

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

**MINUTES FOR THE MONTHLY BOARD MEETING
WEDNESDAY, JUNE 12, 2024
PARK CITY COMMUNITY CHURCH
PARK CITY, UTAH**

The meeting of the Lake Rockport Estates Property Owners Association Board of Trustees was called to order Wednesday, June 12, 2024 at 6:37 p.m.

Present: Nachi Fairbanks (President), Greg Warner (Vice President), Jeremy Boeckmann (Secretary), Skyler Kershner [virtual], Sarah Strader (Treasurer), and Johnny Wasden [virtual] were present. Steve Sady, and Alan Lindsley were excused. Doug Barrus is on medical leave.

[OPEN PORTION OF MEETING]

Call to Order & Roll Call

~6:37

Architectural: Lot 195: Refund of Building Impact Assessment

Submitted building plans and paid impact fee 2-3 years ago. No longer planning to do the addition. They requested the full building impact fee back. Normally 500 is refunded.

MOTION: Nachi moved to refund full \$2500 building impact fee. Sarah seconded the motion.

VOTE: The motion passed unanimously by all Board Members present.

~6:40

Water: Update on Water Source Options & System Turn On

Turn on – been rough with some hiccups, had a break on Hollow that popped up. Started backflow inspections on Hollow, many people have been given the go-ahead to fill their tanks. Nachi has received 18 confirmations so far today, expecting more later. Have not seen the leak up on Ridgetop appear yet. During chlorination (cleaning) we had detected 3-4 gpm loss without pressure. It has not shown. Isolation valve for hydrant on Hollow was installed. Alan wants them to double check with Mountain Land for replacement parts for the old hydrant before replacing the whole hydrant. Two leaking hydrants – one on Parkview is no longer leaking after stroking (potentially cleared out debris/sediment), one on Ridge Top TBD.

Johnny Wasden joined virtually 6:46.

Nachi stated 21 more properties have confirmed backflows inspection.

Summit County Council had a meeting with Mountain Regional today – 7 members in person, some on Zoom. The county seemed to have more excitement/support around potential annexation of LRE by Mountain Regional. The next step is a feasibility study (likely by Bowen Collins for ~\$75k). That study will point to an estimated cost of the project. They recommended talking with Promontory about possible future easement(s). County is supportive of at least pushing for a wholesale customer agreement. For annexation, the county legal counsel strongly advises to get 100% member approval, and the council pushed back a bit due to likelihood. There is the option of forced annexation enforced by the county which would require 75% buy-in (less than 25% protest). Full annexation would require replacement of all neighborhood piping up to Mountain Regional's standard. Can likely use USDA loan funds (waiting on approval from Jones & DeMille). Sarah noted there are grant opportunities, availability for low interest loans, they require grant proposals. Need to talk with Denise Holding to see.

Got some information on a well ~300 gpm nearby (log 0935007M00), did not want to sell to Bridge Hollow. Can pass info off to engineers.

Water master plan is old (15+ years) and we need to do a new one.

~7:01

Minutes: May 2024

*MOTION: Nachi moved to approve May Minutes. Jeremy seconded the motion.
VOTE: The motion passed unanimously by all Board Members present.*

Jeremy to upload minutes to website.

~7:02

Financials: May 2024, Engagement Letter for Audit, Invoices, 2024 Budget and 2023 YE

Sarah states the scope by Davies Allen would make sure our books are in order and that we are fiscally sound. She handed out a print of their proposal and Schedule of Procedures. Sarah said this “audit” will help get future loans. Jeremy stated that this scope is not an audit and will not help to get any future loans, per feedback from a CPA. Sarah wants the work done to verify things like properly categorizing this like income and expense.

Jeremy questioned the reason for the third scope item “Review Related Party Items.” Sarah stated it’s a standard request (example: dummy company). Member Paul Strader voiced strong support for the Agreed Upon Procedure (AUP) to be done.

See attachment for AUP proposal.

Sarah plans to get proposal modified to clarify some things and cap the price as not to exceed.

Jeremy states that he does not see the value in this work and will not support it.

Discussed monthly financials. Noted association fee balance -613.34. Nachi will fix a \$75 line item for package shed on May financials before posting.

*MOTION: Nachi moved to approve May financials. Greg seconded the motion.
VOTE: The motion passed unanimously by all Board Members present.*

2024 budget and 2023 YE – Nachi needs to make a couple of tweaks to the profit and loss created for the versions to be presented at annual meeting. Potentially forecasting \$80k over budget, but may be fine due to reimbursements coming our way. We still have several unknowns (e.g., AES fees) that need to unfold before knowing whether a special assessment may be warranted. We should have a better idea in a couple of months. Nachi and Sarah will make updates for the annual meeting.

~7:35

Miscellaneous: Sharing of Board E-mails and Letters to Membership

Nachi has received numerous phone calls from members regarding seeing copies of emails about negotiations with PMSI and board compensation. It is concerning that board correspondences are being shared with the membership. Another letter was sent out to members (by a member) about correspondences with the board which were inaccurately represented.

~7:38

Committees: CCR - Survey Questions, Trails - Insurance

[Skipped due to schedule]

Open for Member Comments

Jeremy to send out email reminder to email in proxies or bring to annual meeting. Explain cumulative voting.

Mike Bowles – NS-39

- Asked if there was a rule change for number of representatives per lot to run for the board.
 - o Confirmed that it’s allowed that multiple people from the same lot can run for the board. No CC&R rule restricting it, nor a Utah law that restricts it.
- Asked if 1099 was issued to board members that received money from POA?
 - o Yes, if they exceeded ~\$600 limit. By law they had to be.

Tim and Michelle Kelly – Lot 108

- In MR and Summit County meeting today, they were talking about a “special assessment” without 100% buy-in, it could be an option to have variable assessments (or different assessments) for different lots. Nachi later noted that it was her understanding that Michelle was suggesting to let those that don’t want to pay for the year round water improvements can stay on the “old” water system. Those that are willing to pay can join the “new system”. Similar to what they did with sewer in Silver Creek.

Rosemary Carol – Lot 127

- Trails insurance – husband had asked Greg for insurance policy and shared with their own insurance provider. Their representative had tried to contact Greg. Will send to whole board.
- Nachi asked her own insurance broker to look into a policy for trails; they indicated that adding on something like trails to a policy would likely result in dropping the policy and/or dramatic increase in insurance cost.

~7:52

---Transition Open to Close---

[Redacted]

The meeting of the Lake Rockport Estate Property Owners Association adjourned at approximately 10:04 p.m.

Submitted By: Jeremy Boeckmann

Attachments:
AUP Proposal

June 11, 2024



Certified Public Accountants

Lake Rockport Estates HOA
Attn: Sarah Strader

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Lake Rockport Estates HOA (hereafter "Lake Rockport").

We will apply the agreed-upon procedures which the management of Lake Rockport have specified, listed in the attached schedule, to Lake Rockport in as of (for the period ended) December 31, 2023. This engagement is solely to assist the managers of Lake Rockport in evaluating selected financial information that is the responsibility of those who manage Lake Rockport. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on the selected financial information referenced in the attached schedule of procedures. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the management Lake Rockport, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You are responsible for the presentation of the selected financial information and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee any tax or other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Daniel Roundy is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We will work with your management team to schedule a reasonable timeframe from starting and completing this engagement. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the presentation of the selected financial information.

DAVIES + ALLEN

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Our fees will be billed at our hourly rate for the number of hours it takes to perform this service. We estimate that our fees will be \$4,000 per year for each of the three years. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. Furthermore, you agree to pay all costs we incur to collect any unpaid fees discussed in this letter or any addendums to this letter.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Best Wishes,

Davies Allen, P.C.

ACCEPTANCE:

This letter correctly sets forth the understanding of the management of Lake Rockport Service,

LLC. By: _____

Title: _____

Date: _____

This agreement is signed with the inclusions of two notes on the next page.

DAVIE S + ALLEN

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Schedule of Procedures

Cash Expenditure Procedures

Obtain financials of all activity from 2021 through 2023. Use the financials to locate all transactions from Lake Rockport. Obtain the general ledger and sort transactions by vendor. In conjunction with management create a threshold to sort transactions for testing. Test a sample of transactions by obtaining documentation to back up expenses.

Obtain statements for all bank accounts and credit cards from Jan 1, 2021 - Dec 31, 2023.

Obtain the accounting general ledger. Sort it by vendor. Review all payments based on sample of transactions from above and verify amount paid matches the bank statement. Review ledger for any double payments or abnormalities.

Overall HOA Advise

Obtain a copy of the HOA by laws and review the sections on spending and approvals. Review accounting policies and practices to verify they are in compliance. Provide training to HOA members to make sure the HOA remains compliant with laws and regulations. Also make sure that funds are being allocated to the correct accounts and are separated correctly.

Review Related Party Items

Obtain a list of board members and related parties (for proposed of this procedure a related party will be deemed as: Immediate family members and their spouses, as well as any business of these individuals) to board members. Review bank statements for payments to board member and related parties and obtain documentation for why the payment was made.

Note: ① Do not exceed \$12,000.00 without Board approval.

② Please do a review of income like what you are doing with expenses.