



Friday, February 24<sup>th</sup>, 2017

Dear Silver King Homeowners,

Thank you to all owners that participated in the survey regarding the expandable land adjacent to the Silver King that was completed in January and February. Please review the attached summary letter of the various opinions shared in response to the open-ended questions from the survey.

The Silver King Management Committee has sought legal counsel to assist in reviewing the history of the project and the best ways to manage the land and any potential future uses. Local Attorney Melyssa Davidson with Wrona & Dubois Law Firm has specialized experience in Utah HOA and condominium association law and helped further explain in the attached letter how some critical aspects of the project were not completed per the Declaration by the original developer. Conclusively, some work is needed to help the Association properly manage the land.

Please read through the letter carefully and let me know if you have any questions. We will have some follow up communication in the coming months on the process to amend the plat map.

Regards,



**Jim Simmons**, VP of Owner Services and Asset Management **CMCA**,  
**AMS**

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## Silver King Parcel Survey

### Q5 Please share additional comments, concerns or requests regarding how to handle the Silver King parcel or potential upgrades to the building.

Answered: 24 Skipped: 14

#	Responses	Date
1	Regarding "Front entry - new entry steps," above: We don't need new steps, we need a wider walk ramp on the left side (facing the entrance). Stairs can be narrower.	2/7/2017 1:34 AM
2	We support the proposed project, but feel the developer should share in the costs of upgrades to the Silver King.	2/2/2017 3:56 PM
3	This process should include as many owners who wish to be involved and not a small selected few. Careful consideration to revenue and expenditures is vital in review to manage parcel prior to decisions. More traffic to the common areas is undesirable. Our building needs to stay modern and fresh. Presently, some areas are neglected and could be improved without huge expense. Hold more meetings and let the owners be the deciders, not a small board. We have a great property and must stay competitive with all base resorts. Thanks for asking for our input.	2/1/2017 8:34 PM
4	1. Install a window in the wall between the locker room and hallway. 2. Install a large revolving door at the front entry to solve the cold air problem.	2/1/2017 8:25 AM
5	If the potential developer of the parcel wants to pay to upgrade the above amenities, that would be acceptable. If we agree to pay for upgrades, we don't know what potential obstacles we will face and how high the unexpected costs might go; that is why I am opposed to agreeing to make upgrades, or allocating our "profit" to make improvements beyond what we need or want for our current property.	1/31/2017 11:00 PM
6	I may not understand this, but it does not make sense to sell lot at market value as competing project to our units, and for us to pay for upgrades.	1/31/2017 9:45 PM
7	Sale of the property is OK. Development of the property would be great but should be done only if possible without additional capital by SK owners.	1/31/2017 8:18 PM
8	I would like to see an updated , more comprehensive fitness facility similar to what more high end destinations provive	1/31/2017 5:39 PM
9	Inet is critical for Smart TV's etc Also expected in 2017. Too, bring in commercial space for rental revenue. If we build, do a rooftop dining deck like Boneyard. Anything to generate revenue. The area sure could use it. The elevators def need a facelift as well. Whatever is done, do not create more units unless you create more parking garages. The parking is sub for the current owners. Thx	1/31/2017 3:44 PM
10	We do not need any upgrade in the building and should wait the area development before wasting money. In deciding for the sale, the funds shall be distributed among owners, as owners of the land, not wast it in "last minute" projects. And any new project in the parcel must be supported entirely by its developer. It is inadmissible the idea of owners sharing their common areas or sponsoring upgrades to provide infrastructure for it.	1/31/2017 3:00 PM
11	I think it is best to see what Vail does first. If they build a large parking structure, our parcel won't be necessary for parking. If they build a village, our nightly rentals should go up, and we really won't need to do anything with the parking lot.	1/31/2017 2:51 PM
12	build new units that are large	1/31/2017 2:48 PM
13	One of the reasons Silver King does so well is because it is a small, boutique hotel, so it has high occupancy rate and therefore, high nightly rate. If the hotel is expanded, with more rooms, occupancy rate may (will) go down and nightly rates will decline, as well, as there will be more rooms to fill. Newer rooms may be more desirable, further impacting on existing owners. More guests will lead to crowded pool, lobby, noise, cars, parking, possible poor reviews on Tripadvisor, etc., higher common area traffic = more wear and tear, etc. Rooms on the parking lot side of the hotel will be impacted. So, I don't see any advantages to expanding the hotel but see a number of very significant downsides. Therefore, I do not favor expanding the hotel. I am opposed to selling the lot - then we have absolutely no control over it and what will become of it; not a wise decision.	1/31/2017 2:15 PM
14	I think the outside of the building needs to be upgraded to look newer & have a lodge look. I think a name change to Silver King Lodge should be considered.	1/31/2017 2:13 PM
15	We like the idea of additional units developed on the parcel. And opportunities for current owners to purchase one of them.	1/26/2017 6:19 PM

## Silver King Parcel Survey

16	The amenities we have aren't always in working order. Improving existing should be 1st.	1/26/2017 4:40 PM
17	I would love to see an owner purchase the parcel, it would be like keeping it in the family.	1/26/2017 1:12 PM
18	If we add a building (and maybe even if not) another hot tub is a good idea. Outside? I guess allowing more to use the amenities depends on how many new units if built. I'd want to see some concrete plans. I am pretty sure some quick electronic drawing can be done inexpensively for an idea. The parking is needed so underground parking to replace the lost spaces would be something I would want to see (in addition to parking for new units). It would be nice to see a market if they are to be rentals.	1/26/2017 11:15 AM
19	The last deal was very one sided, we get money, but then Have to use it to upgrade our building to another's wishes. It did not feel fair, market value or very attractive to me.	1/26/2017 10:51 AM
20	This opportunity is a windfall to the owners to be able to significantly increase property values and fully fund the reserve at no cost to them. I worry that people's fear and greed are going to kill what is a very desirable arrangement. Currently, the owners realize no extra value from that parcel.	1/26/2017 8:26 AM
21	Not sure but making it a parking structure if vail will be charging for parking and additional source of continued income	1/25/2017 7:36 PM
22	I would like to see the expansion be part of Silver King and Silver King HOA, and not developed as a separate entity. Also, how about using the parcel as a space for commercial development such as a restaurant (room service!!) and / or have a commercial ski/bike rental/locker spot (eliminate the need for HOA to maintain one)? Adds to the amenities of Silver King...	1/25/2017 5:47 PM
23	I think information is key. For instance I don't know how the sale would help or hurt our property. Distribution of artists drawings and financials. Would existing owners share in the proceeds of the sale?	1/25/2017 5:44 PM
24	I do not think the HOA should sell the lot and have to pay for upgrades for the new unit owners. The idea to sell it and leave it as is would be perfect, no competing units, and cash available to improve SK or disburse.	1/25/2017 4:55 PM



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March 16, 2017

**VIA EMAIL**

Members of Silver King Association of Unit Owners

**Re: SILVER KING CONDOMINIUMS  
UNDEVELOPED PARCEL**

Dear Owners:

This firm serves as legal counsel for the Silver King Association of Unit Owners (the “Association”). The Association’s Board of Directors (the “Board”) requested that we follow up with you regarding the Association’s recent owner-opinion survey (the “Survey”) and the feedback received related to the .4842 acres of real property adjacent to the Silver King condominium building (the “Undeveloped Parcel”) and possible future upgrades or changes to the condominium project facilities and amenities.

For those owners who may not be completely clear on the background and/or current legal status of the Undeveloped Parcel, initially, this area of land had been platted by the developer as “convertible land” (as defined in the Utah Condominium Ownership Act, Utah Code § 57-8-3(13)). Under Utah condominium law and pursuant to the terms of Article XXXII of the Condominium Declaration for Silver King (the “CC&Rs”), the developer had five years from the date of the CC&Rs’ recording to convert the convertible land into condominium units.<sup>1</sup> Because the developer did not complete conversion of the convertible land into condominium units within the time allowed, by operation of law, the Undeveloped Parcel became part of the common area. Pursuant to the CC&Rs and Utah condominium law, each owner has an undivided ownership interest in the common area. Pursuant to the CC&Rs, any development of

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<sup>1</sup> Conversion of convertible land in Utah is a two-step process which requires: (1) platting the convertible land into units; and (2) the preparation, execution, and recordation of an amendment to the CC&Rs describing the conversion, identifying the units and any common area and limited common area, and reallocating the undivided interests in the common areas and facilities between the existing units and the newly-platted units. See Utah Code § 57-8-13.2. For whatever reason, the developer did not take this second step.

Undeveloped Parcel or sale will require, at a minimum, approval of 67% of the total voting interests in the Association and approval of 67% of the first mortgagees.<sup>2</sup>

The Survey results reflect a near even split among Owners expressing a strong preference about what the Association should do with the Undeveloped Parcel. Of those Owners expressing a definite preference, approximately half would prefer that the Association do nothing with the Undeveloped Parcel. The other half would prefer that the Association move forward with efforts to develop the Undeveloped Parcel.

The Survey results suggest that development of the Undeveloped Parcel as a separate but complementary project with shared amenities would, potentially, be acceptable to a majority of the owners responding, depending, of course, on the specifics of any such proposal. Also, an overwhelming majority (85.29%) of owners indicated they would be adamantly opposed to the sale of the Undeveloped Parcel without a clear, pre-approved plan for how the Undeveloped Parcel would be developed by a purchaser.

As mentioned above, changing the classification of the Undeveloped Parcel on the recorded plat from common area to a separate parcel owned by the Association would be a prerequisite for any development or sale. With regard to the level of owner interest in the Association pursuing change of the Undeveloped Parcel's current classification, owner response to this Survey question was approximately two to one in favor of changing the designation of the Undeveloped Parcel from common area to a separate parcel owned by the Association as a next step to accommodate possible development if an attractive opportunity should arise in the future.

Based on this feedback received from the Survey, the Board will move ahead with steps to amend the plat to identify the Undeveloped Parcel as a separate parcel owned by the Association. You can anticipate that the Board will be following up with owners directly for written consents or a special meeting to vote on a plat amendment.

To be clear, however, there are no proposals currently before the Board with regard to either development or sale. Accordingly, apart from the common area designation change, the Association has no immediate plans for the Undeveloped Parcel.

Lastly, with regard to owners' interest in upgrading the condominium project facilities and amenities, no clear order of priority for upgrades or improvements emerged from the Survey. Rather, owner-ranking of importance for major facility and/or amenity upgrades was fairly evenly divided between expanding the pool area, renovating the ski locker area, upgrading the lobby area, improving the building's rear entry area, and improving the building's front entry area.<sup>3</sup> Accordingly, in the absence of a clear owner-mandate, the Association will not be undertaking any major upgrades or capital improvement projects at this time.

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<sup>2</sup>Depending upon the nature of the development, Utah land use statutes and Park City ordinance may require greater levels of owner approval.

<sup>3</sup>Specifically, the percentage responses identifying a project as being either "very important" or "important" and the weighted response averages (averaging "very important" and "important" rating with other responses rating project priority as "neutral", "not important" and "should not be considered") are as follows:

- expanding the pool area 47.37%, (weighted average 2.71),
- renovating the ski locker area 43.24% (weighted average 2.57),
- upgrading the lobby area 50%; (weighted average 2.68),
- improving the building's rear entry area 42.11% (weighted average 2.82)

The Association very much appreciates the participation in the Survey. For owners who may be interested, a copy of the Surveys' anonymous owner comments is included with this letter. On behalf of the Board, we invite you to continue to provide input regarding management of the Association and operation of the condominium project.

Very truly yours,

**WRONA DUBOIS, PLLC**



Melyssa D. Davidson

Encl.

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- improving the building's front entry area 26.31% (weighted average 3.11).