

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE
STEAMBOAT GRAND RESORT HOTEL & CONDOMINIUMS ASSOCIATION,
INC (THE 'ASSOCIATION')
WEDNESDAY APRIL 4, 2007
STEAMBOAT SPRINGS, CO**

I. Call to Order

Joe Fogliano, President of the Association, called the meeting to order at approximately 9:30am. Five of the Board Members were in physical attendance: Joe Fogliano, Greg Magee, David Zedeck, Mike Lomas, and Laurie Good. Two of the Board Members called in: Ron Belin and Steve Traudt. Also in attendance were Sherri Sweers and David Nagel, the Association's Legal Counsel, and Stacy Huffman, Association's minute taker and Director of Owner Relations. Mr. Fogliano established that a quorum was present to conduct business. The meeting proceeded in accordance with the agenda contained in the stated notices except as otherwise noted herein.

II. Ratify the Minutes of Board Meeting held on February 28, 2007

The Board did not have any corrections to the minutes of the February 28, 2007 meeting. The minutes were accepted as written and distributed.

III. Announcement of new Board Members

Joe Fogliano announced Mike Lomas and Laurie Good are replacing Betsy Wallace and Stan Hansen as commercial representatives on the Board of Directors. Betsy and Stan put in their letter of resignation effective on March 1, 2007. Mike Lomas will fulfill the remaining two-year term ending in 2008 and Laurie Good will fulfill the remaining one-year term ending in 2007.

Greg Magee has accepted the position on the Board of Directors to fulfill the vacant one-year term ending in 2007.

IV. Board Officers

Joe Fogliano, President, would like to review the current officers on the Board of Directors. Ron Belin is the current Vice President, David Zedeck is Secretary, and Larry Wright formally held Treasurer. **Mike Lomas has nominated Laurie Good for Treasurer, Joe Fogliano second. All were in favor.**

V. Other Business (moved to earlier in the meeting)

The Board has received a letter from Gary Squires with approximately 70 owner signatures regarding the quarter share subdivision vote that occurred in February. The letter is asking the Board to give a legal opinion on how or if this group of

owners should proceed with legal action. As the Association's legal representative, Sherri stated that her opinion on this matter does not change anything. David Zedeck wanted to clarify that the owners in the letter are stating that the Board took a vote of the Association when the Board did not need to because the owners already had the right to subdivide their quarter share units, based on their understanding of a letter from Chris Diamond received in 2002. David Nagel informed the Board that originally the quarter share subdivision was going to be brought to a vote at the annual meeting, but that was not in accordance with the condominium documents. At the annual meeting held on August 12, 2006 the Board did announce that the quarter share subdivision would be sent to a vote of all association members. Sherri will draft a letter for Joe to send back to Gary Squires. David Nagel states that the letter received is petitioning the Board to a legal opinion and the owners do not have the right to do so. This group has the ability to petition the Board for a special meeting, but that requires twenty percent of the Associations membership. What can happen is that the President of the Board could call a special meeting on this matter. Ron is questioning if this group of owners were to bring a Declaration Action against the Board would they need legal representation and who would cover the costs. David Zedeck suggests that it would be a good idea to have an attorney present to monitor the situation. Greg asked if we should notify all owners of what is currently going on regarding this letter. David Nagel believes we can put the information on the website and that will be enough to keep the owners notified.

VI. Garage Note

Steve Traudt asked David Nagel how long he has been working as legal counsel for the HOA. David Nagel stated that he never worked for the developer as their attorney, but has been the HOA attorney since 2003. Steve presented the Board with the background on the Parking Garage Note. Back in 2000 the Association purchased the parking garage from the developer, who also financed it. The Board is currently questioning the validity of the Garage Note. They have put Intrawest on notice regarding the Board's concerns on the Garage Note. The Board is also asking Intrawest if they could refinance the note at a lower interest rate or adjust the note balance. Intrawest is currently not interested in these options. According to Steve it is very difficult to understand the collateral involved with the parking garage. It is even more difficult to understand the loan to value ratio. Intrawest would like the HOA to pay the Note off in full; the Board came back and asked if they would discount the Note if the HOA were to pay in full within six months. The attorneys for Intrawest are looking into this option, but feel they are negotiating against themselves. Joe states we currently have two options regarding the Garage Note: find some means of refinancing from another lender or receive a discount from Intrawest, an option does not interest Intrawest. David Nagel went through the Garage Note when he first started working with the Board. The HOA was not notified on an individual basis. The HOA did go to American Skiing Company to try and get a discount or renegotiate the price. According to Laurie Good the income value will not help them proceed with refinancing their loan. Steve does not believe that Intrawest did not pay face value for the outstanding balance on the Garage Note

during the recent sale, but there should be some discount for the uncertainty on the Garage Note. David Zedeck does not feel that Intrawest will change their mind unless the Board brings a legal suit against them.

VII. Committee Reports

a. Ski Equipment Storage

Ron Belin and Greg Magee reviewed the current situation regarding the ski storage area. We currently have a number of owners that would like to keep their equipment in the storage area during the off-season and not have to travel twice a year with the equipment. Mike Lomas and Mike DeGroff have agreed to move all of the rental equipment out of the ski storage area and back to the commercial area in the Steamboat Grand. Guests staying at the Steamboat Grand will continue to store their equipment at the ski storage during their stay. Mike DeGroff will continue to employ the workers at the ski storage area. Ron believes there are two remaining issues regarding the ski storage area: the boot storage should not be long term, and there should be a policy for how many slots each owner is allotted for ski storage. Greg states that for short term we can mark the equipment as owners leave. There are a few items that need to be cleaned up which include new carpet, more signs, and the sitting area. Greg sees the boot storage as a phase process depending on how everything proceeds during the next year. Ron and Greg will put a letter together regarding the changes, and Stacy will send out to the owners. Greg would like a budget to purchase more storage area. The Board is asking that Greg and Ron put together the numbers and present them at the next meeting. Mike Lomas mentioned that Intrawest is interested in taking back the SlopeSide Owners Club. The Board would like to keep the space as an asset to the HOA. Joe is asking Mike to receive an offer from Intrawest and present at the next meeting.

b. Management Contract

The Management Contract committee has met a number of times during the last month, and has met with Mike Lomas and Laurie Good several times as well. They have identified the issues, but are concerned regarding the power that Mike and Laurie have with the negotiations. Their biggest area of difference is the retro-activities. Some of the options for the Board are to charge for parking and to outsource the accounting. If the Board comes to a point where they do not feel there is an honest commitment they will look to other management companies for a bid. Mike Lomas commented that management company has come down ~ they have dropped the management fees, are paying for the housekeeping closet, and covering half of the owner services department. David said we are bringing the terms back to a level playing field now that the owners are more involved. The Board is looking at trading off a few charges, including pay for play. Pay for play means an owner would pay each time they stay at the Steamboat Grand to cover the

costs associated with the Front Desk and Bell Staff. If an owner does not stay and only rents their unit they would not pay for this service. Steve states that Intrawest believes the owners would be double dipping because of the great rates they received when purchasing their units, and then receives a discount on the Garage Note. He believes that ASC was double dipping when they started selling the eighth share units. They received increase value, and at the same time increased the costs and owner usage. Steve believes that the current management contract was not fairly negotiated in the past and the Board should accept their cost formulas now. The Board should look into tying the management contract with the rental management contracts. Laurie said the management contract committee was in negotiations with offers and counter offers. (See attached sheet) Laurie has broken out the services associated with running the HOA including the General Manager, Owner Services, and Accounting to provide a better understanding of the cost. In the revenue section the HOA would like to start charging for parking at the Steamboat Grand, receive the revenue from vending machines, and rent on the housekeeping space. One of the options the Board is looking into for saving costs is out sourcing the Accounting services. The Board had a discussion on whether to go with the Pay for Play choice to cut the HOA cost. There are a few Board members in favor of the Pay for Play and a few Board members against this option.

c. Owner Communication

Stacy Huffman has been working on a new website for owners of the Steamboat Grand. Joe would like to make sure that the website is secure and only owners would have access. It is currently a work in progress.

d. Budget

Laurie has provided a proposed budget for the Board to review. The budget committee has not met with Ed Anderson and Laurie Good because of the management contract negotiations. Laurie has reorganized the budget to provide owners with a better understanding of their cost.

VIII. Management Report

Mike Lomas presented the management report to the Board. During the fall we replaced the carpets in the common element, but now we need to look into replacing the carpets in the units. The housekeeping department has put together a list of units that are in need of new carpets. The maintenance department has been working on taking the gutters off of the building just above the Shops at the Grand and near the pool area. Mike is predicting the cost to replace the gutters to be around \$100,000 dollars. They are currently exploring the option of adding heat tape to the shingles above the Shops at the Grand as well. David Zedeck would like to make sure that when replacing the carpets in the units, we have a three-year plan to have all the unit

carpets replaced. Mike will be putting together a wish list for the Board members of other items in the units he would like to see replaced, including window coverings, television sets, and sofa sleepers. We did start to see water leaking into unit C-7 at the Shops at the Grand. On Tuesday April 10 we will begin to install a sump pump in the parking garage to divert the water. Laurie Good presented the Board with the current financials as of February 28, 2007. (See attachment for further details)

IX. Other Business

According to David Zedeck, our policy for whole owners is that if they would like to make their unit pet friendly, the Board will be okay with it. The potential buyer of unit 427/428 would like to make their unit pet friendly. The Board agrees this will not be a problem.

Laurie brought to the Board's attention that we need a resolution stating the change in the budget process. Laurie motioned that we have a resolution temporarily amending the condominium documents to delay the budget approval process and have a copy ready by July 15, 2007. Greg Magee seconded the motion. All were in favor.

The next Board meeting is scheduled for May 22, 2007 at 9am at the Slopeside Owners Club.