

Deer Creek Landowners, Inc. Spring General Meeting

May 14, 2016

A. The meeting was called to order at 11:00 AM by President, Tys Sniffen. Tys distributed a document titled, "Policies-Definitions-Standard Operating Procedures" (Attachment #1) that would become effective with the election of the new Board, if he were elected President. A Spring 2016 Landowner Voting Eligibility (based on Member in Good Standing JMA provisions) spreadsheet had been prepared and voting ballots were distributed as eligible Landowners signed into the meeting at the door. A Proxy Voting Eligibility spreadsheet was used to distribute eligible ballots to Proxy assignees. A quorum (30% of 77 DCLI Landowners = 23) was determined to be present with 27 Landowners Checked In either in person or by proxy.

B. Landowners present at the meeting introduced themselves and their land location throughout the room.

C. Road Manager's Report by Tom Bird:

1. Since no road projects were defined as of the 2015 Fall General Meeting, a line item plan of projects was established to get through the winter. Rain held up some work, but projects continued as possible.
2. Most work was repair and rock to keep roads open and safe.
3. We established a \$26K budget and spent about \$20K, so we still have some budgeted funds left.
4. (See Attachment 2 for a list of projects from Bird)
5. Roads are not draining water enough to keep damage to a minimum. We sloped and domed the road in some places to alleviate this problem.
6. Cal Fire sent a letter to DCLI stating that DCLI roads needed to be widened to accommodate emergency vehicles.
7. Jacks Road projects were described. Two transfers were donated.
8. Several comments were made on the work done on Jacks Road.
9. Landowner comment: Who is maintaining Little Buck ? Tom: We cleared one slide, but couldn't get rock to where it was needed because of the mud.
10. Arden: Comments on Road sloping; Landowner: More comments on Jack's Road tree cutting. Tom said tree cutting was done to accommodate Cal Fire specifications.
11. The Road Manager's Report was accepted.

D. Treasurer's Report by John Miller:

1. John distributed a May 1, 2015 to April 30, 2016 Statement of Financial Position (see Attachment #3).
 - a. We started the year with about \$13K in the bank.
 - b. About \$37K in Road Dues was received.
 - c. Since last November Tom spent about \$18K. Prior to Nov'15 Greg spent about \$10K.
 - d. Expenses totaled about \$30K.
 - e. April 30 bank balance was about \$20K
 - f. Currently we have about \$18K available including the \$5K reserve.
2. Bottom of report shows amount spent for each section.
3. Budget was revised from \$50K to \$26K
4. There is a little imbalance in billings due to the JMA amendment where Non-Residents were billed significantly more, and Tys adjusted the FY2015/16 billings because of the JMA amendment initiative. Although only 23 votes were cast in the JMA initiative and most voters were Non-Residents, the amendment passed. This caused the billing recalculation. I think there are problems with Tys' recalculation that need to be worked out before the next billing.
5. Tys: With \$18K in the bank including the \$5K reserve, about \$13K was not spent due to muddy conditions on the road. Tom: Last year's incomplete projects will be included in the FY2016/17 line item budget. Fitch: We won't collect as much next year because of the Non-Resident credits issued. John: Residents will have to pay more to make up for the reduced funds received from Non-Residents to fund the budgeted projects.
6. The Treasurer's Report was accepted.

E. Secretary's Report by Ron Chandik: Administrative projects worked on.

1. JMA change implementation and tracking of votes.
2. Working out discrepancies between prior Board's policies and procedures and the current Boards action plans.
3. Discussions on Directors and Officers insurance and missing Landowners Liability insurance.
4. Resolution of legal bill issued for \$2,500 to get a legal opinion on the validity of the DCLI JMA initiated by the prior Board.

5. Discussed Policy issue regarding the acceptable definition of Member in Good Standing and what constitutes a realistic Payment Plan.
6. Initiated Master Lists to encourage the use of standard data elements throughout the Board's administrative activities.
7. Solidified Contact with Title Companies regarding standardized requests for Title search information on balances due to DCLI and identification of new landowners.
8. Paid for a search of Santa Cruz Records Office files for the current status of outstanding DCLI liens and releases.
9. Discussed and formulated DCLI Lien and Release policy.
10. Engaged in discussions regarding the transparency of DCLI Landowner contact information and payment status. There was a similar discussion for 845 Landowners.
11. Initiated procedures to define and identify DCLI Landowners entitled to vote in DCLI elections.
12. Agreed to procedures to be followed to establish valid Proxies for DCLI elections including e-mail initiation.
13. Meetings are long and tedious with many conflicting interests, and recording and transcribing meeting Minutes is very time consuming and frustrating.
14. The Secretary's Report was accepted.

F. Line Item Budget for FY2016/17 to define what work will be done on the road system (See Attachment 4).

1. \$6,000: Grading and ditching
2. Jack's Road culverts and speed bumps
3. Little Buck: DCLI is responsible to maintain up to Mary's Gulch; landowners want to donate rock; proposes coordinated project including culvert.
4. Ramble culvert
5. Deer Creek Road, paint ball area: reconstitute the road and get in drained properly; maybe include a culvert.
6. \$24,000: Rock in various section at \$800 /transfer
7. Spread and roll rock
8. \$15,000: Asphalt repair: Heavy vehicles and water trucks are tearing it up.

9. \$60,000: Estimate to repair & seal asphalt from Yellow gate into DCLI (i.e. not counting front of road to Bear Creek); Tom has asked for a re-quote doing oil and screening instead of asphalt.

10. \$50,000: Total Amount for all projects. With about \$20K currently in the bank, the net budget would be about \$30K to be allocated to all DCLI Landowners for FY2016/17. Revised to \$23K if we hold the \$5K reserve or \$35K if we add the reserve to the proposed \$30K. Tys: After reviewing the current bank balance, it looks like \$50K -12K (current balance) + 5K Reserve = \$43K.

11. Jay: Rather than remove projects from Tom's list, we should prioritize projects and let the Road Manager proceed with all projects as long as funds are available. We need to decide how much (like \$40K max) we are willing to pay.

12. John: Roads have not been graded in many years. Can we agree that smoothing the road by grading and rocking is a priority ?

13. Tys: There is a motion on the floor to delete the paint ball culvert. Fitch: \$2K is not worth quibbling about; \$20K, yes, but this small amount is not worth addressing.

14. Discussion: Mac: It looks like the current \$40K budget is substantially more than we have previously paid. I am O.K. with this, but if others are not O.K. with it, we need to look at reducing the budget. Dave: How much do we normally collect ? Tys: Normally about 70% of the amounts billed. Simon: We can't look at last year's collection as being typical because Non-Residents were billed more and Non-Residents have been paying more reliably than Residents. Tys: Typical budgets have been about \$30K-\$35K. A budget of \$35K-\$40K causes a historical bill to creep up. Mac: Considering last year's increase and this year's increase, Landowner bills could be substantially more than expected.

15. Tys: Given a budget amount, this spreadsheet will allocate and show Landowner bills including any FY2015/16 credits. Arden: Use \$40K. Jay: Show us how YOUR last year's bill compares to the proposed \$40K. Tys: Because of a small credit, my bill would be lower than last year. Fitch: What would mine be ? Typically it is about \$500. Tys: Fitch next year's bill would be \$836. Dave: What would mine be ? Tys: McGuire is \$468. Tys: This is the FY2016/17 bill excluding Prior Year Balances Due, but including FY2015/16 credits. Jay: Can you figure out how much each Landowner would be billed for FY2016/17 WITHOUT the impact of the FY2015/16 credits ? Tys: Not right now.

16. Harold Motion to accept Tom's \$50K budget less \$13K current available bank balance (leaving the \$5K Reserve) plus \$4K Admin giving a **\$41K BILLING Budget** without removing any projects. Motion seconded. Hand Vote: FOR = 21; OPPOSED = 1 Motion Passed.

G. Elections were conducted as follows:

1. The President, Treasurer, and two directors at large are elected at the Spring General Meeting. Vote is for DCLI Members in Good Standing only. Members in Good Standing are defined as DCLI Landowners who are completely paid up (NO Prior Years' Balances Due) or have a Board approved payment plan in effect. 52 DCLI Landowners are eligible to vote in this election.
2. Nominations were open for President. Tys was nominated and seconded. There were no other nominations and Tys was accepted by acclamation.
3. Nominations were open for Treasurer. Tys nominated Mac Marshall. Seconded by Wolf. Tom nominated John Miller. Nomination was seconded. Nominations were closed.
 - a. Tys Point of Order: Board Members must be Members in Good Standing or have a Payment Plan in Place. The Board has agreed that a valid payment plan requires that the current year's road maintenance bill be paid in total by the end of the current fiscal year, and that if there is any Prior Years' debt, the payments must also cover at least 25% of the back debt in the current fiscal year.
 - b. John: He has paid the FY2015/16 Road Maintenance Fee in full, but does not have the resources to pay down his prior years' balance due.
 - c. Jay: Our ability to collect Road Maintenance Fees from all DCLI Landowners is dependent upon all Board Members following the agreed upon rules. He is conflicted about supporting the Board's decision but also acknowledging John's contributions to DCLI.
 - d. Andrew: Is John's eligibility an issue that the Board has to determine or is it a question to be determined by the DCLI Landowners? Tys: The Board appears to be ambivalent on the issue so we will let the issue be decided by the election.
 - e. Jay: Is your intention to pay off 25% of your Prior Years' Balance Due in the current fiscal year? John: That is my intent, but I cannot promise to pay funds I do not have.
 - f. Mac: He can do the Treasurer's job or have John do it if the Landowners prefer.
 - g. John: Treasurer's job includes producing bills, Board reports, e-mails, and the Quick Books implementation in process. He wants to stay involved and thinks DCLI needs a competent person in the financial function.

h. Tys: Fill out Treasurer ballot and deposit in the ballot box. Laura Hall will count ballots. Results: Mac = 12 votes; John = 11 votes. Mac is now Treasurer.

i. Tys: Interim comments until Treasurer ballots are counted.

i) Water trucks are causing significant damage to roads and this issue will be addressed later in the meeting.

ii) We need to mark with stakes the ends of the roadway that Landowners expect DCLI to maintain. Put a stake in the road to mark where you think DCLI's responsibility ends.

4. Nominations were open for Director #1 currently held by Jay McClelland. Tys nominated Jay and the nomination was seconded. There were no other nominations and Jay was accepted by acclamation.

5. Nominations were open for Director #2 currently held by Marco Volpe. Dave nominated Mo Moscoe and the nomination was seconded. Mo disclosed that he was not a member of DCLI and was included in the 845s. A discussion followed regarding the legitimacy of having a non-member on the Board and it was agreed that the JMA allows for the possibility and that there are prior precedents. There were no other nominations and Mo was accepted by acclamation.

H. Water Truck Issue

1. The issue has been discussed extensively by the Board and we are evaluating some suggestions regarding ways to collect road maintenance funds from these heavy road users.

2. It is undisputed and further verified by Tom's Department of Transportation research that heavy vehicles do substantially more damage to a roadway than a group of passenger vehicles of equivalent weight, especially on wet, unpaved road surfaces.

3. Tys: Question is, How do we bill users? Do we count trucks and bill the trucker? Water companies won't pay. Do we bill the Landowner an annual lump sum? If Landowners get different numbers of deliveries, do we somehow adjust their billing? Charges by all methods would be per mile.

4. Tom: We have a heavy duty policy, but we have not been successful at getting users to self-report and pay additional fees. We assume an average load of 3,200 gal and 1 delivery per week, although we know that some Landowners get deliveries more often. 20 deliveries per pot growing season. Households and personal residences are exempt from this additional billing. Landowner: Heavy Vehicle policy didn't work because nobody reported usage. The policy should apply to every vehicle on the road regardless of what purpose the water is used for. Manuela: Suggests tithing from commercial growers. Andrew: We need to

look at what enforcement mechanisms we can use to collect whatever fees we agree to impose. Tom: JMA allows for special assessment for excessive use. We all know who is growing and we propose sending them a bill for \$600. Anyone who thinks this is unfair can petition the Board for some reasonable alternative. The money we collect from this effort would go directly into asphalt repair. Tys: This additional charge would be included in the Landowners Road Maintenance billing and if unpaid would be included in the DCLI Lien process. Tys: He wants a list of who will be billed the special assessment and he will share it with the entire membership to encourage reporting of all heavy users. Tom: Based of regulations being considered by Santa Cruz County, outside water company deliveries may be prohibited as well as drawing water from a creek. Night lights are already prohibited.

5. Tys: He would like a motion to the effect that the membership agrees that this water delivery issue is important and that the membership agrees that the Board should pursue a resolution. Result: Unanimous support; No objections.

I. Gary would like to pursue an effort to get a light at the entrance to Deer Creek Road at Bear Creek Road. Tys agrees that Gary should pursue it and report his findings back to the Board.

J. Tys formally closed the meeting.

Respectfully Submitted by DCLI Secretary,

Ron Chandik

13Jun16