

## **Board Meeting Minutes**

Steamboat Grand Resort Hotel Condominium Association, Inc

February 11, 2010

3:00 PM at the General Manager's Office

### **Board Members**

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

*Others Present:* Kevin Gilman of AAAA; Stacy Huffman of SSRC, Sherri Sweers of FNA

### **Proceedings**

The meeting was called to order at 3:02 by the President.

A quorum was established.

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

Meeting Minutes from the December 4, 2009 Board meeting were reviewed.

**Motion:** Greg moved to approve the minutes as amended. Ron seconded.  
Motion carried.

Meeting Minutes from the December 5, 2009 Board meeting were reviewed.

**Motion:** Ron moved to approve the minutes as amended. Mike seconded.  
Motion carried.

Sherri Sweers discussed the proposed 4<sup>th</sup> plat. All parties are in agreement on the plat, but the City still needs to sign off. This should be strictly an administrative review, with a \$500 fee. The city is requesting proof of ownership, which will be provided in the form of a list of owners. The plat will be recorded after the City signs off.

Collection cases that have been referred to the attorneys were discussed. There were none last month, but seven accounts were referred last week.

The Board discussed the default by Fortress Investments on the loan to purchase Intrawest. They are current on interest payments, but missed a principle payment in December. Intrawest has subsequently sold four resorts, Copper, Sandestin, Squaw, and Panorama, which should have been enough to fund the principle payment. An auction of other Intrawest assets is unlikely.

The garage mortgage was discussed. Laurie indicated that Intrawest is unlikely to agree to any kind of fire sale price because they have adequate cash flow. The current mortgage has a balloon payment in about ten years, in the amount of \$1,547,000.

The liquor license was discussed, as it relates to owners bringing their own alcoholic beverages into the swimming pool area. That area is under lease to SSRC until 12/31/2011, and it is part of the SSRC liquor license. Until that time owners will be requested to adhere to state liquor license laws, and not bring their own drinks into the area.

*(Sherri Sweers left the meeting at 3:27)*

As President, Joe signed the State, and Federal tax returns, and the application to change the fiscal year, which also needs to be sent to the IRS.

Mike discussed the marketing of Edgemont by the SSRC real estate department in the Grand. Postcards featuring the property were being placed in the Grand units, inviting the occupants to wine reception in the sales office. In accordance with the amended declarations, the reference to the Edgemont has been removed from the card. However, if a guest wants to discuss the Edgemont, or any other property, while at the reception in the sales office, the staff will continue to market that property.

Kevin presented a new service that he would like to make available to owners of multiple units. For owners who have their rental income transferred to their Association accounts, and who own multiple units, they may have a debit on one account and a credit on another account. They may even be assessed a late fee on one account while having a credit balance on the other. Several owners have requested to have funds transferred automatically, but there are issues that make this impractical. Not all owners of multiple units want this done, so a formal process to opt in will be necessary. Prior to opting in, owners need to understand the income tax implications, including how passive real estate losses are deducted from capital gains at the time of sale. Transferring funds between units muddies the water in this regard. Another consideration is the incremental workload it will create. The parameters of the new service need to constrain so that it doesn't become an excessive burden that only benefits a few owners. The service should be limited to once a quarter. Prior to mailing out the quarterly statements, funds will be transferred as are available for owners who opt in. The transfers and resulting balances will be reflected on the statement. Additional transfers will not be made after the next rental distribution occurs, prior to processing credit cards, or prior to assessing late fees. Funds will only be transferred at the beginning of the quarter, and will not be transferred back based on subsequent event (unless a processing error occurs). The Board agreed that these parameters were reasonable, and Kevin will move forward with communication on this new service.

Kevin then asked that the automatic bank debits (ACH) and credit card billings be moved from the 20<sup>th</sup> of the first month of the quarter to the 15<sup>th</sup>. This will better spread out the workload since the financial statements are also due on the 20<sup>th</sup>. Moving it to the 25<sup>th</sup> was also discussed, but for declined credit cards, the owners will not have time to remedy the problem before late fees are charged on the 1<sup>st</sup> of the next month. The Board agreed to this change, which will be effective in April.

*(0:45 into the recording)*

Mike updated the board on the plans for a restaurant in units C7 and C8. The sale of unit C8 from VVB to Steamboat Grand Partners LLC has fallen through, and the plans for a restaurant in C8 will not move forward. The owner of C7, Steamboat Grand Partners LLC, has plans for a convenience store and liquor store in C7. Unsightly signage issues along the street front retail area were also discussed, and one owner has been cited by the City for repeated violations of the ordinance.

Mike then presented the Manager's Report. The lobby level carpet installation will begin on the 22<sup>nd</sup>. The work will be done at night to minimize guest impact. The elevator cabs are still under consideration. The insurance policy is being shopped for the best price. A recent inspection went very well. Mike has proposals to hire a roof consultant. This study will be complimentary to the general reserve study scheduled for April.

**Motion:** Ron moved to pay up to \$18,000 to for the roofing consultant project. David seconded.

Motion carried.

The Comcast contract has been canceled and the balance of the contract will be paid off before rates increased. Mike discussed future improvements including day beds that will match the new look. Lobby chairs also need upgrading. Units with wicker chairs also need upgrades. Floral arrangements in the guest rooms are past their prime. The remaining armoires in the studios need to be upgraded to three drawer TV stands for the new flat screens TVs.

The status of reserve funds were discussed. The residential replacement reserve fund was \$84,000 in the hole as of 12/31/09, and the common replacement reserve fund had \$605,000. We also have \$710,000 in working capital that can be borrowed from if necessary. Converting some of the working capital into the residential replacement reserve fund was discussed.

Mike said he will use the 4% Fund to replace lampshades to liven up the units. Many windows are fogged up and need to be replaced, which will continue when the weather warms up. Mike said that the SSRC project to add a nicer entrance to the Cabin is still under consideration. Phase 2 of the Steamboat Grand was discussed, and it also is still under consideration, but the City will have to extend the planning approval window.

*(1:38 into the recording)*

Many items of the Financial Report were covered throughout the meeting. Of the seven accounts that are with the collections attorney, which is the most ever, four are repeat problems. Kevin pointed out that the December financial statements were the final for the year since the fiscal year was changed. They covered the eight months beginning May 1. The budget was for a twelve month period, but the how the budget was spread between the months were never discussed. Although Kevin made his best effort to spread the budget according to historic trends, but there will never be a reckoning of the twelve months of expenses against twelve months of the approved budget. Utilities were well under budget, and maintenance expenses that were running high early in the year were much more in line toward the end.

Greg brought up the Auditor's management letter. Many points in the letter have been addressed, but the issue of separation of responsibility is still a challenge. Setting up the general ledger on an internet accessible platform is one option, but there will be new expenses involved. Other options were discussed that will be reviewed with the Association's auditors in March.

The next Board meeting was scheduled for Thursday, June 3rd, 2010 at 9:00 A.M. in Mike Lomas's office.

*(1:53 into the recording)*

The Board went into executive session at this point, so Kevin and Stacy left the room. There was a discussion regarding the AAAA contract, the quality of the services provided and the level of compensation. An addendum to the contract was presented that would raise the annual base compensation to what SSRC was charging when they were providing the accounting services.

***Motion:*** Greg moved to approve the contact addendum. David seconded.  
Motion carried.

***Motion:*** Joe moved to adjourn the meeting. Mike seconded.  
Motion carried.

The meeting was adjourned at 5:15.