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

**Minutes of the Annual Meeting
Saturday, July 10, 2021
Wanship Fire Station, Wanship, Utah**

The annual meeting of the Lake Rockport Estates Property Owners Association was called to order on July 10, 2021 at 10:00 a.m.

Board Members Present: Nachi Fairbanks, President, Steve Sady, Treasurer, Alan Lindsley, and Dolly Gorham. Greg Warner, Vice President, was excused.

See Annual Meeting Attendance Sheet for LRE members in attendance.

Introductions

President Fairbanks welcomed everyone to the 2021 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 three 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.

00:07:10

Minutes

Nachi asked if there were any questions on the 2020 annual meeting minutes.

MOTION: Nachi Fairbanks, Lot 308, moved to APPROVE the minutes of the June 26, 2020 annual meeting. Larry Underwood, Lot 147, seconded the motion.

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

00:08:35

Financials

Dolly Gorham went over the budget to actual numbers, noting that for 2021 we had collected over \$195k for the year, so most members had paid their annual assessments. She went through each of the line items for the expenses, mostly pointing out that through the current date we were below budget. Alan Lindsley clarified that the reason why we were so far under budget at this point was because we were just starting our summer season and we were still having work done on the mountain and were still receiving invoices, so if they weren't paid yet, they wouldn't be recorded here.

Nachi highlighted that currently the Board was budgeting \$270k for the well project #3, shown under Water Capital Improvements, and that project was just beginning, therefore no costs had been incurred as of yet. Alan asked if we post the financials online because it might be helpful to provide the financial information to the membership after we incur some of the costs this year. Nachi said that we do post financials annually and reminded the membership that the actual numbers in the budget to actual were just the actual expenditures through May of 2021.

Nachi asked if there were any questions on the current budget. A member asked if there was any way we could increase the budget for the gate due to all of its issues it's been having. Nachi said that we would be going over the gate issues but at this point the Board was hopeful that it was fixed. Nachi stated that the gate issues were not a result of a lack of funds to cover the costs, but if the gate continued to be an issue the Board would relook at the budget to spend additional funds to fix it. Alan reminded the membership that there were times that the gate was left open on purpose, currently it was open because of the road maintenance that was in process. He mentioned that if a member saw it that way, they shouldn't always be concerned that it was broken.

00:26:40

A member asked about the \$270,000 that was budgeted for a new well and asked where that funding was coming from. Nachi reported that we currently had that money on hand to cover the \$270,000 but that we were also working to get additional funding from the USDA. A member asked when the Board expected the well project to get underway. Nachi reported that we were hoping for a fall or early winter start date and Alan clarified that we had started the process in 2020 but there was a lot of paperwork that had to be done, therefore there was a lot of delays that were caused due to the paperwork required by the State. A member asked about the location of the new well and Alan explained where it would be placed on the mountain. A member asked about the depth that the engineers thought we would have to drill and Alan stated they were currently planning on going down 1500 feet, which was based on a lot of research. However, there was no guarantee at 1500 feet that we would find water, so everything was just an estimate at this point.

A member stated that there was quite a bit of growth on the mountain and asked how long the engineers thought this well would cover us. Alan said if we hit water and it produced 100 gallons per minute, as expected, then we should be good for another ten years. However, if the aquifer dries up quicker than planned, like it did with our last well, or if the drought continues, or we don't have some good winters, then the water could dry up sooner than planned. Alan noted that our Well #2 should currently be sufficient but due to the drought we've had to accelerate the drilling of Well #3 by 5 years.

A member asked if we could increase annual assessments to speed up water improvements. Nachi said she wanted to revisit that question later in the meeting but wanted to make sure there were no more questions about the budget. There were none.

MOTION: Nachi Fairbanks, Lot 308, moved to APPROVE the budget for the year ending December 31, 2021. Kevin Grogan, Lot 127, seconded the motion.

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

00:36:00

Water

Alan reported that he and Greg Warner, Vice President, had met with engineers over a year ago to look at a new well site and all of the infrastructure that would be required to hook it to our current system and the cost was estimated at \$2.5 million. This included the cost of the well, the cost of the buildings, and the costs of the water lines. A member asked for clarification and if the \$2.5 million was just the cost of the well or if it included costs to put in the year-round water system. Nachi stated that it was both, and the reason for that was because when we put in the water lines for the well, we will also drop distribution lines so we don't have to duplicate the work, or dig up the same roads and trenches in the future. She clarified that while the new distribution lines are part of the year-round system, the \$2.5 million was mostly the cost of the new well.

There was a question from the membership as to where the lines would be ran and Alan explained where the lines would be run along our roads to get to the booster station.

00:42:00

A member asked about a survey that the Board had done regarding our water system and what the results had been. Nachi said that out of 330 property owners the Board had received no more than 30 replies, therefore it had not been a good representation of the membership at large. Nachi said that in conjunction with the Well #3 project the engineers were also putting together a proposal for putting in all of the distribution lines for year-round water and it was possible that LRE could request more funding from the USDA to do more work towards the year-round water system now instead of waiting. Nachi reminded the Association that Well #3 was the number one priority to ensure we had water on the mountain, but the last she heard the water line project was going to be \$6 million, therefore that plus the \$2.5 million for the Well #3 project was in excess of \$8.5 million. She noted that earlier a member had asked about increasing the dues to speed up the water projects, therefore, in response to that, yes, it was possible, however, dues were going to have to increase by \$300-\$400 annually just to complete the well, therefore if the association wanted to do the entire project assessments would have to go up about \$1,800-\$2,000 per year.

Nachi reported that while the Board had to implement the \$300-\$400 increase for Well #3, which was non-negotiable if we wanted to keep enough water on the mountain, they planned on putting the additional assessment increase of \$1,800-\$2,000 annually out to the membership for a vote because the year-round water project was optional and not a necessity. Additionally, Nachi reminded the membership that these costs that they were reporting now were only the cost to improve and install the infrastructure for year-round water. It did not include the regular annual costs to maintain the year-round water system. In other words, once the \$8.5 million was spent and the infrastructure was in place, the Association was estimating a \$150k-\$200k increase annually to operate the year-round water system. This increase in operational costs included the cost for a year-round water manager along all of the testing and compliance work that had to be done for the State and other regulatory bodies. In other words, she was highlighting that in order to operate a year-round water system, it was going to be substantially more expensive than our current seasonal water system. She noted that in addition to the annual operating costs, having a year-round water system could increase building and traffic on the mountain. Accordingly, LRE could be looking at higher costs for road improvements and higher costs for gate maintenance, along with higher amount for other operating costs due to a larger membership base. She also noted that this annual assessment increase would not be temporary, or for a couple years, and thereafter the annual assessments would go back down to the \$650 per year. Instead, this would be a permanent increase in annual assessments, as it would be required to pay back the 40-year loan that we get, and pay for the increased annual operational costs.

Nachi said that it was important to note that LRE was getting no pressure to put in the year-round water system and that they were compliant with all regulatory bodies, therefore as long as they see improvements over time, they were not requiring us to have a year-round water system in place by a certain date. Nachi stated she also wanted to remind the association that even if the Association was to vote on increasing dues and putting in the year-round water system infrastructure as soon as possible that it was still about a 5-year project before year-round water was actually available.

00:48:00

A member asked if there were other options to obtain funding for the project. Specifically, he noted that LRE owned a large piece of property and he asked if we could sell it to get the funding we needed. Nachi said there were three issues with that, first, the property was going to be the location of Well #3, second, the property was not a buildable lot and was deemed an open space property, and third we were not able to sub-divide the property to sell it in pieces.

A member asked about the funding option and how much LRE was able to qualify for. Nachi said we shouldn't have a problem getting the \$2.5 million but we were applying for the full \$8.5 million at a 2.5% interest rate, first, because the money is at such a low rate, and second, in case we decided we wanted to fund the whole project now. She said that while we were applying for the larger amount, if we didn't need it, we could always lower the cash out in the future. She pointed out, though, that this is what made the vote of the membership critical. In order to obtain the loan LRE has to prove the ability to repay the loan to the financing company. In order to do that, LRE has to show that a significant portion of the membership was in favor of the larger loan amount and would agree to pay a higher annual assessment (up to \$2,500 annually versus the \$650 currently being paid annually) in order for the lender to be comfortable that we wouldn't default on the loan.

A member asked about the expected timing of the vote. Nachi said that the Board was still trying to tie down the numbers so that they could present a fairly solid estimate and present the idea to the membership but the goal was to try to put something together in the next couple months. Alan added that the Board was also looking at charging higher water usage rates on a tiered system, therefore if someone was using more water they were going to pay more annually. A member asked how, if there was such a low response rate on the survey, how the Board was going to get a higher response on the vote. Nachi said that she figured if you told a member that their dues were potentially going to increase from \$650 a year to \$2,500 per year that they would place their vote, whereas the survey was just asking for a general opinion.

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A member asked about how many homes were on the mountain compared to bare lots. Alan reported that currently there were 79 lots that had year-round homes, 42 lots with homes for part-time persons, 12 lots that were vacant with a freeze-less hydrant on them, and 43 lots that were vacant with only a water meter on them. In summary, there were 176 lots out of 315 that had water meters on them.

A member asked if it was going to take 5 years to get the year-round water infrastructure in place how soon the dues increase would occur. Alan stated that basically as soon as we decided on which way we were going to go with the project the engineers would help us take the project out to bid and we would secure the financing. Despite how long it takes for the project, we will start having to make payments on the loan, therefore we would need to implement the increased dues right away to be able to cover the loan repayment amounts and still have the capital to pay for the project as the work was completed.

There were a couple questions regarding the location of the projects and the timing of the projects so the Board repeated that information. There was a question regarding if the new well would be servicing the lots that were requesting meters but had not yet been able to get them. Nachi stated that as long as the

Well #3 project goes as planned and water is found then once the well is hooked to our system we should be able to provide more water meters and allow for additional building projects to get underway.

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A member asked if dues were going to increase as a result of Well #3 being placed in service and Nachi confirmed that yes, the annual assessments were going to increase by \$300-\$400 annually just to complete the well work. A member asked if more fire hydrants were going to go in and Alan responded that right now we had 1 or 2 hydrants on each street, of which they were too small and not up to current code. Therefore, yes, as we get the winter water lines in we are required to come into compliance with current code, which required hydrants every 1500 feet and for each to be large enough and with sufficient water lines to address fire issues. Accordingly, the fire hydrant improvements were included in the new water line costs. A member asked how many votes were required to pursue the water line project and Nachi stated it was that 2/3 of the membership had to vote in favor. She also explained that when the Board sends out the vote it will have to specify how a non-response will vote (either in favor or against).

A member asked how the year-round water project will affect the homes on the mountain and Alan explained that once we have winter water that each home on the mountain will have to drop their water lines from their meter to their home, in order to prevent their water lines from freezing in the winter. Further, this will be an out-of-pocket cost to each home owner, which is something we will need to disclose as part of the voting process. The membership had questions on the backflow preventors and Alan clarified that if members wanted to retain their holding tanks they had to keep the backflow preventors in place. If tanks were removed, then no backflow was required. There was a question from the membership regarding the State requirements for us to move towards a year-round system. Nachi said that the State was aware of our progress and improvements over the last decade and understand that we are moving in the right direction. They understand our cost challenges to get there so they have been patient and working with us, as to not force the issue and force residents off the mountain.

01:16:18

A member clarified that he was hearing that there was an option to accelerate the year-round project and there was an option to slowly make improvements but asked if there was an option to do nothing. Nachi said that was not an option, that we had to be showing progress in some form, so there were two options: to continue with what we've been doing, or accelerate the project.

There was a question from a member regarding water levels and Nachi clarified that by accelerating the project we were adding the infrastructure to be able to move water over the mountain year-round but there was no guarantee that we would have enough water or sufficient water to provide water year-round. Alan added that was the reason for the tiered water usage rates, to encourage the membership to slow the flow, and those that didn't would pay more into the association for using more water.

01:20:30

There was a discussion regarding water usage amounts on the mountain and the idea of the tiered water usage rates and what other water company's charge. The Board clarified that they expect a change in water rates to be put into effect prior to the water being turned on in 2022. There was a question from the membership on how the Board was determining who could add water meters to their properties and build. Nachi stated that right now, if there wasn't a water meter already on the property the Board would not approve the installation of a meter and therefore the lot owner could not build on their property. She said that this wouldn't change until we had Well #3 up and running and it was proving to add to our water supply. She said that the Board has received requests from 5-6 lots that were wanting to build this year and couldn't. Alan added that the Board will not choose who gets water meters and who doesn't. He said that either everyone gets them or no one does and will all depend on the water source and results from drilling Well #3.

01:28:25

A member asked if having the POA run the water system was standard and if the Board had considered outsourcing to a water company instead of doing everything ourselves. Nachi said that some POA's had separate water Company's running their system, but they were much larger POA's and we were still pretty small, so our setup was common. She stated that the Board had talked to Mountain Regional about 4 years ago regarding taking over our water system and they found that the water company would have to do all of the work we would have to do and were even talking about piping the water over to our Association, which would be miles of pipeline and have to go through private properties. She said that the cost was much higher at that point than what we were looking at. She also highlighted that if LRE employed a water company that the Association would lose all control, meaning that the membership would not be given a say or a vote and instead would just be hostage to the water company's decisions.

A member asked if having rentals on the mountain affected the water usage at all and Nachi said that it didn't, which was mostly because we only allowed long-term rentals and not nightly rentals. She said that our CC&Rs said that no one on the mountain could run a business out of their home, therefore the nightly rentals would be considered a business activity. She stated that the long-term rentals were allowed because they were similar to just having a home owner live on the mountain full time, which was not against the rules.

A member asked if it was possible for the Board to provide actual meter readings to the members so they could monitor their water usage and see where they were at. Alan said that we could have our accountant add that information to the invoices, however, at this point we were only doing readings annually so he didn't know if it would be helpful. He said that eventually they will be reading meters monthly or quarterly, which might provide more useful information quicker. Nachi said at this point the best thing might just be going out to your meter and reading it yourself.

There was a discussion about some of the pros and cons and the Board went over some of the issues they would be communicating to the membership. Nachi stated that improving the water system will definitely improve property values, but that might not be something important to a person who isn't planning on selling their lot in the near future, therefore a pro to one lot owner might be a con to another.

Alan provided a quick summary of the LRE sanitary survey conducted by the State and reported that we had issues but we quickly resolved them.

01:54:45

Roads

Alan reported that the entire subdivision was graded, except for some of the circles. He stated that mag was applied to all primary roads and we had to use 84,000 gallons of our water. He said we applied 117 tons of dust guard and as of this morning the well and tank were full, therefore we had recovered from the use of the 84,000 gallons. He described the process used this year to avoid creating any fire dangers.

01:57:00

Gate

Alan reported that over the last year we had gone through 12 different technicians to try to figure out the bug in the system. He said everyone thought that the issue started as a result of lightning but at the end of the day the last technician who "fixed" the issue didn't really know what he did to get it working. Alan

said that there were some batteries and a charger replaced, the computer was reprogrammed, but there was no major problem identified or fixed.

A member asked if the automatic gate opener on the way down the mountain was still working. Alan said it still worked but it was only set to work in the winter to avoid cars running into the gate when it got too icy. He explained that having it "on" all of the time really takes away from the security on the mountain because people on the mountain are guaranteed the ability to get off the mountain without having to make any effort. He said if the exit loop is turned off it discourages from people being up there because there is the possibility that they are trapped.

02:01:55

General Membership Questions/Concerns

Alan reported that he still had thistle spray if anyone needed it. Alan reported that we ran out of mailboxes due to the growth on the mountain.

There were some general questions from the membership on the road maintenance project, including specific challenging spots on the mountain.

02:06:30

Nachi reported that in the past the Board had coordinated a clean-up and a barbeque so she asked the membership if they had ideas on small projects that they wanted to volunteer for and what timing might be best. She said that the summers tend to be quite hot so didn't know if we wanted to try to do later in the fall. Alan reported that in the past we'd spent about \$1,000 but most years only have 10-12 people show up, so its almost not worth the money to put effort into the event. The membership provided feedback and thought that after labor day might be best.

There was a question about improving the chain link fencing around the dumpster, which brought up a discussion about the dumpsters and the abuse of the dumpster, whether it was putting more than household garbage in them, or the weather that was blowing the lids open and we had trash flying out of them. The Board talked about challenges (i.e. lack of space and need for an additional dumpster) but also about things that could be done to help lessen the problem. Nachi noted that the Board was concerned that adding more dumpsters would just cause more costs but give members additional ability to abuse them.

02:23:09

There was a discussion regarding the use of the package shed and the fact that with more people shopping from home there had been increased use. The Board brought up that there were often times where the package shed was overloaded and it was difficult to get inside or get to the back of it. Nachi suggested that members sign up for shipping notifications and also if members saw neighbors' packages that were in the shed for multiple days that they should mention it to their neighbors, as some people might not be aware of it or be checking daily for their deliveries.

There was a question regarding the idea of turning the phone booth on the mountain into a shared book library and the Board noted that they had tried to pursue that idea but the phone booth was located on private property and when they talked to the owner, he was not excited about having people stopping in front of his property and having traffic on his lot. A member asked if we could move it and Alan said it would be difficult due to the building materials and the Board had decided it wasn't worth the potential fight with the private property owner to take it and move it. There was a question about notifications and posting and a discussion ensued regarding the bulletin boards on the mountain.

A member asked if the Board had a plan to get a backup for Alan, as he seemed to be taking responsibility for a lot of the mountain operations and there was a concern as to how the mountain would operate if he was unable or unwilling to work on the mountain. Nachi explained that Greg, another Board member, was also very knowledgeable about the water system, and could fill in there if needed. She said that the thing that would be most helpful would be if we could get more members to volunteer for the Board so that we had additional members that could take over other parts of Alan's job, like coordinating the road work, or helping monitor the package sheds, or other small activities. She said the issue was just that there wasn't enough interest or people willing to volunteer and we could have up to 10 board members.

A member said that having the Board meetings all in Salt Lake was a big deterrence and Nachi noted that while years ago all meetings were held in Salt Lake, the Board changed their meeting location to have half of them in Park City. She also said that many of the meetings have been held via zoom since covid. Nachi also explained that the Board had explored options in Summit County but there were issues with facilities not staying open long enough, or not being able to reserve the space enough in advance, or the cost being too high. A member asked if there was a term because he was concerned about volunteering and then being stuck. Alan said that it was a three year term but there had been many Board members that started and couldn't make it work so they had to quit before their term was up.

A member thanked the Board for their service and work on the mountain and the Board said they really appreciated the input and suggestions so that they could make better, more informed, decisions for the membership.

The Lake Rockport Estate Property Owners Association annual meeting adjourned at approximately 12:45 p.m.

02:46:40

Approved: _____