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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 28, 2018
Wanship Fire Station, Wanship, Utah**

The annual meeting of the Lake Rockport Estates Property Owners Association was called to order on July 28, 2018 at 9:10 a.m.

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

Jayme McWidener, Secretary, was present.

See Annual Meeting Attendance Sheet for LRE members in attendance.

Introductions

President Fairbanks welcomed everyone to the 2018 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.

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.

00:05:45

Financials

President Fairbanks turned the time over to Jayme McWidener, Secretary, to go over the financials. Jayme stated that in the packet that was provided to the members there were financial information. She summarized the information in the balance sheet which showed account balances as of 12/31/17 and 6/30/18, highlighting that cash has increased \$9,400 from the end of the prior calendar year which is minimal because the association generally gets money in and spends it consistently over time. She stated that overpayments by customers looked high at 12/31/17 due to members making a payment on their 2018 assessment in 2017, which wouldn't show up as income until the 2018 year, therefore its held as a deposit at year end. She noted that that the loan from the Division of Drinking Water was paid down \$22,000 in 2018, which was a consistent annual loan payment that decreased the liability each year.

Jayne summarized the profit and loss statement which shows the income and expenses for both calendar years 2017 versus 2016. She noted that the association gets approximately \$190,000 each year from annual assessments and also gets about \$50,000 from Service Area 5 each year, which was a tax that was collected by Summit County and remitted back to LRE to utilize for infrastructure improvements. She stated that the association also receives other amounts from members for building impact amounts, water meter installation, and water usage. She pointed out that total income was only \$4,000 lower in 2017 versus 2018, and generally remains fairly consistent from year to year.

Jayne went on to talk about the expenses that the association incurs or where the association spends their money. She noted that generally amounts were consistent between years and were for administrative costs, utility costs, gate costs, road costs, and water system costs. She pointed out that the water share amounts were those charged to us by Weber Basin every year, which is passed on to those members that are hooked into our water system. She stated that in 2018 there was an increase in the Weber Basin charges, therefore all lots with meters were invoiced an additional \$25 per lot this year to pass on that cost to those that benefit from it. Accordingly, those expenses will be higher for 2018 but are fairly consistent from 2017 to 2016. Jayne noted that the association pays about \$24,000 each year for interest expense on the loan from the Division of Drinking Water, and after considering all of those costs you see that annual expenses are around \$240,000 to \$260,000 each year. She stated that in 2017 the association spent all of the income with exception to \$33,000, therefore showing net income for the year of that amount.

The Board asked if there were any comments or questions on the financial information.

MOTION: Derek Hughes, Lot 86, moved to APPROVE the financials as of December 31, 2017. Max Kloepfel, Lot 183-A, seconded the motion.

VOTE: For 23, Against 0, Abstained, 0. The motion passed.

00:15:25

Jayne McWidener stated that the budget is prepared annually by the Board and is generally based on prior year activity because the operations on the mountain stay fairly consistent. She stated that at times the Board knows of large or unusual expenses they expect to incur, for example, larger water improvement project costs or larger gate expenses, etc. and will take those into account when preparing the budget, but otherwise is based on prior costs incurred. She stated that the print out in the packet was the actual costs through June 30, 2018 compared to the 2018 budget and explained that if actual costs appeared low compared to the budget it was simply because the money hadn't been spent during the first half of the year, but would be by the end of the year. Jayne highlighted and summarized the report and asked if there were any questions. A member asked what the amount was that LRE collected for building impact fees last year and Jayne directed the members to where they could find that number, on the first page of the profit and loss, noting it was \$10,500 in 2017. A member asked what the road budget of approximately \$50,000 per year was spent for. President Fairbanks stated that in 2017 grading and mag was only done once and then additional costs were spent for material on Hollow. A member asked if that was going to be done again and President Fairbanks stated that this year the roads would be done twice, with the second grading and roll planned for mid-August where the Board was going to send out emails informing those with building projects of the timing to try to enforce the winter weight restriction for a short period in order to get a better result than the Association got the first time. She said that the plan was to grade one day and mag the next day so that there wasn't a gap in timing. Alan Lindsley went into further detail on the roads that were going to be done and the timing. There was a question about the amount and size of the rocks in the dirt and if it affected the amount of washboard. Alan explained that the rocks were necessary and went into detail explaining the basis of the process and what caused the poor road quality after the first road treatment.

There was a question about the damage done to the mailbox and Alan Lindsley stated that the damage was on the mailbox that was owned by the post office so he had spoken to the mailman and asked about getting it repaired. He hadn't yet heard back. There was a question regarding who pays for gate repairs when damage is done and President Fairbanks stated that when the Board knew who caused the damage they will pass on the costs to that person. A member asked if there were any cameras down by the gate and mailbox area. Alan Lindsley reported that all of the cameras had been damaged or stolen but the Board was working on putting up 3 cameras: one by the top tank for security and for weather, two at the gate to capture license plates in and out, and one at the package shed.

MOTION: Derek Hughes, Lot 86, moved to APPROVE the budget for the year ending December 31, 2018. Max Kloeppe, Lot 183-A, seconded the motion.

VOTE: For 23, Against 0, Abstained, 0. The motion passed.

00:30:50

Minutes

Nachi asked if there were any questions on the 2017 annual meeting minutes. A member asked what the Board had decided regarding speed bumps on the mountain. Suzanne St. Pierre reported that the Board had discussed this and done some research and found that speed bumps tend to cause more problems because drivers speed up until they get to the bump and then slow down and that change in speed causes more problems on the road. Further, with plowing the speed bumps cause more problems.

MOTION: Derek Hughes, Lot 86, moved to APPROVE the minutes of the June 24, 2017 annual meeting. Max Kloeppe, Lot 183-A, seconded the motion.

VOTE: For 23, Against 0, Abstained, 0. The motion passed.

00:33:55

Roads

Alan Lindsley stated that there wasn't much more to report on roads but gave the dates the roadwork would be done and asked that people slow down and limit travel during the time the roads are being worked on. A member voiced his concerns on timing of when the road maintenance gets completed. President Fairbanks stated that the timing for the first application is always difficult because it was weather dependent and the Board tried to schedule it after the water was turned on and all of the water line repairs were completed so that newly treated roads didn't have to be dug up. The Board liked to wait until all of that work was done and it was hard to anticipate timing on those things for scheduling the road work. A suggestion was made to disregard those small road projects and just schedule the road work for as soon as possible after the weight restriction was lifted due to the small projects affecting such small areas. Suzanne St. Pierre stated that the Board would consider this, they just wanted to be financially responsible and get as much benefit from the membership money as they possibly could. A member suggested doing the main road from the gate up to Aspen sooner after the weight restriction was limited because that was where the most traffic was and it usually had worse problems. President Fairbanks mentioned that the Board had done some research on some new road base technology, specifically for that stretch of road and found that the cost was near \$300,000 and gutters would have to be addressed and there was still the cost of maintenance that would be incurred. This significant cost really affects how quickly the water system is upgraded and all of these matters were being considered by the Board.

Alan Lindsley wanted to address the timing and explained that last year roads were done on June 13 and there were very few complaints. He stated that this year the road work was done on June 20, 7 days later, but there were many more complaints and the roads were not in as good of a condition. He explained that it wasn't necessarily the timing but was more affected by weather conditions and other issues.

There was discussion about the increased traffic on the roads due to more people being on the mountain more often. It was noted that while the mountain roads had been improved over time, with increased use of the mountain the Board needed to continue to explore options to better maintain the roads. President Fairbanks noted that while maintenance options are discussed the Board also had to discuss and consider any increases in costs and who will pay for that. She stated that the Board has discussed that full-time residents tend to use the roads more frequently compared to those that are simply up one weekend a month compared to those that own a bare lot that they never use, therefore increased assessments for full time residents have been considered. She stated that building projects impact the mountain roads significantly and generally result in more full-time residents, therefore the Board has considered increasing road impact fees for new building projects. This matter was discussed further and a member made a point that keeping assessments low on unimproved lots helps everyone on the mountain because then lot owners can afford to keep the lot unimproved. Once the costs get too high the lots are sold and then a buyer comes in and builds on and improves the lot, which increases the overall impact to the mountain. President Fairbanks explained that while everyone on the mountain benefits from infrastructure improvements, which helps increase property values, the things like road maintenance that has to happen twice a year and only lasts for a couple months truly only benefits those that are actually on the roads after the maintenance occurs.

A member asked why there would have been \$10,500 received from impact fees in 2017 but no comparable increase in road work/maintenance done with the money. Alan explained that all money coming into the Association doesn't necessarily get earmarked for any particular project. President Fairbanks explained that years ago impact fees didn't exist and there was minimal road maintenance being done, now with impact fees being collected the Association is able to do more work and have a higher budget for road maintenance. Additionally, the impact fees tended to be fairly consistent from year to year and the road budget took that impact fee income into consideration. Accordingly, if you were seeing \$10,000 in impact fees year over year you wouldn't necessarily see increases in the road maintenance budget because it wasn't a \$10k increase each year over the prior year.

01:16:23

There was a discussion regarding potential assessment increases and it was noted that assessments hadn't increased for 8-10 years and members voiced their concerns about increased costs over that time and improvements that needed to be made on the mountain that justified reasonable assessment increases. President Fairbanks explained that the Board was very sensitive to the needs of all LRE members, which included those that bought into a recreational property and didn't necessarily care about mountain improvements along with those that were choosing to live on the mountain full time. She stated that after the last assessment increase there were many lots that would not, or could not, pay their assessments and there were many lots that were sent into collections as a result. LRE currently had only 3 members of over 300 lots that were in collections and the Board wanted to be sensitive and were considering raising assessments enough to cover increase costs of managing the Association but not to put lot owners in collections due to non-payment.

A member brought up the last survey which had addressed assessment increases and noted that generally the results were showing that members favored an increase in the annual assessments to assist with infrastructure improvements. The Board noted that while percentages did appear to be in favor of increased assessments it was mostly full-time residents that had responded, therefore was not quite an adequate picture of all of the association members. A member noted that maybe decisions needed to be made based more on those that were participating and voicing their opinion versus those

that were silent. The Board pointed out that silence from the members usually indicated approval regarding how things were being run, as usually there was only communication when members didn't agree with the actions of the Board. Another member pointed out that member "participation" didn't necessarily mean responding to surveys, as anyone paying their assessment was ultimately "participating" in the property owner's association. The Board was clear that they understood the different positions that existed by each different member and ultimately were considering ALL members in their discussions and decisions. A member thanked the Board for being aware and sensitive to all lot owners and not necessarily any specific type of member.

With respect to infrastructure improvements a member asked if a new well was going to have to be drilled on the mountain to cover water usage. The Board reported that they had purchased up property in Unit 4 to give the Association options and locations to drill for a well, when it became time that a new well was needed, which would happen eventually as all wells run dry. A member asked if there was any way to guarantee that certain water would be available from the wells when it was time to drill for a new one. The Board stated that drilling for wells was an educated guessing game and there could be no guarantees, even with water engineers involved, that a well could be drilled, that water would be available, much less the amount of water that could be guaranteed. The Board reminded the membership that water levels were dependent upon the environment and overall water levels in the area, meaning that if there is a drought it affects all water levels and all wells in the area, not just LRE.

01:38:30

Water Update

Greg Warner reported that the Board had the water distribution line improvement project out to bid and that project would be replacing water lines from the corner of Crestview and Rockport Boulevard all the way down to Aspen. He stated this project included replacing all water lines and dropping them deeper in the ground, along with replacing meters along that stretch of our water lines to allow LRE to scan meters in order to read them. It also included replacing and/or adding fire hydrants as needed. Greg stated he estimates the costs will be around \$300,000 but we won't know the costs for sure until the bids come back. Greg clarified that we hope to get the work started in the fall once we accept a bid and line up a contractor. There was a question regarding what this would mean to the Association and if those lots along that stretch of road would have year-round water. The Board clarified that this was just one step in the process of getting year-round water and because the year-round water has to run through the whole system it would be almost impossible to give sections of the mountain year-round water until all distribution lines are replaced throughout the subdivision.

There was a question regarding the Association having enough water to run year-round if we were having problems in the summer with having enough water. Alan Lindsley explained that in the winter the aquifer that we pull water from is full and that its only during the summer months that it dries up because of the heat. Alan stated that the top tank was currently full and that our well was currently running about 35 gallons a minute so we were currently fine. There was a question about reserving water from the winter to use in the summer. Alan explained that was what we've been doing and that we fill our top tank at the times when water levels are high and then we just maintain during the low water months in the summer. Greg Warner noted that the Board was currently considering a tiered charging system for water usage so that those that use more water are charged at a higher rate than those that use less. The Board noted that last summer there was one lot without a home on it that used about 350,000 gallons, which was as much water as the top tank holds, to water new trees on their lot. The Board stated that those type of water usage numbers really hurt and impact the entire association. Alan reported that he was going to meet with the Rural Water Association over the next month to find out their recommendations and suggestions to address these types of challenges we were having.

Alan Lindsley reported that once the water project starts it will be a major construction zone and roads will be affected on the mountain. The idea is that new water lines will be buried along side the old lines so the sides of the roads will be torn up. Additionally, the new water lines will be replaced to each lots meters and meters will be dropped lower in the ground. Accordingly, each lot owner will be responsible for the water line from the meter at the street to the home and if those water lines aren't dropped lower into the ground there is going to be a high chance that those lines will freeze in the winter, preventing a home owner from having year-round water. Alan stated that the LRE engineering firm estimated that the cost for each home owner to drop their water lines would be approximately \$2,000 each. There was a question from the membership about what was considered a shallow line. President Fairbanks stated that anything less than 5 feet would be considered shallow and LRE is putting in the new lines at 7 feet deep to ensure lines won't freeze.

There was a question from a member if the water line project was going to get started right away if the Board would put-off the road maintenance, as it seemed like a waste of money to do the road work and then have them torn up just one month later. Alan stated that the Board had discussed this issue but felt like the roads were bad enough that they really needed the attention and maintenance, especially in the s-turns for safety reasons. The Board realizes that there is a chance it could be lost money if the timing isn't ideal but notes that the water line project will only affect a portion of the roads, not the entire area. Additionally, it's unlikely that the water project will happen right after the road maintenance, so there will be a time period that the road maintenance will benefit the association before the water project begins.

01:57:00

General Membership Questions/Concerns

A member asked if there were rules regarding how many recreational campers could be on one lot, as there was a concern about how many generators could be or would be running at one time and how loud that could be. President Fairbanks stated that there were not any specific rules on the topic with exception to Article 9.6 of the LRE CC&R's regarding no noxious or offensive activities and generally LRE defers to Summit County on noise restrictions. She stated that if there was an issue that turned into a problem any member could make a formal complaint to the Board and the Board could always try to send a letter asking the lot owner to be more courteous and sensitive to their neighbors.

A member asked about campers in our parking lot and common area usage. President Fairbanks stated that area was for the use of our members and their guests so if a non-member snuck through the gate and was using that area that would be a problem. However, with respect to those that are members of the Association there are no formal rules in place regarding this situation except a 72-hour rule. The Board is aware of situations where guests may have come to visit members but lots are not conducive to an extra camp trailer on the lot, therefore guests will sleep in their camp trailers in the parking lot. Generally, the Board is informed of these situations and give lot owners permission to stay there as long as they aren't blocking access to anything in the area, aren't causing any safety issues or problems, and have communicated their length of stay or story to the Board.

02:06:15

A member noted that one of the reasons a lot of people enjoy Rockport is because they are able to get away from the pollution of the city, which includes noise pollution. The member stated that there was an issue with barking dogs and people on the mountain allowing their dogs to be outside barking for hours on end. President Fairbanks stated that the Board often defaults to Summit County on issues like this, where if barking continues for over an hour they would consider it to be a nuisance and it would be an animal control issue where Summit County will send someone up the mountain to investigate and try to take care of the issue.

A member asked if the Board decided they wanted to create a new rule, regarding number of RV's on a lot, or whatever, if that had to go out to the membership for a vote. President Fairbanks explained that the Board was allowed to make operational decisions regarding the Association, however if the Board wants to change or put a new rule into place, under Utah State law they are required to give notice to the membership of the potential rule or change to a rule, allow the membership to communicate their thoughts and concerns at some sort of board meeting or special meeting, and then the Board would be able to make a final rule or change after considering the input they received. After a final rule or change was made the Board is required to inform the membership of the change.

A member noted that last year the members at the annual meeting had voted to leave the gate setting so that it would open upon approach and that was done for a short time but then it wasn't left that way. The member was wondering why the members vote didn't stand. President Fairbanks explained that while the members opinions were always considered the Board had the final authority on operational matters and there were issues that were coming up with that suggested gate setting so after the Board gave it a try they decided that it was not in the best interest of the members and the mountain to leave it that way.

The exit loop issue was discussed and the Board explained the purpose for closing the exit loop, which helped deter unwelcome guests and helped increase safety on the mountain. Alan explained that he receives plenty of calls when guests were "stuck" inside the gate and he stated that it gave him the opportunity to find out how people were getting in and getting stuck. It also gave him the opportunity to explain to those people that if they couldn't get out they shouldn't be inside in the first place.

The issue of tailgaters was also discussed. President Fairbanks said that the Board had considered window tags or stickers so that it was easier for all members to monitor those cars that are trying to tailgate into the subdivision. The Board explained, though, that the issue was really that members needed to help police the issue and stop and ask those people that were trying to tailgate or didn't have the sticker or tag.

02:40:25

A member asked about the LRE Board meetings and changing them to a Monday or Friday night because it seemed like a lot of members traveled for work, so having meetings on Wednesdays or Thursdays made it difficult for those that traveled to work to make the meetings, therefore they didn't volunteer. The Board explained that this had been considered but Mondays and Fridays were difficult because of people taking long weekends and having holiday weekend issues, therefore the Board was relegated to Tuesday through Thursday. The Board noted that they had previously met on Thursdays and just recently changed it to Wednesdays. Further, they noted that the Board also changed their meeting location, moving half of the meetings during the year to Park City with only half of them in Salt Lake City.

President Fairbanks asked the membership if they had any thoughts on changing the annual meeting from Saturdays to a weeknight and the members in attendance agreed that a Saturday morning was most convenient.

The Lake Rockport Estate Property Owners Association annual meeting adjourned at approximately 11:55 a.m.

02:46:52

Approved: _____