

**Tahoe Seasons Resort
Time Interval Owners' Association Board of Directors
Regular Session Meeting Minutes
December 1, 2011**

The following are the DRAFT meeting minutes from the past Board meeting. Until the Board of Directors approves these minutes at the next Board of Directors Meeting, they are NOT considered final.

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 9:04 AM at the Tahoe Seasons Resort. The following persons were in attendance:

Board Members:

E.C. van Eckhardt, *President*
Gary Ransone, *Vice President*
Bruce Bergondy, *Chief Financial Officer*
Adolphus "Doc" Thomas, *Secretary*
Roy Fraser, *Director*

Vacation Resorts International:

Tom O'Brien, *Sr. VP. Of Resort Operations*
Dwayne Baty, *Vice President of Finance*
Grant Tuttle, *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
Robert Putland
Donald Cortez
Michael Wolf

Others:

Scott Litton, *Miles Construction*

II. APPROVAL OF AGENDA

The agenda was approved as presented.

III. APPROVAL OF MINUTES

There being no corrections or edits, the minutes of the previous regular meeting of the board of directors held on September 12, 2011 was approved as presented.

IV. Owner Forum / Correspondence

The Board acknowledged receipt and management's responses to owner correspondence.

Jacob Bercu asked to address agenda items as part of the following meeting agenda. Mr. Bercu asked the status of the current bar operator contractor. Mr. O'Brien responded that there were no substantive changes from the previous contract other than the changing of Principals and the name of the new entity.

Michael Wolf suggested that management consider monitoring online postings on Trip Advisor and other travel sites for postings related to guest experience at the Tahoe Seasons Resort. When postings are critical of service or experience, it is recommended that immediate follow-up is productive where the guest is contacted directly, and a response from management is posted online for public viewing. Management is reviewing these and will make a concerted effort to keep up with the commentary.

V. REPORTS

A. Management

1. Operations Manager's Report

Michael Presley and Karen Frates 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.

2. Ratification/Approval of Contracts

a. Charter Service Agreement

MOTION: Roy Fraser moved to approve the Falcon Cable Systems Company II, L.P. ("Charter Business" or "Charter") Service Agreement to provide expanded cable television and premium channels as submitted and authorized Michael Presley to sign on behalf of the Association. The motion was seconded by Doc Thomas and was approved unanimously. The effective date of the agreement will be the latest date of both parties signing. The initial monthly fee per unit will be \$12.00 or \$2,232.00 for 186 connections.

B. Financial

1. Acknowledgment of Receipt of Financial Materials

Board members acknowledged receipt and review of the monthly financial reports through October 2011.

2. Variance Report

Dwayne Baty reviewed the variance provided to the Board in advance of the meeting. The net variance through October 2011 is a positive revenue over expenses \$157,116 without final consideration of remaining bad debt expense which will be calculated at year-end.

3. Unclaimed Property Dividends

Dwayne Baty reported that the State of California has unclaimed property from Sunterra for the Pub at Tahoe Seasons. Mr. Baty has initiated the process of claiming the funds totaling \$5,760 from the State of California for the Pub at Tahoe Seasons. Mr. Baty will report of his progress at the March 2012 board meeting.

4. Delinquency Report

As of November 15, 2011 the total number of delinquent owners is 1,261 and represents 15.7% of the owner base (8,007). There are 390 Association owned intervals. The combined non-performing total of intervals is 1,651 or 20.62% of the total owner base.

5. Ratification of Reserve Expenses

MOTION: Gary Ransone moved to approve reimbursement of the Operating Fund in the amount of \$45,391.74 from the Replacement Fund for the following previously unapproved Replacements expenses;
\$3,256.74...Interior Motives...restroom wallpaper
\$10,575.00...Steven Jacobs Architect...ADA, restroom, entry door system
\$5,172.00...Tile Outlet...restrooms granite
\$3,095.72...Alpine Carpet One... guest room linoleum flooring
\$1,031.14...Sears...refrigerator
\$10,838.00...Steven Jacobs Architect...ADA, restroom, entry door system
\$2,570.14...Sears...refrigerators
\$5,599.00...Steven Jacobs Architect... ADA, restroom, entry door system
\$2,984.00...Steve Jacobs Architect... ADA, restroom, entry door system

The motion was seconded by Doc Thomas and passed unanimously.

MOTION: Bruce Bergondy moved to authorize the transfer of \$419,280.07 for previously approved expenses from the Replacement Fund to the Operating Fund. The motion was seconded by Gary Ransone and passed unanimously.

MOTION: Doc Thomas moved to approve a listing of Miles Construction Change Orders (for entry doors, bathroom replacement, path of travel meeting exhibit 4-33) total \$73,978.36. The motion was seconded by Bruce Bergondy and passed unanimously.

6. Replacement Reserves Resolution

MOTION: Gary Ransone moved to approve a Resolution as required by civil code acknowledging the level of Replacements funding at the beginning of 2012 and adopted the 30 year Hughes Reserves cash Flow Summary as the “reserve funding plan” further authorizing Doc Thomas to sign the Resolution in capacity of Board Secretary representing the Board of Directors. The motion was seconded by Doc Thomas and passed unanimously.

C. Approval of additional Reserve items

1. Exhaust Fans

MOTION: Doc Thomas moved to approve the Replacements purchase and install of 15 unit interior air supply fans total installed cost \$20,062.50 (\$18,300 to MCA Mechanical, \$1,762.50 to Winters Electric). The motion was seconded by Bruce Bergondy and passed unanimously.

2. Valet Exterior Door Replacement

MOTION: Gary Ransone moved to approve the Replacements purchase and installation of the front entry exterior valet door. The motion was seconded by Bruce Bergondy and passed unanimously.

3. Steven Schonwit Fee to present the 2011 audit to the Board in Person
The Board tabled this issue until the September 2012 meeting.

4. Hughes Reserve Study Proposal

MOTION: Doc Thomas moved to accept the proposal from Hughes Reserves to perform an onsite visit for the purpose of conducting a survey and inventory of the property and complete an update to the existing reserve study. The motion was seconded by Roy Fraser and passed unanimously.

The Board adjourned for a temporary recess from 10:40AM to 10:54AM

VI. OLD BUSINESS

A. Roof Membrane Reserve Issue

This topic was moved to executive session.

B. Inventory Reconciliation Update

Tom O'Brien informed the Board that there are 157 more intervals that need to be acquired and retired to balance out the inventory. Efforts to work with the El Dorado County and their recent Tax Sale did not produce any favorable results. The County staff was not able to provide a “re-offer” price prior to the sale so management could secure Board approval to purchase up to 77 intervals that could have helped reduce the number of intervals needed to balance the inventory. The effort to continue “balancing” the inventory will continue. Mr. O'Brien will

report on progress at the March 2012 board meeting and provide additional options for balancing.

C. CC&R's & Bylaw Modification

Management distributed working redline versions of the proposed revisions to the Association's CC&R's and Bylaws, draft cover letter and sample ballot. The Board requested several changes and will provide its final input at the March 2012 meeting and then finalize plans to bring this issue up for a membership vote.

VII. NEW BUSINESS

A. Hallway Refurbishment

Onsite management presented a preliminary proposal presented by Creative Design Concepts to complete a common area hallway renovation total proposed cost \$287,373. Management will secure two more comparative quotes to review with the board of directors as an Old Business agenda item.

B. Pacific Monarch Resorts Bankruptcy

Tom O'Brien reported that the Association was informed that Pacific Monarch Resorts has filed Chapter 11 Bankruptcy. Pacific Monarch Resorts has title to 88 TSR intervals. Payment of the 2012 maintenance fees for those 88 intervals has been received by the Association. Monarch Grand Vacations, MGTV for short, was not included in this bankruptcy filing as that is a legally separate entity from Pacific Monarch Resorts. MGTV remains current with their maintenance fee obligation. It would be premature and speculative to comment on who the successful bidder might be for assets of Pacific Monarch Resorts. Management will keep the Board informed of relevant changes to this case.

VIII. OTHER BUSINESS

A. Association Mailings/Review Dates for Next Mailing

The next quarterly Association News is tentatively due out February 1, 2012, which will include the draft minutes of the December 2011 meeting, and other newsworthy items.

B. Future Board Meeting Dates

Monday March 5, 2012, 9:00AM at Tahoe Seasons Resort

Monday June 4, 2012, 9:00 AM at Tahoe Seasons Resort

Monday September 10, 2012, 9:00 AM at Tahoe Seasons Resort

Annual Owners Meeting Thursday December 6, 2012 at 3:00 PM at Tahoe Seasons Resort

VIII. EXECUTIVE SESSION

The Board entered into Executive Session at 11:45 AM, during which the Board approved the September 13, 2010 Executive Session Minutes, approved management's recommendation for annual staff incentives, addressed owner issues/requests and discussed legal matters regarding the roof. The Board returned to Regular Session at 12:34 PM.

IX. ADJOURNMENT

There being no further business the meeting was adjourned at 12:34 PM.

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