

PINE MEADOW RANCH OWNERS ASSOCIATION  
MONTHLY BOARD MEETING  
SNYDERVILLE BASIN RECREATION DISTRICT  
TRAILSIDE PARK CONFERENCE ROOM  
5715 TRAILSIDE DR.  
PARK CITY, UTAH  
OCTOBER 26, 2010

In Attendance: Hutch Foster, Bob Burdette, Dan Heath, Tom Deaver, Alan Powell, Scott Clausen, Suzanne Larson

Excused: Scott Erickson, Bruce Hutchinson, Duane Yamashiro\*, Amy Jackson were excused.

Ex Officio: Jody Robinson, Ranch Manager

Guest: Lot PI-2 Grant Iverson and Don Iverson, Lot 6&7; Bill \*Panelli, Lot E-85.

Hutch Foster called the meeting to order at 6:35 p.m.

### **Approval of Minutes**

MOTION: Bob Burdette moved to APPROVE the minutes of the September 28, 2010. Dan Heath seconded the motion.

Mr. Foster referred to page 13 and the statement that, "He was considerably flocked." He recalled that he actually said, "He was considerably flogged", however he felt it would be appropriate to delete that phrase and end the sentence at "...appreciate the support.

Mr. Foster called for a vote on the motion to approve the minutes as corrected.

VOTE: The motion passed unanimously.

### **Owner/Visitor Open Forum and other owner communications**

#### Bill Benelli Lot E-85

Mr. Benelli stated that a couple of years ago he paid his impact fee and submitted his plans. At that time he was led to believe that some of his money would be refunded when his construction was completed. Mr. Foster clarified that money could be refunded if there was no heavy construction activity during the winter months. Mr. Benelli stated that his construction occurred during the summer of 2008. Mr. Foster stated that he has driven past Mr. Benellis project every day for the last two years and he was comfortable attesting that construction had not occurred during the winter.

Mr. Burdette was unprepared to research Mr. Benelli's refund this evening, however, he would do the research and mail Mr. Benelli a check. Mr. Foster assumed that Mr. Benelli would be eligible to receive \$2,000 of his \$5,000 impact fee.

### **Environmental Control Commission Plan Review**

Dan Heath reported that he had forwarded plans for a garage to Mr. Foster. The garage meets the setbacks and the County had approved the plan. Mr. Heath believed the garage was already under construction. He noted that beginning projects prior to Board approval is a continual problem. Mr. Burdette questioned why plans were submitted to Mr. Heath and not Alan Powell, the area rep.

Mr. Foster asked about fees and square footage. Mr. Powell read the submitted correspondence from the property owner indicating that the owner was prepared to pay the fee once he receives Board approval. The owner further stated that he had crossed out regulation #14 because he did not believe it pertained to a garage addition and it was not part of the CC&R's he received when he purchased the property. He had no intention of renting to anyone for any period of time, but he never knows what the future may bring. The correspondence further stated that the roofing would be evergreen metal to match the existing residence. The east and west sides would have wood siding to match the existing residence and the other two sides would be metal. The color of the garage on all four sides would be brown to match the residence.

Mr. Foster believed that metal on two sides of the garage violated the guidelines. The guidelines allow some alternative materials but not 50%. Mr. Burdette agreed. They could accept metal if it was used as an accent material. Mr. Foster remarked that color matching did not meet the guidelines that were approved. He did not think the Board could give blanket approval with 50% corrugated metal siding. The garage needed to fit within the guidelines and the owner must pay the impact fee.

Mr. Powell stated that he would contact the owner this week to let him know what needs to be done. Mr. Foster noted that there would be a short Board meeting following the annual meeting in November and the Board could review the plans again at that time.

### **Ranch Manager's Report**

#### Equipment Status

Jody Robinson reported that the grader is in fairly good shape. The snow plow for the truck needs attention and he planned to work on it the next day. The sander is in good condition. The chains for the truck are worn down and he may need to purchase another set this winter.

### Projects Completed or in Progress

Jody stated that he laid gravel on Hillcrest and on the steep hills going up Oil Well. He also graveled lower Forest Meadow. He had cleaned culverts around the Ranch, as well as the culvert on Modoc where they graveled this year. Jody anticipated a lot of snow removal this winter.

### Projects Anticipated

Weather permitting, Jody would like to fix the asphalt above Oil Well Road up the main canyon where it is washed out. If not, that would be a project for next spring.

Mr. Foster asked if Jody had started stockpiling the sand. Jody answered no, but he would have it ready before the snow. He anticipated needing 6 to 8 loads. Mr. Foster recalled that Jody had used the leftover sand during the summer and suggested overstocking for summer use. Mr. Burdette noted that some people think the overstock is for their personal use. Jody agreed, which is one reason why he waits until the last minute to stockpile the sand for winter use.

Mr. Foster asked Jody if he would put up the winter driving sign and remove the "no fire sign". Jody replied that he planned to switch the signs on Thursday and take down the no hunting sign and no fire signs. Mr. Foster reported that it was a short hunt this year. Jody had done hunt security at the bottom over the weekend.

Ms. Larsen commented on a pile of chopped up wood and brush in the road on Windy Ridge. Jody stated that he was trying to get the wood chipper for one more day. He was unaware of the pile Ms. Larsen mentioned and he would ask them to look at removing that pile.

Jody reported that he had obtained a price for a radiator on the roller. It is not an immediate repair, but the radiator has been bad all summer. The cost to replace the radiator is \$2548.00. Mr. Clausen asked if J-Mac could repair it. Jody stated that he had already asked them for an estimate. Since it is not an immediate need, Jody would continue to look for a better price.

### **Old Business**

#### Road Name discussion for Hi Dri Circle

Mr. Foster stated that after the last meeting he asked Carol to send a letter to the owners on Hi Dri Circle requesting their input on changing the spelling of the road. He

noted that the road was named by the Iverson family who owned lots there for over 30 years. When the Ranch was platted the road was not named. Therefore, it does not have an actual platted name. Mr. Foster reported that the Assessor's Office uses Hi Dri, with the H-i, D-r-i spelling. Mr. Foster clarified that the reason for sending letters to the owners was to see if there was consensus among the seven properties for changing the name. He received three responses out of seven lots. The Iverson's have two of the three lots that responded and Sandra Diehl was the third lot. The responses were emotional on opposite sides of the question. Mr. Burdette asked if the petitioner was the only person who responded in favor of the change. Mr. Foster answered yes. The other two preferred that it not be changed. Mr. Burdette assumed that the four who did not respond did not have an opinion.

Mr. Foster clarified that the name Hi Dri Circle would not be a change because that name does not exist on record. Currently, there is no platted name for the road and the question is whether they should create a platted name. The change would be from a commonly understood name to a platted name. Another question is whether or not to change the spelling of Hi Dri. Mr. Foster explained that the Iverson's wished to keep the Hi Dri spelling and the opposing property owner wanted the spelling changed to High Dry.

Mr. Clausen asked Mr. Foster to refresh their memory as to why the petitioner wanted to change the spelling. Mr. Foster understood that she had trouble with a mortgage insurance company and the post office. Rather than having to continually explain the alternative spelling, she requested that the name be changed to use conventional spelling.

Mr. Heath noted that Lisa Peck owned two of the lots that had not responded. He contacted her by phone during the meeting so Mr. Foster could ask her opinion. After the phone conversation, Mr. Foster reported that Lisa was comfortable leaving the spelling Hi Dri. He pointed out that now five of seven lots preferred to leave the name Hi Dri.

Mr. Burdette echoed a previous comment that the Board should do nothing and leave everything as it currently stands with the County. Mr. Foster asked if they should order a sign with the traditional spelling. Mr. Clausen thought they should continue with the process of platting the road to make it official. Mr. Powell agreed. He also favored keeping the name Hi Dri Circle.

MOTION: A motion was made to register the name Hi Dri Circle with the County GIS and register it on the plat as H-i, space, D-r-i, Circle. Alan Powell seconded the motion.

VOTE: The motion passed unanimously.

Mr. Foster asked Carol to draft a letter to the Summit County Records office requesting that Hi Dri Circle be amended to the plat.

Dan Heath recognized that it was too late to change his vote, but he wanted it on record that after thinking about it, he would have preferred to abstain since he had made the phone call to Lisa.

A suggestion was made to send another letter to the seven property owners informing them that the Board had voted to confirm the new platted name as Hi Dri Circle. Mr. Foster agreed and asked Carol to send that letter.

#### Annual Meeting Plans

Mr. Foster confirmed that the annual meeting would be held on December 15<sup>th</sup> at the Sons of the Pioneers building in Salt Lake. Ms. Larsen replied that she had reserved the building for that night. The meeting would begin at 6:30 p.m. Mr. Foster would post the annual meeting online.

Mr. Foster reviewed the agenda for the annual meeting. Mr. Burdette asked if there would be a snow plow presentation. Mr. Foster stated that he sent requests to the snow plowers pointing out that the agreements have been changed and that agreements must be signed before plowing can occur. Mr. Burdette suggested a 60 second speech by each candidate running for office. Mr. Foster noted that response was slow and no one had formally submitted their name. The deadline was Monday, November 8<sup>th</sup>.

Mr. Foster asked the Board members to review the minutes from the last annual meeting to find topics they should discuss. Mr. Burdette thought they should talk about the new equipment that was acquired this year. They should also talk about the projects Jody was able to accomplish with the new roller. Mr. Powell offered to give a brief report on the fuel reduction work and to solicit more hours from the property owners. Mr. Burdette would do a budget presentation.

Ms. Larsen asked for an update on the SSD. Mr. Foster replied that Ted Barnes is working on it with the County and he feels very positive. He could provide an update at the annual meeting if something significant occurs before then. Mr. Foster noted that the Board had approved a \$2500 budget for legal fees towards the SSD and he has asked Mr. Barnes to let him know when they approach that amount. Mr. Burdette thought they may have used half of that budget.

Mr. Foster mentioned a dues increase and commented on the projects they could accomplish with additional funds. He noted that the Ranch dues are a third of what

owners pay at Timberlake.

### **Short Term Rentals**

Mr. Burdette stated that if the Board could consider a reasonable basis to restrict short-term rentals on the Mountain, he would suggest that they proceed with that restriction. He did not favor the element that short term rentals brings to the Mountain, but at this point he could not find where the Board has the right to make that restriction. It is not in the CC&R's and if they asked every property owner for their opinion, there would not be agreement. The people who would disagree with the restriction are the ones who rent their places on a nightly basis. He was not comfortable supporting a restriction that the Board did not have the legal right to enforce. Mr. Burdette pointed out that they could still enforce violation of the rules such as trespassing, parking on the road, etc. Without a legal basis, he would vote no on restricting short term rentals.

Mr. Foster stated that Ted Barnes, the Ranch Attorney who created the founding documents of the current Owners Association, has stated that it was legally appropriate to make the rule restriction in 2006. Mr. Barnes has indicated that the restriction is defensible and enforceable, but he has no opinion on how to enforce it. Based on advise from the attorney that the restriction is legal, the discussion should focus on whether the Board believes it is the right thing to do and not whether it is legally justifiable.

Mr. Foster commented on a case where Paul Peters disputed that the Owners Association did not have the authority to create rules, regulations and fees. Mr. Peters lost that case in two courts and it was thrown out of the Supreme Court. Because of that case, Mr. Barnes is thoroughly convinced that the restriction is defensible and that the Owners Association has that authority.

Mr. Deaver felt people could argue that allowing a family member to use their cabin for the weekend is paramount to a short-term rental. Mr. Burdette clarified that the State of Utah defines short-term rentals as any rental for a period of 30 days or less. Ms. Larsen pointed out that in order to be considered a rental, money would have to change hands. Mr. Foster stated that the Board should not base its decision on whether or not they have the ability to see money changing hands, because there would be evidence and paper trails indicating a money exchange.

Ms. Larsen asked if the Board could restrict who people rent to. As an example, renting to a family could be allowed, but not 20 or 30 people as has been done on Arapaho. She believed that the problems occur when there is a large crowd of people and there is no way to enforce any control. Mr. Foster pointed out that there are dozens of rental cabins around the Ranch but they continue to focus on the one or two who have

caused problems in the past. It is difficult to decipher whether the frustration is with short-term rentals in general or with an owner.

Mr. Powell stated that short term rentals brings to mind the same issue he had with a previous discussion about refunding a portion of the impact fee and how violations could be defined. He understood from the comments that the Board members were not opposed to allowing short-term rentals. The problem was how to adequately address the issue of renters who disrupt the lifestyle that people enjoy on the Mountain. He preferred to look at the issue in terms of enforcement. If a cabin has more than three complaints registered against the Board for noise or other violations, the Board could fine the property owner a \$100. He believed that would help address the issues related to short-term rentals. If people log complaints, they would be required to provide the lot number, the house, photos if possible, and a short explanation with their signature and date. Mr. Powell personally believed that allowing a number of short-term rentals was not a bad idea.

Ms. Larsen clarified that she was not opposed to short-term rentals. Her issue is that typically the renters are not informed of the rules by the owner and the owner is not present to enforce the rules and/or control the renters. Mr. Powell felt Ms. Larsen's concern supported his idea to fine the cabin owners for the specific actions of their tenants.

Mr. Foster received a text from Amy Jackson, stating that she was unable to get up Parley's Canyon. Regarding the issue of short-term rentals, Ms. Jackson text her opinion that if the Board was to start assessing \$250 fines, which is the rule, people would not file a lawsuit against it.

Mr. Burdette summarized that under the current rule, if the Board believes an owner is renting his property as a short term rental, the Board would send him a letter of non-compliance. If they continue to rent their property, the Board sends the owner a bill for \$250 per night for each night identified as short term renters. If the owner refuses to pay the bill, it would be sent to collections. If it is still not paid, the next step is to place a lien on the property. If the owner still does not pay, but continues to rent on a short-term basis, the Board would go through the same process. Mr. Burdette understood that if the owner does not pay his fine and continues with short-term renting, the Board would force the sale of his property. Mr. Foster remarked that this was the path they would follow if they chose to enforce the existing rule from 2006. The ultimate legal path is to reach the point of battling in court whether or not they could foreclose on a property right. Mr. Clausen noted that they would turn over the account to collections and let them battle the foreclosure.

Mr. Heath stated that he totally disagreed on the basis that the covenants are binding.

When someone purchases a property they are advised to read the covenants. In this case, the covenants do not give the Board the right to make that restriction. He noted that Pine Meadow Ranch has a history of short-term rentals, which makes the first statement of the 2006 rule totally false. He believed an opposing attorney could argue that if the Board has that right, it was never recorded and buyers were not made aware of that restriction in the property search. Mr. Heath stated that as a realtor, he was walking a fine line on this matter. If he does not inform a buyer of everything that might affect their property value, he is personally liable and could be sued.

Mr. Clausen noted that Mr. Heath has presented this same argument several times, however, their attorney has advised them that it is within their legal rights. Mr. Heath pointed out that the building requirements is the only document that addresses property use, and short-term rental has nothing to do with building.

Mr. Foster stated that regardless of whether or not the Board believes the rule is right and enforceable and whether or not they should pursue it, he believed the construction agreement was a strange place to put that clause four years ago.

Mr. Heath emphasized that renting short term was not the issue. The issue was whether or not the Board could tie a building permit to property use as determined by the Board. Ms. Larsen stated that short term rental is a use that the Board would not approve if the owner does not make sure their renters abide by the rules. She wanted to know where that clause should be if not in the building permit. Mr. Heath remarked that buyers are guaranteed certain rights when they purchase a property. It is in writing, they must agree to it, and it runs with the land. Mr. Heath stated that as a realtor he sees things from a different viewpoint. He believed the Board was only asking for legal trouble if they try to tell people what they can do with their property. Mr. Heath felt the Board had the right intention four years ago, but they made a bad decision. If people voluntarily agree to give up their right to short-term rentals, he would support it a 100%.

Mr. Foster suggested that Mr. Heath was making two separate arguments. The first issue was whether or not they should have a short-term rental rule, and if they do, how prepared they were to follow it through to the end. The second issue was whether or not the Board should be requiring people to sign away their rental rights in the construction agreement, in addition to having the rule against short-term rentals.

Mr. Clausen thought they should discuss the first issue because that decision would determine the second issue. Ms. Larsen asked if the rule in 2006 was legally recorded into the CC&R's. Mr. Foster replied that it could not be included in the CC&R's because each section of the Ranch bought on to the CC&R's separately. In order to create a new CC&R, it would require different sections of the Ranch to adopt a universal

document, which would take universal agreement. Mr. Foster believed the clause was adopted into the rules and regulations, but it was never recorded with the County as part of the rules and regulations. Mr. Burdette asked if current buyers on the Ranch would be subject to the rule but current owners would not. Mr. Foster recalled that when Mr. Barnes wrote the rule four years ago he told them that it would apply to all owners. Mr. Foster pointed out that this rule is the only one they struggle with that is not actually named in the covenants, and that is the root of the problem. He noted that the covenants do say that the Owners Association has the authority to set architectural standards. Because the covenants give that authority, they set standards. Unfortunately, the covenants do not give the Owners Association the authority to determine what someone can or cannot do in the cabin they build on their land.

Ms. Larsen understood that when the covenants were written it specified recreational property. Mr. Heath and Mr. Foster replied that recreational property was never specified. Ms. Larsen pointed out that when the covenants were written no one lived on the Ranch. She believed that short-term rentals were not addressed in the original covenants because it was never envisioned as a residential community.

Mr. Burdette pointed out that the CC&R's prohibit commercial use, however commercial use is going on all over the Ranch. Mr. Foster noted that Amy Jackson also mentioned that in her text. Mr. Burdette stated that in the history of the Ranch they have ignored that part of the CC&R's.

Mr. Clausen remarked that the Board was beginning to rehash their comments and he suggested that they find a way to move forward to resolve the issue. Mr. Heath stated that the way to resolve the issue is to deal with the problem in an enforceable way.

Mr. Burdette believed that many members at the annual meeting would be expecting the Board to take a hardline stance against short-term rentals. He thought the Board should be in a position to explain what stance they are taking. Mr. Foster agreed, but felt it was important for the Board to be united on their stance.

Mr. Deaver preferred an enforceable rule to restrict short-term rental. Unfortunately, at this point it appears to be problematic or impossible to have a rule that is enforceable. Mr. Heath remarked that they already have a rule that is enforceable. Mr. Foster stated that the Board could choose to follow the rule written in 2006 and enforce it by assessing fines with the expectation that they would collect the fees. The other choice would be to let the court decide whether or not the rule is valid. Mr. Foster emphasized that the Board members needed to be involved in whatever decision they made. He would not take this one on himself.

Mr. Deaver wanted to know if the Board members would be protected if they choose the

legal path. Mr. Foster replied that he has asked Carol and Ted Barnes to research the insurance policy to see how it protects the Board members from financial impacts.

Mr. Clausen asked if it was possible to modify the existing rule to allow an owner to do short-term rentals until it becomes a problem and the rules are violated. Mr. Burdette felt that approach would appear arbitrary and that the Board was targeting some properties and not others.

After further discussion, Mr. Deaver suggested that the Board prepare a presentation for the annual meeting explaining that the CC&R's address behavior and the fact that property owners are responsible for actions that occur on their property. They should inform the owners that inappropriate activity and violations of the rules and regulations will now be seriously enforced. Mr. Clausen felt it was important for someone to follow through on enforcement or it will not be done. He suggested that the Ranch manager is the best person since he is on the Ranch full-time.

In the interest of time, Mr. Foster ended the discussion this evening and requested that someone formulate the direction and expectations. He felt it was apparent that they would not be making a major decision before the annual meeting. Mr. Powell volunteered to formulate some ideas to present to the owners at the annual meeting. Mr. Burdette suggested that Ted Barnes attend the annual meeting, since he believes they have a legal basis to promulgate and enforce the rule. Mr. Heath was concerned that Mr. Barnes would advocate something that would involve potential litigation.

Mr. Burdette proposed that during the annual meeting the Board inform the owners that when an activity is identified that is contrary to the rules and regulations and the CC&R's, that behavior would be enforced. Parking violations would be enforced by the Owners Association. If there is significant noise from a neighbor after 10:00 p.m., the Board suggests that they call the police because it is a civil issue that Summit County would address. Mr. Foster clarified that Mr. Burdette was proposing to enforce the CC&R's but not the rules and regulations. He pointed out that currently in the rules and regulations there is a rule against short term rentals. Mr. Burdette replied that they should address all the problems that are being created.

**MOTION:** Dan Heath made a motion for the Board to strike the rule about short-term rentals because it is the beginning of a slippery slope, that the Board enforce and create a directive that would be given to every property owner, and use the powers that the Covenants gives the Board and they can stand on if it ever goes to court.

The suggestion was made to tell the property owners at the annual meeting that the Board would be voting on the short-term rental issue at their December meeting and they should contact their area reps with opinions and comments. Mr. Foster thought

they should let the owners know what the Board is considering and go into the annual meeting trying to defend both sides of the problem.

Mr. Foster summarized that the motion was to overturn the 2006 approval and that the Board aggressively enforce the rules and the CC&R's, and re-assert themselves towards enforcement of problematic behavior that inspired the rule in 2006. Mr. Foster reiterated the suggestion for an escalating scale of fines for repeating similar offenses.

Mr. Powell was not opposed to eliminating the rule, but he thought the Board should have time to re-look at the rule before voting to eliminate it.

The motion was tabled for further consideration.

### **Monthly Budget Review**

Bob Burdette reviewed the unpaid bills. Mr. Foster referred to the rental of the propane tank and suggested that they ask Carol to contact Suburban Propane for the price to purchase the propane tank. He also asked that Carol contact Hone Propane for a purchase price if they were to pump the old tank into a new one. Mr. Burdette noted that it was a 500 gallon tank.

Mr. Burdette noted that the difference in Jody's payroll was reimbursement for health insurance. In addition, they also paid payroll taxes. The total bills totaled \$11,749.

MOTION: Bob Burdette made a motion to pay all the bills as outlined in the detail. Dan Heath seconded the motion.

VOTE: The motion passed unanimously.

### **Bonus and Salary Increase**

Mr. Burdette requested that the Board discuss a year-end bonus for Jody Robinson. Jody was given a \$500 bonus last year. He remarked that Jody has been instrumental in the success on the Ranch this year. In addition to doing the typical work of the Ranch Manager, he has observed Jody accomplish projects that they never could have done with Jim Wilson as the Ranch Manager. Mr. Burdette suggested a \$1,000 bonus, noting that they did have the resource for that amount. He outlined the expenses through the end of the year and the money available to meet those expenses.

Mr. Deaver favored an increased bonus for Jody if it was financially feasible. He was also prepared to suggest a wage increase for Jody. Dan recalled that years ago the Board discussed bonuses versus increased pay. One netted Jody more money but he

could not recall which one. Mr. Clausen noted that bonuses are taxed at a higher rate, but it evens out when you file a tax return.

MOTION: Bob Burdette made a motion to give Jody a \$1,000 bonus this year. Sue Larsen seconded the motion.

VOTE: The motion passed 6-1. .

Mr. Deaver clarified that he was not opposed to the bonus and thought it should be larger.

Mr. Burdette noted that Jody is currently making \$50,000 per year and that salary has been consistent for the last two years. Jody was originally hired at \$45,000 per year. After the first year it was increased to \$50,000. When his probation period ended, his performance met their expectation and his salary was increased to what Jody had requested when he was hired. Last year the health insurance increased and the Owners Association absorbed that increase and also extended dental coverage to Jody. Mr. Burdette remarked that Jody's compensation now looks more like a full benefits package. He pointed out that the Owners Association does not offer a 401K plan. There is a rather loose sick leave and vacation policy because when Jody is not needed on the Ranch, he is usually there anyway working on equipment. Mr. Foster agreed that the vacation policy is loose. He noted that Jody takes informal vacation time without a formal arrangement. Jody usually takes a four or five day vacation in the Spring with his family.

Mr. Deaver was not opposed to a bonus or a salary increase to show their appreciation for Jody's contribution to the Ranch. However, he was concerned about setting a precedent that would lock them into something they may not be able to afford in the future. Mr. Burdette believed the salary issue would set precedence because during a hard economic time they would not expect Jody to accept a salary reduction.

Mr. Heath preferred to give Jody a larger bonus this year and not increase his salary. Jody is worth more than the bonus they were awarding and he did not believe \$1,000 was enough for what he does. Mr. Foster remarked that bonuses are exciting because you get them when times are good. For that reason, Jody would appreciate a salary increase that he can count on when times are bad. Mr. Foster remarked that a higher salary has more value to someone trying to raise three children and for that reason he favored a modest salary increase. Mr. Foster also suggested that they formalize vacation time in quantity, not in process. He noted that currently Jody asks for 8 to 10 days a year and he thought it would be nice if Jody could comfortably ask for 15 days without concern. Mr. Foster proposed the idea matching a small amount of 401K funds. Mr. Burdette pointed out that Pine Meadow does not have a 401K plan and it would be

an added expense to administer one. Mr. Burdette stated that an IRA accomplishes the same purpose of a 401K without the administrative cost. They could propose that Jody put money into an IRA account and the Owner Association could contribute to it in some way through his bonus. The suggestion was made for Jody to set up an IRA and the Association would match it to a certain level each month. Mr. Burdette explained that an IRA is different from a 401K in that any money the Association would contribute would be considered compensation to Jody and taxable.

Mr. Burdette clarified that the Association could contribute to a Simple IRA and not have the money taxable to Jody. Mr. Foster requested that Mr. Burdette look into all the options for discussion at the next meeting.

Ms. Larsen felt the Board needed to make a decision this evening on a salary increase. Mr. Burdette stated that in addition to the \$1,000 bonus previously approved, he proposed a 2-1/2% increase in pay, as recognition of additional value that Jody brings to the Ranch. He noted that a 2-1/2% increase would be approximately \$1250 per year. Mr. Powell preferred a 5% increase with 15 vacation days. Mr. Burdette was not opposed to 5% or \$2500 per year.

MOTION: Mr. Powell made a motion to increase the salary for Jody Robinson by 5% or \$2500 per year with 15 vacation days. The motion was seconded.

Mr. Deaver stated that if the Board votes to approve a \$2500 increase, he proposed that they also look at paying the increased insurance cost and increase the bonus from \$1,000 to \$1500. Mr. Burdette remarked that the Association has been paying an 80/20 split with Jody on his insurance. Therefore, they pay 80% of any insurance increase.

Mr. Foster summarized that the motion was to approve a \$2500 salary increase for a year and to specify 15 vacation days.

VOTE: The motion passed unanimously.

Mr. Burdette requested that Carol hold the check to Suburban Propane until she listens to the entire recording for this meeting in order to work out negotiations for purchasing the tank.

The meeting of the Pine Meadow Ranch Owners Association adjourned at 9:05 p.m.

---