

**Steamboat Grand Resort Hotel Condominium Association**  
**Minutes of the Annual Meeting**  
**Saturday 10/13/2007**  
**At 9:00 In the Grand**

**Call to Order**

The meeting was called to order at about 9:02. Notice of the meeting was mailed to all members on September 14, 2007. The Secretary confirmed that a quorum was present. Board Members in attendance were: Joe Fogliano, President, Lauri Good, Treasurer, David Zedeck, Mike Lomas, and Greg Magee. Steve Traudt was on a conference phone.

**Review and Approval of the Meeting Minutes from 8/12/06**

Mary Brown motioned to approve the minutes as presented. Bill Wallace seconded the motion. The motion passed.

**Election of Directors**

Two positions are open, one for a Residential Board seat and another for a Commercial Board seat. There were two candidates for the Residential Board position, so no nominations from the floor were accepted. Greg Magee is the incumbent. He filled the vacancy when Larry Wright resigned from the Board. The other candidate is Doug Doliff. Mr. Magee, who is from Michigan, made a brief presentation followed by Mr. Doliff, who is from Minnesota.

Laurie Good, the incumbent Commercial Board member was one candidate and Kenneth Pepper was nominated from the floor. Mrs. Good is the Vice President of finance for Steamboat Ski and Resort Corporation, which owns the majority of the commercial units. Mr. Pepper is a partner in Shops at the Grand LLC, which purchase the street front retail units, and has since sold or leased some of those units. Mrs. Good made a brief presentation, followed by Mr. Pepper.

Bill McKinney, one of the partners in Shops at the Grand LLC stated that the Declarations restrict voting to officers, directors or partners of an entity that owns a unit. The Bylaws state the same but include agents of the entity. Mr. McKinney asked which prevailed and if the SSRC representatives were eligible to vote. Lynaia South, the Association's legal counsel, state that the two documents must be read together. Mrs. Good clarified that Andy Wirth, Chief Marketing Officer for Intrawest is an officer of the corporation, is here today. Mr. McKinney asked if Mr. Wirth was an officer of the entity that owns the commercial units, and Mrs. Good confirmed that he was. Mr. McKinney asked which entity actually owned the commercial units. Mrs. Good said she would have to step out and call their legal counsel to confirm that question. 20:00

The members began the voting process.

## **Introduction**

Joe Fogliano, President of the Association began by discussing communication issues. He asked that email be used whenever possible, and the new SteamboatGrand.info website will have the answers to many policy and other frequently asked questions. Stacy Huffman, SSRC's Owner Representative made a presentation about the web site. Owners were asked to provide feedback on the usefulness of the site. 35:30

## **Treasurer's Report**

Laurie Good, Treasurer of the Association began with an overview of the new budget, which came in about 7.5% better than last year. Last year there was a surplus that was attributable to some incremental miscellaneous revenues, plus savings on natural gas and snow removal. She then gave an overview of the complexity of condo-hotel operations, explaining how the Association, Property Manager, Rental Manager and Owners interact. She also explained that local owners using the facilities create very little incremental cost, whereas owner's occupying their own units not only increases cost but also displaces rental occupancy.

Next Mrs. Good presented the new budget. Incremental revenues include \$100,000 in parking revenue from paying guests. Within a week the Sheraton added its own parking fee, alleviating concerns about a competitive disadvantage. On the expense side, accounting services are actually less than last year because the service has been outsourced. The line item is higher because it includes contingency fees on some of the cost savings that were implemented in the new budget. The cost sharing for the Owner Representatives was reduced by \$39,000 and the management fee went down about 50%. Mike Lomas negotiated a new insurance program that saves \$30,000. Another source of incremental revenue is from the owner reservation fee, which is less than 50% of the actual cost for reservation and front desk services provided to owners occupying their own unit. This is intended to strike a balance between the needs of the recreational owners and investment owners, by shifting a portion of the expense to a use fee. The services provided for après ski and continental breakfast has been scaled back, providing additional savings.

Julie Hagenbuch made a motion to ratify the budget as presented. Ian Duncan seconded and the motion passed

## **Facility Report**

Mike Lomas made a presentation on the status of the property. Beds have been upgraded and have improved guest satisfaction. Approximately 50 units have had windows replaced due to condensation problems between the panes. In-room safes have been installed all guest rooms. Heavy duty gutters are being installed to replace the ones damaged by winter conditions. Future plans include a lobby renovation, flat screen TVs and sleeper sofa upgrades. All of this is necessary to avoid losing the current competitive advantage when all of the new lodging products come to market in a few years.

## **President's Report**

The Board has renegotiated a new 3 year management contract, which required compromises by both parties.. This new contract allowed for the accounting function to be contracted separately, and Kevin Gilman, who was formerly the Financial Controller for the Grand was hired as an independent contractor to perform accounting and administrative support. His input facilitated a dues reduction of about 7.6% in spite of inflation. The county assessor had raised the valuation of the residential units by about 40%. The Association hired a consultant and an attorney and successfully fought this. The Board has formed committees to provide input on critical issues, and owners with relevant experience who would like to participate are welcome. The Amenity Committee spearheaded the changes in the après ski program and the ski storage facility. A Finance Committee monitors the financial status, and a Management Agreement Committee facilitate the new agreements. Going forward we will form a Garage Note Committee to look at options to reduce that expense. We will also form an Energy Conservation Committee.

Joe announced that Greg Magee was elected to another term. The Commercial Board seat is on hold because the questions that were raised are still being investigated.

## **Q & A**

Julie Hagenbuch raised a question about the restriction on parking permits for local owners, especially when the garage is not full. Joe Fogliano responded that the Board will monitor the situation over the next year. He explained that the garage is a significant asset and should be managed to maximize it value. The current policy was implemented after a great deal of debate, and hopefully will facilitate the expected continued growth of the operation.

Bill McKinney asked if it would be appropriate to retain an attorney to challenge the garage note. Joe Fogliano responded that the Board has already discussed that with a local attorney and decided to take no action at that time. Mr. McKinney was invited to join the Garage Note Committee.

Doug Doliff asked about reducing expenses, versus more amenities. Mr. Doliff was invited to join the Amenity Committee.

## **Adjournment**

At 11:15 Dan Mackey motioned to adjourn and Ian Duncan seconded. Motion passed.