

**MINUTES OF THE ANNUAL MEETING
OF
SILVER STAR MASTERS ASSOCIATION**

December 2, 2011

The annual meeting of the Silver Star Masters Association was held December 2, 2011 in the offices of Resorts West, 1795 Sidewinder Drive, Park City, UT.

Attending in person:

Rory Murphy	Board President
Chris Connabee	Board Vice President
Chip Campbell	Representing Paladin Developers
Steve Perkins	Silver Star Property Manager
James Ballstaedt	President, Resorts West
Scott Russell	Accountant, Resorts West
Ryan Braski	Accountant, Resorts West
Todd Fischer	Silver Star Ski & Sports
Jeff Ward	Silver Star Café Owner
Justin Parisi Smith	Spiro Arts Director
#5	Jim Long
#39	Cindy Shearman
#39	Ricky Tichman
#41	Cheryl DeMarco
#65-2	Bryn Carey
#65-3	Alan Mao – representing Stevie Harrison
#65-5	Katie Mullaly
#65-11	Frank Janger
#1102	Rob Tomlinson

Attending via telephone conference:

# 40	Alex Smith
#47	Gino Ginocchio
#101	Brett Okland
#504	Keith Acker
#803	Charlie Johnson
#904	Kent Johnson
#1101	Jeff Turner
#2302	Chris Nunn
#3103	Rick Smaligo
#4301	David & Susie Goldberg

Proxies:

Proxies representing 15 owners were held by Jim Long, Steve Perkins, Chris Connabee, Rory Murphy and Alan Mao.

The meeting was called to order at 9:35 AM MST by Mr. Rory Murphy, Board President.

A motion to approve the minutes of the 2010 annual meeting was made by Mr. Jim Long, owner, and seconded by Mr. Ricky Tichman, owner. The motion carried.

Financial Statement Presentation:

Mr. Steve Perkins, Silver Star Property Manager, reviewed the financial statement through the third quarter, September, 2011. Among the points he noted in the Profit & Loss – Budget vs. Actual statement were:

- 1) Labor expenses are over budget by \$7,598.15 primarily due to higher maintenance technician and housekeeping/cleaning costs.
Some maintenance items are being handled in house rather than hiring more expensive outside vendors.
Increased pool usage last summer resulted in additional pool maintenance requirements.
The opening of the new trailhead at Silver Star has brought crowds that are using project facilities, causing increased staff cleaning responsibilities.
- 2) Administrative expenses are over budget by \$3,392.20 primarily due to unexpected shuttle and vehicle costs. A Resorts West agreement with Park City Transportation to lease two shuttles for the 2010/2011 season was abruptly terminated when Park City Transportation removed the vehicles from Silver Star property in the middle of the night in January, 2011. Silver Star was forced to rent other shuttle vehicles through Enterprise at a much higher rate, as well as re-logo the new vehicles.
Mr. Murphy said the explanation from Park City Transportation was that they wanted extra income during the Sundance Film Festival and that Silver Star was not sufficiently using their services.
Mr. Perkins stated that a new preferred vendor for transportation needs will be used this season.
- 3) Supplies reflect a small savings. This line will be maintained in the 2012 budget.
- 4) Contract services reflect a significant savings primarily in snow removal hauling and roof snow removal areas.
Mr. Perkins said that the snow plowing patterns have been changed contractually – snow is now moved to the far end of the parking lot rather than being stored near the Plaza and taking up parking spaces.
Sundance occupies a good portion of the parking lot and demand for available parking is intense in December and the first two weeks of January. By late January, snow removal costs lessen because it is not as essential to keep the entire lot open for parking.
The snow removal contract includes relocating large piles of snow from the Plaza area and parking lot so views of the chair lift and ski runs are not blocked.
- 5) Utilities expenses are over budget by \$2,199.64 primarily due to cable TV, electric, gas and trash costs.
Cable TV expenses are related to the maintenance, repair and re-setting of the dishes. Mr. Perkins believes he is zeroing in on the actual cable cost now that there is full operation throughout the project.
Electric and gas expenses are up due to the added costs of maintaining comfortable pool temperatures for owners/guests.
Although homeowners pay a flat water usage rate, higher rates and increased occupancy/use caused costs to go up. A savings in irrigation expenses occurred due to unusually wet weather conditions in June, 2011. Irrigation savings continued through the remainder of last summer.

The cost of project irrigation is in the neighborhood of \$25,000 to \$30,000 and includes all property landscaping. Mr. Perkins stated that there is continued monitoring of the irrigation system to insure proper usage.

Mr. Murphy commented that 2/3 of water consumption is interior and 1/3 irrigation.

2012 Operating Budget Presentation:

Mr. Perkins reviewed the proposed 2012 operating budget. He noted that some of the increases are based on the 2011 budget vs. actual numbers.

- 1) Labor expenses in housekeeping and maintenance technician lines are significantly higher than last year. Mr. Perkins said these areas were over budget in 2011 and the actual numbers were used as a guide for the 2012 proposed budget. He noted the higher numbers reflect increased occupancy, increased pool usage, increased use of the property due to the new trailhead and various events staged at Silver Star and increased utilization of in-house maintenance rather than outside vendors.

Mr. Murphy expressed concern that cost decreases in one area appear to create cost increases in another.

Mr. Perkins understands that concern but believes that, as the project ages, maintenance costs will increase and need to be reflected in the budget. He thinks some of these expenses may eventually become reserve expenses.

Discussion – trailhead and event parking:

Mr. Perkins and Mr. Murphy stated that the new trailhead (opened 8/11) has been extremely popular, resulting in increased use of Silver Star facilities and causing parking issues throughout the project. Silver Star has incurred additional expenses in both housekeeping and parking control areas. Owners and employees are negatively affected by the parking issue.

Summer activity at the Silver Star Plaza is welcome but the Association cannot continue to be responsible for additional expenses resulting from providing a benefit to the general public.

Mr. Chris Connabee, Board Vice President, commented that the developer vision for Silver Star was that of a village with the public welcomed to enliven the project, especially during the summer months. He pointed out that property damage and owner inconvenience occurring was unacceptable. This issue needs to be addressed and a balance developed between public usage and owners' rights.

Mr. Murphy believes it important to continue to work out issues over time. He feels the food service, ski shop and Sundance activities bring vitality to Silver Star.

Mr. Long brought up that parking for summer Thursday night events is also an issue and needs to be addressed. He noted that vehicles run over landscaping, hit the stone wall and damage telephone and utility connection hook-ups. He stated it is not in the owners' interest to have damage to the facilities and parking problems. A balance is required between business needs and numbers and frequency of visitors parking accommodations.

Mr. Perkins has scheduled a meeting with Park City this spring to discuss how to alleviate the Silver Star parking situation. The city has a process for dealing with parking issues.

Mr. Murphy commented that Silver Star cannot dedicate all of its parking spaces to the recreational public. At other trailheads in Park City, there are limited parking spaces – cars illegally parked typically are ticketed or towed. The same is true for city event parking.

Some suggestions regarding the parking issue:

- Cordoning off the parking lot with signage stating residential parking only and directing visitors to the Park City Mountain Resort parking lot.
- Determining a specific number of parking lot spaces required for residents and businesses in addition to limited spaces allotted to visitors – then using signage to direct people to the PCMR parking lot. A passenger drop off point could be designated.
A Silver Star staff member may be needed to manage this.
- Charging a \$5.00 per car fee to park at Silver Star. The money would help defray additional costs incurred by Silver Star for housekeeping, etc. This would also encourage visitors to park at PCMR. This option would require enough available extra parking spaces.
Parking lots in town frequently charge premium rates for use.
- At specific times of year, parking is at a premium. A per car park fee could be established with hired staff to manage it.
- Shuttle service provided by Silver Star from the PCMR parking lot to Silver Star. Visitors could pay a small fee for the shuttle service (each way).
- Silver Star is on Park City's regular bus line route. Visitors could take the free city bus directly from Silver Star to PCMR.
- Park at PCMR and walk the short distance to Silver Star.
- Thursday events are usually attended by a few Silver Star Board members or staff – the parking situation could be monitored by them and when it reaches the overload point, signage would go up stating that the lot is closed and directing people to PCMR's lot. Silver Star would be actively managing this.
- Assigning owner hang tags to prove residency and setting aside a certain number of spaces for the general public. Violators would be towed.

Discussion – employee parking:

An owner said that she has observed employees of Silver Star businesses frequently parking in spaces in front of their businesses. She suggested that a specific area designated for employee parking might free up more spaces and alleviate some of the parking issues.

Mr. Murphy said a greater effort would be made to encourage employees to park in the underground lots that are underutilized. He commented that the smallest underground garage, closest to everything, has limited space and would not be a good choice for employee parking.

Mr. Perkins said that during the winter season he is aggressive about employee parking and works with the various managers to deal with the situation. He attempts to keep track of where employees are parking and reports violations to the appropriate manager. Employees are not permitted to park in owner numbered spaces.

Mr. Perkins pointed out that parking issues are part of the project's growing pains and reminded the Association that monitoring the situation (patrolling the garage, actively pursuing employee parking, etc.) increases labor costs.

Mr. Murphy stated that the parking situation warrants continued observation. He suggested that a Silver Star staff person be assigned to regularly observe parking patterns and note when there are specific issues. A policy could then be developed.

An owner commented that he'd like to see an amicable resolution to the parking issues and trusts Mr. Perkin's judgment to find one. He said that if people can't park in the Silver Star lots, they'll park somewhere else – that it's a good problem to have.

Discussion – maintenance:

Ms. Cindy Shearman, owner, asked Mr. Perkins if contract costs reflect expenses that would have been charged by vendors if those jobs were not performed by in house maintenance staff. Mr. Perkins said maintenance items are not necessarily under contract and could be subbed out to a vendor at a higher rate.

Ms. Shearman asked Mr. Perkins how it is determined whether a maintenance expense will be paid from the reserves rather than the operating account. Mr. Perkins said that generally he looks at whether the expense is a long term multi-year maintenance item vs. a short term project. He uses his best judgment and, if a questionable issue, consults with Board members. Mr. Perkins said he also uses the reserve analysis as a tool for helping to determine reserve maintenance expenses.

Mr. Kent Johnson, owner, asked Mr. Perkins the status of our reserve fund relative to Utah state requirements.

Mr. Perkins explained that state requirements do not specify a reserve dollar amount, only a mandate that an analysis be conducted. The HOA determines how the reserves are funded. The recommended amount may be influenced by mortgage lenders who often require 10% reserve funding.

- 2) Administrative expenses reflect a reserves appropriation of \$60,000 (\$5,000 per month) in 2012, a 100% increase. This is based on reserve analysis recommendations and will bring the Association more in line with appropriate reserve funding. In order to save money over the last few years, the Association has not funded the reserves to the full extent. The budget reflects a \$7,500 expense for short term (3 month) shuttle service. Mr. Perkins said that it has become increasingly difficult to arrange for short term lease vehicles. He commented that a three year lease for a new van would cost \$9,600 per year. A long term leased vehicle would give Silver Star the year round option of shuttling owners/guests for a fee and providing other fee based vehicular services to owners – creating an opportunity to cover many of the costs associated with an annual lease. This option would not include airport shuttle services. Mr. Murphy commented that when a vehicle is owned, additional responsibilities often result in higher costs than the amount budgeted.

A discussion regarding shuttle transportation ensued:

Mr. Perkins explained that free transportation, subsidized by Resorts West, has been offered to owners/guests as an amenity. Shuttle service to Park City, lower Deer Valley, Sundance Theaters and local shopping areas is provided. Last season two Silver Star vehicles transported 20,000 people (6,000 rides). Mr. Perkins has accurate data on shuttle rides over the last four years including daily rides and times. He said that eliminating this service would be problematic because it is sold as part of the closing package and has always been part of the owners' dues.

Mr. James Ballstaedt, Resorts West President, said that transportation service is provided to all Resorts West properties except Empire Pass, which uses Dial-A-Ride. Resorts West and the Association each cover half the costs of the shuttle service. The service is provided on a wide scale at Silver Star because the Association has requested it be available to owners, guests and renters. The majority of shuttle services are used by renters. Mr. Ballstaedt commented that transportation services could be altered at the Association's direction – shuttle rides could be limited to Resorts West owners and not to other owners or self renters.

Ms. Shearman commented that there are a variety of added expenses (insurance, employees, liability, limited services, etc.) involved with owning and/or entering into a long term vehicle lease that might be

more easily handled by third party vendor. She mentioned that Hotel Park City has a fleet of leased vehicles that could accommodate a wide range of Silver Star's transportation needs, including airport runs. Ms. Shearman said that owners at Hotel Park City receive an amenity package that includes free shuttles to area ski resorts during specific times – a fee is charged otherwise. Fee based airport shuttles are also available. Something similar could be offered at Silver Star.

Mr. Ballstaedt stated that, regarding transportation services, Silver Star is currently operating with a third party, Resorts West. He said that while the Association shares the cost, Resorts West covers all the liability involved with the lease. He believes the immediate issue is to determine whether to lease vehicles for a short or long term period. A downside of the short term lease is what occurred last season when the leased vehicles were removed from Silver Star.

Mr. Ballstaedt has examined the transportation issue in past years and received bids from various companies that have always exceeded what Resorts West and the Association has been able to work out themselves. He welcomes alternative third party plans that may cost more but include discounted airport shuttles and other services for owners/guests.

Mr. Long suggested working out some contracts with a few third party outfits where Silver Star received a priority response. All owner/guest business would be directed to them and users would pay for the level of service they require.

Ms. Shearman pointed out that if a shuttle plan offered a discounted rate for owners that included airport transport and other services, it could be offered as a resale point as well.

Mr. Long commented that it appeared too late to make changes in transportation services offered this year and suggested forming a committee to evaluate alternatives for next year.

A motion to organize a committee to evaluate alternative transportation services for next year and make recommendations to the Masters Association Board was made by Mr. Long and seconded by Mr. Rick Smaligo, owner, and Mr. Rob Tomlinson, owner. The motion carried.

Volunteers for this committee include Mr. Smaligo, Ms. Shearman and Mr. Long.

Mr. Perkins stated that transportation services for this year will remain as is – a contract for a short term vehicle lease will be arranged.

Budget review continued:

- 3) Supplies are slightly higher in the pool/spa chemical category, due to increased usage. The budgeted cost of water bottles for the exercise room is about \$1,000. Concern was expressed that owners/guests may be taking bottles for personal use in their condos. A suggestion was made to install a water cooler and paper cups to reduce costs. Another alternative suggested was a reverse osmosis water cooler system (a contract service). Mr. Perkins will look into this.
- 4) Contract services reflect a few changes. Elevator contract – a five year contract with Otis has automatic annual cost increases. The contract for Silver Star's five elevators is negotiated as a package deal at a total cost of \$20,000. Mr. Perkins is working with Otis in an effort to decrease the cost. The first contract is up for renewal next year – they are staggered in terms of years of operation. Mr. Perkins will seek bids from other contractors at that time but is not optimistic due to the technology unique to Otis. He has found bids from other companies prohibitive because they don't have the technical knowledge to monitor the systems. With the exception of one hydraulic elevator in the

affordable housing building, all other Silver Star elevators have a belt drive. After contract comparisons with other properties using hydraulic elevators, Mr. Perkins believes the contract cost he negotiated for that elevator is a good value.

Mr. Connabee explained that the Otis belt drive elevators are cheaper to maintain than traditional cable drive or hydraulic elevators. Hydraulics have a tendency to break and cable drives are quite loud. The new technology belt drive is a big thick cable that winds up and down. All the splices in these cables are placed across a piece of rubber so it is flat – then this rubber spool with the cables in it pull the elevator up and down. This is theoretically quieter and has a longer life span. The developer chose the belt drive elevators, at a substantial cost (over ½ million dollars) for those reasons.

Mr. Perkins commented that Otis has projected a 50 year life for their elevator belts.

Mr. Murphy thinks that there are likely more contractors now with the necessary technological knowledge of these types of elevators. He suggested seeking competitive bids from those contractors. Mr. Connabee said he would speak with Okland Construction and other contractors that have these elevator systems to seek bids for comparison purposes.

Fire sprinkler contract – the 2011 budget line total of \$200 is incorrect. There is not a 300% cost increase in 2012. Mr. Perkins stated that the first complete inspection of the entire property was completed this year. The budget reflects the inspection and ongoing repairs throughout the project.

Landscaping maintenance contract – reflects an increase of \$3,000 due to replacement planting and providing enhancements. The question of whether these items are reserve expenses arose. Mr. Connabee commented that landscaping labor (time) and landscaping materials are accounting issues.

Ms. Shearman and Mr. Connabee noted that the (two man) landscaping crew works long days, extremely hard and do a great job.

Snow removal contract – B&B Landscaping has provided snow removal services to Silver Star for five years. According to the contract, B&B is paid regardless of snow quantities. Mr. Perkins said that during the process of negotiating a new three year contract, a 20% reduction in the contract portion of snow removal was agreed upon. The B&B crew will perform extra duties around the Plaza as necessary.

- 5) Utilities reflect the actuals of last year. Electric and gas are stable numbers in the budget.

Water - Mr. Perkins commented that water costs are difficult to estimate due to weather variances. He thinks it prudent to maintain this line at last year's number.

In an effort to lower irrigation costs, Mr. Perkins said that he is expecting some proposals from the landscaper regarding xeroscaping, especially in problematic areas.

Mr. Murphy mentioned that water usage inside project units has gone up dramatically every year but the hope is that by using native vegetation, xeroscaping where feasible and irrigating appropriately, water costs would decrease.

Mr. Perkins said that irrigation consumption is constantly monitored and he is always looking for ways to reduce usage and lower costs.

Trash – this line total includes recycling costs. Heavy public use of the new trailhead has greatly increased the amount of trash and recycling at the Plaza area.

Mr. Perkins said there is a dumpster on site at the Plaza, with removal paid for by the Association. Recycling stations are located in every garage and scheduled pick-ups are increased as necessary. Costs have continually gone up as summer unit usage and property utilization continue to increase.

Mr. Murphy commented that Plaza (particularly the trailhead) activity needs to be monitored to determine the amount and cost of trash/recycling Silver Star is dealing with. If it is an unacceptable level, the issue will be discussed with the city at the planned spring meeting.

Mr. Long said that, minus the reserve funding increase, the 2012 budget represents only a 1.3% increase. He and Mr. Murphy complimented Mr. Perkins on his excellent work.

A motion to approve the 2012 operating budget subject to conversations and any changes made today relative to those changes was made by Mr. Long and seconded by Mr. Keith Acker, owner. Motion carries with one no vote cast by Ms. Cheryl DeMarco, owner.

Mr. Tichman questioned the legality of Ms. DeMarco's vote.

Ms. DeMarco said she believed she should have received 30 days notice if she was not permitted to vote.

Mr. Murphy stated that the vote would be adjusted according to the legal structure of the CC&Rs. It will be looked into.

Mr. Long referred owners to CC&Rs section 3.1.1 and read, "...right of the master association to suspend the voting rights of any member the right of the use of the community areas by any member for any period during which the assessment against such member's unit or parcel remains delinquent for a period not to exceed 60 days for any infraction by such member of declaration, a neighborhood declaration supplemental, etc."

Mr. Long read another category stating that "there are successive 60 day periods of such infractions by such members not corrected during any prior 60 day suspension period."

Mr. Long noted that the CC&Rs say nothing about notification – just that if an owner is delinquent at the time of the meeting, the member has no vote in the meeting.

Wifi presentation:

Mr. Perkins reviewed a proposal for project wide internet service through Century Link. The new wifi service cost is not reflected in the 2012 budget numbers today.

- Bulk agreement cost is \$22.95 per month per unit owner for the same service currently used at a cost of approximately \$65 per month per unit owner.
- 12 megabit service is guaranteed. High quality internet traffic volume is guaranteed. Service technicians will be available to owners.
- Each unit will receive a modem. The modem is owned by Century link. They will replace it if damage occurs.
- Upgrades are available – each individual owner pays for additional services (similar to Direct TV).
- Projected start date for Century Link wifi service is June 2012. Installation will begin in April 2012 and access to every unit is necessary. If unit access is denied or an owner is delinquent in their dues, this service will not be installed in their units.
- The Century Link bulk agreement is through the Masters Association. Owners will see a dues increase beginning in June 2012 to cover this service but will not be paying the much higher out of pocket expense for their current internet service.

- The Century Link wifi change would raise the Masters total budget numbers from \$654,200 to \$673,520. This change would become effective on June 1, 2012.
- A new budget line reflecting only the wifi expense will be created. A new 2012 budget including this information will be forthcoming.

An owner asked if cable TV could be bundled with Century Link. Mr. Perkins said this could eventually become an option but presently the Association has a good rate with Direct TV. He does not believe a lower price is available at this time. Phone service is not included.

Mr. Connabee reminded owners that conduit cable for Comcast has finally been pulled through to the project, opening the door for future negotiations regarding internet service. At this time Comcast's price for internet service is higher than Century Link's.

A motion to accept the Century Link wifi proposal as described by Mr. Perkins was made by Mr. Long and seconded by Ms. Shearman. The motion carried.

Reserve analysis update:

Mr. Perkins reviewed the reserve analysis. He reminded owners that that the study is a guide only. The study has been studied and researched, resulting in revisions in some areas such as roof replacement. After thoroughly researching this area, roof replacement was altered to reflect a 50 year life span instead of 25 years. Mr. Perkins assured owners that this roof replacement revision is a conservative one. He pointed out that the Masters Association has to be concerned about the exercise room roof only. The larger portion of the Masters Association's reserve responsibilities are common areas such as pavements, parking lots, Plaza areas, the pool and pool structure, etc.

Mr. Perkins indicated that decisions for additional changes to the study recommendations would probably be made as we go forward – based on history and observable item wear and replacement. At this time the budget reflects the reserve contribution level recommended in the study.

Insurance update:

Mr. Perkins stated that all Silver Star HOA policies are through Travelers Insurance. Mr. Clair Christoffersen is the agent.

Mr. Christoffersen explained the changes in Utah law, effective July 1, 2011, regarding new individual unit owner responsibilities. The new law states that individual owners are responsible for paying the deductible for any damage that occurs inside their unit, regardless of how or why the damage occurred or who is at fault for that damage. Owners' HO 6 individual unit policies, under building coverage called betterments and improvements (coverage A) would pay the owner's deductible to the HOA policy. The HOA is responsible for the balance of the claim. Prior to the new law, an owner's HO 6 policy covered improvements to their unit. It is no longer necessary to insure improvements and repairs - they are covered by the HOA policy. If an owner does not have a HO 6 policy, the Association would be responsible for collecting the deductible from that individual. Damage to the outside of a unit is the HOA's responsibility. Simply put, the HOA policy covers everything except personal property and liability, minus the deductible.

Currently all of Silver Star's HOAs have a deductible of \$2,500. Mr. Perkins thinks, based on his research, that this level is correct. He noted that there are proposed changes to deductibles for the Spiro and Cottages HOAs – this will be discussed at their meetings later today.

Mr. Christoffersen recommends owners have a minimum of \$10,000 coverage (coverage A – building and betterments) which will cover their deductible. He commented that the lower amount of coverage should reduce owners' premiums.

The HOA is required to send every unit owner a notice stating what their deductible is and that they are responsible for that deductible. Mr. Perkins will do so by January 1, 2012. A letter detailing this information has already been sent to owners. It was suggested that owners contact their insurance carriers to ensure correct coverage.

If owners have any questions or concerns, Mr. Chistoffersen encourages them to call him at 435-649-3354.

Silver Star Ski & Sport Update:

Todd said that the shop has moved to the old construction office/sale center, allowing more display space. The shop is able to provide rentals and demos to owners/guests and is now carrying Blizzard equipment and Scott apparel and logo wear.

He expressed the desire to serve owners/guests in any way he can.

Silver Star Café Update:

Mr. Jeff Ward, café owner, commented that the café received an excellent review in the Salt Lake Tribune yesterday.

Mr. Ward said a new chef with an excellent, award winning background had been hired at the beginning of the summer.

Mr. Ward stated that business has increased with more local traffic and visitors. He mentioned that Silver Star summer activities and golf course activity (25% of summer business) have made a big difference. The café stayed open this Fall for the first time and he is hoping to stay open year round. Mr. Ward thinks the café brings vitality to the project. He is currently having discussions with the city over his proposal to offer a daily skiers grill on the Plaza. Mr. Ward is also working on offering a more standardized menu of to go meals.

Mr. Ward reminded owners that the café does take dinner reservations and looks forward to serving owners and guests this winter.

Spiro Arts Update:

Mr. Justin Parisi Smith, Spiro Arts Director, thanked the HOA for their significant \$35,000 contribution (of total \$90,000 budget) to support Spiro Arts. He thanked Mr. Perkins for his assistance with housing and financial issues and Silver Star businesses for their support.

It was noted that Paladin Developers donates space in the big white building when Sundance isn't using it and donates affordable housing that Sundance doesn't use. The HOA helps fund Mr. Smith's salary. All of this helps make the Spiro model viable.

Mr. Smith observed that the highlight of Spiro Arts is the Artists in Residence program which has hosted 45 residents since 2008. Residents receive studio space, housing and a \$600 stipend for a six week period. Spiro is noted as a solo program but also highlights Silver Star. Based on his association with a residents program that is also part of an individual community, Mr. Smith was recognized by the National Endowment for the Arts this past year. Spiro provides some of the best housing on the residency circuit due to its amenities and accessibility to the café and Main Street. Despite its small history, Spiro has been recognized by some of the biggest residency supporters in the world.

Resident artists all work on individual projects: writing proposals, outreach projects, film screenings, writing workshops and working with the young Artists Academy at the Kimball Art Center and the Mega Genius program. They are co-creators of the Artspark program which brings art history, visiting artists and art instructors to the Park City public schools. The goal of the Artspark program is to help meet Utah art education guidelines that are not being implemented in the schools.

Spiro also co-created, with the Kimball Art Center, a program called Relevant which pairs emerging artists (typically graduate art students) with established artists. Some of the mentoring artists are former Spiro residents. This program is in its third year.

Mr. Murphy and Mr. Connabee expressed concern that owners and guests may not be aware of Spiro programs and events. Better efforts to communicate Spiro's activities need to be made. Mr. Perkins will get owners email addresses to Mr. Smith so can send information to them.

Mr. Smith mentioned that Spiro will be working with the Park City Professional Art Association and a joint show will take place in March.

Mr. Smith said that Silver Star owners, guests and the public are welcome to visit Spiro at any time. Owners can also contact Mr. Smith to schedule visits with the artists.

New Business:

Mr. Murphy announced his resignation from the Board after serving for 7 years. This will be his last annual meeting as president. He believes he is leaving the HOA in a position of strength in every category. He noted that the Board and the Association have collectively weathered an extreme economic crisis, particularly relative to real estate, resort real estate and resort condominium real estate. He stated that the Association is in very good shape – no liens on the property, no foreclosures and everyone involved with the project was paid. Mr. Murphy apologized for any mistakes he may have made during his tenure.

Mr. Murphy said Mr. Chip Campbell will now be representing Paladin Developers. Paladin is still a significant property owner in the project.

The owners present thanked Mr. Murphy for his service.

Issues from the floor:

1) Mr. Rob Tomlinson, owner, Spiro unit #1102, presented two concerns to the Board.

- The daily, ongoing noise and disruption caused by the gas powered golf cart that services the golf course impacts his enjoyment of his unit and interrupts many of his activities within his unit. Mr. Tomlinson said the golf cart runs up and down Three Kings multiple times a day and negatively impacts, to some degree, all Spiro Building residents. He knows the noise issue is an unintended consequence and wishes Mr. Ward success with the café.
- Mr. Tomlinson stated that he Silver Star owners, particularly Spiro Building Owners, are bearing the brunt of golf course noise and activity. He does not believe it is a benefit to Silver Star owners and questioned whether there is an agreement between the Masters Association and Mr. Ward regarding this issue. He commented that the CC&Rs do not state that Silver Star property can be used to support something other than activities of Silver Star.

Mr. Tomlinson proposes that the golf cart be removed from Silver Star or relocated somewhere that is commercially tenanted.

He stated that if food and beverage service at the golf course is supported, it has to be done in a way that does not impact owners/guests at Silver Star.

Discussion:

Mr. Connabee said that when the café initially opened, utilizing the golf cart was a source of revenue for the café – a way to keep it open. He mentioned that Mr. Ward inherited the golf cart situation when he took over the café. It was never intended to encumber any owners' enjoyment. He thinks a solution can be found – that other options can be looked into.

Mr. Ward stated that owners need to keep in mind that the location of the café for a retail restaurant business is challenging. The service provided at the golf course is an important link to a long term viable

amenity for the project. From a financial stand, the golf course service is an important part of cafe business. He is anxious to find a workable solution to this problem.

Mr. Campbell commented that golf courses use gas powered carts and they are expensive. However, gas powered carts are more economical to operate than electric powered carts. The issue needs to be examined since it is a viable part of the café's summer business.

Mr. Tomlinson said that it is unlikely that a large enough battery system is available for an electric cart that travels as much as the café golf does on a daily basis.

Mr. Tomlinson suggested accommodating the golf cart by moving it near the cold storage area or to the golf course cart barn.

An owner asked if there was a way to replenish the golf cart without it having to go back and forth so frequently. Mr. Connabee said it might be possible to work out a way to install a refrigerator in the golf course cart barn.

Mr. Jeff Turner, owner, Spiro unit #1101, stated he is also negatively impacted by the golf cart noise and would like that issue resolved.

Mr. Turner pointed out another issue he'd like addressed – he feels the restaurant has taken up two spaces in the garage and is using them as a storage facility, with café staff constantly in and out.

Mr. Murphy said cold storage was pulled out of the garage this summer and transferred to a building up on the plaza.

He commented that he is aware that the garages are used for all types of storage and thinks this issue already has a basic foundation (what should be stored where) - the Master Association formally developed a plan a couple of years ago. The plan is not binding and can be revised as necessary.

Mr. Murphy suggested forming a committee that has some sort of binding authority to research and develop a solution to either eliminate or mitigate the golf cart problem as much as possible. The committee should be able to arrive at a viable solution before next summer.

Mr. Tomlinson thinks Mr. Murphy's suggestion is valid and creative. He supports this plan and looks forward to meeting and working with a committee regarding this issue. He also commented that he appreciates having the cafe on site and wants Mr. Ward to be successful but feels it's past time for the noise problem to be resolved .

Mr. Murphy will communicate with Mr. Ward and make this an agenda item for the February meeting.

2) Mr. Long, representing The Cottages HOA, discussed a real estate marketing issue, including the appearance of preferential treatment for certain agents, open house parameters, signage, etc. The Master HOA has authority over these issues. The Cottages HOA Board presented the Master HOA with the following proposal regarding marketing Cottages units:

- Design appropriate sized signs imprinted with the Silver Star logo to be posted in three locations – a directional at the bottom of the street at the Three Kings turnoff, a directional sign at the foot of Silver Star Court and a sign in front of the specific (open) house.
- Signs would be tasteful and uniform in appearance. No other signs would be permitted. This would give all agents an equal advantage in terms of real estate agency behavior.
- Signs would be temporarily posted only on the day of an open house and removed each evening.
- Signs would be stored at the Resorts West office when not in use.

- Real estate agents would be required to purchase the Silver Star designed signs as needed for open houses.

Mr. Connabee commented that he thinks the proposal is great and can hopefully become a project wide solution. The master sign plan states that every sign has to be approved by the Master Board. He thinks this proposal could be incorporated into the master sign plan. The laws and codes dealing with temporary real estate sale signs would cover those proposed.

Mr. Murphy observed that marketing and selling these units is a direct reflection on the value of the property. He thinks the proposal is a good marketing solution and that one standard open house sign would work well for Silver Star.

Mr. Long proposed that the Association agree that The Cottages move forward with developing a final design plan for the real estate sign in terms of appearance and placement – to be presented to the Master Board for approval.

Mr. Murphy said that Mr. Long's proposal is basically to take this issue to committee. There does not appear to be any opposition to the proposal – owners accept this as a reasonable way to market the property. He suggested forming a committee on the sign design and making it a formal process by requiring a vote of agreement on their final decision. Mr. Murphy stated that it wasn't possible for the Association to vote on this item today because it wasn't noticed on the agenda (a CC&R issue). It would not be possible to get 66% of the votes necessary to change the CC&Rs at this point. He decided to make an administrative decision so Mr. Long could move forward with a committee meeting and getting a design formalized for Board approval. Suggested committee participants include Mr. Long, Ms. Shearman and Mr. Perkins.

Mr. Murphy will decide whether it is necessary to send out a proxy vote for approval or whether it falls within the parameters of Master Board approval.

2012 Meeting Date:

The 2012 annual meeting date is tentatively scheduled for Friday, December 7, 2012.

The meeting adjourned at 12:13 PM.

