

EMPIRE PASS MASTER OWNERS ASSOCIATION

Annual Meeting, March 5, 2018, 4:30 pm

The Montage

Douglas Ogilvy, President of the Empire Pass MOA Board of Director's, started the meeting at 4:45 pm and thanked everyone for attending.

Empire Pass Board Members present: Douglas Ogilvy, REDUS Park City, Jeff Butterworth, President Storied Development, Jack Mueller, Elected Home Owner.

Empire Pass Board Members By Phone: Jay Wasserman, Elected Home Owner.

Destination Hotels Staff present: Trish Waterman, EPMOA Manager, Jessica Layton, EPMOA Accounting Manager, Steve Sovinsky, EMPOA Maintenance Supervisor, Chris Eggleton, Destination Hotels Utah.

DEER VALLEY UPDATE – Bob Wheaton, Deer Valley Resort CEO

Bob Wheaton greeted the group. Recent weather has been great and conditions are amazing. The resort will be closing in 5 weeks. This has been a tricky winter. Deer Valley set a record for pumping more water than ever before to help operations last longer. The transfer of new ownership of Deer Valley to Alterra has been great. The priorities and uniqueness of Deer Valley operations over the last 37 years were fully embraced by Alterra. Deer Valley will be rolling out details of the new Ikon Pass tomorrow. The Ikon Pass Deer Valley tickets will be valid 7 days and during Holidays, but with the restricted ticket cap this does not guarantee tickets.

Questions and Answers:

Q: March has become a very busy month with spring breaks every weekend. Will the Ikon Pass make March as busy as the Holidays? A: It is hard to say but they don't expect to see a huge influx and the tickets sales are still capped.

Q: Mayflower update? A: Deer Valley is still working through opportunities on the Mayflower side.

Q: When will construction start? A: They anticipate ski run construction to start in 2019 and will more likely be 2021 before skiing will be open in that area.

Bob said in the last 37 years this has been the most challenging winter. Deer Valley appreciates the relationship with the Empire Pass community.

REAL ESTATE UPDATE – Matt Magnotta – Berkshire Hathaway Utah

Matt is currently working with East West Partners and selling their One Empire Pass units. He will also be an agent for Talisker selling property between Empire Pass and Tuhaye. The area has seen strong gains in the last 12 months and new construction has brought people back to the area. There has been fluctuation in prices, but condo sales have been strong across the board. Empire Pass is unique as 90% of the area is skiable acres or open space. The recent sale of Empire Pass property to Storied Development will require re-educating people of their vision for development. However, with the plans Storied Development has for the Talisker Club and Empire Pass, there should be an increase in demand to purchase in Empire Pass.

EMPIRE EXPRESS PRESENTATION – Julian Lena and Dave Davis, Downtowner

Julian has been with Downtowner in Florida for 4 years and moved to Park City last year to run the Empire Express. The custom on demand platform for Empire Express is new for Downtowner, but they feel it is off to a great start. Since the app was introduced on December 15, 2017 wait times have averaged around 8 minutes. Riders can also rate their trip experience and the drivers have averaged 4.93 out of 5 stars. There were initial concerns with transitioning drivers to the app, but they all embraced the app and think the system is running more efficiently. With the introduction of the app, only 1 dispatcher a day has been needed. The old contract used to have 4 dispatchers a day during the winter. Quick stats since December 15, 2017: there have been 41,600 passengers transported and similar 8 minute average wait times. Julian mentioned with the storms over President's week they pulled the 2WD vehicles from rotation and only used the 4WD vehicles. This reduced number of vehicles in rotation increased wait times, but they had to put safety first. Next year they will have more 4WD vehicles in rotation.

Q: Can renters use the app? A: Yes renters can use the app and use the same access code. The access code will be changed each year for new users. Phone numbers can be blocked on the back end if any abuses of the service are noticed.

Q: Do the wait times factor in the ranges of wait times and cancelled trips? A: We have that exact data and can email it out.

Q: Is dispatch still used? A: 82% of rides are generated through the app, but yes there is still a dispatcher answering calls.

Julian thanked the owners for their support of their company.

Chris Eggleton personally thanked Dave Davis for his quick action to keep the service going when Park City Transportation suddenly closed their doors last September. Dave kept the service going for 6 weeks by himself until more drivers could be hired. Great job Dave!

2018 OPERATING BUDGET SUMMARY

The Board approved a Budget for the year ending December 31, 2018 that provides a Net Income after Operating Expenses equal to \$171,130. There is a \$25,000 equipment reserve contribution, which stays in the operating fund until equipment purchase are needed, and a reserve fund net income of \$78,870.

2017 Preliminary year end financials show a net income of \$211K, compared to a budgeted net income of \$150k. These financials will be audited this May, 2018 and we anticipate the audit to be completed in July, 2018. At the end of 2017 the capital reserve fund was 100% funded.

Total income for 2018 is \$2,366,895. Estimated expenses incurred is \$2,195,856, leaving a net income of \$171,130.

Complex Solutions LTD prepared updated reserve studies for 2018. The reserve study summary reflects \$137,095 for 2018 in capital expenses including stone repairs, crack seal, slurry seal, sign post repairs, guardrail repairs and bridge maintenance.

The equipment reserve study was also updated. Last spring the EPMOA purchased another Unimog. The next large equipment purchase will be another Unimog and sweeper in 2020.

MANAGEMENT REPORT

The total number of sales in Empire Pass is 382. There are 550 units entitled. Owners will take over the MOA when 75% of the 550 are sold, which equals 413 units. 2017 finished with 34 sales. There have been 20 sales and land parcels bought by Storied Development so far in 2018. There are currently 3 homes, 1 duplex, and 1 condo building under construction. There are 3 single family homes anticipated to complete the Design Review Process this year.

Maintenance: 2017 was an exceptional snow year. There was approximately 530 inches of snow that fell last winter. There is ongoing maintenance to equipment. Dead fall tree removal around Empire Pass was done and still ongoing. All 2017 Reserve Fund road work was done around Empire Pass and Red Cloud. There will be landscaping revegetation and light post repairs when the snow melts.

NEW OWNER UPDATE – PRESENTED BY MARK YARBOROUGH

Mark Yarborough thanked everyone and discussed Storied Development background information. Storied Development, LLC, is a partnership of seasoned real estate executives with a 30-year track record of success in the development, marketing, sales and operation of private club communities throughout the continental U.S., Caribbean, Mexico and Hawaii. The leadership team currently has an active role in two other private golf communities, The Grove (College Grove, TN) and Boot Ranch (Fredericksburg, TX). If you would like to read more about Storied Development, please visit their website: www.storiedliving.com.

They took over ownership 30 days ago and are getting their hands around the asset. Jeff Butterworth was brought back as the President of Storied Development in Park City.

Over the next few months, they will be working on the road map for the future and will begin sharing their vision for the Club. Through a series of periodic member gatherings and more frequent informative emails, they will describe

their plans for the growth of the Club. At the July 2nd Club party they will unveil their plans.

Questions and Answers:

Q: The ski cabin is missed. Any plans to replace that amenity? A: There is a site called Hot Creek, which is an on mountain restaurant. They also have plans for a warming hut that is ski in/out to replace the cabin.

Q: Will you be selling off the property purchased in Empire Pass? A: No, they bought the land and will build.

Q: Will the CC&R's change? A: They are currently working with the advisory board to review the membership plan documents they inherited do not work. They will be making changes to the membership structure and any changes that effect the CC&R's will be changed too.

Q: What are the new price points and the process of planning? A: Storied acquired the asset 30 days ago and they are working on their plan. When the pricing is ready they will absolutely share the information with owners.

Q: Are you a private equity group? A: Yes, they are private.

Q: Will the pool be closed while the Tower expansion is being built? A: As soon as they have their plan together for construction they will alert the members. They cannot promise the pool will be open during construction for safety reasons.

A discussion ensued of frustration and broken promises of owners over the past 10 years. Storied listened to owner frustration and reiterated their commitment to deliver high quality products to the community and owners.

ADJOURN

The meeting was adjourned at 6:00 pm.