

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 27, 2020
Via Zoom Call**

The annual meeting of the Lake Rockport Estates Property Owners Association was called to order on June 27, 2020 at 10:00 a.m.

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

See Annual Meeting Attendance Sheet for LRE members in attendance.

Introductions

Suzanne St. Pierre welcomed everyone and did a quick overview of how the Zoom meeting was going to work. She asked that all attendees add their name to their zoom screen so LRE could see the members that were in attendance.

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President Fairbanks introduced herself and had the other Board members 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 and the website.

President Fairbanks stated that the prior year annual meeting minutes had been provided in the packet that was emailed to the membership with the Zoom meeting invitation and asked if there were any comments, questions, or changes. None were noted.

MOTION: Nachi Fairbanks, moved to APPROVE the minutes of the June 22, 2019 annual meeting. Greg Warner seconded the motion.

VOTE: The motion passed with no members voting against the motion or abstaining from the vote.

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Financials

Nachi turned the time over to Jayme McWidener, LRE's accountant. Jayme shared the LRE Balance sheet as of the end of the prior month, or May 31, 2020, noting that LRE had almost \$271k worth of cash

in the bank. She reported that the \$21k in undeposited funds were simply checks that LRE had received in the month of May but had not yet deposited into the bank account, as deposits were made only once a month. She stated that the fixed assets represent the cost basis of assets held by the Association and that for tax purposes those purchases were required to be capitalized and recognized into expense over time as they are used. She pointed out that the water system improvements included the cost of the top tank, the mid-mountain tank work, and the water distribution lines that has occurred over the last few years. She pointed out the amounts we owe were recorded as liabilities and represented overpayments of dues from members, along with any refundable impact fees we collect. She pointed out the loan balance from the Division of Drinking Water, which LRE pays down annually with a \$40k payment each year, of which half of the payment goes to interest and half goes to paying down the loan principal.

Jayne then moved to the income statement, mentioning that this, for the most part, represents cash in (income) and cash out (expenses). She pointed out that the Association receives about \$194k-\$195k per year for annual assessments and receives around an extra \$100k each year, mostly due to about \$50k that comes in from taxes that members pay to Summit County Service Area 5, and the rest is other impact assessments, late fees, package shed charges, mailbox charges, water charges, etc. Accordingly, LRE gets about \$300k per year money in.

Jayne noted that the detail of expenses represents where we spend the \$300k in cash we get every year. She pointed out that a large amount of money in is spent on capital improvements and the water infrastructure, approximately \$100k a year. She noted that just under \$30k was spent on administrative costs for accounting and mountain management (specifically taking care of the roads, the gate, and overseeing all water matters on the mountain). Jayne noted that LRE spends anywhere from \$30k-\$40k on roads each year, which includes the cost of grading and the application of mag water. She noted that utilities can cost \$12k-\$15k, which represents power costs, mostly due to pumping water up the mountain from the well at the bottom to the water tank at the top and then through the distribution lines. She stated that the other bigger amounts were water related costs, including cost to buy and install meters, parts and supplies for repairs and maintenance, and amounts we pay to Weber Basin for our water shares. She noted that as could be seen the total expense were just over \$300k, thus showing that LRE basically spends all of the money that they receive in every year. As a not-for-profit the Association does not try to profit from their members, but rather uses all member funds collected to maintain and/or improve the mountain.

Jayne then turned to the budget to actual report and noted that while we might be almost halfway through the year, LRE spends most of their money June – October, therefore we haven't yet spent half of the money we expect to during 2020. She pointed out that annual assessment collections are good with only a handful of people not yet paid up, as we've collected over 97% of what we expect. She noted that Service Area 5 money, approximately \$50k every year, has not yet come in, we have not sent out water billings yet, so more money will come in from water billings, and the association expects more building to take place in the late summer and fall, therefore impact fees are down and we've only collected 19% of other income.

Jayne noted that if you jump down to total expenses you can see that while we expect to spend about \$320k this year (budget amount), we've only spent 18% of that, or \$58k, through the end of May, therefore we still expect to incur costs for road maintenance of about \$30k, water system improvements of \$100k, weber basin water share costs of \$16k, along with some other smaller amounts throughout the year.

Suzanne confirmed that there were no questions she was seeing in the chat window so we could circle back if any came up.

MOTION: Nachi Fairbanks, Lot 308, moved to APPROVE the financials as of December 31, 2019 and to APPROVE the budget for the year ending December 31, 2020. Suzanne St. Pierre, Lot 150, seconded the motion.

VOTE: The motion passed with no members voting against the motion or abstaining from the vote.

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Current Water Status

Alan reported that the water system was charged up and running after we were able to fix 4 water line breaks on the mountain. He reported that there were a handful of lot owners that needed to get backflows installed or inspected in accordance with State Laws, therefore they were locked out of our water system until that occurred. He reported that the well was at 389 feet and we were pumping 40 gallons per minute. He stated that both the top tank and the booster tank were full, therefore all was running smoothly for the time being.

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Roads

Alan reported that the roads have been a bit of a mess with all of the water line repairs that had to be done recently. He stated he has contacted the companies that perform our road work and there was a delay as to when we could receive mag water. He stated it was determined by the Board that we would have the road crew come in and grade about 99% of all roads in the Association, which would help with the washboard and assist in getting all of the drainage ditches cleaned out and we would have them prep the roads now, with additional grading being done right before the mag water is delivered, which is currently scheduled for the middle of July. Alan noted that right before the initial grading was going to be done the person that drove the water truck became ill, therefore the grading and compacting of the roads was done without water. He noted it was awfully dusty as a result, however, the Board felt it was better to have people roll up their windows during the dust storm than have to replace the suspension system on their vehicles due to the poor road conditions. Alan noted that again the bigger road project was planned for July 15th through the 19th and the Board has sent out notices to schedule large trucks and/or deliveries outside of that time frame, and to remind the membership to drive 5 miles per hour on the roads while the work is being done and they are curing after. Alan reminded the membership that the curing period is really critical for the road base to get set and to utilize the moisture through the night, which helps harden the surface and reduce dust.

Suzanne noted that there was a question asked by a member if it was possible to keep the gate partially open such that it would allow smaller vehicles through but limit the ability for large vehicles or 10 wheelers to come up the mountain. Alan said it was possible but it might be better to just put up some barricades to prevent larger vehicles from coming up.

Suzanne said that another member had asked if the cameras at the gate were working so that if we had a large vehicle come up during this time we could penalize someone. Alan said that the cameras were working and we had the ability to see a large truck coming in, but the issue was tracking them down and then penalizing them, as the LRE fine structure was not set up to adequately address these one time violations. Nachi agreed and said she noted a member asking if lot owners could be charged to regrade the roads if their trucks/deliveries caused damage. Nachi said it was one thing if a large truck came up and spun out or cause major ruts in the road, because we could easily identify who caused the damage and charge the lot owner that had the truck on the mountain a fine to repair the damages. However, it's

more difficult if the damages are minimal, for example washboard, as we can't prove that was due to the single large truck and not the other 100 vehicles that were on the mountain that day.

Alan asked Nachi if we could withhold building deposits if violations occur. Nachi stated that would be possible for those lots currently with building projects in process, however, it wouldn't stop the general membership. For example, if lots were having propane deliveries, it would be difficult to fine someone for having a delivery during the road maintenance period. Suzanne stated there were no further questions but a member had commented that they thought a penalty should exist even if no damage was done because the membership was given notice. Nachi confirmed that a large truck would be as defined with our winter weight restrictions and be considered one that was rated for over 18,000 GVWR.

The Board responded to another members comment and said that the issue, again, was not the fact that our cameras weren't catching the large truck, but we had to be able to identify what lot it is associated with (which can prove challenging if there are multiple construction projects on the mountain, especially if they are using the same vendors), and we didn't necessarily have a fine structure in place to charge fees if there wasn't damage to the roads.

A member asked if the Board could look into adding a fine to address this issue. Nachi reported that this has been discussed on multiple occasions and the Board was looking into options to try to make this happen. She stated that before any changes were made to the fee/fine schedule or rules that notification would be provided to the membership for feedback and input.

Before moving on to the topic of the gate Alan wanted to mention that due to the pandemic LRE had noted more people staying and working at home this past winter and through the spring. He said that the mountain had gone through 52,000 gallons of water to ensure tap water was available to those living on the mountain, therefore there was a lot more activity and water usage than normal.

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Gate

Alan reported that the gate had been causing many problems recently. He said that it was purchased in 2013 and was an industrial grade operator. He said that he had talked to the manufacturer and it was a really 'young' gate in the gate world therefore we really shouldn't be experiencing any issues with it. Alan reported that something was going wrong in the computer system, the wiring, or the circuit board such that every now and then the gate won't open and it has an error code showing that "the limit switch has timed out." Alan reported that there had been four different companies on the mountain trying to figure out how to fix the error code, but when they are on the mountain the gate works fine and none of them could ever figure out the problem, therefore they have had nothing to fix. He said that we have replaced limit switches, hydraulics, circuit boards, etc. and the error continues to occur at random. Alan said that he has tried to observe the gate to figure out what is happening when the error occurs and he has not been able to find an event or issue that triggers the error. He explained the issue in further detail and said that he was still monitoring the situation.

A member asked how much it would cost if we were required to replace the gate and ensure it was working correctly. Alan said the physical gate itself is fine, we would just have to replace the operator, which would cost around \$8,000.

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Architectural

Nachi reported that home building on the mountain is continuing and we average about 7 new home building projects a year. She said that the Association is growing and we should continue to expect more traffic, more water usage, more neighbors, and just more activity overall at Rockport. Suzanne noted that for any new members, they should feel free to reach out to any Board member or an architectural committee member to ensure they understood all of our rules and regulations and had all of their questions answered, especially if they were considering building a home on the mountain.

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General Membership Questions/Concerns

Nachi said that there was a question from the membership regarding sharing lot owner information so members could get to know each other better. She said that unfortunately the POA could not share personal or contact information of other members. She said that in the past there was an idea that someone might create a neighborhood directory, but that would be something that the members themselves would have to coordinate and then opt into if they wanted to share their information. Nachi said that until a member spearheads that sort of project, Summit County was always a good resource just to find names of lot owners and there was always the LRE Facebook page, as well as the members of Lake Rockport Estate Facebook page, both of which allow members to get in touch with one another.

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Future Water Plans

A member mentioned that there had been discussions about needing a second well for the mountain and asked if we had a timeframe for that. Greg stated that LRE had obtained a plan to upgrade the mountain water system and move the mountain to a year-round water system. He stated that since 2012 almost 6 of the 24 phases in the water improvement plan had happened. He stated that the membership had determined, in prior years, that they wanted to simply pay for the water system improvements over time and as we had the funds. Therefore, based on the pay-as-you-go approach the mountain would have water in about 50 year, which was based on the fact that we can only afford to pay about \$100k a year on the infrastructure and the entire upgrade was estimated to come at a cost in excess of \$5 million. Greg stated that in the last week or so the Board has come across a funding option that would provide LRE with a \$5 million, 40-year loan, at rate of 2.25% rate. The issue with the funding option, however, is that the Board has to figure out a way to pay the loan back. Greg said that he had a member ask if getting the loan would increase their annual assessments and for how long and he said that it would take 40 years to pay back the loan, but at this point he could not pinpoint the increase that would be required on a per lot basis to make the loan payments as well as cover the increased cost of maintaining and servicing a year-round system.

Nachi said that the Board was still working with the engineers to fully understand the scope of the project and were hopeful that options would be created and presented to the membership sooner rather than later.

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Mountain Cleanup

Nachi stated that normally, every year in conjunction with the annual meeting the Board tries to organize a mountain clean up where volunteers can come out and help with improvement projects on the mountain. She said that while we weren't able to hold such an event this year due to the COVID-19 pandemic, there was always a list of projects that could be done on the mountain. She said that if any member was interested in volunteering their time to the mountain they could simply reach out to any Board member and we would be happy to provide ideas and supplies to help improve the mountain. She said they already had a volunteer list started and would be reaching out shortly.

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Other Mountain Issues

Alan reported that he had plenty of weed and thistle spray if anyone was interested in stopping by and getting some from him. Nachi reminded the membership that we are getting into fire season so everyone should be very mindful of the activities they are doing outdoors to ensure no fires are started on accident. She said that its never a good idea to park on tall grass and to be careful with the use of chainsaws or other tools that could cause sparks. She said if members wanted to have fires they should have a water hose nearby in case there are any issues and everyone needs to be sure fires are completely extinguished before they are left unattended. She reminded members to create defensible space around their homes and also to take any dried and extra vegetation down to the burn pile near the dumpster so it could be taken care of in a controlled manner. She reminded the membership that the LRE burn pile and dumpsters are for mountain waste only, only to be used by members of LRE, and they need to be kept free of construction debris and rocks and soil. Suzanne reminded the membership that there is a fire safety sign down at the gate to inform members of fire dangers. She said that the Board also posts to Facebook and to the LRE website updates on fire danger, along with tips to keep yourself safe during the fire season. Nachi mentioned that Summit County also has a place on their website where you can sign up to be informed via a phone call about County emergencies, which would include any fire notifications. Alan said there was a question about fireworks on the mountain and he said that he was not aware of any restrictions but due to all of the vegetation on the mountain it just wasn't a good idea to have fireworks within Lake Rockport Estates.

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Suzanne noted that a member asked if when projections for assessment increases are made if they could include the ongoing increases in annual costs to the Association. Alan said the Board was taking that into consideration as well as increased costs related to the water testing that has to be done, as it should triple or quadruple the amount of testing we currently have to do, requiring testing to take place 3-4 times per week. He said there were also cost increases related to man power and the requirement that the water system is being monitored 24-7. He said that the cost of year-round water was not just going to be the \$5m to improve the infrastructure, but the costs to maintain the year-round system after it is put in place will be a significant expense to the Association.

Nachi thanked everyone for their attendance at the meeting and told the members if they had any questions for the Board that they could email the Association at lakerockportestates@gmail.com.

The Lake Rockport Estate Property Owners Association annual meeting adjourned at approximately 11:20 p.m.

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Approved: _____