

FEBRUARY 25, 2016 MINUTES APPROVED AT JUNE 15, 2016 BOARD MEETING

EMPIRE PASS HOME OWNERS ASSOCIATION

BOARD MEETING

Meeting Minutes

February 25, 2016

2:00 pm – 3:40 pm

Newpark Hotel Conference Room

BOARD MEMBERS PRESENT:

- **Doug Ogilvy.** President | Now an independent contractor appointed by REDUS Park City, the new Declarant controlled by Wells Fargo
- **Daniel Bartok.** Declarant | Well Fargo Executive VP, oversees all foreclosed commercial real estate in the U.S
- **David Ash.** Declarant | Wells Fargo, oversees all western region foreclosed commercial real estate
- **Jay Wasserman.** | Elected Empire Pass Owner, by phone
- **Jerry Huffman.** | Elected Empire Pass Owner

STAFF PRESENT:

- Chris Eggleton Destination Hotels
- Chris Retzer Destination Hotels
- Trish Waterman Destination Hotels
- Steve Sovinsky Destination Hotels

OWNERS PRESENT:

- Iain Donnachie, Jack & Sue Mueller, Phil Rosenbaum, Grant Avery & Jim Davidson by phone.

Doug Ogilvy called the meeting to order at 2:00pm and a quorum was present with those listed above.

MINUTES APPROVAL

Jerry Huffman made a motion to approve the October 21, 2015 and December 18, 2015 minutes, Jay Wasserman seconded, Daniel Bartok and David Ash abstained.

BOARD/DRB MEMBER RESIGNATIONS AND APPOINTMENTS

BOARD RESIGNED

- Cate Valiquett. Former Talisker representative
- Brianne Kelsey. Former Talisker representative

BOARD APPOINTED

- Doug Ogilvy. Remains President, but now an independent contractor appointed by REDUS Park City, the new Declarant controlled by Wells Fargo (“Declarant”).
- Daniel Bartok. Well Fargo Executive VP, oversees all foreclosed commercial real estate in the U.S.
- David Ash. Wells Fargo, oversees all western region foreclosed commercial real estate.

DRB BOARD APPOINTED

- Doug Ogilvy. Remains President, but now an independent contractor appointed by REDUS Park City, the new Declarant controlled by Wells Fargo (“Declarant”).
- Steven Issowits. Director, Deer Valley Real Estate and Resort Planning
- John Shirley. Principal, Think Architecture

NEW MANAGEMENT TEAM

Chris Eggleton, Managing Director of Operations, and Chris Retzer, Managing Director of Business Development, were both in attendance reporting that Destination Hotels Utah, LLC was retained by the Empire Pass MOA as the new management company replacing Talisker Management effective January 1, 2016. Destination Hotels Utah (“DHU”) is a privately held real estate management company headquartered in Park City, Utah. Anchored by uncompromising service in resort and operations with Newpark Resort – 22,000 annual visitors, 140 keys, 7,000 SF meeting space, Utah Best in State “Vacation Resort” – DHU provides property management operations from Kimball Junction to Main Street, and from Deer Valley to Kamas - totaling 11 owner associations and 200,000+ SF of retail. DHU has a strategic partnership with Destination Hotels, Inc. For more than 44 years, Destination Hotels, Inc. has been a leader of independent hotel and vacation rental management, development, and ownership; with 47 properties in more than 18 states with 11,600+ guestrooms; 14,000+ employees; 1.5 million square feet of meeting space; 107 food and beverage outlets; 20 upscale spas; and 20 premier golf courses. Destination Hotels, Inc. is a subsidiary of Lowe Hospitality Group, which is owned by Lowe Enterprises, a privately held national real estate investment, management and development firm headquartered in Los Angeles, California.

All former Talisker HOA employees, other than Doug Ogilvy, were hired by DHU.

MANAGEMENT REPORT

An owner expressed their concern with increasing costs and service levels of the Dial a Ride program. A discussion of the service ensued. The current Dial a Ride contract expires December 31, 2016. The Dial a Ride service is a City requirement and homeowners are required by deed to pay for the service. The number of owners in Empire Pass has steadily increased each year and the cost of ridership and demand has grown. The Board discussed putting the contract out to bid to see if there are other companies that can provide the same service levels for less. A discussion of renters using the service ensued. One owner who rents their unit said there are many who rent and the Dial a Ride service is a strong feature for those who rent their units. In the past there were discussions of whether owners that rent their units should pay an upcharge due to possible increased ridership numbers and vehicle demands. The CC&R's are silent of renters paying more for the service. Whether someone is a renter or owner the service still needs to be provided. An owner asked the Board to ask the membership their thoughts about owners who rent their units to pay a surcharge for the service. The Board would first like to get a legal opinion about up charging owners who rent their units. As noted in the Management Report, numbers from the transportation provider, All Resort Group, showed 71% of riders in 2015 were owners, 22% were renters and 7% were guests. It was noted by the Board that the Empire Pass annual dues have been reduced 15% over the past 2 years and that the overall cost to each owner has gone down. The owners in attendance expressed their desire for 4 wheel drive vehicles to be included in the new contract. Currently, there are only a few 4 wheel drive vehicles in rotation. An owner made a suggestion during peak times to consider Dial a Ride having stops at the transit center at the bottom of Swede Alley. Staff acknowledged that a fixed stop service during peak times would be great and a similar program, The Loop, was tested for 3 years. The Loop was not utilized as anticipated and the Loop was eventually cancelled. The Management Company will talk to the existing transportation provider and new transportation companies about the service. Through the bidding process an analysis of what is truly provided for the cost of the service can be provided.

Construction update: The Belles has 1 single family unit currently under construction and has a duplex left to build, Bannerwood has 1 single family home under construction, Red Cloud has 2 homes under construction. We anticipate another construction start in Red Cloud this spring and another home going through the Design Review process this year. Nakoma has a duplex and single family unit under construction. East West Building 5 is currently going through the Design Review process.

There have been 5 sales so far in 2016.

Dial a Ride Update

The Dial a Ride December 2015 numbers were very similar to 2014.

- 2,806 calls were answered, an increase of 1% from 2014
- 9,573 passengers were transported, an increase of 4% over last year

2015 had the highest numbers to date:

- There were 56,324 passengers, compared to 54,055 in 2014.
- March was the busiest month and transported 13,381 passengers.
- Dispatch answered 17,064 calls in 2015 compared to 16,655 in 2014.
- 71% of riders in 2015 were owners, 22% renters, 7% guests
- 2015 Summer had 4.5% increase in passengers (7,361) compared to 7,039 in 2014
- Texting for transport was tested and was well received.
- Texting for service was implemented December 18, 2015 for the winter season.
- 125 text requests were received from December 18, 2015 through December 31, 2015.

2016 Ridership Update

- The January 2016 numbers were the highest on record with 13,506 passengers transported. An increase of 10% over last year.
- January 23rd set another record transferring 1,025 passengers in one day.
- 4,044 calls were answered, an increase of 8% from 2015.
- There were 375 text requests.
- Sundance had a 19% increase in passenger transfers (6,879) compared to 5,781 in 2015.

FIREWORKS: Staff received a complaint about fireworks being set off in Empire Pass on New Year's Eve. The EPMOA CC&R's reference firecrackers as being a nuisance. Staff is looking for Board direction whether to allow fireworks of any kind within Empire Pass or completely prohibit fireworks. The Board followed the CC&R's by deeming fireworks a nuisance and fireworks will remain prohibited in any area of Empire Pass. Staff will send communication to all owners before firework events notifying them the discharge of fireworks is prohibited in Empire Pass.

BOARD ELECTION: Both Jay Wasserman's and Jerry Huffman's 2 year terms expire this year. The election process will start in March.

ANNUAL MEETING: The annual meeting is set for Wednesday, March 16th at 4:00pm at the Montage.

MAINTENANCE UPDATE: Crews are working on the removal of the trees that fell from the recent severe wind storm. Staff is working with Park City and UDOT about no longer allowing vehicles with 2wd to access the mine road during winter storm events. An owner asked about the number of cars parking at the Brighton Estates parking lot at the entry of Twisted Branch and Guardsman Pass. That parking lot is a state road and when there is a high volume of cars parked there the Park City Police Department is called. Staff encouraged owners to call Sergeant Andrews with the Park City Police Department if they see parking concerns in that area.

FINANCIALS REVIEW

BUDGET:

The 2015 Empire Pass Master Owners Association operating budget includes the following:

- Total annual operations assessment revenues year to date are \$1,423,204, with \$1,383,043 budgeted.
- Total revenue year to date is \$2,312,165, with \$2,032,593 budgeted.
- Total operations expense year to date is \$1,632,128, with \$1,863,274 budgeted.

REVENUES:

As of December 31st, the MOA has 19 assessments or \$129,579 open, 15 of these relate to a former property owner.

- Reinvestment fee revenue year to date is \$662,515, with \$475,000 budgeted. This is comprised of 12 re-sales and 22 new sales for a total of 34.
- Finance charges collected were higher than budgeted, most of these are late fees on foreclosed properties, and might be difficult to collect.
- Revenue is 114% of budgeted.

EXPENSES:

Total expenses year to date is \$1,632,128 or 88% of the year to date budget.

- Dial-A-Ride expense year to date is \$709,484, with \$725,000 budgeted.
- Maintenance facility expense is over budget by \$9,500. We paid \$12,000 for natural gas in 2015. This expense has not been passed through by the Mine Bench landlord in the past and was not budgeted.
- All other expenses including payroll are under budget.

BALANCE SHEET:

As of December 31st, 2015, the Empire Pass Master Owners Association balance sheet shows:

- Assets of \$4,218,007
- Liabilities of \$1,586,685
- Equity of \$2,631,322
- Reinvestment fees due to Park City Municipal Corporation for Q4 is \$123,505

MISCELLANEOUS:

- Our last truck loan is paid in full.

MOTION: Staff is requesting the Board to engage an auditor to perform the 2015 audit. Tanner Co., has performed the audit for the past few years and staff recommends they be hired again. Jerry Huffman made a motion to engage Tanner Co. to perform the 2015 audit, Daniel Bartok seconded, motion carried.

The MOA accountant will be sending Empire Pass land developers invoices for 2015 developer dues that were not invoiced.

RED CLOUD: An owner had a question about snow plowing in Red Cloud. Currently Red Cloud snow plowing is included in the EPMOA dues and it was asked if the cost should only be included in the Red Cloud sub-association dues and not be a cost to the EPMOA. Per the CC&R's responsibility for snow plowing and road maintenance from Marsac up through Twisted all rests on EPMOA. It was noted that UDOT maintains the blacktop along Marsac and will be doing crackfill on Marsac this year.

MINE BENCH LEASE: Building 2 and the remaining yard space is leased from United Park. There is currently a 12 month lease in effect that automatically renews each year. The Board would prefer to get long term lease in place. The Board does not recommend moving the maintenance crew out of the mine bench.

OWNERSHIP UPDATE: Daniel Bartok gave a quick Club status update. REDUS Park City, is the new Declarant controlled by Wells Fargo. Wells Fargo took ownership last November and has not taken ownership of the Club. They do not want to liquidate immediately and they are not developers. 2 properties in Empire Pass are being prepared to be put on the market; Lot 3 by Shooting Star and a parcel by the Montage. There are also 3 lots in Red Cloud on the market. They are working with the Club advisory committee to develop the best strategy to move forward with Talisker Club. The advisory committee is working with Wells Fargo and everyone seems optimistic of the end result. The Twisted Branch rock wall will be refaced this spring.

QUESTIONS

An owner asked if the Design Review Board (DRB) has changed the guidelines in the last 3 years. The guidelines have not been changed, but the DRB has certainly seen a shift in home design toward a more contemporary vernacular. The DRB works closely with each applicant during the review process and has granted variances for minor contemporary elements.

ADJOURN

There were no other questions. Jay Wasserman made a motion to adjourn and reconvene for Executive Session at 6:00pm, Jerry Huffman seconded, meeting adjourned at 3:40pm.

EXECUTIVE SESSION:

The Board reconvened for Executive Session at 6:00 pm to discuss personnel matters. The Board was unanimous for DHU recommendations for employee compensation adjustments. The Board authorized the President to come to an agreement with Talisker to execute a long term lease at the Mine Bench. The Dial a Ride contract expires December 31, 2016 and the Board authorized Management to put the Dial a Ride contract out to bid.