

Approved
March 15, 2016,
as corrected

PINE MEADOW RANCH OWNERS ASSOCIATION
MONTHLY BOARD MEETING
SHELDON D RICHINS BUILDING
PARK CITY, UTAH
February 16, 2016

In Attendance: Tony Tyler–President; Dan Heath – Vice President; Honey Parker, Secretary; Pat Kreis, Treasurer; Matt Brown (Area 1); Jeremy Jespersen (Area 2); Alan Powell (Area 3); Bruce Hutchinson (Area 5); Mike Gonzales (Area 6); Tom LeCheminant (Area 7). Tom Deaver, (Area 4) arrived later in the meeting.

Ex Officio – Jody Robinson, Ranch Manager

Excused: Matt Brown (Area 1); Tom Deaver (Area 4)

Guest: John and Sylvia Nieman, Lot D-140; Brian Hobbs, Lot D-169;

Tony Tyler arrived later in the meeting. Vice-President, Dan Heath chaired the meeting until Mr. Tyler arrived.

The meeting was called to order at 6:30 p.m.

Owner/Visitor Open Forum

The owner of Lot D-140 stated that they live on Arapaho and they were told that the road that turns from Valley View to Arapahoe is not plowed. Sylvia explained that someone was going by and plowing it and she asked if they knew that.

Honey Parker explained that there is a connection at Arapaho that connects Forest Meadow and Pine Meadow, and that connection is kept open. Ms. Parker stated that they have been plowing up Arapaho to Valley View but that easily gets blown back in. The Board wanted to see if it was more cost effective to plow in the other direction and up past their lot. *The* Board was tracking it this season to see which would be the most cost efficient path.

Sylvia stated that it would be nice to have the road near to their property plowed because some nights it is difficult to access. Ms. Parker stated that she lives close to their lot and Catarina Blais (D-94) runs the plow group in that area. If for some reason it ends up not being on the route she would give them Catarina's contact information. Sylvia noted that Greg Pouget (PI-C-50) has plowed the road a couple of times.

Brian Hobbs, Lot 169, wanted to address a note that he sent to his Area 2 rep. Mr. Hobbs stated that in June of 2013 he started the process of building his cabin. The plans were submitted and approved and he paid the impact fee. He started constructing the cabin but ran out of money and could not finish the garage. However,

he installed the footings and the foundation walls and the slab on the garage floor. He was ready to build the garage this coming Spring and he was informing the Board of his plan to build. Mr. Hobbs did not anticipate paying additional impact fees since the full amount was paid in 2013.

Mr. Heath asked if the plans approved in 2013 included the garage. Mr. Hobbs replied that the garage was included. Mr. Heath did not believe Mr. Hobbs would have to pay an additional impact fee since it was paid in 2013.

The owner of Lot D-140 stated that when they obtained insurance coverage the insurance company asked about the location of the fire department. He was unaware and was not able to answer the questions.

Alan Powell stated that they were in the process of building an actual structure and the basic footings are in place. There is also fire apparatus and volunteers on the Mountain. He noted that the Chief of the North Summit Fire District lives near Bobcat Springs. The Ranch Manager, Jody Robinson, is a volunteer firefighter. Mr. Powell stated that Pine Meadow Ranch is annexed into the North Summit Fire District. They have hydrants with water behind it and other necessary elements. Ken Smith (PI-59), the North Summit Fire District Chief, has a letter he can send to any insurance company that wants proof of fire station.

Mr. Gonzales noted that they were still not fully recognized by every insurance company and he suggested that the best approach would be to have a letter from Ken Smith.

Tony Tyler arrived and assumed the Chair.

Approval of Minutes – January 19, 2016

Mr. Tyler thanked Honey Parker for taking minutes at the last meeting on short notice.

MOTION: Honey Parker moved to approve the minutes of January 19, 2016. Dan Heath seconded the motion.

VOTE: The motion passed. Mike, Gonzales, Jeremy Jespersen, Alan Powell and Pat Kreis abstained since they had not attended the January 19th meeting. Tom Deaver was not present for the vote.

Ranch Manger's Report

Jody Robinson stated that he put 12 loads of sand in the sand shed and it should last the remainder of the year.

Jody submitted price quotes for sign brackets and noted that they could be purchased for less than he could build them. The brackets fit on top of the posts. The total cost also included a quote for the cross pieces for the top sign.

Tom Deaver arrived.

Mr. Tyler noted that they would need 120 top brackets and 120 cross piece brackets which hold two signs. The total cost would be \$720 plus tax and shipping for one type and \$765.50 for the other type for a total of \$1632.87.

Jody reported that everything else was running smoothly and the equipment was holding up well. He had to do a few repairs on the snow plow where it was starting to wear. He suggested that they might need to do some improvements next year. The plow is getting worn out and it is really loose. Jody also thought the feed chain on the sander was getting stretched out and it would need to be replaced.

Ms. Parker asked how the price for the brackets compared with what they originally thought. Mr. Tyler stated that it was more expensive. Mr. Gonzales recalled that they originally started with \$1500 for everything, but that was before the cost of the signs went up. It was a small budget that could be adjusted. Mr. Tyler recalled that the budget included additional posts and brackets. He agreed that the initial budget was very low.

Mr. Tyler asked Jody to keep the old signs so they could try and sell them to recoup some of the money.

MOTION: Mr. Tyler made a motion to approve the purchase of the bracket as identified in the amount of approximately \$1700. Alan Powell seconded the motion.

VOTE: The motion passed unanimously.

Water Company Board Meeting Report

Mr. Tyler reported that two items were discussed at the Water Company Board Meeting. The first item was that collections were at approximately 70% which is extremely good for this early in the year. The second item was that one of the leaks was repaired on I-Plat. An old valve had failed where Oak Road meets Pine Meadow Road and they

believed it has been leaking a very long time. When the valve was replaced all the fittings were redone as well. However, after the repair they turned the water back on and there is still evidence of a leak somewhere. They think it is somewhere within the first 400 or 500 yards of Oak Road. There is a valve at that Y and even though they turned the valve off the system is still leaking. It is a minor leak and the water loss is between two and three gallons per minute. Mr. Tyler pointed out that it was minor for the entire system but it was still a significant amount of water loss.

The Water Company is going to try to listen for the leak in an effort to find it since they have tried everything else. They have tested all the water around it and there is no chlorine so the water is finding its way underground somewhere.

Mr. Tyler asked the Board members to let him know if they see springs, particularly on the road, so they can put in French drains to get the water off the road.

Miscellaneous Business

Mr. Tyler reported on emails he had received. One was from Summit County regarding Don Boyce (PI-68) and Cynthia Stoworthy (PI-70), right at Boyce's Corner. On the lot that currently has a driveway they are adjusting the lot line to move it close to the end of Boyce's corner to get the slope of the driveway to meet Code. Mr. Deaver asked if it would be moved closer to Mr. Boyce's house and if he had been notified. Mr. Tyler answered yes, and noted that Mr. Boyce would have to give his permission because it is a lot line agreement between the two lots.

Mr. Gonzales noted that it would have to be replatted in order to move the lot line. He thought the HOA should intervene to see if they could widen the easement at the same time to make the corner a little safer. A wider area would allow them to lengthen the turns. Mr. Tyler stated that the HOA already has the ability to widen it because they have a 66' right-of-way; 33' feet on each side. Mr. Gonzales thought they should definitely consider doing it. Jody remarked that the problem is that a power line was installed in that location last year. It would cost a lot of money to move it. Mr. Gonzales stated that it would be a lot of money if they widen it on the power line side. It would not be difficult to do it on the other side of the road.

Mr. Tyler stated that another email came from a Lot, at the end of Elk Road (PI-G-70). The gentleman and his wife are on a fixed income and in the letter they have complained about taxes, HOA dues, road maintenance, and snow removal to their home, among other things. Mr. Tyler had spoken with the couple in the past and explained how everything worked. He received correspondence again this year

because the owner is concerned about being able to use his cabin and he questioned why the HOA was not plowing to his property. Mr. Heath also spoke with the property owner and explained that private individuals usually plow. Mr. Tyler did not believe that area has ever been plowed.

Mr. Tyler stated that the next item related to property taxes on the lot in Mr. Powell's area 3 where Robert Kendall (PI-18) built his house on the Pine Meadow Ranch lot (SS-BDY-15-1). He and Ted Barnes protested the tax assessment because the assessment valued the house built on (SS-BDY-15-1), as belonging to the HOA. Mr. Tyler came away from the meeting with the understanding that Summit County would work with them and not tax the HOA for the "improvements" on the lot. He understood that the County would reduce the tax burden back to the tax rate that was charged for the previous ten years. He noted that Summit County reduced the value but not back to the value that he and Mr. Barnes requested.

Mr. Gonzales recalled that the HOA had worked out a plan with Mr. Kendall to either exchange land or move the boundaries. Mr. Powell explained that Mr. Kendall was told by the original developer that he would get that land, which is why he built there, but that was never done legally. Mr. Powell stated that it is a two-piece lot and one idea is to sell Mr. Kendall that portion of the lot and then do a lot line adjustment with Summit County. Mr. Gonzales thought the HOA already had that agreement with the Mr. Kendall. Mr. Powell replied that there was never a formal agreement. It was only a discussion as a possible solution. Since that time Summit County became involved, as well as Ted Barnes.

Mr. Tyler reported that Summit County created a separate parcel identification for just the improvements, and billed the owner (PI-18) those improvements at an assessed value of \$63,019 for his cabin. Summit County provided the HOA with the backup showing that the owner was invoiced for the improvement. However, Summit County then increased the rate of the assessed value on the lot to \$149,500 from the original assessed value of \$20,000 for the HOA (SS-BDY-15-1). Mr. Tyler pointed out that the HOA had appealed the value of the property and Summit County made their determination. There was no appeal left so they would have to pay the taxes for this year. He intended to fight it again next year because Summit County had not done what they said they would do at their meeting.

Mr. Gonzales stressed the importance of taking action to remediate the problem. Mr. Tyler pointed out that Mr. Bothe is cooperative but the HOA needed to come up with a plan that benefits everyone. He asked the Board members for their ideas.

Mr. Heath remarked that someone else has a cabin on HOA property but the HOA has no way to access their property. He thought the first focus should be to obtain access to the lot; otherwise it is worthless. Mr. Heath believed they could structure a win/win solution where the owner has a viable home on a viable lot, and the HOA has access.

Mr. Hutchinson asked if there was property for sale of an equivalent size that Mr. Kendall could buy and donate to the Association as an exchange. Mr. Gonzales suggested a subdivision of the lots at Mr. Kendall's expense. Mr. Hutchinson pointed out that the HOA was still incurring costs.

Mr. Tyler had the County Parcel Map available for the Board to review. Mr. Tyler thought the Board should pay for an appraisal on the property. As representatives of the membership, he thought the Board had a fiduciary responsibility to get a third opinion of value for what the property is worth. Mr. Kreis thought the expense should go to the person who did not follow the rules when they were building. Mr. Powell reiterated that Mr. Kendall built his house based on what he was told. He actually staked out and started digging holes on (PI-18) when the developer suggested that he build up higher to take advantage of the view. Higher up was assumed that it was the developer's land and he gave him that small section. Ms. Kreis pointed out that it was an innocent mistake but it was still a mistake. Mr. Powell stated that Mr. Kendall recognized that and he was willing to pay a reasonable price for it.

Mr. Tyler stated that the Board should hire an appraiser to value that small piece absent any development rights. Once the appraisal comes in they could offer to sell it to Mr. Kendall for the appraised amount plus the cost of the appraisal and any other associated costs.

Mr. Tyler asked if the Board was in agreement that the course of action should be to get an appraisal on the parcel. Mr. Powell thought they should get an appraisal on both lots at the same time with the same appraiser. Mr. Tyler agreed, noting that it was still two separate issues. The appraiser would have to provide separate reports.

MOTION: Mr. Tyler moved to authorize an appraisal on two lots (SS-BDY-15-1) and (PI-18) with two separate appraisal reports. Tom Deaver seconded the motion.

Ms. Kreis suggested amending the motion to include that when there is a transaction should there be an equitable remedy, that the expense of the appraisal be adjusted into the liability for the person who made the mistake.

Mr. Tyler accepted the amendment to his motion. Mr. Deaver seconded the motion as

amended.

VOTE: The motion passed unanimously.

Mr. Hutchinson was concerned about setting a precedent. Mr. Tyler understood his concern and he would not want to encourage people to build on HOA property. However, when this cabin was built in the late 1970s it was a very different environment. There was not an HOA and the vast majority of the Ranch was not platted. This was a different situation and it was likely that the developer at that time did tell him he could build his house on the hill. Mr. Tyler recognized that they were taking a calculated risk by fixing this issue and the means of doing it. If someone else makes the same claim that their cabin was built in the 1970s on HOA property it would have to be looked at on a case by case basis.

Mr. Hutchinson asked how big of an area Mr. Kendall was expecting to purchase from the HOA. Mr. Tyler thought it was approximately half an acre. Mr. Hutchinson asked if it landlocked any additional property owned by the HOA. Mr. Tyler answered no. He used the County Assessor's map to identify the lot and the piece that belongs to the HOA.

Mr. Heath agreed that the HOA has the right to sell that piece of property to Mr. Kendall, however, he thought it was important to inform the membership for full disclosure. Mr. Gonzales suggested that they ask Mr. Barnes about any risks, but he felt they were only protecting the HOA financially by getting it off the books.

Mr. Tyler stated that he has talked to Ted Barnes in the past about disposition of property and whether or not the Board has the authority to sell property without a vote of the membership. They could not sell all of the assets of the HOA without membership approval but they can sell individual properties if necessary. Mr. Tyler offered to contact Mr. Barnes on this particular case to see if there was any risk of disclosure liability.

Ms. Kreis suggested that they target a date to have it resolved to avoid tax liability in the future. Mr. Tyler thought it should be resolved before the end of the year. The only potential issue would be if Mr. Kendall refused to pay the appraised price plus costs. Mr. Gonzales suggested June as a target date. Mr. Powell stated that Mr. Kendall was waiting for the HOA to make him an offer and they would not be able to do that until the appraisal comes back. Mr. Tyler hoped to have the appraisal by the next meeting so they could determine a course of action.

Mr. Tyler commented on another property in Mr. Powell's area, which was the Morgan County piece, (PI-23-A). Mr. Powell reported that the lot was surveyed, and both the

owner's cabin and Mr. Kendall's shed and outhouse sit on that property. He believed the owners of that cabin were interested in purchasing that property, depending on the cost. Mr. Tyler pointed out that (PI-23-A) had no improvement assessment. Mr. Gonzales thought they should act before they encountered an issue with Morgan County. Mr. Powell thought they should get an appraisal on that lot and sell it to the cabin owner, and let the owner negotiate with Mr. Kendall on his shed and outhouse. Mr. Tyler stated that when they appraise both pieces they should ask the appraiser to provide a cost per acre. If they needed to split the properties between the two owners to be equitable, they would have a basis for determination.

MOTION: Mr. Tyler made a motion to add the additional Morgan County piece to the appraisal that Alan Powell would request. Alan Powell seconded the motion.

VOTE: The motion passed unanimously.

Mr. Powell asked if there was a budget for the appraisal. Mr. Tyler did not think it should exceed \$400 per parcel.

Mr. Tyler presented a draft contract that Tom Deaver had prepared for the property owners to have their contractors use the proper equipment to access the Ranch in the winter time. There were options and he asked the Board to review the draft conceptually and come up with a direction so they would be able to look at it next month in the context of the Lot Improvement Plan and Agreement.

Mr. Powell asked why they would not go back to using the policy of a \$5,000 impact with the possibility of a \$2,000 refund if building did not occur. Mr. Tyler thought that approach was problematic because construction loans have a timeframe and they will not allow construction to stop during the winter. Only those who have the financial ability to construct a cabin outright would qualify for the rebate.

Mr. Gonzales clarified that he does favor stopping construction, but it can always be negotiated with a contract. He thought Option One was the most reasonable, but they should also include damage to the road. Mr. Deaver remarked that the damage road paragraph would remain and the new language would be added to it.

Ms. Parker also preferred Option One because it made the most sense. Unless someone acts irresponsibly, it should not matter what time of year they choose to build as long as it does not impact the neighborhood.

Mr. Deaver asked if contractors bringing up heavy equipment in the winter should have

to get approval from Jody based on the road conditions. Ms. Parker thought the point should be to understand the road and be responsible.

Mr. Tyler stated that Option One puts the burden on the owner to ensure that their contractor acts responsibly. Based on a comment by Mr. Hobbs, Mr. Tyler thought they needed to add a phrase, "...at the sole discretion of the Pine Meadow Ranch HOA", in terms of levying a fine. If someone acts responsibly and still slides off the road and impedes traffic, they could consider it beyond his control and not levy a fine. A fine should definitely be levied on someone who does not have chains.

Mr. Deaver clarified that the language should read, "A \$250 fine against the property owner per occurrence at the sole discretion of PMRHOA". Mr. Tyler suggested adding a second sentence stating, "Any and all fines assessed under this paragraph are at the sole discretion of the Pine Meadow Ranch HOA". Mr. Tyler thought the owner should sign that particular paragraph individually from the context of the entire agreement because it forces the owner to read it. Mr. Tyler also liked the fact that Mr. Deaver tied it to when the sign is up as opposed to specific dates because weather cannot be controlled and the road conditions can be bad at any time. The HOA has the ability to put up the sign at any time to require chains.

Mr. Tyler would incorporate the changes into the Lot Improvement Plan Agreement and the Board could review and vote on it at the next meeting.

The Board discussed whether \$250 per occurrence was strong enough. Mr. Tyler stated that if they have a lot of issues they could always raise the amount as part of the Lot Improvement Plan Agreement. Mr. Gonzales suggested adding, "minimum of \$250". Mr. Deaver changed the language to read, "An assessment of a minimum \$250 fine". The Board concurred.

The next item was the real estate sign at the bottom. Mr. LeCheminant thought they should charge the realtors for the space. Mr. Gonzales stated that realtors are not supposed to post real estate signs all over the Ranch but it still happens. He suggested that they pull those signs out of the ground and limit real estate advertising to the Board at the bottom. If the realtors manage it themselves and keep it looking decent they should not be charged because it is a benefit to the homeowner who is trying to sell.

Mr. Tyler suggested that they could paint a grid with adequately sized spaces and let the realtors put their information in one of those spaces however, they choose. Ms. Parker asked if they should send a letter to all of the realtors currently represented on the bulletin board to let the realtors know the change in process. Mr. Deaver asked if it

would be limited to realtors or anybody who solicited, such as plumbers, chimney sweeps.

Mr. Gonzales thought they should notify the realtors whose names are currently on the board as a courtesy. They should also be notified that posting signs all over the Ranch is unacceptable. Mr. Gonzales stated that posting real estate signs is still prohibited in the Rules and Regulations. If they do not want to enforce it then they should change the Rules and Regulations regarding that item.

Mr. Tyler thought they should start by preparing a list. If Mr. LeCheminant would take down everything that is currently there, they could go through it and Mr. Tyler would send an email informing everyone that everything was removed. Mr. Heath thought they needed to have a new sign in place before they did that. Mr. Tyler clarified that he intended to wait until the new sign was ready and in the ground. Mr. Heath stated that Mr. Tyler could send the email now to make everyone aware that as of such and such a date they would be required to follow a new format.

Mr. Tyler stated that Mr. LeCheminant needed a budget to purchase what he needs, and a date to begin the process. Mr. LeCheminant stated that he was planning to start working on it this week. He had no idea about a budget. He was going to draw it up and give it to the sign company for a quote. Mr. Tyler suggested adding a small list of rules for using the sign in the corner on the informational side. Mr. LeCheminant suggested that they take everything down once a month on the personal listings side. Mr. Deaver clarified the personal side was for property owners only.

Mr. Tyler believed they would have a budget and a time frame by the next meeting.

Mr. Heath commented on a Ranch sign and showed an example of what they had before minus the advertising. It was a simple sign that had the lot numbers and the plats. Mr. Heath presented another option. He noted that Summit County could give them a map of the Tollgate area and they could choose what they want off of it. It did not have to be an actual aerial. They could add the lot sizes and the lot numbers, they could show the streets and make the streets any color. Summit County has given him that map on a disc in the past. He could obtain one from the County and they could make it any size.

Mr. Heath thought they could get it all in on a 8 x 4 sign, including the real distance to the barn. He suggested keeping it sparse in that part and then have a blow up of Pine Meadow and Forest Meadow to the side. Mr. Gonzales suggested that they take out all of the lots and just put in the roads for reference. Ms. Parker agreed that it was great to have a sign at the bottom to give people an idea of where something is, but if they could

get a disc they should match it on the website and put the URL on the sign. When people are driving they can tap into it on their phone if they need directions.

Mr. Tyler asked Mr. Heath to possibly get a couple of different versions from Summit County. One option could have the individual lots identified by site address rather than lot number. Option two would be to remove all of the lot labels entirely and just have the street names.

Monthly Budget Review

Ms. Kreis reviewed the profit and loss. She noted that they had already collected \$76,000 of the 2016 annual assessments. They were at 34% of the projected collections, which was very good for this early in the year. Ms. Kreis noted that the Church Camps had been invoiced \$11,000.

Ms. Kreis pointed out that there were very little expenses this time of year. The budgeted fixed expense was \$195,000 and there had only been expenses to date of \$20,000. The variable expenses were budgeted at \$75,900 and they had only spent \$2,300. She anticipated very little spending until they begin the road repairs.

Ms. Kreis reviewed the unpaid bills detail. The only check presented for signatures this evening was a check to KGC Associates for Carol's services. Jody reported that the Capital One charges were for the radiator in the dump truck and the anti-freeze. Sinclair Fleet was fuel to refill the tank. Ms. Kreis noted that those charges were paid through electronic fund transfers.

MOTION: Pat Kreis moved to approve the unpaid bills detail as outlined. Tony Tyler seconded the motion.

VOTE: The motion passed unanimously.

Mr. Gonzales asked for an explanation of the \$150 for fine income listed under Other Income. Ms. Kreis would ask Carol for clarification and email the Board.

Mr. Tyler stated that he had done an audit through another HOA he was working on. One of the things the auditor recommended that he did not see in the audit recommendations for Pine Meadow was that they cautioned against keeping more than \$250,000 in any single institution. Because the FDIC limitations only cover up to \$250,000, anything over that amount should be moved to a different institution. He

asked Ms. Kreis to discuss this with Carol because currently all of the Pine Meadow funds are with Zions Bank in separate accounts, but the total amount exceeds the \$250,000. Mr. Tyler thought they should move anything over \$250,000 to a separate bank.

Mr. Kreis reported that the \$30,000 in checking from 2015 was rolled over. However, at the end of the year there was an excess amount of \$50,000 in checking and it was still sitting there because she did not have a motion from the Board to take more out of the checking account and roll it over. Ms. Kreis stated that the Board could make that motion at the next meeting if they wanted to take the surplus out of checking and move it to the reserve account. Ms. Kreis noted that the total amount in the Zions Money Market account included the rollover.

Ms. Kreis referred to the Unfunded Reserve Account that was presented at the Annual Meeting, and noted that the auditor had recommended that it should be tracked as a liability on the balance sheet. There was no urgency but it was something that she, Carol and Mr. Tyler needed to talk about.

Ms. Kreis commented on a letter that Mr. Tyler was reviewing with Ted Barnes as to the HOA signing off on the data that was given to the auditor. That letter needed to be signed because they would not have a formal report from the auditor until they receive the signed letter.

Mr. Gonzales noted that the last item needed to be discussed in confidentiality and not to be in the public forum.

Tony Tyler adjourned the regular session and the Board moved into closed session.

The meeting of the Pine Meadow Owners Association Board adjourned at 8:05 p.m.

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