

SWEETWATER GOLF COURSE HOMEOWNERS ASSOCIATION
ANNUAL MEETING
June 17, 2017

The Annual Meeting of the Sweetwater Golf Course Homeowners Association met in regular session on the 17th day of June, 2017 in the Ideal Beach Reunion Center, 2176 Bear Lake Blvd., Garden City, Utah

Attendance:

Alan Edwards, Kent Parker, Jim Roberts, Jon Ord, Don Jardine Bob Peterson, John Sullivan and Pat Parker, Secretary. Excused was: Mark Anderson. Others in attendance were: Tiffany Wahlberg.

Call to Order:

President Edwards called the meeting to order at 12:36 pm. He welcomed all members to the meeting. Board Member Mark Anderson was excused from this meeting. President Edwards asked if everyone had received this letter announcing this meeting. It was also re-posted on the Web Site as an official notice of the meeting with the timeline. Posted on the Web Site were the minutes of last year's Annual Meeting.

A motion from the floor to approve the minutes of the June 11, 2016 Annual Meeting as submitted was made by Greg Hudnall and seconded by PW Tucker. Passed unanimously.

Report of President:

President Edwards stated "The hills are alive"! We still have a lot of activity and we are happy that people are coming up and enjoying their places. There are no significant issues except the winter was really hard. We did have some calls on the roads, and we talk about this again, but these are not roads like a city would have. They are on hillsides and are dirt, its recreational property in a way and I told these people that I would not even attempt to go up there without a 4-wheel drive in the winter. Good things have happened for us this year and we will hear about this in the Financial Report. We will hear a progress report on the Water Company. In general, THANK YOU all for cooperation and THANKS to the Board - they are a superb group of people that act as a much unified board in your interest.

Report of Secretary/Treasurer – Bob Peterson:

In the brief absence of Peterson, Tiffany Wahlberg (our accountant) was asked to give the report.

Edwards stated the Board voted in our April Board meeting to maintain the fees at the same level they are at. There will be no increase this year. (Applause from the floor)

Wahlberg stated that we are in a unique position this year to not be raising dues – every other HOA she does work for is raising dues or doing a special assessment due to the hard winter. They spent a lot

more on snow plowing than they have in previous years. Your HOA Board is very conservative and they do their best to not get into a situation like that. Even though snow plowing did go up and so has the road maintenance increased, the cash is exactly where it was last year at this time. Your receivables are \$6,000.00 higher than last year. The same people do not pay year after year so that always increases a little bit. We will talk about some things later that we are doing with the Water Company that should bring that number down. As far as collection efforts, we do use a Collection Agency and everything is sent in August. This has made a big difference. Our receivables were in the \$90,000.00 range and they are around \$60,000.00 now.

Bylaws and Voting Rights/Procedures Discussion and Vote – President Edwards:

Last year we talked about waiting to see what would happen on the lawsuit the Hillside had going on short-term rentals before we attempted to try to enforce our short-term rental ban. What happened is there was enough in the testimony given and some ambiguity in the CC&Rs about commercial activity and the use of residential properties or things normally used in residential property – some of language – the Judge was unwilling to rule on a Motion for Summary Judgment. Meaning that they didn't lose, but the Hillside would have to go through a full blown trial every time they wanted to enforce their ban on short-term rentals which is similar to ours.

The bottom line between that and legislation, is that our attorneys have advised us the only way we can feel comfortable to enforce or have any restriction on short-term rentals is that we amend the CC&Rs to specifically and explicitly prohibit short-term rentals. The current situation in our Bylaws was based on advice from the attorneys that the prohibition on commercial activity would apply to short-term rentals the way they are done. We have also relied on the expressed preference of the members that come to the Annual Meetings that they would like us to enforce a short-term rental ban. We are to the point where the Board is not willing to do that because of the cost that will be incurred and the legal difficulties.

However, because of the feelings you have had on short-term rentals that have been expressed in our Annual Meetings, we are going to propose an amendment to our CC&Rs to explicitly exclude short-term rentals. If a majority of the owner shares in the Association vote for that then we can do it. There is no practical way to have such a vote and get a majority of our owners to vote except through a mail-in ballot. This is one of the things we are proposing to you. Actually our attorneys tell us it is a procedural thing that we can do as a Board without necessarily a vote from the members, but we want your vote in support of it.

Member Question:

Do we have any idea of how many owners may want to rent.

President Edwards responded that we have had a few owners tell us that the realtors tell them it is harder to sell because you cannot rent. We have had people inquire about possibly buying here and asking do you allow rentals.

Essentially what this proposal says is that in addition to voting in an Annual Meeting or a Regular Meeting or a Special Meeting of the members, we can have voting by mail. It says just like our meetings that the number of people that vote are a quorum and the majority of the ones that vote can carry any

vote. It also says, except when something different is required otherwise by the governing documents. The CC&Rs require that it be actually a majority of the owner interests in the development to change the CC&Rs. I cannot imagine when we would ever use this except when we wanted to amend CC&Rs. The effect will be that it has to have a majority of the owners respond. Frankly we do not know if that is realistic or not. Aside from whether a majority of those who respond would vote for a change on rentals or not. But, there is no practical way to even address it except through a mail in ballot.

One point is that will have to be out for 30 days. People will have 30 days to respond and then it will be counted based on the responses received.

We are proposing to present to the membership some revised CC&Rs that address the short-term rental process and do that by mail. We would enjoy having your vote on this that you feel comfortable with. The Board has already adopted this by mail vote in the Bylaws. We want an affirmation or ratification from you as members.

Member Question:

I would like a clarification. We are discussing whether to allow a mail in ballot.

Edwards stated it could pertain to any number of issues, but I cannot imagine where we would use this by mail voting at the Annual Meeting except for something to do with the CC&Rs.

Member Question:

Wonder if we do not want to vote on this because we do not want rentals?

Edwards stated that if we don't address it at this point, our attorneys tell us we cannot enforce the Bylaw we have without litigation every time – approximately \$40,000.00 each time. If we leave the rental restriction in our current Bylaws, we have been threatened with lawsuit because people are saying it diminishes the value of their property and makes it harder for them to sell.

If it is not passed in the CC&Rs, we are actually going to remove the restriction from the Bylaws because of threatened litigation. If you have it in there and don't enforce it you are in trouble and if it is in there and enforce it you are in trouble.

Member Question:

Is it a total of owners or a majority of owners?

Edwards responded for things that are required by the governing documents, it be the total of all such as a change to the CC&Rs, it would have to be a majority of all the owners shares.

Member Question:

Could it be put on the Web Site for voting?

Edwards responded we are trying to follow what our attorneys say the statutes require. First Class Mail

or Registered Mail

A motion was made by PW Tucker to allow mail in voting and seconded by Metzie Jensen. Passed unanimously

Member Question:

How many members are in this Association?

Wahlberg responded there are 930 total lots and of those 200+ have homes.

Edwards stated that someone brought up how many votes each has. It is clear in the CC&Rs that a vote is based on your number of shares. The CC&Rs outline that you get one vote per share or lot and an additional two votes for a home on a lot. In that context, our attorneys have advised us that the current Bylaws that give one vote per person are invalid. It never should have been changed from the way it reads in the CC&Rs. We see at least as early as 1996 a Bylaw was adopted that allowed one vote per share per person at an Annual Meeting. That is invalid, but we are presenting it to you for a vote on it. It does refer to the fact that you do have shared interest in the HOA based on how many lots you own, how many homes you own... but then it says you only get one vote. In any event it is unsupportable to change the CC&Rs except as the provision provides – that is you get one share and one vote per lot and two additional for each home you own on a lot.

Edwards continued ...what the proposal here is that we actually comply with the CC&Rs in our voting in our meetings on every issue not just the CC&Rs. Again this is on the advice of counsel. The Board has adopted this, but we would really like to bring this one to you a vote that we feel is appropriate.

A motion was made that we adopt the proposed language in the new Bylaws that has the voting shares that comply with the CC&Rs was made by Burke Christensen and seconded by Bob Peterson. Passed unanimously.

Edwards stated that there are several changes in the CC&Rs and you will be able to see them. For example that many people in addition to a home and garage may have a storage shed up to a 150' square feet. If you have a fax machine or internet in your home and you may do a little business there, that is not a commercial activity. One big change is there is several subdivisions here, but everyone in every subdivision is forced to become a member of the HOA – one HOA. The only place the voting rights are addressed are in conjunction with being a members of the HOA. Our attorneys have interpreted that to mean that a vote on changing the CC&Rs should be counted development wide not by subdivision. There are others that have expressed their opinion that it should be just by subdivisions and each one should have to pass it. We are sending it out in a way that we can keep track either way and if it passes we will take our attorneys advice and see if anyone had a problem with that.

Edwards continued...one thing the new CC&Rs will do is more clearly combine us all into one development, one HOA and so all of the CC&Rs in every subdivision would be the same – they would have the same building restrictions , it would be uniform throughout the HOA. Short term rentals under one month and combining all the subdivision into one HOA and one development are probably the biggest issues you will be voting on when you look at the CC&Rs.

Election of Directors:

Edwards acknowledged Tom Bardlsey. We want to thank him for his service this past year as well as being President for many years. You did so much good for this Association. (Applause) Additionally, Mark Anderson, an attorney who works with water issues and has done so much to help us on the water issues, his term is up but he indicated in writing that he would like to be re-elected to the Board. Additionally, Bob Peterson, our financial man who had done so much for us, his term is also up but he has also indicated that he would like to continue on the Board. We did received one person in writing that would like to be considered to be voted in to fill Bardsley's position. That is Burke Christenson.

Edwards asked for a vote in favor of putting Mark Anderson, Bob Peterson and Burke Christenson in as members of the Board of Directors Passed unanimously.

Edwards stated that this week he had received the resignation of Kent Parker. Parker has been on our Board over 10 years. This is the greatest guy that has helped us with building issues and signage and other issues in the HOA for many years. Parker has one more year left on his term and so the Board is going to invite you – if anyone would like to be appointed by the Board to fill out Parker's term please come after this meeting and visit with the Board and let us get to know you. Kent- thank you for your service. (Applause)

Report on Water and Asset Transfer Vote:

Edwards stated that many of you may not know all the issues about this. The original developers here went bankrupt and the Bank ended up owning the Water Company. At one point the three developments (Hillside HOA, Golf Course HOA, and Trailer Park HOA) bought the Water Company from the Bank and have actually own it. The problem is if people don't pay assessments it is very difficult for us to recover them. In the meantime, we collect the money from you and have to pay the Water Company so our HOA can end up having to pay extra assessments and monies to make up for the people who do not pay.

The proposal to deal with this and deal with people in a clearer way their duty to pay is to create a local improvement district. The bottom line is, Mark Anderson created the documents for a petition to the county about this. Chris Coray spearheaded and went around and got the signatures on a petition from the registered voters from the area that would be covered in those three HOAs. Coray was able to get a super majority of those people to the point we do not need an election to create a local improvement district. The petition has been filed with the County to create the Sweetwater Improvement District. One part of the petition was to petition to take over the water service. The County has officially declined to do this but recognized the petition, appointed the current Board of the Water Company (which is two members from each HOA and one member at-large from the development area) will continue as the Board of this improvement district. We have created a service plat of the service area, submitted that to the County. This is holding us up a little bit because the County just got a new Surveyor. Within the next couple of weeks our Surveyor and the new County Surveyor will get together and officially look at the plat. With that the County will submit that to the Lt. Governor's office of the State of Utah and it will be an up and going improvement district. They will not own anything yet.

The plan is and we are proposing this to you just for your supporting vote, the Water Company will transfer in exchange for the new Sweetwater Improvement District taking over the obligation to provide

water services to those three HOAs. That we will transfer to them all the assets of the Water Company. This HOA owns a third of it so we would like you to say that sounds okay. Remembering the benefits are we can collect from those not paying, can get low cost government loans if we wanted to Bond, there may be grants available.

Member Question:

How much do we have in uncollectibles?

Wahlberg responded we have \$65,000.00 in receivables and of that approximately \$20,000.00 a year that goes uncollected that we have to send to collection, etc.

Member Question:

Wahlberg responded approximately 20 to 25.

Member Question:

Are the fees noted between HOA and Water?

Edwards responded they are broken out on your statement. It comes on the same bill to you right now, but it is broken out. The lot fees are different from the house fees. Wahlberg stated the fees now for a lot is \$278.00 if they plow past your lot and \$466.00 for a house. This includes the annual water fees. Of those fees, the HOA portion for a house is about \$95-96.00 and for a lot is about \$45.00. The rest is water fees. A majority of what you are paying is going to the Water Company.

A motion to support the transfer of assets from the Water Company to the Sweetwater Improvement District was made by PW Tucker and seconded by Tom Bardsley. Passed unanimously.

Report on Roads:

Jardine reported that the expenses for road maintenance this year will be about \$45,000.00. As a homeowner there are some things you can do to keep these costs down. We will see some homeowners put a culvert in because they need entrance in and out of their property and this may be a good sized culvert and they are making sure it is cleaned out and maintained – this is great. Then we have those will tolerate a little bit of a ditch or dip and this seems to work fine. The next thing is that people who have very good intentions and put in a culvert but unfortunately put in one too small. These clog up so quickly and they are worse than not having anything at all. This is not working. And then, and these are probably the ones that are the most frustrating, when our road people come through they leave something off the side of the road to hold off the water on the road. When they do this they might come across some ones drive and the homeowner has filled it in. Now we have a problem.

First, I would like to say THANK YOU to those of you that got the culverts in or tolerating the ditches because that is helping a lot. Go back and look at your place and see if there is anything that I am doing here as a homeowner that is adding to the problem. If there is anything you can do to help us in preserving our roads we would really appreciate it. A culvert should be a minimum of 12" to 18" in

circumference.

Jardine addressed the noxious weeds. They can lay dormant for up to 20 years. With all the moisture we have had, we are seeing dyers wode just exploding. We have sprayed twice. However, as citizens we have an obligation that we are policing our own properties. As a homeowner, per the CC&Rs, we have an obligation that we are taking care of the noxious weeds on our own properties.

Member Question:

Have you (Jardine) been on the Board for the last three years? I still have concerns about the maintenance of my road.

Jardine responded that he had been on the Board for at least three years and was aware of the road in question. Jardine will re-visit the situation.

Report on Building Permits/Issues:

Roberts reported there have been three permits issued for homes and one permit for a shed. Roberts reminded the attendees that if they choose to build, there are 11 sets of CC&Rs and are all a little bit different. You have to find the one that pertains to you, send a set of plans (not digital or internet – hard copy) to Roberts and he will begin the process.

Report on Website:

Ord reported we have had a web site for several years now and are constantly upgrading it. We are trying to keep the minutes of our Annual Meeting on there for the past year. There is a weather report, advertising, list of our Board of Directors, CC&Rs. The Web Site serves a purpose and we will try to keep it updated for you. Site: SGCHA.com If you google it, it will show up for you.

Discussion of Rules and Fines:

President Edwards stated the one thing we are to change is unregistered vehicles. Our CC&Rs provide that an unregistered vehicle is not allowed unless they are garaged. We are talking about is a fine for this purpose so we can get them cleaned up. The one that we seem to have a lot of trouble with is ATVs. Please, the speed limit for that is 15 miles an hour, children under 14 not allowed without an adult. Let's try to follow the rules.

Discussion if CC&Rs Changes:

Member Question:

The manner in which we are going to be voting I believe is relevant. I am not sure that I agree with the way we are doing that.

President Edwards responded – what we said was that our Attorneys have advised us that it should be development wide but that some, including yourself, should be only by subdivision. We are saying lets go ahead and have the vote. We will calculate it both ways. We will be able to determine how the vote

came back – in total or by subdivision. We will try to deal at that point with the difference of opinions on whether it has to be development wide or by subdivision.

Member Statement:

I just want to say “THANKS” to the Board members for everything you do and the time you put in.
(Applause)

Adjourn:

No further business was brought up and a motion was made by P.W. Tucker to adjourn the meeting at 2:05 pm. The motion was seconded by Ord. Passed unanimously.

Next Meeting:

The next Annual Meeting of the Sweetwater Golf Course Homeowners Association will be on the second Saturday of June, 2018 unless otherwise set by the President. The place will be determined and the membership will be notified.

