

Grand Summit Resort Hotel

HOA Executive Board Quarterly Meeting

December 15, 2006

Date and Time: Friday, December 15, 2006, at 9:00am

Location: Grand Summit - G620

Board Members in Attendance: Jeff Zogg, President; John Nadalin, Treasurer; Toni Adams, Secretary; Michael Nowels, and David Hedderly-Smith

Staff in Attendance: Gary Riness, VP of Facilities and Engineering; Nicole Terry, Director of Owner Services; Lynne Giuffre, Owner Services Coordinator

Jeff Zogg called the meeting to order at 9:10 a.m. It was established that there was a quorum for the purpose of voting.

Treasurer's Report:

John Nadalin reviewed the second quarter ending October 31, 2006. All in attendance received a copy of the financials.

Dues are 10% ahead of last year. Locker fees and WiFi are exceeding budget, creating excess revenue in the amount of \$67,000 in non-dues collections. Wi-Fi is fast, reliable and working very well. Currently, there is not a line item for this service on a guests' bill; it is a \$3.00 charge. We may look at specifying this charge separately in the future.

Insurance costs are \$8,000 - \$10,000 higher than last year. Still, after 6 months we are \$4,000 under budget.

Twenty-seven owners did not provide their social security numbers last year. In addition, several owners provided incorrect tax ID numbers, not matching the ownership for their units, which created a \$5,000 penalty expense.

Administration expenses are on budget. Legal/professional fees are over budget due to an increase in audit fees each year. Housekeeping is under budget and is incurring fewer costs than last year. Maintenance is on budget. Utilities are under budget as natural gas prices have decreased. Electricity is on track with last year. Management fees are on budget.

The bottom line is that we have \$100,000 in excess revenue over expenses.

The new sofa sleepers, love seats, dressers, pillows, and mattresses required a \$350,000 expenditure from the reserve fund. In-room safes are costing three dollars per month per room. These are on a lease/purchase and there is one year remaining on the contract.

Damage repaired on the corner of the driveway by the pool was budgeted at \$30,000 and the actual cost was \$21,000.

On the balance sheet our aged receivables are at \$600,000. Only \$82,000 are over 90 days past due. The accounting staff has improved collections of property taxes. Instead of waiting until October when the actual notices are sent out, the staff is using the valuation notices that come out in August for tax billing. This allows billing two months ahead of the time line followed previously, giving the owners more time to make their payments ahead of the November 30th due date.

Jeff Zogg reviewed the meeting minutes from the June 29, 2006, Executive Meeting. As follow-up:

The new Executive Chef is making excellent improvements. He is innovative and has grasped the "Rocky Mountain Cuisine" concept nicely. The lunch menu is especially impressive.

John Nadalin followed-up on the ACH implementation discussion and indicated that some additional software is still needed to support the system to function properly. Springer Miller is expected to release software in 2007 to allow rent checks to be directly deposited.

The freezer for owners who ship food prior to their arrival is here and the policy for handling the items is in place. The freezer is expected to be moved to the 5th floor food and beverage area and will be double locked. We expect 70% of the occupancy to be owner stays during the week after Christmas.

The first owners' newsletter is expected to go out at the end of January. Todd Burnett and Jim Powell from marketing are preparing the newsletter, which will include a message from Jeff Zogg, real estate updates, a note from the Chef, and a RVMA report. It will be a very impressive piece and will go to owners of the Grand Summit Resort, Sundial Lodge, Silverado Lodge, and may include the Westgate property.

As a note, 75% of our real estate sales took place between December 20, 2005 and April 1, 2006. Property values have slowed somewhat since, and values are expected to continue upward.

Our CPA explained that we are technically not a non-profit organization and are subject to state and federal income tax. We need to utilize the reserve fund and apply funds appropriately to avoid taxation. Our CPA will do tax planning for the coming year taking this into account.

Questions arose regarding who legally owns, for example, a boiler? The Canyons or the HOA. There are approximately 740 owners. The ownership of items that have depreciative value needs to be addressed.

A motion was made by David Hedderly-Smith to approve the June 29, 2006, minutes; Michael Nowels seconded, all approved.

New Business:

Significant effort has been made over the past year to refurbish and replace furniture in the common areas and most recently the guest rooms. The biggest complaint had been about the mattresses and the new mattresses exceed The Heavenly Bed criteria. The new sheets have a 350 thread-count. The new sofa sleepers are ergonomically designed and are the best available. One hundred sets of floor and table lamps have been purchased. Closet inserts will be installed beginning in January 2007. The chests of drawers in the parlor units have been installed. The unit upgrades ought to be completed by May 2007.

In the next fiscal year, beginning in May, we will start to look at re-painting the units and new televisions. Initially, we will install LCD's into rooms that do not have armoires. Eventually the armoires will need to be replaced to accommodate the flat screen televisions.

The new Director of Housekeeping is Andreo Girardi. He was "Manager of the Year" at the Hilton and we are delighted to employ him. Housekeeping was understaffed last year and is now fully staffed with many returning English-speaking international employees.

The Perfect Owner Arrival Program is in place. All bell/valets have earpieces and new uniforms. As owners arrive, bell/valets request their names and radio the information to the front desk staff. The scripting is evolving and everything is working 90% more efficiently. A trace is added into owner's reservations stating VIP status. The owners' units are then inspected and cleaned with priority over other arrivals. Housekeeping will be alerted to prioritize these units. Through the season we will now be offering refreshments in the Owners' Lounge every Friday, the largest owner arrival day.

Red Pine Lodge has received a \$1.5 million face lift adding 200+ seats, a new more efficient kitchen, and a fabulous new large outside deck.

The Tombstone lift has been upgraded from a high speed 4-pack to a high speed 6-pack. The new DreamCatcher lift opens 200 additional acres of advanced and intermediate terrain on the mountain. Twelve more cabins have been added to the Cabriolet, which will increase capacity by 900 people per hour.

The first two weeks in December were slower than usual. This was partly due to the snow conditions, as well as raising rates higher than last year. Next year, we will keep the pre-season rates lower to attract skiers for the early season.

Christmas week is oversold and the first week in January is highly booked. Family week is scheduled for the first week of January in partnership with Nickelodeon's Sponge Bob and Dora the Explorer characters. Family week is expected to be a success with more families vacationing in Christmas week.

Reservations during the week of Sundance are looking good and we would like to reserve more parties. Soon the owners will be provided with a comment card upon arrival to provide their feedback regarding their arrival and stay experience. Friday receptions will continue in the Owners' Lounge and we look forward to hearing the owners' suggestions.

To continue with the Perfect Arrival Program, a Lobby Hostess has been added and there will be an Owner Services representative in the Owners' Lounge on Friday afternoons.

A new service will be offered to fit guests and owners for ski and boot rentals in their units.

Our new Executive Chef, Joseph Trevino, is a four star chef with credits from resorts in Arizona, as well as heading up Duck's at the prestigious Peabody Hotel in Orlando, FL. He has an excellent tableside manner and is delivering innovative cuisine. Joseph has recruited his second in command from the Peabody, Phelix Gardner.

Facilities Update:

Gary Riness indicated that due to the weight of the cars on the heated driveway there would be some significant repairs required next summer. The heated water tubes need to be better protected by some repair to the concrete surface. Thermostat replacements are 85% finished and the maintenance staff is awaiting the next shipment to complete installation.

The board agreed to fund lighting upgrades, which will provide longer life, energy saving bulbs. It is a \$22,000 up front expense, and Utah Power will reimburse us between 40% to 60% after we complete the replacements. This needs to be completed by January 20, 2007 to receive the reimbursement. We will recoup the total cost within twelve months. David Hedderly-Smith moved that we proceed with the change-out but not to exceed \$25,000 in cost. Mike Nowels seconded the motion and all attendees voted in favor of the motion.

Applying new paint on the exterior of the building needs to be evaluated in March of 2007. Roof valleys also need to be repaired next summer. The gutters may need to be replaced as well.

An HOA Maintenance System needs to be implemented to keep the equipment on a monitoring system with automatic record keeping. This would be a \$12,500 investment and will include the Grand Summit Hotel, Sundial Lodge and Silverado Lodge. Silverado should open in February 2007. At this point, it looks like the split for costs amongst the properties will be 60%, 30%, and 10% respectively. David Hedderly-Smith made a motion that the monitoring system be implemented and Jeff Zogg seconded. All present approved the motion.

A suggestion was made to spend \$5,000 - \$7,000 to upgrade the tools necessary to support the maintenance staff. It was suggested that this investment be discussed at the March 2007 budget approval meeting for our next fiscal year.

Mike Nowels moved to adjourn the meeting, Toni Adams seconded. All approved.