

YRR Board Meeting Summary

February 16, 2013

Introduction:

An open board meeting of the Yellowstone River Ranch Landowners Corporation was called to order by the Chairman of the Board Mr. Harold Riensche at 1:04 PM on February 16, 2013 at the Columbus Baptist Church Fellowship Hall, 55 Centennial Road, Columbus MT. In addition to Mr. Riensche, board members present were Mr. Andy Simpson, Mr. Kim Skelton, and Mr. Matt Catlin. Ms. Renate Neiman Joined the meeting via Skype.

The following are the salient points presented for each agenda item listed below.

Agenda Discussion:

1. Approval of Minutes of October 30, 2012 board of directors meeting. Board vote was unanimous for approval.
2. Board Policies and Procedures. Board discussed methods to set policies for approving the forgiveness of interest on late dues on a case by case basis – no issues have risen this year, Section 4.4 (Function of the Directors) of the by-laws on the release of financial records, and approval of any non-disclosure agreements. Discuss in the next section.
3. Ratification Items:
 - a. Architectural Committee –finalized phone conversation 12-24-2012.Set up of Architectural committee under the leadership of Mr. Riensche. Unanimous approval by board.
 - b. Disapproval of Gamble building plans – phone conversation 12-24-2012. Unanimous approval by board.
 - c. Approval of Gamble ceases and desist letter of 12-27-2012. Unanimous approval by board.
 - d. Approval Gamble building plan letter of 1-29-2013. Unanimous approval by board.
 - e. Confidentiality agreement with Riensches. Mr. Simpson read the agreement signed by the Riensches and Mr. Skelton. Agreement was reviewed and approved by the YRRLC attorney. Approved by four board members, Ms. Neiman disapproved.
 - f. Release of financial records to Riensche's attorney. Financial records were released in accordance with Montana Law and approved by four board members, Ms. Neiman disapproved.
4. Covenant Issues. The following covenant enforcement issues were discussed.

- a. Schuster Issue – Discussion on the new versus old covenant requirements. Mr. Simpson requested that the Schuster's provide an affidavit that the caretakers living in their guest house are not paying rent by March 15th, 2013. Board approval was unanimous.
 - b. Rapp Building (Lot 223) – Certified letter sent by Mr. Simpson and responded to by Mr. Rapp. Board is seeking written approval from Mr. Rapp to demolish the building. Mr. Riensche has volunteered to demolish and burn the building after written approval has been received. Mr. Simpson will request approval and get a response by March 15th, 2013. Unanimous approval by board.
 - c. Seivers settlement letter – The board received a settlement offer from the Seivers attorney dated February 1, 2013. The settlement offer does not adhere to the by-laws and covenants, and was unanimously rejected by the board. A counteroffer will be forwarded to the Seivers that adhere to the requirements of the By-laws and Covenants. Mr. Skelton will develop the counter offer based on the minimum requirements to satisfy the covenants and that offer will be forwarded to the Seivers by March 18th, 2013. Board approval was unanimous.
5. Permanent appointment of Dave Chaudoir into the Secretary position. Board unanimously approved the appointment. Mr. Riensche provided a proposed list of the duties of the secretary. These duties were accepted by Mr. Chaudoir, including working with the president and treasurer, and the board unanimously approved.
6. Outsourcing Bookkeeping.
- a. Review findings of Mr. Skelton and Mr. Simpson as per last meeting. Mr. Simpson and Mr. Skelton will pursue outsourcing the bookkeeping function with local firms and will include billing and collection. Mr. Simpson will forward bookkeeping criteria to the board members and after approval get bids. Board approval was unanimous.
 - b. Discuss the duties of the treasurer. Contingent on the decision on outsourcing the bookkeeping.
 - c. Discuss the practice of forgiving interest and penalties on delinquent landowner's accounts. Board approved four to one (Ms. Neiman disapproved) that the by-laws be followed (Article 8.4) and not to forgive interest and penalties. Only four accounts are delinquent.
 - d. Discuss the need for quarterly financial reports and status of account receivables and payables. Board approved the development of quarterly reports sent to the board members and posting on the YRRLC web site.
7. Bookkeeping Audit/Investigation. Mr. Chaudoir developed a matrix of qualified auditors that had the resources and credentials to audit the books of the YRRLC. The cost of a forensic audit could run as high as \$40,000. The board decided to postpone a decision on moving forward, due to

cost, until the results of the Riensche audit is received and reviewed by the board. Look into doing an analysis internally. The board vote was unanimous.

8. Weed and vegetation control – commercial applicator versus landowner volunteers. Board discussed the option for commercial and volunteer spraying including availability at the right time, cost, liability private applicators license, use of non-restricted chemicals and the approach for requesting No Spray zones. Cleve Schuster volunteered to lead and provide data on the chemicals to be used. Board unanimously approved volunteer spraying, with the option to contact commercial sprayer if it is warranted, for weeds on the ranch.
9. Road Committee. Mr. Catlin reported that the road conditions will be checked via a drive around during the first part of March. Road work will follow the existing five year plan, modified as necessary for existing condition of the roads.
10. New Business. Current financial data was presented. Mr. Skelton will provide to board members.
11. Next Board Meeting. March 23, 2013 at the Columbus Baptist Church fellowship Hall, 55 Centennial Road, Columbus MT.
12. Meeting was adjourned at 2:51 PM.