtree: I ride a horse I ride, and have an atv. Can you imagine doing this unmounted.?

Dave Latham: I don't care if he wants to walk all day long that is his issue.

John Peck: We are going in circles. The only member we haven't heard from is Janet. My idea is let Hedberg try. We are only providing the land for him to do it.

Dewayne Chambers: Owing three parcels here if it just came down to the money. I would have a problem with passing up the revenue and having to raise the dues.

Dave Latham: Go back to Hedberg and tell him what we needed and he would probably work with us to compare apples to apples. If we can go back to Hedberg and we need this and answers to our

questions. If he is willing to do that, it would be beneficial. I don't think we need to do a 4-year lease. We do a 2-year lease to provide to us that he can do it. Then we have a one-year window to fix it.

Denise Swanson: A good suggestion; have a shorter lease.

Dewayne Chambers: I would require his insurance and where he would want to put his electric fence and stock tank on property. Not enough time to get individual signatures from all property owners for Hedberg according to his

John Peck: I feel this is going to be a three- three vote. I have a recommendation.

Vote:

Tina Jones: Rusher

Denise Swanson: Talk to Hedberg and give him a change for a waiver of lease, insurance, indemnity and that his contract is equal to Rushers. I think we should try something different. Hedberg with options

Travis: Rusher

Dave Latham: Hedberg with options

Janet Freeburg: Hedberg with options; 2-year lease

John Peck: Rusher

Vote 3 – 3 votes

Motion: Travis go to Hedberg with Rusher's contract and see if Hedberg would meet the insurance, indemnity, the 30% reduction in head count in case of drought called in Custer County as well as the price. Must be done by the end of the month in order to notify rusher per his contract.

Travis Roundtree: In respect to giving the prospective rancher time we are leaving both ranchers with no time to basically get their livestock in order.

John Peck: I understand. Again, this should have been brought up to the grazing committee since Alex was on it back in January. Alex asked for a copy of grazing lease which he ended up giving to Jordan Hedberg. Jordan wrote off of our existing lease and the board got blindsided 7 days before the meeting. So, Jordan Hedberg has until the end of this month.

Travis Roundtree: I am going to ask you as Vice President that if we come to a tie that you as the President make a decision one way or another to break the tie. We have to maintain our ag rights.



John Peck: TI understand that. That is why I am giving Jordan Hedberg until the end of the month.

Tina Jones: John can Travis go to Hedberg with Rusher's lease and see if Jordan Hedberg would do apples to apples. Homeowner approval, like Dewayne brought up without knowing where and when Jordan would put the electric fence.

John Peck: It is a requirement to have permission from homeowners to go on their property.

Dewayne Chambers: Rusher picks them up from Dewayne's corral and load them in the road. If someone is going to put stock tanks and electric fence, I want to see the plan and insurance. I'm not sure which filing I am on.

Tina Jones: Dewayne to answer your question, you are on Filing 4.

John Peck: Travis to get with Jordan Hedberg and get back with us the end of the month. Jordan would know if he is going to up his price and offer the same things within Rusher's Grazing lease.

Travis Roundtree:

Not a closed bid as it would be in a corporation.

Dewayne Chambers: Seems appropriate for me to ask Hedberg for the items we need such as insurance, indemnity, etc. and have him provide his best and final offer on the dollar.

Tina Jones: As opposed to sharing Rusher's contract with Hedberg.

John Peck: Does everyone agree.

Committee Agreed unanimously.

**Motion was made by John Peck to adjourn the meeting at 8:11 p.m. 2<sup>nd</sup> by Tina Jones. Passed unanimously.**