

**RESOLUTION OF EXECUTIVE BOARD  
STEAMBOAT GRAND RESORT HOTEL CONDOMINIUM ASSOCIATION, INC.**

**EFFECTIVE DATE: December 31, 2008**

WHEREAS, Steamboat Grand Resort Hotel Condominium, Inc. ("Association"), is a Colorado nonprofit corporation organized pursuant to Colorado Revised Statutes ("CRS") 7-121-101, *et seq*; and

WHEREAS, the Association filed a civil action against Steamboat Ski and Resort Corporation ("SSRC"), American Ski Company ("ASC"), Grand Summit Resort Properties, Inc. ("GSRP"), Intrawest U.S. Holdings ("Intrawest U.S."), Intrawest SARL ("SARL"), Intrawest Holdings, SARL ("IHS"), Timothy Greene, Christopher Diamond, Terry Murphy and Robert Downing on July 31, 2008 in the District Court for Routt County Colorado, Case No. 08CV163 ("Civil Action"); and

WHEREAS, the Executive Board entered into negotiations with SSRC, as the predecessor to ASC, on behalf of the Association to resolve open items for various transactions related to the Steamboat Grand property at 2300 Mount Werner Circle, Steamboat Springs, Colorado; and

WHEREAS, the Executive Board reached a resolution or settlement agreement with SSRC pertaining to the Civil Action on these open items, the terms and conditions of which were memorialized in the Letter of Intent ("LOI") executed between both parties, and its accompanying exhibits; and

WHEREAS, the Association filed a Voluntary Dismissal Without Prejudice of a Case Matter, the Civil Action, with the Routt County District Court on August 29, 2008. The Order Dismissing the Civil Action was granted on September 2, 2008; and

WHEREAS, the Association entered into a Tolling Agreement with SSRC, ASC, Intrawest U.S., SARL, and IHS, which tolled the applicable time period for any time-related defenses to any Claim, pursuant to the Civil Action or otherwise, from the date of the Tolling Agreement, December 1, 2007 through January 31, 2009; and

WHEREAS, the Executive Board brought the LOI, its conditions and terms, and its exhibits to the vote of the Owners of the Association under the requirements of the Association's Bylaws and Declaration; and

WHEREAS, the Bylaws of the Association provide that the Owners "shall hold Annual Meetings for the purposes stated in Section 2.2(A)(2)" which includes such purposes as "to conduct such other business as may be required or permitted by law." Bylaws Section 2.2; and

WHEREAS, the Executive Board of the Association scheduled the Annual Owners' Meeting in accordance with the Bylaws for October 11, 2008 ("Meeting"); and

WHEREAS, the Bylaws of the Association provide that "any action that may be taken at an annual meeting of Members may be taken without a meeting and through voting by mail, if... (i) a written ballot is distributed to every Owner entitled to vote on the matter, set[ting] forth each

proposed action and providing an opportunity to vote for or against each proposed action; (ii) the solicitation for votes by written ballot (a) indicates the number of responses needed to meet the quorum requirements for authorization or rejection of the proposed action; (b) states the percentage of votes needed to authorize or reject each matter; (c) specifies the time by which a ballot must be received by the Association in order to be counted; and (d) is accompanied by written information sufficient to permit each person casting such ballot to reach an informed decision on the matter; and (iii)...the number of votes cast by written ballot within the specified time period, authorizing or rejecting the proposed action, equals or exceeds the quorum required to be present at a meeting authorizing or rejecting the action, and the number of votes in favor or against the proposed action equals or exceeds the number of votes in favor or against that would be required to authorize or reject the action at a meeting at which the total number of votes cast was the same as the number of votes cast by written ballot.” Bylaws Section 2.2(j). Any action taken pursuant to this Section “has the same effect as action taken at a meeting of Owners.” Bylaws Section 2.2; and

WHEREAS, the Executive Board of the Association sent each Owner a written ballot containing the following information: the Ballot, which itemized the major points of the LOI and requiring approval of the Owners; Exhibit A to the Ballot or the LOI between the Association and the Steamboat Ski and Resort Corporation; Exhibit B to the Ballot or the legal description and map of the Knoll Option Parcel and Tramway Easement; Exhibit C to the Ballot or the proposed Amendment to the Declaration, Section 6.3; a cover letter from the Association’s President, Joe Fogliano, summarizing the actions of the Executive Board in negotiating the LOI with Steamboat Ski and Resort Corporation; a letter summarizing the highlights of the LOI from Feldmann, Nagel & Associates, LLC; and the Agenda for the Owners’ Annual Meeting (“Ballot Information”), in accordance with Section 2.2(j) of the Bylaws; and

WHEREAS, the Executive Board of the Association also made the above-referenced Ballot Information available to Owners on the Association’s informational website, [www.steamboatgrand.info](http://www.steamboatgrand.info); and

WHEREAS, Article 17, Section 17.1 of the Declaration of the Association, provides the Amendments of the Declaration which “change the boundaries of any Unit, the Percentage of Common Expense Liability, and/or the Percentage Ownership Interest of a Unit” must be approved by “sixty-seven percent (67%) of the votes allocated to Units not owned by Declarant;” and

WHEREAS, because the contents and terms of the LOI provide for a change in the boundaries of a Unit, a potential change in the percentage of Common Expense Liability, and a change in the percentage Ownership Interest of a Unit, the Executive Board of the Association was required to meet the requisite 67% approval threshold, excluding all votes allocated to the Declarant; and

WHEREAS, the Executive Board of the Association held the Meeting in accordance with the Bylaws on October 11, 2008 at 2:00 p.m. at the Steamboat Grand Resort Hotel Condominium at which quorum was present; and

WHEREAS, the Executive Board of the Association conducted a vote of Owners at the Meeting in accordance with the Section 5.4 and Exhibit B of the Association’s Declaration; and

WHEREAS, the Executive Board of the Association presented the results of the written ballot vote by the Owners at the Meeting; and

WHEREAS, the results of the written ballot vote as presented by the Executive Board of the Association at the Meeting were calculated based on the ballots received from approximately 75% of the Owners or 700 total ballots as of October 10, 2008 at 12:00 p.m.; and

WHEREAS, the Executive Board of the Association determined that 71.87% of the written ballots received were from Owners eligible to vote for the LOI, and were thereby counted; and

WHEREAS, the Executive Board of the Association determined the results of the written ballot vote, whereby 54.92% out of the 71.87% were allocated in favor of the LOI, while 0.98% of the 71.87% were allocated against the LOI; and

WHEREAS, the Executive Board of the Association determined that 54.92% of the 71.87% eligible votes by written ballot vote were in favor of the LOI, which represented a 76.4% majority in accordance with the Bylaws and Declaration of the Association; and

WHEREAS, the Executive Board of the Association calculated all votes received by written ballot or in person by the Owners who were eligible to vote on the LOI at the Meeting in accordance with Section 5.4 of the Declaration and Exhibit B to the Declaration; and

THEREFORE BE IT RESOLVED, that the LOI and its potential change in Unit boundaries, and the changes in percentage of Ownership Interest and Common Expense Liability were approved by the requisite 67% of the Owners entitled to vote.

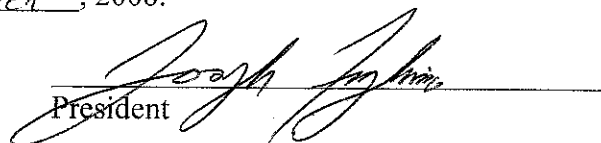
THEREFORE BE IT RESOLVED, that 76.4% of the Owners of the Association, in accordance with the Association's Bylaws and Declaration, ratified the actions of the Executive Board in negotiating and reaching the settlement agreement or LOI with Steamboat Ski and Resort Corporation.

THEREFORE BE IT RESOLVED, that 76.4% of the Owners of the Association, in accordance with the Association's Bylaws and Declaration, hereby approve the LOI and the conditions and terms of the LOI.

THEREFORE BE IT RESOLVED, that the Minutes of the Meeting on October 11, 2008 as referenced and incorporated herein as Exhibit A accurately reflect the actions of the Owners and Executive Board at the Meeting.

THEREFORE BE IT RESOLVED, that the Board carry out all of the things and acts required to perform/close items contained within the LOI on or before December 31, 2008.

Dated this 31 day of December, 2008.

  
\_\_\_\_\_  
President

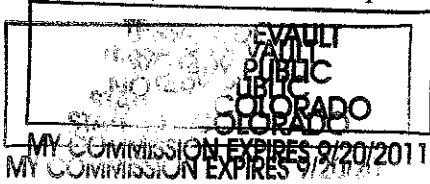
STATE OF COLORADO )  
 ) ss.  
COUNTY OF ROUTT )

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of December 2008, by Joe Fogliano, President of The Steamboat Grand Hotel Resort Condominium Association, Inc.

Witness my hand and official seal.

My commission expires:

9/20/11



Tessa R DeVault  
Notary Public

## **PRELIMINARY DRAFT**

### **Steamboat Grand Resort Hotel Condominium Association Minutes of the Annual Meeting Saturday 10/11/2008 At 2:00 PM In the Grand**

#### **Call to Order**

The meeting was called to order at about 2:04. Notice of the meeting was mailed to all members on September 14, 2008. The Secretary confirmed that a quorum was present. Board Members in attendance were: Joe Fogliano, President, Laurie Good, Treasurer, David Zedeck, Secretary, Mike Lomas, and Greg Magee. Steve Traudt was on a conference phone.

#### **Review and Approval of the Meeting Minutes from 10/13/07**

Bud Romberg motioned to approve the minutes as presented. The motion was seconded. The motion passed.

#### **Election of Directors**

Because the terms of the Board Members are staggered, only two positions are open, one for a Residential Board seat and another for a Commercial Board seat.

Steve Traudt, the incumbent Residential Board Member is standing for reelection. No other nominations have been received so nominations from the floor were requested. There being none, a voice vote was called and Steve was elected for a three year term as a Director.

Mike Lomas, the incumbent Commercial Board member is standing for reelection. No other nominations have been received so nominations from the floor were requested. There being none, a voice vote was called and Mike was elected for a three year term as a Director.

The agenda was rearranged slightly to allow a break for voting following the presentation and questions regarding the Letter of Intent (the "LOI"). Owners are welcome to express their opinions on this issue, however, as of noon on October 10<sup>th</sup>, the requisite threshold of 67% affirmative votes had been reached. About 600 total votes have been counted, representing about 75% of the membership. Approximately 71.87% of the allocated votes were eligible to vote, and of this 54.92 percentage points voted in favor and .98 percentage points voted against the measure to approve the LOI. The 54.92 percentage points out of a possible 71.87 represents a 76.4% super majority. The LOI will be discussed more later in the meeting.

#### **Financial Presentation**

Kevin Gilman, with Association Accounting and Administrative Assistance ("AAAA"), explained that his company was hired by the Board shortly after the developer ceded control of the Association to the owners. The normal business model was changed to have Steamboat Ski and Resort Corp manage the property and AAAA manage the accounting and

administrative task. This provides a simple separation of responsibility that is in everyone's best interest.

Kevin began the presentation by recognizing the efforts of the volunteer Board Members in getting the Letter of Intent approved. In particular, the two local Board Members, Joe Fogliano and David Zedick have spent hundreds of hours reviewing and negotiating dozens of iterations of the LOI. There are still a couple more agreements to finalize, but the volunteer Board Members have done a great job on the owners' behalf.

AAAA's accomplishments over the past year were reviewed, including the introduction of newsletter, the Common Area Usage Agreement, the new vending program, minutes on the web site, quarter and eighth share rotation calendars have been perpetuated through 2049, and updating the bylaws. About 18% of the owners have elected to receive their billing statements via email, 39% use the automatic credit card payment program and 12% are using automatic bank debits. The billing cycle and collection program are running like clockwork, the Board receives monthly financial statements on a timely basis, and forecasts of future financial results are produced quarterly. AAAA has identified cost savings and new sources of revenue that recover 90% of the annual accounting fee.

The annual audit was reviewed. Certified copies are available either on paper or electronically. The format of the presentation was simplified to facilitate discussion. The balance sheet was reviewed, specifically the source of cash. The income statement was also reviewed, starting with the dues reduction, and the addition of parking fees. Utilities are the biggest expense, which came in very close to the prior year, but currently per unit costs for energy are up well over budget. Residential services include the front desk, which decreased because owner usage relative to rental usage has come down. Building maintenance cost was down in the audit compared to the prior year, but given the age of the building that trend is not expected to continue. Insurance decreased because of aggressive shopping. Snow removal increased by 80% over the prior year, but has been budgeted at the lower average cost. Operations came out with a surplus of \$111,000. This will be applied to future Replacement Reserves. Replacement expenses in the audit include \$344,000 for unit carpet, roof gutters and lobby renovation.

The income statement was then presented showing the Common Fund and Residential Fund. All owners contribute to the Common Fund whereas only the residential owners contribute to the Residential Fund. From inception to date the Common Fund, including replacement reserves, has a surplus of only \$171,000. The Residential fund, including replacement reserves has a surplus of \$919,000. This distinction is important because if additional funds are needed for future replacements, we need to know which set of owners will be asked to contribute.

A question was raised regarding the accounting treatment of the LOI transactions. The land that Ski Corp wants is owned jointly by all the owners. In order for the Association to transfer the land it has to be converted to an asset, which is the question covered by the LOI ballot. Now that we have an affirmative vote of a supermajority of the members, we will convert the land to an asset and put it on the books at a value equal to what Ski Corp has

agreed to pay for it. The offsetting credit will be to contributed equity. As the various components of the LOI are completed, other asset accounts will be debited and the value of the land will be credited. The land will eventually be valued at the remaining value of the garage mortgage, which is the option price Ski Corp has agreed to. If the option is exercised, the land asset and the garage mortgage will go to zero.

A question was raised regarding a potential reduction in dues. No decision has been made yet, but the changes need to take into consideration keeping the building in good condition. Input from owners on this tradeoff was encouraged.

There was additional discussion regarding the LOI, including what might happen with the land. There was also discussion of the rental program's 4% fund and how it impacts the Association's budget. With no other questions, the Financial Report was closed.

### **Old Business**

The LOI ratification was approved by a super majority of eligible allocated votes. The floor was opened to questions. The first question was regarding the tramway easement over the Knoll parcel. The easement has been in place for many years and although Ski Corp can now change that easement if they want to, the ability to build the Tram was not a major consideration in the negotiations. The Base Area Redevelopment Commission has asked about using the land for a park featuring the Butterfly Barn, but that decision is now up to Ski Corp.

A question was raised about having the Tram stop at the Grand on its way to Gondola Square. That was discussed within Ski Corp but is unlikely to happen.

A question was raised about the restriction on the land as open space. There are two documents that address this issue. The letter from the attorneys and the appraisal both concluded that it is highly unlikely that the land will ever be able to be developed because the development rights were waived as a condition of approval of the building plans for the Grand. It is written into the development agreement.

A discussion of the voting procedure ensued, followed by a break for members to cast any final votes. The meeting reconvened at 3:30.

The appeal of the property tax valuation was discussed. This item is not in the Association's budget. The tax bills are passed through to the unit owners. The county had originally ignored the auction purchase prices in determining the values, and therefore the property taxes. The Board hired a consultant on a contingency fee basis and with the help of attorneys, was able to get the county to include the auction prices in its valuation calculations. The net savings to the owners was about 40%.

### **Committee Reports**

Greg Magee chairs the Communications Committee and the Amenities Committee. The owners website [www.SteamboatGrand.info](http://www.SteamboatGrand.info) continues to be enhanced. Meeting minutes, the LOI and associated documents have been posted, the governing condominium documents are

there. The quarterly newsletter is another attempt to improve communications. We have created a new unit trading website that will allow owners to bank some of their time and possibly trade it with other owners. Stacy Huffman demonstrated the functionality of this new site.

Greg reported that the Amenities Committee is working very well with the help of non-Board members. The First Tracks and Apre Ski programs will continue similar to last year. Ski storage at the Slopeside Owners Club has been greatly improved because Ski Corp has stored the rental skis somewhere else. There are now twice as many vending machines in the Grand, including two at the ski storage facility. The owner parking policy has been under continuous review.

### **Facility Report**

Mike Lomas reported the problem of fogged windows is nearing completion. Maintaining the swimming pool in a safe manner is an ongoing issue. During the last pool closure, all the sand filters were cleaned, and pumps were replaced in addition to the usual grout repairs. The electronic lock system is now eight years old and all batteries will be replaced before ski season. The boiler and ventilation system controls are outdated and will be replaced along with the software that manages the controls. The roof is still in need of retrofitting to minimize snow and ice problems and removal costs. The anticipated costs will be about \$1.7 million.

On the hotel operations side, improvements include new flat screen TVs, unit re-carpeting is 60% done with another 20% coming up this fall. Future projects include getting a high definition TV signal, upgrading the unit finishes, including sleeper sofas, chairs, Ipod compatible alarm clocks, lamps with electrical outlets on the desktop, new bedding and duvet covers. Window coverings are also on the list in order to comply with the AAA Four Diamond standards.

The upcoming winter season is pacing above last year in spite of the economic downturn, specifically because of strong group business. The first week of Christmas is soft, but the week between Christmas and New Year's looks strong. The employment situation is very tight, relying on J-1 visa students and H2B visa workers. These visas are very limited because of immigration reforms, creating a big problem for the Grand.

A recommendation was made from the floor that cell phone repeaters be installed within the building to improve reception and therefore guest service.

### **Adjournment**

At 4:21 there was a motion from the floor to adjourn and it was seconded. Motion passed.