

Hi Sun Creek Owners

This is a follow up to our annual meeting that was cut short by the Park City Xfinity outage.

Financial: We had finished the financial review and John Logan asked me to include this regarding the reserve study.

Suncreek Capital Budget 2022 to 2040:

Reserve studies and funding are required by Utah law. Our projections are based on useful lives of components given by Forensic Consultants when the major renovation was done in 2017. Unfortunately, they overlooked the fire suppression system which became an assessment.

As the spreadsheet indicates, we have not funded the capital budget for the last few years as the funds were needed for operations as operations were running a deficit. By assessing for the operating deficit, we should be able to fund the capital reserve this year.

Even so, the projection indicates a deficit of \$6539 is we do the projects indicated. The interior railings can be delayed a few more years so there will be some relief. Owners who replace windows (many are already defective) with approved spec windows in the interim would not be assessed for the window cost in the future.

By 2028 there will be quite a large deficit (\$23000) as the interior "courtyard side" windows and siding are due for replacement. If we do not get the annual funding of the reserve up over the next few years that amount will need to be assessed.

For the most part the building is in good condition given its age. However, properly timed maintenance will extend the life much farther than neglect. Since owners have a major investment in Suncreek, it makes sense to keep the building in good shape as the value of the investment has increased about 185% in the last ten years, partly due to good maintenance.

Water Use: When the Internet went down, we were having a discussion regarding water use. I've had a few people email since and the Management Committee will explore the possibility and cost of installing sub meters so individual units can be billed for their water use.

Flood Plain: Some of you are aware that FEMA redrew the flood plain map last year and it shows one corner of the Sun Creek building in the floodplain. Unfortunately, once any part of the building is in the floodplain the banks holding a mortgage on condos in Sun Creek are requiring flood insurance and some of our owners are paying for it now. We priced flood insurance for the building, and it was outrageous. The Management Committee contacted a Civil Engineer, and we had the building surveyed and last week they filed a LOMA (Letter of Map Amendment) with FEMA to see if we can get Sun Creek removed from the floodplain. From their survey it appears Sun Creek should be ok, but nothing is guaranteed until FEMA approves it.

Fire Suppression System: The new Fire Suppression system pipes have been installed on the A & B levels and for the most part they're complete except for a few minor things. Clint Walters has been working hard to complete the pipe boxing. Please be aware that once Clint finishes the boxing Summit may have to come back to adjust some of the heads. The C Level turned out to be more challenging than originally expected. Armed with the experience of the A & B levels Summit and their engineers went back to evaluate the design and installation for all the C Level units. It was determined that it would be almost impossible and extremely costly to use the plastic pipe that was used in the rest of the building and box it in. Summit redesigned the C level using the plastic pipe in the lower sections of the C level condos and metal pipes that won't be boxed everywhere else. Since a lot of people have asked about the cost, the metal pipes themselves are more expensive but it was more than offset by the extra cost we would have incurred to try and box the pipes in the vaulted ceilings. PLEASE NOTE: The Plastic Pipes CAN NOT be painted, and the fire Marshall requires those pipes to be boxed to protect them. The Metal pipe on the other hand can be painted. If an individual owner opts to paint the metal pipes that cost to paint the pipes will be at their expense.

Before the C level work could commence, Summit had to submit the revised plan to the Park City Fire Marshall for approval. This was done on 11/12 and even with Summit contacting them at least once or twice a week we are still awaiting approval and there is no way of predicting when the Fire Marshall will give us their blessing to move ahead.

Each unit on the C level will have the piping done in 2 parts - the plastic pipe, mainly in the lower bedrooms, and then the metal pipe. Scaffolding has become scarce and expensive. To minimize additional cost, scaffolding will have to be moved from unit to unit expeditiously. We will do our best to let you know but there can be no modifications to the installation schedule once it begins.

Because we don't have the Fire Marshall approval yet and Christmas is coming, we've told Summit to suspend work until Jan 3rd even if the permit comes through tomorrow. Please understand this project is necessary and required by Park City in order for our building to remain occupied. The Fire Dept has given us special permission for the work to be done this way as long as the project continues to move ahead as quickly as possible. This is not optional.

Garage: Because the new fire suppression system is wet and the water pipes run across the garage ceiling we were required to heat the garage which meant it had to be enclosed. The heating, ventilation and garage door were completed this past summer. The 2 structures at the top of the garage stairs are in the process of being built and hopefully we will have an enclosed garage in about a week or 2. We will be in touch once we get the locks for the doors with the combination but for now assume it will be the same as the garage and hot tub. NOTE: PLEASE LET YOUR TENANTS KNOW THEY SHOULD DO NOT IDLE CARS IN THE ENCLOSED GARAGE.

Seal Coating and Hot Tub: This project definitely had one thing lead to another. As many of you know there were significant leaks through the garage ceiling. As part of the seal coat

project, we needed to find the source of the leaks. When the contractor started to investigate the leaks we found many structural cracks in the garage ceiling that needed to be repaired. The garage ceiling is the structural slab that supports our building, and it was important that any leaks getting between the slabs were corrected. During the course of the summer until now we have been chasing down leaks. The 2 biggest culprits were the drains around the courtyard and the area under and around the hot tub. The drains were all cut out, sealed and reinstalled. The hot tub area was a lot harder to deal with and the contractor is still working there. We are hopeful that the recent work will finally solve the problem and we'll be able to start to put the hot tub back together in the next couple of weeks. There is still significant work that needs to be done before we can reopen it and I doubt it will be in time for Christmas week. We'll keep you informed.

Cost: As I'm sure you have all experienced in your personal life over the last year that everything has gone up in price. Since this project went out for bid over a year ago we've seen big increases in the cost of materials and labor and there were some things such as the structural issues and leaks that we could not have anticipated. We tried hard to keep costs down. We even had owner volunteers do the fire watch that was required during the time from when the old sprinkler system was cut off until the new system was turned on in the garage level. For almost 2 weeks these volunteers monitored the building 24 hours a day and saved about \$24,000 which was the least expensive bid we received to perform that service. I'd like to thank Patricia & Wayne Stokes, Jeff & Keri Turbeville, Andrea Wuttke, John Logan, Tom Horton, Guy Walther, Nate Sears and Ken and Rochelle Jonsword for getting up around the clock, checking the building and saving the HOA over \$20K.

Property Management: PMA has given Sun Creek notice that after Dec 31, 2021, they will no longer be able to provide property management services to Sun Creek. We are actively searching for a new company and are interviewing 2 very strong candidates. Until 12/31 continue to contact PMA and we'll give you new contact information as soon as it is available.

We know this hasn't been easy and everyone has experienced some inconveniences. We appreciate your continued support to get these required repairs done and the new fire suppression system installed throughout the building. We'll keep you informed of any updates.

Thank you,
Rochelle