

Board Meeting Minutes

Steamboat Grand Resort Hotel Condominium Association, Inc

June 9, 2009

1:00 PM at the Slopeside Owners Lounge

Board Members

Present: Joe Fogliano, David Zedeck, Mike Lomas, Laurie Good (joined at 2:24)

By Phone: Ron Belin, Steve Traudt, Greg Magee (joined at 1:05)

Others Present: Kevin Gilman of AAAA; Stacy Huffman of SSRC, Robert Spade (owner),
Jim Stegmaier, Engineer for unit C7 (joined at 2:24),
David Nagel of FNA (via telephone)

Proceedings

The meeting was called to order at 1:02 by the President.

A quorum was established.

Notice of meeting was provided by email on May 19, 2009.

Meeting Minutes from the March 4, 2009 Board meeting were reviewed.

Motion: David moved to approve the minutes as presented. Mike seconded.
Motion carried.

David Nagel briefed the Board on the Unit 507-I foreclosure, which is not quite done. Key Bank postponed the foreclose on the unit until June 7th, but the Sheriff's deed has not been recorded. Key Bank should be liable for dues as of that date.

(Greg Magee joined the meeting at 1:05)

Current collections were discussed, and as of 6/1/09 there are 30% more unpaid dues than 6/1/08, for the May 1 billing. Very old balances are remaining about the same, and there is only 1 account being pursued by the attorneys.

The Board discussed current collections procedures and concluded that the current policy should be automatic up through obtaining a judgment. At that point the Board will decide how best to collect the judgment, with foreclosure, garnishment and/or other option based on the specific case.

David Nagel discussed the division of fraction interests into to 50% interest deed. Although the deeds appear to be legal under Colorado law, they are in violation of the Grand's governing documents because they state that only the Declarant can subdivide fractional shares. David Nagel feels that the Board has an obligation to defend the governing documents, and he reviewed various options. Administrative remedies include imposing fines for violating the governing documents, and billing the owners for and legal expenses incurred because of violations of the documents.

Motion: David moved to adopt a policy to treat the split deeds as a single fraction, with no additional benefits or privileges to the co-owners, and to have our attorney send a letter notifying the owners and the title company to notify them of the policy, including

potential assessment of fines and legal fees. The owners will be asked to identify the official owner of record for billing and communication purposes. Ron seconded. Motion carried.

There has been no change in the proposed amendments to the Bylaws. David Nagel will send a draft revision to the Board for review prior to the next meeting.

It is Feldmann Nagel & Associates opinion that the Mutual Release Agreement between the Association and SSRC was intended to preclude items like the claim SSRC is now making regarding fiscal 2007. Although SSRC may have legitimate claims from that period, the Association also has legitimate claims. The Board sees no reasons to waive the Mutual Release Agreement and make it a unilateral release. The Mutual Release Agreement was intended to close all issues on both sides, and should remain intact.

Mike asked David Nagel to see if the Association has an obligation to provide units with new access to natural gas that was not provided by the developer. David will also check to see if there is a conflict of interest within his firm regarding the restaurant proposed for C-7.

(David Nagel left the conference call at 1:59)

A policy for commercial units owners usage of the fitness center was discussed.

Motion: Ron moved to allocate to each of the commercial unit owners a maximum of two passes to the fitness club and pool. Joe seconded. Motion carried.

Joe brought up a request from a local children's day camp to use the swimming pool. No action was taken to authorize this usage.

In May two representative from Atmos Energy, our natural gas provider, asked for a meeting to discuss a billing problem. They reported that the Grand has been undercharged since opening day. Natural gas is priced by the cubic foot at sea level. Because of the altitude in Steamboat, a cubic foot of gas has less BTUs than a sea level, so an adjustment factor of about 20% is used to decrease the metered consumption before current rates are applied to determine the monthly bill. The electronic meter that was originally installed at the Grand automatically makes this adjustment. Atmos' billing software also makes this adjustment, thereby duplicating the reduction in consumption. The public utilities commission only allows the provider to go back six months when calculating retroactive billing increases. They are asking for about \$84,000 for last winter. They have agreed to allow us to pay this over the next 12 months. Fortunately, they are also reducing the current billing rate by about 30%, so we should be able pay the retroactive portion along with the monthly bills without exceeding budget. Mike was asked to find an independent engineer who could verify Atmos' explanation.

(1:16 into the recording)

The Board discussed the need for a replacement reserve study, and various approaches to that end. David suggested contacting the suppliers for the existing equipment and asking them to provide the status of the equipment, expected useful life and estimated replacement cost. Mike agreed to begin that process.

(Laurie Good and Jim Stegmaier joined the meeting at 2:24)

Mike introduced Jim Stegmaier, the engineer for the owner of C7A & C7B, who wants to open a restaurant called The Routt County Roadhouse in those two units. The current plan calls for 2 penetrations of the vertical end wall of the gable over their front door, to facilitate venting the char broiler and 3 deep fryers, and to provide makeup air. The owner is seeking permission from the Board to make those penetrations of the building envelope, and to add another doorway to provide egress required by the fire code. Technical drawings of the plans for the restaurant were handed out and discussed in detail. The restaurant will need about 1 million BTU of natural gas. This can either come from existing internal gas lines or by tapping into the Atmos Energy line in the road, but they would prefer to use the internal line. They would also like to have sidewalk seating, which is on a common element.

(Jim Stegmaier left at 1:59)

Discussion of the proposal continued, regarding the residential owners' right to quiet enjoyment, versus the value of having a vibrant facility. Greg pointed out that adding deep fryers and char broilers will increase insurance rates, and that could be significant. Mike was asked to look into that question. The Board decided to ask our Attorneys to determine if there is an obligation to provide a natural gas tap to a specific unit, and to draft an agreement to allow the penetration of the exterior wall and the addition of an entryway. Laurie urges urgency in resolving any open issues regarding the proposal. When answers to the open issues are received an email vote will be taken on the proposal.

(2:17 into the recording)

Mike Lomas gave his Property Manager's Report. There is an ongoing problem with guest, owners and employees tripping on the lobby stairs. Additional lighting, a red carpet at the bottom and different lighting have not helped, apparently because people get distracted. Mike suggested adding an additional banister in the center of each section. Mike was asked to contact the insurance company's loss control manager.

Quite a bit of time has been spent on what to do about the roof and snow management. It will be necessary to hire a roofing consultant to plan a course of action and oversee the project. DirecTV has 2 proposals in, with different up front costs and channel lineups. The pool repair went well and on budget. Exterior painting and stucco repair will be needed soon. The lobby elevator that is used to get the bell carts from the entry to the main floor is experiencing much higher usage than it was designed for, and may need to be upgraded soon. HVAC controls are now obsolete and no longer supported by the software company. All residential units carpeting has been replaced, and the proposals for the main lobby are being reviewed. Installation is scheduled for the fall. Proposals for the new furniture package are also being evaluated and installation is scheduled for the fall.

(3:00 into the recording)

The owner of all shares of unit 621 has requested that their unit be designated as pet friendly. The Board agreed. The owners of all shares of 322 want to add some shelving for an owner's closet. The Board agreed.

David reported that the assessed property values are being appealed by Slopeside Consulting on behalf of the Grand.

Stacy reported that there are ten TVs in the largest units that were not upgraded to flat screens last fall when all other TVs were done. She and Mike are looking into options for those areas.

The policy of charging a \$25 fee for declined credit cards was reviewed following a complaint from an owner. Most of the declined credit cards are because the card number has been compromised and therefore canceled. Greg brought up the overall expenses of the credit card program, and the time it takes to resolve these types of issues. He suggested a pay-to-play fee for owners who want to pay by credit card, and encourage the use of electronic funds transfers, which is much cheaper. The consensus was to continue the program with no fee. The administrative burden of declined credit cards was discussed. The need to reiterate the specifics of the policy that owners will be charged the \$25 fee no matter what the reason is for the card being declined. Kevin made the analogy of driving down the road, running over a nail and getting a flat tire. It's not the driver's fault they got the flat tire, but they are going to have to pay the mechanic to fix the tire. It's frustrating, but no one expects the mechanic to repair the tire for free. Similar to AAA insurance, he suggested a quarterly fee of \$1 for everyone who uses a credit card, and then no other fee for declined transactions. This would fund additional efforts to prevent the problems as well as cover the efforts of resolving the declined transaction. The Board felt this was too complicated and supported the original policy of a \$25 NSF fee. The policy will be reiterated to owner, as a separate communication.

The next Board meeting was scheduled for August 27th, 2009 at 1:00 P.M. in the Owners Club.

The meeting was adjourned at 4:30.