

**Grand Summit Condominium Owners Association
Annual Meeting
August 7, 2004**

Date and Time:	Saturday, August 7, 2004, 9:00 AM
Location:	Grand Summit Hotel, Kokopelli Ballroom
Board Members Present:	Jeff Zogg, President/VP Lodging; Gordon Cummins, Vice-President (via phone); Toni Adams, Secretary; John Nadalin, Treasurer; Nancy Seraphin, residential member
Staff Present:	Gary Riness, VP Engineering and Facilities; Dave Stevenson, VP Resort Sales; Kerry Clark, Director of Revenue Management and Sales; Tiffany Peters, Grand Summit Owner Services Manager; Bridgette Saxton, Grand Summit Owner Services Coordinator; Pat Van Sickle Stokes, Sundial Site Manager
Owners Present:	Attendance Sheet

GSHOA President, Jeff Zogg called the meeting to order at 9:10 AM. He declared a quorum present through the use of the commercial space percentage, but stressed that the commercial block would not be used in voting.

Jeff reminded those present that this was the fifth Owners Meeting, but the first since control of the Board of Directors was turned over to the owners. This change took place as a result of the American Skiing Company sale of the units it owned. ASC retained one unit. Members of the new Board of Directors are as follows: Toni Adams, Secretary; Gordon Cummins, Vice President; David Hedderly-Smith, Residential Member; Michael Knowles, Residential Member; Nancy Seraphin, Residential Member.

Resort Village Management Association: John Young, Executive Director

John opened with a presentation concerning the golf course. He distributed an information packet, including the course layout, to those present (owners not present at the Annual Meeting may contact John for a copy of this packet). John stated that the water rights have been purchased, and pending appraisal, the course is set for construction. He cautioned everyone when reviewing the course layout to remember that blueprints will always vary upon construction depending upon the challenges presented by the terrain. While Textron is on board to finance the course, approximately \$4.5 million must be raised by the RVMA. Charter memberships will be sold in order to raise this money.

The golf course will have approximately 30,000 rounds of golf per year, given time and seasonal parameters to be used as follows:

- 7,000 rounds will be set-aside for attendees of conferences lodging at The Canyons.
- 9,000 rounds will be dedicated to charter members.
- 300 memberships will be sold, which will entitle each member to 30 rounds of golf per year.

Tee times will cost \$65.00, including a cart. Leisure guests will have access to tee times two months prior, while the public may fill open times no earlier than 9 days ahead. John is seeking comments concerning resale of memberships.

John then moved to the agenda item of HOA representation on the RVMA, prompted by a question from Ted Henn. John explained that the RVMA is a Master Association modeled after the one at Beaver Creek. The developer, ASC, has 4 of 7 Board seats. The remaining seats are held by other developers in the Specially Planned Area (“SPA”). If the Grand Summit homeowners want to gain a seat on the RVMA Board, John recommends that they combine with the Sundial HOA and actively seek support from other SPA owners to gain a seat during next year’s May election.

John reported that depending upon the artist, crowds between 2,000 and 6,000 people attended concerts in the Forum this summer. He invited all to view the landscaping changes that include an additional 15 feet of sod around the original grass area, patios with umbrella chairs, permanent lighting and surround-sound speakers.

A question was posed concerning the future of tennis at The Canyons. John responded that tennis is a low priority now, but the potential exists for courts at the base of the Cabriole. Another question was asked about the status of the skating rink. John explained that the possible loss of the rink was simply due to timing. When the golf plats are recorded, the land could be ready for a skating rink. Right now, The Canyons is second choice to a location at Quinn’s Junction. John was asked how the golf course would impact the Millenium Trail. John responded that the trail will run along side the 9th hole.

Secretary’s Report: After a review of the minutes of the 2003 HOA Annual Meeting, Jeff Zogg called for a motion to approve. George Weinstein motioned for approval and Ted Henn seconded the motion. Motion Passed.

Treasurer’s Report John Nadalin presented the Association’s financial statements for the year ending April 30, 2004. For the year, a \$442,000 surplus of revenue over expenses was achieved compared to the original budget. Over half of this surplus (\$238,000) resulted from cost reductions and efficiencies in hotel operations and administration. The remaining surplus was caused by the capital fund contributions from the real estate auction (\$117,000) and savings in utilities. The Board voted to transfer

this surplus to the Reserve Fund to cover future capital costs. Major expenses from the Reserve Fund during the year included the installation of flat plates for heating and cooling, repair of roof leaks and installation of wireless Internet. A reserve study is being completed by Gary Riness to review timing and costs of replacement of major items such as carpeting. Jeff reported that all duvet covers will be replaced before winter. The entire hotel is now online with the wireless system. Access to wireless Internet will be free for owners, and guests will pay a nominal fee.

The 2005 budget was presented, which showed no dues increase and a substantial contribution to the Reserve Fund. Jeff asked for approval of the 2005 budget. Ted Henn motioned to approve and Jan Wilking seconded the motion.

Ted Henn asked in what kind of account is the reserve kept. John Nadalin responded that the money is presently in a Merrill Lynch Money Market account where it earns less than 1%. The Reserve Fund was moved from Wells Fargo to Merrill Lynch in order to obtain a higher financial return and improved insurance protection. Jeff Zogg stated that a Merrill Lynch representative will make a presentation to the Board during the September meeting. Discussion continued on whether the decision to move the reserve fund should be made by the Board or sent to the homeowners for a vote. Jim Dullanty urged the Board to make the decision. Jeff suggested that if the Board is not comfortable deciding where to invest the reserve fund, then a Special Meeting would be scheduled. It was decided that a policy was needed concerning reserve fund investment and this policy should be in place prior to the September meeting.

Grand Summit Hotel Projects: Gary Riness reported that the installation of the flat plates has resulted in savings of over \$2,000 each month in electricity. The timers placed on each fireplace has saved \$1,800 monthly in gas. However, utility prices have risen above the 7% increase included in the 2005 budget. Several projects have been completed since the end of winter: repair of stucco and rockwork on the Hotel, repainting the outside of the Hotel, and installation of snow bars on the roofline. Tie-offs have also been installed on roof areas to help insure the safety of the maintenance crew as they remove snow. Carpeting on the ground, first, and second floors will be replaced during late October and early November. Lee Kafer pointed out that during visits to his unit there are always small issues wrong and that a better program should be in place for maintenance. Gary responded that preventive maintenance (PM) is performed twice yearly in each unit. Jeff stated that increasing that PM to once each quarter is being investigated. Preventive Maintenance is paid through the 4% Fund, which has increased due to higher occupancy rates; but care must be taken not to deplete the fund. A challenge has been the language and cultural differences presented by a 100% Hispanic housekeeping staff. The maintenance team relies upon the housekeepers to report units in need of attention. This challenge is being addressed through a recently hired trainer/translator. Jeff reiterated that the 300 to 400 guest comment cards received each month are 93% positive. A question was posed as to the possibility of altering the roof above the outdoor area of Doc's. Gary agreed that the roof is a bad design and it must be kept clear of snow. He will look at the cost comparison between replacing the roof and snow removal.

Canyons Update: Jeff Zogg reported that the past winter was a record skier year. The Canyons had the highest snow depth in the nation at the beginning of January and 75% of Lodging is booked during that month. Season passes and lift tickets will be sold in the lower parking lot near the base of the Cabriole to relieve congestion in the Forum. The Snow Park was not a successful design. Control of snowboard traffic was a challenge. It has been decided that a Super Halfpipe will not be built next year. 90% of the snowmaking was concentrated on that area, to the detriment of other areas on the mountain. More ambassadors will be on the mountain and in the Forum - the exact number not known at this time. The two-year signage plan for the base area and the parking lot is proceeding. These signs will help orient visitors to the resort. Tree clearing and more glades will be evident on Tombstone and Peak 5. First Tracks will be offered this season on Wednesdays as well as Saturdays. The program will again be free for owners, but will be offered to guests for a \$30.00 fee. A breakfast will also be offered at Smokies each day of First Tracks at an additional cost. Lookout Cabin restaurant will offer full liquor selection. A new lift is scheduled next summer for The Colony as well as the Miners' Club. While no additional mountain lift is scheduled for this season, a plan has been proposed for a high-speed 6 passenger lift to be installed from the base to Snow Canyon. A question was asked concerning plans to alleviate the congestion at Tombstone. Jeff was not aware of any plans. He was then asked if there were plans for Dreamscape bathrooms and eating facilities. Jeff replied that there are plans in the system for the base areas of Tombstone and Dreamscape lifts.

New Business: Lockers. Jeff thanked the past Board for all the time they dedicated to formulating options. Guidance from the ASC attorney dictated that the entire HOA residential membership needed to be involved in the decision-making process. Jeff stated that he had recently received ten to fifteen emails from owners not comfortable with the three options presented for membership vote. Lee Kafer stated that early purchases included two lockers, while later purchases did not. He feels there is a design problem, caused by the developer that resulted in a lack of locker space and requested a residential task force be formed. Jeff stated that the developer had the right to change the design to the building. He offered the largest linen storage closet to assist with space.

Cathy Cornell proposed that the locker issue has been going on for 18 months and it was time to settle it since everyone has had an opportunity to vote. Jeff said that he was prepared to vote today, but as President of the HOA he wants to follow the opinion of the majority. He stated that approximately 200 ballot proxies had been received, which is less than 15% response by owners.

Bill Handler presented a letter from owner Michael Benstock that the residential Board Members had received via email. The main points of the letter were:

- There is enough space in the Grand Summit Hotel to provide lockers for every unit owner;
- 200 lockers have been assigned to units yet go unused –
- If they are not claimed by November 1, 2004 these lockers should be reassigned

- Assigned owners should be allowed to sell/buy lockers on their own.

Bill Handler proposed a motion from the floor to defer the vote until the task force had reached its conclusion. Rick Hall seconded the motion, allowing for further discussion. He felt there was not adequate notice prior to this meeting. Jeff reminded everyone that Condominium Documents state clearly when each vote mailing must be postmarked and this meeting's package was within those parameters.

Bill Handler also pointed out that the grandfathered "Option of Resale" with lockers was not included on the ballot. Pam Behn suggested that the real issue is access to a locker, not ownership of a locker. Erik Nordstrom, a new owner with a family of five, asked if there is an interim solution so that her family could have access to lockers. Carelyn Reinhard, representing the owners of Unit 703, said that her client's contract stated the lockers belonged to him, not just assigned. Jeff replied that he would deal with contracted lockers on a case-by-case basis. A discussion ensued concerning whether oral promises should be treated differently than written. The motion from the floor was called for a vote. All were in favor of deferring the vote until a residential task force had completed developing options.

A motion for adjournment was called for by Jeff Zogg. Steve put forth the motion, it was seconded and approved by all. The meeting adjourned at 12:10 pm.

Grand Summit Rental and Marketing Presentation (immediately followed annual meeting - printed slides included in this mailing)

2005 Annual Meeting:

TBD

Next Executive Committee Meeting:

**September 28, 2004, 9:00 am
GSH Conference Center**

Jeff Zogg
President