

**SILVER KING HOMEOWNERS ASSOCIATION
ANNUAL MEETING
SATURDAY, DECEMBER 3, 2016
9:00 AM MST
SILVER KING HOTEL – SILVER ROOM**

BOARD MEMBERS IN ATTENDANCE:

Mike Ciferri – Board President

Mike Kvietkus – Vice President

Doug Haigh – Secretary/Treasurer

ASRL STAFF IN ATTENDANCE:

Alan Finnegan – ASRL President

Jim Simmons – HOA Manager

Ken Rabach – HOA Accountant

Gary Gregg – Silver King General Manager

Hal Smith – Director of Engineering

DeAnn Huntington – Director of Housekeeping

Nicole Chastain – Owner Services Administrator

HOMEOWNERS IN ATTENDANCE:

Michael Barber; 509

Jeff Coe; 317

Noah Ramirez; 307

Michael & Suzanne Larkin; 219

Mike Ciferri; 320

Deborah Hickey; 513

Doug Haigh; 404

Daniel & Diana DeLeon; 315

Greg Koch; 305

Art Flaming; 420

Bob Lettman; 512

Don Winson; 408

Mary Carlson; 501

Kevin & Andrea Haas; 318

Noah Ramirez; 307

Stefanie Wilson; 217

Alessandra Prado; 409

Teri Rio; 311

Mike Hagan; 403

Mike & Tracy Kvietkus; 310

Larry & Cecelia Hall; K419 (teleconference)

Jerry Zacardelli; K413 (teleconference)

GUESTS:

Jess Reid – Jess Reid Real Estate

John Gardiner – Gardiner Properties

Laurie Karlick – Gardiner Properties

CALL MEETING TO ORDER Mike Ciferri called the meeting to order at 9:07 AM.

ESTABLISH QUORUM The quorum was established at 61.46% via attendance or proxy.

OLD BUSINESS

- **APPROVAL OF 2015 ANNUAL MEETING MINUTES: Mike Kvietkus made a motion** to approve minutes. Suzanne Larkin seconded the motion. All in favor. Minutes approved at 9:12 AM.
- **HOA Manager's Update – Jim Simmons:**
 - The parking lot on west side of building outside of unit 513-
 - We've had a long standing arrangement between the HOA and the ski resort to have 4 transferrable ski passes for homeowners in exchange for the resort to utilize our parking lot of 8-15 parking spaces. Two years ago, when Vail Resorts took over, they indicated that they don't do transferrable passes, but did so for the past two years. This year, they chose to not do transferrable passes, but are open to discussion for a different agreement. In the meantime, it's blocked off and marked as our property. We will offer Vail a short-term lease arrangement and negotiate what the space is worth. If we are unable to reach an agreement with Vail that is favorable to both parties, we will explore further options.
- **Maintenance Update – Hal Smith:**
 - Planned Capital Expenses
 - The front area project was completed under budget. It was landscaped with a new irrigation system and low-water requirement for upkeep. The overhangs and beam were painted.
 - There are two culinary hot water exchangers that heat the Silver King. Maintenance keeps one on hand. They purchased one in 2016 and will purchase another in the next few months as one is leaking and needs to be replaced.
 - Window Replacements
 - Rain gutter and heat tape installed alongside 511 and 513
 - Sauna heater and controls were replaced in the sauna.
 - The sauna is down again and Hal is working to get it back up and running. It needs to be rewired
 - Appraisal on SK Parcel
 - Unplanned Capital Expenses
 - Replaced all glycerin in fire system
 - Storm drain by employee lot had to be repaired. Excavated and put in new sidewalks and landscaping
 - Seal replacement on chiller pump
 - No major plumbing issues throughout the project

NEW BUSINESS

- **2017 HOA Budget**
 - 2016/2017 Variance Report
 - Total Income under budget by \$422 for the year
 - Capital Reserve variance is \$68 for the year
 - Expenses
 - Over-Budget Items
 - Board Expense
 - Travel and meeting costs related to parcel negotiations
 - Contract Cleaning
 - Started a new service for scent in the lobby through Scent Air for \$96/month.

- Plant care service provider increased their rates by about \$300/year
- Housekeeping Common
 - Additional Cleaning of the staircase, fifth floor, and ground level for \$1700
- R&M Building
 - Unplanned operating expenses including: the installation of the snow fence by 511/513, replacement parts for aging lock system, front entry door problems and motor failing
- Grounds Maintenance
 - \$1000 for bollard light repairs
 - Riding mower repairs
 - Storm drain repairs and replacements
- Water
 - 12% usage increase and a pumping surcharge implemented by the city at \$2400
 - Pool had to be refilled multiple times to service lights in the pool that were being pulled out by children and preventative maintenance
- Under-Budget Items
 - Routine Maintenance and Programmed Maintenance
 - Trending decrease in costs related to seasonal changes
 - Cast-iron pipes breaking has not been an issue in the last year as it was before.
 - Natural Gas
 - Moved to a transport agreement to buy natural gas wholesale and receive it through the distribution system that Questar Gas provides.
- 2017 Budget
 - Trending in an anticipated 2-3% operational costs increase
 - The Board has approved the 2017 Budget with no dues increase proposed
- Capital Reserve
 - \$102,000 gross contribution to capital reserve before completed projects in 2016.
 - \$325,372 projected reserve fund at the end of 2016; fully funded reserve would be \$491,000. We are funded at about 66% right now; our target funding is 70%.
 - Projections for 2017:
 - \$91,000 of additions to the reserve
 - \$84,000 of expenditures from the reserve
 - \$332,000 balance at end of 2017
 - \$65% of fully funded reserve at end of 2017
 - Capital Projects forecasted for 2017 with:
 - Hot water heat exchanger
 - Skylights
 - Roof Membrane (coating) that goes over the metal roof needs to be added to protect the metal and protect the building from leaks
 - Elevator Modernization

- Contractor bid of \$16,000 to add fire-rated surrounds, ceilings, led lighting to both elevators. This bid does not include button replacement; the Board will address it.
 - Bid does not include mechanical improvements. We have regular servicing of elevators and the state has approved them.
 - Lobby Doors
 - Motors are old and replacement parts are unavailable. Placeholder in the budget, we will provide details if moving forward.
 - Pool Furniture replacement
 - Chaise lounge chairs will be replaced; will review in the spring what else needs to be replaced.
 - Ice Machines in vending areas
 - Internet Infrastructure (Discussion to add to 2017 Capital Projects)
 - Sufficient bandwidth, which is 100-meg fiber-based, coming into the building, we don't have the infrastructure to distribute it. The infrastructure would isolate wings with allocated amounts and push bandwidth to high-demand areas as needed.
 - The current internet has a firewall. There are options to implement higher-security through encryption and signal mapping
 - There is a troubleshooting customer service option through the provider which would be an additional and recurring cost
 - Andrea Haas motioned for a \$50,000 special assessment to allocate funds for internet hardware/infrastructure at the Board and Jim's discretion of companies, bids, options. Greg Koch seconded the motion. Three opposed, one abstained, the rest in favor. Motion passed.
- **Silver King Parcel Sale**
 - a. Jess Reid, a local realtor and the Broker for the Association, came to Silver King Board with information about a land developer, John Gardiner with Gardiner Properties, interested in purchasing the parcel. The parcel, roughly .48 of an acre, was appraised at 1.45 million in the spring. Silver King is an expandable project with this area originally spec'd as another wing of 16 smaller units.
 - o The Board signed a non-binding agreement to investigate this seemingly good opportunity; we still have plenty of opportunity to back out of the deal. Specific negotiations regarding details of the project are yet to be visited. Preliminary work has begun with the City, but there are several steps in the process. We are seeking today a straw-poll of the ownership and the trust of the ownership to negotiate this deal, with the ability to terminate this agreement as needed to best represent the owners. If this goes through, construction would begin in Spring of 2018.
 - Gardiner Properties will pay the appraised value provided the Association makes upgrades, agreed-upon by both parties, to the common areas of the Silver King, including: the front desk, corridors, core, ski lockers, fitness area, pool area. It would be an attached building that connects on one floor. John Gardiner believes it may be better if the units were slightly larger to capitalize on what

people are looking for, about 10-12 units of 2-3 bedrooms. They will give us six extra parking spaces. The building would be a separate HOA with shared-use contracts for utilization of our facilities. There would be an HOA lease for their utilization of our facilities.

- We anticipate a capital reserve of \$500,000+ if this deal goes through after the common area improvements are made.
- The Board would like a motion to allow the Board to negotiate for the sale of the lot representing the HOA and supervising the construction of the building; including approving certain exterior appointments of the new building. The Board would like approval to spend part of the money from the sale of the lot to make improvements to the existing Silver King. The Board will check with attorneys regarding potentially having a special meeting; the selling of the parcel will require a majority vote, not a super-majority vote.
- Concerns were expressed by owners including:
 - Upgrades on top of upgrades we just completed, sharing limited facilities with more people
 - Owners want to be included in the decision-making process including a special exploratory committee for this sale and project specifically
 - If ASRL manages the units of the new property, there are concerns about them renting the new units first.
 - The marketing of these units and price points will be different based on amenities and features. The consumer will drive what units are sold first.
 - Should this go out to bid to get more money for it
 - Do we get a person that we can work with and will respect our needs?
 - If we allow someone to build, we own the property, then we are in the position to define what the ground rules are.
 - Developer's credibility to complete and successfully manage the project
 - New owners are stepping into Silver King's brand recognition; they should buy into our brand equity.
 - Why don't we develop the land with a partner developer?
 - For an HOA to finance the development for this is nearly impossible. The logistics are difficult, including pre-selling units.
 - Is now the right time to sell with appreciation of land in this area and the "Vail Effect"?
 - Vail could dilute the market with all of their developments
 - If they are paying appraised value, why are we paying for all of the upgrades?
 - Assessment based on one appraisal that occurred six months ago
 - Appraiser informed us it has appreciated 8% since then
 - Could we build something else or utilize this space for something else?
- Bob Lettman motioned for an exploratory committee of 5 for this project which includes: the three Board Members, Mike Hagan, and Bob Lettman to further the investigation on this non-binding agreement, do some fact-finding, and distribute a written document for all owners to digest, understand, and stay informed. Greg Koch seconded the motion. Two against, the rest in favor. Motion passed.
- Mike Hagan motioned that only owners be designated as a proxy on any votes for the development. Greg Koch seconded the motion. All in favor; motion passed.
- Jess Reid, the Broker for the Association

- Opportunity to sell the land and use the cash to make necessary improvements to maintain the property values without paying any money out of pocket
 - Based on extensive experience in real estate and selling of land developments, land development can rapidly become a nightmare
 - John Gardiner has a solid track record
 - Very time consuming process. Discussion began a year ago on this deal.
 - John Gardiner & Laurie Karlick – Gardiner Properties
 - Family-owned real estate development company: experience with high-density housing, condominium housing, apartment housing, timeshare development, including Waldorf Astoria, homes in Promontory
 - Appreciative of the mountain-modern contemporary design of Silver King
 - Preliminary concepts presented by Laurie Karlick, an interior designer, on amenity upgrades to assist owners with the decision-making process of improving the front desk, corridors, core, ski lockers, fitness area, pool area.
- **Board of Directors Election**
 - Michael Larkin motioned to re-elect Mike Ciferri. Mike ran unopposed and unanimously elected back to the Board. Mike Ciferri will serve another three years.

ADDITIONS TO THE AGENDA

- **LED Lighting**
 - The Board supports energy conservation and at another time other than this meeting will visit the potential implementation of a program for the entire property, including units, to switch to LED lighting
- **Back Door Security**
 - Hal and Gary will check the programmable lock on the back door and fix it.
- **Real Estate Update – Jeff Coe**
 - Median statistics for first three quarters of 2016 vs 2015 - includes condos, single-family homes, and vacant lands; excludes fractional and commercial properties.
 - Median selling price up 15%
 - Days on Market down 20%; 46 days in 2015 to 37 days in 2016
 - Overall inventory for Park City area is down
 - Demand is still strong
 - Healthy Increase in prices
 - Sales under \$1 million were 69% of the market; sales over \$1 million were 31% of the market
 - Number of units sold: condos are 48%, single family homes are 36%, land is 6-8%
 - Price per sf – condos 8% increase, single-family homes 9% increase, land 27% increase
 - Little to no inventory around base areas. Owners are sitting on units due to marketing power of Vail and equity increases.
 - Silver King
 - 4 units sold at Silver King in 2016
 - All are studios between \$245,000 – \$285,000.
 - Median price per sf on what has sold is \$475.
 - 18% increase on selling price between 2015 and 2016 on studios
 - 2015 - 51 average DOM; 2016 - 170 average DOM
 - No significant interest rate increases anticipated

ADJOURNMENT Suzanne Larkin motioned to adjourn the meeting at 12:57 PM. Greg Koch seconded the motion. Meeting adjourned with all in favor.