

**FAIRVIEW LAKES ASSOCIATION
MINUTES OF ANNUAL MEMBERSHIP MEETING
OCTOBER 25, 2011**

The annual meeting of the membership of Fairview Lakes Association (the "Association") was held on October 25, 2011 at the Provo City Chambers, 351 West Center Street, Provo, UT. The meeting convened at 7:00pm.

Board members present were Joseph Massey, Steve Schoonover, Duane Goodyear, Ted Peck, and Neil Armitstead. Richard Brenchley and Troy Worthington were absent. DeeDee Johnson attended as Secretary/Treasurer. Joyce Lewallen attended as Ombudsman. Terry Johnson, lot 110, attended as Financial Committee Member.

Joseph Massey, president, welcomed all members and called the meeting to order. He introduced the Officers, Board Members, Ombudsman, and Terry Johnson, lot 110, Financial Committee member.

Joseph thanked those members who continually volunteer their services to the Association. He reminded the members present to use the Fairview Lakes website at: <http://fairviewlakesassociation.synthasite.com> for current news and information. The website has saved the Association substantial costs and improved communication to all members.

New members were introduced.

Members were invited to share any concerns, complaints or compliments with any Board Member. Members are welcome to attend a Board meeting to better address their issues directly with the Board.

The very harsh and long winter was discussed. Many properties incurred damage due to the heavy snow levels and the summer season proved to be very short.

Joseph explained the role of the Board Members and their responsibilities for governing the affairs of Fairview Lakes Association, a Utah corporation. He stated that many decisions have been made and will be continued to be made by the Directors as authorized by the corporation By-Laws rather than putting certain matters before the members for vote.

In an effort to continue to protect the property, certain rules were discussed. It is imperative that all vehicles adhere to the posted speed limit, not only for personal safety but also to protect the roads. Joseph reminded members that other rules should be observed, such as the noise ordinance, and that members should respect the property of others.

Dead and diseased trees remain within the Association property. The Forest Service has performed tests that indicate a fungus living in the roots of certain Aspen. The fungus is devastating and has killed many trees. The Forest Service has agreed to remove the diseased trees in order to allow the healthy trees to grow. Due to the efforts of Fairview Lakes' members and grants received, these services have been provided by the Forest Service at no cost to the Association. Members were asked to record hours spent in the past year in hopes that further grant money may be available to the Association next summer.

Joseph discussed Fairview Lakes' property values as assessed by Sanpete County. An extremely large increase in overall property values has been recorded by the County. 2009 property taxes were \$12,500. 2010 taxes were \$26,300, 2011 taxes are \$26,700. The property lease between Fairview Lakes Association, lessee, and the Cottonwood Gooseberry Water Users Association, lessor, requires Fairview Lakes Association to pay the taxes as assessed. Joseph explained the impact of the property taxes on the Association and the possibility of increased

dues in order to better cover operating costs. For years, the Association dues have not provided enough revenue to produce a break even. With the annual ongoing and rising property tax cost, operating expenses will be hugely impacted. Members were asked to contact any officer or Board member with their thoughts and constructive ideas as they relate to the continuing shortfall of revenue.

A new American flag, purchased at a great discount, is in place at the host cabin, replacing the older one that was tattered and torn.

Due to the short summer, the reconstruction of the Fairview Lakes dam was postponed. More engineering will be undertaken during the summer of 2012. As the new dam and road are built, members will always be able to access the property.

The extension of the property lease has not been accomplished. Joseph has conducted many meetings with Mr. Lynn Anderson, president of the Cottonwood Gooseberry Water Users Association, lessor. Joseph was successful in obtaining a letter from Mr. Anderson which addresses the value of Fairview Lakes Association as lessee and the appreciation of the continued relationship. Mr. Anderson's letter stated the Cottonwood Gooseberry Water User's Association Board has been extremely busy with the dam reconstruction and the tunnel water project and they have not forgotten the effort to renew the lease and hope to have this task completed next year.

Joseph reported that the chipper will continue to be owned by the State of Utah, however the State has agreed to chip for the Association three times each summer for a period of two days each visit. The State will provide all manpower and cover all the costs of maintaining the machinery. There will be no cost whatsoever to the Association. A reservation list will be available at the host cabin.

The telephone at the host cabin is working very well. Since AT&T has taken over Alltel, service has improved. Several members have been successful in installing private telephones. A telephone handout was made available as further information. Bob Harrison, lot 148, reported cell phones have had reception by using a powerful booster and antenna.

Joseph reminded all members present to remove chains and zip lines for the upcoming winter. Boats should be removed from the lakeshore. Hoses should be removed from the hydrants and water keys should be removed from the stop and wastes.

The Year in Pictures Slide Show was presented.

Steve Schoonover, engineering committee chairman, reported that due to the very short summer, the annual road maintenance was not completed this year. He stated that the roads are in need of substantial gravel, which will be applied next summer, for an additional cost to normal road maintenance. Steve feels that the engineering team will evaluate the dam again this summer, then possibly begin on the reconstruction the following summer. He is hoping that the State will provide services to maintain the lower road in the year of reconstruction because many large trucks will be required to travel it and there will be significant damage to the road. He also stated that within Association property there are blind corners and areas with excessive foliage that prevent good visibility from the roads. Members were asked to volunteer if they would be able to help trim the foliage and do general cleanup. A signup sheet was circulated. A work day will later be established and those on the list will be contacted. Thanks to those who volunteered.

Duane Goodyear, architectural committee member, reported that a few cabins are under construction and that some improvements and remodeling have been accomplished on others. The overall value of Fairview Lakes continues to increase due to the improvements undertaken within the property. Duane thanked members for contacting him prior to beginning construction as is addressed in the protective covenants of the Association. Duane discussed the horse boarding areas and stated that another common area just below the dam will be

allowed. Horse trailers should be parked in approved parking lots including the lot near the lake. Duane has spoken with a firm that photographs properties from the air in order to better define the roads and structures currently in place. This method may be of great benefit to Fairview Lakes Association in helping to mark property lines and adjust the property map to a more realistic picture. The water lines and valves will also be shown. He will obtain a bid from the aerial firm and the Board will decide if this should or should not be pursued.

Neil Armitstead, environmental committee chairman, reported that the water quality was tested throughout the year and found to be without problems. The new chain link fence at the spring was installed in July. Neil thanked those members who volunteered their time and effort to put it in place and also thanked those members who volunteered during February to move the new fencing from Benches Pond to the spring. This was a huge endeavor and Neil appreciated the members who helped. Neil spoke in detail about the severe water problems incurred during the winter. Neil thanked Ted Peck and his Boy Scout troop for helping to dig down to the water tanks so that Neil could look at the water level. The tanks were nearly empty. Later in the winter, standing water began to appear. Neil suspected a major leak and with the help of Noel Clark, lots 7 and 8, they were able to locate the water valve for that section of the water main line. The valve was turned off for the balance of the winter. Repairs have been made and water during the summer months was working well. The problems encountered during the winter were most likely caused by members who were negligent. Neil asked that all members mark their hydrants and stop and wastes to prevent damage this coming winter. All lots must have a stop and waste installed at least two feet from the main water lines. At no time is a member allowed to turn water on and off from the main line. Those members who visit the property during the winter months were asked to stay on the roads whenever possible. Hydrants are easily broken by snowmobiles and snow cats alike.

Ted Peck, safety committee chairman, stated that he will have available in the host cabin a sign-up sheet for those members requesting chipper services. Members can contact DeeDee, as well and a list will be added to the website. Ted reported there were no injuries or accidents within the Association property and thanked the membership for abiding by the rules. However, excessive speed continues to be a danger factor and more 15 mph speed limit signs will be added this summer. Ted explained that the safety rules of Fairview Lakes have been questioned by at least one member. The Association has adopted the State of Utah rules where helmets are concerned. The Association requires flags to be placed on all ATVs including all motorcycles. The flag rule does not conform to the State of Utah flag rules, but was established years ago in order to add the safety feature of better visibility for all ATVs and motorcycles while driving within the property. Gayle Holman, lot 125, expressed his objection to the rules pertaining to flags on all ATVs and motorcycles. He stated that side-by-side ATVs are in some cities and townships legally driven on improved roads and voiced his opposition to the requirement of flags on side-by-sides and motorcycles within the Association property. A discussion was held and several members stated their opinions on the flag rule which ranged from no changes being made at all to some changes especially regarding side-by-sides and motorcycles. The Board will take this matter under consideration and make changes if deemed necessary. Joseph reminded the members of the reasons the safety rules were established. Before the rules were put in place, non-members and members alike would ride recklessly within the property causing safety concerns and severely damaging the roads. They answered to no one and it was difficult for the host, directors, officers and members to determine if those vehicles were being operated by members and even more difficult to stop the abusive and unsafe activities. The Board was very concerned about liability and the possibility of having to defend the Association in a lawsuit brought forth from an injury or death. Proof of established safety rules shared with all members and guests helps protect the Association. Joseph also stated that Skyline Mountain and Gooseberry Estates no longer allow any ATVs within their association properties. He stated that Fairview Lakes is an association with rules enacted to protect the property and individuals who enjoy it and it's necessary to abide by the rules in place.

Terry Johnson, financial committee member, reported that the financial condition of the Association is solid. . Terry also discussed the state of the Association's investments with Merrill Lynch which remain well diversified and within the investment policy of adopted by the Board. He stated that Jeff Roundy, the Association's investment advisor with Merrill Lynch, and members of the Financial Committee continue to monitor the

investment portfolio on a regular basis. A steep increase in operating costs, primarily due to the Sanpete County property tax reassessment conducted in 2010 presents an ongoing upward spiral of expense. Terry explained that in order to cover the operating costs of the Association, dues will likely need to be increased. These costs will only continue to rise. The Association's objective is to set the dues at a level to only cover the operating expenses. A short slide show covering the financial position and results of operations of the Association for the past fiscal year ended September 30, 2011 was shown.

The Board asked that the membership of the Association approve a resolution to indemnify the Board for their actions while serving the Association for the fiscal year ended September 30, 2011. A motion was offered by Marion Bench, lot 50, and seconded by Carol Clark, lots 7 and 8. The membership voted to approve the indemnification of the Board.

Joyce Lewallen, Ombudsman, welcomed new members.

Directors Steve Schoonover and Troy Worthington agreed to be considered for another three year term. Having no other Board candidates they were approved by a "show of hands" vote and will serve another term.

The drawing for door prizes was held and several members in attendance won treasures. Having no further business to come before the membership, the meeting was adjourned at 9:20pm. Refreshments followed the meeting.

Joseph Massey, President

DeeDee Johnson, Secretary/Treasurer