

PINE MEADOW RANCH OWNERS ASSOCIATION
ANNUAL MEETING
SONS OF UTAH PIONEER HALL
3301 EAST 2920 SOUTH
SALT LAKE CITY, UT
NOVEMBER 15, 2016

In Attendance: Tony Tyler, President; Dan Heath, Vice President; Honey Parker, Secretary; Matt Brown, (Area 1); Jeremy Jespersen (Area 2); Alan Powell (Area 3); Tom Deaver (Area 4); Bruce Hutchinson (Area 5); Mike Gonzales (Area 6); Tom LeCheminant (Area 7)

Excused: Pat Kreis, Treasurer

Ex-Officio: Jody Robinson, Ranch Manager; Carol Steedman, KGC Associates

Tony Tyler called the meeting to order at 6:30 p.m.

Mr. Tyler was pleased with the large turnout and thanked everyone for coming. He introduced Jody Robinson, the Ranch Manager. The Board members introduced themselves. Mr. Tyler noted that the names listed in green were the Board positions up for election this year. Pat Kreis has held the position of Treasure for the past three years; however, she was not running for re-election. Jeremy Jespersen, Area 2; and Mike Gonzales, Area 6 were running for re-election. Mr. Tyler explained that the Board was not designed to turn over every year. The terms are staggered to ensure that institutional knowledge is withheld over the course of time.

Mr. Tyler introduced Carol Steedman with KGC Associates. He remarked that Carol handles the administrative responsibilities and the operations of the Ranch, and she keeps everything running smoothly. Cody Sorensen, the assistant ranch manager, was not present.

Mr. Tyler reported that the areas of HOA responsibility were infrastructure and maintenance inside the boundaries of the Ranch, as well as the roads leading to the Ranch. Historically that has been Tollgate Canyon Road and Forest Meadow Road. Maintenance includes grading, resurfacing, mag chloride, asphalt repair, winter snow removal to the winter parking lot, and the connector between Pine Meadow and Forest Meadow Ranch. Additional work includes drainages, bar ditches and whatever else is required to maintain the road and runoff.

Mr. Tyler stated that the CC&Rs are the Covenants, Rules and Regulations for the Ranch, which determines how they are allowed to govern as an HOA. It includes review and approval of construction within the Ranch per the Architectural Guidelines, the collection of assessments and impact fees to help maintain the infrastructure for common use, and enforcing compliance with the Rules and Regulation and the CC&Rs.

Overview of the past year

Mr. Tyler commented on some of the positive things that members of the HOA have done to contribute to the neighborhood and to the community in general. He noted that Alan Powell has been working closely with the North Summit Fire District to erect the temporary fire station. Mr. Powell was also leading the efforts to put a permanent fire station on the Mountain.

Honey Parker noted that several members of the community also helped Alan and gave their time to build the fire station. It was greatly appreciated.

Mr. Tyler stated that this year Adrian started putting together Blessing Bags, which are things that people use on a daily basis. The bags are given to people who have had an accident or may be going through hard times. The bags are a token of appreciation of humanity to others. Mr. Tyler noted that a number of Pine Meadow Ranch owners and members have contributed to the creation of those bags. If anyone was looking to give back by doing something small, they should contact Adrian.

Mr. Tyler remarked that during the summer Damian Jones decided to make ice-cream, and he sold Tollgate Canyon homemade ice-cream at the lake.

Mr. Tyler stated that Austin Balls produced and starred in a movie, "Alpine Assassins Seven". A number of people from the Ranch community supported Austin at his premier this past week.

Mr. Tyler noted that Shane and Mandy Deuel organized a Halloween hayride. Many of the youngest members of the community dressed up in costume and went to pre-determined houses around the Mountain. Mr. Tyler remarked that these types of activities contribute to being a community and enjoying life on the Mountain for both full-timers and part-timers.

Mr. Tyler thanked everyone for their community involvement.

Election Candidates

Jodi Taylor was the only candidate running for Board Treasurer. Ms. Taylor stated that she moved here from New York City six years ago. Her work history is finance. She went to U Penn for undergraduate and she has an MBA and an MA in International Relations. She loves the community and would like to bring some transparency. The Ranch has grown a lot that they need to manage that growth. Ms. Taylor stated that she has been working with the Board, along with Roy Parker, another candidate for a Board

position. They would like to help keep the community the way it is and manage the growth. She would do her best to handle the finances.

Jeremy Jespersen and Kenneth Yama were candidates for Area 2.

Jeremy Jespersen stated that he has been on the Ranch his entire life and he loves it. His family has lived there for over 30 years. He has served on the Board for three years and has learned substantial policies. They have a lot of great projects going on, and there are a lot of great people on the Board, currently. He asked the members who could vote for Area 2 tonight to let him stay. He wants to use his experience to continue serving on the board because he felt it was important for the future.

Kenneth Yama stated that he is new to Tollgate. He has been on the Ranch a little over a year. They are part-timers who are graduating towards full-time. Mr. Yama stated that he would like to be on the Board so he has the opportunity to get to know more people. Mr. Jespersen had encouraged people in Area 2 to run for the Board position, but he had not realized he would be running against Mr. Jespersen. Mr. Yama had put his name in as a candidate because he wanted the opportunity to serve.

Mr. Tyler noted that there were three candidates for Area 6; Mike Gonzales, Kirby Wilson, and Roy Parker.

Mike Gonzales stated that he has served on the Board for six years and he was not interested in serving another term. He encouraged the membership to vote for Roy Parker. He has a clear legal mind and he is trustworthy. Mr. Gonzales supports term limits for Board members and he encouraged everyone to enforce term limits for Area 6.

Roy Parker was not able to attend and a woman spoke on his behalf. Mr. Parker wanted it known that his focus was on re-doing the CC&Rs and helping the Board with free legal advice. The CC&Rs are from 1971 and have never been amended. There is conflicting information on the website which leads to confusion. Carolyn Strathern, Ted Bonnitt, Roy Parker and Mr. Parker's spokesperson have spent a tremendous amount of time attending Board meetings. Mr. Parker can be trusted and he is very committed. He was not able to attend this evening because he was having dinner with the Mayor to talk about a similar initiative to change some things in Salt Lake City. Nightly rental was also a major issue for Mr. Parker, and how it should be managed moving forward.

Kirby Wilson stated that he has been a part-time resident since 2003, and a full-time resident since 2009. He works for the University of Utah Hospital and Clinics in IT in their data warehouse. He has a technical mind, as well as a musical mind. Mr. Wilson stated that he was encouraged by a handful of Board members to run for this position. He would appreciate their votes as a fresh voice and mind to the Board.

Mr. Tyler thanked all of the candidates for their willingness to run for the Board positions. He was pleased to see this level of community involvement.

2016 Projects

Mr. Tyler presented a photo of the start of the temporary fire house on the upper section of the gravel pit lot. Mr. Powell noted that they were using solar panels for 24 volt lighting and garage door opener, rather than run power to the fire house. The only thing left is to install the garage door. The structure is sealed and ready for use.

Mr. Tyler stated that in 2016 the projects were heavily weighted towards road work. He had not listed every road that was graded, but the list did show major projects that the Ranch Manager and the Board collectively identified for 2016. Mr. Tyler reviewed the projects that were accomplished in 2016. He noted that they had done something different with mag water this year. They allocated an additional load throughout the rest of the year, and used that to test some recommendations given by people who build gravel roads; specifically, to mag water road base the first year because it will help keep it down long term. Once the material is laid, it is rolled, graded and mag watered. When it is touched-up over the years, the material is supposed to hold up better. Mr. Tyler noted that the experiment was exercised this year on Pine Meadow Road, and they will wait to see how it works long-term. He pointed out that the traditional areas of Tollgate Canyon Road and Forest Meadow Road were done again this year, and he anticipated doing them again next year. Mr. Tyler stated that additional work was completed on lower Forest Meadow Road, and they were continuing to work on that challenging area.

Signage was another project. New signs were ordered for the entire Ranch and Jody was still working on getting the signs installed.

2017 Projects

Mr. Tyler noted that a few projects from 2016 carried over to 2017. They included Elk Road, Bull Moose Road, crack sealing on the new asphalt in Tollgate Canyon that was put down a few years ago, and also sealing of the asphalt road. Mr. Tyler had indicated an extended application of mag water because of the experiment he mentioned earlier. The Board intends to keep that going for another year to see how it holds up. Numerous secondary roads will be graded. Culvers will be replaced as needed. If anyone sees drainage issue on the roads, they should contact their Area Representative.

Governing Documents

Mr. Tyler reported that the Board had interviewed different attorneys who specialize in HOA similar to Pine Meadow. The Board is prepared to make a recommendation to engage one of the attorneys to do a wholesale review of all of the governing documents and to provide some structural advice on how they would recommend fixing some of the conflicts that exist, identifying any challenges within the documents, and streamlining and legalizing the process by which the HOA has been managing itself.

Mr. Tyler clarified that Ted Barnes is an attorney who has been with the HOA and the Water Company since their inception; however, the Board felt it was time to seek an outside opinion and a fresh look at the governing documents. The Board collectively made a decision to allocate some of the excess funds from the operating budget to hire outside counsel to review the governing documents. Mr. Tyler believed that review would be part of the major scope of an internal review of the HOA from its structure through its operation.

Mr. Tyler reported that Honey Parker was working on revising the map at the bottom. The new map will be more accurate and it will have all the road names. Ms. Parker noted that there would also be a URL at the bottom of the map so once people continue up the road, they can go online and find the same map to help guide them rather than have to remember what they saw on the map at the bottom.

Expenses

Tyler noted that the packet provided this evening contained a 2016 year-to-date financial report. It was a Profit and Loss comparison. Mr. Tyler stated that in past years the HOA has had a difficult time collecting revenue from assessments. He pointed out that as of October 25, 2016, they were at 97% of the budgeted revenue collections for the year. He noted that the LDS Church, which runs camps behind the Ranch, contributes a significant amount of money to the HOA each year to help maintain the roads and offset their traffic impacts to the area. Mr. Tyler thanked the Church for their contribution. It is very much appreciated.

Mr. Tyler stated that it is difficult to budget for construction income. When the Board prepared the budget last year, they had no way of knowing how many new construction projects would occur, and they had to estimate. They budgeted for three new construction impact fees, and additional money for additions, sheds, or other outbuildings. Mr. Tyler reported that the Board had budgeted \$21,000 and had actually collected almost \$39,000. It was an indication of how much new construction was occurring on the Ranch, and those impacts were being offset by the impact fees collected for those projects.

Mr. Tyler indicated a line item for uncollectable dues. The Board had budgeted 5% or \$11,682. He pointed out that the Board had budgeted to collect \$274,994 in 2016, but they actually collected \$314,270. On the revenue side they were 14% above their expectations.

Mr. Tyler walked through the primary expenses. He noted that Cody Sorensen was brought on as a part-time assistant to help Jody. Cody has been productive in helping Jody to operate two pieces of equipment at once. Mr. Tyler stated that prior to having an assistant Jody rarely had a day off and he practically lived on the Ranch. Hiring an assistant has allowed Jody to take some regular time off, and it has ensured a healthy, working relationship with Jody. Mr. Tyler noted that the Board collectively agreed to increase the dollar value in 2017 to accommodate the difference. This was the first year that the Board budgeted for a part-time assistant, and the actual ended up being slightly higher.

Mr. Tyler pointed to the credit card charges. He explained that when someone uses a charge card to pay their assessment, the bank charges the HOA a small fee for the transaction. He was happy to pay the credit card charges because it meant that people were paying their assessments. Mr. Tyler noted that the Board had budgeted \$3,500 for credit card charges in 2016, recognizing that it was difficult to estimate the number of people who would pay by credit card. He pointed out that there was an overage from what was budgeted because more people used credit cards than anticipated. That was corrected in the 2017 budget.

Mr. Tyler commented on the contribution to Reserves. He stated that the Board had budgeted \$30,000 for the Reserve Account in 2016; and that money would be transferred into the Reserve Account at the end of the year. The Board felt it was prudent to put more than \$30,000 into the Reserve, and they increased that amount to \$50,000 in 2017 to help create more of a reserve for the anomalies that might occur on the mountain.

Mr. Tyler explained that the signage was paid for from the Miscellaneous Ranch Projects line item. The signs went into a Miscellaneous category because they were not budgeted. That was the reason why that line item was over budget. Mr. Tyler referred to the last line item Aggregates Purchases and Hauling. He noted that 45% or slightly under \$25,000 of the \$55,000 was spent for road base. Mr. Tyler noted that they would be spending more of the \$55,000 because they had to stock the snow shed with gravel for the winter. However, he believed it underscored Jody's ability to manage the Ranch effectively within the confines of a budget.

Mr. Tyler stated that \$267,288 was budgeted for total expenses. They have spent \$176,508 to date; currently leaving a surplus of \$137,762. He remarked that a number of fixed expenses occur on a monthly basis, and those would continue to be paid until the

end of the year. Mr. Tyler anticipated a dramatic savings this year over what was budgeted.

Balance Sheet

Mr. Tyler referred to the last page of the packet, which showed the assets and liabilities, as well as the pieces of property that the HOA owns and the Board manages on behalf of the membership. Overall, the balance sheet shows the health of the HOA as a whole. Mr. Tyler remarked that the current assets were approximately \$420,000. A substantial portion of that amount were vehicles and equipment. The \$417,000 showing was actual cash available, including the Reserve. The accumulated depreciation of all the equipment was \$134,595. The net fixed assets of the equipment were \$78,000 of value. Mr. Tyler pointed out that the other assets under Real Property were individual lots and pieces of property that the HOA owns.

Mr. Tyler stated that the current liabilities showing as \$2500 were payments still owed at and would be paid off at the end of the month.

Mr. Tyler remarked that the liabilities and equity was \$495,543. It was a healthy number, but he thought they should be contributing more to the Reserve.

2017 Proposed Budget

Mr. Tyler stated that the membership would be voting this evening to either accept or reject the proposed budget. He reviewed the proposed 2017 Budget. He noted that on the Revenue side the Board was recommending to eliminate the tiered structure for assessments. Therefore, vacant lots, part-time owners and full-time owners would all pay the same rate, regardless of use or whether there is a cabin on the property. Mr. Tyler stated that the rate, based on the budget anticipated for 2017, was \$300 per lot.

Someone asked about the basis for making that change. Mr. Tyler explained that in speaking with the attorneys, they pointed out an inconsistency within the governing documents. Both attorneys who were interviewed suggested and highly recommended that the HOA use a uniform per lot assessment on an annual basis, rather than the tiered structure based on the existence of a cabin or the use of a cabin.

Mr. Tyler remarked that over time Ted Barnes, the HOA attorney, had also given similar advice, and the Board elected to keep the tiered structure through 2016. However, this year the Board elected to follow the legal recommendation and to equalize the assessments on a per lot basis.

Alan Powell stated that he was personally in favor of the tiered structure, and the

membership has voted on it for several years. However, the reality is that the tiered structure is not allowed because the CC&Rs specifically states that all assessments must be equal. Mr. Powell clarified that he reluctantly voted to eliminate the tiered structure because their hands were tied; not because he thought it was the fair thing to do.

Mr. Gonzales remarked that the entire Board opposed the change, but they were legally bound to make the assessment equal. He pointed out that the Board was making the recommendation based on legal advice regarding the CC&Rs, but the membership had to agree on how to change the structure in approving the budget. Mr. Gonzales remarked that the \$300 assessment recommended by the Board would at least give the HOA the same working revenue that they have had in the past.

Bruce Hutchinson suggested that they change the word on the invoice because it says dues and use. It should be changed to only say dues because the HOA is not allowed to charge a use fee.

Mike Bowen, FM-C-48, asked if the reference to attorneys reviewing the Rules and Regulations was actually the CC&Rs. Mr. Tyler explained that the Rules and Regulations is a document that exists underneath the CC&Rs. The CC&Rs are commonly referred to as the Rules and Regulations for the HOA, but it is a separate document. Mr. Gonzales clarified that the attorney would be reviewing all of the governing documents, which are the CC&Rs, the Bylaws, and the Rules and Regulations. Mr. Tyler agreed.

Mr. Tyler stated that the CC&Rs is the parent document that creates the responsibilities of the HOA. Underneath that are the Bylaws which creates the Board that manages the HOA that was created under the CC&Rs. The Rules and Regulations fall underneath the Bylaws, in addition to any other documents or guidance that the CC&Rs allow. The Architectural Guidelines would be a part of that as well.

Mike, Lot D-17, stated that he had heard rumors that there were two sets of CC&Rs. Mr. Tyler explained that the Board decided it was critical to have an outside attorney review the documents. In talking about inconsistencies, it is not necessarily inconsistencies within an individual document. The inconsistencies are across multiple sets of documents, which creates the problem and results in an opportunity for the Board to mismanage based on one set of CC&Rs versus another. The Board felt it was critical to understand the basis for what they have and correct any actions that have been done historically that may not be accurate. It would also give them a better structure to understand how they move forward as a Board to manage an HOA, which is a challenging task.

Mike thought it would be financially prudent to wait on doing some things until they have a

more stable platform for the CC&Rs and all the Rules and Regulations and governing documents. Mr. Tyler replied that in some cases the answer would be yes. However, in this case, the Board recognized that the language is clear. Combined with the additional input from the two outside attorneys that were interviewed, the Board thought it was better to change it now rather than create an opportunity next year to have more issues based on the rate structure.

Bruce Hutchinson pointed out that the move on equalizing the fee structure was based on current language in the CC&Rs. Someone wanted to know which set had that language. Mr. Hutchinson stated that multiple sets were the problem, which is why the Board agreed to do this. Mr. Hutchinson recalled years ago when Scott Boyle was on the Board, it was understood that the dues would be equal. However, since the full-timers use the roads significantly more than those who just have a lot or those with only a cabin, an additional fee would be added to the HOA assessment for use. Mr. Hutchinson remarked that the tiered structure was not following the documents they are governed by currently. Whether or not it can be changed will be determined by the attorneys. He clarified that the reason for equalizing the assessment is based on what the Board sees as being the current requirements for the correct CC&Rs.

Kerry, Lot C-71 asked if there was any justification or rationale provided outside the inconsistencies of the governing documents for having a flat fee. He wanted to know if there were other legal ramifications.

Mr. Tyler clarified that he was not an attorney and his response would be as a lay person. His opinion is that some things that are legally defensible, and other things that are not legally defensible. The rest of the world falls in-between. He did not believe it was a black and white issue, but in this case he felt there was more risk in leaving the current assessment structure, based on the documents that govern the HOA, than there would be in equalizing it now as proposed. Kerry understood that all the members of the HOA would have to vote on the change. Mr. Tyler replied that it was what they were doing tonight. He explained that the Annual Meeting is set up to have the membership vote on the fee structure and the budget for 2017, which the Board is tasked with managing over the course of the year. The Board's performance is then judged by the membership at the next Annual Meeting. The Kerry asked if it was prudent to notify the members who were not in attendance this evening and give them the opportunity to vote on it. Mr. Tyler thought it would be prudent; however, the intent is to have as many people as possible attend the Annual Meeting. He did not believe they had enough time to do a mailing to all the membership. Kerry pointed out that the majority of owners were not present, and he was concerned that it would create problems.

Mike Gonzales stated that the Annual Meeting is set aside for making these types of decisions. If people are interested, they should attend. He pointed out that the Board is

obligated to notify the entire membership of the decisions made at this meeting.

Mr. Tyler recalled an Annual Meeting a few years ago where the membership did not vote in favor of the Board recommendation regarding the Fee Structure; and the members elected to increase every assessment by \$50. The assessment was carried that way and budgeted that way for the next year. However, the Board realized that it was not a fair allocation because a \$50 increase for a lot owner was a higher percentage of the annual assessment than for a full-time owner. The following year the Board recommended correcting the increased assessment by equalizing it based on a percentage rather than a fixed dollar amount. The membership at that time voted in concurrence with the Board. Mr. Tyler expected that the decision would be made this evening, and they would live with the decision for 2017. He clarified that this vote would not exclude an opportunity to change that decision in the future.

Mr. Whitney, Lot F-34, stated that his wife handles paying their assessment and he was unaware of the prior tier schedule and what the actual amounts were prior to this recommendation. Mr. Tyler referred to the original Profit and Loss included in their packets. The top of that page showed the quantity. He pointed out that the quantities change over time as they get more full-timers or more cabins are built. In 2016 landowners only was \$240. Part-time lots with cabins were \$300. Full time cabins were \$420.

Kerry, Lot C-71, asked if there was anything in the CC&Rs about having a quorum for voting at HOA meetings. Mr. Tyler answered yes. He explained that the Bylaws address that issue, and it says that the members who attend the Annual Meeting are the quorum. Mr. Tyler clarified that the Annual Meeting is noticed within the governing documents; and it allows the membership to make this decision. He reiterated Mr. Gonzales' point that the membership is not precluded from rejecting the Board's recommendation.

Mr. Tyler remarked that the Board wanted to explain their reasoning for recommending the change and they expected a lot of questions and discussion. It is up to the membership to decide whether or not they agree. The Board will manage whatever budget the membership elects to give them for 2017.

Tanya, Lot FM-C-61, noted that there were 812 owners for 2016 but there was actually 806. Mr. Tyler replied that many people own multiple lots; and people are encouraged to combine lots to reduce density. The drop in number of lots is based on lot combinations. It was pointed out that lot combinations also reduce the amount of revenue.

Mr. Tyler commented on Past Due collections, and noted that they always budget for outstanding collections from prior years. He stated that the HOA contracts with a

collection agency, Revenue Recovery. After the assessments are late by a certain number of months, the account is turned over to Revenue Recovery and they contact the owner. Mr. Tyler remarked that contracting with Revenue Recovery had increased the collection of past due accounts quite dramatically.

Mr. Tyler reiterated his earlier comment regarding the benefits of the contribution from the LDS Church. That amount is budgeted because the Church is good about contributing consistently to help maintain the roads.

Mr. Tyler commented on the SS Lot contributions. He explained that the SS lots are outside of the HOA, but they use the roads and feel responsible to financially contribute to the HOA that manages the road system. Mr. Tyler noted that the amount is split over a number of different SS lots. The lot owners send in different amounts because it is a voluntary contribution and there is not a set amount.

Mr. Tyler noted that the \$21,000 budget for Impact Fees was the same as last year. Mr. Tyler pointed to Other Income, which is income from parking stickers, donations and other things that are lumped into a miscellaneous income category. Traditionally, they collect more than \$10,000, which is the reason for the \$10,000 budgeted amount.

Mr. Tyler explained that they anticipate an uncollectible dues amount of 5% off the top to avoid spending money that they may not collect. As a result, the total revenue is \$273,746. Mr. Tyler pointed out that the total revenue budgeted was \$274,994. They were currently at \$283,746, which was a minor increase in the overall budget. Mr. Tyler stated that the totals were specifically related to the way the revenue from the lots was calculated.

Mr. Tyler reviewed the Fixed Expenses. He compared the line item categories from the 2016 Profit and Loss. The Ranch Manager's salary had increased to keep up with the marketplace. In an effort to keep the quality people who work for the Ranch, the Board elected to increase the employee salaries. Mr. Tyler commented on the part-time labor and noted that they had estimated the need and under budgeted for part-time labor. The part-time salary was corrected in the 2017 budget. The Board felt the \$22,000 was indicative of the time they anticipate needing an assistant to help Jody on the Ranch on an annual basis. Payroll taxes and Worker's Comp Insurance was a percentage of the salary paid out. Health insurance was considered a fixed amount; however, the premium has increased dramatically over the past year. Mr. Tyler believed health insurance was a necessary benefit that allows the HOA to remain competitive in the work force.

Mr. Tyler noted that Professional Fees and Accounting was Carol's time in managing the accounting and administration of the HOA. He commended Carol on doing a fantastic

job. Mr. Tyler noted that the credit card charges were increased to \$400 to cover the anticipated charges associated with credit card use for assessments. The budget for Income Tax prep and Equipment Repairs was increased slightly. They anticipated a few more equipment repairs this year because very little was done last year. Mr. Tyler noted that last year the Board elected to lease a roller rather than have Jody spend his time repairing the roller they had. The Board budgeted to lease a roller again for next year because Jody can use the roller for the months he needs it and the HOA does not have to maintain it. The Board has discussed purchasing a new roller for long term use versus leasing each year, and they will continue to have that discussion.

Mr. Tyler noted that Repairs and Diesel Fuel was directly related to the operation of the machines. The Liability Insurance was umbrella liability for the Ranch Officers, and for the Ranch itself. The Propane is to heat the shop at the gravel pit. The \$7600 amount for property taxes was directly related to the properties owned by the HOA and reflected on the balance sheet. Mr. Tyler pointed out that the Contribution to Reserves was increased to \$50,000 for 2017.

Mr. Tyler reviewed the Variable Expenses, which include office supplies, postage, internet service fees for the website. He noted that the legal fees in the amount of \$3,000 was a base fee. Mr. Tyler anticipated paying more than that amount; however, it could come out of the Capital Reserve or the Overage in the operation budget from 2016. Mr. Tyler noted that the Board anticipated the legal fees for 2017 to be \$20,000 to \$25,000 for an outside attorney to review the documents and provide additional recommendations. Mr. Gonzales noted that the two attorneys interviewed had estimated \$15,000. The Board had budgeted a higher amount on the possibility that it may be higher.

Mr. Tyler reviewed the expenses for licenses and permits, culvert installation, and miscellaneous Ranch projects. Mr. Deaver clarified that culvert installation was not for driveway culverts. Culvert installation only applies to when the HOA puts new culverts or replaces old culverts under the road itself.

Mr. Tyler noted that the budget for mag water installation was increased to \$12,000 for 2017, which was an increase from \$9,000 in 2016. The budget for Aggregate Purchases, Hauling, Asphalt Repairs and Sealing was reduced to \$35,000. Mr. Tyler explained that some of the larger expense items such as resealing and crack sealing the asphalt road are actually capital improvements because they do not occur on an annual basis. If they elect to do those projects, the money will come from the Capital Reserve.

Mr. Tyler stated that the total fixed expenses were \$225,975. The total variable expenses were \$57,400. The combined total was \$283,375, which balances the budget with a net balance of \$371 for 2017. The members would be asked to vote on the 2017

Budget later in the meeting.

Mike Gonzales asked for the accumulated increase in labor costs for the Ranch going into 2017. Mr. Tyler replied that it was difficult to answer the question because the financials only showed year-to-date through October 25, 2016. Mr. Gonzales had done his own math projection and his numbers calculated a 13.6% increase year to year. Mr. Tyler asked if that was based on the actual cost for 2016. Mr. Gonzales answered yes. Mr. Gonzales stated that he was familiar with the consumer price index, which had only gone up .3% for wage earners in the State of Utah. Looking at separate urban areas, the increase was .5%. Given that the Ranch has a fixed revenue, Mr. Gonzales thought 13.6% was unsustainable. Mr. Gonzales believed the Board had a fiduciary responsibility to reconsider several aspects of the budget being proposed for 2017.

Mr. Tyler appreciated Mr. Gonzales comment, but thought they should agree to disagree on that issue. He believed that it was a healthy conversation and one the Board already had during their Budget Meeting. Mr. Gonzales pointed out that he found the consumer index information after the Budget Meeting and sent it out to the Board members. Mr. Tyler stated that he works in the construction industry and he sees in real time what Jody's skill set would demand in terms of salary. It is far beyond what the HOA is pays him. Mr. Tyler believed there were trade-offs; some that benefit Jody and some that benefit the Ranch. Mr. Gonzales clarified that he was talking about all labor and not just Jody.

Honey Parker noted that health insurance is going up significantly. She believed another increase that Mr. Gonzales was seeing is the amount Cody was getting. Ms. Parker agreed that the line item is a bigger number, but what it does not show is whether it ultimately saves money because Jody has help, and also because Jody is able to repair equipment before it turns into a bigger problem at a greater cost. Ms. Parker did not think it was as black and white as the line item.

A member thought it was a stability issue because you build a repertoire of skills and experience. He thought Mr. Gonzales was trying to compare apples to apples, but he was unsure they could do that with the same labor in general. The HOA was looking at a specific skill set that is required. He also thought there was a synergy associated with Jody's expertise, and the salary was worth his experience.

Alan Powell understood that 13% looks like a lot; however, the salary itself is only a 5% increase. New labor was a \$6,000 increase. Mr. Powell noted that \$9,000 was the additional cost, which was covered in rounding the assessment to \$300 per lot. Another fact is that less money was spent on aggregates because they can pull in the road base using the roller and grader, and at the same time water the roads. For that reason, the line item for Aggregates was significantly under budget. Mr. Powell believed that having

an additional employee saves on what they spend on the operation aspect. In terms of project labor, Mr. Powell noted that the increase was in the amount of hours, as opposed to the amount paid. Mr. Tyler clarified that the \$6,000 increase was actually correcting the Budget to reflect what was actually spent in 2016.

Catarina Blais, Lot FM-C-94, stated that accessibility to skilled help also needed to be factored in since their location is more remote than places like Park City or Heber.

Carolyn Strathern, Lot F-50, stated that she has been in corporate management for over 30 years and she believed they were getting a steal with Jody's salary. Pine Meadow is a huge HOA and the workload is immense. Ms. Strathern thought they should be thankful that they do not have to pay Jody more instead of complaining about the increase.

Cheryl Groot, Lot E-70, stated that in addition to being skilled individuals, they were also firefighters and EMRs. She noted that Cody and Jody are the first to show up on the Mountain when there is a problem, and it was a major bonus to have these two skilled individuals for lifesaving purposes.

Dan Heath remarked that the Board had underestimated the need and under budgeted in 2016, which is why there was a difference in the numbers for 2016 and 2017. Mr. Heath did not believe the numbers were that far apart.

Mr. Tyler commented on the Reserve Account. He noted that the balance for 2015 was \$163,719. The projected contribution for 2016 was \$30,000 that will be contributed at the end of the year, for a total of \$193,719. Mr. Tyler pointed out that the contribution to the Reserve was increased for 2017 to \$50,000. The anticipated balance in the Reserve Account at the end of 2017 was \$243,719.62. However, that amount would change if money is taken from that account for capital projects at the Board's direction. Mr. Tyler anticipated that they would be looking into doing the crack sealing and asphalt sealing on Tollgate Canyon Road to maintain it long term. If that occurs, those funds would come from the Reserve.

Mr. Tyler stated that the budget earmarks approximately \$75,000 that is never touched. It is left in the budget as part of the Reserve for a rainy day fund.

Other Ranch Information

Mr. Tyler stated that the members would be voting on two items this evening. One is the 2017 Budget, which includes the Profit and Loss and the Balance Sheet. The second is approval of the meeting Minutes from the 2015 Annual Meeting.

Approval of 2015 Annual Meeting Minutes

MOTION: Honey Parker moved to APPROVE the 2015 Annual Meeting Minutes as written. Dan Heath seconded the motion.

Motion on 2017 Budget

MOTION: Craig Gilliam moved to APPROVE the 2017 Budget, including the Fee Schedule as proposed by the HOA Board. Tom LeCheminant seconded the motion.

Mr. Tyler stated that the members should mark on their voting card whether or not they were in favor of the motions to approve the Minutes and the Budget. The owners were given one card for each lot owned.

Carol noted that the Fee Schedule needed to have its own motion. Mr. Tyler called for a motion on the 2017 Fee Schedule and the recommendation of \$300 per lot with no difference between full-time, part-time and lot owners.

MOTION: Kirby moved to APPROVE the 2017 Fee Schedule with the recommendation of \$300 per lot assessed equally for full-time, part-time and lot owners. Carolyn Strathern seconded the motion.

Pets and Leash Laws

Mr. Tyler stated that he places Pets and Leash Laws on the agenda every year as a reminder to current and new owners that the HOA does not enforce or restrict any type of pets on the Mountain. However, Summit County requires pets to be on a leash if they are off the owner's property. If anyone sees animals off leash they should contact Summit County Animal Control and they will come up to handle the situation.

Parking Restrictions

Mr. Tyler reminded everyone that parking is never allowed on the roads because a parked vehicle on the road, even for a few minutes, can create a dangerous situation. He thought it was prudent to point this out for construction sites because frequently there are inadequate parking facilities on lots that are being developed. If anyone sees someone parking on the road, they should not hesitate to approach that person and ask them to park their car on the lot. For those who may be uncomfortable doing that, they should contact their Area rep. Rules and Regulations are in place that allow them to enforce that particular parking issue. Mr. Tyler stated that a vehicle is required to have a parking sticker in order to park in the winter parking lot. Parking stickers are \$1.00 apiece and can be purchased from Carol. Mr. Tyler remarked that the parking lot was specifically

designed for people to use to access their lot in the winter if their road is not plowed or accessible. Mr. Tyler stated that vehicle storage in the lot is not specifically disallowed, but it definitely is not encouraged because it takes up parking spaces for those who need them.

Brian Thompson, Lot E-91 side, asked how having more buildings on the upper lot would affect the number of long term storage in the lower lot. Mr. Tyler believed it would definitely have an effect because there is no way to eliminate a large piece of parking and circulation area without having some kind of an impact. He noted that the upper lot has traditionally been used for longer term storage and there is less space available for those trailers. Mr. Tyler believed it would overflow on to the lower parking lot, which is technically for short-term storage. The Board would be addressing that issue next year. Mr. Thompson noted that a number of vehicles and trailers have been there for months and he asked if there was a plan to move those before the winter rush. Mr. Tyler replied that currently there was not a plan, but he believed it was an issue for the Board to address before the end of the year.

Mike, Lot D-17, stated that the parking lot down by the mailboxes is very congested in the winter. He asked if a sticker was required for that parking lot. Mr. Tyler explained that the lower parking lot is not owned or managed by the HOA. It is on property owned by UDOT and Summit County. A sticker is not required, but he would not recommend leaving a vehicle in that parking lot for a sustained period of time because trailers have been stolen and it is easy to access on and off the freeway. Mr. Tyler stated that UDOT and Summit County have chosen not to enforce any regulations, and it is not a secured place to leave a vehicle.

A member understood that the parking lots were for part-time or short duration parking, particularly to park snow equipment in the summer. He asked if the current policy was different. Mr. Tyler believed the use had evolved over time. He occasionally leaves a trailer there in the summer because it is difficult to get it up his road, but he moves it completely off the Ranch for the winter. He noted that other people do the same with their snowmobiles during the winter. Some leave the snowmobiles parked there for the summer and others take them off the Mountain. Mr. Tyler thought they should focus on the use and create rules that are practical and fair. The member requested that the Board address that issue.

Snow Stakes

Mr. Tyler noted that Hutch Foster puts up a snow stake every year and there is a link to it on the HOA website. If people have questions about the snow amounts, they can click on the home page and look at the snow stake 24/7. Mr. Foster does this on his own and makes it available to everyone. After it snows Mr. Foster clears off the stake so the snow

total is visible. He has a separate stake that shows the accumulation.

UPS

Mr. Tyler stated that UPS recognized the need for package delivery in the Tollgate area, and at their own cost placed a large brown box at the bottom next to the mailboxes. They have been delivering to that box for several months. Mr. Tyler noted that Ted Bonnitt was instrumental in getting this service for the community.

Miscellaneous Questions

Bill Groot, Lot E-70, asked if the Board had addressed the issue of tiny houses, and if so, what position did they take. Mr. Tyler replied that the Board had asked Ted Barnes, the HOA attorney, to review the provisions that exist in the CC&Rs that limit the minimum size of houses. At this point, there is not a clear answer on how to address tiny houses. Mr. Tyler stated that most of the tiny houses he has seen are mobile, which means they can qualify as a temporary structure if they are moved on to a lot and remain there for less than 180 calendar days per year.

Mr. Tyler remarked that Summit County has not taken a stance on tiny houses; however, if it is intended to be a permanent structure it still needs to meet the building code. Mr. Tyler noted that most of the tiny houses that have been presented to Summit County have wheels, and the County views them as an RV.

Carolyn Strathern assumed they were talking about the tiny house that was being built on the lot across the street from Bobcat Springs. Mr. Tyler explained that the owner of that property came to the Board with plans and it was presented as a shed. Mr. Powell noted that the property owner has also submitted plans for the house. He was building the shed first and then the house. The shed does not have power and it will not have water. Mr. Tyler pointed out that the occupancy rule is from Summit County and not the HOA.

Someone asked what they were doing with the road signs. Mr. Tyler stated that the Board has discussed the possibility having some type of auction or sale of the old Pine Meadow Ranch road signs. He remarked that there are many old road signs that were used on the Ranch for a number of years, and the Board was open to ideas on a fair way to allow the owners to purchase them. The Board had discussed selling the signs on a first come/first served basis, or potentially through bidding.

Alan Powell provided an update on the fire station. He had taken over the project with Ken Smith and they were leading the building of the new station. Mr. Powell stated that they were currently working on the land survey and working on the lease paperwork for three acres of land that is on the far eastern edge of the big lot with the gravel pit. It is at

the top of the S turns where Pine Meadow meets Arapaho. Mr. Powell stated that the HOA originally looked at selling that land to the North Summit Fire District, but there is a restriction in the CC&Rs that does not allow the HOA to sell land to government. Therefore, the land can only be leased. They were working on a long-term lease to allow for a permanent fire station.

Mr. Powell noted that a perc test was done on Friday and they would begin working on the building plans. The plans will come to the Board for approval and it will follow the basic building guidelines. The station will eventually have as many as six apparatus, as well as a meeting room, training room, and an office. They were also putting in a helipad. Depending on budgeting, they hope to begin construction next summer and have it completed by the following summer. Mr. Tyler remarked that the fire station will be a huge benefit to the area. Mr. Powell pointed out that the temporary structure is insulated and heated, which means they can actually keep water in the engine. That will save a significant amount of time in the event of a fire. In the winter, they will have Rescue 24, which is the pumper that is fully chained and can go anywhere. Rescue 24B is a suburban that was modified for passenger transport. It will have snow tires and can be used on the freeway in case of an evacuation. Mr. Powell stated that this year they would be bringing in one of the Rangers that can go where snowmobiles go.

Mr. Powell pointed out that if people shovel their hydrants, it would save 15 minutes in an emergency where the firefighters could be working on the fire instead of shoveling to hookup to the fire hydrant.

Someone asked if the Board had considered impact fees on the rental properties and for the additional use and impacts of those rental properties on roads and water. Mr. Tyler replied that rental properties come up a lot during the Board meeting discussions. He explained that the issue has been ruled on by the State. In order to restrict nightly rentals of property, the restriction has to exist within the CC&Rs. In the 1970s, nightly rentals were never considered and, therefore, it is not addressed in the CC&Rs. Mr. Tyler noted that there has been a significant lobby by owners who want to rent their property on a nightly basis to include a provision in State Code that does not allow Homeowner Associations to limit or restrict the use of nightly rentals on an individual basis. Mr. Tyler stated that even though there is a provision in the Rules and Regulations that was proposed a number of years ago to limit nightly rentals, it is unenforceable. The Board has looked at ways to mitigate the impacts, but currently there is no good solution.

Mike Gonzales stated that the State allows the HOA to restrict rentals through the CC&Rs, and the HOA can amend the CC&Rs. However, a use or impact fee was considered and the Board still needs to work out the options. Mr. Tyler pointed out that owners are required to obtain a business license through Summit County in order to rent their home on a nightly basis. He stated that technically the owner is required to get

approval from the service providers, but unfortunately the HOA is not considered a service provider, even though it provides access to the homes on private roads. Mr. Tyler believed the County Clerk's office would welcome complaints on a business license that was issued.

Mr. Gonzales reiterated his request for the membership to consider term limits for the Board members. He suggested two consecutive terms per office so they could bring in fresh ideas. Mr. Gonzales remarked that the only exception should be when a Board member transitions from one role to another. For example, if an Area Rep transitions to an Executive position, they should be allowed four consecutive terms allowing that person to fulfill two roles. He emphasized that it should not be more than two consecutive terms per position. Mr. Gonzales pointed out that it would require amending the Bylaws, and that needs to be done at an Annual Meeting.

Mr. Gonzales read the proposed amendment to the Bylaws, "All Board positions are limited to two consecutive terms. For Board members changing roles, the limit would be four consecutive terms".

Some asked if two consecutive terms were lifetime, or whether a Board member could take a break after two terms and run for re-election again to serve two consecutive terms. Mr. Gonzales replied that it would be two consecutive terms and then a break.

Mr. Tyler stated that in some cases it is difficult to find people willing to run for positions; particularly since this is an unpaid volunteer Board that requires a significant amount of time. Mr. Tyler clarified that he was not opposed to term limits, but his concern with changing the Bylaws was that they could end up with an empty seat rather than keeping someone who actually contributes.

The owner of Lot D-38 stated that he was against the proposal because he likes the election to give choices. Someone running two or three times might run against a new person who would like that position. They should all be allowed to run and let the people vote.

Someone noted that this was the first year he could recall where more than one person was running for a position. He was against the proposal because there were enough people running to give enough choices.

A member stated that if a Board member has put in time on the Board and they are still enthusiastic and can fill the role, they have a better education and understanding than someone new who has to reinvent the wheel. Mr. Gonzales thought she made a valid point, but he was in a position to say that the longest standing Board members ask the most questions about policy, but do not understand it. As a junior member he had to dig

through policy and law and behave like an oversight committee. He believed if more people were coming on the Board, more people in the community would understand what is required to run the HOA and to do so efficiently.

Honey Parker stated that being on the Board, she found it helpful to have balance from those who have served on the Board longer than she has. The area has changed significantly and it is helpful to have someone with knowledge of what happened and how it evolved. That knowledge is balanced with new people coming in with new ideas to consider. Ms. Parker thought there was a benefit to having that mix. She believed that reviewing and revising the CC&Rs would re-educate everyone on the hard rules

Mr. Gonzales remarked that term limits would not prohibit anyone from attending a Board meeting and participating as a member of the public. He recognized that people had the ability to vote against term limits, but he would continue to propose it at every Annual Meeting.

Someone stated that the advantage of being an incumbent Board member is that you get to know people because they are forced to communicate with you. He thought that could be a disadvantage for someone new coming in.

Mr. Tyler called for a motion.

MOTION: Mike Gonzales moved to amend the Bylaws to limit all Board positions to two consecutive terms, with the exception for Board members changing roles, the limit would be four consecutive terms. Mike Olsen seconded the motion.

Mr. Tyler clarified that the motion was made for term limits as proposed. If people vote yes, they would be voting in favor of adopting term limits. If they vote no, they would be voting against the term limits.

Mr. Tyler stated he had nothing further on the agenda. Once the members receive their ballots they should return them to Carol and she would count them. He invited everyone to stay until the votes were counted and he would announce the results.

On behalf of the HOA, Carol Groot thanked Mr. Tyler, Mr. Heath, Ms. Parker and all of the Area reps for all the meetings they attended and all the work they did this year on their behalf.

Mr. Tyler noted that Brian Thompson, Nate Heiner, and Jon and Carolyn Baker, and Kenneth and Connie Whitney had not voted on the last item on the ballot regarding term limits. It appeared all of them had left the meeting.

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Ballot Results

Mr. Tyler reported that the ballots had been counted. He did not have the exact number of votes for and against each motion, but he was able to report on the results.

Approval of Minutes – The motion passed.

Approval of the Fee Schedule – The motion passed

Approval of the 2017 Budget as presented – The motion passed.

Approval of Term Limits – The motion failed.

The annual meeting of the Pine Meadow Ranch Owners Association adjourned at 9:03 p.m.
