

PRELIMINARY DRAFT

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

December 10, 2010

9:00 AM at the General Manager's Office

Board Members

Present: Joe Fogliano, Greg Magee, Steve Traudt, Mike Lomas, Laurie Good
Ron Belin via teleconference

Others Present: Kevin Gilman of AAAA; Stacy Huffman of SSRC, Sherri Sweers of FNA; and Bud Romberg, a residential owner and candidate for the Board election.

Proceedings

The meeting was called to order at 9:03 by the President.

A quorum was established.

Notice of meeting was provided by email on December 4, 2010.

Meeting Minutes from the September 1, 2010 Board meeting were reviewed.

Motion: Steve moved to approve the minutes as presented.

Greg seconded.

Motion carried.

Sherri confirmed that the 4th supplemental plat has been finalized and is awaiting a couple more signatures before recording. This document incorporates all of the changes agreed to as of 12/31/2008, as well as other housekeeping items. Copies will be distributed in the near future.

Two units that were referred to Sherri have made a partial payment and agreed to make additional partial payment to the best of their ability. Sherri was asked to look into other superior liens and UCC filings to better understand our options should this situation continue to deteriorate.

The Association has received a foreclosure notice on 4 units, all owned by the same entity. The units are in arrears to the Association, and Sherri was asked to contact the lender and request the six months worth of dues that are guaranteed by CCIOA.

Sherri notified the Board that due to an apparent clerical error on SSRC's part, units C22 & C23 were pledged as collateral, even though SSRC deeded those units to the Association and they are now common elements.

Sherri asked about additional action against 325 Grand. The Board reviewed the age of the account and the fact that rental income being assigned to the Association is not likely to cover the dues and late fees. The owner has not been responsive to prior communications.

Motion: Steve moved to file a complaint against 325 Grand LLC, and take other collection steps.

Laurie seconded.

Motion carried.

Joe discussed the agenda for the Annual Meeting, and asked that Sherri to be prepared to explain the new Colorado statute regarding the HOA “ombudsman” web site.

(Sherri Sweers left the meeting at 9:32)

Joe continued discussing the agenda for the Annual Meeting. The budget was approved by five affirmative emails (Joe, Greg, Steve, David & Laurie). The change to the credit card program was discussed, which will assess a 2% surcharge to offset part of the expense of accepting credit cards. The collection fee policy for declined cards was discussed, with no need for a change. Ron reiterated his disagreement with the 2% surcharge, because of the convenience for the owners and the prompt collections of dues. Steve disagreed, viewing the surcharge as a pay to play fee, much like the front desk/reservation fee. Ron will speak at the Annual Meeting and the Board will take input from those in attendance.

The 1% discount for electronic payments was discussed, and it was decided that commercial units will be treated the same as residential units. The 1% discount will only be given if the payment reduces the balance to zero.

Greg expressed his concern that these types of issues are being discussed only hours before the Annual Meeting. Basic budget information took so long to develop that the Board did not have adequate time to discuss the budget. Greg asked that SSRC be better prepared next year, and that a formal Board Meeting be scheduled in early November.

Joe continued to review the agenda for the Annual Meeting. There are two candidates for the Residential Board seat and only one candidate for the Commercial seat. Both candidates will be given an opportunity to address the meeting. The contested elections will be handled by a written, secret ballot. They cannot be anonymous ballots since the votes are weighted by percentage of ownership. Stacy and Sherri will count the ballots in the meeting room while the meeting continues.

The order of the presentations was adjusted to have the General Manager’s presentation follow the Financial Presentation, which will touch on the 2009 audit, but focus primarily on the replacement reserve study. After that, the 2011 budgets will be discussed, focusing on the parts of the budget that are for services that are not comparable to other whole ownership residential properties. The Common and Residential budgets will be voted on.

Greg reminded the Board about the tax strategy to avoid taxes on the 2009 profit.

Motion: Greg moved to adopt the following 2009 Tax Resolution:

- Refund excess dues collected from 5/1/09 through 12/31/09 of \$46,843.08 from the Common Operating Fund, and ratify a special assessment of \$46,843.08 to fund the Common Replacement Reserve Fund.
- Refund excess dues collected from 5/1/09 through 12/31/09 of \$168,813.84 from the Residential Operating Fund, and ratify a special assessment of \$168,813.84 to fund the Residential Replacement Reserve Fund.

Steve seconded.

Motion carried.

Greg brought up the conversion of working capital to residential replacement reserves. When the developer originally sold each unit, the buyer was required to contribute one quarter of dues as working capital.

Motion: Greg moved to convert \$710,111 from working capital to Residential Replacement Funds.

Mike seconded.

Motion carried.

(10:20)

Joe asked that Stacy discuss the amenities committee activities at the Annual Meeting, and she presented a preview of that presentation. SSRC will now be catering the Après Ski gathering. The TV in the ski locker area was removed to provide better traffic flow, and encourage use of the upstairs owners club. First Tracks will now be unguided, but limited to the Priest Creek area, and will be less expensive than last year. There will also be more spots available, so we can accommodate more owners under the existing budget.

Steve brought up the need for long range strategic planning. Joe agreed and established a committee to be headed by David Zedick. Joe will ask for volunteers at the Annual Meeting. The possibility of utilizing a facilitator for this committee was discussed.

Kevin reviewed the current investment policy, and since we have a long range replacement reserve study, he suggested that the Board should consider updating the policy. Joe will ask for expertise in this area during the Annual Meeting.

The garage mortgage and the \$1.5 million balloon payment due on 9/15/2020 was discussed. There are several options to handle this, so it was not necessary to take action at this time.

Some of the owners of unit 704 want to install cabinetry in the units. The Board approved as long as there is unanimous, written agreement among the eighth share owners, and it doesn't cost the Association any money.

Mike updated the Board on the engineering roof study. Although there are some design deficiencies, the roof itself is in better shape than was thought. Parts of the roof were deconstructed, and very little damage was discovered below the surface. The engineer recommended that the snow retention systems be upgraded to contemporary standards. Mike suggested specific areas for testing this idea.

Stacy reported that the revised policies, rules and regulations are still a work in progress. The official Rules & Regulations were established by the Declarant in 2000. Many things have changed since then, and Stacy & Kevin will continue drafting a revised document for Board review.

Mike updated the Board on the street front retail units. C8B now has a wine and liquor store that will open on December 11th. C8A is now owned and occupied by Powder Pursuits. Tenant finish is being installed in C7A and C7B for a convenience store. C1A and C1B are Chocolate Soup. C2 and C3 are offices for the western division of the Professional Ski Instructors Association. C4 is Vertical Clothing. C5 is the Roadhouse Restaurant, which plans to expand into C6 as well. The group has formed a merchants association to coordinate their efforts. Mike is working with them on marketing opportunities. The sidewalk is the Association's common element, and Chocolate Soup has an agreement to use the area in front of their shop. The other units are using the sidewalk without permission. Mike and Kevin were asked to start work on common area use agreements for those units

that want to use the sidewalk, to help them be successful while minimizing the Association's liability and protecting the interests of all owners.

(11:25)

Mike reported that the day bed mattresses are installed, and the old mattresses are being given to a charity, to be sent to Africa. The TV stands have arrived, but the granite tops are delayed. The replacements for the wicker chairs won't arrive until near the end of the month. The upstairs of the owners club has been repainted.

Kevin reported that based on current forecast, the common operating fund will have a surplus of about \$108,000, mostly from low natural gas rates with savings on building maintenance and lobby cleaning offsetting the cost overruns in the fitness center. The residential operating fund will have a surplus of about \$72,000, primarily from natural gas and savings on front desk expenses. The budget for credit card fees for 2010 was \$34,000 and the expense will come in almost 20% higher than that.

Motion: Steve moved to approve remedial roof work not to exceed \$150,000 to be done next spring and summer.

Ron seconded.

Motion carried.

The use of the front lobby was also discussed. The front entry to the Cabin restaurant is being remodeled to provide better visibility, and the concierge desk has to be moved from SSRC's limited common element. The common area use agreement expires in 2011, and it governs that area.

Motion: Greg moved to amend the common area use agreement to allow the concierge desk to be placed in the lobby near the fireplace.

Steve seconded.

Motion carried.

The next Board meeting was scheduled for Wednesday March 2nd, 2011 at 9:00 A.M. in Mike Lomas's office.

Motion: Greg moved to adjourn the meeting.

Steve seconded.

Motion carried.

The meeting was adjourned at 11:54.