

**FAIRVIEW LAKES ASSOCIATION
MINUTES OF ANNUAL MEMBERSHIP MEETING
NOVEMBER 25, 2008**

The Annual Meeting of Fairview Lakes Association was held on November 25, 2008 at the Provo City Offices. The meeting convened at 7:05 PM.

Board members present were: Joseph Massey, President, Neil Armistead, Ron Linton, Steve Schoonover, Reed Christensen, and Craig Blackley. DeeDee Johnson attended as Secretary/Treasurer. Janet Jibson attended as Ombudsman.

Joseph Massey called the meeting to order. Mr. Massey introduced the Board Members, Secretary/Treasurer and Ombudsman.

Special thanks were offered to Steve Miner, lot 19, for his continued efforts regarding the Ranger and to Joe and Norma Reeves, lot 98, for their many years of service. Mr. Reeves has declined to run for another term as Director. Both members have offered the Association many valuable hours of time over the years.

A discussion of ideas for a summer activity resulted in the decision to conduct an auction to raise funds for the Association. The proposed auction will occur in conjunction with the Association annual picnic. Some of the funds raised will be used to purchase a few more tables and another canopy for the use of Association members. A volunteer sign-up sheet was circulated to form a committee to organize the auction.

A special recognition and thanks were offered to Kent Roberts and his family, lot 108, for professionally embroidering the Fairview Lakes Logo on clothing items offered as door prizes this evening. Mr. Roberts provided his services free of charge and his efforts are greatly appreciated.

The proposed lease extension between Fairview Lakes Association and the Gooseberry Water Users Association has not yet been resolved. Joseph Massey expressed his continued commitment to the lease extension and stated that Fairview Lakes will be well represented at the annual meeting of the Gooseberry Water Users meeting scheduled for February 2009. Apparently, Gooseberry must put the proposed lease extension to a vote of its members.

As a reminder of provisions in the Association Covenants, the Association holds a right of first refusal for any and all lots and cabins that are offered for sale. Members were reminded that, in the event they offer their property for sale, they should first notify any Board Member of the Association.

Four cabins were under construction this year. Due to the newer guidelines initiated by Sanpete County, building completion has been somewhat delayed.

Fishing boats left at the lakeshore should be removed immediately.

The telephone at the host cabin will no longer operate due to its outdated analog technology. Ron Linton, Board Member, explained that his cabin telephone service is provided by AllTel and operates with a large antenna and a booster. Radio Communications of Orem, Utah offers a different system, which would be installed in the host cabin and should provide service to most members with the use of personal cell phones. Ray Maag, Lot 162, mentioned that a phone system that could be used by all members at the host cabin would be a great safety feature for the Association. Mr. Massey explained that he would move forth with getting Radio Communications to install the new system immediately.

Zebra mussels and the potential harm caused by these mollusks were discussed. These mussels have recently been found in Electric Lake, which is very near Fairview Lakes. Members are asked to thoroughly clean their boats before they put them in the waters of Fairview Lakes. Bruce Murdock, lot 119, suggested the Association host could possibly ask those boat owners launching boats at the dock, what waters they have been associated with most recently. Also, the Association host could offer a chlorine spray that would be applied to the bottoms of boats to aid in the control of the mussels.

The 2008 "Year in Review" slideshow was viewed by all present. Members were asked to send pictures to DeeDee for next year's Year in Review.

The Fairview Lakes Association website has been discontinued. There was not enough activity to warrant its continuation.

Jeff Roundy, of the Penney, Laurella and Roundy Group, reviewed the performance of the Association's investments, which were placed in managed accounts under Mr. Roundy's supervision in early 2008. Mr. Roundy explained that five different large institutional managers are managing all facets of the Association's funds and that the funds are very well balanced and diversified. While significantly impacted by the recent downturn in the financial markets, the performance of the Association's portfolio has fared slightly better than the general financial market. The five areas of investments are one in bonds, two in Blue Chip stocks (one growth and one value), two in small and mid-size companies and one in international companies. Mr. Roundy stressed that the investments are managed in a very defensive manner. Russ Billings, lot 177, asked for a percentage breakdown of the overall investments of the Association. The portfolio is comprised of bonds (37.5%), equities (54.0%, 17% being large cap growth), and cash (8.5%).

Joseph reviewed the efforts of the financial committee. Bert Gividen, committee member and previous owner of lot 36, has vacated his role on the committee. Steve Miner, lot 19, will replace Mr. Gividen.

Jeff Roundy left the meeting and further discussion pursued. Bill Candland, lot 165, reminded the Board that, in a previous meeting, members had voted that the Association would no longer engage in managed accounts. Steve Miner, lot 19, asked about the

change in investment strategy. Joseph answered that, over the years, many members had inquired as to why Association funds were not better invested. At the 2007 annual meeting, volunteer members were requested to serve on a financial committee to investigate new investment options. Ed Christopherson, lot 152, asked who approached the Board asking for a broader investment strategy. Bert Gividen, lot 36, was in constant contact with the Board, for many years, suggesting a change, as were other members. Bill Thornton, lot 17, stated the vote of years ago should have been respected. Terry Johnson, lot 110, financial committee member, interjected the fact that the financial committee felt the investment strategy should encompass a long-term horizon. After thoroughly analyzing the amount of risk vs. return the Association would tolerate in its strategy, the Committee recommended and the Board agreed on a moderate risk portfolio. Three professional money managers were interviewed and the Board voted unanimously to hire Mr. Roundy and his group to manage Association funds. Russ Billings, lot 177, suggested the market has no way to go but up and that the Association should keep investments as is. Dr. Billings expressed his confidence in the Association Board, committees and advisors. Steve Miner stated that this change should have been brought before the membership. Garold Jensen, lot 107, stated the necessity to understand the rate of inflation as it relates to investing. He further stated that the small percentage of annual gain under the previous investment strategy was not keeping up with inflation and Association buying power was receding. Inflation will merely eat up the small gains of low yield investments. Bill Candland reminded the members that the objection of years past was with the fees paid to professional managers. Terry Johnson stated that fees are paid with mutual funds, although they are not obvious. The fees charged by the current investment managers are less than those charged by mutual funds. Steve Schoonover, Board member, reminded the members that much discussion and thought was put into the choice of investment managers and investment strategies and that the Board felt they chose the best of those who presented their ideas.

Joe Reeves, of the Architectural Committee was not present. However Joseph Massey reported that there has been no new building permits issued this past year. Members were reminded to contact the Architectural Committee before building or remodeling. In addition, the new building procedures required by Sanpete County are sometimes difficult to understand and achieve.

Steve Schoonover reported on road maintenance issues. Because of the long winter, time was lost in getting into the Association property in the spring and scheduling was difficult. Forty-five loads of gravel were applied this past year and the same amount will be required this coming summer. Two and one-half loads of magnesium chloride were applied. June 15, 2009 is the projected date of road maintenance for next year. The Association is considering the purchase of a water truck to be used to apply water to the roads, as needed, throughout the summer months.

Neil Armistead reported that quarterly water testing has shown the Association to be in good standing with the State of Utah. There is no water contamination. A water leak near the end of Meadow was repaired during the summer and a fire hydrant installed for use with the water system. This hydrant is not intended for fire fighting. Neil reminded

members to be very careful with any waterline breaks and notify a Board member of any repairs necessary. Do not leave hoses connected to any hydrants. Water keys should be removed from all water sources to avoid freezing the pipes.

Ron Linton reported on safety. He stated that only four warning letters were issued to members who were in violation of Association rules. According to Association covenants, loud generators are not allowed and letters will be issued to those members in violation of the noise ordinance. He announced that Larry and Sonja Orton would return next summer as Association hosts.

According to Sanpete County regulations, cisterns are now required for all new cabins. The Association is installing a “communal” cistern to provide a source of water for fire fighting. According to Sanpete County, this action will alleviate the need for each new cabin owner to install a personal cistern, thereby saving members thousands of dollars. To pay for this new Association cistern, all new cabins being built or completed after 2007 will be charged an impact fee in the amount of \$1,000 in addition to the \$500 building fee for new cabins. The total impact fee will be \$1,500 per new cabin. Since this new fee structure represented a change to Association covenants, a vote on the matter was called. The membership voted by a show of hands to approve this change to the covenants outlining the new impact fee structure.

Dwayne Goodyear, lot 138, approached the Board to request a change in the number of trailers allowed on each lot. Since this matter would constitute a change to Association covenants, the Board brought it before the Association membership. Mr. Goodyear addressed the membership and explained his request to change the Association Protective Covenants from a maximum of two trailers per lot to a maximum of three per lot. Mr. Goodyear stated that one-acre lots are large enough to accommodate more than two trailers. Jim Bench, lot 50, expressed his opposition to the change in the Protective Covenants. Bill Herrmann, lot 82 and Ron Gordon, lot 80, expressed their opposition to the statements made by Mr. Bench. After a thorough discussion of this issue, Garold Jensen, lot 105, moved to proceed with a written vote on the proposal. Gary Tassiner, lot 182, seconded the motion. The membership voted on the proposal via written secret ballot. Farrel Bott, lot 74, Laura Erickson, lot 128, DeeDee Johnson, Secretary, and Janet Jibson, Ombudsman counted the votes. A majority of the membership present upheld the current limitation in the covenants of two trailers per lot.

Ron Jibson, lot 56, Chairman of the Nominating Committee, introduced three individuals as prospective Board Members. Ron Gordon, lot 80, Gary Pyne, lot 114 and Troy Worthington, lot 96 agreed to serve if elected. Steve Schoonover, incumbent, lot 32, agreed to run for another three-year term. Each potential Director addressed the membership. The membership elected Steve Schoonover and Troy Worthington for a three-year term.

Association financial statements for the fiscal year ended September 30, 2008 will be mailed to all members with the annual letter. Joseph Massey noted that a tremendous amount of accounting fees have been saved thanks to those professionals who continue to

donate their time and expertise to Association business. He also noted that, due to the current rate of inflation and cost escalation of needs of the Association, annual dues will likely be raised for the upcoming year.

The Board asked that the membership of the Association approve a measure to indemnify the Board for the fiscal year. A motion was offered by Gary Griffiths and seconded by Louis Erickson. The membership voted to approve the indemnification of the Board.

Having no further business to come before the Association membership, the meeting adjourned at 9:15 pm.

Joseph Massey, President

DeeDee Johnson, Secretary/Treasurer