

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

March 4, 2011

9:00 AM at the General Manager's Office

Board Members

Present: Joe Fogliano, Greg Magee, Ron Belin, Mike Lomas, David Zedeck
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 9:01 by the President.

A quorum was established.

Notice of meeting was provided by email on February 25, 2011.

Meeting Minutes from the December 10, 2010 Board meeting were reviewed.

Motion: Ron moved to approve the minutes as presented.

Mike seconded.

Motion carried.

Sherri reviewed collections issues. The owner of 338I has been sent a demand letter, but has not paid. Assignment of rents has reduced the balance to less than one quarter's dues, and the Board decided to table the issue until the next meeting pending additional receipt of rents. A complaint has been filed against the owner of 326IB, an LLC, and there is no superior lien on the property. The owner of C1A and C1B has paid off the dues and late fees through December and other expenses through November, and has promised to pay off the balance by March 31. Units C5, C6, C7A and C7B are in arrears again, and two foreclosure notices on those units have been received. Sherri has contacted representatives of both lenders. The owner of these units is not cooperating with the property manager regarding standards of operations. The owner is also using common element space in front of the unit, without any agreement. David asked Sherri to send a letter to the commercial units owners regarding use of common elements, requiring a written Common Area Use Agreement if they want to use the common elements.

The cost of replacing the loading dock garage door was discussed. The loading dock is a limited common element and Section 14.5 of the Declaration allows expenses that benefit fewer than all owners to be charged just to the owners that benefit from the expenditure.

Motion: David moved to assess 50% of the garage door expenses to SSRC.

Ron seconded.

Motion carried.

Sherri reported that the SSRC encumbrances on C22 and C23 will be corrected. Mike stated that SSRC will reimburse the Association's legal fees regarding correcting this error.

Sherri was contacted by an owner who asked about buying four quarter shares and converting them into a whole unit. She was not able to find anything in the condominium documents that allows an owner to combine quarter shares back into a whole unit. Sherri was asked to send a letter to the owner explaining

that the Board would only recognize the units as quarter shares and those shares could not be split into alternating quarter shares.

(Sherri Sweers left the meeting at 9:56)

Joe has received several inquiries from owners who are interested in participating on the Investment Committee. Contact information will be shared and a discussion on revising the investment policy will be started soon.

The pending foreclosure on the developer owned parts of One Steamboat Place was discussed, including how it might impact the Grand. Similarities and differences between the two properties were discussed.

The owner of all shares of 621 would like to install his own satellite TV dish. Other options are being reviewed because the unit faces in a less than optimal direction.

The audit of the 2010 financial statements was discussed.

Motion: Greg moved to retain the current auditors for the 2010 audit for \$2850.

Mike seconded.

Motion carried.

(10:12)

There was a discussion of how best to handle the operating surplus from 2010. The 2009 surplus was refunded to owners and offset by a replacement reserve special assessment in order to avoid income tax. A similar strategy will need to be done for the 2010 surplus. Whether to apply the special assessment to replacement reserve or to special projects that will enhance that property was discussed. Mike handed out a list of replacement reserve projects for 2011, and stated that the current needs must be integrated into the long term replacement reserve plan. Greg focused on the decision making process, which includes weighing the needs, the timing and the impact on future funding needs, which may require higher dues. Ways to compare project bids against each other, and compare bids to the replacement reserve study were also discussed. There was consensus that the 2010 surplus should be allocated to future replacements, and that the replacement reserve study needs to be updated each year with the new information being integrated into the annual budget process.

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

Mike reviewed a report from the roof engineer. \$150,000 for work in specific problem areas was approved during the last Board meeting, which is lower than the amount in the replacement reserve study, so the project will move forward this spring. There was discussion of expanding the scope of the project, and Mike will discuss with the engineer.

Stacy presented the latest draft of the revised policies, rules and regulations. Several items were discussed and the document is still a work in progress. Stacy & Kevin will continue revising the draft document for future Board review.

Mike reported that Verizon has inquired about installing an antenna somewhere at the Grand. They are offering \$1000 per month for six antennas. The Board requested more information, including where they want to install them and photos of what they will look like.

The current management contract and the accounting and administrative contract both expire at the end of 2011. Mike and Kevin will compile a list of issues for discussion at the next Board meeting. Joe and David will spearhead the renegotiation of the management contract. Kevin will act as a clearing house for ideas on changes for the contract. David suggested a simultaneous renegotiation of the rental management contract on behalf of all owners. This could be handled by a Rental Advisory Board, and the pros and cons of that idea were discussed. Greg will spearhead the renewal of the accounting and administration contract.

Mike reported that frozen pipes burst in unit C8 a couple of years ago, but since the unit was not occupied no repairs were done. The new occupant repaired the drywall damage as part of the tenant finish and would like to be reimbursed for the amount spent on the repairs. Mike researched the work done and recommended paying \$1319.65, and the rest of the Board concurred. In January of this year there was another frozen pipe problem, resulting in damage to some other street front retail units. That problem was referred to the insurance company.

As a cost savings measure Mike would like to decrease staffing at the fitness center in the off season. Ski Corp is concerned about potential liability to them, when the savings will benefit the Association. Ski Corp has prepared a legal document and is asking that the Association sign the document indemnifying Ski Corp. The documents will be sent to the Association's attorney for review.

(12:03)

Mike reported that he and Greg have completed the renewal of the insurance policies, and that changing from Fireman's Fund to Travelers will save a few thousand dollars in 2011. Both providers had pros and cons, but Travelers was more interested and cheaper.

Kevin reported that accounts receivable is not deteriorating. January's income statement had a favorable variance to budget, but most of that was in the Common Operating Fund, whereas the Residential Operating Fund had a few problems such as Front Desk expenses. The initiative to switch owners from credit card payments to ACH payment has not worked as well as hoped for, with about 50% fewer conversions than budgeted for. Because the budget was tightened up for utilities, no large savings are expected this year. The Board discussed a billing dispute with a company that provided preventative maintenance on the chiller. They created a problem and want to be paid for correcting that problem. That \$6000 invoice is now in dispute.

The next Board meeting was scheduled for Monday, May 23rd, 2011 at 1:00 P.M. in Mike Lomas's office.

Motion: Greg moved to adjourn the meeting.
Ron seconded.
Motion carried.

The meeting was adjourned at 12:23.