

**Tahoe Seasons Resort  
Time Interval Owners' Association Board of Directors  
Regular Session Meeting Minutes  
March 8, 2010**

**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 9:06 AM. The following persons were in attendance:

Board Members:

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

Vacation Resorts International:

Stacey Shilling, *Chief Operating Officer*  
Tom O'Brien, *Sr. VP. Of Resort Operations*  
Dwayne Baty, *VP Financial Services*  
Grant Tuttle, *Regional Director of Resorts*

Resort Staff:

Michael Presley, *General Manager, TSR/TIOA*  
Karen Frates, *Assistant General Manager, TSR/TIOA*  
Michael Gwin, *Chief Engineer, TSR/TIOA*  
Kevin Miller, *Administrative Assistant, TSR/TIOA*

Owners (regular session):

Don and Charmaine Thomas  
Jacob Bercu  
Larry Iboshi

Others

Steven Jacobs, *Architect*  
Kevin Hall, *Rovin Construction*  
Brian Dunagan, *Structural Engineer*

**II. APPROVAL OF AGENDA**

- A. The agenda was amended to accommodate speakers by moving the agenda item VI. Old Business A. 2. Phase 3 Structural Remediation Repair contractors' presentations to the beginning of the agenda. Old Business C. CC&R change tabled to the June 7, 2010 agenda.

**III. OLD BUSINESS**

### Phase 3 Structural Remediation Repair

Kevin Hall of Rovin Construction and Michael Gwin summarized the recently completed process of evaluating three bids submitted to complete phase 3 of the building foundation structural remediation repair. Mr. Hall and Mr. Gwin expounded on the unusual challenges of the engineering effort to affect the repairs and their recommendation to the Board to approve the Rovin Construction proposal identifying Miles Construction of Carson City Nevada to perform the repairs as designed by Steven Jacobs, Architect. The project planned duration is 45 days anticipated to commence on March 15, 2010.

Steven Jacobs spoke of the complex nature of the planned repairs and the technical aspects of the anticipated remediation. Mr. Jacobs spoke of the ongoing degradation of the buildings foundation structural components and degraded steel that will require continuous periodic inspections to monitor conditions. Mr. Jacobs reported that he informed the City of South Lake Tahoe (SLT) Building Department that the sprayed on fireproofing material applied to the cement supporting columns is a contributor to the ongoing degradation of structural components. The SLT Building Department has since relaxed the code requirement for installing the fireproofing to the steel columns for a one year period to provide time for monitoring the post construction repairs. This consideration of the SLT Building Department will also benefit the Association providing for a delay of the more than \$20,000 expense for the application of the fireproof coating. Mr. Jacobs spoke of the focus of all involved parties to limiting the associated expenses by implementing value engineering principles and considering reasonable construction alternatives where possible.

Brian Dunagan, a structural engineer, stated from past personal work experience he has high regard for and offered a very positive reference of Miles Construction, a well equipped and competent industrial engineering firm.

At the conclusion of Board discussion and dialog summarized above with the contractors noted above the Board heard the following motion:

MOTION: Gary Ransone moved to approve entering into contract for Phase 3 garage and foundation structural remediation in the amount of \$276,032.20 with Rovin Construction General Contractor performer of the contract will be Miles Construction; and authorized Michael Presley to sign the contract on behalf of the association after Gary Ransone had reviewed and approved the remaining contract modifications. Seconded by Doc Thomas and passed unanimously.

MOTION: Roy Fraser moved to approve signing Replacements check numbers 1233 and 1234 each in the amount of \$80,000 to the Operating account to fund the Phase 3 structural remediation progress payments through May 2010. Seconded by Doc Thomas and passed unanimously.

#### **IV. APPROVAL OF PREVIOUS REGULAR SESSION MEETING MINUTES**

MOTION: Doc Thomas moved to approve minutes of the Board of Directors December 4, 2009 regular session as corrected. Seconded by Roy Fraser and passed unanimously. Kevin Miller will make the corrections and redistribute the minutes.

MOTION: Doc Thomas moved to approve the minutes of the Board of Directors Organizational Meeting of December 5, 2009. Seconded by Bruce Bergondy and passed unanimously.

MOTION: Gary Ransone moved to approve the Board of Directors Special Telephonic Meeting of January 14, 2010. Seconded by Doc Thomas and passed unanimously.

## V. **OWNER FORUM / CORRESPONDENCE**

Don Thomas had three items for the Board to consider:

Q: Requested the Board reconsider opening the bar operation and expanding restaurant operations to satisfy owners and resort guests.

A: The consensus of the board was agreement with the comments noted above regarding interest in expanding food and beverage operations however with reduced occupancy the association would need to subsidize the cost of operations and sustainability would be a challenge. However, the board and management will continue to investigate options for expanded food and beverage operations.

Q: Consider sending any and all written Association material via email to those owners that have elected to receive the Association newsletter via electronic means.

A: Management will investigate these options.

Q: Publish photos of the work that is being done at the resort so that all owners can see how their assessment monies are spent. Additionally, inform owners of the monies saved through value engineering and how work that has been done in the past that is saving the Association money now; i.e. the replacement of old boilers with the new energy efficient models (saving the Association some \$40,000 in natural gas costs)

A: Management will do that.

Larry Iboshi also requested that the Board consider expanding restaurant operations to evening service on weekends as well as opening bar operations to weekends. Mr. Iboshi also asked that internet access be provided to unit access. Michael Gwin responded that free wireless internet access is currently being installed while the great majority of units currently have access the remainder will have access by the end of the week. Mr. Iboshi expressed his concern over the maintenance fees paid vs. his "value of enjoyment" of the property.

Jacob Bercu posed several questions:

Q: The issue of sharing the cost of the gift for a former Board member was not on this agenda.

A: Management stated it will be added to the June agenda.

Q: Mr. Bercu felt that since the Bylaws were not re-written (and distributed) to incorporate the owner vote from 1993, that the reduction to a 15% quorum is invalid.

A: The change to the quorum requirement based on the owner vote to amend the Bylaws was formally adopted by the Board of Directors on June 6, 1994 as a result of a vote of owners. Management will have the Bylaws updated to reflect this vote of the owners.

- Q: What is the Board's position regarding unscrupulous nature of some timeshare resale companies?
- A: The Board and management urge owners to be very cautious when they evaluate timeshare resale company offerings especially when an entity requires a deposit to proceed.
- Q: Would the Board consider posting of board meeting notices in a more visible location other than the front desk?
- A: Management will post meeting notices in additional areas.
- Q: The handout distributed at the Tuesday morning mixers states that the full renovation is still going to happen. Is that the Board's position? If so, that is the reason so many people are walking away from their timeshares.
- A: The full renovation is something that might be considered at a future date as there are some construction issues from the early construction of the resort that still need to be addressed. With the downturn in the economy, a full scale renovation as was proposed in 2007 will not happen in the foreseeable future. Additionally, a renovation of that scale would have to be voted on by the owners if the Reserves were not sufficient to cover the entire cost.
- Q: Why would Association staff not take questions from owners directed to the Board?
- A: All staff is instructed to have Guests/Owners write a letter to the Board if the subject matter is not something we (Management) can answer and/or assist them with. .

At the conclusion of the owner forum and review of correspondence President E.C. van Eckhardt called for a ten minute recess from 11:00AM to 11:10AM

## VI. REPORTS

### A. Management

#### 1. 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.

#### 2. Ratification of Contracts

- a. M & S Technologies – computer antivirus and technical service agreement:

MOTION: Doc Thomas moved to approve renewal of a service contract with M & S Technologies to provide 2 years Sophos Endpoint Security and Control for the period 12/12/09 through 12/11/11 cost \$2,318.63. The motion was seconded by Bruce Bergondy and passed unanimously.

#### 3. Insurance Renewal

Stacey Shilling distributed and reviewed the association insurance renewal package prepared by Armstrong Insurance Brokers for the period April 1, 2010 to April 1, 2011. The total reduction of all premiums combined is \$1,178. The Worker's Compensation experience modification increased from 71% to 79% for the renewal period. The estimated payroll last policy year was \$1,819,268 and is projected at \$1,997,109 for this policy year. The Directors and Officers renewal policy limit increased from \$1M to \$2M. The umbrella carrier required a \$2M limit to write the umbrella over this policy.

MOTION: Bruce Bergondy moved to approve the insurance renewal as presented by management for the period April 1, 2010 to April 1, 2011. Seconded by Doc Thomas passed unanimously.

**B. Reports / Financial:**

1. Acknowledgment of Receipt of Financial Materials

Board members acknowledged receipt and review of the monthly financial reports for the year ended December 2009 and January 2010.

By consensus agreement the Board felt it was prudent to discuss filling the vacant CFO chair today even though it was not an agenda item.

MOTION: Roy Fraser moved to appoint Bruce Bergondy as Chief Financial Officer. Seconded by Doc Thomas and passed unanimously.

2. Variance Report

Dwayne Baty reviewed the variance provided to the Board in advance of the meeting. The net variance through December 2009 year end is estimated in advance of the completion of the year end audited financial statements a positive \$284,888. Management will recommend upon completion of the year end audited financial statements that the surplus be applied to cure the accumulated operating deficit and any remainder be transferred to the Replacements fund. The Board acknowledged resort staff and management's efforts to reduce expenses beyond budget.

3. Delinquency Report

Management reported that as of March 3, 2010 the total number of delinquent owners is 1609 and represents 20% of the owner base (8,007). There are 197 HOA owned intervals. The total non-maintenance fee performing number of intervals is 1806 or 22.5

% of the total owner base. The delinquency factor (not including the HOA owned intervals) from February 2009 was 17.8 % with 1419 intervals.

4. Ratification of Reserves Expenses

MOTION: Motion by Gary Ransone to ratify reimbursement of the Operating account from the Replacement account for the previously approved expenses (listed below) totaling \$63,695.95. Seconded by Doc Thomas and passed

unanimously.

\$17,930.82	Rovin Construction	Foundation Project	Dec 2009
\$15,911.00	Steven Jacobs Architect	Foundation Project	Dec 2009
\$18,363.00	Steven Jacobs Architect	Foundation Project	Jan 2010
\$5,307.13	Inncom	Thermostats	Feb 2010
\$6,184.00	Rovin Construction	Foundation Project	Feb 2010

C. Approval of Replacement Expenses

Requested expenditures to be paid from operations for now.

Purchase and install enough Thermostats for all the sixth floor units in April:

\$7,431.38

Awning Replacement:

\$3,110.00

Roof outdoor furniture replacement and non-smoking signage:

\$1,446.75

MOTION: Roy Fraser moved to approve Replacements purchases noted above total cost \$11,988.13. Seconded by Gary Ransone and passed unanimously.

Michael Gwin asked that elevator modernization/upgrades and the incorporation of those costs into the Associations Reserve Study be added to the June 7, 2010 Board meeting agenda.

Michael Gwin commented on the varying opinions of roofing contractors on how to proceed to complete repairs. Mr. Gwin recommended the Association hire a qualified consultant to inspect, evaluate, and propose recommendations for future repairs and estimated costs for those repairs to the Board at a future meeting.

MOTION: Bruce Bergondy moved to approve hiring a qualified consultant, at a fee not to exceed \$5,000, to thoroughly inspect and report on the current condition of the roof as well as make recommendations to the Board on future repairs and provide estimates on the cost of the same. Seconded by Gary Ransone and passed unanimously.

## VII. OLD BUSINESS

A. Foundation

This agenda item moved to the beginning of the meeting to accommodate contractors' schedules to present and participate in discussion with the Board.

B. BlueGo

Bruce Bergondy presented a shuttle analysis outlining several options considered to provide an area shuttle service to owners and others in residence at the resort. The first option discussed was for the association to purchase an ADA compliant 20 passenger van, hire 5 full time employees to operate the service. The cost estimated to provide such a service for the first year including the purchase of the vehicle is \$288,976. Ongoing annual costs are estimated at \$243,976.

The second option has three sub options that were provided by BlueGo and summarized as:

Option 2A: \$133,590

5 round trips daily 9:40AM to 11:40PM Tahoe Seasons to casino corridor

Option 2B: \$66,795

3 round trips daily 9:40AM to 11:40PM Tahoe Seasons to casino corridor

Option 2C: cost pending response from BlueGo

This option would make Tahoe Seasons a stop on one of BlueGo's routes

The third Option is consideration of modifying the Association governing documents to remove the shuttle service provision.

C. Changing Check-in Days

The agenda item was tabled to the June 7, 2010 Board meeting agenda.

**VIII. NEW BUSINESS**

A. Smoking Fee Increase

Management reported that it is costing more and more to return a unit to occupyable status if a smoker was in the unit. Management asked the Board to consider increasing the Damage Charge to \$500 to help mitigate the costs to return the room to occupyable status.

The Board reviewed a legal opinion prepared by Michael Johnson of Rollston, Henderson, Crabb & Johnson, Ltd. that concurred with management's request to increase the Damage Fee.

MOTION: Gary Ransone moved to approve increasing the Damage Fee from \$150 to \$500 for guests that smoke in the units. Seconded by Doc Thomas and passed unanimously.

B. Renewal of Retainer Agreement with Fiore, Racobs & Powers

The Board reviewed a proposed special retainer agreement provided by Margaret Wangler of Fiore, Racobs & Powers to provide legal services to the Association for a \$1,000 annual fee. Roy Fraser said VRI would contribute \$500 towards the expense in that service and opinions rendered may benefit Vacation Resorts International in managing other area associations.

MOTION: Doc Thomas moved to approve the Fiore Racobs & Powers Law Corporation \$1,000 annual retainer accepting VRI's \$500 contribution towards the cost and authorized E.C. van Eckhardt to sign the retainer. Seconded by Bruce Bergondy and passed unanimously.

C. Charge for early check in

The agenda item was tabled to the June 7, 2010 Board meeting agenda.

**IX. OTHER BUSINESS**

A. Association Mailings

The next quarterly Association News will be published April 30, 2010..

B. Future Meeting Dates

The Board confirmed the following future meeting dates:

Monday, June 07, 2010	Board meeting, Tahoe Seasons Resort at 9:00AM
Monday, September 13, 2010	Board meeting, Tahoe Seasons Resort at 9:00AM
Friday, December 3, 2010	Board meeting, Tahoe Seasons Resort at 7:00PM
Saturday, December 4, 2010	Annual meeting, Tahoe Seasons Resort 11:00AM
Annual meeting start time will be discussed and agree to at a later meeting.	

**X. EXECUTIVE SESSION**

The Board entered into Executive Session at 12:25 PM during which:

1. The Board approved the December 4, 2009 Executive Session Minutes.
2. By consensus approval, the Board elected to not to pursue legal action against a former vendor.
3. The Board approved transfer of responsibility from the Inventory Liquidation Committee to the CFO to evaluate Owner matters as they relate to the inability to pay their maintenance fees. The CFO is to bring a summary report / listing to the Board to consider in future Executive Session meetings.
4. The Board instructed management to communicate the Board's direction to the delinquent accounts that were reviewed.

The Board returned to Regular Session at 12:42 PM.

**XI. ADJOURNMENT**

There being no further business the meeting adjourned at 12:43 PM