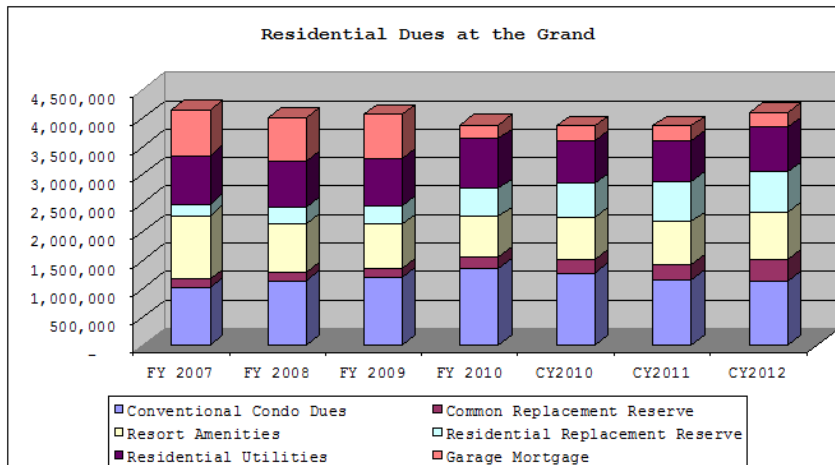


Annual Meeting

The annual meeting for the Steamboat Grand Resort Hotel Condominium Association was held on Saturday, December 3rd, 2011 at the Grand. The minutes from the previous annual meeting were approved. Mike Lomas was reelected as a Commercial Member of the Executive Board. Steve Traudt the incumbent, ran against 2 other candidates and was re-elected as a Residential Member of the Executive Board. In 2012 there will be 3 Residential seats up for election, and owners were encouraged to run for election.

The 2012 Common Facilities Budget and Residential Unit Budget were presented for approval by Kevin Gilman of Association Accounting and Administrative Assistance Inc. The expenses were categorized to show



what was comparable to basic residential condos versus the fractional ownership, resort properties. Items like snow removal and common area utilities are paid by all residential condo association. Because the Grand is a resort, there are additional expenses for items like the front desk, fitness center, and owners club. In a whole ownership residential property the individual owners pay their own electric bills. Because the Grand is

(Continued on page 2)

Communication

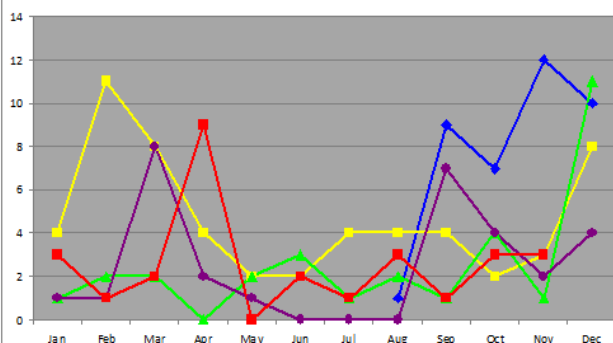
This newsletter is produced to improve communications between the Board, the Management Team and the Owners.

Rental Update

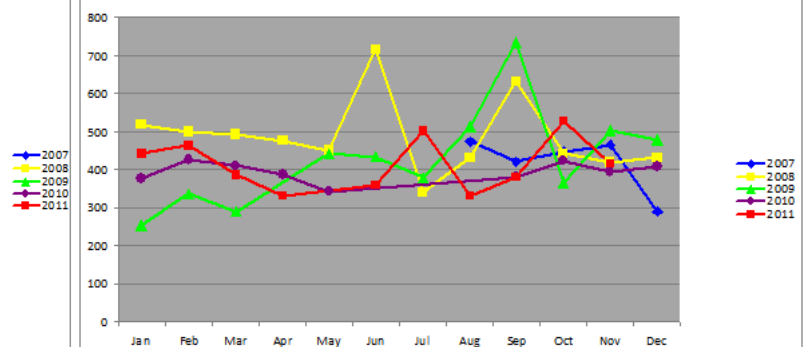
Every year, in conjunction with our Annual Homeowner's Association meeting, Steamboat Ski and Resort Corporation hosts a management report on the state of the hotel and its related revenues and marketing plans. We do this meeting the morning of the Annual meeting as to not conflict with the official business of the HOA. We received good comments about the value of the meeting and I think those owners that attended will agree that it is a great lesson in the Grand's revenue strategy and results. To summarize the two hour meeting would be difficult but overall the trends for occupancy are encouraging while the restoration of rates from the 2007-8 time frame are still a struggle. The major discounting that took place over the last few years has educated the consumer to look for that bargain price in lodging and this is a difficult trend to reverse. Despite this, we are striving to grow revenue by approximately 4% from

(Continued on page 2)

Stmbt Grand Unit Sales



Stmbt Grand Unit Sales \$/SqFt



Rental Update *from page 1*

last year. Group business continues to give us a good foundation for occupancy. Recent trends show more demand for non winter months although our sales team continues to pound the pavement for winter group business. With the changing times, comes new technologies in how consumers book their reservations. The growth of the OTA's (on line travel agents) has become a major channel of new business opportunities. The Expedia, Travelocity, Hotels.com amongst others has made impacts in our business. Our on line booking through Steamboatgrand.com continues to

grow as well. Online bookings via our website and reservations made through our own reservation department – GRO (Grand Reservation Office) are still the leading generator of business for our hotel. This is especially good for owners, as these reservations come without any commissions applied. If you come to the Annual meeting next year, make time to come to our Rental Management Review, you will leave with a whole new perspective on your hotel and how it operates.

Happy Holidays
Michael Lomas

Annual Meeting *from page 1*

fractionally owned, all of the utilities within the unit are paid for through the dues. This includes natural gas, electricity, satellite TV, wireless internet, water, sewer and telephone.

A typical condo association should assess for future replacement of items such as the roof. The Grand does that, and has steadily increased the percentage of the dues set aside for future replacements. Because the Grand is a fractional ownership property, the residential dues also include funds for the future replacement of everything in the unit.

Significant changes to the 2012 budget include decreases to the allocation of owner services expenses, and to the management fee paid to SSRC. Increases include the Fitness Center and Gondola Square Owners Club and utilities. Beginning in 2012 the Association will receive parking revenue, budgeted at \$55,000. Overall, residential dues will increase by 3.99% and commercial unit dues will increase by 2.83%. Both the Common and Residential budgets were ratified by a majority of the owners present at the meeting.

Joe discussed the various committees, and encouraged participation. There is a Management Committee, a Communications Committee, a Parking Committee, Investment Committee and the Amenities Committee.

Stacy Huffman, Director of Owner Services, gave an update on the Amenities Committee. Joe Fogliano reported on the Management contract, and Greg Magee reported on the Investment Committee.

After closing comments from Joe Fogliano, the meeting was adjourned.

Complete minutes from the meeting are available on line at SteamboatGrand.INFO

Upcoming Events

- Jan 5-10** – MusicFest: 40 Bands
- Jan 12** – Ski Area's 49th Birthday Celebration
- Jan 17** – 38th Annual Bud Light Cowboy Downhill
- Feb 4** – Steamboat Symphony's Soiree
- Feb 8-12** – 99th Annual Winter Carnival
- Feb 11-18** – Telemark World Cup
- Feb 14** – Valentine's Torchlight Parades & Fireworks
- Feb 18** – Mardi Gras Free Concert—Gondola Square
- Mar 1-3** – NorAm Bordercross & Skiercross
- Mar 17** – St Pat's Day Torchlight Parade & Fireworks
- Mar 24** – Free Concert—Gondola Square
- Mar 31** – Free Concert—Gondola Square

Revenue Enhancement Committee Volunteers

During the Annual Meeting, Joe Fogliano, the executive Board President, asked for volunteers to join the Revenue Enhancement Committee. The newly formed committee will be looking at opportunities to increase revenues utilizing the existing resources at the Grand. Any improvement in other revenues will directly offset the need to increase dues in the future. Volunteers can contact the Board at the address shown below.

Tax Info

Most Owners are involved with two separate companies at the Grand. Questions regarding the non-profit condominium association, such as dues and taxes, are handled by Kevin Gilman. Questions regarding the for-profit rental program, such as rental checks, 1099 forms, year end rental summaries, space available and housekeeping expenses are handled by Stacy Huffman.

Après Ski is an opportunity for owners to meet each other one afternoon a week during ski season. For the 2011/2012 season Après Ski will be held on Friday afternoons from 3:30 to 5pm in the Hotel Owners Lounge. First Tracks will be offered to owners on Sunday, Wednesday, and Friday mornings. Restrictions Apply.

For more information please go to www.steamboatgrand.info

Correspondence for the Board:

You can send any correspondence for Board Members to:

**Executive Board of Directors
Steamboat Grand
2300 Mt. Werner Circle
Steamboat Springs, CO 80487**

We will photocopy your comments and forward them to all Board Members. If you mark the envelope "CONFIDENTIAL" we will hand deliver it to the President of the Board.