

**Tahoe Seasons Resort**  
**Time Interval Owners' Association Board of Directors**  
**Regular Session Meeting Minutes**  
June 15, 2009

**I. CALL TO ORDER/ROLL CALL**

President E.C. van Eckhardt called the meeting of the Board of Directors of Tahoe Seasons Resort to order at 9:00 AM. The following persons were in attendance:

Board Members:

E.C. van Eckhardt, *President*

Gary Ransone, *Vice President*

Robert "Bob" Stickel, *Chief Financial Officer*

Adolphus "Doc" Thomas, *Secretary*

Roy Fraser, *Director*

Bruce Bergondy, *Advisor*

Vacation Resorts International:

Tom O'Brien, *Sr. VP. Of Resort Operations*

Dwayne Baty, *VP of Finance*

Grant Tuttle, *Regional Director of Resorts*

Resort Staff:

G. Michael Presley, *General Manager*

Karen Frates, *Assistant General Manager*

Michael Gwin, *Chief Engineer*

Kevin Miller, *Administrative Assistant*

Owners:

Jacob Bercu

Mr. and Mrs. David Halperin

**II. APPROVAL OF AGENDA**

The agenda was approved as amended changing the order to address new business items.

**III. OWNER FORUM / CORRESPONDENCE**

Jacob Bercu addressed the Board asking questions with responses noted here below.

Q: When an Owner joins the RCI Points program is there a fee paid to VRI?

A: Yes, there is an \$89 RCI Points Administrative fee paid to VRI for managing their Points account for three years.

Q: Do owners have to pay the \$25 Exchange Processing fee when depositing with VRI\*ety?

A: Yes, there is a \$25 Exchange Processing fee no matter what exchange company is utilized.

Mr. Bercu read an email aloud he received from an Owner questioning availability of shuttle service operated by the Association intended to provide transportation to the casinos. Karen Frates responded that all south shore lodging properties had been asked by the City of South Lake Tahoe to discontinue individually operated shuttle service and utilize a service provided by the South Tahoe Area Transit known currently as BlueGo for a modest fee per passenger.

After a discussion, the Board requested links be added to the Association website for Blue Go (South Tahoe Area Transit) [www.bluego.org/](http://www.bluego.org/) and South Tahoe Express [www.southtahoeexpress.com/](http://www.southtahoeexpress.com/) (servicing Reno airport and the South Shore).

The Board discussed Mr. Bercu's recommendations to the board dated December 7, 2008 and included in the March 16, 2009 Board meeting materials. The Board thanked Mr. Bercu for his suggestions; all suggestions were tabled for the time being while the Board addresses other more pressing issues.

#### **IV. APPROVAL OF MINUTES**

MOTION: Robert Stickel moved to approve the March 16, 2009 Board of Directors regular meeting minutes. Seconded by Gary Ransone and passed unanimously.

MOTION: Gary Ransone moved to approve the April 3, 2009 Special telephonic Board meeting minutes as amended include in Old Business #3; VRI would contribute 50% for the cost of legal work associated with review of the CC&Rs that is estimated to cost \$3,000 to \$5,000. Seconded by Robert Stickel, and passed unanimously.

Mr. Fraser reminded the Board why he offered to split the costs for some of the legal work. Most of the legal opinions/work that the Association is asking for, apply to general timeshare issues. VRI desires to use those opinions throughout the state of California at its other managed associations. The Board appreciated VRI sharing the costs for these legal opinions.

#### **IV. REPORTS**

##### **A. Management**

##### **Operations Manager's Report**

Michael Presley summarized the Managers report, which covered various topics, including administration, maintenance/grounds; reserve/replacement projects status as well as the occupancy report, internal comment card and the exchange company comment card scores. A copy of this report will be attached to the approved set of these minutes and filed in the Association minute book.

The Board approved the request of on-site management to reduce the daily cleaning fee

from \$30 to \$15 effective June 1, 2009.

**B. Financial**

1. Acknowledgment of Receipt of Financial Materials  
Board members acknowledged receipt and review of the monthly financial reports.
2. Variance Report  
Dwayne Baty presented and reviewed the Variance Report year to date through April 2009 with the Board members noting a net favorable variance of \$137,042. The Board acknowledged the struggle in reference to rental income generated this year to date 2009. The Board acknowledged management's efforts to contain expenses.
3. The Board acknowledged receipt of 2008-year end financial materials.
4. Dwayne Baty informed the Board of Bank of America's request to list signers and changes to account signers in meeting minutes going forward. The signers identified for the Association's Operating account are G.M. Presley, Karen Frates, Dwayne Baty, Grant Tuttle, Juanita Presley, Roy Fraser, Robert Stickel, and Adolphus Thomas. Mr. Fraser asked that both he and Juanita Presley be removed as authorized signers on all Operating and Replacement accounts.

MOTION: Gary Ransone moved to approve the signers identified for the Association's Bank of America Operating Account as; G.M. Presley, Karen Frates, Dwayne Baty, Grant Tuttle, Robert Stickel, and Adolphus Thomas eliminating Roy Fraser and Juanita as signers at Roy Fraser's request. Seconded by Robert Stickel and passed unanimously.

5. Delinquency Report  
As of May 27, 2009 the total number of delinquent owners is 925 and represents 11.6% of the owner base (8,007). There are 162 HOA owned intervals. The combined non-performing total number of intervals is 1087 or 13.57% of the owner base.
6. Reserve Reimbursements  
MOTION: Robert Stickel moved to approve signing Replacement check #1228 in the amount of \$7,192.32 to reimburse the Operating account for previously approved Replacements expenses; HomePro Vacuum \$4,431.90 and A-1 Textiles \$2,759.42. Seconded by Gary Ransone, and passed unanimously.

**V. OLD BUSINESS**

- A. Deed Back Program  
The Board agreed to review Owner requests to deed back intervals on a case by case basis.

MOTION: Robert Stickel moved that the Board will review and decide on each request submitted and that management's previous authority to accept deed backs on behalf of the Association is, for the time being, rescinded. Seconded by Doc Thomas, and passed unanimously.

The requests for deed backs are to be submitted to the Inventory Liquidation committee at least 30 days prior to the next Board meeting. The committee will review each request and make its recommendation(s) to the Board.

B. Flood Insurance Quote

The issue of adding Flood Coverage is tabled until management can get a revised quote to include adequate coverage for just the equipment housed on the garage level. The issue will be added as an agenda item to the September 14, 2009 Board meeting.

C. Bids for Drawing ADA Construction Plans

In review of bids submitted by three architectural firms on-site resort management requested approval to retain Steve Jacobs to produce construction drawings for ADA "path of travel" needs.

After discussion the Board heard the following motion:

MOTION; Robert Stickel moved to approve signing a contract with Steve Jacobs, Architect to provide architectural services per Mr. Jacobs proposal dated August 14, 2009 for a fixed fee not to exceed \$20,100 to produce As-built, Construction and Preliminary Drawings for path of travel accessibility upgrades and Construction Documents for above. Seconded by Doc Thomas, and passed unanimously.

The meeting recessed for a comfort break from 10:30am to 10:45am.

D. Policy Committee Report

MOTION: Gary Ransone moved to ratify the current policy Rules for Inspection of Association's Books and Records which has been reviewed by Association's legal counsel. The motion was seconded by Robert Stickel and passed with four votes in favor and Doc Thomas opposing.

**VI. NEW BUSINESS**

A. Thermostats and Interface Boards

MOTION: Gary Ransone moved to approve the purchase of 25 occupancy sensing energy efficient thermostats (\$5,307.13) and interface boards (\$1,517.84) for installation on the eighth floor expense total presented by management authorized is \$6,824.97. The motion was seconded by Robert Stickel and passed unanimously.

B. Roof Maintenance and Warranty

Michael Gwin introduced two contractors present to participate in the discussion of roof evaluation; Mike Hoax, West Coast Industrial Flooring and Richard Swan, Crossfield

dex-o-tex Products.

Mike Hoax had inspected the roof and reported that a test of relative humidity in the area of the bladder or thermal is high, in excess of 90%, indicating too high a moisture level. This layer of the roof system should be allowed to vent in order to alleviate pressure. Additionally in his opinion there may be no expansion joints or control joints built into the concrete layer of the roof system. It was explained that expansion joints are normally built into a concrete system as a matter of design to facilitate the normal expansion and contraction of concrete during thermal cycling.

Gary Ransone questioned the initial engineering specifications for the work installed five years previous so not to include expansion control joints to account for movement during thermal expansion and contraction. Mike Hoax responded that he made the assumption that the original installation was performed in accordance with standard construction practices. It was noted that the five-year warranty is valid for a fraction of the useful life, which the contractors estimated in excess of 25 years.

The contractors present attributed the cracking and failure of the concrete component of the roof to the lack of expansion control joints built into the system, which are designed to relieve stress.

Michael Gwin proposed that the Board authorize potential repair remedies; control joints and resurfacing to a test area of the roof in order to evaluate a solution to the cracking concrete. The timeline proposed for test purposes would be one annual cycle in order to experience the thermal extremes of summer heat and winter cold temperatures in that the concrete slab is moving between two and three inches during that period.

After discussion of limited alternatives the Board heard the following motion:

MOTION: Bob Stickel moved to authorize spending up to \$25,103 for the purchase of materials from dex-o-tex and the services of West Coast Industrial Flooring to test a specified portion of the roof to determine if the contractor's repair will minimize the cracking of roof system concrete and to purchase materials intended to winterize the remainder of the roof which will be applied by Association employees. Seconded by Doc Thomas and passed unanimously.

C. Halon System for Security Office

Michael Gwin informed the Board that there is currently a single water sprinkler installed in the security office intended for fire suppression purposes. He recommended the purchase and installation of an automatic halon system. The halon chemical will not damage the sensitive digital and electrical equipment housed in this space in the event the halon fire suppression system is activated and the chemicals are discharged.

MOTION: Doc Thomas moved to accept the bid provided by ABC fire of Reno Nevada to purchase and install an automatic halon fire suppression system of proper design and capacity to adequately protect the security space for fire suppression purposes where the

expense authorized is \$2,391.41. Seconded by Gary Ransone and passed unanimously.

D. Proposed Changes to Rules and Regulations

The Board reviewed with management the draft changes to the Rules and Regulations, which are established for the benefit of all owners. These changes were approved a number of years ago but never formally incorporated into the written Rules & Regulations.

MOTION: Robert Stickel moved to ratify the changes to Association Rules and Regulations as presented. Seconded by Gary Ransone and passed unanimously.

E. Termination of Declaration

The consensus of the Board was to refer the topic of Termination of the Declaration to legal counsel given the intricate and complicated nature of the topic. The agenda item was tabled to the September 14, 2009 meeting agenda.

F. Termination of Agreement Concerning Acquisition of Intervals

By previous agreement, VRI had agreed to share in the expense and revenue related to the acquisition, clean up and sale of intervals. That business model is no longer feasible for VRI and VRI asked the Board to agree to terminate that agreement going forward from January 1, 2009.

MOTION: Robert Stickel moved that effective January 1, 2009, VRI and the Association mutually agree to terminate the Agreement Concerning Acquisition of Intervals and that VRI is not obligated to share in the expense associated with the taxes and or clean up efforts, nor will they share in any revenue generated from the sale of the Association owned inventory (going forward from January 1, 2009 on existing or new HOA inventory) other than their normal and customary transactions fees. Additionally, this change does not preclude VRI from possible future revenue sharing on any acquisition of intervals that may be mutually agreed to in advance by VRI and the Association. Seconded by Gary Ransone and passed unanimously with Roy Fraser abstained from the discussion and approval of this motion.

## VII. OTHER BUSINESS

A. Guest Comment Cards

The Board reviewed with management guest comment cards.

B. Association Mailings/review Dates for Next Mailing

The next quarterly Association News is due out August 15, 2009.

C. Future Meeting Dates

Monday, September 14, 2009

Board meeting, Tahoe Seasons Resort 9:00 AM

Friday, December 4, 2009

Board meeting, Tahoe Seasons Resort 7:00PM

Saturday, December 5, 2009

Annual meeting, Tahoe Seasons Resort 10:00AM

## VIII. EXECUTIVE SESSION

The Board entered into Executive Session at 12:18PM during which the Board approved the March 16, 2009 Executive Session Minutes and the Special Executive Session minutes of May 29, 2009. The Board reviewed and approved the following:

### Pacific Monarch Purchase Agreement

The Board reviewed and approved the Inventory Liquidation Committee recommendations concerning the Pacific Monarch Purchase Agreement.

- 1) Pacific Monarch Resorts submitted a "Letter of Understanding" that requested modification of the payment of the of the purchase obligation due to its severe cash flow problems. They asked the Board to accept a basic payment of the \$20,000 per month, with no interest, until the total obligation is paid in full. That total obligation without interest is \$854,850. The Board approved that modification and agreed to split the monthly payments with VRI per the terms and conditions of the Agreement Concerning Acquisition of Intervals. Roy Fraser abstained from the discussion on the motion and approval of this modification.
- 2) As of June 3, 2009 the Association has received three checks from PMR totaling \$60,000 and those have been deposited into the Association's operating account. VRI will be paid its \$30,000 due from the \$60,000 received and going forward will receive \$10,000 from TSR from the PMR payments once they are received each month.
- 3) VRI informed the committee that the Association paid VRI the \$75 transfer fee on each of the 417 intervals transferred in 2008. Additionally, VRI is being paid \$2,500 per month from PMR for the obligation listed in the Second Amendment to the Interval Purchase Agreement, section 3. VRI Administrative Fee. This is the \$100 per interval Administrative fee due VRI on the sale of the 417 intervals.
- 4) VRI has agreed to honor its Guarantee from the Second Amendment to the Interval Purchase Agreement should the payments from PMR cease in the future. Should payments from PMR cease, VRI asked that it be given the opportunity to work out a payment plan with the Board of Directors for the balance of the purchase obligation due the Association.
- 5) The committee also reported that Monarch Grand Vacations is current with their maintenance fee obligations to the association and have been since the intervals were purchased.

The Board recessed from Executive Session at 12:30PM at which time Doc Thomas excused himself. The Executive Session meeting resumed at 1:30PM.

### VRI Contract Amendment

Approved the Eighth Amendment to Management Agreement and authorized E.C. van Eckhardt to sign the Amendment. This amendment codified previously approved fees as well as a new payment plan fee (\$5 per payment) that would be charged only to the owner (and paid to VRI) that requested a payment plan. Roy Fraser abstained from the discussion on the motion and approval of this amendment.

Personnel bonuses – Ski Shop

Approved the 2008 / 2009 Ski Shop Season Bonus Allocation per the schedule provided.

Hardship Deed Back Requests

The Board reviewed two requests and directed management on how to proceed to process the intervals in question.

Small Claims Action

Approved and directed management to initiate small claims legal action to the maximum extent possible against a vendor that has withheld payment to the Association.

Concierge Services

The Board approved an unbudgeted payroll increase to fund staffing for the concierge desk from June 16, 2009 to September 15, 2009. Management informed the Board that the approval for funding given to management in March was not implemented due to very low occupancy through the spring.

There being no further business to discuss in Executive Session, that meeting was adjourned and the Board returned to Regular Session at 2:15PM.

**IX. ADJOURNMENT**

There being no further business the meeting was adjourned at 2:16PM.