

## New Deal

Your Board has been in extensive negotiations with Ski Corp and Intrawest regarding the parking garage mortgage. The Association purchased the garage from the developer in 2000 when the developer controlled the entire Executive Board. Some people feel that the purchase price and the interest rate were too high. We are very close to reaching what all parties consider a win-win resolution, but **WE NEED YOUR HELP!**

The entire proposal can be viewed on our website [www.steamboatgrand.info](http://www.steamboatgrand.info). In summary, Ski Corp has offered to forgive 50% of the principle balance on the mortgage and to reduce the interest rate from 10.25% to 7.0%. In addition, they will give the Association commercial condominiums C22 and C23, which are the Bistro and Fitness Center.

In exchange, Ski Corp would like some of the land that the Association controls. Back in the last century, as part of the approval process to build the Grand the developer agreed to commit about 10 acres of the knoll as deeded open space. It is essentially the steep hillsides to the west and southwest of the Grand. Ski Corp already controls the land between the Grand and the West Condos, which is where

phase 2 of the Grand may be built. The 10 acre Knoll Parcel already has an easement allowing Ski Corp to construct a passenger tram from the Tennis Meadows/Wild Horse project to Gondola Square.

The 10 acre parcel is currently undevelopable and of little value to the Association. The Fitness Center and Bistro, which Ski Corp will continue to operate, have real value to the Association. The changes to the garage mortgage will save the Association about \$440,000 per year for the next 12 years. That is more than 10% of the current residential dues.

In addition, if Ski Corp is able to convince the city to change the open space status of the 10, or if the make any permanent improvements to the land, or convey any of it to another party, Ski Corp will forgive the remaining balance on the mortgage, currently about \$2.6 million.

Because the 10 acres is currently a common element of the Association, **60% of ALL OWNERS must affirmatively vote** to convey the Knoll Parcel to Ski Corp in order for us to get this deal done.

**YOU WILL RECEIVE A BALLOT** in the mail in the near future (assuming  
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Marty began his career in the Food and Beverage Industry approximately 25 years ago as a bus boy in a New York restaurant. He has done just about everything in the food and beverage world

### Taking Care of Business:

## Marty Rosenthal

from bussing tables, serving, bartending, cooking, menu designing, consulting, catering, booking and managing. He joined the Steamboat Grand in September 2007 as the Director of Food and Beverage after working for 6 years with a former sister resort in Killington, Vermont.

His main goal for the Food and Beverage Department at the Steamboat Grand is to improve its operating efficiencies and create an environment that focuses on the guests, the employees and the company. Some of the improvements that have already been seen include the addition of a breakfast program, main streaming of the outlets, creation of Grand Special Events, restructuring of the management team in our Outlets and Kitchen and overseeing the creating of all new menus in all of our restaurants and banquet facilities.

Marty was born and raised outside of New York City. After high school he attended Springfield College for his undergraduate studies and then back to New York to attend NYU in their master program. Marty's great enthusiasm and desire to enhance the food and beverage department has proven to be a great asset to the management team at the Steamboat Grand.



Springtime in Steamboat

**Marty Rosenthal**

can be reached at (970)871-5500  
MRosenthal@steamboat.com

### Communication


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

### \$\$\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ On the Association's Finances ....

Two months into the fiscal year the net income for the operating funds is 1% ahead of budget. A slight decline in miscellaneous income was offset by savings on expenses. Energy prices had remained stable until June, but are now a concern. We will be watching this closely. Legal fees are well over budget because of the ongoing negotiations with Ski Corp discussed in the "New Deal" article.

As the economy deteriorates we are seeing a slight increase in delinquent dues. We have a couple of units that we are in various stage of the foreclosure process. A couple of other units have been assigned to our collection attorney

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 Every summer the American Automobile Association send out inspectors to rate their three, four and five diamond properties. An inspector showed up at the Grand recently for what was supposed to be a secret inspection stayover. An alert bellman noticed that the guest was asking a lot more pointed questions than most guests, and correctly surmised that she was an inspector. That information was passed along to management and the staff was alerted and were even more diligent than usual. The final report has not yet been received, but the General Manager is confident the the Grand will retain its position as the only four diamond property in Steamboat.

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the few remaining details can be worked out with Ski Corp and Intrawest). It is imperative that you return the ballot to the Board, voting yes. We need 60% of all owners to vote affirmatively in order to convey the 10 acres. If only 50% of the owners respond, even if they are unanimously in favor, the deal will fail.

If we are not able to work out the final details with Ski Corp and Intrawest the Board is prepared to file a complaint in District Court. We are confident we can prevail in court, but there is no way to know in advance. We would expect a long and expensive process. We would much prefer a negotiated settlement that will generate immediate savings for the Association that could be used for capital improvements and/or a dues reduction.

If you would like to review the entire Letter of Intent (6 pages plus exhibits) just let us know and we will mail you a copy. If you have any questions you can contact Ski Corp's General Manager for the Grand, Mike Lomas at 970-871-5520 or by email at MLomas@steamboat.com; or you can contact the Board's representative, Kevin Gilman with Association Accounting and Administrative Assistance at 970-846-8055, or by email at Kevin@AssocAcctgAdmin.com.

Please be on the lookout for the ballot from us in the mail. Promptly vote and return the ballot in the postage paid envelope.

### Upcoming Events

**June 13 - August 16:**  
Steamboat Springs Pro Rodeo Series (Fri & Sat nights)

**June 19 - Aug 22:** Strings in the Mountains concerts and shows (days vary)

**August 1-2:** Steamboat Wine Festival

**August 7:** Cross Canadian Ragweed free concert

**August 8-9:** Annual Wild West Relay

**August 16:** Kenny Wayne Shepard free Concert

**August 21:** Steamboat Classic Car Cruise

**August 30-31:** Wild West Air Fest

**September 20:** Steamboat Brewers Festival

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as a precursor to foreclosure. Since we have about 850 owned units the delinquencies do not pose a threat to the Association's financial health, but the trend is disturbing.

Since its inception the Association has been very diligent about putting cash reserves aside for future replacements. We are in the process of spending a half a million dollars on flat screen TV's, and we will still have adequate cash to weather any storm. The majority of our reserve funds are invested in thirteen week treasury bills. Each week we have treasury bills maturing and the funds are reinvested in new bills. The interest rate is down since last year, but still better than a bank savings account. The funds are fully guaranteed by the federal government, unlike bank deposits or CDs that are only guaranteed up to \$100,000 by the FDIC.

The Board has discussed other replacement projects, including a major modifications to the roof. It is hoped this would save money on snow removal (we spent \$186,000 on snow removal last winter), but we don't have enough cash to handle that large of a project. The Board has established a roof committee which is looking into options.

The biggest dilemma the Association has regarding replacement funds is the lack of information on what will need to be replaced, when it will need to be replaced and how much it will cost. The list includes everything from carpet and furnishings to elevators and mechanical systems. We have a very big property and as we found out with the TV project, the numbers get real big, real quick.

Overall the Association's finances are in pretty good shape. The Board receives monthly financial statements comparing actual results to budget, as well as periodic forecast that provide a look at the future. An annual audit is performed every year, and the results of this year's audit will be provided to all owners at the time of the annual meeting this fall.

### Did you know?

The Steamboat Grand Reservations Office (GRO) is not only available to book your condo on your behalf, but are available to book activities for owners. GRO can book your activities prior to your arrival including air and ground transportation, spa treatments, hot air balloon rides, horse-back riding, snowmobile tours, gondola tickets, dining, golf tee times, rafting, and much more. Contact the Grand Reservation Office at 877-269-2628.

### NSF Fee

The Board has adopted a policy of charging a \$25 collection fee for checks that are returned unpaid, automatic bank drafts that are uncollectible, and credit card payments that are declined.

### Email Statements

The Condominium Association offers quarterly billing statements by email. The PDF attachment facilitates electronic filing, but you won't receive a remittance envelope, so call or email Kevin to sign up for the automated payment plan!

### 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.

### Reservation Fees

The \$30 reservation fee charged to owners for staying in their unit is a direct offset to the Association's cost for the Front Desk. Since there is a direct correlation, the condo docs allow the cost to be charge to the owner receiving the benefit. The Space Available program is covered in the rental contract between Ski Corp and the individual owner. The \$10 reservation fee that Ski Corp charges is also be governed by the rental contract.