

OCTOBER 22, 2014 MINUTES APPROVED AT JANUARY 30, 2015 MEETING

EMPIRE PASS HOME OWNERS ASSOCIATION

BOARD MEETING

Meeting Minutes

October 22, 2014

8:30 am – 9:15 am

White Saddle Office

BOARD MEMBERS PRESENT:

Doug Ogilvy	Talisker Mountain
Brianne Kelsey	Talisker Mountain
Cate Valiquett	Talisker Mountain
Jay Wasserman	Empire Pass Owner by phone
Jerry Huffman	Empire Pass Owner by phone

STAFF PRESENT:

Jessica Layton	Talisker Mountain
Trish Waterman	Talisker Mountain
Steve Sovinsky	Talisker Mountain

The meeting was called to order at 8:30 am by Doug Ogilvy and a quorum was present with the attendees listed above.

Item #1 Review and approval of July 3, 2014 meeting minutes

Jerry Huffman made a motion to approve the July 3, 2014 meeting minutes, Cate Valiquett seconded, motion carried.

Item #2 Financials

Review of 2013 Audit: Jonathan Dudley from Tanner Co. presented the 2013 audit. Jonathan thanked Jessica Layton, the MOA accountant, for her help with the audit. Jonathan talked about the audit letter and Tanner Co. is required to report there were no difficulties in reporting the audit. There was no disagreement with management and they are required to report that Tanner Co. is independent of the Empire Pass MOA. There were some delays completing the audit tied to the Talisker reconciliation. The only deficiency is the segregation of duties and internal controls, which is due to the small MOA staff. Tanner Co. reported a clean opinion of the financial statements and everything is in accordance with GAAP. Jonathan went over highlights from the balance sheet and the total assets were up \$200k-\$300k due to

cash collected earlier in 2013. The deferred revenue was down due to assessments. A review of the income statement showed member assessments were up in revenues due to the increased number of owners. Misc income is up \$30k due to the MOA charging Talisker for snow removal. Cate Valiquett made a motion to approve the 2013 Empire Pass MOA audit, Jerry Huffman seconded, motion unanimously carried.

Review of 2015 Budget: Jessica Layton discussed the 2015 budget. The 2015 budget proposes a 5% decrease in annual dues. The MOA is proposing a 9% or \$150k allocation to the reserve fund. There is \$73k budgeted in reserve expenses, mostly for road repairs. Jerry asked what the actual amount received for reinvestment fees was this year and that amount is \$529k and \$475k will be budgeted for next year. The reinvestment amount has been increased by \$100k from last year and the Board was comfortable with that increase. Doug said the historical information of reinvestment fees were taken into consideration and there were shared concerns of not wanting to get too aggressive. There is a 10 year useful life on the unimogs, but they may need to be replaced within 3-5 years. The Empire Pass Design Guidelines were written in 2004 and need a few modifications. The update the Design Guidelines will take place in 2015. Brianne Kelsey made a motion to approve the 2015 proposed budget, Jay Wasserman seconded, motion unanimously carried.

2014 Reserve study review: There were additions this year to reserve study. The pump station in Empire Pass was added with a \$90k expense over 22 years. With the addition of the pump station the amount funded in the reserve fund went from 100% down to 91%. There is annual ongoing road repair and \$8k a year was added for crack seal repair. Jerry Huffman made a motion to approve the 2014 reserve study, Brianne Kelsey seconded, motion unanimously carried.

2014 Equipment reserve study review: It is not required under Utah law to maintain a capital reserve for equipment, but the MOA had the equipment reviewed in order to keep the equipment safe and up to date. This review was done before the new loader was purchased. The old loader will be kept as a backup. Cate Valiquett made a motion to accept the equipment reserve study, Jerry Huffman seconded, motion unanimously carried.

3rd Quarter 2014 financials:

Jessica Layton presented the 2014 3rd quarter financials:

- Total annual operations assessment revenues year to date total \$1,444,253, with \$1,441,981 budgeted.
- Total revenue year to date is \$2,098,050, with \$1,788,856 budgeted.
- Total operations expense year to date is \$1,180,596, with \$1,315,318 budgeted.

Revenues:

As of September 30th, the MOA has 3 assessments or \$9,330 open.

- Reinvestment fee revenue year to date is \$562,612, with \$281,250 budgeted. This is comprised of 26 re-sales and 10 new sales for a total of 36 closings in 2014. Reinvestment fee revenue is tracking at 200% of year to date budget.

Expenses:

Total expense year to date is \$1,180,596 or 91% of the 3rd qtr budget.

- Dial-A-Ride expense year to date is \$525,915, with \$543,744 budgeted, 97% of total budget.
- Professional fees year to date is \$33,390, with \$21,250 budgeted and 160% of total budget. This is due to legal fees for the road litigation.
- Vehicles & equipment year to date is \$62,810, with \$67,500 budgeted and 93% of total budget.

Balance Sheet:

As of September, 2014, the Empire Pass Master Owners Association balance sheet shows:

- Assets of \$2,753,417
- Liabilities of \$516,453
- Equity of \$2,236,963
- The current related party payable balance due to the Management Company for expenses incurred on behalf of the MOA is \$75,000.
- Current balance of 3rd party debt is \$12,470. This consists of the 2011 GMAC HD 3500.
- Reinvestment fees due to Park City Municipal Corporation for Q3 is \$126,709.

Item #3 Management Report

Trish Waterman presented the Management Report. Construction update: The Belles has 5 single family and one duplex (2 units) currently under construction. Banner Wood has two single family homes under construction. Red Cloud has 2 homes that were just completed with 2 new construction starts. Nakoma completed the single family home and Units 1 & 2 are under construction.

So far this year there have been 36 sales, which consists of 11 new (1 Nakoma, 10 Montage) and 25 resales.

Dial a Ride update: The winter season will start Wednesday, December 19th and run through April 12th and hours are 7am-midnight. The Main Street Loop will only run this winter during Christmas, Sundance and President's week from 5:30-10:30pm. A discussion of service hours ensued. Staff will be sending out the flash survey again this year to all owners after Christmas, Sundance and President's week. Staff is working with Dial a Ride to make sure the questions provide useful feedback.

Road Litigation: The Plaintiff's in the Stinchings v. UPCM case filed a motion to alter the Court's order on summary judgment last week and we will need to oppose it. They are asking the judge to reconsider the same arguments already made. The motion will need to be opposed.

The next board meeting will be in January, date to be determined.

Item #4 Other Items

There were no other items to discuss. Brianne Kelsey made a motion to adjourn, Jay Wasserman seconded, meeting adjourned at 9:15am.