

April 29, 2006, Minutes of Special Meeting
Swain's Creek Pines Lot Owners' Association

Meeting called to order at 10:15 AM. Alan Zellhoefer, Gayle Cromer, Irene Briggs, Andy Osterhout, John Ewing, and Cheryl Case were present. Gary Decker, Robert Storie, and Frank Pearce were not present.

Irene had Robert Storie's proxy; Alan had Frank Pearce's proxy.

Also present: Bill Rodreick, Manager; Mike Noel, Representative of Kane County Water Conservancy District (KCWCD); Dustin Shaffer, Representative of Sunrise Engineering; and Ed Robbins, Esq., representing KCWCD.

A Special Meeting was called pursuant to the request of Mike Noel, due to the need to fund loans for the Swains Creek project (water system).

Ed Robbins stated he represents the Board on other matters; Bruce Jenkins, Esq., represents the Board on this matter. Ed stated the actions taken at this meeting should be ratified at the May 13, 2006, meeting. The loan closing date is scheduled for May 18 and must close by June 1 as the project is scheduled to start June 1. There is a large loan forgiveness included in the project.

Mike Noel stated the total cost of the project is approximately \$14 million, 85% of the members approved the project, low interest loans and grants have been obtained. There will be four contractors on this project. Harris Ranch is included in this project. Water rights and a commitment for funds are needed. There will be automatic meter reading with the Supervisory Control And Data Acquisition (SCADA) system. Over 100,000 feet of pipe will be installed, and there will be a new well. Tree removal is done. 13,000 feet of trenching is done. 90% of the rock issues have been resolved. They will have water trucks to keep the dust down. South Central Communications will replace approximately 20,000 feet of phone lines and a fiber optic line will come from Strawberry. Garkane has decided not to put overhead power underground. Members can talk to Rod Ence, Director of Garkane, for further attempts to put overhead power underground. There is \$1.3 million from Kane County for road improvements.

Dustin Shaffer stated the meter barrel will be in an 18" PVC pipe, 7' down. There are requirements to separate water and power lines in trenches (a step trench with a shelf meets requirements). There is a deadline to push water from Strawberry by September 1.

Mike stated recreational water rights are .25 acre foot per lot and increase for year-round use to .45 acre foot.

Ed Robbins stated 200 water rights wholesale value is over \$1 million. Mike stated they recently bought 200 acre foot for \$1,000 per acre foot.

Bill Rodreick asked if those with wells at 300 feet will be affected by a new well at 1,000 feet deep. Mike stated best water is 600-800 feet down; a deep well should not impact the current wells.

Alan asked if meters can service multiple lots. Mike stated the County requires one connection per equivalent residence (home and mother-in-law quarters, or a garage). Alan asked if a garden hose could be hooked up to the meter barrel. Mike said yes. Dustin recommended a hose bib be installed. If member is on the premises during installation, the member can hook up before meter barrel is buried. Meters should be installed in July & August. Mike suggested road closures be posted on our website. Everyone should use a pressure reducing valve (PRV). Dustin stated the pressure will be 100 pounds at the meadow; some people put in two PRVs. Water should be turned off at the stop/waste valve for the winter. Mike stated water will be chlorinated; chlorine is made on site.

There was discussion regarding water related assets. The water truck will be retained pending completion of the project. Controls for the well will need to be moved out of the barn. Mike stated water will be needed for compaction; they may set up a tank near the current well. Bill stated the well is currently pumping 88-90 gallons per minute. The 7-horse pump was installed in 1999. Barbara Christensen and Ford Brown currently have access to the spring tank. Ed Robbins stated water hauling is not committed after installation of the water system. Mike agreed and stated water is available to people; the option of water delivery will be eliminated based upon state policy.

Mike stated the Board's fiduciary responsibility has been met; the Board has acted in good faith. Ed stated the project reflects 805 lots; there are 200 water rights. Alan stated some lots are unbuildable.

Motion by John Ewing to give Kane County Water Conservancy District \$40,000, the 93 GMC water truck, 200 shares of water rights, 45,000 gallon tank, 5,000 gallon tank, well and well equipment, and perpetual access to the well and associated equipment. There was discussion regarding the properties originally donated to Kane County by JB Investments.

Ed provided a draft April 29, 2006, letter to members, written ballot, and Resolutions, which were reviewed and modified. Telephonic conference was conducted with Bruce Jenkins.

Motion by John Ewing to adopt the Resolution as written. Seconded by Gayle Cromer. The following Board members voted in favor: Cheryl Case, Gayle Cromer, Andy Osterhout, Irene Briggs, Robert Storie (by proxy), Alan Zellhoefer, Frank Pearce (by proxy), and John Ewing. Gary Decker was absent. Motion carried.

Motion to adjourn by Irene Briggs. Seconded by Cheryl Case. Motion carried. Meeting adjourned at 1:48 PM.

Respectfully submitted,

Cheryl Case, Secretary

NOTE: The Resolution Of The Board Of Directors Of Swain's Creek Pines Lot Owners' Association agrees to construction of a water system (the District Project) that can provide piped water service to members who elect to become District customers in return for water rights, sources of water supply, existing water facilities (excluding pond), and easements, rights-of-way, property or other assets of the Association required or appropriate for a piped culinary water system (including any interest in the property originally donated to Kane County by J.B. Investment Company), and 1993 GMC water truck at completion of the District Project, together with a cash payment of \$40,000.00.

Next meeting – May 13, 2006, at 10:00 AM (Utah time) at the barn.