

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

October 12, 2007

8:30 AM at the Slopeside Owners Club

Board Members

Present: Joe Fogliano, David Zedeck, Greg Magee, Ron Belin, Laurie Good, Mike Lomas

By Phone: Steve Traudt

Absent:

Others Present: Kevin Gilman, AAAA; Lynaia South Orr, Counsel; Stacy Huffman, SSRC

Proceedings

(4 minutes into recording)

The meeting was called to order at 8:34 by the President, Joe Fogliano.

Notice of meeting was provided by email on October 7, 2007.

Meeting Minutes from the August 15 meeting were reviewed. Although responsibility for minute taking is in both the SSRC contract and the AAAA contract, the Board decided to proceed with AAAA's draft minutes only. Going forward AAAA's minutes will be reviewed with SSRC prior to distribution.

Motion: Ron moved to approve the minutes as presented; David seconded.

Motion passed

The Retroactive Fee Agreement has been completed and is ready to sign. Joe signed on behalf of the Association and Mike signed on behalf of SSRC. The \$50,000 improvement fund will be spent on a project that will be mutually beneficial, and beneficial to the owner/guest experience. The \$50,000 check is ready to be delivered to the Association.

The Common Area Lease is still being drafted by Intrawest's lawyers.

(24)

The Communication Committee reported that the website is operational and will be demonstrated at the Annual Meeting. A Frequently Asked Questions section will hopefully reduce the need for one on one communication. The Owner Reservation fee has not yet been implemented, pending an explanation being posted on the site. The equity of Intrawest's resort to resort trading program was discussed. The RCI exchange program was also discussed. Although it is a popular program with the owners, it is a burden to the property and RCI is a de facto competitor to SSRC's rental program. Financial Statements will not be posted on the site.

The Finance Report there were no questions on the July and August financial reports. The office in the Owners Lounge is nearing completion. It will be furnished more as a

meeting area than as an accounting office, and it will be available for owners to use. Hours will be published and will be based on the season and owner occupancy. Policies for the use of the Owners Lounge regarding minors was discussed, but no policy was decided upon.

There are thirteen accounts in the 60 days past due column. Collection procedures were discussed, including foreclosure, receivership and assignment of rents. The existing collection policy will be emailed to the current Board.

Volatility in utility fees is a concern and a forecast will be done. An Energy Conservation Committee will be formed to look at options. Mike, Kevin and Jim Brown, an owner who has previously expressed an interest, will be the initial members.

The Audit is complete and Laurie will distributed. Laurie will sign the tax returns.

(68)

The Garage note was discussed with no progress being report. The cost of refinancing is a concern. The possibility that refinancing may conflict with potential future litigation was discussed, as was the cost, risk and timing of litigation. There may be an option to amicably trade the garage note for the open space land that the Association owns and the base area redevelopment committee wants. A committee will be formed, chaired by Steve, manned by volunteers to explore creative ways to refinance. Another committee of only Board members will review litigation options.

(91)

Mike presented the Management Report. A positive resolution to the large group's complaint about being charged for parking this year, when in prior years they were not charged. Water is leaking into unit C7, possibly from a blocked French drain. Several efforts have already been made to locate and mitigate this problem to no avail. The leak is interfering with the owner's ability to sell the unit, in spite of the efforts made. The engineer who worked on the project during construction will be returning to look into this problem further. Roof gutters and snow removal was discussed, as well as possible alternatives to shoveling. Mike reiterated the need to stay competitive with the new developments that will be coming on line in the next couple of years. Signage and the knoll open space were discussed in depth. The current value of that asset is difficult to determine, but care will be taken to not diminish its value. 4000 yards of carpet for units will be arriving for installation prior to ski season.

(138)

Norbert Turek, with Slopeside Consulting presented the results of his challenged to the valuation of the residential units, and the treatment of the garage and 6th floor storage as commercial units versus common elements. The county has agreed to include the sales of the unit sold at the ASC auction, rather than just outside sales. The assessed valuation of residential units has gone from about \$97 million to about \$59 million. Larger units benefited more than smaller units in the revised valuations. The attic and garage are taxed as commercial units, but if they were treated as common elements they would be exempt. The county's determination is based on the developer reserving development rights for those units. The development rights for the attic were expressly waived by the

Declarant in June 2005, so the county agrees that it is now an exempt common area. It is not known if the garage development rights were ever waived. If the Association can convince the county that the development rights expired when the garage was sold to the Association, three years of the taxes paid in prior years may be recoverable. If development rights still exist, the Declarant may be liable for all expenses of that space. Norbert will continue to research the status of the development right. In order to finalize the valuation agreement with the county, the county needs a legal opinion that the Board is authorized to act on behalf of the residential owners.

(159)

Motion: David made a motion to approve the settlement with the county of the approximately \$40 million of residential savings as well as settlement of the attic as now being common area, and for John Holloway to draw up the agreement. Greg seconded the motion

Motion carried.

(162)

The Amenities committee discussed the changes to the First Tracks program.

(172)

Corporate Governance was discussed and how the various committees are empowered was discussed. The balance between keeping the entire Board informed, and allowing for everyone's input, and empowering the committees to meet their mandate was discussed at length. The Board will continue to pay more focus on contract approval and policy changes, and the entire Board will be involved.

(185)

Preparations for the annual meeting were discussed. The Friday evening reception will be Association expense and SSRC will pay for the breakfast on Saturday. The meeting begins at 9:00 on Saturday and 20% is the quorum requirement. Rules of Order were discussed at length.

(210)

David excused himself from the meeting.

(220)

A suggestion that a committee be formed to review and update the Bylaws was discussed. Ron and Laurie would like to participate. The committee will draft the changes, have it reviewed by counsel and take it to the full Board for approval.

The Property Manager requested authorization to modify the common area hallway outside of unit C14 so that doors can be added for the new spa treatment rooms and the new business center.

(227)

Motion: Greg made a motion to authorize the modifications to the common areas.

Mike seconded the motion.

Motion carried.

The lack of vending commission revenue and possible changes were discussed. The need for approved budgets for this year's replacement reserve projects were reviewed.

(232)

Motion: Mike made a motion to approve \$73,000 from the common replacement fund for roof gutters, \$283,000 from the residential replacement fund for unit carpeting, and \$22,000 from the residential replacement fund for furniture refinishing. Ron seconded the motion.

Motion carried.

A proposal for updating the lobby will be forthcoming.

Establishing a date for the budget ratification meeting next spring was discussed, including the idea of having the meeting during ski season, which ends April 6th. The goal is to have the meeting the last week of March.

The annual audited financial statement is completed and the auditors have provided a proposal for next year that is \$500 higher than this year.

(240)

Motion: Laurie made a motion to continue with Brashier & Foss for the engagement of the 2008 Audit. Ron seconded the motion.

Motion carried.

Owner correspondence was discussed, and the Board felt no action was necessary. The next Executive Board meeting was scheduled for December 18, 2007 at 1:00.

(252)

Motion: Greg made a motion to adjourn the meeting. Ron seconded the motion.

Motion carried.