

PRELIMINARY DRAFT

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

September 1, 2010

9:00 AM at the General Manager's Office

Board Members

Present: Joe Fogliano, David Zedeck, Mike Lomas, Laurie Good

Greg Magee, Ron Belin and Greg Magee via teleconference

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

Proceedings

The meeting was called to order at 9:05 by the President.

A quorum was established.

Notice of meeting was provided by email on August 20, 2010.

Meeting Minutes from the June 9, 2010 Board meeting were reviewed.

Motion: Mike moved to approve the minutes as presented.

David seconded.

Motion carried.

Kevin requested a resolution authorizing him to act on behalf of the Association to manage the Treasury Bills account. Kevin needs this authorization in order to authorize the Treasury to release information about the account to the Association's auditors.

Motion: Greg moved to authorize Kevin to act on behalf of the Association to manage the Treasury account.

David seconded.

Motion carried.

Responding to questions about the Treasury account Kevin clarified that funds flow into the account from an existing bank account, and at maturity the funds flow back into the same bank account, and can't be redirected elsewhere.

The budget schedule was discussed, starting with the annual meeting date and working backwards. The meeting was scheduled for December 4th from 1:00 PM until 3:00. The budgets would therefore be mailed to owners by November 19th and would need to be approved by the Board around the 15th. Operating budgets for the front desk, maintenance, and the fitness center will be needed from SSRC by November 1st.

The Board positions held by Greg and Laurie will expire this year, and Greg said he will not be running again. Requests for nominations will be sent out with the annual meeting notice. There will be a reception for owners on Friday the 3rd and there will be a rental program information session on Saturday morning.

Mike discussed upcoming maintenance needs at the fitness center, including the salt purification system in October.

Kevin reported to the Board that he has volunteered to assist the Friends of the Chief Theater Foundation with their efforts to convert the downtown movie theater into a cultural arts center. He also disclosed that he is purchasing two eighth share units that include a golf membership.

Ron brought up the program selection for the satellite television system. There is a small monthly fee for additional channels, and hardware needs to be added as well. Reprogramming the 500 TVs and reprinting the channel lineup cards will be the biggest expense. David suggested that this project be reviewed along with the annual budget, which would still allow time for implementation before ski season. Stacy is researching DVD rental companies that could provide more options for guest, and generate revenue for the Association. Mike reported that the lobby music provided by Muzak has been replaced by a similar and much cheaper offering from DirecTV.

The rotating use calendars for fractional shares were originally recorded with the county clerk through 2003. Subsequent calendars would publish through 2016, but an observant realtor pointed out that these were never recorded. Kevin developed additional calendars through 2047 that have not been published. The Board agreed to have Kevin and Stacy double check the calendars through 2047 and to have the attorneys record those documents.

(Sherri Sweers joined the meeting at 9:42)

Sherri Sweers discussed the proposed 4th plat. All parties were in agreement on the plat, but SSRC's attorney requested additional changes. The plat will be recorded after SSRC & the City sign off.

Collection issues with several owners were discussed. Mike has been communicating with the tenant of one of the commercial units, and is confident the balance will be paid. The owner in North Carolina has paid, and the owner in Florida is selling the units this week, so the balance will be paid off.

Sherri presented a legislative update, including a new HOA Information and Resource Center being set up by the Colorado Real Estate Commission. Associations will be required to pay a small registration fee.

The lobby slip & fall incident was discussed. The Association's insurance company is handling it. The stairs have been enhanced with a banister that continues straight down where the stairs flair out at the bottom.

Sherri reported that the owners who file two deeds for 50% interests in one fractional share, have recorded a corrective quit claim deed.

(Sherri Sweers left the meeting at 10:11)

Methods of notifying owners of upcoming Board meetings were discussed. The date of the next Board meeting is included in the draft minutes which are published shortly after each meeting, and the date will also be published on the web site.

The replacement reserve study was discussed. A preliminary version has been received, but it is a large and complicated spreadsheet that will take time to review. The Board committed to understanding and interpreting the study prior to finalizing the 2011 budget. Kevin and Laurie will work together on this.

Mike reported on the roof study, and the engineer's preliminary report was optimistic that significant improvements could be made without replacing the entire roof. He also reported that the estimate for the wind damage from last summer came in below the deductible on the insurance policy.

The swimming pool will be drained for maintenance on October 11th, and the salt purification system will be changed over at that time.

David presented an artist rendering of a landscape enhancement for the backyard that includes seating and propane fire pits. The objective would be to leverage the existing asset and make it a focal point of the property. The preliminary design did not include any cost estimates, and was tabled until it can be compared to the other needs of the property.

(Ron left the conference call @ 10:48)

Stacy discussed the need to consolidate the policies, rules and regulations on a single form. The official Rules & Regulations were established by the Declarant in 2000. Many things have changed since then, and Stacy & Kevin have begun drafting a revised document.

Joe asked about green initiatives at the Grand. Stacy prepared a two page document listing everything the being done by the Grand to protect the environment. Obstacles to replacing incandescent light bulbs with compact fluorescent bulbs were discussed. Converting the pool to a saline purification system will be a significant green improvement.

Mike updated the Board on the street front units. C1A and C1B are Chocolate Soup. C2 and C3 are being developed as 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. C7A may become a convenience store. Powder Pursuits will be relocation to C7B. C8 A and C8B will become a liquor store. The biggest issue right now is that the Roadhouse is serving liquor on the Association's property, without having been given permission to do so. Marketing opportunities within the Grand will be offered to the street front units, and Mike hopes that they will form a merchant's association to leverage what they are able to do.

(11:30)

Mike reported that the final cost, including sales tax, for the in room improvements including TV stands, day bed mattresses and upgraded chairs came in about \$13,000 over budget.

Motion: Laurie moved to increase the budget for guest room improvements from \$200,000 to \$213,000 to allow full implementation.

David seconded.

Motion carried

Mike reported to the Board that the plans for a new lobby bar have been scrapped. The Building Department feels that the theoretical traffic flow in the event of an emergency relies heavily on the lobby, and they won't allow the lobby to potentially become cluttered with tables and chairs. SSRC is working on new plans for a bar where the front of the Cabin restaurant currently is. This would require a new exterior entrance for the Cabin, for which an easement already exists. Mike will report back as the plans are firmed up.

Mike reported that he has a bid of \$5000 to open up the elevator lobby at the garage level that services the street front and the main. The mechanical aspects were installed when the building was built. The lobby can be opened up and finished for \$5000. Kevin stated that based on the current run rate there will be funds available in the maintenance budget to complete this project.

Mike reported that the 4% fund, which is used for residential unit maintenance, is currently spending more than it takes in because of lower paid occupancy and room rates. The funding comes from 4% of room rental revenue. If the fund is not adequate to meet the needs of the property the difference will need to be made up by residential condominium dues. Mike shared some rental information that showed a bit of a rebound this summer, but it is not clear if it will be enough to meet the needs of the 4% fund.

Kevin reported that the biggest financial issue is the increase in electricity rates, but low natural gas rates is more than offsetting the problems. The working capital resolution has been tabled until the budget is completed.

Stacy mentioned that as the result of an injury at the pool revealed that owners are not covered by the insurance policy.

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

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

The meeting was adjourned at 12:02.