

SWEETWATER GOLF COURSE HOMEOWNERS ASSOCIATION
Annual Meeting Minutes
June 12, 2010

The Sweetwater Golf Course Homeowners Association Annual Meeting was held on the 12th day of June, 2010 in the Ideal Beach Resort Reunion Center Building, 2176 South Bear Lake Blvd., Garden City, Utah.

Attendance:

All Association members were signed in at the door and a record is on file of all attendees.

Board Members present: Mark Chugg, Kent Parker, Jim Ruggles, Jim Roberts, Vicci Mendez, John Ord, Gene Merrick, Dave Anderson, and Pat Parker, Secretary. Excused was Tom Bardsley. Assistant Board Members present: Chris Coray, Alan Edwards and Steve Stokes.

Call to Order:

President Chugg called the meeting to order at 1:00 p.m. Chugg has been president for seven years and expressed his appreciation for the membership's cooperation and support. Introduction of the Board followed. P. Parker (not a member, serves as secretary); John Ord (website – SGCHA.com); Vicci Mendez (accounts receivable); Mark Anderson (advisor legal matters/revise by-laws, Representative for Association on the Water Company Board); Gene Merrick (aged receivables); Kent Parker (roads/building permits); Jim Ruggles (roads/weeds); Jim Roberts (Vice President, building permits/road signage). One Board member absent – Tom Bardsley (Treasurer/Secretary) Three Assistant Board Members (no voting): Chris Coray, Steve Stokes and Alan Edwards.

Chugg gave the following President's report:

- Stressed that you (the owner) are still responsible for your property even though you may have someone else staying in the property.
- The dumpster cleanup signup will be on the web site. Please check and take your turn. There are still items – stoves, sofas, etc that are being left and this requires a special pick up which has to be paid for out of our association budget.
- Water monitoring. There have been freeze ups during the winter and homes have been flooded. Please check your pipes and valves

- to prevent freezing and flooding. Monitor your home at least once a month and make sure the water is shut off.
- Accounts receivable – Accounts where people are behind making their payments. Time has been spent with our attorney and it was decided that action should be taken against some of these accounts. These accounts have been turned over to him to begin collections. We have dropped the late fee to \$25.00 three times a year and we dropped the interest from 2% to 1%. The Board voted today to continue this for another year. Please work with us and get these accounts paid.

A motion was made by Bobbie Coray and seconded by Scott Reno approving the Annual Minutes of June 22, 2009 as written. Passed unanimously.

Financial Report:

(In the absence of Bardsley, Chugg gave the following report)

At the end of 2009 we had in the bank; spend able money, \$58,041.94. There was up approximately \$8,000 from the previous year. At the end of 2009 we still had \$21,879.41 that was owed to us on aged receivables. If we had that we would have had \$79,821.35 in the bank. Projected income for this year, with our homeowner's fees and our snow plowing fees, is \$72,332.00. According to Layne (our accountant) we have received 85% of that total. This figures approximately \$51,482.00. As of June this year, Accounts Receivable is \$55,145.37. As is seen by these figures, we need to put some "heat" on these people who have not paid their bill. This year so far we have spent \$12,080.82 of our budget. The budget will be on the web site and updated in about two weeks for anyone to view. We went out to bid on our roads this year. They were \$17,000 to \$27,000. Ruggles gave it to the low bid and our cost was \$16,789.00. Past years it has been between \$22,000 and \$30,000. Mag water projection is \$6,000.00. On weed control we haven't seen the weeds as yet but we do have a budget for this of \$1,500.00.

Chugg felt we are in a good position and if we can collect on our accounts receivable, a good amount of that money can go into the reserve fund for the future.

Don Jardine asked how many lots are there compared to lots with homes. Chugg responded we have about 171 or 172 homes out of the 910 lots.

Mr. Donaldson questioned snow removal in front of lots – what determines rather snow is removed or not. Chugg responded that if a house is out on a road, because of the fire requirement to get to the home in the winter time, we have agreed to plow to that house. By doing this we pass by lots that are vacant that now have year around access. The Board felt that \$10.00 a year should not be too bad to have access – maybe to have someone look at your lot to sale. It may not look fair, but it does increase the value of your property.

Jay Daniel asked if all lots were metered for water. Chugg responded they were. We would probably not stop anyone from building and are presently trying to work out ways you will have water. Dave Anderson will address this later. Daniel asked if we could supply the water if people need it. Chugg responded right now we would probably say yes we will supply the water. However, if 600 people decided to build next year the answer would be doubtful that we would have enough water to supply that many. There is plenty of water in the ground; we do not have the water rights to pull it out. Daniel asked about annexation into Garden City or working with them on water. Chugg stated that Coray will address that question later on in the meeting.

Web Site:

Jon Ord reported that we are still up and running and hope everyone is using it. We are getting about 20 hits a day or 600 hits a month on the web sit. We are adding things to it all the time. E-mail addresses for the Board members are on the site. If you have suggestions, please let us know.

2009/2010 Building Permits:

Jim Roberts reported there had been 6 building permits issued in 2009 for homes and 4 for garages. So far in 2010 there has been one.

Aged Receivables:

Vicci Mendez reported that as of now our outstanding amount of aged receivables is \$54,906.77. We just gave to the attorney for collections \$23,494.17. There will be adding little more added to this amount. We will be going to small claims court or placing judgments on these accounts.

Dalsogalo asked when you send them to the attorney will their fees be on top of the amount owing. Mendez responded that all fees (including attorney fees) will be paid by the holder of the account not by the association.

Jardine asked if these were lots or are they also homes? Mendez stated the majority of them are lots, but there are some cabins too.

Roads/Weeds:

Ruggles stated that he also sits as our representative on the Garden City Fire District Board and asked the membership as they go home to look at the front of their property and make sure the address is on your property in big enough numerals so it can be seen from the road. This is very important for emergency vehicles to be able to see in order to make a response.

Ruggles is also the enforcer of the CC&Rs and asked cooperation in responding to

whatever may be asked of them.

Snow removal was \$10,000 and actual cost was \$5,162. The amount under budget was \$4,838. We spent 48% of our planning budget. Road costs to date have been \$16,789. We are under budget by \$13,210. 44% of the budget has been unspent because of the low bid we received on snow removal. The year has not ended and you don't know what may happen. Mag water will be here on June 16, 2010. We have 70 tons coming or 12,950 gallons at \$73.00 per ton.

Noxious Weed – most we see is bull thistles, black henbanes and dyer's woad. Nothing has grown thus far in the Bear Lake Valley. If we need to spray we will.

Presentation of Candidates for Board Vacancies:

Chugg stated that we need to vote three members onto the Board.

Jim Roberts – I have been around about 20 years in the association. Passionate about our quality of life in Bear Lake. I have ATVs and really want to preserve my right to drive from my cabin up to the trails and enjoy the mountains, but on the other hand there may be someone who wants to stay in their cabin and have a peaceful afternoon. We need to respect everyone's rights and maintain our own rights at the same time. When we take our ATVs for a drive or have a party outside we need to respect our neighbors and we drive carefully in the cabin areas. A few years ago when I started on the Board we came up with some rules and regulations for ATVS and be good neighbors – I call it a “good neighbor policy” – the situation has improved greatly. I want to thank all of you for your cooperation. The water situation is a real priority for me also. We have some real good people working on it and I want to help them as much as I can.

Gene Merrick - We serve, we volunteer and I just keep volunteering. I spent seven years with Bear Lake Water Company as Secretary/Treasurer. It wore me down and I am just going to be a board member for another three years.

Alan Edwards – My wife and I have had a home here for the last thirteen years and it has been our primary residence for the last couple of years. My background is that I worked in insurance and risk management at the State, University of Utah, I have a MBA from the University of Utah, have been on the Board of Directors for the Worker's Compensation Fund of Utah. Mostly I really love it up here and want to make sure things work out in the future and the water situation and dealing with the roads. I believe these are just critical in maintaining the quality of life for us.

A motion was made by Bobbie Coray to accept the three candidates and put them in office by acclamation. The motion was seconded by Kathy Anderson. Passed unanimously.

Bear Lake Water Company:

Mark Anderson reported on the water. For those of you who don't know about the Bear Lake Water Company I will try to explain. The original developer of Sweetwater filed documents with the County and State of Utah Regulatory Agencies and Authorities listing the water rights that were available for this development and those water rights looked like they were adequate, they got the approvals they needed and went on their way toward bankruptcy. The bankruptcy basically resulted in a lot of the properties being bank owned, the bank being First Security Bank including the Bear Lake Water Company or the predecessor which was set up to provide water service to the Trailer Park, the Hillside and then our association as well. The original plans that Sweetwater had were for roughly 11,000 platted lots which is about 9,000 more than ultimately were platted and approved. This is a blessing because we have a shortage of water for the 2,000 or the 1,900 if were 11,000 it would be much worse.

The reason we have a shortage is because some of the water rights there were listed as being available for the development were not actually purchased so they never got into the hands of the developer of the predecessor of the Bear Lake Water Company and other rights and interests were apparently forfeited in the bankruptcy proceeding. When it came out of the bankruptcy proceeding with First Security Bank owning in essence the water company assets, a private not for profit corporation was set up to acquire those assets and operate the Bear Lake Water Company to provide water service.

The Bear Lake Water Company has essentially one water right of a list of about 5 or 6 that were originally listed as being available. That one water right is a five cubic foot per second water right. There was a quantity issue on it and it is good only for 200 acre feet. The 200 acre feet has been serving significantly more than what is known as the normal – 250 – 300 homes. It serves the Trailer Park, the Hillside and our area. Frankly right now we are using the maximum amount that is allowed by that water right. We have to find more water.

There are three basic ways that may be available to us:

(1) a 1979 water right that was applied for by the Bear Lake Water Company but was never approved by the State Water Engineer, which is the regulatory agency that approved water rights. That water right has just under 1,600 acre feet of water. If it were an approved valid water right that would give us basically all the water we probably would every need. But since it has never been approved, it cannot be used. I am working on getting at least part of this approved. Our problem is not wet water, our problem is paper water. Our wells will produce significantly more water than the 200 acre feet of water for which we have a paper water right. Getting this even partially approved will be an uphill battle because the Bear Lake Valley is closed to new appropriations and the State Water Engineer simply has not been approving water rights in this area. We are hoping that because of the age of this water right and because it in effect was filed to replace another water right that had been approved which was allowed

to lapse we are hoping we can get something approved out of this but we don't know yet.

(2) The Foxridge 2A and 2B Subdivisions entered into a contract with the Bear Lake Water Company and Garden City – a three way contract – to allow them to come in and receive service from the Bear Lake Water Company. They were to bring about 4.23 acre feet of water with them to serve us. The way that was to work was they were giving Hodges Canal shares to Garden City and Garden City would in turn provide the 4.23 acre feet of water. A change application has either been filed or will be immediately be. Garden City has a ground water right for about 240–250-260 acre feet of water that they are not currently utilizing because they do not have a well where they can utilize it. We are filing a change application with the State Water Engineer to transfer that water right into our well has the ability to produce more water than we have a right to produce and allow it to be served within our service area. If that is approved it will give us 4.23 more acre feet of water which will help but it is a drop in the bucket. More importantly it will set us up so that if Garden City has surplus water they can sell us surplus water and if we are annexed into Garden City they would be able to utilize those wells and that water to provide the service. From preliminary investigations it appears that Garden City has adequate water.

So we have the 1979 unapproved water right that we are pursuing and if it is approved it will at least help solve the problem, we have an arrangement that either with annexation or without annexation might give us additional water that may help solve the problem. If neither of those come through the only other alternative that is available to us is –

(3) go out onto the open market and purchase water rights, file change applications with the State Water Engineer and get them transferred into our wells, get them approved for culinary service within area. This is going to be an expensive proposition.

In addition to the water rights issues that are outlined, many of the water lines are not as deep as they should be, some are not constructed of the materials they should be. Sunrise Engineering has prepared some recommendations as to what would be required (water lines, water storage to serve the Hillside, Omega and Golf Course) is roughly 6.9 million dollars. These are improvements that are ultimately going to have to go in.

The Water Company is effectively owned and controlled by the three homeowners associations Trailer Park Homeowners Association, Sweetwater Golf Course Homeowners Association and the Hillside Homeowners Association.

Annexation into Garden City:

Chris Coray on May 13, 2010 met with the Garden City Council along with others and presented to the City Council the idea of annexation into Garden City. **Cory represented no HOA, but just himself. Annexation decision are not made by HOAs, annexation decision are made by land and property owners alone.**

The purpose of this meeting was to ask Garden City – under what circumstances would the city favorably consider a petition for annexation to Garden City of what are now the Hillside, Golf Course and Omega, the Golf Course proper and Foxridge. This is did not include the Trailer Park.

We went over property taxes, water situation, pipe situation, Class C road funds, etc. Garden City has a need for a secondary water system and their pipes are not in good shape either. The mayor and council asked for six weeks to get back to Coray and that time it not up yet. There will then be further discussion. A petition to annex land requires one-half of the owners of at least one-half of the area measured by square footage and on-third of the property evaluation. The entity to which you are petitioning can favorably or reject such a petition. The city does have more water and municipalities certainly have greater capacity to retain water that is not being used where we as an association have almost none.

Currently the answer to the question now rests with Garden City. It would be about 1,600 acres of land. We are contiguous to Garden City as we now sit – we are part of the same Fire District, Cemetery District.

Tony Christiansen - What are the pros and cons.

Coray – One of the main pros is the City’s water rights. Between the two HOAs we are 22% built with 78% to go. The issue is not quality, but quantity. There would be change in cost. This is the cheapest HOA to belong to that I know of within 50 miles.

Tony Christiansen – What about roads?

Coray – this is the kind of question that has to be resolved under what conditions would you (Garden City) consider annexation. In Garden City for example there is an HOA – Bridgerland. Their HOA still has to take care of their roads.

Tony Christiansen – Will there be additional fees?

Coray – If we were in the City, there is property tax – not a large amount of money, the City may charge us no less than it charges for the current residents a monthly fee. So yes there may be fees but it becomes complicated.

Barbara Roberts – The taxes we pay right now on our property goes to Rich County. The City does not get any of it – does this change?

Coray – The County is the collection agent. It would if it didn’t cost the City more to provide the services required to us. The County taxes would remain unchanged. The City, on a \$100,000 piece of property that is secondary occupancy, current property is \$39.00 a year. Over half of that were it your primary residence.

Scott Dee – Say it may get dry around here but there is still Option 1 and 2 available. The talk of annexation discounts Option 1 and 2 coming to reality.

Coray – I am also on the Water Board and have been for quite some time. If we get an approval of 700 acre feet of water as a water right the guns are removed from our heads. Everyone could breath more easily. If we were to get an approval of this water right.

Scott Dee – When we will know?

Chugg – We wish today.

Coray – We are running all these things in parallel.

Donaldson - I believe it is prudent to keep working.

Bobbie Coray - What is interesting to me there is two issues (1) water and (2) Garden City has water lines that need to be replaced and we have water lines that need to be replaced and their ability to bond might be impacted by having us annexed. So we are right now in a position of needing the City more than they need us. It is also true that for every dollar they collect in property taxes from us they will spend on average \$1.25 to \$1.50. We are net loss to them. We are not exactly in a position to be demanding. The Board has been carefully looking at many ways to make this work so we are not sitting here with lots that cannot be built on next year. I don't think anyone understands how close we are to the edge of this thing.

Jardine – Is there anything the association can do like writing letters, etc.

Anderson – Probably not at this time.

Coray – As fast as the information becomes available it will be put on the web site.

Other Business:

Anderson stated that many of you probably don't know, but Mark Chugg's term on the Board is up and he has elected not to run for re-election to the Board. Therefore, Chugg will no longer be the President of the Homeowners Association. Chugg deserves a round of applause. (Chugg was given a standing ovation)

Chugg thanked everyone for attending and their interest.

Adjourn:

No further business was brought before the Membership and this meeting was adjourned at 2:30 p.m.

Next Meeting:

The next Annual of the Sweetwater Golf Course Homeowners Association will be held the second Saturday in June 2011 unless otherwise scheduled.

