

PINE MEADOW RANCH OWNERS ASSOCIATION
MONTHLY BOARD MEETING
BOB BURDETTE'S HOME
1750 COUNTRYSIDE ROAD
SALT LAKE CITY, UTAH
DECEMBER 6, 2011

In Attendance: Hutch Foster, Dan Heath, Bob Burdette, Suzanne Larsen, Alan Powell (Area 3) Mike Gonzalez (Area 6), Jeff Hubbard (Area 2), Bruce Hutchinson (Area 5), Matt Brown (Area 1), Amy Jackson (Area 7).

Tom Deaver (Area 4) was excused.

Hutch Foster called the meeting to order at 6:30 p.m.

Approval of Minutes

October 25, 2011

MOTION: Bruce Hutchinson moved to APPROVE the Regular minutes of October 25, 2011. Bob Burdette seconded the motion.

VOTE: The motion passed unanimously.

Matt Brown and Dan Heath arrived.

November 16, 2011

MOTION: Alan Powell moved to APPROVE the minutes of November 16, 2011. Mike Gonzales seconded the motion.

Mr. Foster noted that the minutes implied that the Ranch had purchased a webcam. He clarified that he personally purchased the webcam; it was not purchased by the Ranch.

Suzanne Larson corrected Suzanne Powell to read Suzanne Larson, and noted that Alan Powell was in attendance but his name was not listed.

Mr. Foster called for a vote on the minutes as corrected.

VOTE: The motion passed unanimously.

Owner/Visitor Open Forum

Mr. Foster reported that a Special Annual Meeting was scheduled to discuss budget items and assessments for the Pine Meadow Ranch Owners Association. Debra Rakes

had requested time on the agenda to have that same discussion for the Pine Meadow Mutual Water Company. Ms. Foster responded to Ms. Rakes and informed her that the Water Company held their annual meeting in November. The meeting was well noticed and the letters were sent to all property owners prior to the Annual meeting with the publicized intent to increase the fees. Mr. Foster told Ms. Rakes that only ten people had attended the Water Company annual meeting. If she wanted to discuss those matters she should follow up with the Pine Meadow Mutual Water Company. Ms. Rakes was open to that suggestion and indicated that she would discuss the issue with other owners before and after the Special Annual meeting.

Mr. Burdette stated that he told Ms. Rakes that it would be appropriate to prepare her remarks in writing and hand it to the owners when they come to the Special Meeting. Mr. Foster agreed that Ms. Rakes was welcome to use the Special Annual Meeting as a forum to contact the Ranch owners.

Mr. Foster reported that Alan Jones, who owns property behind the Ranch, had copied him on his feedback to Adrian Slaughter at the Eastern Summit County Planning Commission concerning the Deer Meadows proposal. Mr. Foster stated that it was nicely worded with thorough feedback for the Planning Commission as to why Mr. Slaughter was opposed to the project.

ECC Plan Review

There were no comments.

Ranch Manager's Report.

Jody Robinson was not in attendance due to a scheduling conflict. Jody told Mr. Foster that the equipment was in good repair and that he has primarily been working on equipment maintenance, snow removal and sanding the roads

Jody was still waiting to be notified as to when he could bid on the tractor. Mr. Burdette clarified that Jody had requested authorization at the last meeting so he would have that approval when the bidding begins.

Mr. Hutchinson asked if a decision had been made in terms of changing the route for the Forest Meadow snow plowing. Mr. Foster replied that they would keep with the same route that was plowed last year. The decision was based primarily on input from Sam Scaling, the person who does the plowing. It was also based partly on the idea that it was better to continue with what was done in the past to be assured of a functional egress.

Old Business

Deer Meadows Subdivision

Mr. Foster noted that in October the Board had discussed the Deer Meadows Subdivision project in great length. At that time the Board was in agreement and voted not to support the current proposal primarily based on a reminder from Scott Boyle that there was a signed agreement from 2007. Mr. Foster stated that he had looked through all the paperwork and could not find the signed agreement. He knows it exists because he has seen a PDF of the agreement with signatures. However, it did not appear to be recorded with the County and it was not in his notebooks. Mr. Foster did not believe the agreement was a major issue and would not be that relevant moving forward.

Mr. Foster had consulted with Ted Barnes because he was concerned about creating a statement on behalf of the Ranch that could be legally questionable in terms of the previous agreement. He did not want to break that agreement when formulating their opinion on this newly proposed project.

Mr. Foster had sent a draft to Mr. Barnes and Mr. Barnes sent it back with revisions. Mr. Foster read the statement that he would send to the Eastern Summit Planning Commission the next day, which explained why the Board opposed the currently proposed Deer Meadow project, and cited increased traffic as the primary concern.

Mr. Powell noted that the letter mentioned 2007, and he did not think it was relevant to the current application. Mr. Foster agreed that it was irrelevant to the current proposal. However, because Pine Meadow Ranch entered into legal binding agreement that was associated with this same type of proposal, Mr. Barnes advised that the Board state their intent not to break a binding agreement that was already signed. Their objection was the difference in the current proposal from the previous proposal.

Mr. Foster still needed to ask Carol if dues had been paid on those lots over the years. If not, Deer Meadows would have already broken the agreement. Mr. Foster clarified that the language as written allows Pine Meadow Ranch to oppose the project as proposed without jeopardizing whatever remains of the previous agreement.

Mr. Foster disclosed that his wife sits on the Eastern Summit County Planning Commission, and for that reason he would not attend the meeting on behalf of the Board. However, he welcomed any Board member who might be interested in attending. Mr. Foster did not believe the Board was obligated to have a member in attendance since their statement would be on the record for the Planning Commission

meeting and each Commissioner would have a copy. Mr. Burdette disagreed and felt it was important for Pine Meadow Ranch to be represented by a Board member to clearly explain the issues and concerns. Mr. Burdette would attend.

Mr. Foster stated that when he sends the statement to Adrian Slaughter he would also copy Doug McAllister so he would be informed of their position prior to the meeting.

Mr. Burdette reminded the Board that he had supported the previous Deer Meadow proposal. Mr. Foster pointed out that the current proposal was a dramatic change in density from the original proposal.

Cabin Area Zoning

Mr. Foster stated that the Summit County Planning Commission has been looking at semi-residential/ semi-recreational communities similar to Pine Meadow Ranch. At the time these communities were platted there was no zoning for that type of use. Therefore, they were all platted as fairly dense subdivisions, but laid over the base zoning at that time. Mr. Foster noted that most of the Ranch is zoned AG100, which is the zoning for large ranches. As a large ranch in the AG100 area, uses include accessory dwelling units, agricultural employee dwelling units, agricultural employee facilities for a shelter of more than one family, agricultural buildings and uses associated with traditional agriculture, bed and breakfast, sanitary, commercial agricultural, commercial kennels, commercial stables, etc. It also includes drilling for oil, mining, rock crushing and other uses associated with a hundred acre agricultural parcel. They are either allowed or conditional uses.

Mr. Foster explained that the purpose of the proposal was to narrow the scope to create a zoning area for cabin communities. The zone would be called Cabin Area. Mr. Foster read, "Cabin Area Zoning District is established for the purpose of recognizing those subdivisions that were established typically in remote areas and largely prior to the existence of planning and zoning in Eastern Summit County. The Cabin area zone is to apply only to the subdivision identified at the time of creation of this zone. Subdivisions created after the adoption of this zone are not eligible to be rezoned into the cabin area". The proposal included a table of uses.

Mr. Foster did not believe the Board needed to make an immediate decision, but they would need to provide feedback to the Summit County Planning Commission in the near future. Mr. Foster noted that the uses identified in the table were more in line with recreational and residential uses. He pointed out that nightly rentals are not included in the table of uses. Mr. Foster believed the zone change would benefit the Ranch and it would solve a number of issues where the CC&Rs fall short in addressing the types of

uses that might be allowed in the agricultural area.

Mr. Powell asked if the zoning would override the CC&Rs if one conflicted with the other. Mr. Foster was unsure. He could not recall a situation where removing some of the uses would interact with the CC&Rs.

Mr. Hutchinson stated that even if the County passes a regulation, there could be grandfathered situations for existing uses. Mr. Foster agreed that it might only apply to uses moving forward. It is not uncommon to have existing non-conforming uses.

Mr. Gonzales asked if the zone change would affect the tax base. Mr. Foster thought it was a worthwhile question that should be answered by the Planning Commission.

Mr. Foster stated that Summit County would eventually notice every property owner who would fall within the proposed change, with a public input period. The County started the noticing process by first sending it to Owners Associations to hear feedback. Mr. Foster clarified that the zone change would only apply to lots within the actual platted boundaries of Pine Meadow Ranch. Parcels on the periphery would remain AG100, even if they have joined the Owners Association.

The Board reviewed the table of uses and began a list of questions for the Planning Commission. Mr. Foster requested that the Board members review the proposal and email him their comments and questions so he could include them in his letter to Adrian Slaughter. Mike Gonzales asked Mr. Foster to email the link because he was unable to find the proposal on the website.

Discussion on Assessments Proposal

Mr. Foster had forwarded Ted Barnes' comments on the current structure to the Board members. Mr. Hutchinson pointed out that it was Mr. Barnes' opinion from his own perspective, but was not necessarily the final opinion or the only perspective.

Ms. Jackson asked about the current rate and wanted to know if they were talking about an additional assessment. Mr. Burdette explained that currently the Association has three rates. Land owners only pay \$200 per year. Part-time users pay \$250 per year. Full-time users pay \$350 per year. The rates were determined from the Summit County tax records and how the property was assessed. He noted that the County list is not always accurate. For example, a primary user may have moved from the Mountain and was living somewhere else, but never told the County that they became a part-time user. However, there is an advantage to remaining on full-time status because the tax rate is significantly less than for part-time users.

Mr. Hutchinson stated that according to Carol's records, 14% of the lots within the Ranch are considered full-timers and are assessed \$350; 37% are seasonal use or part-timers; and 49% have no structure and pay \$200 for the lot.

Ms. Jackson wanted to know why the issue was raised to Ted Barnes and why they were changing the assessments. Mr. Burdette stated that when he joined the Owners Association he read his CC&Rs, which are different than the CC&Rs for many other owners. His CC&Rs state that dues would be assessed on a per acre basis. The CC&Rs that covers the majority of the Ranch states that the dues must be leveled uniformly per lot. In response to Ms. Jackson's question, Mr. Foster explained that on the witness stand in a trial, he was presented with a set of CC&Rs as evidence that he was not familiar with at the time. He was raked over the coals and blindsided for not knowing that set of CC&Rs. Mr. Foster found that particular set of CC&Rs and sent them to Ted Barnes asking if they were valid. Mr. Barnes told him that the CC&Rs were for Section 21 on the Mountain. Mr. Foster remarked that the uniform rate in the CC&Rs was one of the issues raised in the trial, and he later asked Mr. Barnes to comment on their current structure.

Ms. Jackson felt the Board would be opening a can of worms if they changed the current structure. She agreed with Mr. Hutchinson that uniform does not mean equal. In her opinion, uniform means consistent. If they are consistent and apply it in a consistent way, she was unsure why they would delve into the matter if no one had raised it as an issue. Ms. Jackson believed the current fee structure was a defensible position. Mr. Hutchinson agreed. He remembered the "them against us" feeling that existed between the full-timers and the part-timers that has subsided over the past few years. He was concerned about creating that situation again. Mr. Hutchinson stated that if they need to comply with the CC&Rs, they should call it something different. He suggested that "equally or uniformly" they could charge \$200 per lot. However, because the impacts are different, some owners need to pay more than others because they are getting the greater benefit. Mr. Hutchinson could foresee real problems if they called a special meeting and raised the issue.

Mr. Foster clarified that he was not interested in creating problems, but the issue was over two sets of CC&Rs and what some consider the real CC&Rs. He explained that when he came on the Board there were two sets of CC&Rs, one for A-Plat and one for Forest Meadow Ranch. The set being discussed this evening were not included in the notebook and he had to find them after they were presented during a court case. After finding that set of CC&Rs, Mr. Foster realized that it covers approximately 500 lots and it is not the set they have been using. He believed it was important for the Board to establish a policy that makes sense and fits all three sets of CC&Rs.

Mr. Hutchinson recalled many years of contentious discussions at the annual meetings. Comparing those meetings to the recent meeting held in November where 30 to 40 people attended, he believed that what they were doing was acceptable to the majority of owners. In his opinion, to unnecessarily create an issue was not a wise move. He was not opposed to tweaking the fee structure to come into compliance with the CC&Rs and proposed that the Board take that approach.

Ms Jackson reiterated her opinion that the current fee and assessment schedule was appropriate and defensible based on the definition of "uniform". She asked if assessments were the sole reason for calling the Special meeting in January. Mr. Foster clarified that the January meeting would still be necessary because the Annual Assessment rate had not been approved at the Annual Meeting in November.

The Board discussed the language in the CC&Rs, "...must be fixed at a uniform rate". Ms. Jackson interpreted that language to mean consistent. Mr. Hutchinson concurred. Mr. Brown asked how the current structure was determined. Mr. Burdette provided the history of the fee structure and why it has increased over the years. Originally everyone paid the same rate but the roads were not snow plowed. Over time an agreement was reached for full-time residents to pay \$350, part-time residents to pay \$250 and landowners \$200, and the Owners Association would plow one road. The Owners Association plowed up to and maintained the gravel pit, and individual owners could plow from that point to their residence. It is a small fee with pros and cons for most of the owners, but it has historically satisfied every group. If they hold a special meeting in January, Mr. Burdette suggested that someone draft a proposal to be presented at that meeting and let those in attendance vote yes or no on whether to increase the rates. Mr. Foster pointed out the amount of potential roadwork that would justify an argument for raising the rates.

Mr. Brown asked if the Association has been able to do the necessary roadwork under the current structure. Mr. Hutchinson replied that Bob Burdette budgets the money in a way that allows them to do work each year and still remain in the black. Mr. Burdette stated that with the equipment they have purchased over the last few years, they are better able to maintain the roads and save money on equipment rentals and outside contracting. However, what they lack is a large sum of money that would enable them to take care of catastrophic issues if several things occur at once. The Association has a \$70,000 emergency fund that has been maintained and unused for four years. In addition, they have a \$50,000 equipment replacement fund that would replace a piece of equipment without affecting a current year's operating budget or require selling land. Mr. Burdette pointed out that two large emergencies on the Ranch could easily deplete both funds. Mr. Burdette noted that after paying bills this evening the Association would

still have approximately \$94,000, in addition to the emergency fund and equipment replacement fund. Mr. Foster pointed out that the cost of the culvert project was lower than anticipated because they received help from the County. Mr. Burdette stated that many people on the Mountain, but outside of the Ranch, will benefit from the culvert without paying for it. Pine Meadow bore the entire cost of negotiating with the County plus the cost of installing the new culvert.

Mr. Foster reiterated that the Special Meeting would have to take place. The question was what the Board would like to propose. Mr. Burdette favored the opinion of Mr. Hutchinson and Ms. Jackson to keep the current dues. The current structure sends an arguable message to all the owners that the rate is based on use.

It was noted that the last dues increase was in 2006. Mr. Brown was not opposed to proposing dues to accommodate inflation. If the members oppose it at the meeting, they can leave the status quo. If it is favored, it would help the Association. Mr. Burdette commented that the ideal situation would be to have 816 Ranch owners attend to get a good idea of what the majority wants. Mr. Foster agreed, however, if only 50 owners make the effort to attend, he felt it was unfair to say that their opinion was not enough to make a judgment. Mr. Hutchinson thought that the area reps had the responsibility to communicate with owners in their district.

Mr. Hutchinson was still unclear as to why a Special meeting was necessary. Mr. Foster clarified that during the Annual Meeting in November they did not vote on the assessment rate for 2012. Mr. Hutchinson recalled that they have always approved the budget but he could not recall ever approving assessment rates. Mr. Foster stated that the budget was always presented with a rate for dues. In November the rate was not included as part of the budget pending further discussion. Mr. Burdette stated that in November he was under the assumption that they had no choice but to standardize the dues for everyone; and the discussion was tabled to this meeting. Mr. Foster remarked that the Board had that discussion this evening and it was time to decide on a plan to present to the ownership.

MOTION: Mr. Hutchinson made a motion to call a Special Meeting in January to put forth the budget proposal for 2012; and that the Assessment structure would remain the same. Mike Gonzales seconded the motion.

Dan Heath noted that asphalt for most of the roads would not be possible without an increase in Assessments. Mr. Burdette stated that the Association has never done asphalt in that magnitude in one year. Mr. Heath pointed out the number of years it would take to finish the roads if they do not raise the dues. Mr. Burdette stated that \$53,000 is budgeted for aggregate purchase, hauling and asphalt repair. With the

\$75,000 that will be carried over from 2011, they could spend \$125,000 on asphalt in 2012.

Suzanne Larson suggested proposing a one-time increase of \$50 per lot for an approximate \$4,000. Mr. Heath thought the increase should run for as many years as it takes to complete the asphalt project.

Mr. Foster called for a vote on the motion.

VOTE: The motion passed 7-0-3.

New Business

An item for New Business was to set the agenda for the Special Meeting in January. Mr. Foster believed that had already been addressed in the previous discussion and motion, but noted that a suggestion had been made for a one-time increase.

Ms. Jackson was not opposed to a one-time assessment for asphalt, but she preferred to wait until it was absolutely necessary.

Mr. Foster stated that if the rate remains the same the Board would continue to negotiate with contractors and do as much work as the budget allows.

Election Results

Mr. Burdette submitted a letter from Carol with the count of the vote regarding the election of officers. Ms. Larson clarified that it was not the final count. Votes would continue to be counted until the December deadline.

Mr. Foster asked if Nick Boyle was eligible to run for office. Mr. Burdette replied that multiple lots are jointly owned by Scott and Nick Boyle. Mr. Foster thought there was a question as to whether Nick's name was on the titles. Ms. Larson reported that the Boyles told Carol that the family was putting their holdings into a family trust. Mr. Foster tabled discussion on the matter until the final votes were counted. He would ask Carol to find out if Nick Boyle's name appears on any of the properties.

Monthly Budget Review

Mr. Burdette reviewed the unpaid bills in the amount of \$18,308. He noted that the \$1624 bill from Clyde, Snow, Sessions and Swenson was entirely related to the Deer Meadows subdivision. Mr. Burdette reported that \$1937 to the Workers Compensation

Fund was the insurance payment for 2012. He anticipated an increase in the Workers Compensation Insurance because the current amount was based on one employee. Since Pine Meadow had two employees during the year, the estimated bill would not be sufficient to cover both employees. Due to the increase in Jody's pay and the seasonal employee, Mr. Burdette expected to receive another bill for an additional \$500.

MOTION: Bob Burdette made a motion to pay all the bills as outlined. Dan Heath seconded the motion.

Mr. Gonzales referred to the bill from Clyde, Snow, Sessions and Swenson and asked what Pine Meadow gained from the discussion regarding the Deer Meadows development. He understood that the Board was only submitting a yes or no opinion on the project. Mr. Foster replied that Ted Barnes was reviewing the existing agreement with Deer Meadow and looking to see if it was recorded with Summit County. The agreement should have been returned to the Ranch and to Ted Barnes, but no one has been able to find it.

Mr. Burdette explained that the document was prepared and was supposed to be signed by Mr. McCallister and filed with the County Recorder. Once the document was recorded, the County Recorder should have returned it to Ted Barnes. It appears that the document was never returned, which raises the question of whether the County actually received it. Mr. Gonzales felt that Ted Barnes had been paid to do his job when the agreement was originally prepared. He was unsure why they were paying him to do it again. Mr. Foster clarified that Ted Barnes was only paid to draft the document. The rest of the process was handled by the President of the Owners Association at that time. Mr. Burdette remarked that Pine Meadow Ranch should have been responsible for recording the document and returning it to Ted Barnes. Mr. Gonzales thought Mr. Barnes should have taken some responsibility as the attorney.

Mr. Burdette requested a vote on the motion to pay all the bills as presented.

VOTE: The motion passed unanimously.

Alan Powell recalled giving Carol tickets and Jody a bonus in December last year. He asked if that would be done again this year. Mr. Burdette noted that the cost of providing health insurance for Jody had increased significantly. The new bill was over \$1300. In the budget for the annual meeting he had estimated an increase of 10% for 2012. After receiving the actual bill, it was evident that 10% was not enough if they continue to pay 80% of Jody's health insurance. Mr. Foster noted that Jody was looking at other providers in an effort to find a lower premium.

Mr. Hutchinson thought the additional premium was a bonus if the Association continues to pay 80%. Mr. Foster remarked that Jody was aware of the increase, but no one had made a specific commitment to continue paying 80%. Mr. Foster explained that because it was difficult to insure one employee, the Board had opted to let Jody purchase his own insurance and the Association would reimburse him at 80%.

Mr. Foster stated that last year the Board voted to increase Jody's salary from \$50,000 to \$52,500 and to give him a modest annual bonus. The Board also increased Jody's vacation time to three weeks.

MOTION: Mr. Foster made a motion to continue covering 80% of the health insurance premium for Jody Robinson; and to consider an annual bonus similar to what was done the last two years. Based on other financial commitments, the Board would not increase Jody's pay rate this year. Mike Gonzales seconded the motion.

Mr. Hutchinson asked if the annual bonus would be \$500. Mr. Foster thought that \$500 was the bonus amount last year, but he would check to make sure.

Mr. Foster called for a vote on the motion, which was to continue paying 80% up to the quote from Select Health; and to give Jody an end-of-year bonus in the same amount as last year.

VOTE: The motion passed 9-0-1. Amy Jackson abstained from the vote.

Mr. Burdette authorized Carol to pay Jody a bonus in the same amount as last year and to withhold the appropriate taxes. Carol should issue the bonus as soon as possible.

Suzanne Larson noted that last year the Board gave Carol season tickets to Hale Theatre as an end-of-year gift.

MOTION: Suzanne Larson made a motion to give Carol tickets to Hale Theatre again this year. Hutch Foster seconded the motion.

VOTE: The motion passed unanimously.

Amy Jackson stated that this was her last meeting as a Board member and she thanked the Board for the experience. She has come to respect and admire each of them. Ms. Jackson complimented Hutch Foster on the job he has done as President of the Board.

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The meeting of the Pine Meadow Owners Association Board adjourned at 8:50 p.m.
