

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

August 3, 2011

2:30 PM at the General Manager's Office

Board Members

Present: Joe Fogliano, Mike Lomas, Steve Traudt (arrived @ 2:59)
Greg Magee and Ron Belin via teleconference

Others Present: Kevin Gilman of AAAA; Stacy Hoffman of SSRC, David Nagel of FNA and Walter Frank of SSRC

Proceedings

The meeting was called to order at 2:34 by the President.

A quorum was established.

Notice of meeting was provided by email on July 29, 2011.

Meeting Minutes from the May 5, 2011 Board meeting were reviewed.

Motion: Mike moved to approve the minutes as presented.

Ron seconded.

Motion carried.

David Nagel reported that the foreclosure action against 325 Grand LLC can now move forward. The owner of the LLC had included the debt in a personal bankruptcy, which automatically put a stay on our foreclosure action. The bankruptcy judge agreed with us that the LLC's debt should not be included in the personal bankruptcy, and removed the stay, and awarded the HOA legal fees and costs associated with the HOA's motion for relief from automatic stay.

The lender has foreclosed on the four commercial units owned by Steamboat Grand Partners LLC and has begun an eviction procedure against the Routt County Roadhouse. The LLC owes the Association about \$17,000, but the lender is responsible for paying \$13,500 as a super lien based on CCIOA. The Association has received a check in the amount of \$5,500 from the insurance company for a claim for water damages in the units. It is unclear what should be done with the \$5,500, and Kevin has recorded it in a special account. The Association is performing additional due diligence on the claim and the various interests, while assessing the status of the super priority lien against the lender.

In additional collection actions, commercial units C1A and C1B are leased to Chocolate Soup LLC, and both units are delinquent for more than six months dues. The two units are owned by separate entities and David was instructed to begin collection complaints against both unit owners and send them to the owners.

(Steve Traudt joined the meeting @ 2:59)

A complaint has also been filed against Salem Corp, and the representative has been served notice.

David reported that the encumbrance incorrectly put on the common elements formerly known as C22 and C23 by Steamboat Ski & Resort Corp has now been removed by SSRC. The owners of commercial units C2 and C3 has returned a signed common area use agreement, and Joe will sign it.

Board vacancies were discussed. SSRC is not ready to nominate a replacement Commercial Board member. Pursuant to section 3.5 of the Bylaws, Keith Stephens was appointed to fill the other vacancy.

Motion: Steve moved to ratify the email vote appoint Keith Stephens to fill the Residential Board seat vacated by David Zedeck. The term expires in December 2012.

Ron seconded.

Motion carried.

The renewal of the SSRC contract was discussed. A target date of October 1st was set to finalize the agreement. There is an agreement on most of the items, but there are a few items to be negotiated. If agreement can't be reached by October 1st, the option to extend the current agreement by 12 months was discussed.

Options to increase funding to the 4% Fund, which is used to maintain the interiors of the residential units, were discussed. Current funding is not adequate, and exterior window washing will not be done this fall.

The collection policy was discussed. Some owners have requested waivers from the late fees and collection fees. Although the Board expressed empathy for the various explanations for late payments, the consensus was that since most owners pay the late fees without complaint, it would be unfair to arbitrarily waive the fees for some owners.

Stacy and Kevin reviewed the status of the interval calendars. Currently, calendars have been published through 2016. Stacy and Kevin are working on completing the calendars through 2050. There are a few issues regarding the fair rotation of interval weeks, and Steve will meet with Stacy and Kevin to review them in detail, and make a recommendation to the Board.

Kevin reported that the audit is almost complete and that the tax return is ready to be filed. To reduce the tax liability, the auditor recommended that the surplus from 2010 be refunded to owners. The refund can be offset by a special assessment to improve funding for future replacements.

Motion: Steve moved to approve the following 2010 Tax Resolution:

- Refund excess dues collected from 1/1/2010 through 12/31/2010 of \$36,459.59 from the Common Operating Fund, and ratify a special assessment of \$36,459.59 to fund the Common Replacement Reserve Fund.
- Refund excess dues collected from 1/1/2010 through 12/31/2010 of \$71,053.40 from the Residential Operating Fund, and ratify a special assessment of \$71,053.40 to fund the Residential Replacement Reserve Fund.

Keith seconded.

Motion carried.

This item will also be on the agenda for the annual meeting in December.

Mike briefed the Board on the proposed improvements to commercial unit C8B. They want to add an entrance to the street to provide ADA access to the liquor store. Since this requires modifying a common element, Mike has advised them of design requirements to match existing features, and the need for the doorway to be protected by a gable roof. David Nagel suggested developing a construction permit document to clarify these responsibilities. Mike will keep the Board apprised as plans develop, and an email vote will be called to approve the project.

The date for the annual meeting was set for December 3rd, 2011 at 1:00 PM. An Executive Board meeting will be held on December 2nd, 2011 at 1:00 PM. The next Board meeting was scheduled for October 6th, 2011 at 1:00.

(1:20 into recording)

The financial forecast through year end projects that the Residential Operating Fund will have a deficit of \$87,000, which will have to be funded by reducing Replacement Reserve funding. The Common Operating Fund is projected to have a surplus of around \$28,000 due entirely to savings on snow removal. Various components of the forecast were discussed and the forecast foreshadows the needs to raise dues or use fees next year to continue adequately funding the Replacement Reserves.

Implementation of the investment policy was discussed. There is a plan to gradually move about \$1 million from 90 day treasury bills to 1 and 2 year CDs. The plan was presented to the Investment Committee for review and was approved.

Motion: Greg moved to approve the transfer of funds from treasury bills to CDs with maturities not to exceed 2 years, at the discretion of the Investment Committee. Executive Board”

Mike seconded.

Motion carried.

Steve updated the Board on the property tax valuations appeal. The most recent change in valuations was from a 27% decrease to a 10% decrease in value. The county appraiser agreed to make this a uniform decrease of 20% for all units. Overall, this change from the earlier valuations will lead to a net increase of about \$3000-\$4000 in taxes.

Mike introduced Loren Flick, of BC&E building consultants, the engineer designing the improvements to the roof. The preliminary focus is on 2 small areas, near the front entry and the pool. The design will be completed in two weeks. If acceptable, the work can be completed in the fall, during the period when the pool is scheduled to be closed. A lengthy question and answer session followed.

(2:13 into recording)

Mike Lomas updated the Board on airline capacity for next winter and the proposal to augment the local marketing district 2% lodging tax with an additional sales tax of .25%. He then reported on the cost to Ski Corp for operating the Gondola Square owners club. Mike reported that Ski Corp is considering adding sales tax to the owner reservation fee, as a precaution against a future tax audit finding that it is taxable retroactively. Water and sewer fees will increase in 2012. Verizon has decided withdraw their offer to rent roof space for cell phone antennas. Adding more pet friendly units for the rental program was discussed, but did not receive much support. The renovation to the Cabin is complete and has been well received. The coffee shop will be moving into the space formerly occupied by Chaps when renovations are completed, around Labor Day. Furniture upgrades for the penthouse units will begin this fall. The last of the wicker chairs will be replaced as well. He also briefed the Board on marketing plans for next winter season.

Kevin recapped the various financial topics that were discussed as part of other agenda items. Six month through the year there is about a 1% budget variance. A concern is recent increases in natural gas prices and consumption increases. Cleaning of the fitness center is running 10% over budget. Mike attributes this to laundering pool towels. The effort to increase automatic bank debit payments, and decrease the use of credit card to pay dues, has not worked out as well as hoped, and the credit card fees will be discussed again as part of the budget process.

The next Board meeting was scheduled for Thursday, October 6th, 2011 at 1:00 P.M. in Mike Lomas' office.

Motion: Mike moved to adjourn the meeting.

Steve seconded.

Motion carried.

The meeting was adjourned at 5:18.