

South T-Bar Ranch Property Owners Association, Inc.
Minutes for October 15, 2011
Regular Meeting of the Board of Directors

I. CALL TO ORDER – 8:02 am

The October 15, 2011, regular meeting of the Board of Directors of the South T-Bar Ranch Property Owners Association was held via teleconference. President, Joe Price called the meeting to order. A quorum was present with the following directors attending:

- Betty Sue Cornella
- Julie Hawley
- Becky Renck
- Anelladee Spencer
- Joe Price
- Tim Anderson
- Kitsi Atkinson

Others Attending:

- Rick Aversa
- Steve Coon
- Brenda Coon

II. APPROVAL OF PREVIOUS BOARD MINUTES

Previous Board Meeting minutes from September 10, 2011 were discussed and amended. Motion made to accept as amended: J Price and 2nd by T Anderson. Motion approved.

III. RATIFICATION OF ACTIONS

Ratified the action made in the finalization of the offer from STB Minerals. The board has elected to accept the offer as amended. T Anderson made the motion to ratify and K Atkinson 2nd. Action Approved. See attached.

IV. FINANCIAL REPORT

The September Financial statement was reviewed.

V. OLD BUSINESS

- Buddy Taylor has asked for a copy of the new Grazing Lease.
ACTION: B Renck to find a copy with both signatures and get to him.

Committee Reports

Infrastructure: *Chair: Anelladee Spencer*

To include: Roads, Security, Trash, Mail, and Fire Subcommittees.

Mailboxes: No Report

Trash Area: No report

Roads: A proposal was received from Dan Ainsworth for the needed road repairs. After discussion, it was decided by the board to authorize the necessary expenditures as proposed.

Document Review Subcommittee: *Chair: Kitsi Atkinson*

No report

Legal: *Chair: Tim Anderson*

To include: Compliance, Grazing Lease, BLM and other Easements, Covenant Enforcement

No report

BLM Committee: *Chair: Anelladee Spencer*

No report

Communication *Chair: Julie Hawley*

To include: Website and Newsletter Subcommittees

There was a request that the December newsletter include a reminder for members to contribute to the Emergency Services Organizations that service the ranch.

VI. NEW BUSINESS

- A Conflict of Interest document needs to be signed at the new board's tenure.
ACTION: B Renck to find copy and distribute.
ACTION: Conflict of Interest will be reviewed by K Atkinson to review for compliance with the LEC designation.
- There have been two property transfers.
ACTION: B Cornella to get those names of new owners to secretary.
- 2012 Budget coming up due.
ACTION: B Cornella to put together a proposal for discussion next month.
- B Cornella requested board approval to pay the member notes and the Legacy Bank note as soon as the payment from STB Minerals was received. Approval given. Motion made by A Spencer, K Atkinson 2nd. Motion passed.

VII. MEMBER COMMENTS

Member comments included:

- 1-a request for the Board meeting minutes be posted on the website,
- 2-a request for the board to be cognizant of the reserves being created by the STB Minerals LLC Payment.
- 3-Request that the Document Review Committee meeting be conducted by telephone.
- 4-noted that the member comments on the website have not been updated.

VIII. ADJOURNMENT – 9:24 am

B Cornella moved to adjourn the meeting. K Atkinson 2nd. The motion approved and the meeting was adjourned.

Respectfully submitted by
Rebecca Renck, Secretary,
South T-Bar Ranch POA

POA Payment Proposal

October 4, 2011

STB Minerals, LLC (the LLC) proposes to pay off, in advance and in full, its note to the South T-Bar Ranch Property Owners' Association (the POA) in regard to the Company's purchase of the POA's mineral rights in 2007. The current principal amount of the note is \$585,000 plus accrued interest at 6 percent per year. The note is not due until July 21, 2013. The LLC believes that advance payment of this note benefits the POA greatly. Consequently, the payment proposal outlined below reflects a prepayment discount of approximately \$185,000 on the outstanding principal amount.

Payment Proposal

In addition to payments already made, the LLC proposes to pay the POA \$400,000 in principal plus accrued interest at 6% annually. The payment will be made in two increments. The first payment of \$315,000 in principal plus approximately \$161,332 in interest will be made within one week of the POA's approval of this proposal. The second payment of \$85,000 plus accrued interest at 6% per year will be paid in 2012 as soon as the Company sells a sufficient quantity of Black Range Minerals' stock to make that payment, but no later than December 31, 2012. In addition, in the event that mining occurs, the LLC will pay the POA 12.5 percent of the Company's 0.20 percent NZ Minerals royalty. Based on current production projections and market values, this royalty payment is anticipated to be about \$12,500 per year for 13 years.

The payments specified above shall satisfy the total indebtedness of the LLC to the POA for purchase of the POA's mineral rights. We look forward to your timely consideration and approval of this proposal.

The Managers of STB Minerals, LLC

SOUTH T- BAR RANCH POA

Balance Sheet
September 30, 2011

ASSETS:

Legacy Bank /Checking	\$ 8,464.68
Legacy Bank / Money Market - General Funds	\$ 33,251.54
Legacy Bank / Money Market - Minerals	\$ 3,229.61
Note Receivable / STB Minerals	\$ 585,000.00
TOTAL ASSETS	<u>\$ 629,945.83</u>

LIABILITIES

Notes Payable - Legacy Bank	\$ 193,561.56
Notes Payable - Member Loans	\$ 95,202.60
Est. Deferred Gain on Sale	\$ 247,485.94
TOTAL LIABILITIES	<u>\$ 536,250.10</u>

EQUITY

Capital Gain on Minerals Sales	\$ 88,226.25
POA General Fund Balance	\$ 14,686.16
POA General Fund 2011	\$ 36,050.05
POA Minerals Fund 2011	\$ (45,266.73)
TOTAL EQUITY	<u>\$ 93,695.73</u>

TOTAL NET WORTH & EQUITY \$ 629,945.83

SOUTH T-BAR RANCH POA

INCOME STATEMENT

as of September 30, 2011

	Year To Date September 2011	Annual Budget 2011	Variance
Income			
<i>Annual Expense Assessment</i>	45,030.00	45,030.00	-
<i>Annual Road Use Fee</i>	6,715.00	7,110.00	(395.00)
<i>Grazing Lease</i>	1,800.00	3,600.00	(1,800.00)
<i>Interest</i>	185.86	200.00	(14.14)
<i>Late fee</i>	118.55	100.00	18.55
<i>Other Income</i>	0.00		
<i>Ownership Change Assessment</i>	0.00	100.00	(100.00)
<i>Gate Remotes</i>	30.00	45.00	(15.00)
<i>Newsletter Advertising</i>	0.00	200.00	(200.00)
<i>Minerals Road Maint.Fee</i>	1,185.00	0.00	1,185.00
<i>Misc Income</i>	110.00	100.00	10.00
Total Income	<u>55,174.41</u>	<u>56,485.00</u>	<u>(1,310.59)</u>
Expenses			
<i>Road Maintenance</i>			
<i>Road Contract</i>	6,000.00	9,000.00	3,000.00
<i>Other Road Maint.</i>	0.00	10,000.00	10,000.00
<i>Insurance</i>			
<i>General Liability</i>	2,051.00	2,400.00	349.00
<i>Officers Liability</i>	984.00	2,500.00	1,516.00
<i>Gate Electric/Maint</i>	186.55	275.00	88.45
<i>Trash Service</i>	4,044.00	6,500.00	2,456.00
<i>Newsletter & Communication</i>	199.46	275.00	75.54
<i>Post Office Box</i>	0.00	45.00	45.00
<i>Accounting Fees</i>	1,050.00	1,300.00	250.00
<i>Legal Fees</i>	3,303.95	5,000.00	1,696.05
<i>Corporate Taxes</i>	0.00	750.00	750.00
<i>Dues Collection Expenses</i>	65.80	200.00	134.20
<i>Annual Meeting Expense</i>	635.57	400.00	(235.57)
<i>Repairs & Maintenance</i>	25.17	200.00	174.83
<i>Board Meeting Expense</i>	0.00	0.00	-
<i>Misc Expense</i>	578.86	480.00	(98.86)
Total Expenses	<u>19,124.36</u>	<u>39,325.00</u>	<u>20,200.64</u>
 <i>Income (Loss) from Operations</i>	 <u>36,050.05</u>	 <u>\$ 17,160.00</u>	 <u>18,890.05</u>

SOUTH T-BAR RANCH POA

Summary of Minerals Income & Costs as of September 30, 2011

Summary of Minerals Income & Costs			
as of September 30, 2011			
<i>Summary of Mining Income & Expenses</i>	Thru Dec 2010	Thru 9/30/2011	Total 2007-2011
Income			
Income from LLC	235,000.00		235,000.00
Interest Income	445.64	115.24	560.88
Title Review Reimb	4,123.46		4,123.46
Special Assessments	16,707.25		16,707.25
Other	110.74		110.74
Total Income from mining activities	256,387.09	115.24	256,502.33
Legal Fees	\$ 467,670.95	-	\$ 467,670.95
Appraisal Cost	\$ 27,500.00	-	\$ 27,500.00
Other mining related costs	\$ 3,063.73	336.96	\$ 3,400.69
Interest & Loan Expense	68,688.65	26,759.75	\$ 95,448.40
Tax Estimate	1,000.00	12,233.00	\$ 13,233.00
Special Assessment Refunds	-	6,052.26	\$ 6,052.26
Total Expenses related to mining activity	\$ 567,923.33	45,381.97	\$ 613,305.30
Add back estimated legal costs for POA	\$ 37,221.50	-	\$ 37,221.50
Net Mining Related Expenditures	\$ (274,314.74)	\$ (45,266.73)	\$ (319,581.47)