
Star Valley Ranch Association's "Feasibility Study"

Feasibility Study Update & December 2003 Questionnaire Summary

Thank you for responding to the Feasibility Study Questionnaire that was mailed to you with your annual assessment statement in December 2003.

Your responses to the questionnaire indicate the vast majority of the Members understand the need for the study but have many questions as to **WHY** we have financial problems, **WHAT** are we trying to fix, and **HOW** is this going to benefit them. The Feasibility Study report, when published this spring, will provide much more information to help you understand the situation. Our current understanding is provided in the following few paragraphs.

Star Valley Ranch is one of the most beautiful places on earth. Almost everyone would agree with this. Each of us bought into the beauty of this area as an investment and/or for the many amenities available to us and our families on the Ranch.

The Ranch started out as a community of summer cabins and has **evolved** into a **full-time, year round** community. Over 100 new homes have been built in the last 2 years. We now have a school bus route that passes through the Ranch. Originally, the water system and amenities were funded by the developer, Leisure Valley Inc. (LVI) to sell lots on the Ranch. The transfer of the facilities to Star Valley Ranch Association from LVI and the rapid rate of home construction on the Ranch over the last few years has left the Association in a situation where it is unable to fund much needed repairs and upgrades to the culinary water system, infrastructure, and other facilities.

In 1996, the engineering firm of Jorgenson & Co. performed a study of the Ranch's water system and forecasted the needs and upgrades necessary to maintain a quality water system. ***For anyone familiar with the status of the Ranch and the Jorgenson Report, it is evident that we are tragically behind on the care of the culinary water system.*** The increased water usage from the new homes being built on the Ranch and the ageing water system are evident by the volume and expense of the repairs completed to keep the culinary water system operational.

We can all imagine what will happen to the value of our property if reliable and safe drinking water cannot be provided!

Since there are so many viewpoints as to **WHAT** should be done, **WHEN** it should be done, and **HOW** much it should or should not cost, the Board of Directors ordered an independent update of the Jorgenson Water System Report. The report should be completed in the first quarter of 2004. This updated report will provide the Board and the Membership with a prioritized list of the current and future needs of the culinary water system, as well as the updated costs of those priorities.

We need to generate the funds necessary to repair and upgrade the culinary water system as well as protect the quality of the facilities that enticed us all to become a part of Star Valley Ranch!

Maintaining the water and road systems, property values, and the beauty of the Ranch takes money. Money that Star Valley Ranch Association is not able to raise in the amounts needed with our current situation. The restrictive Declaration of Covenants, Conditions and Restrictions (DCC&Rs) do not provide an adequate method of meeting the funding needs of the Association. The threshold for approval by the Membership of a special assessment or an annual assessment increase has proven, over the history of the Association, to be prohibitive. Read your DCC&Rs and you'll see they are very limited and very restrictive as to how to raise funds to operate the Association.

All the funding options being considered by the Fact Finding Teams provide ways to generate additional funds in different ways. Please re-read the General Manager's letter from December 1, 2003, that was included with your annual assessment invoice, to get a feel for the funds needed. Review the monthly financial statements distributed via email or available in the

Association office. You'll soon see the annual dues barely cover day to day operating costs and minor capital improvements. As the cost of operating increases the only alternative is to cut back on services provided by the Association since the funds necessary to maintain services cannot be raised.

Our Board of Directors, as a unified entity, has taken the initiative to:

1. Seek the advice of professional engineers to identify needs, priorities, and estimated costs.
2. Proactively investigate the funding options available.
3. Publish an unbiased report of the five funding options being considered.
4. With this information in the hands of all Members, solicit each Members input.
5. With the engineering report, Fact Finding Team information, and feedback from the Membership, the Board of Directors will lead the effort to select and pursue the BEST solution for the entire Membership.

So, whether you're in it for the short term or the long haul, whether you're buying or selling, whether you live here full time or have never seen your lot, your investment, has just two ways to go. It will almost assuredly **DECREASE** if we do nothing or it can **INCREASE** if we solve our funding problems and generate the funds necessary to repair and improve our culinary water system and infrastructure.

Currently Fact Finding Teams composed of fellow Members are preparing a comprehensive report on five funding possibilities. Adopting any one of four of the five options will likely result in improvement to the Associations' financial situation, however, they will require considerable involvement from the Membership if they are to be successful.

The importance of your involvement in the process cannot be overstated!

The options being considered include:

- * Forming an Improvement and Service District (ISD).
- * Incorporating into a municipality (forming a town).
- * Voluntarily filing for chapter 11 reorganization to correct deficiencies in the DCC&Rs.
- * Asking the Membership for a Special Assessment to fund badly needed culinary water projects.

* Do nothing or maintain the Status Quo.

The results from the December 2003 Membership questionnaire have been provided to the Board of Directors and each of the five study teams. Responses were received by 596 individual properties, representing 30% of the voting Membership. 959 write-in comments were also received. The responses to the questionnaire show:

- * Homeowners and lot owners both share the same basic concerns and beliefs.
- * 90% understand the need for the study.
- * More than 64% say additional information would be helpful.
- * Less than 6% disagreed with the approach, while 77% believe the approach is appropriate. 18% don't know or aren't sure.
- * Comments indicate some common understandings as well as some very diverse opinions of what we should be doing.
- * Although many voiced a preference for e-mail, the overwhelming choice is still the U.S. Mail.
- * Almost 55% of the respondents indicated their lots are part of a long term investment strategy. Just over 6% stated they had a short term outlook. The balance were marked "no plans", "other", or "Recreational".

We believe the study, with the resulting published information, will bring some clarity to the issues and will help everyone become more knowledgeable on the magnitude of the problem and the options we have available to solve the Associations' funding shortfall.

A summary report of the questionnaire results, including write-in comments, is available from the Association office for \$5.00, plus postage if mailed. (All personal information has been removed from the report.)

The deadline for submitting your questionnaire has long since passed, however those of you that still want to provide additional information, please contact the General Manager, David Hartnett, by letter, phone or e-mail with your comments. His email address is drh@silverstar.com. Your interest and desire to participate in the future of Star Valley Ranch Association is welcome.

The reports from Fact Finding Teams will be compiled and distributed to the entire Membership this spring.

Further, there are plans for meetings for those who can attend and updates via the Association website or the email announcements through SVRANEWS@silverstar.com to learn more.

Representatives from the Fact Finding Teams will also be available by telephone for those Members that have questions or comments. Your feedback will be critical to the process.

Enclosed with the report on the funding options will be a RESPONSE FORM and a stamped self-addressed envelope. It is imperative that the form be completed and returned immediately so the Board of Directors will have your opinion to help plan a course of action that reflects the desires of all Members.

In early June, a final report will be furnished to the Board of Directors on the views of the Membership. In turn, the Board will develop and communicate a comprehensive plan of action to the Membership at the June 26, 2004 Annual Meeting.

On behalf of the Board of Directors, the Fact Finding Team Members, and Manager, a hearty thank you for your effort to learn, study and voice your opinion on the future of Star Valley Ranch Association.

***BE ON THE LOOKOUT FOR YOUR
INFORMATION PACKET THIS SPRING.***

The Fact Finding Teams are confident the Board of Directors, with the support of the Membership, is on the right track and an action plan will be developed **and implemented** to assure a bright future for the Ranch.