

YRRLC Annual Landowner Meeting Minutes

July 19, 2014

Board Attendees: Dave Chaudoir, President
Tom Robbins, Chairman of the Board
Renate Nieman, Developer's Director
Jim Kaelberer, Director and Treasurer
Paul Briggs, Director
Marianne Kaelberer, Secretary

Annual Meeting of the Yellowstone River Ranch Landowners Corporation was called to order by Chairman of the Board, Tom Robbins, at 10:04 AM. This year's annual meeting was held at the Columbus MT City Hall on July 19, 2014.

In accordance with the Corporation's By-laws the duties of the Board of Directors are to: 1) Enforce Covenants, 2) Road Maintenance and enhancement, and 3) Control of Noxious weeds in accordance with Stillwater County and the State of Montana requirements. These minutes presented are a summary of what transpired at the annual meeting.

Enforcement of Covenants:

1. Seivers Lawsuit – The Seivers provided plans for the construction of a metal sided accessory building in 2009; the plans were rejected due to the covenant violation. Covenants do not allow metal sided buildings. The Seivers built the metal sided building without Board approval in the 2009-2010 time frame. A number of attempts by the boards and the Seivers failed to come up with a solution and in 2012 a lawsuit was filed against the Seivers. That lawsuit is ongoing and attempts to mediate the issues failed twice, since the Seivers have no intension of correcting the covenant violation, and have failed to pay dues since the lawsuit was filed. Efforts to provide support to the Seivers to initiate the covenant change process was rejected.
2. Schuster Lawsuit – The Schusters have had guests on their property for approximately two and a half years. The Covenants allow guests to stay on a landowner's property for a maximum of 90 days during any 12 month period. Since the Schuster have failed to respond to the board's concern about this violation, the board's only option was to file a lawsuit against the Schusters.
3. Covenant Changes – The covenant change process was discussed and neither of the parties in either law suit attempted to change the covenants. It is not the Board's job to change the covenants when one or more landowners knowingly violates the covenants. The process for covenant change is presented within the covenant document.
In 2011, a committee was formed to update the covenants and by-laws which included Steve Hopsiter, Dwight Day, Don Youngren, Dan O'Neil, Paul Payne and

Dave Chaudoir. The issue of changing the requirements for metal building was discussed and researched. The decision of the committee was the amount of work and documentation necessary to cover all the issues with metal buildings, to protect the quality of the existing resident buildings, was out of the scope of the committee and the covenants would remain as written – no metal sided buildings will be allowed.

4. Lawsuit Costs – To date the cost of both lawsuits from inception is about \$14,000. These costs have diluted the funds available for other requirements, primarily road work.

Road Work:

The Road Committee was interested in a holistic approach: 1) Maintenance, 2) Preventative and safety measures, 3) New projects. The work done was based on needs and did not reflect the status of landowner payment of dues.

The past year's work was highlighted by correcting damage done by the spring rains and runoff. The entrance to the ranch on Winding River Road was nearly washed out due to the inadequate capacity of the culverts. The culvert system's capacity was increased to alleviate the problem in the future. Winding River Road between the Youngrens and the junction with Granite Peak was improved to facilitate an alternate egress in the case of rock slides on Winding River. And finally a culvert was added to channel water on Wild Horse Run near the Collins.

Preventative maintenance performed was limited to grading of some the entrance common roads used by all the Landowners.

Major work was done on a portion of Balfour Loop between the northern junction with Winding River Road and the driveway to the Christman's property. Lack of funds prevented any further work on ranch roads.

It was pointed out that the road committee welcomes input from the landowners and discourages landowners from doing road work on their own. The committee is always looking for volunteers to participate.

Finally, prior to the annual meeting the board found it necessary to raise the annual dues to \$350 per lot per year, payable in two installments, one due July 1, and the other January 1. If the dues are not paid within 30 days of the due date, the landowner is delinquent and subject to further action by the board. Rationale for the increase is primarily due to the increase in road maintenance costs.

Delinquent Dues:

The number of landowners not paying their dues increased this year. Reasons given were basically targeted toward the funds expended on enforcing the covenants. The by-laws authorize the board to lien those landowners behind on dues and take other action as necessary

to recover the funds of the delinquent accounts. A total of 20 liens were issues and as of this meeting only one has brought their account up to date.

It was also pointed out that non-payment of dues hurts all the landowners and limits what the board can do to enhance the community.

Financial Report:

Barbara Walborn, Accountant, explained the Financial Statements as of June 30, 2014. The first page is required by law. The other columns are pretty much self-explanatory. The “Prior Period Adjustment” column is the adjustment due to property sold and the board not notified by the Title Company. Tom asked if they could do anything about the Title Company. Barbara said the best way is to get the cooperation of the new owner, but the Title Company is responsible; that’s what a title company insures.

The board has been working with the local Title Company and some progress has been made.

Proposed Budget:

The Board of Director’s proposed budget was presented and approved unanimously by the members present and in good standing. The budget was based on the increase in dues to \$350 per lot per year. The proposed budget was sent to each landowner with the annual meeting information and can be found on the corporation’s web site. A significant difference from previous years is the amount budgeted for legal and lien activities, \$17,600. This value is an estimate on what may be spend to support the covenant enforcement lawsuits. Hopefully, the lawsuits will be settled and this money can be diverted back to the road fund.

Road maintenance is down from \$54,000 last year to \$38,825 this year. The reduction is due to increased legal fees and the growth in the delinquent dues.

Elections:

Director Vacancies:

The board proposed that vacancies in the Board of Directors shall be filled by appointment of temporary Directors as in the past, but that appointment will serve until that replaced director’s term is met. Vote taken; passed unanimously (78 to 0).

Directors:

1. 3 year term—Director at Large to replace Jim Kaelberer. Tom Robbins was nominated and elected unanimously (78 to 0).
2. 1 year term—Resident Director to replace Tom Robbins. Forrest Landon was nominated and elected unanimously (78 to 0).

3. Developer Director: Renate will continue. There are 227 lots on the Ranch. The Development Director must have 10% of the lots; this would be 23 lots—Renate has 33 lots. The board accepted the data presented.

Architectural Committee:

Activity include two new building starts, Forrest Landon (lots 171 and 174) Residence and Russ Hall (Lot 13) pole barn, both of which have been moving smoothly and will be presented to the board for final approval shortly.

Continuing activity is under review for the Kitchens (Lot 41), Gambles (Lot 53) and the Mathews (Lot 102). Extensions to the building time are being prepared and will be submitted to the board for approval.

Beartooth Electric has advised the board that they will not be trenching in the future to bring electric power to the landowner's property. This will be the responsibility of the landowner and will become a part of the architectural committee check off list and will require board approval prior to the start of any trenching.

Installation of a standard 12 inch culvert at the entrance to the landowner's property spanning the entire driveway has also been added to the requirements checklist.

Insurance companies have developed a standard for metal buildings. The board will investigate the use of this standard as a guide.

Residents' Comments:

A big thank you was proposed for Jim and Marianne Kaelberer for the contributions they have made over the last year as Director and Secretary, respectively. Seconded by all in attendance.

Several letters from landowners were submitted and were requested to be read at the annual meeting. These letters/comments are presented below.

Respectively Submitted

Dave Chaudoir, President YRRLC

