

# Work at Talisman on hold

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Further development of Talisman Mountain Resort is on hold while the owners search for investors.

The project needs another \$35 million to complete renovations, said Brian Ellis, one of the partners.

"It's not an easy task. . . we'll get to the finish line. We just have to be patient with the financing."

Ellis said in an interview that a management company will take over running the resort once construction has been completed. As soon as the financing is in place he expects construction to take another 18 months. The partners have been working for two and half years to find financing.

Ellis announced that the Hilton Hotel chain is involved in the branding of the resort through Hilton Tapestry. A Tapestry hotel must have what is called "a unique identity."

"They've been out to see us; we've had a lot of negotiations with them. . . they are really anxious to get a hold of Talisman," said Ellis.

At the time of the sale of the former Talisman property in 2014, two vendor take-back mortgages were registered on title in favour of the municipality -- \$200,000 on the Talisman lodge property and \$600,000 on the golf course property. Terms of the mortgage registered on the lodge property have been met and the mortgage was released from title on September 24, 2018. That's not the case for the mortgage on the golf course property. On May 10, 2019, the municipality filed a statement of claim with

the Superior Court of Justice to foreclose on the golf course property. According to a Sept. 4 report to council, municipal solicitors are in the process of filing the paperwork to obtain judgment of the golf course property, which would essentially transferring the title of the golf course property back to the municipality.

"If they want to take it back, let them take it back. They are never going to sell for what we agreed to pay for it. . . if they want to play hard ball it's fine," said Ellis.

The Sept. 4 report to council also says that property taxes on the lodge property and golf course properties have been in arrears since 2015. According to the municipal collection policy, tax sale proceedings can commence after three years without receiving any payment resulting in a default situation. But taxes have been paid on the lodge property each year, enabling the property to stay out of tax sale. The golf course property has been in the tax sale position since 2017 and could be offered up for tax arrears. However tax sale proceedings did not commence, on the advice of municipal lawyers.

Ellis said they ran the golf course for three years but at a loss. It was costing between \$65,000 and \$100,000 to keep it open.

He predicts that until the hotel is finished and Talisman is back up and running, the golf course will never make money. He calls it an amenity of the resort.

"So we made a decision back in the winter that we were just not going to keep it open this year, but that we

could maintain the grounds. It will be very easy to reopen again, by us or anybody else in the future," said Ellis. Ellis said he's still upset with the water charges levied against Talisman for the past five years by the municipality as part of the purchase in 2014. He said he doesn't agree with council that Talisman should be billed for water without ever having used it. Water delivery charges also remain unpaid for the lodge property and have been added to the tax roll to be collected in the manner of taxes in accordance with the Municipal Act.

He is encouraged by municipal plans to blend water rates with those of other parts of the municipality especially with those of nearby Markdale over the next five years, which will drastically reduce charges for users in the Kimberley/Amik areas of the municipality.

The owners have been paying taxes on the main property.

"We've been keeping up with that; we continue to be good with that," Ellis said.

The report to council also notes that a stop work order was recently issued by the chief building official, halting work on Talisman.

A building permit was issued on September 11, 2014 for internal renovations for the lodge property. Engineering site field reports have been received on the progress of the renovations up until May 25, 2016. Attempts were made by municipal staff to obtain further updated reports but to no avail.

A field review of the lodge property was performed by municipal staff, including the chief building



official and the fire chief, on Feb. 22, 2019. After an analysis of the findings of the staff review and analysis of the most recent engineering site field report it appeared that work had been ongoing without the required inspections by the architect of record or engineer of record. During this time both building code and fire code deficiencies were noted by staff and a letter was issued by the chief building official to the owners stating that the building department could no longer permit work to continue without the required reviews and inspection of the building and that all identified deficiencies must be addressed and all repairs had to be completed and must be reviewed and inspected by the engineer of record.

On March 22, 2019 an order to comply was registered and posted at the property. It stated that the renovations were in contravention of the building code and ordered the owners of the property to correct all the listed contraventions by no later than April 15, 2019.

On April 16, 2019 an inspection of the property took place by the chief building official and it was determined that the contraventions of the building code listed in the order to comply were not rectified and therefore a stop work order was issued, registered and posted at the property and will remain in place until lodge property meets the requirements of the chief building official and the fire chief are met.

Ellis said the stop work order was a result of discussions with the municipality. The owners were given the option of being able to continue renovations only if they corrected the deficiencies in the order to comply.

"We completely understand the (stop work order.) It was our decision. We could have continued on with the engineer reports on a regular basis. For what? We're not doing anything. We signed a letter with them saying we completely understand and there will be no work, nothing removed, nothing added until such time as we update the engineering and architect report. We completely understand their position and we'll run with that," he said.

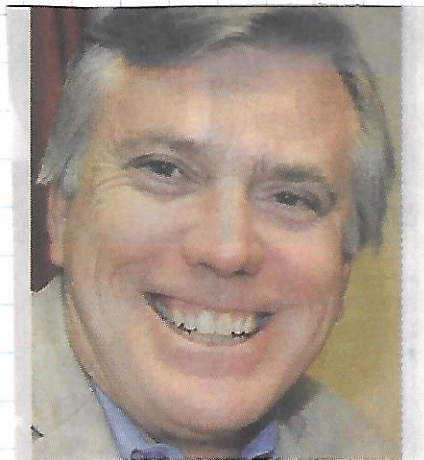
Once the main lodge is open it will take another year to complete the spa and then create a connection between the resort's buildings one and two. Ellis said unlike selling new homes, the renovations and hospitality industry are very difficult to finance.

"You're looking at private money, not the banks."

He said one of the large banks has agreed to hold the mortgage on Talisman, but only after renovations and construction are complete.

He has praise for the new council and administration that he said has been more open to development than previous councils. He said he is pleased with acting CAO Karen Mills and Michelle Harris, director of community and economic development. He also praised Lynn Silverton whom he described as a champion for Talisman over the years, especially when she was on council.

"I'm happy to see the new direction of council that is more friendly to business development. I'm disappointed that the previous councils were not as open to helping us out... it sure would have been a lot more helpful."



Brian Ellis

Thanks  
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+  
Garl Crawford

Thurs 10/3/19