

**Grand Summit Resort Hotel Owners Association**  
**Annual Meeting Minutes**  
**August 2<sup>nd</sup>, 2003**

---

<b>Date and Time:</b>	Saturday, August 2 <sup>nd</sup> , 2003, 9:00 am
<b>Location:</b>	Grand Summit Resort Hotel Kokopelli Ball Room
<b>Board Members in Attendance:</b>	Scott Pierpont, President; Jeff Zogg, Vice President; John Nadalin, Treasurer; Lorri Palmer, Secretary Nancy Seraphin, Owner (378)
<b>Staff in Attendance:</b>	Gary Riness, VP Engineering; Dave Stevenson, VP Resort Sales; Kerry Clark, Director of Revenue Management and Sales; Dana Kent, Executive Assistant to the President; Pat Van Sickle Stokes, Sundial Lodge Site Manager; Jill Wilde, GSRH Owners Association Accountant; Tiffany Peters, Grand Summit Owner Services Assistant
<b>Owners in Attendance:</b>	Attendance Sheet <sup>1</sup>

---

Scott Pierpont called the meeting to order at 9:10 am. He announced that there was a quorum present either by members present or proxy (greater than 20% of the entire association).

**Resort Village Management Association (RVMA) Update**

Jeff introduced guest speaker John Young, Executive Director of the Resort Village Management Association (RVMA), who provided an update for the Resort Village, prior to the official meeting business. He began by stating that the RVMA's most often asked questions pertain to the status of the golf course. He said that golf course development is considered by the RVMA to be the second most important feature to the village – second only to the ski area. He went on to say that the area slated for development of the golf course is spread over 28 different parcels of land that are owned by 20 different landowners, which has presented some challenges. He said that the plans are progressing in a positive direction and that the plat is expected to be completed in early September. Financing has been the most difficult obstacle in the development, and there are still many details to go through, however he believes that they are only about four months away from being able to culminate financing. He said that golf courses generally take two years to build and during the first year of operation, they are not in premium condition. The maximum capacity for this course will be 32,000 rounds, with 16,000 memberships initially planned. He also said that national studies have shown that golf course developments typically boost lodging occupancy by 25% to 30%.

The Frostwood building located north of Canyons Resort Drive that was initially designed to be a Club Regent is now under new ownership of Raintree Resorts as of August 1<sup>st</sup>. Raintree also owns Whiski Jack at Whistler Resort in Canada and Teton Mountain Lodge at Jackson, Wyoming. Their anticipated startup date is between Thanksgiving and Christmas. This property is sold as a weekly timeshare and owners are not deeded rights to the property. Over one-half of the sales are expected to be to owners out of the area, with most occurring in Mexico. The sellout is expected to take 18 months. For the first time, this has opened an important new market to this area. Ski destination properties are very important to the Mexican market. Currently, 25% of the Vail, Colorado properties are Mexican owned.

---

<sup>1</sup> Grand Summit HOA Annual Meeting Attendance Sheet- August 2<sup>nd</sup>, 2003

In the lower village, plans are moving forward to build a new 11,000 sq. ft. fire station next spring that will house 14 firemen and also contain a community room. The 3.25-acre parcel next to the Cabriolet parking lot will contain an ice arena. Summit County residents voted for the facility and decided that The Canyons would be the best location. This will be a good tourist amenity and will offer public ice skating in the winter and, during the summer, the flat concrete floor space may be used as a conference facility, which will also help boost lodging occupancy in the resort. The facility will be covered on three sides, and the expected ground breaking is scheduled for next spring.

### **Secretary's Report**

Jeff Zogg asked for the approval of the 2002 Annual Meeting Minutes, and Richard Bleyle, owner (423A), made a motion for approval. Nancy Seraphin, owner (378), seconded the motion. The motion was passed.

Jeff Zogg asked for approval of the minutes of the 2004 Budget Meeting held on April 26, 2003. Nancy Seraphin, owner (378), made a motion for approval. Jan Wilking, owner (562), seconded the motion. The motion was passed.

### **Action Items**

There were no action items from these two previous meetings.

### **Treasurer's Report**

John Nadalin, VP of Finance for The Canyons Resort, who was appointed by the Board as a replacement for Glenn Crowell was introduced at this time. John is a CPA with over twenty years of experience in senior financial management positions. John Nadalin introduced Jill Wilde and complimented her on a job well done in HOA Accounting.

John Nadalin stated that effective May 1<sup>st</sup> of this year, the Owners Association accounting has been transferred to a new accounting system called Quickbooks, which will better meet the needs of the association and is separate from ASC's accounting systems. He presented the Treasurer's Report that included a summary of financial statements for the years ending April 30, 2002 and 2003<sup>2</sup> and a summary of the Budget for fiscal 2004<sup>3</sup>. John Nadalin said the audit went smoothly. For the year, revenue exceeded expenses by \$177,000, in addition to the \$170,000 that was transferred to the Reserve Fund. There were several contributing factors to the surplus, including one-time utility credits and savings on utilities, snow removal and operating expenses due to lower than average snowfalls and lower than planned hotel occupancies. John Nadalin said that Jeff Zogg and his hotel staff reacted quickly to the lower occupancy levels with aggressive cost control measures. As a result of the direct cost savings, the management fee charged to The Association was \$30,000 lower than what was budgeted. The Board members agreed during the June 24, 2003 Executive Members Meeting that it would be best to apply the surplus to the reserve account, since the year ahead is expected to be a more normalized year and occupancy is expected to increase. Also, the one-time utility credits will not be received in the following year.

Ted Henn, owner (420), asked where the cost to replace items such as bedspreads comes from. Jeff Zogg explained that the 4% replacement fund replaces items in the units up to an individual cost of \$50. If the cost to replace or repair an item is above \$50, the amount must be assessed as an HOA reserve replacement. Recently, housekeeping ran out of surplus bedspreads. The management is looking at doing a gradual floor-by-floor bedspread replacement and the cost to replace these will come from the HOA reserves. Items such as appliances and carpet in units are also covered by the HOA reserve. Guests are responsible for any damages they have caused while staying in units. Ted Henn, owner (420), asked what the process should be for owners in reporting

---

<sup>2</sup> Financial Statements and Report of Independent Certified Public Accountants April 30, 2003 and 2002

<sup>3</sup> Budget Summary 2004

items that need replacing. Jeff Zogg replied that items needing attention should be reported to Housekeeping unless they are a maintenance item. If they are a maintenance item, they should be reported to Maintenance. A work order form is drawn up by these departments to track the completion of items being serviced. The Maintenance Department also does preventive maintenance in each unit using a 50-point checklist.

### **New Business**

Jeff Zogg said that the first item on the agenda for new business was the acceptance of John Nadalin's resignation letter<sup>4</sup> and explained that John was appointed by the Board as a replacement for Glenn Crowell as Board Treasurer, and that the Board only intended to have him fill the slot until the annual meeting, and in order to stay true to the intent of the Board, John resigned from the appointed position and is currently seeking the election for the two-year term Board member position in the election to be held during this meeting.

The next item of New Business was the election of two Residential Board Members. Of the five candidates, the percentage of votes received by proxy or in person for each based on the percentage vote per unit were as follows: 4% for Brenda Hall, 22% for John Nadalin, .8% for Rufus Frost, 2% for Nicholas Greville and 24% for Lorri Palmer. John Nadalin was elected for the two year Board Member position term that will expire in 2005 and Lorri Palmer was elected for the three year Board Member position term that will expire in 2006.

The third New Business item was the election of one Commercial Board Member. Jeff Zogg was designated by Foster Stewart to represent the Commercial core and appoint Scott Pierpont for another term. His term will expire the end of 2006.

### **Owner Lockers**

Jeff Zogg stated that owner lockers have turned out to be the most controversial subject and issue this year. Attorneys have established that according to the condominium plat, the locker rooms are common area that belong to the Owners Association. Jeff said that the American Skiing Company members who are on the Board will refrain from involvement in any final decision, but will instead allow the Residential Board Members who are not affiliated with ASC to decide a solution to the owner locker issues from a set of possible options.

Jeff went on to say that when the property was new, the Real Estate Sales office assigned a pair of lockers to Grand Summit condominiums, which were purchased prior to February 2001, however this procedure was in error. According to the condominium plat for the Grand Summit Hotel, the owner locker rooms are part of the Common Area and cannot be deeded to the individual units, but only assigned for use by specific owners. Therefore, lockers may not legally be transferred as part of a unit resale. To date, most units that have been resold have had the locker assignments continued for the new owners while the matter was clarified for the Owners' Association.

In addition, prior to February 1, 2001, owners purchasing more than one quartershare unit were provided the use of a pair of lockers for each quartershare unit purchased. Therefore, some owners have more than one pair of lockers if they purchased multiple quartershares or units.

After February 1, 2001, the supply of available lockers was exhausted, and owners purchasing quartershare units from the developer after that date were provided the use of one temporary locker during their stay. There are approximately 50 owners that did not receive a locker assignment at the time of their purchase after February 1, 2001.

Now that it is clear that the area is common area and that it will be managed by the HOA, it is now the HOA's role to determine how the lockers should be managed. Jeff Zogg proposed providing those members present with

---

<sup>4</sup> John Nadalin's resignation letter (appointed term)

several options outlining possible choices for the Board, and asking those present to indicate which option they preferred, in a non-binding voice vote. He provided the following options:

**Option 1:** Since they are common area, lockers do not transfer with quartershare units during a resale. When and if owners who purchased prior to February 1, 2001 who received locker assignments sell their quartershares, their lockers will not transfer with any resale, but will come back into the locker inventory to be reassigned to owners on a waiting list prioritized by purchase date. New owners will, if they wish, be added to the waiting list.

Some owners have never used lockers that were assigned to them by Real Estate and have no intention of using their lockers in the future. There are 288 lockers that are currently unlocked and empty in the large locker room alone. An inventory of the small locker room has not yet been taken. The Association would request that all unused lockers be put back into the pool for owners who are waiting to use them.

Owners who do not plan to use their lockers will more likely be willing to release them back to the Association, since there is no incentive to keeping them, as they will not transfer if they sell their unit(s).

**Option 2:** The Association would grandfather locker assignments of all owners who purchased prior to February 1, 2001 so that if and when the unit is resold, the locker assignment would transfer to the new owner of the unit. The grandfathered units/locker assignments could either transfer indefinitely with resales, as long as the Board does not change the policy, or the grandfathered units/locker assignments would be allowed to transfer with one resale, with notice to the new purchasers that the assignment would not transfer, in order to bring more units into inventory in the future.

**Option 3:** The Owners Association may elect to charge owners an annual fee for each locker, creating open availability by eliminating owners that do not wish to pay for a locker or have no intention of using a locker. This could be a significant source of revenue for the Association: If a fee of \$50 per locker were charged, for instance, it would result in annual income of \$55,000 to the Association, as there are 1100 lockers.

NOTE: Any of the above options are subject to change by future Executive Boards.

**Extra storage:** Jeff Zogg stated that the hotel is considering one possible remedy to the lack of storage space for owners: use of a storage area located in one of the housekeeping supply closets in the Grand Summit that could be adapted to a secure storage area for items that owners may wish to store for extended periods of time. Storage bins or cubbies could be constructed to provide storage that would be available on a first come, first served basis, giving priority to owners that do not have lockers.

Jeff Zogg asked for a show of hands for each option. He said that the result of this poll will help guide the Residential Board members in making their decision at the September meeting. The results were: Option 1 – 1 owner in favor; Option 2 – 16 in favor and Option 3 – 1 in favor. Dave Lawson (Realtor representing owners of several resale units on the market at this time) mentioned that a letter was mailed to owners some time in the past two years offering lift ticket vouchers in exchange for owner lockers. Jeff Zogg replied that the Developer did send a letter to owners offering this exchange, however, this was also an error in procedure, since the Association has always owned the lockers. A number of owners did exchange their locker or lockers for lift ticket vouchers at that time, which brought some lockers back into the inventory and were reassigned by the Developer. Jeff said that it is important to move forward in a legal fashion, and yet avoid conflicts as much as possible.

### **The Canyons Resort Update**

Scott Pierpont provided an update on public relations and media initiatives for the resort. In May, ABC Television's *The Bachelor* was filmed at the Grand Summit Hotel, The Cabin Restaurant and locations on the mountain. This is a highly rated show and a large number of reservations were generated from that exposure. This coming November, the resort will be featured in eight to nine pages of *Ski* magazine. Also, The Canyons

Resort will be one of the featured resorts in this year's Warren Miller film that will have over 300 showings across the U.S. with upwards of 500,000 viewers each year in the U.S., and 1.2 million viewers worldwide.

New for The Canyons 2003-2004 season will be the location of a terrain park utilizing under-used trails off of the Snow Canyon lift on the old Wolf Trails. This higher altitude, north-facing area will be more conducive to snowmaking. There will not be night skiing on the front face this year.

As far as capital improvements go, Scott said it was decided that it was important to focus on maintenance items this year. Some of these items were in providing upgrades to the voicemail system and to the culinary water system at Red Pine. Different seating arrangements are planned for Red Pine, replacing furniture that has not been user friendly. Last year, a liquor license was applied for to allow summer operation at Lookout Cabin, and plans are in place to expand food operations and add additional seating to Sun Lodge. More permanent snowmaking has been added to Harmony with the addition of four to five hydrants. Additional winch anchors have been installed around the mountain, which will allow for easier grooming, as trails are fairly steep.

Scott announced that Chip Carey, former VP of Marketing for The Canyons, has been promoted to ASC Senior VP of Sales and Marketing. He mentioned that there will be some changes to the marketing structure at some of the individual resorts and that ASC will now have one advertising agency that will work with all of the seven properties. Scott Pierpont also stated that Tim Vetter has been hired as VP of Commercial Affairs and Tim Hagan, formerly Ski Patrol Director, has been promoted to VP of Mountain Operations.

Jeff Zogg stated that there are three additional massage rooms planned for the Grand Summit Health Club and an existing area will be renovated to provide hydro and mud bath treatments. This work is expected to begin in late September and to be completed by Thanksgiving. Jeff Zogg credited Health Club Manager, Velanie Willet, for all she has done to upgrade the health club and make it a more full service spa.

Jeff said that the hotel is hoping to obtain approval for a trash compactor that will allow for more space in the trash removal area and there are plans to improve this area with landscaping and fencing.

Gary Riness stated that all of the one-hour timers have been installed on fireplaces, and for units overlooking the forum with extended balconies, the replacement caps have been completed by the contractor.

### **Adjournment**

Scott asked for a motion to adjourn. Motion to adjourn was made by Jan Wilking, owner (562), Nancy Seraphin, owner (378) seconded the motion. The motion to adjourn was carried. The meeting was adjourned at 10:45 am.

---

### **Grand Summit Rental and Marketing Presentation (immediately followed annual meeting)**

**2004 Annual Meeting:**

**TBD**

**Next Executive Committee Meeting:**

**September 30, 2003 @ 1:00 pm, GSH Conference Center**

---

Lorri Palmer  
Secretary