

SWEETWATER GOLF COURSE HOMEOWNERS ASSOCIATION
ANNUAL MEETING
Minutes of June 27, 2009

The Annual Meeting of the Sweetwater Golf Course Homeowners Association met in regular session on the 27th day of June, 2009 in the Ideal Beach Reunion Center, 2176 Bear Lake Blvd, Garden City, Utah.

Attendance:

Mark Chugg, Bill Rich, Kent Parker, Jim Ruggles, Jim Roberts, Tom Bardsley, Mark Anderson, Vicci Mendez, Jon Ord, Chris Coray, Gene Merrick and Pat Parker, Secretary

Call to Order:

President Chugg welcomed all members to the meeting. (Approximately 54 in attendance) Members of the Board and Assistants were introduced by Chugg.

Chugg encouraged all members to go to our new website for information.

The minutes of the 2008 Annual Meeting were presented to the membership for approval. A motion was made by Steve Stokes and seconded by Allen Edwards approving the minutes as submitted. Passed unanimously.

Presentation of proposed changes to our By-laws – Mark Anderson

(Please see “Exhibit A” attached hereto and made a part hereof) Anderson explained that we are amending Article 2 Section 1 to delete some arcade language dealing with Sweetwater Incorporation and its position and role with respect to the Association. We have been working for some time under by-laws that were amended to change the voting rights so you vote for board members differently from how you vote on everything else. There was some confusion on that.

Section 2 has stated the exact date on which the annual meeting should be held. The intention is to put more latitude in it to allow the Board to select the annual meeting date sometime between Memorial Day and Labor Day.

Section 5 we have changed just a little bit of the wording on how the meetings are to be noticed. It states a “good faith effort will be made to notify all members”. The website now becomes an important vehicle for this information.

Section 8 deals with proxies and absentee ballots and making it clear you can vote for a member of the governing board by absentee ballot. There is another provision that does away with proxies as far as the election of board members are concerned. You can still use proxies on other issues that come before the membership. But with respect to Board members it is only going to be if you are here present voting or if you sent in an absentee ballot that we have to receive at least three days prior to the annual meeting.

Section 9.a clarifies you vote the lot as a unit. If you have three lot owners that does not mean that each of the three has a separate vote – they don't. But the three of you basically need to decide how you are going to vote and vote that one vote as a unit. Or if you have a lot with a house on it that gives you three votes. You vote that as a unit. This is simply a clarification on voting rights.

Section 9.b states that you will have shares and voting rights in accordance with Section 1 except for voting for governing board members that are to be elected. For that each member only has one vote, this is not a change but a clarification. There will be no cumulative voting.

Section 9.d states if only one person is present and the lot is owned by more than one person that one person has all of the voting rights represented by that lot ownership or lot ownerships if you own more than one lot.

Section 14 if you want to be a board member you need to submit an application at least 45 days prior to the annual meeting. It does not have to any particular form but it needs to identify the lot or lots, include a brief statement of your background and why you want to be a candidate, and no trustee nominations will be allowed from the floor.

Article 3 talks about associate non-voting board members. Last year you in fact voted in four associate non-voting members but there was nothing in the by-laws that really made that legal. This makes it official. The four voted in last year were: Jon Ord, Vicci Mendez, Chris Coray and Mark Anderson. We had two vacancies come up on the Board since the last annual meeting and Anderson and Mendez were selected to fill those vacancies. Ord is now a candidate for the Board who will be voting on shortly.

Section 18 deals with the power to assess penalties. There is nothing in the current by-laws to deal with this. The Board has been sending out “ding” letters. This has generally dealt with trash, trailers, rubbish, etc. To the extent allowed by law and submit to due process requirements the Board will be able to assess penalties.

A motion was made by Ord and seconded by Ray Myers approving the changes recommended in the by-laws. Passed unanimously.

Chugg stated that we are looking at having the annual meeting on the second Saturday in June of each year.

Financial Report – Tom Bardsley

Bardsley thanked everyone for coming and having interest in our association. In last years meeting it was brought up the amount of money that it took to operate this association, they wanted enough to try and keep \$60,000 - \$70,000 in a reserve in case of an emergency with water or roads or something else that might come up. During 2008 they spent about \$53,400 (and that is just about where the budget was for last year). This year the budget remained about the same - \$55,000 - and so far we have spent \$46,530. We are already getting pretty close to the budget set for this year. Expenses, even though the value of the land goes down a little, seem to be the opposite – they are going up. They are charging more for the road maintenance, snowplowing. We are still going out and trying to find the most economical way of doing these things.

Bardsley explained that the billing for the water is separate from our budget. It is important that everyone understands this. All we have to operate on is the HOA budget.

Question from audience: Are we going out for bid on snowplowing?

Chugg explained that we haven't, but we are in the future.

Running of Web Site – Jon Ord

The Web Site is up and running. Ord and his son has developed this site and saved the Association many hundreds of dollars. Ord encouraged the membership to use the web site. If you have a good photo of the area, e-mail them to Ord. The Weather is on the site. CC&Rs and By-laws are on the site. Building permit instruction will be added. Web Site Address: <http://www.sgcha.com>

Advertising on Web Site – Ord stated there are links on the right side. There is no charge for this service.

Building Permits – Bill Rich

Rich has served on the board for the past 23 years. This is his last meeting. When he started issuing the building permits there were 27 cabins, today there are 167. In 2006 there were 8 permits issued, 2007 – 24, 2008 - 8 and now in 2009 there has been 1 so far.

Chugg thanked Rich for the many hours he gave to the Association.

Aged Receivables – Vicci Mendez

We have a deficit in the Association right now. We have \$40,522.21 that has not been collected from HOA fees. About 40% of that is late fees and late dues. I do have a promise to pay this week of \$3,675 so this will help. This year we issued 6 liens on May 4, 2009. As a result of our Board Meeting earlier, I will be issuing for the cabin owners

that have not paid their fees this year, a 30 day notice to pay and if they do not pay their water will be turned off. They will be assessed a fee at the turn off and again at the time of turn on. Everyone was encouraged to pay their HOA fees on time.

Reports on Roads and Community Improvements – Jim Ruggles

Ruggles gave the following report. (Please see “Exhibit B” attached hereto and made a part hereof)

Early Spring Dumpster Area Mud Condition -	\$155.00
Roadway Maintenance -	\$20,740.00
Roadway Mag Water Application -	\$ 5,011.00
Late Spring Dumpster Area Maintenance -	\$ 5,580.00
 Total Expenses:	 \$31,486.00

We are in the process of getting financial assistance from the Hilltop Association for the dumpster area.

Weed Control – (Please see “Exhibit C” attached hereto and made a part hereof) The spraying of weeds has been hampered with the amount of rain in June. With the help of a \$1,000 grant for weed control, our expense for weed control is \$611.00.

Audience: Vaughan Rigby asked about a sign that has been turned the wrong way. Mr. Rigby was given permission to go ahead and fix it.

Audience: Dave Bullock asked about parking across from the dumpster area. Chugg responded it was okay and there is no charge. This area will be plowed.

Audience: Richard Rasmussen asked about the name of a point of contact to get spray so he could help with the weed control. Chugg will get that information on the web site.
County Weed Contact:

Candidates for Governing Board – Mark Chugg

Chugg presented the names for election to the Governing Board: Kent Parker, Jon Ord and Vicci Mendez. *A motion approving the three names before the Association was made by Blake Knight and seconded by Mark Anderson. Passed unanimously.*

Status of Bear Lake Water Company – Gene Merrick

Three HOAs own the company – Sweetwater Trailer Park, Sweetwater Golf Course and Hillside. We have hired a full time manager – Terry Allen. Improvements have been made and more will be needed. Terry’s telephone number is: (435) 946-2919. Water

lines have been replaced and approximately \$468,000 on these repairs and replacements. The Trailer Park wants to put in meters so they can control the use of water better. After a survey was done, it was discovered there was no water volume and no water pressure to the fire hydrants. There was another \$120,000 spent to hook in a new tank and they have sufficient volume and pressure now to fight a fire. We have spent the money down to almost zero. This year there will probably be no new big projects except we are trying to get bids on a system which will monitor the water in the tanks. Now we are visually inspecting all the tanks daily. There probably will be no capital improvements for at least one and one-half years. We need to build up a reserve of \$400,000. There has been a problem with the issuance of bills. Meters were just read in the past two weeks. Bills will be out on time from here on.

Proposed Increase to Annual Home & Lot Owners' fees – Mark Chugg

Chugg invited any questions as he began his presentation. (Please see “Exhibit D” attached hereto and made a part hereof) A comparison was done with other HOAs and it was found that we are substantially lower. Our year end reserve is the lowest it has been since 2001. The proposed fee increase is: Cabin: from \$65.00 to \$105.00; No Cabin: from \$35.00 to \$57.00. Snow removal: Cabin: from \$25.00 to \$50.00; No Cabin: \$0 to \$15.00. Total changes: Cabin: from \$105.00 to \$155.00; No Cabin: from \$57.00 to \$72.00. For total expenses for 2009: Budget: \$54,476.00 – Actual: \$46,641.12. Total future capital improvements: Approximately \$44,000.00.

Annexation to Garden City – Chris Coray

Coray stated the annexation question is compound. (To clarify – there will not be a vote on this today.) The question is – would it be a good idea and if turns out to be a good idea what is the process and is it a possibly to become part of Garden City itself.

Annexation is not an HOA issue. Annexation are accomplished in this particular case by a group of landowners who decide they would like to become a part of the city and then ban together and write a petition asking the city to annex that piece of land into the city. Whatever the boundaries of the land turn out to be it requires two thresholds:

1. A majority of the acreage inside the proposed annexation area as represented by the signatures of those who own the land.
2. You must meet 1/3 of the assessed valuation in the county office of the proposed land to be annexed.

The petition then goes to the city and the city then decides whether they wish to accept that piece of property or not.

On May 29, 2009 four or five of the individuals who have property here met with the Mayor of the city and had a preliminary discussion about possible annexation. After that

meeting a list of questions was prepared and another meeting was scheduled for June 19, 2009. On that day the mayor called and cancelled because they had not had time to consider all the things.

Some of the questions we had as a group to ask the city are: Would all the land in the petition to become part of the city proper include all the roads? There are some places where snow plowing might not be feasible for the city. The Water Company itself would become part of the city.

We are at the edge of our water capacity. We can deliver enough water now, however, as we continue to grow that it not true. The city does have plenty of water and they have the capacity to store water rights as long as they have future needs that they can see. They also need a larger secondary water supply which we own. What would be the additional cost to those who might be part of a proposal for annexation? For example, 1,550 acres of land which would include all of the Hilltop Assn. all of the Golf Course Assn. all of the Golf Course itself and all of the extra land owned by those who own the golf course and all four Foxridge Subdivisions. So we say to the city tell us what the additional cost to us if any, what are you willing to do and what is required of us. Because they postponed the meeting we did not get those answers. But should it come to an annexation decision, let me make it clear, the homeowners associations have no affect at all except for that land which is common. The common land in the HOA will be voted on annexation by members of the governing board. Every other piece of property owned by an individual will be voted by that individual. The vote is on square footage.

There is discussion ongoing and now we ask you – what information would you like to have before you were to make a decision on whether you would join an annexation petition.

Members asked questions from the floor – those individuals were (but not limited to) the following: Jon Ord, Dan Penrose, Vicci Mendez, Blake Knight, Kristin Reno, Steve Stokes, Scott Reno, Mike Williams, Jan Prine

1. How would it affect our taxes?

Coray responded that he could only give what the tax rate is now. On a \$100,000 on assessed valuation is \$40.00 per year. This is secondary. On primary it would be \$22.00 a year.

2. Concern on what road improvement would be made?

Coray responded – our association gets no Class C road funds from the United States of America and though the State. Were we part of the city there is Class C road money that would come through the City that would help pay for maintenance. Class C roads are gravel roads not paved. If the city says this is a

Class C road it will be a Class C road. Road Maintenance is a big question.

3. What would happen to our fees to the HOA?

Coray responded – in terms of management, the city operations run the whole thing. However there would still be a homeowners association but on an incredibly smaller scale. There would be none of the collections that are going on. Everyone would have one vote per person. Chugg stated the association would still be responsible for administrating the CC&Rs. Coray stated but we could have it zoned in a way to eliminate the CC&Rs.

4. Financial Help from the City.

Coray responded – he did not live in the city, but does know they have been so frugal over the past years the mayor managed to save \$600,000 to purchase land and build the things that have been done. However, this is a fair question – how healthy are you (the city)?

5. What about law enforcement?

Coray responded – one of the things the city is considering establishing is what is called a JP system (Municipal Justice System). We are already part of the Garden City Fire system. We are also part of the sewer system. These are non-issues.

6. Will water lines be assumed by the City?

Coray and Chugg – yes they will take over operation of the water company. Coray stated the city currently charges \$30.00 per month for their water system. The reason for the \$30.00 is they had to bond for a large treatment plant on Swan Creek to recover. They will pay \$15.00 who does not have a house and has just a lot. Chugg stated they do not have meters in, they have very few meters and until they get the meters in they will not charge usage.

7. How much water does the City have?

Coray responded – they have enough water to handle all the growth for the next 100 years. They have a 100 times the amount of water we do.

8. What about the sewer district?

Coray responded – you are already part of the sewer district – this would not change at all. This is part of the County not the City.

9. Are there any liabilities that remain with the HOA?

Chugg responded – only liability is the enforcement of our CC&Rs unless we adopt a zoning ordinance which will match. Coray stated the shield of liability that government has compared to what HOAs have is enormous. There is a difference.

Contingent Liability – Water Company. Anderson stated that right now the Water Company in effect is owned by the three HOAs. The Water Company is a separate entity. A lot of the infrastructure for the company is quite old. If you read the CC&Rs you will find that as far as outdoor usage is concerned, you are only supposed to use water to establish plants, shrubs and that sort of thing. You are not to use it for lawns, gardens. The Water Company has a small percentage of the amount of water that will be required for ultimate build out for people to use inside their homes, gardens, lawns, etc. In fact, the Water Company does not have sufficient water rights even to cover indoor usage at ultimate build out. We have got a major long term problem if don't do something like annexing into the City and taking advantage of their water rights we some day are going to have to find water rights. We are talking millions to get the water rights we need and upgrade the infrastructure. If we hold on to the Water Company it is pretty much guaranteed a crisis. The annexation into the City will not automatically give the City the Water Company. The Water Company share holders, which again are the HOAs, will have to convey the Water Company to the City and a lot of the questions being asked will be determined by that agreement. We need to find out on what terms the City is willing to do it. Anderson is hopeful and optimistic the City would take over the Water Company and be 100% responsible in that point of time and forward. This means that the liability that the Water Company or we would hold would be the things up to that point in time. If we are careful and negotiate there should not be any confusion of liability carrying into the future. We do not have the answers to these questions at this time.

10. As a homeowner, I would like to see all or almost all of these negotiations in writing somewhere so we know what we are voting.

Coray responded – the petition could say “subject to” and then it would be binding.

Coray reminded everyone that the City is on the other side and they may not want us.

11. What are upsides for Garden City?

Coray responded – he could think of two upsides for Garden City and there may be more. (1) Secondary water source; and (2) a larger political entity.

12. Liabilities on roads?

Anderson responded – After the annexation the HOA would be dealing with enforcing the CC&Rs and those sorts of things but there would not be much left. The real difference is if you are a permanent resident. If you are not a permanent resident and registered voter then this does not apply. But right now our vote for City Council or County Commissioners is quite diluted. Whereas you would then be voting directing for the people that would be making the decision. It would give you more local control. It would be the residents of the entire city and county not just the Sweetwater hill.

13. Water Rights.

Anderson responded – If the city cannot show a use for the water rights then they could lose them to forfeiture under State law. They benefit by having a use for those water rights. Merrick asked Anderson to tell the membership what his profession is. Anderson responded he is an attorney and represents mostly districts; most of his clients are water districts and sewer districts.

14. Status of Common Areas?

Coray responded – on a petition they would be voted on by the Board of this association. Could the common areas stay as parks or undeveloped land – this is a good question to ask.

15. Only Area Considered?

Coray responded – Again, this is just the preliminary discussion. There are many questions that need to be answered. The area previous stated is just the starting point.

16. Can this information be put on the web site?

Coray responded – not all of it, however we can certainly put up a discussion forum on the web site.

17. Who asks who?

Coray responded – we need to be asking. The petition must come from the people who wish to be annexed. This is landowners not the Homeowners Assn.

18. Amount of Water lost?

Merrick responded – 6-8% in the summer and 40% in the winter.

19. What would happen to reserves?

Chugg responded – We may complete the dumpster area, maybe some culverts, or perhaps donate to the city to buy equipment.

Chugg and Coray thanked everyone for their interest and questions.

Chugg asked for a vote on the proposed fee raise. *A motion was made by Stokes and seconded by Parks approving the proposed rate increase. The vote was unanimous from the floor. The vote from the board was as follows: Aye- Anderson, Parker, Roberts, Chugg, Bardsley, Mendez, Rich, Ruggles. Nay - Merrick.*

The following volunteered as assistants to the Board. Chris Coray, Steve Stokes and Allen Edwards. These gentlemen were thanked for their interest in the HOA and everyone on the Board looked forward to working with them.

Adjourn:

No further business was brought before the Board and a motion to adjourn this meeting was made by Anderson and seconded by Myers. Passed unanimously.

Next Meeting:

The next annual meeting of the Sweetwater Golf Course Association will be on the second Saturday in June 2010. The place will be determined and the membership will be notified.