

Grand Summit Resort Hotel

HOA Executive Committee Quarterly Meeting

June 29, 2006

Date and Time: Thursday, June 29, 2006, at 9:00am

Location: Grand Summit Hotel Unit #628

Board Members in Attendance: Jeff Zogg, President; Gordon Cummins, Vice-President; John Nadalin, Treasurer; Toni Adams, Secretary; Michael Nowels; Nancy Seraphin; David Hedderly-Smith attended via telecom.

Staff in Attendance: Gary Riness, VP of Engineering; Nicole Terry, Director of Owner Services; Tiffany Peters, Grand Summit Owner Services Manager; Jody Sargent, Owner Services Coordinator

Jeff Zogg called the meeting to order at 9:10 a.m. It was moved that Robert Bykerk, owner of unit #439, will join in on the meeting. All approved.

Jeff started the meeting by describing the topics that needed to be addressed. The topics addressed were interior design, priority mattress replacement and improvements in operations.

The Secretary report for March 29, 2006, was read and there was a motion to approve the minutes. The action items discussed were revenue, operating expenses and bank fees.

Treasurer's Report

The deadline for property tax payments is October 31st of each year. If an owner still has not paid their taxes by January 31st, a fee will be charged and in some cases reservation privileges revoked. The Canyons sends the property tax invoices out annually, each August.

A motion was made for John Nadalin to pay up to \$9,000 of owners' delinquent property taxes, charge the owner the appropriate fees, restrict the use of the owner's unit, and apply owner's rental income to the balance of taxes due. The above motion was made by Gordon Cummins, Michael Nowels seconded, all were in favor.

HOA Dues Collection and Payment Distribution: John Nadalin led the discussion concerning ACH transaction possibilities. It was noted that the HOA spends approximately \$20,000 on credit card fees. The 3% credit card fee is at the highest

when owners are not actually here to swipe their cards. It was discussed that if the ACH programs were implemented, it would decrease the cost incurred for credit card charges. Also, it would be best if funds could be withdrawn on the first day of each month. Dues would then be immediately transferred into the HOA account. John has been working with the bank on the acquisition of the software to support this service. The software would require an initial investment, however it was noted that it is significantly less expensive than the cost of using credit cards.

Three ways to pay HOA dues were suggested:

1. Checks
2. Credit Cards, adding the 3% fee
3. ACH at \$15/year to cover costs

A motion to implement the above choices was made by Gordon Cummins, Michael Nowels seconded, all were in favor.

Rent checks for direct deposit: There are technical issues between the Springer Miller System and the bank systems. A request has been made to Springer Miller for an upgraded system to allow for direct deposit. It is noted that Springer Miller is seeking a viable solution.

Jeff Zogg brought attention to the following items:

Budget: A cover letter was sent along with a copy of the budget. Due to the fact that the HOA dues have increased, Jeff wrote the letter to explain the growth from the previous year, to cover the increase of utilities costs.

WiFi: This was a high revenue generator. The WiFi collections have paid \$100,000 of debt, and increased revenue by more than \$70,000 for the Homeowner's Association.

Freezer: Last year during the holidays, it was discussed that the hotel was inundated with refrigerated and frozen items from owners shipping them to the hotel. Over fifty percent of our owners sent food prior to their arrival during the 2005/2006 holidays season. This presented a major dilemma, as in accordance with the Utah State Health Law, it is not possible to mix personal food items with restaurant food product. Gary Riness suggested purchasing a chest freezer for the owners' use. Gordon Cummins suggested that we purchase the largest capacity possible, not to exceed \$600 in cost.

A motion to approve the freezer purchase not exceeding the amount of \$600 in cost was made by Michael Nowels. John Nadalin seconded the motion. All present were in favor.

Property Value

Jeff Zogg noted that there was concern from owners about the leveling of property value compared to the increase in the surrounding Park City area. Jeff Lykes from the Canyons Real Estate department joined the meeting to bring attention to the owners of the problems that are occurring with listings for a Canyons property by outside agencies. It

is strongly suggested that there is a correlation between listing a hotel unit with an outside realtor, and the inability to sustain increased market value as compared to other similar properties in the Park City area. Jeff pointed out that outside realtors often list properties undercutting the value, and then do not participate in showing the unit or property to the prospective buyer. He also mentioned that many outside realtors do not supply sellers and buyers with correct information, which presents subsequent problems for Owner Services and the new owner.

A “three-pronged” approach was suggested:

1. Activity and developments are increasing and creating a resurgence in real estate development. It was suggested that the HOA support a letter promoting the Canyons Real Estate department.
2. Piece together units across the board and increase the value of The Grand Summit properties.
3. Utilize in-house marketing and ask outside realtors for their assistance in marketing The Canyons knowledgeably and correctly.

Jeff Lykes will prepare a letter outlining property value concerns. The letter will need to include suggestions of how to maximize property value. The HOA Board was asked to sign the letter in support of the suggested efforts.

Facilities and Engineering

Gary Riness stated that ninety rooms are completed with new thermostats installed. The new thermostats default to 72 degrees, and should provide an improvement in utility costs. Gas prices are expected to decrease in the next year. The status of the equipment for the Grand Summit hotel is in good condition. Gary invited everyone to visit the maintenance room.

Gary stated that he is working on improving the lighting systems in the commons areas and in the units.

Jeff Zogg stated that the HOA reserve funds are at an appropriate level. The condition of the carpeting has been evaluated and new carpet has been installed. The new carpet is projected to last five years.

Future improvements include mattresses, sofa sleepers, and lighting in all units, as well as dressers in the parlors. The mattresses should be replaced by November 2006 at a cost of \$180,000. This year sofa sleepers in one half of the Grand Summit units will be replaced with new sofa sleepers by American Leather. In 2007 the other half of the sofa sleepers and loveseats will be replaced.

The parlor units are in need of extra storage. There will be a custom built dresser placed in each parlor to provide more storage.

Gold, tan and red paint samples were shown for consideration in the unit interiors.

A motion was made to approve a 2007 Reserve Fund Budget for improvements in the amount of \$450,000 by Michael Nowels, Gordon Cummins seconded, all were in favor.

New Business

A new “Control Center” will be implemented to track and time every guest request. This center will be open 24 hours a day, 7 days a week, to ensure timely results for every request made to housekeeping, maintenance, and Public Safety.

A “Perfect Arrival” for owners includes Bell Valets having radios and informing the Front Desk that an owner has arrived. The owners’ units will be prioritized for cleaning based upon arrival time, as soon as the previous owner or guest has left the unit.

On Fridays during the ski season The Canyons will provide beverages and snacks in the Owner’s Lounge to support the check-in process.

In accordance with the immigration laws, Housekeeping experienced a severe decline in staffing. This created increased housekeeping costs. The hotel management is expected to travel to South America to recruit for J1 visa employees.

There will be an addition of a new restaurant to accommodate “quick to go”, a casual and more family friendly styled dining.

The Restructuring of Owner Services includes a new Director of Owner Services is Nicole Terry. There will also be two Owner Services Coordinators devoted to the Grand Summit, the addition of an Owner Services Accountant, and a Lodging Administrative Assistant.