

YRR Board Meeting Summary

October 30, 2012

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 6:40 PM on October 30, 2012 at the Residence of Mr. and Mrs. Kim Skelton on Winding River Road. 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. Disposition of Minutes of August 28, 2012 board work meeting. Andy Simpson, President of the corporation, requested the minutes be held in abeyance until the new assistant secretary has a chance to summarize the meeting recording. Motion to table minutes until next meeting, seconded by Mr. Matt Catlin. Board vote was unanimous.
2. Appoint Assistant Secretary and determine duties. Renate Neiman nominated Mr. Dave Chaudoir and the nomination was seconded by Andy Simpson. Andy Simpson motioned that Mr. Chaudoir as the assistant secretary, with the position being elevated to Secretary after 30 days and board approval, seconded by Kim Skelton. The board vote was unanimous. Mr. Riensche emphasized that the position was voluntary and that it was a non-voting corporate position. Mr. Chaudoir acknowledged. Andy Simpson motion to review at next meeting if Mr. Chaudoir be Secretary and maintain records, seconded by Kim Skelton. Board vote was unanimous.
3. Road Work. The following points were discussed:
 - a. Work on Winding River Road was not completed due to lack of funds. Work will resume next year.
 - b. Central Excavating has re-graded Winding River Road from Wild Horse Run to main entrance.
 - c. Lorash's reported road damage outside his residence. Harold and Matt looked at the damage and concluded that it may need to be fixed next year.
 - d. The final bill for the road work from Central Excavating has not been received by Kim Skelton, Treasurer. Matt believed the final bill will be about \$25,000.
4. Covenant Issues. The following covenant enforcement issues were discussed.
 - a. Gamble Building and Septic - issue is they are living in 5th wheel RV without appropriate septic system and plans are not to install one until next year. Mr. Andy Simpson will visit and determine what is being done with the RV "black water" by November 1, 2012. Ms. Kristi Skelton, Architectural Committee Chair, is working with them to determine what direction they will take with the building on the property and assure it meets covenant rules. Mr. Simpson will draft a letter detailing his findings. Kim Skelton recommends that the Gambles meet with the board at the next meeting.

- b. Schuster issue— A complaint was brought to the board stating that Mr. and Mrs. Schuster have someone renting their guest house for at least six months which is a violation of the YRRLC Covenants. Mr. Simpson expressed sympathy and would like to work something out with the Schuster's. The issue was tabled until an affidavit was received from Mr. Schuster defining the relationship.
 - c. Seivers Building – Mr. David Seivers has recently constructed a building in direct violation of the YRRLC Covenants, metal exterior versus natural materials. YRRLC has brought suit against the Seivers and the issue is going through the legal process.
5. Outsourcing Bookkeeping. Based on passed issues it has been suggested that an independent bookkeeper, not associated with the YRRLC, be contracted to perform the accounting activities, including billing, collection and deposit of funds, and monthly reconciling the books. Mr. Chaudoir recommended the association get a non-disclosure agreement with whoever is selected and develop a decision matrix on the selection process. The YRRLC treasurer would manage the process, but not partake in the details. Mr. Kim Skelton and Mr. Andy Simpson will resolve the issue, quotes and discuss at next meeting.
6. Member Concerns/Letters Received. Mr. Andy Simpson apologized for not responding to the certified letters received. He vowed to do a better job in the future.
7. Bookkeeping Audit/Investigation. An initial audit conducted by KC Atkinson, accounting firm used by the YRRLC since 2010, uncovered some issues that indicated some unusual changes were made to the books. Discussion concerning the selection of an independent auditor included
 - a. The recent history of the board's activity concerning the selection of an independent auditor was reviewed by Mr. Simpson. Initially the board approved an auditor at the closed August 28, 2012 board meeting, but found that the selected auditor had a relationship with Ms. Laura Riensche. The possibility of a conflict of interest was raised and board members refused to pursue this option based on consultation with the YRRLC attorney.
 - b. Other auditor options were presented by Mr. Simpson and Ms. Niemen, without agreement.
 - c. Long discussion of potential issues and concerns
 - d. Mr. Simpson recommended that Mr. Chaudoir be tasked to present auditor options to the board based on a more detailed analysis approach. Mr. Chaudoir will develop a decision matrix with a number of qualified auditors for the board to consider. The board will develop audit criteria that will be employed during the decision process. Motion was made by Mr. Simpson and seconded by the Board. Board approval was unanimous.
 - e. Mr. Payne asked where the records were kept. Mr. Skelton said they are kept at his house. Discussion on the access was confirmed that they are available for all members, but not to be copied. Comments on Tax Exempt Corporations and the access and coping of information need to be clarified.
8. Purchase a Recording Device. A motion was made to purchase a new digital recorder for the YRRLC to document all board activities. Board approval was unanimous. Mr. Matt Catlin volunteered to purchase the recorder, a Sony device was recommended by Mr. Paul Payne,

along with speech recognition software (Dragon). Mr. Chaudoir will maintain control of this equipment as the Assistant Secretary.

9. Purchase of a Laptop Computer. Mr. Skelton recommended that YRRLC purchase a laptop computer and scanner for ranch business. Up to this point personnel computers have been used for ranch business. Mr. Skelton/Mr. Catlin made a motion to purchase a computer, seconded by Mr. Skelton. Board approval was unanimous. Mr. Catlin volunteered to purchase the laptop and scanner after consultation with Mr. Skelton on the specific details of the purchase. The laptop will be maintained by the Treasurer.
10. New Business. Mr. Harold Riensche renewed the investigation by a group of landowners, that was initially brought up at the annual meeting that a legal opinion was presented that Ms. Nieman is not the Developer of the Yellowstone River Ranch based on the Articles of Incorporation and By-Laws of the YRRLC and should not hold the developers director position. Mr. Riensche made a motion that Ms. Nieman is not the developer and should be removed as a director and replaced immediately. The motion was seconded by Mr. Catlin. Following are discussion points concerning Mr. Riensche's motion.
 - a. Mr. Skelton read a letter concerning the accountability of the 10% of the lots required by the developer to enable appointment of one of the directors.
 - b. The Articles of the Corporation indicates that the developer is Yellowstone River Ranch Inc., later amended to Yellowstone River Estates, Ltd, and is not related to Ms. Neiman's closed corporation of YRR Inc.
 - c. Ms. Nieman said that Yellowstone River Estates Ltd and YRR Inc. are the successor entities of Yellowstone River Ranch Inc.
 - d. Ms. Nieman asked if there was a court action on this Tort. No proof has been provided other than Mr. Riensche's attorney (Cole Law Firm) opinion.
 - e. Mr. Catlin reinforced Mr. Riensche's position.
 - f. Board cannot remove a director according to Article 6.3 of the by-laws. A special meeting of the landowner's is required to remove a director.
 - g. Mr. Simpson requested Ms. Neiman to read Article 6.3, Removal of Directors. A board cannot remove a director according to the by-laws, and any vote is null and void.
 - h. Mr. Robbins expressed his concerns on the rationale by Mr. Riensche's motion based on his attorney's opinion. Resolution should be by court decision.
 - i. Mr. Payne expressed his concerns/opinions.
 - j. Mr. Riensche withdrew his motion. Mr. Riensche will continue to pursue this activity and could be presented at a special meeting of the landowners.
11. Members Comments.
 - a. Ms. Riensche questioned the charging of interest to delinquent account. Mr. Skelton had board approval to reduce interest in cases, on an individual case by case basis, where recovery of funds is concerned.
 - b. Board's agreement with Roberta Moche is available for members review.