

# Steamboat Grand Resort Hotel Condominium Association

## **PRELIMINARY DRAFT**

### Minutes of the Annual Meeting

Saturday 12/05/2009

At 3:00 PM In the Grand

#### **Call to Order**

The meeting was called to order at 3:01. Notice of the meeting was mailed to all members on November 14, 2009. The Secretary confirmed that a quorum was present. Board Members in attendance were: Joe Fogliano, President, Ron Belin, Vice-President, Greg Magee, Treasurer, David Zedeck, Secretary, Mike Lomas, Laurie Good and Steve Traudt.

Joe began by explaining that the meeting was moved to December because the fiscal year has been changed, and the Annual Meeting and the Budget Ratification Meeting have been combined.

#### **Review and Approval of the Annual Meeting Minutes from 10/11/08**

There was a motion from the floor to approve the minutes as presented. The motion was seconded. The motion passed.

#### **Review and Approval of the Budget Ratification Meeting Minutes from 4/03/09**

There was a motion from the floor to approve the minutes as presented. The motion was seconded. The motion passed.

#### **Election of Directors**

Because the terms of the Board Members are staggered, three positions are open, all for Residential Board seats. This year there are four candidates.

Joe Fogliano, an incumbent Residential Board Member and current President, is standing for reelection.

Ron Belin, an incumbent Residential Board Member and current Vice-President, is standing for reelection.

David Zedeck, an incumbent Residential Board Member and current Secretary, is standing for reelection.

Patrick Gove, a Residential Owner, is standing for election to the Executive Board for the first time.

David addressed the group, followed by Ron. Unfortunately Patrick was not present.

Joe explained that written ballots will be used, and each ballot will be assigned a point value based on the size and number of units owned by each voter. Stacy will count the ballots and report back as soon as possible. A short break ensued to allow for voting.

### **Financial Presentation**

Kevin Gilman, with Association Accounting and Administrative Assistance (“AAAA”), began the presentation with a review of the annual audit. Copies are available either on paper or electronically to any owner who request one. The format of the presentation was simplified to facilitate discussion. The balance sheet was reviewed, focusing on the changes that ensued after the membership agreed to convert about eleven acres of common element land into a saleable asset. Whereas the land had previously been jointly owned by all owners, it is now shown as an asset of the Association, offset by equity in the form of contributed capital. In exchange for an option to purchase that land, Ski Corp forgave half of the principle balance on the garage mortgage, and agree to reduce the interest rate on the mortgage from 10.25% to 7.0%. The strike price of that option is the remaining balance on the mortgage, so the value of the land will decrease each year to be the same as the remaining principle on the mortgage.

The total fund balance as of the end of fiscal 2009 was about \$400,000. This is the total amount set aside for future replacements since the Association began operations.

The income statement was also reviewed, starting with the dues assessments, which were slightly below the prior year. Interest income was way down from the prior year because of lower interest rate. Parking revenue is down because as of 1/1/2009 Ski Corp gets the parking revenue as part of the garage deal. Volatility in energy cost was a concern last year, and building maintenance continues to increase as the building ages. Interest expense on the mortgage is down substantially because of the changes to the garage mortgage. There was one unit that was foreclosed on during the year, and the balance owed to us was written off as bad debt. That unit is now owned by someone else who is current on their dues.

Two graphs were presented showing trends in collections of dues. As of 11/30/2009 are down compared to a year ago. Balances over 90 days old are \$5,551 versus \$12,371 a year ago. Current balances are comparable, indicating that collections are not a problem. Late charges are running a little below last year, again indicating no deterioration. Given the overall economy, this is a very good story.

Two graphs were presented showing trends in unit sales. Although sales are below previous years, the overall price per square foot is comparable.

### **Budget Presentation**

*(43 minutes into the meeting)*

Kevin Gilman began the budget presentation with an overview of the meeting’s objectives. The Common Budget will be discussed and voted on by the members present. Then the Residential Budget will be discussed and voted on by just the residential owners.

## **Common Facilities Budget**

The Common Facilities Budget is funded by both residential and commercial unit owners, since items contained in the budget benefit both groups. The most significant item is that dues assessments will remain the same as the prior year. More money will be allocated toward future replacements and less toward operations, but the dues will remain the same. Other revenues are down slightly. Management Fees will be down about 4% because it is based on 10% percent of some of the other expense items. The AAAA Contract for accounting and administrative services is going down because the contingency fee component expires in April. It will be down further in 2011. Although collections are going well, an amount was added to the budget for potential bad debts. Administrative expenses are up about \$8000, of which \$5000 is for a replacement reserve study. Building Maintenance is continuing to increase as the building ages. The Snow Removal budget is \$35,000 below the previous budget because a new contractor has agreed to do it for a much lower hourly rate. The parking Garage mortgage is the same as last year, but almost \$500,000 below what it had been before it was renegotiated in 2008. Funds set aside for future replacements were increased by 18%. The budget anticipates that demand for electricity will go up slightly, and that rates will fluctuate like they did last year. The price for natural gas is assumed to stay at the current rate, and not rise dramatically like it did a last year. During the past year two Common Replacement Reserve projects were approved, replacing the lobby carpet and replacing control systems on the Heating Ventilating Air Conditioning systems.

The overall impact of the proposed Common Facilities Budget on the inception to date Common Fund balance was discussed. We are projecting a surplus since the property opened of about \$326,000 as of 12/31/2009. No Common Replacement Reserve projects have been approved for the upcoming year, and we are budgeting to have a surplus in the Common Fund as of 12/31/2010 of \$566,000.

***Motion:*** There was a motion from the floor to approve the Common Facilities Budget as presented. It was seconded.  
Motion carried.

## **Residential Unit Budget**

The Residential Unit Budget is funded only by residential unit owners since items contained in this budget only benefit the residential units. The most significant item is that dues assessments will remain the same as the prior year. More money will be allocated toward future replacements and less toward operations, but the dues will remain the same. Other revenues are down slightly. Management Fees will be up about 7% because it is based on 10% percent of some of the other expense items. The AAAA Contract for accounting and administrative services is going down because the contingency fee component expires in April. It will be down further in 2011. Although collections are going well, an amount was added to the budget for potential bad debts. Administrative expenses are up about \$8000, of which \$5000 is for a replacement reserve study. Unit Maintenance expenses are budgeted

higher than last year, primarily because of appliance repairs. Funds being set aside for future replacements are budgeted to increase by \$20%.

The Front Desk expense and the Shuttle expense are now combined on one line, to match the way Ski Corp is billing the Association. The cost of the Fitness Center has been moved to the Common Facilities Budget. The budget anticipates that demand for electricity will go up slightly, and that rates will fluctuate like they did last year. The price for natural gas is assumed to stay at the current rate, and not rise dramatically like it did a last year. Cable TV, Telephone, Water & Sewer and Wireless Internet utilities are unique to the Residential unit budget because they are not provided to commercial units. Cable TV decreased because last year included the cost of buying out the Comcast contract, in order to obtain more high definition programming. During the past year two Residential Replacement Reserve projects were approved, replacing some of the unit furniture and upgrading the TV systems from cable to satellite.

The overall impact of the proposed Residential Unit Budget on the inception to date Residential Fund balance was discussed. We are projecting a surplus since the property opened of about \$301,000 as of 12/31/2009. No Residential Replacement Reserve projects have been approved for the upcoming year, and we are budgeting to have a surplus in the Common Fund as of 12/31/2010 of \$897,000.

***Motion:*** There was a motion from the floor to approve the Residential Unit Budget as presented. It was seconded.  
Motion carried.

## **Election Results**

Stacy Huffman announced that the three incumbent Directors were all reelected to the Executive Board.

## **Bylaws Amendments**

*(1:08 into the meeting)*

Kevin Gilman began explaining that the Association is governed by a hierarchy of documents. As a Colorado Non-Profit, it is governed by Colorado Statute. Next is the Condominium Declaration, most of which cannot be changed without approval of a super majority of the owners. The Bylaws is a lesser document and most of the provisions in the Bylaws can be changed by the Board, as long as the item is not repeated in the Declaration. The Bylaws address the mechanics of how the Association will operate. Administrative items were changed to make the Bylaws easier to read. Flexibility was added to when meetings could be scheduled, and the fiscal year was changed to match the calendar year. This allowed the Budget Ratification Meeting to be combined with the Annual Meeting, beginning with this meeting. The Officers' duties were changed to recognize that certain tasks could be designated. Required communications with all owners were decreased to be more practical. A recent change to Colorado Statute regarding actions without a Board Meeting, by telephone, or email etc. was added to the Bylaws.

Since a digital copy of the original Bylaws could not be located, and the cost of a certified copy was prohibitive, there is not a redlined version of the amended Bylaws that shows all the changes. If an owner want to review the changes more closely, an index to the changes can be provided, and the old Bylaws and new Bylaws will have to be read side by side.

## **Facilities Report**

Mike Lomas began his sixth annual report on the building, by thanking an owner, Sharon Evans, for volunteering to decorate the lobby for the holiday season. Stacy Huffman, our Owner Services Director, was recognized for recently being named the young professional business woman of the year.

One Steamboat Place will open soon and Wildhorse Meadows has opened, joining the Sheraton as competition. New sleeper sofas and oversized chairs had been put in all unit. We have switched the TV signal provider from Comcast to DirecTV, giving us twelve high definition channels and twenty four standard definition channels. Mike is researching pay-per-view options that are compatible with the new system. Bedspreads have been replaced with duvet covers, paid for by the rental program's 4% fund. All carpet in all units have now been replaced. The lobby level carpet will be replaced in the near future. Decorative pillows are being placed in the guest rooms. The armoire/TV stands will be replaced in the studio units next year, to match what was done in the other units previously. The hallways are being repainted by an in-house painter. The will continue with the unit interiors in the near future. Additional pool furniture was added this year. The day beds in the parlor units will be replaced with thicker mattresses that match the new furniture, and the wooden furniture will also be replaced at some point. The flooring in the elevators will be upgraded soon. Exercise equipment in the fitness center is on the wish list for upgrade next year, as is the carpeting. The status of the roof is still an issue. The experiment done on the lower roof, to install a warm zone along the edge, has greatly improved that area as far as ice dams and icicles. An engineering consultant will be hired to tell us what we should on the upper roof to minimize ice dams and snow removal expense.

The street front retail spaces may soon include a restaurant, in the southern most two units. There is a door into the elevator lobby at that end of the building, as well as a kitchen vent.

Mike then addressed several questions and suggestions from the floor.

*(1:53 into the meeting)*

Joe Fogliano Discussed the need for a reserve study for future replacements, and how other condominium associations have approached the challenge. Given the size and complexity of the Grand, the Board has decided to higher a firm that specializes in reserve studies.

## **Old Business**

Amenities Committee: Ron Belin introduced the members of amenities Committee. Stacy Huffman said Apres Ski will start on December 19<sup>th</sup>, and will run from 3:30 to 5:00 on

Saturdays, Tuesdays and Thursdays. First Tracks will run on Mondays, Wednesdays and Fridays. Ron explained the upgrades to the ski storage program, which is working much better. Ron and Greg Magee discussed the parking policy. After monitoring the parking garage usage for two years, the parking policy will be changed. For the upcoming ski season owners who own a quarter share or more can choose to purchase one additional parking pass for \$50. Parking will still be first come first served. Violations of the policy will be enforced more strictly, and the impact of this change will be monitored throughout the season. They then addressed several questions and suggestions from the floor.

### **New Business**

No new business was introduced.

### **Adjournment**

At 5:12 there was a motion from the floor to adjourn and it was seconded. Motion passed.