

PINE MEADOW RANCH OWNERS' ASSOCIATION
ANNUAL MEETING
IN PERSON AND VIA ZOOM VIDEO CONFERENCE
3301 EAST 2920 SOUTH
SALT LAKE CITY, UT
NOVEMBER 15, 2022

In Attendance: George Sears, President; John Adams, Vice President; Michelle Sutor, Secretary; Andrew Pagel, Treasurer; Dwaine Anderson (Area 1); Marty Hansen (Area 2); Sam Vincent (Area 3); Shaun Baker (Area 5); Paul Sutor (Area 6); Aja Martin (Area 7)

Ex-Officio: Robert Rosing, HOA Counsel; Nolan Mitchell, Fire Safety Coordinator

President George Sears called the meeting to order at 6:37 p.m.

NOTE: Due to a recording error, the first part of the meeting was not recorded.

The recording begins with Andrew Pagel talking about fixed income and variable income. Mr. Pagel stated that variable income is inconsistent. Some years it may be great with the additional Construction Impact Fees and other years it might not. The fixed income from the HOA Dues is what they rely on to provide the road maintenance services people have come to expect.

Mr. Pagel stated that with the proposed assessment increase, next year would be the first year they would not need to rely on construction impact fees. He stated that for this year they were approximately \$20,000 shy of being able to cover their entire fixed and variable expenses. That means in future years, whenever they do have large amounts of variable income from construction builds, they will roll that into the reserve funds. Mr. Pagel explained that this is important because they are required to do paid reserve projections every three years. The latest reserve projection indicated that they should have close to a million dollars. Currently, they have approximately \$300,000 in the reserve accounts.

Mr. Pagel stated that the HOA has large assets that are quite old. They rely on Jody to maintain and care for the equipment but sometimes it fails, and they need money in reserve to cover the cost of replacing a piece of equipment.

Someone asked about legal fees. Mr. Pagel stated that the legal fees were \$10,600. He noted that they primarily pay their legal counsel for closed meeting sessions to address things such as legal conflicts going on within the Ranch. Mr. Sears clarified that they do not pay the attorney a retainer; however, he attends Board meetings to help with legal advice and he charges for his actual time.

In response to a question, Mr. Pagel stated that the reason they chose to vote on a one-time fire assessment last year was to avoid blindsiding people.

Mr. Pagel commented on the increase in dues for 2023 and the total assessment income of \$470,000. He indicated the total projection in total income of \$550,000. Mr. Pagel stated that the \$40 assessment increase will help purchase more aggregate, and also put some money towards equipment to help distribute the road material.

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Mr. Pagel reviewed the fixed expenses which included insurance and payroll. He reviewed the variable expenses which included equipment repairs and maintenance and what they expect to spend on those items.

Mr. Pagel referred to the one-time assessment for fire mitigation, noting that the HOA Board initially approved \$15,000 for fire mitigation. The Fire Committee asked for additional funds to accomplish their goals, but the HOA had no additional money to give. The Board told the Fire Committee that if they wanted to ask the owners for a one-time mitigation assessment and the owners approved it, they could have all the one-time assessment money for fire mitigation. Mr. Pagel stated that the owners approved the one-time assessment last year and the Fire Committee was able to use that money and the \$15,000 initially approved by the Board.

Mr. Pagel commented on aggregates and what they budget year after year. They anticipate spending \$50,000 next year on aggregates. If they need additional aggregate, they can take it from the variable income. Mag water was budgeted at \$25,000 due to the increase in material. However, they plan to allocate some of the money towards testing a new process to replace mag water in the future and possible result in a cost reduction.

Mr. Pagel pointed to the amount budgeted to pay a contractor to plow the Forest Meadow connector that the HOA agreed to plow several years ago.

Mr. Pagel stated that the net ordinary income was \$49,000 which is what they expect to have left over at the end of the year. Every year they put the leftover funds into the reserve fund.

Mr. Pagel reported that there was \$474,000 in the reserve account and \$250,000 in the checking account.

Mr. Pagel explained the construction fees. A structure of 3500 square feet has a base amount construction fee of \$8,000. A structure over 3500 square feet is \$2.40 additional per square foot because larger homes require more material and more trucks on the road.

Mr. Pagel remarked that he is the Treasurer, but he is only one vote out of 11 Board members. If they want to allocate any funds that are not proposed, it must be voted on by the Board members. He puts the budget together, and the budget must be voted on and approved by the owners at the Annual Meeting.

Someone asked if they would have a budget if the majority votes no. Mr. Sears stated that the budget is designed to fund and provide services. Due to the economy and increase in interest rates, he thought they would see less new builds next year which will result in less construction funds. It is up to the owners to decide whether to approve the budget.

Open Forum

Mr. Sears stated that Paul and Michelle Suitor were leaving the Board. He emphasized how both have been very engaged and involved.

Someone asked if they could change the way they vote for changes to the CC&Rs. He understood that currently a non-vote is considered a no vote. He suggested having the owners vote on whether to change the process and eliminate having a non-vote be a no vote. It should be the only thing they vote on, and it should be worded such that a no vote means it will be eliminated. For example, "are you in favor of keeping the CC&Rs voting process as it is now, meaning that a non-vote is a no vote." Currently, if they vote no or do not vote at all, they are voting against it. He thought it would be better to eliminate that measure. Once it is eliminated it would still take two-thirds of a vote by everyone in the HOA to make a change.

Mr. Sears thought it was a good point. He stated that the Board had not had time to look at changes to the process. However, the Board has talked about working to modify the smaller things and he believed this could be one of those smaller things.

Mr. Pagel stated that the Board was trying to implement changes piece by piece in a very transparent way. He noted that John Adams does a good job creating surveys. They made sure on the three rules changed this year for siding, roof pitch, and home sizes, that the survey was distributed multiple times for feedback and the changes were all voted on independently rather than as a package. Mr. Pagel emphasized that something should not pass because someone likes three out of four items. For that reason, the Board votes on rules individually.

Paul Suitor responded to a comment on Chat. He stated that last year the assessment, including the special assessment, was \$560. The increase was only \$40 this year.

Ballots

Mr. Sears stated that voter cards were given to those in attendance this evening. A voter card will also be sent to those online because they are considered attending the Annual Meeting. Mr. Sears stated that everyone should fill out their voter card and either approve or vote against the following items: 1) The Minutes from last year as they were presented. 2) The Budget. 3) The Fee Assessment Schedule. 4) The new Assessment.

Those who participated online will receive the same voter card and the voter card must be returned within 24 hours after they receive it. Mr. Sears explained that those who participate in the Annual Meeting form a quorum. They need 50% of those in attendance to approve the Budget for the Board to move forward using that budget.

Mr. Sears stated that another candidate ballot is for new individuals running for office. Mr. Adams stated that last year they amended the bylaws to allow electronic voting. People who want to vote electronically should not throw away their paper ballots because they will need the unique number information for the electronic vote. Besides using phones and other electronic devices to vote, people can also go to pinemeadow.org/vote2022 and vote on the website. They will need the ID number on the paper ballot, the Parcel ID on the label, the Voting Area they live in and their name. That information needs to be

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entered when voting electronically. The rest should be simple and straightforward. For those who do not want to vote electronically, they can vote using their paper ballot as they have in the past.

Mr. Sears stated that the reason they made electronic voting available this year was because a small percentage of the overall owners were the only ones voting for members of the Board, and they wanted to engage more people.

Mr. Sears stated that they want to move forward and want to get procedures where they would like them to be long term. They understand that the community will change and evolve, and he believed everyone wants the Ranch to be a place to be loved. The full-time owners and the part-time owners all have the same objective, which is to make Pine Meadow Ranch a wonderful place to enjoy. If they do not have a plan, they will not accomplish much and before too long they will be taken over by developers and Airbnb's, which will change the dynamics on the Mountain. Mr. Sears clarified that they are not trying to restrict building, but they do want to manage it appropriately so the people who are new to the Ranch will respect the environment the Board is trying to maintain.

Mr. Sears encouraged people to be actively engaged and participate. If they have questions or concerns, they should contact their Area Rep or other Board members and have that discussion. The Board represents all the owners. Mr. Sears thanked everyone for attending this evening.

The Annual Meeting of the Pine Meadow Ranch Owners Association adjourned at 8:44 p.m.

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