



Times of Change

The big changes at the Steamboat Grand began almost two years ago with the auction of all of the developer's remaining inventory. It took several months to close all of those real estate transactions and in August of 2006 the developer turned over control of the Executive Board to the owners. For the prior six years, the Developer owned enough units to control the Board, and therefore the Condo Association.

As many of you are aware, the Grand's Condo Association is large and complicated. The all-volunteer Board spent a great deal of time getting their arms around all of the issues and prioritizing what to look into first. To help them get a fresh perspective they hired an independent consultant in November 2006.

It was difficult to make progress while American Ski Company was negotiating to sell Steamboat Ski & Resort Corp, which is the property manager for the Grand. In March 2007 Ski Corp was sold to Intrawest, and it was hailed as a big step forward for Steamboat. The new Intrawest players had a lot to learn about their new investment, and understandably, the Grand was not their top priority.

The Grand's Board was negotiating

new terms for the management contract before, during and after the sale of the ski area, but it was difficult to get agreement from Ski Corp because so much was up in the air. The new fiscal year began May 1 without a new budget because most Board members were confident that significant changes were imminent. Many issues were settled in July. Ski Corp agreed to a new management contract that allowed the accounting function to be separate from the property management function. In August the Board contracted with both Association Accounting and Administrative Assistance LLC ("AAAA") for accounting and administrative services, and with Ski Corp. for property management services. Ski Corp is also the rental management company for the Grand.

Many other negotiations were settled in August and a new budget was developed that reduced the residential dues by over 7.5%. Since the dues would have gone up by at least 3% to keep pace with inflation, it is fair to say this was a double digit swing.

Going forward, the dues will be determined by what services and amenities the majority of the owners want and are willing to pay for through their dues.

From the GM

As you receive this newsletter, your hotel staff will be moving "down the stretch" of the last 40 days of our ski season. Looking at the occupancy for that period, we see strong occupancy during the week preceding Easter (March 16-23), and building occupancy trends the last week of March. The season has been blessed with tremendous snowfall – over 31 feet of Champagne powder. Unlike other years, Steamboat's snowfall has not given us a snow advantage as the white stuff has graced the country from New Jersey to California. Due to this, we have to be on our toes to capture any potential incoming reservation request. Finding what we call "straight line availability" can be challenging for our reservations department. Now would be a great time to recheck your owner's calendar and see if you have a week reserved in March that you might not be using, if so, please contact Owner Services.

The season has produced strong independent bookings but weaker group bookings. A combination of a threatening economy, increased group room rates and availability for group room dates, has reduced our group mix. The group booking pattern is at least a one year lead time and we are already busy booking for next winter in the group market. Summer as well, looks promising as our first large group – the Mustang Roundup – hits your hotel at mid June. It also looks like a busy summer with weddings and sports teams heading to the Yampa Valley.

I hope you had an opportunity to visit the property this winter. Your staff and your Board of Directors are working on some great improvements for the hotel for next season.

Correspondence for the Board:

You can send any correspondence for Board Members to:

**Executive Board of Directors
Steamboat Grand
2300 Mt. Werner Circle
Steamboat Spgs, 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.



The Steamboat Grand Resort Hotel and Condominiums continues to be the only 4 Diamond property in the Yampa Valley.

As new product comes on line, we will be tested by brand new hotels/condominiums which will be striving for 4 or even 5 Diamond status. As your management company, Steamboat Ski and Resort Corporation is working diligently to ensure that your hotel meets the challenge of the future. As we are now in our 8th year, the time has come to review our product and how it will compete with the above described new competition. Look for us to start formulating a plan of in-unit renovation, particularly flat screen TV's and furniture replacement. Additional attention will be given to our bathroom image as well – new shower heads, curved shower rods, make up mirrors – as an example. We will work with your Board of Directors on this new initiative. As we refine our plan, we will post it on your owners website www.steamboatgrand.info.

The Res Fee

Many ideas were discussed as part of lowering the dues this year. The idea of a reservation/front desk fee started as an RCI fee, because facilitating RCI exchanges is very time consuming. All residential members of the Association share the cost of this service, even though many never exchange with RCI. The discussion lead to consideration that many owners bought their units for investments and never use them at all. These owners still pay their fare share of the front desk expenses.

The front desk is a privately owned condo and the Association pays Ski Corp \$150,000 for front desk services. The Res Fee is budgeted at \$54,000, for a net expense of \$96,000. The resulting reduction in dues enhances everyone's property values.

The owners who never use the front desk are still paying their share of the reduced amount, which averages \$527 per unit (divide by 4 or 8 for quarter or eighth shares). Owners who use the front desk are now required to pay the use fee which reduced the dues by \$297 on average. An average unit can be used by the owners 10 times and will break even on the Res Fee versus the dues reduction.

A higher Res Fee was discussed, but the Board felt \$30 struck a good balance between the investors and the users.

The fee is authorized under section 14.5C of the declarations and as such it is like any other Association charge.

Board Activity

The Executive Board recently formed several committees to continue the great progress made in 2007. The Amenity Committee is looking into improving vending and other services. The Utility Committee wants to improve efficiency and the Garage Committee is looking for a way to reduce the garage mortgage. The Roof Committee will be evaluating ways to reduce the cost of snow removal. The committees include both board members and general members, so if you are interested in volunteering and have helpful knowledge or experience please contact us.

Unit Usage

Owners have a couple of options when it comes to using their condos. An owner can personally use it, give it to family or friends, deposit with RCI, or allow a rental. Currently the Grand does not have any restrictions on how an owner chooses to occupy their unit. However, if they have a rental agreement with Steamboat Ski & Resort Corporation, there are restrictions on accepting compensation from someone other than SSRC for rental. Rental Owners need to provide Owner Services with the information as to how they plan to utilize their condo each week they own.

Property Taxes

Every other year Routt County assesses the value of all real estate in the county, and last year they decided to omit the auction prices when determining the values at the Grand. Your Board hired a consultant to challenge that decision, reducing residential taxes from \$296,000 last year to \$209,000 this year, when the county had originally planned on raising the taxes. This significant savings is in place for two years, and then the county will reassess values based on sales in 2007 and 2008.

The March statements will show the reduced real property tax billing and the personal property tax billing. There is also a line showing the 30% contingency fee the consultant charged for his successful challenge. To see how much he saved you, divide this charge by .3 and then double it because this savings should be for two years unless the mill levy is changed.

The Board felt that the risk free contingency contract was the best way to challenge the valuations, and it turned out to be very successful.



Taking Care of Business:

Renee Martindale

Renee began her hospitality career 24 years ago as a housekeeper at another Steamboat property. Her work ethic paid off and she ended up running the department, as the Executive Housekeeper. In May of 2000 she joined the Opening Team for the Steamboat Grand, also as Executive Housekeeper. Four hectic, trying months later Renee's group had converted the Grand from a construction site to an operating resort!

Her hard work continued to pay dividends, and in 2004 she was asked to fill the Front Office Manager vacancy. She was also asked to sit on the condo association's Board as a Declarant Board Member. In 2006 she was promoted to Director of Rooms, overseeing Housekeeping, Front Desk, Bell Service, Shuttle and Concierge. With about 90 people

under her supervision, Renee's knowledge, experience and attention to detail are critical to the success of the Grand.

Renee was born in Oak Creek, the next town south of Steamboat. She has three sons and five grandchildren, most of whom also live in Routt County. She and her husband run Challenge Outfitters, a local guide service. Every fall she gets away from it all by joining her husband at their hunting camp where she keeps everyone well fed and happy. In the summer she helps with the Horsemanship Bible Camp in Oak Creek, where young people study the bible and learn horsemanship. Not only is she a great asset to the Grand, she is also a great asset to the community.

Renee Martindale

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