

**DRAFT**

**LAKE ROCKPORT ESTATES  
PROPERTY OWNERS ASSOCIATION, INC.  
A NON-PROFIT CORPORATION  
100 ROCKPORT BLVD, COALVILLE, UTAH 84017**

**Minutes of the Annual Meeting  
Saturday, June 22, 2019  
Wanship Fire Station, Wanship, Utah**

The annual meeting of the Lake Rockport Estates Property Owners Association was called to order on June 22, 2019 at 2:00 p.m.

Board Members Present: Nachi Fairbanks, President, Suzanne St. Pierre, Vice President, Steve Sady, Treasurer, Dani Silva, Greg Warner and Alan Lindsley.

See Annual Meeting Attendance Sheet for LRE members in attendance.

**Introductions**

President Fairbanks welcomed everyone to the 2019 annual meeting and asked that everyone make sure they sign in with their name and lot number. She mentioned that agendas had been prepared and were available for each attendee. President Fairbanks had the Board introduce themselves.

President Fairbanks reported that the Board is always looking for help and volunteers and noted that currently the Board had two positions that were open. She stated that proxies were available for individuals to vote or write-in candidates if anyone hadn't mailed in their proxies yet. She stated that once the votes had been counted the results would be posted on the Lake Rockport Estates Facebook page. She noted as a reminder that the Lake Rockport Estates Facebook page was the page that announcements from the Association and the Board were posted to while the Residents of Lake Rockport Estates Facebook page was run by the residents and was not official or monitored by the Association or by the Board.

President Fairbanks stated that the prior year annual meeting minutes had been provided in the packet and asked that everyone take a minute to look those over and let the Board know if there were any comments, questions, or changes.

00:06:00

**Financials**

Suzanne St. Pierre went over the financials, noting that the balance sheet showed account balances as of 12/31/18 and 5/31/19, highlighting that the cash balance was at \$390k at 12/31/19 and was \$281k at 5/31/19. She noted that undeposited funds, which was amounts received but not yet deposited or included in the cash balance was \$84k at 12/31/18 and was \$20k at 5/31/19. She reported that the fixed assets represented amounts paid in prior year for assets that were still in use by the Association and the Loan Payable was with the Division of Drinking water which had a \$505k balance at 12/31/18 and a \$482 balance at 5/31/19.

Suzanne reported that total income amounts for 2018 and 2017 were \$291k and \$296k, which represented amounts received from annual assessments, impact fees, fines, and Service Area 5 amounts, which was a tax that was collected by Summit County and remitted back to LRE to utilize for infrastructure improvements.

Suzanne noted that administration expenses were for mountain management and secretarial or accounting fees. She noted that the Association generally spends \$40k to \$45k each year on road maintenance and water costs had been the largest expense in the past couple years as we improve the water infrastructure on the mountain.

Suzanne reported that the 2019 budget had been prepared based on the 2018 costs adjusted for known increases or decreases or plans. She stated that actual amounts were through 5/31/19. She highlighted that the Board had budgeted to spend \$25k for a capital purchase, which related to the gate being replaced and possibly relocated, which was a project still being discussed.

The Board asked if there were any comments or questions on the financial information. There was a question about what was recorded in the Additional Assessment amount and Suzanne reported that it included building impact fees, water meter fees, money in for mailboxes, the package shed, or gate controls, and SA5 tax money.

Nachi reported that the reason for the large expenditures on the LRE water system was because the system had been put on the mountain in the 1970's at a time when annual assessments were about \$20 per year therefore the Association was not collecting a lot of money to make sure the water system was up and running, let alone properly maintained. Back in the 1980's and 1990's there was not a lot of homes on the mountain therefore the water system was not a large priority. Nachi reported that in the past 20 years, however, the Association has increased assessments and made large improvements on the water system, which included putting in a new well, fixing or replacing water lines, and adding the top water tank with the appropriate security fences. Nachi reported that the water system is set up such that the well is at the bottom of our mountain and its pumped up to the mid mountain booster station where water is stored and chlorinated and then pumped up to the top tank, where the distribution lines are then ran over the mountain and gravity fed.

Nachi reported that just a few years ago the Association was able to purchase land that covers what would have been the Unit 4 development to secure a future well site and give the Association some open space that could be used in the future for trails, a park, or anything else that the Association wanted to make it.

Nachi reported that the water system improvements were not only necessary to update the system and to incorporate needs for future buildout but was also moving the Association to a year round water system. She said to date the Association had spent about \$2 million on the water system and had plans to continue replacing distribution lines as the association had money to pay for it.

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A member asked the Board if they had ever considered hiring a professional company to manage the mountain. Nachi stated that the Board had not discussed hiring a property management company but has always utilized contractors or vendors when their skill set did not cover the needs for the association. For example, she stated that the Board outsources accounting help and for all of the water system projects has gotten the help of an engineering company that has the knowledge and expertise to ensure the system is properly planned and who also assists in getting bids and contractors and then who manages the project from start to finish.

The Board acknowledged that as the mountain grows, a property management company may be needed to manage the daily affairs of the association, however, it would be an added cost, as the Board members

volunteer at this point and costs for mountain management is minimal. A member highlighted a lot that was unsightly and appeared to be out of compliance and the Board stated they were, and always did, address any non-compliance issues or member complaints that were brought to their attention. The Board stated they were working with the owners of the specific lot mentioned to clean up the property and get it into compliance.

**MOTION:** Nachi Fairbanks, Lot 308, moved to APPROVE the financials as of December 31, 2018 and to APPROVE the budget for the year ending December 31, 2019. Lyn Bouck, Lot 21, seconded the motion.

**VOTE:** For 57, Against 0, Abstained, 0. The motion passed.

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### **Water**

Greg reported that the recent waterline project on the mountain was close to completion and the final walkthrough had just been performed. He stated that there were some delays and the contractor was working slowly but he was being penalized for taking longer than he had originally anticipated. Greg stated that the water line project had cost about \$428k plus the cost of engineering, which was about \$200k lower than the next lowest bid. Greg reported that there was still a lot of work to be done to obtain year round water and it would not be unreasonable that it would take 40 years to complete the project under the pay-as-you-go approach with the current assessments, therefore in order to complete the water project in a more timely matter the Association will have to raise its annual assessments or obtain a loan to cover the costs.

A member asked about water runoff and impact of the project and Greg stated that the contractor would be coming up to fix some additional areas that were discussed in the walkthrough and that LRE would take care of ensuring all issues were addressed.

A member asked what phases still remained to be completed and what the expected costs of that was. Greg reported that the cost was estimated to be \$2.7 million in today's dollars that did not include engineering costs. Alan reported that we had about 8 miles worth of pipe that had to be replaced on the mountain for year-round water and we had just recently replaced 1.5 miles.

A member asked about winter access for filling up tanks and how the program was run. Nachi reported that the program had to pay for itself because there were only a few LRE members that used the winter water, it was not something that benefitted the Association as a whole. Greg stated that the winter water was not guaranteed by LRE but the Board was trying to keep it going so it was available for the members. He stated that if we were to guarantee the winter water program there would be a lot of hoops the Association would have to jump through with the State of Utah. Alan noted that the State was concerned with cross-contamination and was told that the winter water system was just a way for LRE to empty the top tank by giving water to members instead of just dumping it on the ground.

A member stated he had been told that there were other locations in the County that you could fill up your water tanks. Alan stated it was a good idea to keep those locations to yourself because if a lot of people knew about those locations they might be bombarded and begin to get worried about liability and other issues and shut them down.

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### **Roads**

Alan reported that with the extended winter the road vendors were about a week behind their normal schedule therefore they were currently scheduled to grade and fill the roads on July 8-9 with the magnesium chloride scheduled to be put down on July 10. He stated that the members will be asked to drive the slower 5 mph for a couple days following the project to allow for the product to cure on the roads. Nachi said the Board would be asking the membership to try to keep larger or heavier trucks off the roads during the time of the project and schedule around the road work if at all possible.

A member noted that in the prior year the roads were done and it was a disaster and asked if there was anything that we learned from that or anything that was being done differently this year. Alan reported that there was a lot of finger pointing on what went wrong but he thought that there was a problem with the roller and that it wasn't vibrating like it needed to in order to properly pack the roads, but it couldn't be proven so we didn't have the opportunity to go after the contractor. Alan reported that a different company was being used this year so hopefully it wouldn't be a problem.

A member asked what could be done about speeding on the mountain specifically when the road work was being done. Alan stated it was often delivery drivers that were the worst but there was a sign that got posted and once the gate got back up and running it would help deter those that didn't live on the mountain. In the meantime, it was best for those in the community to just ask anyone they saw speeding to slow down.

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## **Gate**

Alan reported that the gate was open a handful of times this past winter at his discretion after major snow storms to prevent cars from running into it if they were sliding down the mountain as they approached it. He stated that near the end of the winter the gate control was hit with a power surge, which they think was due to a lightning strike nearby, which took out the computer system. He stated that system had been there since 2010 therefore it had a lot of data and 852 devices and/or codes programmed into it. When the power surge occurred, the computer was fried but they had attempted to save the data so it didn't have to be manually programmed into the new computer. Alan stated he had reviewed the data in the new computer however there had been internet issues on the mountain which meant that he couldn't talk to the gate, or even the water system, when the internet was down. He noted there were quite a few devices that hadn't made it into the new system so he was in the process of cleaning it up. He stated that once the gate was up and running again if devices or codes weren't working the members just needed to contact Alan to have him check the accounts and data that was input into the system.

Alan stated that he had been in constant contact with Rockport Lighting, the firm that we had our internet through, and he had been told that one of the towers had gone down and it couldn't be accessed due to snow. A member commented on different internet options and Nachi stated that the Board was looking at different options and different internet providers.

A member asked about the earlier mention about moving the gate. Alan reported that LRE had to give access to all BLM property to Rockport Ranches and currently our gate was on BLM property therefore we were required to allow Rockport Ranch members to use our gate and any roads on BLM property. LRE had tried to work with the Rockport Ranch Board to put a gate agreement and road agreement in place so that they were held to the same standards as our members, however, the Rockport Ranch Board was pushing back, despite a lot of the Rockport Ranch members being fine with the agreements and even the \$100 a year assessment to help with the cost of gate and road maintenance. Alan stated that if an agreement couldn't be reached LRE could be forced to move the gate or put gates and locks on the backside of the mountain to deter Rockport Ranch members from wanting to drive on our roads, as it would not give them access to their lots. He stated that our attorney and their attorney were communicating and currently the agreements were in the hand of Rockport Ranches to try to finalize it.

Nachi pointed out that the BLM did not like our private gate on their federal land and preferred it be removed, however, it was grandfathered in so they were willing to leave it alone as long as both developments could come to an agreement about using it and access through it.

A member asked about the gates on the backside of the mountain that connect with Rockport Ranches and if those were supposed to be open or closed. Alan reported that those were Rockport Ranch gates, therefore were opened or closed at their discretion.

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### **General Membership Questions/Concerns**

A member noted that there was a week this past winter where it appeared individuals got snowed in to their property and other members volunteered time and equipment to help them out. He asked if there was any room for an emergency fund within the LRE budget to assist or help pay for assistance in those types of situations. Alan said the best thing to do was to have members in that area make sure they have proper snow removal equipment and to keep up on the snow to prevent the situation from occurring again.

Greg reminded the membership that LRE was not going to guarantee plow services to the membership due to liability issues. If LRE plows and guarantees access then they will also be held liable for making sure the roads are safe, which is not something that LRE wants to take on.

A member asked about the Board's earlier mention of increases annual assessments. Nachi stated that the Board is still discussing raising assessments to cover the increasing operating costs of the Association but also considering an increase in assessments related specifically to the year round water project. Nachi stated that the Board did not have enough information on costs or specifics, which they needed from the engineer, to ask anyone for input on assessment increases. She stated that if the Board was considering an increase in dues they would follow the Utah State laws regarding notification of such an increase and give the membership adequate ability to voice their opinions and concerns before the Board made any final decisions.

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A member asked if we had any idea on the costs of getting year round water and then what the costs were going to be to maintain a system year round. Nachi stated that the Board was working with the Rural Water Association who was a group that helped smaller rural communities with these types of issues and analysis. Alan reported that once we had year round water there was going to be a large increase in costs just to maintain the system and do all of the required water testing. A member asked if the Board had also considered the fact that water usage would increase. Alan reported that was true and 5 years ago when the last well went in the engineer estimated that a new well would be needed in approximately 10 years based on a 2 cabins per year growth rate. Suzanne stated we were currently closer to 5 new cabins a year. Alan reported that at that time our system was running about 12-18 gallons per minute while now we're up to 35-55 gallons per minute on a regular day. Alan reported that electrical costs were also going up as a result because pumping more water took more electricity.

A member asked about the drilling of private wells within the association. Nachi stated that due to conversations with the Rural Water Association no private wells were currently allowed within LRE and anyone who had a private well that was grandfathered in from years ago could not be hooked up to our water system, but still had to pay the same as all other members, as if they were.

A member asked what the difference was between a POA and an HOA. Alan reported that they were the exact same with the exception of one being identified as governing "property owners" while the other was

governing "home owners." The same member asked if LRE was required to obtain a reserve fund and Suzanne said we were and that we completed a Reserve Study in accordance with Utah laws. She pointed out that our balance sheet showed the reserve balance on hand of \$262k at 5/31/19.

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A member asked what it would take to get the ball rolling on a trail system project. Nachi reported that we needed to first discuss Unit 4 with our engineer and determine a well site so that we ensured we had the proper area we needed by law to put a well in, but other than that it would just take a member ready and willing to head up that project. Alan stated that there were a lot of opportunities that Unit 4 could provide the membership, including trails for bikes, dogs, or hikers, as well as locations for storage or a parking lot.

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### **Minutes**

Nachi asked if there were any questions on the 2018 annual meeting minutes.

**MOTION:** Nachi Fairbanks, moved to APPROVE the minutes of the July 28, 2018 annual meeting. Paul Silva, Lot 175, seconded the motion.

**VOTE:** For 57, Against 0, Abstained, 0. The motion passed.

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### **Voting Proxies**

Nachi reminded everyone to leave their proxy's and voting forms with the Board before they left and they asked Derek Hughes, who was a member in attendance that had his name on the ballot, to introduce himself. Derek stated that he had been on the mountain since 2010 and really loved the neighborhood. He stated that he had built and sold a couple homes on the mountain but was really interested in, and part of, the growth he was seeing on the mountain and he was excited about it so he wanted to be more involved with managing it.

Nachi reminded the membership that anyone interested in volunteering for mountain projects was always welcome and you didn't necessarily have to commit to being on the board to help out. She said anyone could contact the Board if they thought they might be helpful or excited about a mountain project and wanted to be more involved.

The Lake Rockport Estate Property Owners Association annual meeting adjourned at approximately 3:45 p.m.

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Approved: \_\_\_\_\_