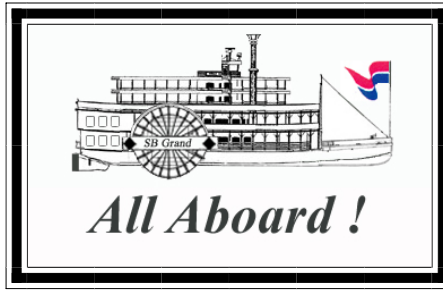




*News and
information
about the
Steamboat
Grand*



*May 2008
Newsletter*
Editor: Kevin E. Gilman



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New Budget

The budgets for our next fiscal year, which runs from May 2008 through April 2009, have been mailed to all owner. Notice that the annual Budget Ratification Meeting will be held at the Grand on May 13th was included as well. This information is also available on our web site www.steamboatgrand.info.

“Budgets” is plural because we actually have two budgets. The Common Expenses are shared by both commercial and residential unit owners, and include things like building maintenance, insurance and reserves for future replacements of things like the roof and mechanical systems. The Residential Expenses are only shared by the residential unit owners, and include things like front desk services, in-unit utilities and reserves for future replacements of things like furniture and carpeting. Once the Common and Residential expenses have been determined, the cost are shared based on the square footage of each unit within the group.

Having two budgets is certainly more

complicated than most residential condominium associations, but it allows us to more fairly assess dues based on benefits. No all the line items are as black and white as the examples listed above, but hopefully it makes sense that a commercial unit owner should not have to pay for the front desk services and conversely that commercial unit owners need to proportionately share in things like landscaping.

For the upcoming year, dues for commercial unit owners will increase by 4.1% and dues for residential unit owners will increase by 1.3%. This disparity is because common expenses went up by 4.1% but residential expenses went down. Since residential unit owners pay for both types of expenses the net increase was 1.3%.

One of the residential items that decreased was the allocation of front desk expenses. This is calculated based on the number of owner occupied nights divided by total occupancy. Owners are using their units less so their share of this ex-

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

From the Pres...

It has been about two years since the remaining Steamboat Grand inventory was sold at the auction. This also marked the turning point in the composition of the HOA board with a majority of the board representing the residential homeowners.

When I was elected to the Board in 2006, one of my first actions was to buy a text book, entitled “Marketing in the Tourism and Hospitality Industry”. I might better have bought a Law School textbook. Most of the initial issues faced by the Board were legal ones and included 1/8th share sales, tax appeals, and negotiations with SSRC over situations that were inherited.

The Board’s initial priorities involved resolving these legal issues and getting our costs under

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Year in Review

What a year it has been! 12 months ago the Board was closely scrutinizing the management contract with Ski Corp, which lead to a significant reduction in dues. The Board contracted with AAAA to provide accounting services as wells as checks and balances, which lead to more savings. This lead to nominal increases in the new year’s dues at a time when inflation is the headline everywhere you look. Against the backdrop of cost containment, the ski area received a record 40 feet of snow, and the Grand’s rental program had a great season. Of course that meant 40 feet of snow had to be shoveled off of the roof, causing other problems, including the tragic accidental death of one of the contract workers.



The base area redevelopment is moving forward, with a lot of construction activity at One Steamboat Place, next to the gondola, and Wild Horse Meadows, near the tennis meadow parking area. The demolition of a large part of Ski Time Square is schedule to begin shortly. If all the plans are fulfilled, the base area will look a lot different in a few years, and there will be a lot of new competition for the Grand. The Board and Ski Corp, the Property Manager, are working together to keep the Grand well positioned to meet this competition. The next 12 months a likely to be more challenging than the previous 12 months, but we are confident the Grand will be even better situated next year.

Four Diamond Award
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 . 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.

pense dropped. The allocation for contents insurance for the residential units also dropped. This piece of the insurance bill only benefits the residential owners, so commercial unit owners are not asked to share any of that expense.

Yes, this is a complicated system, but it allows a degree of fairness that a simpler method would not allow.

Again, the Budget Ratification Meeting will be May 13th at 1:30. There will be a presentation followed by a question and answer session. We hope to see you there!

Automated Payment

The Condominium Association now offers the convenience of automated payment of your monthly dues. Many people use this type of service to pay their mortgage or car loans. It assures that the payment is made on time and that late charges are never assessed against your account.

Email Statements

The Condominium Association also 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!

Upcoming Events

June 1: Steamboat Marathon, 1/2 Marathon and 10k

June 12 - 15: Rocky Mtn Ford Mustang Roundup

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)

July 4: Cowboy Roundup Days and 4th of July Celebration

July 12 - 13: Art in the Park & Hot Air Balloon Rodeo

August 1 - 2: Steamboat Wine Festival

August 30: Wild West Air Fest

The 4% Solution ...

The 4% fund is a cooperative effort between the rental program manager (Ski Corp), and the Association. 4% of gross room revenue is set aside to fund minor maintenance in the residential units. In a whole ownership property the unit owner would be billed for replacing glassware and linen, and for spring cleaning and carpet cleaning. In most fractional properties these types of expenses are included in the dues. The Grand is unique in that the rental manager and the rental owners share in the expense. Since 4% is set aside neither party takes a share of that money. This essentially is a matching funds arrangement, which helps keep the dues down

Owner and guest of owner occupancy, RCI trades and non-Ski Corp rentals all contribute to broken glassware and dirty carpet, but these types of occupancy don't contribute to the 4% fund. This amounts to a bit of a free ride, especially for fractional owners who choose to rent on their own, because the 4% fund is used to provide minor maintenance no matter how the unit was occupied.

The Board has no intention of trying to regulate how an owner uses his or her unit, but the need to more equitably share the cost of keeping up the units has been discussed. Obviously Ski Corp is not going to match funds if they aren't earning a rental commissions, so the best thing for the Board to do is encourage owners to make their units available to Ski Corp for rental as often as possible. The Board has discussed other options to increase the 4% fund, but no decisions have been made. Any input you may have on this topic is welcome.

control. These had to be addressed, while considering that the priorities of the Steamboat local owners and the out of town owners did not always coincide. While much of this activity continues, we are now at a point where we can turn our priorities to upgrading our facility and improving our hospitality image. This is necessary, not only to maintain our Four Diamond rating, but to prepare for the competition from the newer facilities under development on the mountain. One Steamboat Place, Trailhead Lodge, Highmark, St. Cloud and a renovated Sheraton will pose increased competition for the visitor rental dollar.

The HOA Board and the Management Company are developing capital improvement plans that will include replacing carpets and televisions in rooms over a X year period. Additional improvements will come as we can work them into our budget. These improvements combined with the Base Area Re-development Program that the city is implementing will go a long way toward protecting homeowners' investment and enhancing the Grand's image and competitiveness.

Maybe, I will soon be able to crack the Marketing textbook. I would like to close with another appeal for the homeowners to get involved in the HOA. Besides the board openings that will occur periodically, the various committees always have need of active participation.

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 de-

www.SteamboatGrand.info

Please visit our website and have a look around. We want it to be a convenient source of information for the owners. Let us know your thoughts on how to make it even better.