

**MINUTES OF THE ANNUAL MEETING
OF
THE SPIRO CONDOMINIUMS HOMEOWNERS ASSOCIATION**

December 7, 2012

The Annual Meeting of the Spiro Condominiums Homeowners Association was held on December 7, 2012 at the offices of Resorts West, 1795 Sidewinder Drive, Park City, UT.

Attending in person:

Steve Perkins	HOA General Manager
Ryan Braski	Accountant, Resorts West
Erin Talley	Accountant, Resorts West
Jeff & Lisa Ward	Silver Star Café
#1104 Rick Hovey	
#1105 Sheldon Furst	

Attending via telephone conference:

#301 John Kelly
#303 Charlie Rowland
#501 Jim Wrigley
#502 Michael Haney
#801 Ira Kovel
#802 George Tsatsos
#803 Charlie Johnson
#903 Teresa Hyatt
#1103 Sam Gutterman
#2302 Chris Nunn
#3103 Kevin Williams
#4203 Doug Fielding
#4303 Jill Gartman
#4304 Deb Stone

Proxies:

Proxies representing 11 owners were held by Steve Perkins.

The meeting was called to order at 2:07 PM by Mr. Steve Perkins, HOA General Manager.
A quorum was present.

A motion to approve the 2011 Annual Meeting minutes was made by Mr. Charlie Johnson, owner, and seconded by Dr. George Tsatsos, Board Member. The motion carried.

Financial Presentation:

Financial statements through the third quarter, September 30, 2012 were reviewed by Mr. Perkins.

Among the points included were:

1. Income - \$539,000 in dues paid.
2. Finance charges and fees are associated with late dues.

3. Labor Expenses are a few thousand dollars under budget. This is expected to come more in line during the fourth quarter. There are a number of necessary repairs scheduled.
4. Administrative Expenses are in line.
5. Supplies and General Maintenance – this category is growing at a rapid rate throughout the project. It refers to items in need of repair that require a contractor.
6. Contract Services are on or under budget. Year to date, contract services are \$25,000 under budget. The snow removal line reflects the largest savings - \$11,000 under budget. Window washing appears once due to a timing issue in the third quarter. It is done twice a year – June and late Fall. Year to date cost is \$6,000 vs. \$6,500 budgeted.
7. Utilities are \$6,000 under budget year to date. Electricity savings were realized through energy saving practices such as eliminating 24 hour lighting in the ski locker room and bathrooms. The garage has been switched to more efficient lighting. Gas savings were significantly lowered by decreasing the heat in the garage.
8. Insurance Expense was a little over budget. A rate increase will occur in the fourth quarter.

Overall, Mr. Perkins noted that the Association is \$18,000 under budget year to date.

2013 Operating Budget Presentation:

Mr. Perkins reviewed the 2013 budget proposal, including the following:

1. Labor Expenses remain flat from last year.
2. Administrative Expenses:
 - Reserve expense is budgeted at \$84,000 vs. \$42,000 in 2012 (\$7,000 per month).
3. Management Fees reflect a \$2,500 rise due to an increase in Resorts West fees.
4. Master dues reflect an increase from \$367,000 per year to \$407,000. Spiro owners are part of the Masters Association. The Masters Association holds all utility contracts, a portion of snow removal expenses, water & sewer expenses, swimming pool, hot tub and public area maintenance. The Masters Association's budget has shown increases in a number of areas.
 - Direct TV reflects an increase due to the addition of the hi-definition option (\$7.00 per owner) to the package. By adding this to the bulk agreement, it will no longer be individually billed (\$10 - \$15 per month) to owners. The cost is included in owner dues. Owners will see this change in the early part of 2013. Mr. Perkins will e-mail owners regarding the hi-definition details.
 - Wireless internet expense of \$15,000 (last year's expense was for six months only).
 - Water irrigation took place for an extra eight weeks in 2012 due to the weather. Mr. Perkins explained that a new budget line was created, adding the rate increase to last year's actual – a 15% increase overall.
5. Supplies – the general maintenance expense is going up and is budgeted appropriately this year.
6. Contract services remain the same.
 - Snow removal - Mr. Perkins explained that Spiro pays for most of the hand shoveling around the condominiums and the entryways to the garages. The Masters Association covers fire access roads, Plaza area shoveling and snow removal in the main parking lot. The Plaza's budget pays for hand shoveling throughout the commercial areas.
 - The elevator contract reflects a decrease. Mr. Perkins noted that a 20% savings was realized when this contract was renegotiated as a package deal for all elevators.
7. Utilities remain the same.
8. Insurance reflects an increase.
9. Owners dues will increase to \$5.36 per square foot.

The Spiro budget total expense \$794,000 vs. \$719,000 in 2012.

A motion to approve the 2013 Spiro budget was made by Mr. Sheldon Furst, owner, and seconded by Dr. Tsatsos. The motion carried.

Election of Trustees:

Four seats for the Board of Trustees are open for election this year. Seats currently held by Dr. George Tsatsos, Ms. Jill Gartman, Mr. HT Simonton and Mr. Jim Wrigley are up for re-election. Mr. Charlie Rowland said he is interested in a Trustee position.

Mr. Perkins said that since there are more candidates (5) than positions (4), he will conduct the election via e-mail. A ballot and brief biography for each candidate will be sent to each owner.

Candidates are Dr. George Tsatsos, Ms. Jill Gartman, Mr. HT Simonton, Mr. Charlie Rowland and Mr. Jim Wrigley.

Updates:

Staining Agreement Update

The Association has entered into an agreement with a painting contractor to stain the project every year as needed. Each year the south side, decks and doors will be stained and the east and west sides touched up. The north side will only be stained when necessary. This will produce a 20% cost savings over five years and the project will always look new. Mr. Perkins pointed out that the reserves have moved in a direction to cover staining without having to levy a special assessment.

Ms. Jill Gartman, Board member, commented that regular re-staining will also better maintain the wood and alert owners to potential issues such as dry rot. Siding and decks will have a longer life span

Wireless Update

Wireless has been installed throughout the project and seems to be working properly. Payment is included with owner dues. If owners experience any problems, they should contact Mr. Perkins.

Garage Storage/Parking Update

Mr. Rick Hovey, owner, expressed concern that the two unassigned parking spaces next to his are being used by other owners to store their vehicles over the summer months and for short term use by Silver Star trucks/vans. This sometimes creates difficulties for summer guests who are using his unit. He noted that often the rest of the garage is empty and doesn't think unassigned spaces are an appropriate place to store vehicles. Mr. Perkins said he will look into it.

Mr. Perkins said that when owners who store their cars in their assigned spaces rent their unit, their car is often moved to an unassigned space so the renter can use the assigned space. The result is a shortage of parking spaces for employees. This occurs several times a year.

Mr. Perkins hopes to find a solution to year round vehicle parking when space is stretched to the limit—this will be discussed with the Board.

Much of the upper parking lot is assigned to Sundance on a year round basis. The lower parking lot is used by Sundance in the winter and golf course employees in the summer. In winter it is also used as an onsite snow storage location, saving Silver Star from snow hauling costs.

An owner commented that flexibility in the outer reaches of the surface parking lots is important for Silver Star employee and owner use. He is concerned that there is a shift occurring regarding parking for non-Sundance people. He noted that the Masters Association pays for the bulk of snow removal expenses but the majority of use is now being allocated to the Plaza. He would like to see the HOAs

work together to find a flexible, workable solution. Mr. Perkins said the associations will continue to work with Sundance regarding parking issues. Parking needs significantly ease when the film festival is over for both Sundance and Silver Star.

The surface parking lots have never been available to skiers but that policy will now be enforced. In summer, Thursday night Plaza events now have available parking in front of the project, on Three Kings Drive. Parking signs are covered on those nights.

Mr. Perkins commented that storage space is an issue for the Association. It is necessary to have an onsite location for storage space. He will work with the Board on this issue.

Golf Cart Update

Mr. Perkins said the golf carts have been moved to the top level near the golf course area. They are driven back and forth from that location rather than the Spiro garage. He thinks this has worked out to the satisfaction of Spiro owners. If there are any continuing concerns with this issue, owners should contact Mr. Perkins.

Shuttle Update

Shuttle service will begin next week on a limited basis. Full service will begin on December 18th or 19th depending on occupancy. Shuttle service includes the Canyons cabriolet, the bottom of Deer Valley Resort, the bottom of Park City Mountain Resort and Main Street. During Sundance local theaters are included. There is no shuttle service to Kimball Junction or Upper Deer Valley.

Mr. Perkins noted that if the Silver Star lift is not operating, the shuttle will only provide transportation to Park City Mountain Resort. If this occurs, PCMR will assist Silver Star owners/guests by providing an additional shuttle. Park City Transit's buses are also available.

Mr. Perkins said the Silver Star lift has been out of service very infrequently – perhaps only six times since it opened.

Mr. Perkins recommends 435-649 TAXI for additional owner transportation needs.

Restaurant Update

Mr. Jeff Ward, Café owner, said that in late June Plaza guests interested in dining were directed to the restaurant area for service. To avoid communications issues regarding serving area parameters, he suggested some signage welcoming guests to the Plaza and directing them to the restaurant area.

Mr. Ward informed owners that the Cafe will offer full table service for breakfast, lunch and dinner all winter. A host will be available to assist guests. Counter service will still be offered.

Mr. Ward commented that he and his staff will be available to assist with Plaza seating issues and help pack furniture away.

Ms. Lisa Ward, Café owner, requested e-mail addresses from owners. She would like to keep owners updated on the various events at the Café.

Masters Association Meeting Recap:

Mr. Perkins reviewed the Masters Association's Annual Meeting held December 6, 2013, including the following:

1. Transfer fees – the Masters Association budget includes an income line for transfer fees accrued from real estate sales (based on .5% of closing costs per sale). In 2012, the transfer fees generated are in the \$60,000 to \$80,000 range. Currently, \$15,000 of this is budgeted, giving the Masters Association a surplus based on what the final number is minus the \$15,000. Mr. Perkins said the intent would be to put the surplus into reserves to offset capital expenses as well as to assist with the operational cash flow in the first six months of the next year.
Mr. Perkins stated that the question under discussion is whether to budget the transfer fees at a more aggressive \$30,000, thereby lowering Spiro dues by about \$150 per year.

Mr. Perkins stated that a review of 2012 year end financials will occur at the first quarter meeting in 2013. The disposition of the surplus will be determined at that time. Real estate sales this year included several Cottage units which increased the transfer fees realized. There are not as many Cottages on the market now so it is likely there will be a decrease in the transfer fee total next year.

Mr. Perkins said that a review of transfer fees this issue has been discussed at each of the sub association meetings today. Mr. Chip Campbell, representing Paladin Developers, will be informed of the various opinions regarding this topic and a final decision will be made about the transfer fee budget line.

2. Ms. Gartman reported that a “Green” committee was put together to research long term conservation/energy saving technologies such as second party utility companies, purchasing utility blocks, solar panels, capturing air out of the mine, etc.
Mr. Perkins commented that the annual water irrigation bill for Silver Star is \$30,000. Water use has been reduced through employing bark mulch, planting less grass and increasing hardscaping.

Dr. Tsatsos suggested researching retention ponds as a possible way to recycle drainage water and reduce water costs.

3. Mr. Perkins said a committee had been formed to research and purchase replacement Plaza patio furniture. The committee will also develop a plan for better owner use of the Plaza, etc. Committee members are Jeff Ward, Cindy Shearman, Cheryl DeMarco, Katie Mullaly, Jeanie Coleman and Linda Smaligo.

New Business:

Reserve analysis – Mr. Perkins said that it’s necessary to re-examine the reserve study prepared a few years ago and combine it with the additional data acquired since then. He would like to form a sub committee to examine some long term maintenance items such as concrete and stonework throughout the project. Additional research needs to be done on items with potential long term problems or extremely high replacement costs such as roofs and garage structures.

Committee members include Mr. Perkins, Mr. Tony Muscat, owner, and Dr. Tsatsos.

Mr. Perkins requested that any owner interested in serving on this committee contact him.

Mr. Perkins explained that no problem currently exists with the roof but roof replacement would cost in the neighborhood of \$3 million. It is important that the Association feel comfortable with the estimated lifespan of the roof and determine how to build the reserves.

Mr. Ryan Braski, Resorts West Accountant, said an external consultant previously provided the Association with a 30 year reserve analysis study. The new committee could review that study and the

assumptions it made, and incorporate what owners have learned about the project in the new study. The resulting insight would be valuable in planning for future issues.

Restaurant Grease Exhaust - The issue of an oil slick below the Café exhaust vent behind the 1000 building was raised by Mr. Sheldon Furst. He expressed concern that it presents a safety hazard and a potential liability to the Association.

Mr. Ward said the problem was being dealt with. Café staff has developed a cleaning schedule and will be updating/replacing filters in the kitchen. Additionally, a sheet metal receptacle will be fabricated and placed over an exhaust hood seam to catch leakage. This will be emptied as needed to prevent overflow. Mr. Ward hopes to have the problem rectified soon.

Spiro Arts – Dr. Tsatsos suggested displaying art work from Spiro Arts in individual condominiums and common areas. The art work could be available for sale. He thinks this would be a good way for owners and artists to work together.

Mr. Perkins said he will speak with Mr. Justin Parisi Smith, Spiro Arts Director, regarding this proposal.

Website – Ms. Gartman said that an owners’ website was discussed at the Masters Association meeting. The current Silver Star website opens to the real estate page of Mr. Dusty Orrel, Park City Realtor. The Association will try to acquire domain rights and utilize the site for all Silver Star owner information.

Plaza Office Space – The office space next to Mr. Perkins’ was rented (three year lease) to a hedge fund company. This space is owned by the developer, not the Association. Owners questioned whether this company added to the culture of the Plaza. Mr. Perkins will mention this to the developers.

2013 Meeting Date:

The 2013 Annual Meeting is scheduled for Friday, December 6, 2013.

Mr. Perkins thanked owners for their participation.

The meeting adjourned at 3:19 PM.

